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# **DRAFT ANNUAL REPORT**

## **2021/2022**



**THABA CHWEU LOCAL MUNICIPALITY**

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## Acronyms

AFS	: Annual Financial Statements
AIDS	: Acquired Immune Deficiency Syndrome
ANC	: African National Congress
AUM	: African Unified Movement
CFO	: Chief Finance Officer
CDW	: Community Development Worker
CIBD	: Construction Industry Development Board
Cllr.	: Councillor
CoGTA	: Corporative Government and Traditional Affairs
DA	: Democratic Alliance
DMP	: Disaster Management Plan
DMS	: Disaster Management Structure
DoE	: Department of Education
DoRT	: Department of Roads and Transport
DSCR	: Department of Sports, Culture and Recreation
DSS	: Department of Safety and Security
DWA	: Department of Water Affairs
EDM	: Ehlanzeni District Municipality
EPWP	: Expanded Public Works Programme
FBO	: Faith Based Organisations
FBS	: Free Basic Services
FY	: Financial Year
FY	: Financial Year
GDS	: Growth and Development Summit
HH	: Households
HIV	: Human Immune Deficiency Virus
IDP	: Integrated Development Plan
INEP	: Integrated National Electrification Programme
ISF	: Mpumalanga Integrated Spatial Framework
LED	: Local Economic Development
KL	: Kilolitre
KM	: Kilometers
KPA	: Key Performance Area
KPI	: Key Performance Indicator
LAC	: Local Aids Council
LED	: Local Economic Development
LEDf	: Local Economic Development Forum
LEFPA	: Lowveld and Escapement Fire Protection Association
MEGA	: Mpumalanga Economic Growth Agency
MFMA	: Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
MIG	: Municipal Infrastructure Grant
MISA	: Municipal Infrastructure Support Agent
MM	: Municipal Manager
MNDs	: Minimum Notified Demands
MPAC	: Municipal Public Accounts Committee
MSA	: Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
MTEF	: Medium Term Expenditure Framework
NGO	: Non-Government Organisations
NPO	: Non-Profit Organisations
PAC	: Pan African Congress of Azania
PAFPA	: Platorand Area Fire Protection Association



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PCF	: Premier Co-ordinating Forum
PGDS	: Provincial Growth Development Strategy
PLHWA	: People Living with HIV/AIDS
PMC	: Provincial Management Committee
PMS	: Performance Management System
PMU	: Project management Unit
SDBIP	: Service Delivery and Budget Implementation Plan
SDF	: Spatial Development Framework
SPLUMA	: Spatial Planning and Land Use Management Act
STI	: Sexually Transmitted Infections
TB	: Tuberculosis
TCLM	: Thaba Chweu Local Municipal
THALEDA	: Thaba Chweu Local Economic Development Agency
VF Plus	: Vryheidsfront Plus
WSIG	: Water Services Infrastructure Grants

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## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.1. Mayor's Foreword

The Municipality is constitutionally mandated to provide essential services to local communities and the development thereof. It gives me a great sense of pride to table this Annual Report for 2021/2022 financial year before the Council of Thaba Chweu Local Municipality, communities, and stakeholders. This Annual Report is an honest reflection of the performance, achievements and challenges experienced by the municipality in the year under review. The issues of service delivery are central to our mandate, and the municipality has done its utmost to meet the needs and expectations of the communities we serve. It was however not a smooth sail as we have met challenges along the way. Through the good leadership displayed by all parties represented in Council and the commitment by the administration, the municipality was able to register a sterling performance amid the challenges confronted. Such a performance must be improved and maintained in all levels to ensure a sustained service delivery.

Fiscal discipline and prudent management are the characteristics of responsible and good governance. It is for this reason that the Municipality was steadfast in the implementation of the recommendations contained in the Financial Recovery Plan designed by Treasury to assist the institution to address its financial crises. Monthly performance reports are submitted to Treasury in this regard. We and those that come after us will endeavor to ensure that the municipality continues to perform, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability and good governance within all spheres.

Every effort will be made to meet and sustain community needs at all identified levels – as dictated and defined by the constraints of available infrastructure and resources. As a municipality it is incumbent upon the political and administrative leadership to provide what may be described as a vibrant local economy that is able to sustain financial independence and growth.

By so doing it will be ensured that both local enterprises and community members are and remain empowered – creating a community of motivated and capable individuals who are able to contribute towards the growth and sustainability of the community and the environment.

The selfless commitment and contribution by Ward Councilors, CDW's and Ward Committees has been critical to ensure the active participation of the community in the affairs of the Municipality through public participation and feedback sessions held in the various wards. Regular sitting of Ward Community and Ward Committee Meetings

- Achievements for public participation
- IDP Consultative meetings
- Functional Facebook page and Municipal website
- Information sharing Whatsapp group

Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is our strategic document developed as a five (5) year plan (aligned to the term of office). This is revised and updated annually while taking current resources and changing circumstances (detailing annual strategic objectives) into account. The strategic goals and priorities are cascaded into the strategic and operational plans of all directorates and related employee scorecards. Strides are being made to spare no effort to achieve the required targets and desired outcomes of the institution. The Thaba Chweu Local Municipality participates in the District IDP/ Budget Representative Forum and our

priorities also take a cue from the aligned Provincial Growth and Development Strategies. This particular financial year was a transitional year of the IDP for the incoming council and the council embraced it with grace through to the approval of the strategy document.

The day-to-day struggles of ageing and poor infrastructure and limited financial and human resources continue to place a strain on the ability of Thaba Chweu Local Municipality to provide and improve its service delivery. These challenges are clearly reflected within service delivery initiatives and every effort is being made to improve service delivery performance at every level.

In the 2021-2022 Financial Year the following infrastructure delivery projects were implemented:

- Refurbishment of Aparar (Matibidi) Ring Road Street (Didimala Phase 1 & 2)
- Refurbishment of Morothong-Kanana Street Moremela (Tshirelang)
- Refurbishment of Declerq Street at Mashishing/Lydenburg
- Refurbishment of Potgieter street at Mashishing/Lydenburg
- Drilling of 4 boreholes
- Provision of Sewer Reticulation at Mashishing Ext 8
- Refurbishment of sanitation infrastructure in Thaba Chweu

Despite many achievements, challenges always abound and as a result the following areas will receive particular focus:

- Remove illegal connections to Energy grid contributing to 28% losses;
- Minimization of 66% water losses;
- Escalation of Eskom debt;
- Land invasion which put land tenure changes and allocation of sites;
- Public participation initiatives;
- Roads maintenance and construction initiatives in order to minimize extensive challenges;
- Eradicating /minimizing cases of irregular, wasteful and fruitless expenditure;
- Improve Local Economic Development initiatives.

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of our people. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our municipality.

Mention must be made that the new Council is still expected to do more with limited allocated resources and prevailing challenges in adhering to the service delivery contract entered with communities of Thaba Chweu. We are obliged to ensure the wheels of service delivery keep on moving at the right direction for a resounding handover to the upcoming term of Council. The current leadership commits to ensure an improvement in our financial management and accountability efforts in relation to the usage of the public purse. Further to maintain and improve means of obtaining desired audit opinion in the coming financial year. We are convinced that through the collective wisdom of our governance structures such as the Council; Mayoral Committee, Portfolio Committees; Municipal Public Accounts Committee the Audit Committee; Risk Management Committee and our supporting

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sector Departments in the Provincial and National spheres of our government and vigilant communities will achieve the noble objective and better the lives of our beloved communities.

It is prudent to take this opportunity to appreciate efforts made by our administration and continuous support portrayed by sector departments to ensure Thaba Chweu Local Municipality is alive and further applaud the oversight role played by the entire Councillors during the year under review.

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**Cllr Friddah Mogotle Nkadimeng**  
**Executive Mayor**

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## 1.2. Municipal Manager's Foreword

Thaba Chweu Local Municipality aims to provide a democratic and accountable local government for its communities, ensure the provision of services in a sustainable manner, promote social and economic development. The Municipality also aims to promote a safe and healthy environment and encourages public participation with all its stakeholders.

The Council and Municipal Administration are charged with the responsibility to ensure execution of powers and functions of the municipality outlined in Section 156 of the Constitution and Chapter 3 of the Municipal Systems Act.

Thaba Chweu Local Municipality is a category B Municipality responsible for the below listed functions:

- Electricity supply
- Water for household use
- Sewage and sanitation
- Storm water systems
- Refuse removal
- Firefighting services
- Decisions around land use
- Municipal roads
- Street trading
- Parks and recreational areas
- Libraries and other facilities

To implement the above listed functions the Municipal Council approved the five-year plan as per the provisions of Chapter 5 of the Local Government: Municipal Systems Act 32 of 2000. This five-year plan is implemented through the Municipality's six directorates namely the Office of the Municipal Manager, Department of Finance, Department of Corporate services, Department of Community services, Department of Technical & Engineering services, Department of Local Economic and Planning. During the period under review four (4) positions of Senior Managers were filled, leaving only two (2) critical positions vacant; namely position of Director Community Services and Director LED & Planning. For the period under review all the appointed head of directorates signed performance agreements which includes performance plans that are monitored on a quarterly basis.

TCLM is a parent Municipality to a local development agency, THALEDA. THALEDA main objectives are to attract strategic and high impact investments; market and promote TCLM as a preferred investment destination; kick-start and/ or implement high impact/ anchor projects in the TCLM area; implement any other anchor projects listed in the IDP as per Municipal delegation; implement job creation projects (PPP's); stimulate economic growth and job creation.

TCLM enjoys support and partnership from the District Municipality, as well as various sector department such as the Office of the Premier, CoGTA & DHS. These stakeholders support the Municipality by providing trainings, workshops and at times financial support.

The Municipality submitted both Annual Financial Statements and Annual Performance Report to Auditor General for auditing purposes on the 31<sup>st</sup> of August 2022. The Municipality maintained an Unqualified Audit Opinion from AGSA. The Municipality has developed an audit action plan which will ensure that the findings raised in the Management Report are given attention and are addressed. The Governance committees such as Audit Committee, Municipal Public Accounts (MPAC) and Risk Management Committee continued to play their oversight role through virtual platforms in ensuring accountability, oversight and advisory role are exercised.

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The municipality during the period under review budgeted to have a revenue source of R 738 million and as at 30 June 2022, the actual revenue source was at R 715 million which gives a variance of R 23 million. The Municipality budgeted an expenditure of R 814 million and the actual expenditure was at R 879 million at financial year end. This leads to an actual deficit of R 164 million at 30 June 2022.

In our conclusion I would like to appreciate the will power resonated by our work force and undivided support by the political leadership, towards achieving developmental objectives. The continued and robust engagement by the community and other stakeholders in the affairs of the Municipality, has led to the effective implementation of the Integrated Development Plan solely to improve the quality of services during these trying times. The management has an obligation to fairly present the Annual report to the public to acclimatize themselves with the performance of the municipality against the planned targets deriving from the approved IDP and Budget.

**Mr. M.P Mankga**  
**Acting Municipal Manager**

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### 1.3. Municipal Overview

#### 1.3.1 Municipal Functions

Thaba Chweu is charged and derives its mandate from Section 152 of the constitution of the Republic of South Africa. Its mandated is:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development;
- To promote a safe and healthy environment, and
- To encourage the involvement of communities and community organisations in the matters of local government.

Furthermore the municipality committed itself to the following service standards, and pledged to provide the following to its communities:

- Water & Sanitation
- Electricity and Infrastructure maintenance
- Road construction and maintenance
- Waste & environment management
- Coordination of the provision of human settlements
- Promotion of sports & culture
- Road safety & security management
- Provision of free basic services to the indigent families
- Park & cemeteries maintenance and management
- Co-ordination of Local Economic Development & transversal programmes
- Creation of conducive environment for business to operate & thrive
- Consultation with stakeholders through public participation processes

The above are used to respond to the community priorities which are well documented in our IDP.

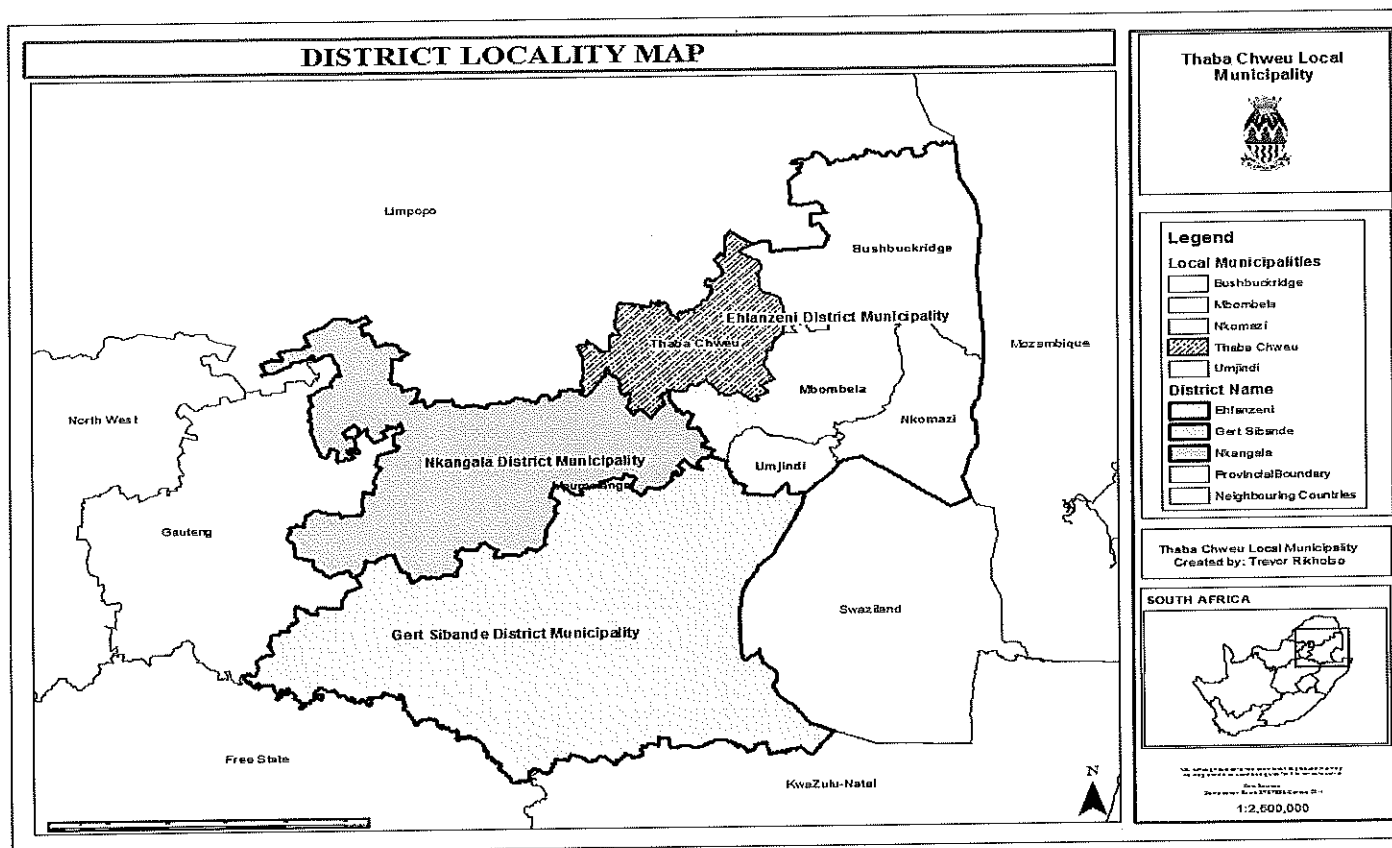
##### 1.3.1.1 Location

###### Provincial context

Thaba Chweu Local Municipality is one of the four municipalities of the Ehlanzeni District Municipality (EDM) in the province of Mpumalanga. TCLM is located on the far north-eastern part of the EDM. It shares its northern boundaries with the Limpopo province. The map below demonstrates the location of the municipality from the provincial context.

## Municipal Context

TCLM is on the Lowveld of the Mpumalanga Province with an average elevation of 1400 m above sea level and altitudes varying from 600 to 2100m. The municipality shares its boundaries with the following municipalities: Bushbuckridge Local Municipality on the eastern part, Greater Tubaste Municipality on the northern part and City of Mbombela Municipality on the Southern part and Emakhazeni Local Municipality on the Western part. The map below demonstrates the location of the municipality including main towns, the current wards and population density within the municipality.



Source: TCLM IDP 2017/18

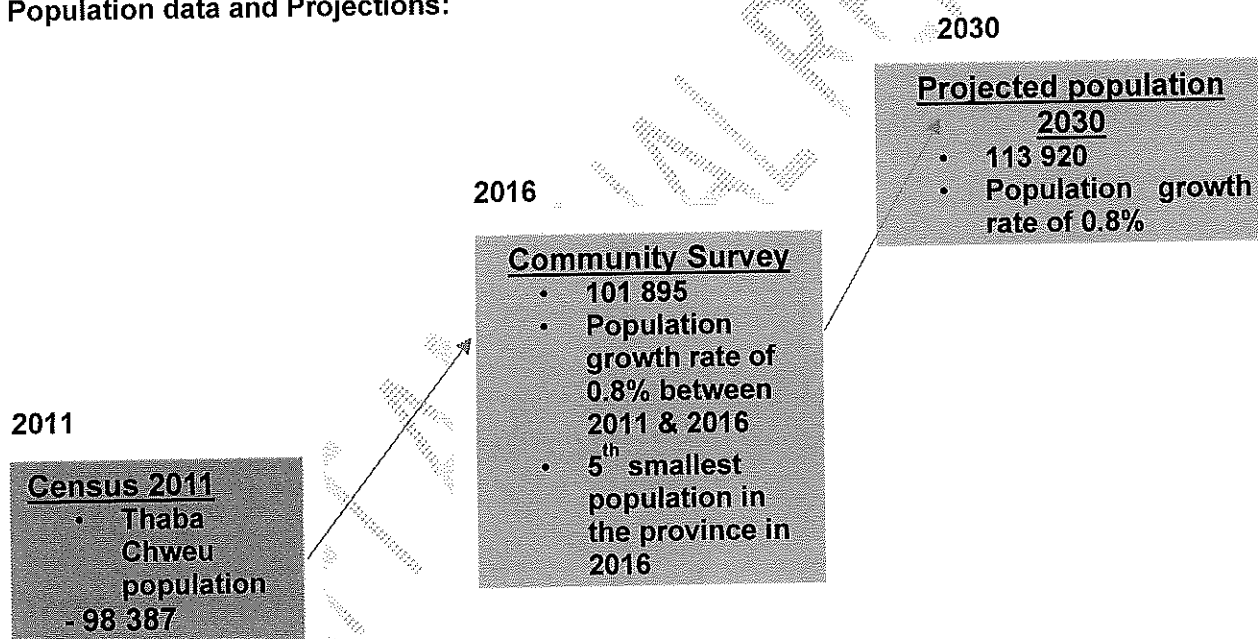


### 1.3.1.2 Population Size

According to Stats SA (2016 Community Survey - CS), Thaba Chweu's population increased from 98 387 in 2011 to 101 895 people in 2016. Between 2011 & 2016, the population grew by only 3 508 and recorded a low population growth rate of only 0.8% per annum. The population number for 2019 is estimated at 104 360 and 113 920 for 2030 given the historic population growth per annum. Furthermore, the number of households in Thaba Chweu increased by 3 670 from 33 352 in 2011 to 37 022 in 2016.

With the stats stated above there has been an improvement in the number of households with access to services between 2011 and 2016. Below is an illustration of access for households to basic services:

#### Population data and Projections:



**Source: Stats SA (2016 Community Survey - CS)**

#### Number of Households

The household number stands at 33 352 according to the 2011 census. It shows a constant increase compared to the previous years, in 1996 it was at 20 132 and in 2001 it was at 26 818. This is caused by a number of economic pull factors in the region. The figure below presents the trend in household number.

**Source: Stats SA 1996, 2001 & 2011**

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## CHAPTER 2: GOVERNANCE

### COMPONENT A: GOVERNANCE STRUCTURES

#### 2.1. Political Governance Structure

The executive and legislative authority of a municipality is vested in its Municipal Council. In terms of Section 151 (3) of the Constitution of the Republic of South Africa, a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

The Municipal Council is comprised of 27 Councillors, who were newly inaugurated on the 23<sup>rd</sup> of November 2022 and is chaired by the Honourable Speaker wherein decisions are taken through Council resolutions as per the recommendations of the Executive Mayoral Committee.

Items are prepared by administration to serve before the Portfolio Committees, Mayoral Committee and finally before Council with recommendations for either adoption or noting depending on the nature of the items. The Municipality has an Audit Committee which provides opinions and recommendations on financial processes and performance and afford comments to the Oversight Committee on the Annual Report.

The Municipality has established a Municipal Public Accounts Committee (MPAC) which plays an Oversight role. The Committee is comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report.

MPAC prepared an oversight report which was served before Council on the 28th of May 2021. The Oversight Report was tabled on this date due to the extension stated in MFMA circular 108.

As at 30 June 2022 the Political Structure included the below members of Council:

#### **EXECUTIVE MAYOR**

Cllr. M.F Nkadimeng



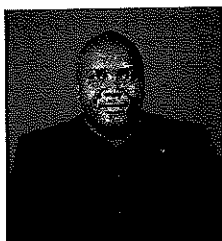
#### **Functions of the Executive Mayor**

- Ensure overall political responsibility for the Municipality
- Identify, evaluate and prioritize the needs of the Municipality and make recommendations to the Council

- Develop key performance areas against which progress to be measured and evaluated
- Ensure implementation of policies and by-laws
- Provide general political guidance over the fiscal and financial affairs
- Provide sound governance and effective service delivery

### **SPEAKER**

Cllr. H. Trower



#### **Functions of the Speaker**

- Enhance public participation programmes
- Ensure Council meets at least quarterly
- Presides over council meetings
- Facilitate liaison between Council and stakeholders
- Coordinate Public Participation, CDW and Ward Committee
- Monitor the implementation of Council resolution
- Ensure councilors comply with code of Conduct

### **CHIEF WHIP**

Cllr. S.A Manzini



#### **Functions of the Chief Whip**

- Ensure adherence to the Code of Conduct by Councillors
- Enforce discipline within Councilors in consultation with the Speaker.
- Monitor general attendance of Councilors to Council/committee meetings
- Ensure that Councillors are accountable to their wards and political parties
- Provide Councillor capacity developments
- Caucus and constituency management
- Councillor performance management

#### **MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE**

- Cllr. M.F Nkadimeng (Chairperson)
- Cllr. Q.P.B. Lawrence (MMC-Technical and Finance Services)
- Cllr. M.D Sibanyoni (MMC-Community Services, LED and Planning)
- Cllr. G.P Raphiri (MMC-Corporate Services)

Thaba Chweu Local Municipal Council is comprised of 27 Councillors. These Councillors are categorised in the table below.

#### **WARD COUNCILLORS:**

<b>No.</b>	<b>Initials and Surname</b>	<b>Ward</b>	<b>Party Representation</b>
1.	Cllr. M.D Sibanyoni	Ward 1	ANC
2.	Cllr G.M Sangxu	Ward 2	ANC
3.	Cllr. S.T Mokwena	Ward 3	ANC
4.	Cllr. P.T Mkhondo	Ward 4	ANC
5.	Cllr. A. Rankwe	Ward 5	ANC
6.	Cllr. P.B Mokgosinyane	Ward 6	AUM
7.	Cllr. H. Trower	Ward 7	ANC
8.	Cllr. C.M Mohlala	Ward 8	ANC
9.	Cllr. G.M Mashile	Ward 9	ANC
10.	Cllr. Q.P.B Lawrence	Ward 10	ANC
11.	Cllr. N.M Masimola	Ward 11	ANC
12.	Cllr. S. Couvaras	Ward 12	DA
13.	Cllr. D.T Maphanga	Ward 13	ANC
14.	Cllr. M. Opperman	Ward 14	DA

#### **PR COUNCILLORS**

<b>No.</b>	<b>Initials and Surname</b>	<b>Party Representation</b>
1.	Cllr. M.F Nkadimeng	ANC
2.	Cllr. S.A Manzini	ANC
3.	Cllr. M.L Netshirembe	ANC
4.	Cllr. G.P Raphiri	ANC

5.	Cllr. C.J Sibiya	DA
6.	Cllr. P.D Marobela	DA
7.	Cllr. B.G Makhubedu	DA
8.	Cllr. M. Pillay	DA
9.	Cllr. J.L Mosotho	EFF
10.	Cllr. W.S Sekgobela	EFF
11.	Cllr. B.T Mabuza	EFF
12.	Cllr. P.S Makhubela	AUM
13.	Cllr. G.D.S Venter	VF Plus

## 2.2. Administrative Governance Structure

The Municipal Manager is the head of the organisation supported by four Senior Managers/ Directors and the CFO. The approved organisational structure provides for six Senior Managers/ Directors positions (including the positions of the Municipal Manager and Chief Finance Officer).

### Section 56/7 Positions as at 30 June 2022:



#### MUNICIPAL MANAGER

Ms. S.S Matsi

#### DIRECTORATES

There are five directorate reporting to the Office of the Municipal Manager, namely:

Corporate Services  
Community Services and Safety  
Technical and Engineering Services  
Finance Services  
LED, Planning and Development

#### SUB-DIRECTORATES

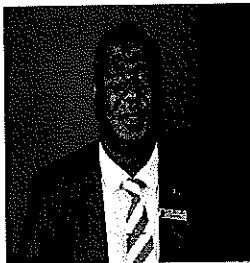
The following sub-directorates are also located in the Office of the Municipal manger to offer strategic support:

- Intergovernmental Relations
- Internal Audit
- Performance Management
- Administration Unit and Multipurpose Centres
- Marketing and Communications
- Risk Management

- Legal Services

**Functions:**

- Strategic Management Planning of Corporate Services Support
- Strategic Management Support of Community Services
- Strategic Management Support of Finance Services - Budget and Treasury
- Strategic Management Support of Technical and Engineering Services
- Strategic Management Support of Local Economic Development and Planning
- Strategic Leadership for Risk Management Services
- Strategic Management Support for Internal Audit Services
- Operational Leadership of Institutional Performance Management and Reporting
- Administrative Leadership of Mayor and EXCO Support
- Coordinate Intergovernmental Relations
- Operational Leadership of Communications Services
- Strategic Leadership of Administration Units a Multi-Purpose Centres



**DIRECTOR: Corporate Services**

Mr. MP Mankga

**SUB-DIRECTORATES**

- Council Support; Records and Facilities Management and MPAC
- Human Resources Management
- Occupational Health and Safety
- COVID-19 Response

**Functions:**

- Render Human Resources Management and Development Services.
- Render Legal Services
- Render Records Management & Auxiliary services
- Render Council Support
- Render Facilities Management

## **DIRECTOR: Technical and Engineering Services**

Mr. S.L Manqele (Pr Tech Eng.)



### **SUB-DIRECTORATES**

- Roads and Storm Water
- Water and Sanitation
- Project Management
- Electro-Mechanical Engineering

### **Functions:**

- Manage Municipal Development Projects.
- Manage the maintenance of roads and storm water systems.
- Manage the provision of engineering services
- Manage maintenance of Municipal Infrastructure
- Manage the Provision of Water and Sanitation
- Manage service delivery units.

## **Chief Financial Officer**

Mr. R.M Mnisi



### **SUB-DIRECTORATES**

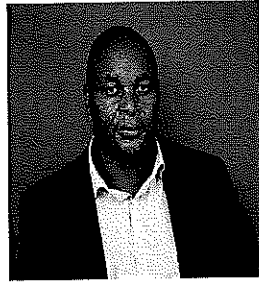
- Supply Chain Management
- Expenditure Management
- Budget and Treasury
- Revenue Management
- Assets and Fleet Management
- Information and Communications Technology

### **Functions**

- Render Management Accounting Services.
- Render Financial Accounting Services
- Render Supply Chain Management Services
- Manage Municipal Assets

#### **ACTING DIRECTOR: LED and Planning**

Mr. M.C Mashego



#### **SUB-DIRECTORATES**

- Strategic Planning and Integrated Development Planning
- Properties and Human Settlement
- LED and Business Licensing
- Spatial Planning and Land Use Management

#### **Functions:**

- Manage & Coordinate the development & implementation of IDP.
- Promote local economic development
- Coordinate land use management and spatial planning
- Manage Housing and Human Settlement
- Coordinate research and knowledge management services.
- Manage GIS and Building Control

#### **ACTING DIRECTOR: Community Services and Safety**

Mr. C.B Nkuna



#### **SUB-DIRECTORATES**



- Special Needs Programme
- Waste and Environment Management
- Culture, Sports and Recreation
- Public Safety and Security
- Disaster Management and Emergency Services
- Museums and Parks

**Functions:**

- Coordinate the rendering of Environmental Services.
- Render Traffic Management Services (Law Enforcement)
- Render Disaster & Emergency Management Services
- Coordinate arts, culture, sports and recreation services
- Manage Transversal & Special Needs Programmes

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.3. Intergovernmental Relations**

Inter-Governmental Relations is the cornerstone of Co-operative governance. It enables government departments to find synergy in what they do individually and how they complement one another with other departments or units and ultimately these government departments are able to combine their resources (financially and human) to ensure better service delivery. TCLM cooperates with all spheres of Government to provide citizens with a comprehensive package of services through Integrated Development Plan, which is a five- year plan to guide the municipal development and is also aligned with the National Development Plan. Both National and Provincial government use IDP to plan and deliver services to the community of Thaba Chweu Local Municipality.

#### **2.3.1. National Intergovernmental Structures]**

SALGA co-ordinates Municipal Manager's forum and as well as other executive forums which enhance co-operation, mutual assistance and sharing of resources among municipalities. TCLM value and participates in those forums because it mostly assists in finding solutions for problems relating to its own municipality. This financial year there was one MMs forum which was held virtually on the 20<sup>th</sup> October 2021. The TCLM Municipal Manager attended the meeting.

TCLM participates in various government programs and signs also agreements which benefit the municipality. For example, since the inception of EPWP program in 2009 TCLM has been a beneficiary to date. The financial year 2021/2022 a grand funding of R1 836 000 was received by TCLM for the purpose of skills transfer and job creation. A total number of 128 beneficiaries benefitted from the fund by getting temporary jobs and skills to mostly young people and women of Thaba chweu municipality. TCLM s implementation of EPWP program is informed by EPWP ministerial determination guideline.

### 2.3.2. Provincial Intergovernmental Structures

Premier Coordinating forum meetings which are chaired by the Premier of the Province are held quarterly or when there is a need, in such meetings focus of attention is on service delivery programmes and challenges faced by various municipalities. They try to address challenges by re-prioritizing and re-aligning the budget in terms of needs. TCLM attends to those sittings regularly. Provincially we are guided by the draft IGR policy framework which is a product of Provincial IGR indaba where all municipalities of Mpumalanga participated. The draft IGR Provincial policy framework is informed by Inter Governmental Relations Act of 2005.

### 2.3.3. Municipal Entities

TCLM has only one entity, which is named Thaba Chweu LED Agency [THALEDA]. The entity is 100% owned by the Municipality. The board of THALEDA was appointed in 2020 and the term of office of the board is three years. The board consist of six non- Executive Directors. Presently THALEDA has three board of Directors because the other three members have resigned from the Agency early this year (2022). The board was not able to meet for the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the financial year 2021/2022 because the remaining members could not quorate.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4. Public Meetings

Thaba Chweu Local Municipality has established fourteen (14) ward committees. Ward Committees meeting should be held once a month which will result to three meeting per quarter for each ward, this will result to 168 meetings to be held annually. The total number of ward committee meetings held for the year under review is 66 meetings.

Ward Community meetings are held once a quarter which will result to one meeting per quarter for each ward, this will result to 56 meetings to be held annually. The total number ward community meetings held for the year under review is 41 meetings.

The municipality had established ward committees in all the wards during the 2021/22 financial year.

The functionally thereof is summarized in the table below:

Details	Number
Number of wards	14
Number of functional wards	14
Number of ward committees	14
Number of ward committee members	140
No. of functional ward committee members	140

No. of non-functional ward committees members	0
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The Municipality ensures Public Accountability and Participation by making use of:

- Local Media (Mash FM, Panorama News, Steelburger): Newspaper and radio station
- National Newspapers (Sowetan)
- Ward Committee Meetings
- Public Notices
- Loud Hailing
- IDP/Budget Participation Meetings
- Municipal Facebook page
- Municipal Website

## 2.5. IDP Participation and Alignment

Council approved the 2021/22 IDP/Budget Process plan on the 13<sup>th</sup> of August 2020 under council resolution A53/2020 to guide the process of reviewing the IDP. The municipality implemented all the milestones outlined on the process plan satisfactory where the draft IDP was approved at the end of March 2021 which led to the consultations which are outlined below prior to the final approval of the 2021/22.

DATES	VENUE	TIME	WARD
13 April 2021	Moremela Community Hall	10H00	09
	Leroro Community Hall	13H00	
	Lydenburg Town Hall	16H00	12
	Mohlala Tribal Authority	10H00	08
	Mashilane Tribal Authority	13H00	
14 April 2021	Mashishing Community Hall (Pensioners)	11h00	01, 02 & 03
	Mashishing Community Hall (Disabled People)	14H00	
15 April 2021	Coromandel Park	14H00	04
	Lydenburg Town Hall	16H00	12
18 April 2021	Badfontein (Klipspruit Combined School)	10H00	04
19 April 2021	Municipal Office Town Hall	17H00	14
20 April 2021	Lydenburg Town Hall	16H00	12
	Harmony Hill	16h30	07
21 April 2021	Mashishing Community Hall (All Pastors)	11H00	01, 02 & 03
	Mashishing Community Hall (Stakeholders)	14H00	
	Mashishing Community Hall (Stakeholders)	16H00	
22 April 2021	Lydenburg Town Hall	16H00	12
25 April 2021	Sipsop	12H00	11
	NS Malherbe Primary School	14H00	
	Draaikral Tonteldoors High Schools	10H00	05
	Bosfontein Primary School	13H00	
26 April 2021	Ekuthuleni Hall	16H00	06
	Sabie Country Club	16H00	07
27 April 2021	Marifani Primary School (Skhila)	13H00	05
	Pastor Dlamini's Church	15h00	
28 April 2021	Kellysville	14H00	05
	Ohrigstad Hall	10h00	13

	Subject	Time	
29 April 2021	Ward Committee Meeting (Graskop Chamber)	10H00	10
	Graskop Chambers (Stakeholders Meeting: Rate Payer's Association, Taxi Association, Graskop Conservancy, Business Forum & Tourism Organizations)	11H00	
	Moremela Hall	14H00	10
	Graskop Town Hall	17H00	

Legend: Successful



Unsuccessful



Dissolved



All inputs on the draft IDP and Budget together with the budget related policies were considered prior to the approval of the final IDP and Budget.

### 2.5.2. Mayoral Imbizo

For the year under review the Municipality had planned to have 4 Mayoral Imbizo's, however due to the president moving the Country to different levels of National Lockdown, the Municipality could not hold any Imbizo's.

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## COMPONENT D: CORPORATE GOVERNANCE

For the 2021/22 financial year the following governance responsibilities were functional:

- Internal Audit Function operating in accordance to the Internal Audit Plan
- Risk Assessment which included Risk Management Strategy
- Blow the Whistle on Fraud and Corruption
- Performance Management Policy Framework
- Anti-Corruption Strategy and Fraud Plan

Thaba Chweu Local Municipality is currently having delegation of powers which were approved by council under council resolution No: A84/2007 the reason for these delegations was to delegate powers. The municipality is implementing these delegations.

### 2.6. Risk Management

In terms of section 62(1)(c) of the Municipal Finance Management Act (MFMA) of 2003, The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems. Thaba Chweu Local Municipality has adopted a comprehensive approach to management of risk, the flawless process is clearly outlined in Risk Management strategy of the Municipality.

Risk Management is entrenched in the operations of the municipality, through risk identification, development and implementation of mitigation strategies, and continuous monitoring of risks through the risk management office. The municipality has a Risk Management and Fraud Prevention Committee that is chaired by an independent Chairperson to ensure transparency.

Risk management is the identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities

Management identified the Strategic risks below:

- Inadequate provision of quality services in line with Council mandate
- Limited Human Settlement Integration and harmonious development
- Inability to increase revenue base and maintain financial viability
- Inability to enhance economic growth & development
- Inability to improve Institutional Transformation and Resource Management
- Ineffective promotion of sound effective Governance and Public participation
- Ineffective implementation of Transversal programs (Violation of Human Rights, GBV, Inequality in Society and High prevalence of HIV and AIDS)
- Inability to strengthen IGR & stakeholder relations
- Fraud Prevention and Anti-Corruption

The municipality has an effective risk management unit which is also assigned to coordinate issues relating to fraud and corruption. The Risk Management and Fraud Prevention Committee have been established as an oversight committee to deal with the issues of fraud and corruption. The municipality has an approved Fraud Prevention Plan, Strategy and the whistle blowing policy to

address the issues of fraud and in order to protect the whistle blowers. The municipality is currently utilising the Presidential fraud hotline which assists in reporting all fraudulent activities internal and external. The hotline is operational for 24 hours and the community is encouraged to report any incidents of fraud and corruption. The hotline number: 0800 701 701

## 2.8. Supply Chain Management

### Overview of Supply Chain Management

The Supply Chain Management Policy adopted by the Municipal Council is in compliance with the guidelines set out in the Supply Chain Management Regulations 2005.

The municipality established three bid committees and Councilors are not members of these committees.

PROCUREMENT PROCESSED IN THE YEAR	NUMBER	AMOUNT
<b>2021/22</b>		
Procurement through Quotations R0.01-R30 000.00	189	R 3 253 181.64
Procurement through Quotations R30 000.01-R200 000.00	175	R 23 647 897.28
Panel Appointment	16	R 32 638 204.63
Open/Formal Tender	1	R 22 327 401.14
S32 Procurement		
S36 Procurement		R 23 867 224.61
<b>TOTAL</b>		<b>R 105 733 909,30</b>

## 2.9. By-Laws

For the 2021/22 FY no new By-Laws were gazetted.

## 2.10. Websites

The Municipal Website is a communication tool critical in communicating all municipal information to the public. It was revamped in the year under review to improve accessibility of all documents and information.

In terms of Section 75 of the MFMA, Municipal Website should include the following:

Documents published on the municipality's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	14/06/2022
All current budget related policies	Yes	14/06/2022
The previous annual report (2020/21)	Yes	07/04/2022
The annual report (2021/22) published / to be published	Yes	31/01/2023
All current performance agreements required in terms of section 54/56 (1) (b) of the MSA and resulting score cards	Yes	15/08/2022
All service delivery agreements (2021/22)	Yes	15/07/2022
All long term borrowing contracts (2020/21)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2021/22	Yes	Ongoing, as and when contract is signed
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/22	N/A	N/A
Contracts agreed in 2021/22 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
PPP agreements referred to in section 120 made in 2021/22	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/22	YES	Within 7 days of tabling in Council

### Access to Municipal Website

The Municipal Website is operating: [www.tclm.gov.za](http://www.tclm.gov.za)

## 2.11. Public Satisfaction on Municipal Services

Thaba Chweu Local Municipality has not conducted the public satisfaction survey in the year under review.

## 2.12. Municipal Council Committees

The below Committees were established during a Council meeting held on the 20<sup>th</sup> of December 2021, with the Council resolution number A221/2021.

### SECTION 79 COMMITTEES (OTHER COMMITTEES OF MUNICIPAL COUNCIL)

Municipal Public Accounts Committee (MPAC) : Cllr. M.L. Netshirembe (Chairperson)  
: Cllr. G.M. Sanqvu  
: Cllr. G.M. Mashile

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	<ul style="list-style-type: none"> <li>: Cllr. W.S. Sekgobela</li> <li>: Cllr. M.N. Masimola</li> <li>: Cllr. M Pillay</li> <li>: Cllr. P.S. Makhubela</li> <li>: Cllr. G.D.S. Venter</li> </ul>
Local Geographical Names Committees	<ul style="list-style-type: none"> <li>: Cllr. M.L. Netshirembe (Chairperson)</li> <li>: Cllr. G.M. Sanqvu</li> <li>: Cllr. G.M. Mashile</li> <li>: Cllr. W.S. Sekgobela</li> <li>: Cllr. M.N. Masimola</li> <li>: Cllr. M. Pillay</li> <li>: Cllr. P.S. Makhubela</li> <li>: Cllr. G.D.S. Venter</li> </ul>
Local Labour Forum	<ul style="list-style-type: none"> <li>: Cllr. G.P. Raphiri MMC Corporate</li> <li>: Cllr. P.T. Mkhonto</li> <li>: Cllr C.M. Mohlala</li> <li>: Cllr. C.J. Sibiya</li> <li>: Cllr. J.S. Mosotho</li> <li>: Section 54A &amp; 57 Managers</li> <li>: Representatives of Organised Labour</li> </ul>
Rules and Ethics Committee	<ul style="list-style-type: none"> <li>: Cllr. M.L. Netshirembe (Chairperson)</li> <li>: Cllr. G.M. Sanqvu</li> <li>: Cllr. G.M. Mashile</li> <li>: Cllr. W.S. Sekgobela</li> <li>: Cllr. M.N. Masimola</li> <li>: Cllr. P.S. Makhubela</li> <li>: Cllr. G.D.S. Venter</li> <li>: Cllr S. Couvaras</li> </ul>
Agenda Committee	<ul style="list-style-type: none"> <li>: Speaker</li> <li>: Executive Mayor</li> <li>: Chief Whip</li> <li>: MMC Corporate Services</li> <li>: Municipal Manager</li> <li>: Director Corporate Services</li> </ul>
Petitions and Public Participation Committee	<ul style="list-style-type: none"> <li>: Speaker</li> <li>: Executive Mayor</li> <li>: Chief Whip</li> <li>: Municipal Manager</li> </ul>
Municipal Bursary Fund Committee	<ul style="list-style-type: none"> <li>: Cllr. P.T. Mkhonto (Chairperson)</li> <li>: Cllr. S.T. Mokwena</li> <li>: Cllr. G.M. Mashile</li> <li>: Cllr. B Makhubedu</li> </ul>



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## **SECTION 80 COMMITTEES (PORTFOLIO COMMITTEES)**

**FINANCE AND TECHNICAL COMMITTEES** : Cllr. Q.B.P. Lawrance (Chairperson)  
: Cllr. P.T. Mkhonto  
: Cllr. C.M. Mohlala  
: Cllr. J.L. Mosotho  
: Cllr. S.T. Mokwena  
: Cllr. C.J. Sibiya  
: Cllr S. Couavaras

**LED, TOURISM, IDP & COMMUNITY SERVICES** : Cllr. M.D. Sibanyoni (Chairperson)  
: Cllr. A. Rankwe  
: Cllr D.T. Maphanga  
: Cllr. J. L. Mosotho  
: Cllr. S Couvaras

**CORPORATE SERVICES** : Cllr. G.P. Raphiri (Chairperson)  
: Cllr. P. T. Mkhonto  
: Cllr. S.T. Mokwena  
: Cllr. M. Opperman  
: Cllr. J.L. Mosotho  
: G.D.S Venter

## **OTHER COMMITTEES /FOR A COMMUNITY POLICING FORUMS**

### **Lydenburg**

: Cllr. S.T. Mokwena  
: Cllr. B.T. Mabuza  
: Cllr M. Opperman  
: Cllr G.D.S. Venter

### **Sabie**

: Cllr. N.M. Masimola  
: Cllr. W.S. Sekgobela  
: Cllr. P. Marobela

### **Graskop, Pilgrim Rest**

: Cllr. D. T. Maphanga  
: Cllr. W.S. Sekgobela  
: Cllr. B. Makhubedu

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**Matibidi, Leroro & Moremela**

: Cllr. G. M. Mashile  
: Cllr. P.D. Marobela  
: Cllr. W.S. Sekgobela  
: Cllr P.S. Makhubela

**Sports Committees**

: Cllr. P. T. Mkhonto  
: Cllr. B.T. Mabuza  
: Cllr. B. Makhubedu  
: Cllr P.S. Makhubela

**Transport Forum**

: Cllr M.D. Sibanyoni  
: Cllr. S. T. Mokwena  
: Cllr. W.S. Sekgobela  
: Cllr P.S. Makhubela  
: Cllr M. Opperman

**Health and Social Services**

: Cllr. Q.B.P. Lawrence  
: Cllr. B.T. Mabuza  
: Cllr P. Marobela  
: Cllr G.D.S Venter

**Agricultural and Social Services**

: Cllr. G.P. Raphiri  
: Cllr. W.S. Sekgobela  
: Cllr J.L. Mosotho  
: Cllr. B. Makhubedu

**Education**

: Cllr M.D. Sibanyoni  
: Cllr. M.L. Netshirembe  
: Cllr. P. Marobela  
: Cllr W.S. Sekgobela.

**Safety and Security**

: Cllr. P. T. Mkhonto  
: Cllr. B.T. Mabuza  
: Cllr. M. Opperman  
: Cllr. P.S Makhubela

**Salaries and Benefits**

: Executive Mayor  
: Speaker  
: Chief Financial Officer  
: Municipal Manager

**REPRESENTATIVES TO INSTITUTIONS****INSTITUTE FOR LOCAL GOVERNMENT MANAGERS (ILGM)**

Executive Mayor

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## **MEDICAL AIDS**

Bonitas	: Cllr. H. Trower
Keyhealth	: Cllr. N.M. Masimola
Hosmed	: Cllr. C. M. Mohlala
SAMWUMed	: Cllr. W.S. Sekgobela
	: Cllr. S.A. Manzini
	: Cllr P. Marobela

## **SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA)**

Executive Mayor  
Speaker  
Municipal Manager

## **SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL (SALGBC)**

Cllr. D. T. Maphanga  
Cllr. P.D. Marobela  
Cllr. J.L. Mosotho  
Cllr. C.J. Sibiya

## **SOUTH AFRICAN NATIONAL COUNCIL FOR THE AGED**

Cllr. G.P. Raphiri  
Cllr. G.D.S. Venter  
Cllr. M. Opperman

## **UNITED CITIES AND LOCAL GOVERNMENT ASSOCIATION (UCLGA)**

Executive Mayor

## **PENSION FUNDS**

Joint Municipal Pension

Municipal Gravity Fund	: Cllr. G.D.S. Venter
Municipal Employees Pension Fund	: Cllr. C. M. Mohlala
Municipal Councillors Pension Fund	: Cllr. G.P. Raphiri
SALGA Pension Fund	: Cllr. P Marobela
SAMWU Pension Fund	: Cllr. B Mabuza

## **DEPLOYMENT OF COUNCILORS INTO DIFFERENT WARDS**

Ward 1	: Cllr. M.D. Sibanyoni
	: Cllr. C.J. Sibiya

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Ward 2	: Cllr. G.M. Sanqxu
Ward 3	: Cllr. S.T. Mokwena : Cllr. B.T. Mabuza
Ward 4	: Cllr. P.T. Mkhondo : Cllr. S.A. Manzini
Ward 5	: Cllr. A. Rankwe : Cllr. J.L. Mosotho
Ward 6	: Cllr. P. D. Mokgosinyane : Cllr. G. P Raphiri
Ward 7	: Cllr.H. Trower : Cllr. W.S. Sekgobela
Ward 8	: Cllr. C.M Mohlala : Cllr. P.D. Marobela
Ward 9	: Cllr. G. M Mashile : Cllr. B Makhubedu
Ward 10	: Cllr. Q. B Lawrence : Cllr. PS Makhubela
Ward 11	: Cllr. N. M. Masimola : Cllr. M.L. Netshirembe
Ward 12	: Cllr. S. Couavaras : Cllr. G.D.S.Venter
Ward 13	: Cllr. D. T. Maphanga : Cllr. M Pillay
Ward 14	: Cllr. M. Opperman : Cllr. M F Nkadimeng

Local Labour Forum was re-composed during an Ordinary Council meeting held on the 23rd of June 2022 under council resolution a114/2022. It was resolved that Council provide the names of two Councillors to serve in the Local Labour forum. The two names provided by Council was the name of Cllr. G. P Raphiri and Cllr. P.T. Mkhondo.

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

### COMPONENT A: BASIC SERVICES

#### 3.1. Water Provision

The Thaba Chweu Local Municipality is the authorized Water Services Authority in terms of the Water Services Act (No 108 of 1997) and the Municipal Systems Act (No 32 of 2000).

Section 11 of the Water Services Act states, that:

- 1) Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services.
- 2) IDP Priorities are as tabulated below.

#### Sanitation objectives and strategies

SANITATION	
Objective	Strategy
To maintain existing networks in urban areas	Establish and implement maintenance strategy
To provide infrastructure for new developments	Review bulk service contribution policy; re-establish Capital development Fund
To address the problems regarding sanitation experienced on the farms in the rural areas	Implement status quo survey; include farm areas in sanitation strategy

#### Water Objectives and Strategies:

WATER	
Objective	Strategy
To provide drinking water to all households in the urban areas	Extend existing water service infrastructure
To provide drinking water to people residing on farms/informal settlement	Establish water resources & provide basic water infrastructure
To maintain the existing water infrastructure	Establish and implement maintenance strategy
To provide infrastructure to new developments including bulk supply and reservoirs.	Review bulk service contribution policy; re-establish Capital development Fund
To provide the service at affordable tariffs	Design and implement cost –effective water service

## Water Balance

The table below depicts the water storage capacity at any given situation. In terms of water supply norm, the municipality is required to have spare water supply capacity to counter for any possible water supply disruptions. The desired storage capacity norm for the water supply is at least 50% or 48hrs sustained supply during water interruptions.

Area	Households (HH)	Water Demand (kl/day)	Current Supply (kl/day)	Storage Supply Levels (kl/day)
Lydenburg/Mashishing	12137 HH	20,260	11,000	-54.3%
Sabie	5795 HH	4,342	5,612	129%
Graskop	2283 HH	2,116	3,600	170%
Northern Areas	4569 HH	5,141	3,802	-74%

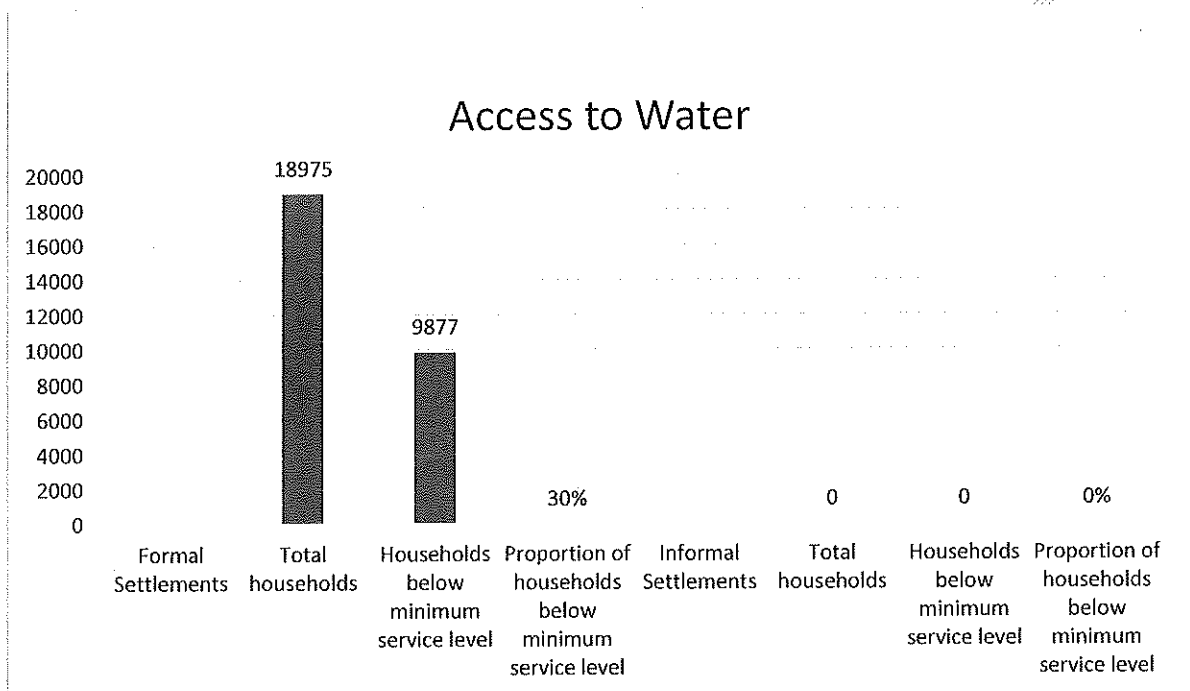
## Progress Status on Water related capital projects

Project Name	Budget	Project status	Source of Funding
Refurbishment of Water Treatment Works in Thaba Chweu Municipality	R 7.4m	Project completed	MIG
Sabie AC Pipeline Replacement	R 13.7m	Project completed	WSIG
Refurbishment of Sanitation Infrastructure in Thaba Chweu Municipality	R 12.0m	Project completed	MIG
Mashishing Water Supply Augmentation	R 6.1m	Project completed	MIG
Installation of 12 Boreholes in Thaba Chweu Municipality	R 5.1m	Project completed	MIG
Refurbishment of 31 Boreholes in Thaba Chweu Municipality	R 4.6m	Project completed	MIG

The current status quo of water supply quality in TCLM is based on work conducted by the department of water affairs. TCLM is rated in terms water quality although the municipality in partnership with the department of water affairs (DWA) has prioritized various projects aimed at water purification to lower the effects in its various towns and rural/farms areas which include Sabie and Graskop in order to improve the blue drop status. TCLM has also prioritized upgrading of purification plants in all its areas affected by this problem. An engagement with DWA will further be persuaded for assistance in the overall regard.

### Existing Water Treatment Works Infrastructure:

	Agriculture	Forestry	Industrial	Domestic	Unaccountable Water Losses
2019/20	1.08%	1.56%	2.05%	35.73%	65.84%
2020/21	1.08%	1.56%	2.05%	35.73%	66.00%



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

Although the Municipality provided an additional 175 households with water connections, this figure did not yield any significant impact in the overall water services backlog.

Much efforts are being made in dealing with water losses as part of Water Demand and Conservation Management initiatives. In this drive, majority of our resources were channeled towards the replacement of existing asbestos pipes with new HDPE pipes in our towns and township.

Water meters were installed as part of servicing the additional 608 households to ensure more effective cost recovery mechanism.

### 3.2. Waste water (sanitation) provision

In terms of the census 2011 report TCLM has a percentage increase in basic sanitation supply. In 1996 the percentage was at 61, 82 in 2001 at 68, 45 and in 2011 at 97, 1. This shows a significant improvement over the decade. Community Survey 2016 shows that the number of households without hygienic toilets is 10 332 or 27.9% of 37 022 households without hygienic toilets.

**Source: Stats SA, 2011 and Community Survey 2016**

#### Existing Sanitation Infrastructure

Level of service	No. of sanitation units
VIP toilets	10 000
Other dry sanitation toilets	None
Septic tanks	Privatized
New wastewater treatment works or to be upgraded	4
Infrastructure for desludging and pit emptying	None

#### Existing Sewage Treatment Works Infrastructure

General information			
Component name – Wastewater Works:	Lydenburg Sewage Treatment Works	Sabie Sewage Treatment Works	Graskop Sewage Treatment Works
Component ID	LSTW1	SSTW1	GSTW1
Scheme name	Lydenburg	Sabie	Graskop
Type (process) & capacity			
Type of plant (i.e. Activated sludge / Bio-filter / Oxidation Ponds)	Activated sludge	Activated sludge	Activated sludge
Design Capacity – Hydraulic Load (Mℓ/day)	4,5	5	1
Inlet meter (type)	Flume	Flume	Flume
Operation			
Total volume of water received and treated per year (Mℓ)	4.8	1.5	1.0
Operating hours per day	24	24	24
Discharge into (discharge point)	Dorps-River	Sabie-River	-River
Applications of recycled effluent (i.e. irrigation, mining, etc.)	Cooling water for Xtrata	none	None
Effluent control (by whom)	municipality	municipality	Municipality
How often is water quality monitored? (daily, weekly, monthly, annual, never)	Daily & monthly	Daily & monthly	Daily & monthly
% Of the time that effluent is chlorinated	100%	100%	100%



General information			
Component name – Wastewater Works:	Lydenburg Sewage Treatment Works	Sabie Sewage Treatment Works	Graskop Sewage Treatment Works
Functionality			
Describe the physical condition (in poor operation, good)	in operation	in operation	in operation
How well is the infrastructure maintained? (none, infrequent, demand, planned)	planned	demand	demand
Are spare parts readily available? (Yes/No)	yes	yes	Yes
Number of breakages / failures per year	not recorded	not recorded	not recorded

### Existing Sewage Treatment Works Infrastructure

Component name	Emshinini sewage treatment works
Component ID	STW4
<b>Type (process) &amp; capacity</b>	
Type of plant (i.e. Activated sludge / Bio-filter / Oxidation Ponds)	Activated sludge
Design Capacity - Hydraulic Load (Ml/day)	0.790
How much capacity is still available for development? (%)	40%
Design Capacity - Organic Load (COD kg/day)	275
How much capacity is still available for development? (%)	30%
Inlet meter (type)	Flume
Operation	
Total volume of water received and treated per year (Ml)	108.8
Operating hours per day	24
Discharge into (description of source)	Dorps River
Discharge volume (Ml/annum)	110
Effluent control (by whom)	WSA
Permitted effluent (Ml/annum)	1.1ML/d
Solid waste disposal (m³/annum)	N/A
Sludge produced (m³/annum)	1500
How often is water quality monitored? (daily, weekly, monthly, annual, never)	weekly
% Of the time that effluent is chlorinated	100%
Functionality	Vandalized
Describe the physical condition (in operation, poor, good)	Good
How well is the infrastructure maintained? (none, infrequent, demand, planned)	Demand/planned
Are spare parts readily available? (Yes/No)	Yes

The following has been done to stop the spillage of sewer in the municipality:

- A technical report was developed by an engineer and was submitted to the Dept. of Water and Sanitation to source funds to re-do water and sewer reticulation at Mashishing Ext 8,

- A Technical report is being developed to construct a gravity sewer line from Ext. 2 sewer pump station to the main sewer plant to deal with sewer spillages at Kellysville,
- Optimisation of the functioning of waste treatment works in Sabie, e.g. improving security at the plant,
- Expediting the refurbishment of sewer substations at Graskop.

### 3.3. Roads Overview

Municipality has the primary responsibility to provide for the availability of road services. This responsibility is embodied in the legislation as well as policy statements. Municipalities are however experiencing financial difficulties that are impacting on its ability to provide for new or extended services on demand.

The total kilometres of roads within Thaba Chweu local municipality is 1 759km which 1049 km are provincial roads, 128km are national roads and 582 km belongs to the municipality.

The table below highlight the categories of roads within Thaba Chweu

No.	Road pavement type	Length(km)
1	Block	13.3
2	Concrete	4.2
3	Asphalt	156
4	Unpaved	399.3

Gravel Road infrastructure				
Kilometres				
Financial Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/Maintained
2018/19	398	0	3.4	0
2019/20	394.6	0	0	0
2020/21	392.6	0	0	6.7
2021/2022	392.6	0	0	0

**Cost of construction/Maintenance****R'000**

Financial Year	Gravel			Tar/Paving		
	New	Gravel-tar	Maintained	New	Re-worked	Maintained
2018/19	R0.00	R0.00	R0.00	R29 000 000	R 32 000 000	R 3 500 000
2019/20	R0.00	R0.00	R0.00	R38 286 737	R15 303 000	R 2 842 661
2020/21	R0.00	R0.00	R0.00	R23 405 120.16	R0.00	R 6 534 881
2021/2022	R0.00	R0.00	R0.00	R0.00	R5 000 000	R5 000 000
<b>Total</b>	R0.00	R0.00	R0.00	R 90 691 857.16	R 52 303 000	R 12 877 542

**Tarred Road infrastructure****Kilometres**

Financial Year	Total tarred roads	New Tarred roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2017/18	160	4	0	0	160
2018/19	163.4	3.4	2.7	0	163.4
2019/20	163.4	0	0	0	163.4
2020/21	163.4	4.2	0	0	167.8
2021/22	163.4	5.2	2.2	0	173

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**Capital Expenditure year 2021/22: Road services****R'000**

<b>Capital projects</b>	<b>2021/22</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project values</b>
Refurbishment of De Clerq Street in Lydenburg	R10 015 933	R 0.00	R10 015 933	R 0.00	R10 015 933
Refurbishment of Potgieter Street in Lydenburg	R10 192 927	R 0.00	R10 192 927	R 0.00	R10 192 927
Refurbishment of Morothong-Kanana Street at Moremela (Tshirelang)	R4 610 966	R 0.00	R4 610 966	R 0.00	R 4 610 966
Paving of Main Roads in Matibidi (Didimala Village)	R13 042 281	R 0.00	R13 042 281	R 0.00	R13 042 281

The Municipality has procured a service provider who is assisting in developing maintenance plans. The plan will give us the status quo of our roads and also guide on the type of maintenance to embark on.

**Storm Water**

Storm water management is defined by the Red Book (Guidelines for Human Settlements and Design, 2000) as "the science of limiting negative impacts on the environment and enhancing the positive impacts, or catering for the hydraulic needs of a development while minimizing the associated negative environmental impacts".

Any development will have an impact on its environment in some way or form and therefore needs to be managed, storm water is no exception and should be considered an important resource. The goals of storm water management are therefore aimed at supporting the philosophy of reducing the impact of storm water flow through and off developed areas. Local authorities are entrusted with the power to construct infrastructure to manage the flow (quantity, quality and velocity) of storm water discharge.

A Storm water Drainage System is defined as "All the facilities used for the collection, conveyance, storage, treatment, use and disposal of runoff from a drainage area to a specified point." - Red Book, 2000. A typical storm water drainage system in a formal urban setting involves minor storm water runoff as a result of frequent storms that is drained

The following table provides information on the extent of the storm water network:

Asset Sub Category Component Type Descriptor Class	Component type	Descriptor Class	Extend unit	Sum of Extend
Storm Water Network	Culvert	1500x1500	Length(m)	15
		1800x1800	Length(m)	18
		2400x2400	Length(m)	16
		450x450	Length(m)	32
		600x600	Length(m)	32
		900x900	Length(m)	16
	Kerb inlet		Number	856
	Pipe – Storm Water	Concrete	Length(m)	79 773

Storm water Infrastructure				
Kilometers				
	Total storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2018/19	79 777	0	0	0
2019/20	79 777	0	0	0
2020/21	79 777	3900	0	0
2021/2022	79 777	0	0	0

Cost of Construction/Maintained			
R'000			
Financial Year	Storm water Measures		
	New	Upgraded	Maintained
2018/19	R0.00	R567 983.00	R0.00
2019/20	R0.00	R0.00	
2020/21	R0.00	R0.00	R0.00
2021/2022	R0.00	R0.00	R0.00

The storm water in Thaba Chweu were long designed and were never upgraded, the storm water network in Thaba Chweu has to be upgraded to minimum size of 600mm diameter. The municipality has started with project registration processes for project funding through MIG to upgrade the storm water network in Thaba Chweu.

### 3.4. Electricity

Provision of electricity is regulated by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006. The municipality provides most of the electricity in urban areas and Eskom in the rural areas. The municipality applies for funding from the National Energy Regulator (NER) when electricity is needed for new developments. Business and industrial sites are fully serviced with electricity by TCLM. Not all households in all wards have electricity in TCLM. These are rural areas in farms which amount to about 16 percent of households without electricity which are in the jurisdiction of private land i.e., farms (both active commercial and non-active commercial). In comparison to district the rural areas within the district have the largest percentage of below basic services regarding energy used for lighting.

- **Electrical Service Analysis**

Several site visits were conducted to evaluate the condition and to determine the location of all major current electrical network infrastructure of the Municipality. The availability of as-built data was noted to be a challenge.

- **Spatial Development Framework**

Based on the current Spatial Development Framework the current and future land-use tables were compiled based on the different land use, such as residential, educational, public facilities, open spaces, business and industries.

- **Demand Load Forecast (Status Quo/Future)**

Based on the current Spatial Development Framework's land use tables and applying the industry standard consumption criteria per different land use zone the required total Electrical Demand

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figures were calculated per year. The Status Quo Demands were also evaluated against the current received Eskom Metered Demands. The Load Forecast demands do not relate to any specific geographical portion of land. The assumption was made that the general expansion of the town will be in a southwestern direction.

- **Future Network Designs**

Based on the future demand calculations several different future network designs were proposed as indicated in the project list. Due to the lack of the current as-built data and detailed SDF assumptions were made in terms of new substation supply zones based on geographical layouts and amendments to the current substation supply zone reticulation networks.

- **Project List (Priority and Costing)**

A project list was derived from the above proposed future networks requirements. The list also include for identified future planning project requirements and listed maintenance items. It was assumed that the identified maintenance projects be incorporated in the first 5 years of the cash flow prediction table. Evaluation of the listed future projects and motivation for funding is needed.

- **Recommendations from the master plan**

In Lydenburg it will be necessary to evaluate the existing 11kV feeders per zone in order to establish detailed future ring networks and also to shift the existing current loads on the overburden substations to either the proposed new Eskom substation, or to some of the proposed refurbished substations. It was also identified that the current Wooden Pole configuration generally used for overheadlines need urgent replacement in TCLM.

A specific project was identified for this action with a 5-year life span in order to address this backlog. It was also noted that the current Hydro Station plant could assist with the TCLM's current demand side management with a possible peak contribution of 2.6MW. It's been proposed that the Hydro Plant be refurbished to also contribute to the future demand needs of the town.

A major concern noted at several site visits was safety of current personnel when doing switching on the MV network. It's been proposed that an institutional reform program be implemented to ensure that more skilled personnel are appointed in maintenance and operational posts. Furthermore, it will also be required that the responsible person from the Municipality's electrical department ensures and enforces that all maintenance operators wear the required protective clothing during routine maintenance switching.

## **Brief Introduction**

No households were electrified and energized in the municipality through Integrated National Electrification Programme (INEP) in the 2021/2022 financial year.

The houses were low-cost houses and informal settlements. A supply was installed in all the houses as per the indigent policy of the municipality.

Description	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.
Electricity (at least min service level)	2103	2305	2305	2387
Electricity-prepaid (min service level)	985	1025	1025	1105
<b>Minimum service level and above sub-total</b>	<b>3088</b>	<b>3330</b>	<b>3330</b>	<b>3492</b>
Electricity-prepaid (<min service level)	236	267	267	278
Electricity-prepaid (>min service level)	846	950	950	1013
<b>Below minimum service level sub-total</b>	<b>1104</b>	<b>1217</b>	<b>1217</b>	<b>1291</b>
<b>Total number of households</b>	<b>5274</b>	<b>4547</b>	<b>4547</b>	<b>4783</b>



### Households - Electricity Service Delivery Levels Below the minimum

#### Households

Description	2017/18	2018/19	2019/20	2020/21	2021/22		
	Actual No.	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>							
Total Households	32250	32250	37022	37022	37022	37022	37022
Households below minimum service level	3685	2821	3088	3297	3297	3297	3297
Proportion of households below minimum service level	11.43%	8.75%	8.34%	8.9%	8.9%	8.9%	8.9%
<b>Informal Settlements</b>							
Total households	4798	4798	3761	4791	4791	4791	4791
Households below minimum service level	3685	3685	3241	3297	3297	3297	3297
Proportion of households below minimum service level	76.80%	76.80%	86.17%	68.82%	68.82%	68.82%	68.82%

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### Comment on Electricity Services Performance Overall:

There were no electricity capital projects that were implemented by the Thaba Chweu Municipality in the 2021/2022 financial year.

To address/ stop the electricity loss the municipality has installed smart electricity meters and purchased split meters for Sabie and Simile to ensure metering of households and revenue collection.

### 3.5. Project Management Unit (PMU)

The Municipality's PMU is responsible for the implementation of Capital Projects within various departments to ensure that they are handed over to the users upon completion for functionality purposes.

Project Name	Amount
Refurbishment of De Clerq Street in Lydenburg	R 10 015 933.00
Refurbishment of Potgieter Street in Lydenburg	R 10 192 927.00
Upgrade of Leroro Stadium	R 564 377.00
Paving of Main Road at Didimala	R 13 041 857.00
Refurbishment of Morothong-Kanana Street at Moremela (Tshirelang)	R 4 610 966.00
Installation of 13 boreholes in Thaba Chweu Municipality	R 4 911 005.00
Refurbishment of Water Treatment Works in Thaba Chweu Municipality	R 7 400 000.00
Refurbishment of Sanitation Infrastructure in Thaba Chweu Municipality	R 4 145 407.00
Sabie AC Pipeline Replacement	R 35 000 000.00

### 3.6. Housing

The Housing and Property Administration directorate of Thaba Chweu Local Municipality is tasked with the responsibility of implementing all Housing programs as outlined in the Housing code which include Social/Rental Housing, Finance Linked Subsidy Program, Affordable housing, Community Residential units, Upgrading of Informal Settlements.

The mandate of the directorate is supported by grant funding from Provincial Department of Human Settlements to develop sustainable integrated human settlements.

The municipality fulfils the following roles in respect of the provision of housing:

- Provision of serviced land for housing development
- To compile housing needs surveys for housing delivery purpose
- To facilitate the development of housing
- To ensure that the houses that are built conform to the minimum standards for residential houses.

The following Housing programmes are currently being implemented by the Thaba Chweu Local Municipality in partnership with the Mpumalanga Provincial Department of Human Settlements:

### Upgrading of informal settlements

The National Upgrading Support Programme (NUSP) was initiated by National Department of Human Settlements, and Thaba Chweu Local Municipality is benefitting as one of the participants in the programme. The mandate of the NUSP programme is to support Municipalities with formalisation and infrastructure upgrading of informal settlements in their municipal area.

AREA	INTERVENTION	UNITS	COMMENTS
Harmony Hill, Phola Park X2	Town planning, land surveying and design & installation of civil services	573	Formalisation process concluded, installation of civil services underway
Sabie, Simile area 3	Town planning, land surveying and design & installation of civil services	285	Formalisation process concluded, electricity infrastructure installed
Sabie, Simile area 4 and 5	Town planning, land surveying and design & installation of civil services	480	Formalisation process underway, awaiting general plan approval
Mashishing ext 9 and 10	Town planning, land surveying and design & installation of civil services	3000	Formalisation underway, township approved – awaiting general plan approval
Mashishing X11	Town planning, land surveying and design & installation of civil services	600	New township

### Community Residential Units (CRUs)

Community Residential Units (CRUs) programme is designed to provide accommodation for families who could not afford market related rental units. Currently there is a CRU project being implemented by Province which consists of 128 rental units of different sizes at Simile Township. The first phase of this project consists of 32 units to be completed towards the end of March 2023.

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The demand for these units is very high due to the high demand for the Gap Housing Market. However, sustainability of CRUs maintenance is compromised due to high default in rental payment. In order to address this challenge, the municipality is currently exploring more effective methods of enhancing revenue collection strategies, by looking at appointing a management company, for the leasing and maintenance of the rental stock.

### **SALES OF STANDS TO GAP MARKET**

The Council has approved for the disposal of the following serviced stands to gap market.

- The total number of stands to be sold at Mashishing ext. 6 is 476
- The total number of stands to be sold at Lydenburg ext. 110 is 800
- The total number of stands to be sold at Lydenburg ext. 109 is 206
- The total number of stands to be sold at Lydenburg ext. 108 is 250
- The total number of stands to be sold at Graskop ext. 5 is 62
- The total number of stands to be sold for business at Graskop is 5
- The total number of stands to be sold at Sabie ext. 10 is 96
- The total number of stands to be sold for business at Sabie ext. 10 is 7

The sale of these properties will generate income for the municipality and reduce the costs of holding them. Furthermore, the disposal of land is to also assist with curbing the informal settlements that emanates from the non-availability of developable sites.

### **3.7. Free Basic Services**

The municipality has an Indigent Policy that was adopted during a Special Council held on the 28<sup>th</sup> of May 2022 under resolution A83/2021.

The policy states the below as the criteria for which a debtor needs to meet before qualifying as indigent:

#### **Criteria:**

A debtor who meets the criteria contained in the paragraph below may apply to be registered as indigent.

The following conditions should be met to qualify to be registered:

- The applicant must be a natural adult person.
- The gross total monthly household income of all persons ordinarily residing at the premises concerned from all sources may not exceed an amount of the combined older person grant as stipulated in the national budget for two senior citizens or as may be determined by the council from time to time.
- The applicant may not own, either on her/his own or together with other persons, more than one fixed property.

- The applicant must ordinarily reside at the premises concerned.
- The amount written off will be reinstated should the owner sell the property.
- Customers qualify for services levels as follows:

### **Electricity**

Indigent Consumers with electricity supplied by the Municipality will receive the first 50 kWh units free each month.

All registered indigent debtors **MUST** be on a prepaid electricity meter.

### **Water**

Indigent consumers will receive the first 10kl free each month.

If a debtor uses more than the total free water allocated and does not pay for the additional water by the due date (normally the 7th of each month), the water supply may be restricted, and will remain restricted until the account is paid in full or reasonable payment is received and an arrangement is made in line with the Credit Control and Debt Collection Policy.

### **Assessment Rates**

The first R15 000 of the property value of residential households is exempted from tax. Registered indigents will get a 100% rebate on assessment rates.

### **Refuse Removal**

The indigent debtor will be granted a rebate of 100% on refuse removal charged on the consumer account monthly.

### **Sewerage**

The indigent debtor will be granted a rebate of 100% on sewerage charged on the consumer account monthly.

At the end of the 2021/22 Financial Year 4682 consumers were in the Indigent Debtors List.

## **COMPONENT B: PLANNING AND DEVELOPMENT**

### **3.8. Spatial Planning & Rationale**

**The main planning strategies for the spatial planning division are as follows:**

- Regulation of land use activities through enforcement of the Land use scheme guided by Spatial Development Framework.
- Provision of residential, business, industrial and institutional sites to address the demand by community.
- Promoting the correction of historically segregated planning of settlements.
- Management and combating of informal settlements.

**The main planning strategies for the spatial planning division are as follows:**

- Regulation of land use activities through enforcement of the Land use scheme guided by Spatial Development Framework.
- Provision of residential, business, industrial and institutional sites to address the demand by community.
- Promoting the correction of historically segregated planning of settlements into an integrated human settlement.
- Management and combating of informal settlements and illegal land uses.

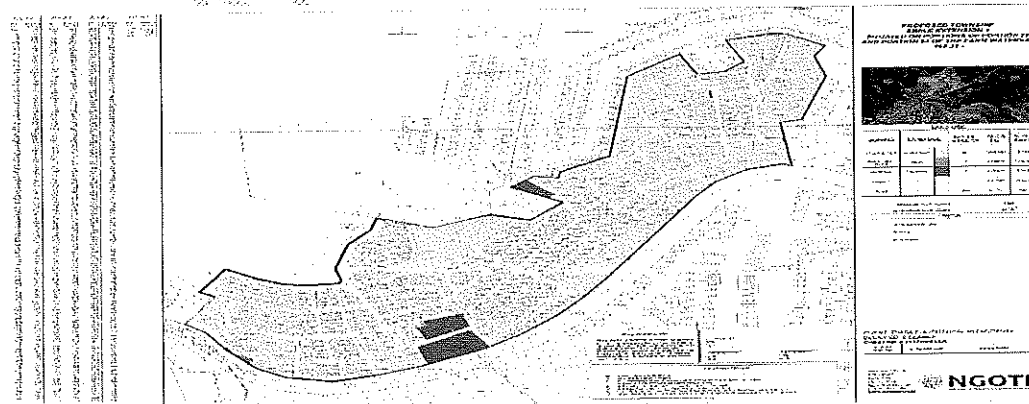
The table below depicts the Land Use Development Applications for the 2021/22 Financial Year

Applications for Land Use Development from July 2021 - June 2022										
Details	Township Establishment	Rezoning	Special Consent	Written Consent	Subdivision	Removal of restrictive	Consolidation	Application for Township Extension of time	Exemption	Section 86 Certificates
Planning applications	None	15	9	2	3	4	6	5	7	610
Determination made in year of receipt	None	None	None	2	None	None	None	2	4	239
Determination made in the following year	None	12	5	None	1	4	6	3	3	362
Application outstanding	None	3	4	None	2	None	None	None	None	9
Application outstanding at the year end	None	3	4	None	2	None	None	None	None	None

The section continuously strives to develop new townships for harmonious and sustainable development, the following projects are those implemented during the 2021/22 FY

[illegible]

**SIMILE - NKANINI (AREA 4 & 5)**



The formalisation of Nkanini (Area 4 & 5) is approved as SIMILE extension 4 and the general plan has also been approved. This township will ensure that more than 400 households will have their tenure being upgraded, and subsequently receive services (water and storm water, sewer, and electricity).

### **3.9. Local Economic Development**

#### **3.9.1. Introduction to Local Economic Development**

The impact of COVID-19 brought about deeper economic changes in the 2020/2021 financial year. Slowly the economy of the country is recovering since the beginning of the 2021/2022 financial year. The advent of the pandemic had serious and unprecedented global economic ramifications with an effect to the South African domestic and export markets, leading to the shedding of jobs and closure of some businesses.

The lockdown measures had profound implications for the key economic sectors in Thaba Chweu which are central in the creation of job opportunities for the local communities.

The municipality drafted and subsequently approved an Economic Recovery Plan with the objective to provide economic direction and the resuscitation of the local economy adversely affected by the national lockdown. Thaba Chweu's key economic drivers are tourism, mining, manufacturing, agriculture, and forestry. All these sectors were tremendously affected by the lockdown. National government introduced COVID-19 Relief Schemes to give support and assistance to affected businesses. Qualifying businesses in Thaba Chweu benefitted from the Relief Scheme.

As part of the Municipal LED institutional arrangements, the LED Forum within a municipality is a critical engagement platform comprising of the local business chambers, government sector departments, South African Local Government Association (SALGA), Non-Government Sector, academic institutions, labour organisations and reputable local business owners to drive the local economic agenda of a municipality. Thaba Chweu Local Municipality has a fully functional LEDF of its own and sits on a quarterly basis. The Forum is fully supported by local forums, local business chambers, government departments and the private sector businesses. The forum has been in existence since 31 August 2015. LED Managers serve as the Secretariate as stipulated in the Provincial LEDF's terms of reference. Through the forum, the LED Unit was able to expand the number of LED stakeholders forging collaborative working relationships that would benefit local communities.

#### **3.10. Meetings with potential beneficiaries and SPL consultation:**

Meetings that are of socio-economic benefit to the community were arranged on a quarterly bases as part of stakeholder engagement to ensure that community members are well informed on LED related matters and opportunities; Gain insight on available economic opportunities around their area; Streamlining of opportunities to SMMEs by LED stakeholders; private public partnership.

Below is a list of few meetings with potential beneficiaries and LED stakeholders on SPL consultation that took place in the financial year 2021/2022:

QUARTER	DATE OF ENGAGEMENT	DESCRIPTION OF ENGAGEMENT
1 <sup>st</sup>	19 July 2021	SANRAL tender briefing for session for subcontracting for prospective tenders via zoom.



	31 July 2021	Introduction of a main-contractor and scope of work for subcontractors for the rehabilitation of the Voortrekker Road project in Lydenburg.
2 <sup>nd</sup>	31 December 2021	Introduction of a procurement portal for SMMEs wanting to be on the database of Northam Booysendal.
3 <sup>rd</sup>	17 January 2022	Introduction of a main contractor and scope of work for subcontractors for the installation of AC pipes replacement project in Sabie.
4 <sup>th</sup>	21 April 2022	Symposium for the SMME's that are operating in the Thaba Chweu Local Municipality and the surrounding areas.
	12 May 2022	Introduction of a shutdown project in Lydenburg. The project was introduced by Transnet and it was earmarked for the community.

YEAR OF ENGAGEMENT	COMPANY NAME	DESCRIPTION OF ENGAGEMENT
2021	Anglo American Platinum mine	SLP 3 Consultation engagement meeting
2021	Northam Platinum - Booysendal mine	SLP 2 Consultation engagement meeting
2022	TGME mine	SLP Consultation engagement meeting

#### Trade Business Licensing:

Thaba Chweu Local Municipality is governed by the **Mpumalanga Business Act No.2 of 1996** and the **Thaba Chweu Street By-Law** to regulated affected businesses. The Act is – *“to consolidate and amend certain laws in force in the province regarding licencing and carrying on of businesses; to repeal or amend other laws regarding such licensing; and carrying on of businesses and to provide for such matters therewith”*. The LED Unit and its Business Licence sub-unit issued Trade Business Licences to qualifying businesses and informal traders through both the Act and the By-Law. COVID-19 impacted local businesses and informal traders negatively. Some restaurants, retailers, shops, and informal traders peaked up in business and were able to recover after the easing of lockdown restrictions, but other business establishments were shut down. A database of all applicants for the trade business licences exists and is updated on regular bases. Notifications were made available to members of the public to apply before establishing a business site or starting a business to comply. The issuing of licences is key to the municipality in-order to regulate and monitor the sector.



**LED Manager issues a trade business license to Hollywoodbet Lydenburg on 10 May 2022**

Below is the statistical summary of the trade business license database of Thaba Chweu by the end of the 2021/2022 financial year. Where we only show the number of trade business license applications received and processed per area:

ITEM	UNIT AREA	TOTAL NUMBER OF BUSINESS APPLICATION RECEIVED
1	Graskop	09
2	Lydenburg	33
3	Northern Areas (Matibidi/Leroro/Moremela)	0
4	Sabie	33
	<b>TOTAL</b>	<b>75</b>

### 3.9.3. JOB CREATION THROUGH EPWP PROJECTS

The targeted number of job opportunities to be created as per the SDBIP for LED in the financial year was 214 and the target was met successfully. It should be noted that there were more employment opportunities that were created through EPWP projects and were not indicated during reporting for the financial year of 2021/2022.

ITEM	PROJECT DESCRIPTION	JOBS CREATED
1	Marshalls	3
2	Administration support	4

3	Parks and cemeteries	20
4	Water and sanitation	11
5	Roads and Storm water	11
6	Electrical	11
7	Paving of Mohlala road	6
8	Paving of Mashishing street	8
9	Paving of main roads in Matibidi (Didimala Village)	32
10	Refurbishment of Voortrekker road	9
11	Refurbishment of sanitation infrastructure Phase 2	11
12	Refurbishment of sanitation infrastructure Phase 2 (Sub-contract)	6
13	Paving of road at corner Voortrekker & Eerste street	7
14	Refurbishment of sanitation infrastructure Phase 2 (Sub-contract)	6
15	Planting of poles for overhead WiFi	5
16	Water pipe leakage repairs in Ruiters street	3
17	Building gables for paving road in Matibidi	15
18	Refurbishment of sanitation infrastructure Phase 2	11
19	Paving of road at corner Voortrekker & Eerste Streets	7
20	Revamping of Municipal Palisades	12
21	Sabie AC Pipe Replacement	16
<b>TOTAL</b>		<b>214</b>

Through the Expanded Public Works Program (EPWP), the National Department of Public Works initiated a programme called Emerging Contractors Support Programme. In the municipality, the programme started in November 2015. By then, the programme did not have a guiding constitution. A constitution was drafted, adopted and approved; it all happened in 2018. The programme had terms of reference to give guidance to committee of the programme. A committee was established and subsequently disbanded due to disagreements amongst members. This led to the programme to be placed under administration by the LED Office. The committee is constituted of one Chairperson, one Deputy-Chairperson, one Secretary and a Deputy-Secretary. However, the LED has a database of local SMMEs, and it will be update in the next financial year to allow SMMEs who

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wish to be on the LED database the opportunity to apply. It is very important for SMMEs when applying to select one area of interest so that the municipality would be able to rotate work to qualifying SMMEs.

The LED Unit through the assistance of the Communications Unit has been publishing effectively LED related information to Thaba Chweu communities through several social media platforms. The LED office has been working together with the Supply Chain Unit to make available tender bulletins and adverts of the municipality to interested parties and SMMEs on the notice board and the Municipal website.

#### **3.9.4. SITE VISITS**

On 04 August 2022, the LED unit conducted a site visit to the Pakaneng batch plant to view the site and its progress. The plant was initiated by Anglo American mine for the Choma community as part of the mines SLP 2. The plant is next to a Silica mine and the plant crashed the silica into different particles to make sand, crusher dust, concrete ready mix, pre-mix and other products. The plant is managed by the PCA of the area and the CPA is planning to expand the site and its products in future to enable it to manufacture different type of bricks. The Pakaneng Batch Mix Plant is to create a revenue generating business for the Pakaneng-Choma community, creating sustainable employment opportunities for the locals, and thus improving their quality of life.

##### **Challenges experienced in the initial phases:**

- Setting up of a water supply system next to the existing silica mine,
- and
- The installation of an electricity transformer for power supply to the plant

##### **Current challenges:**

- Varying mixes required for product specifications,
- Crushing and screening equipment needed, sand currently purchased from far sites (project seen as competitor),
- Preservation chemical to be purchased,
- Current generator will need to be upgraded,
- Subcontracting opportunities for business in local mines to be established,
- Only one 6m<sup>3</sup> truck currently available, looking to get to five trucks.

##### **Future plans:**

- Acquisition of bricklaying machine which is anticipated to bring in an additional ±R 1.5 million in turn-over and ±30 jobs.



### ***Pakaneng batch plant 2022***

On 17 September 2021, the unit attended the sod turning ceremony for the Skywalk project envisaged at God's Window in the Blyde River Canyon next to Graskop. The Mpumalanga Tourism and Parks Agency (MTPA) is going to implement the project and its budget is estimated to be R475 million. The project is to boost tourism in the province. The skywalk will offer visitors a panoramic view of the Lowveld with a drop of more than 900m down into the local indigenous forest-clad ravine. It will consist of a cantilevered glass walkway suspended off the edge of the cliff, protruding about 12m outward.



*Skywalk SOD turning ceremony 2021*

### 3.9.5. LED POLICY OBJECTIVES

Local Economic Development (LED) is a strategy to economic development that permits and encourages local inhabitants to work together to achieve long-term economic growth and development, resulting in increased economic advantages and a better quality of life for all residents in a local municipal area.

LED is a program aimed at maximizing the economic potential of all municipal areas across the country and improving macroeconomic growth resilience through improved local economic growth, job creation, and development efforts in the context of sustainable development. The term "local" in economic development refers to the idea that local political jurisdiction is frequently the best venue for economic intervention because it comes with the accountability and legitimacy of a democratically elected government.

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**LED provides support in the following areas:**

- LED policy, strategy, and guidelines are being developed and reviewed at the national level.
- Providing direct, on-the-ground assistance to provincial and local governments.
- Administration of the Fund for Local Economic Development.
- Nodal Economic Development Planning: Management and Technical Support
- Facilitating the coordination and monitoring of donor programs,
- Assisting in the development of LED capacity.

**OVERALL LED SERVICES PERFORMANCE**

The LED Unit performed satisfactory in the financial year under review. Local economic development (LED) is an important instrument to address poverty, through the creation of jobs and the stimulation of local economic growth. The Unit was able to achieve key objectives despite limited resources. LED has had a high level of co-operation between not only the public and private sectors but also local communities. This was done through stakeholder engagements, project implementation phases and consultations. All these assisted the LED to be able to meet local communities on their needs halfway. The pandemic impacted on the Unit's operations, however with the support systems of both the public and private sectors, support was extended to SMMEs and key issues were addressed.

**The LED Unit can increase local prosperity through the following:**

- Development of specific business activities that are exported outside the local economy,
- Replacement of imports with locally produced goods,
- Increase productivity and make better use of underutilized local resources, such as the local unemployed.
- The focus of LED should be broad and include programs focused on business attraction, retention, new start-ups, technology, and land use. By targeting companies with the highest potential, the positive impact on the local economy is maximized.
- Unemployment is on the rise and with the review of the current LED Strategy, a change in approach is critical for the strategy to suite and respond to the current status quo and future situation.

Tourism in Thaba Chweu was hit hard and jobs were lost in the sector. The tourism sector has been grounded by the coronavirus, which resulted in trips and tourism events being cancelled in 2020/2021. In the beginning of the 2021/2022 financial year, the municipality saw an increase in the number of tourists visiting our tourist attracting areas. This came after easing of lock down restrictions and the decline in the number of COVID cases nationwide. With the discovery of new products such as the Boomplaas rock paintings, tourism in the area will receive a boost. The rock art is said to be created between 1650 and 1820. The protection and preservation of the site is critical in the promotion of heritage tourism. Plans are underway to apply to the National Heritage Sites of South Africa to declare the site as a heritage site by the end of the financial year 2022/2023. The LED unit procured signage boards to be installed on the site to create awareness to the public and to keep the site clean and the rocks projected.



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## **THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (THALEDA)**

Thaba Chweu (TCLM) has an agency for Local Economic Development known as Thaba Chweu Local Economic Development Agency (THALEDA). The agency was established following an agreement between the Industrial Development Corporation (IDC) and Thaba Chweu to enhance and develop and create jobs within the municipal areas. Based on the availability of funding, the entity implements catalytic projects within the jurisdiction of its parent municipality. THALEDA was incorporated as a private company with all the issued shares owned by the municipality (TCLM).

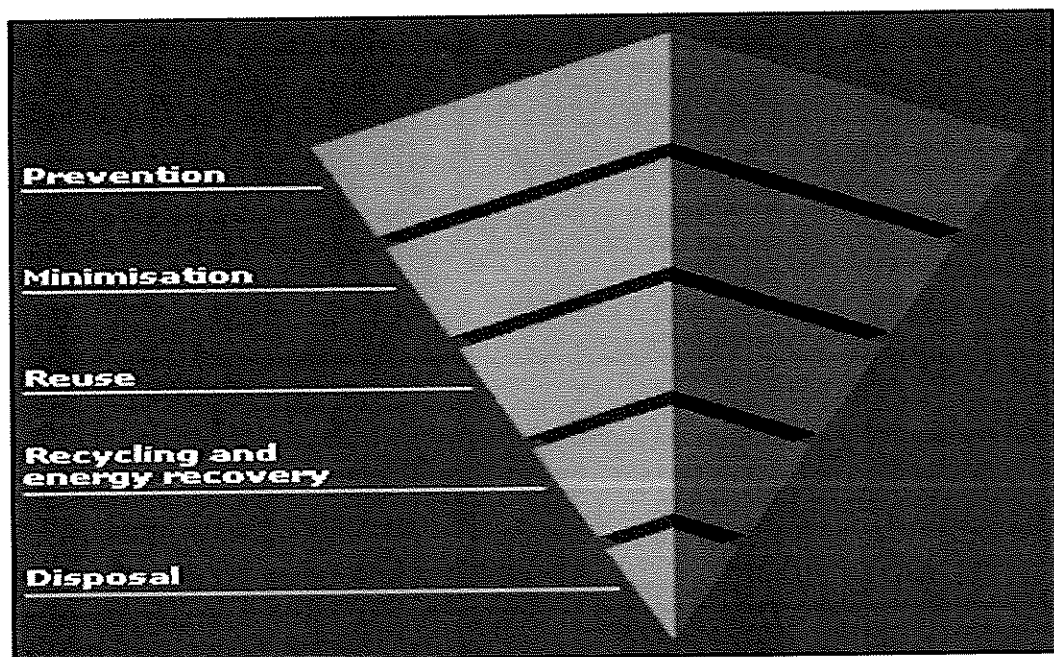
THALEDA has embarked on these projects: Gustav Kliengbil Nature Reserve, Hotel and conference facility, Industrial Park, Furniture Cluster, Waste management, Graskop Gorge Project, Sabie Caravan Park, Graskop Resort and Mashishing Recreational Park. THALEDA has a newly elected board of directors for starting the agency. The board comprises of eight board members but some of its members have tendered resignations during the year.

### **COMPONENT C: COMMUNITY & SOCIAL SERVICES**

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

##### **3.10.1. WASTE MANAGEMENT:**

The waste management hierarchy is a conceptual framework designed to guide and rank waste management decisions at both the individual and organizational level. It gives top priority to waste prevention, followed by re-use, recycling, recovery and finally disposal.





Plan Required	Availability	Challenges
Integrated Waste Management Plan (IWMP)	2021 (New)	Reviewed

#### Provision of Refuse collection for Residential and Business:

- Household / Residential refuse collection is done at least once per week (Kerbside) about 22 346 Households have access to refuse removal.
- Businesses, the minimum level of service for routine collected waste would be at least twice per week.
- Bulk waste collection services are provided to the business/commercial sector, in which case the bulk containers would be collected as per arrangement.

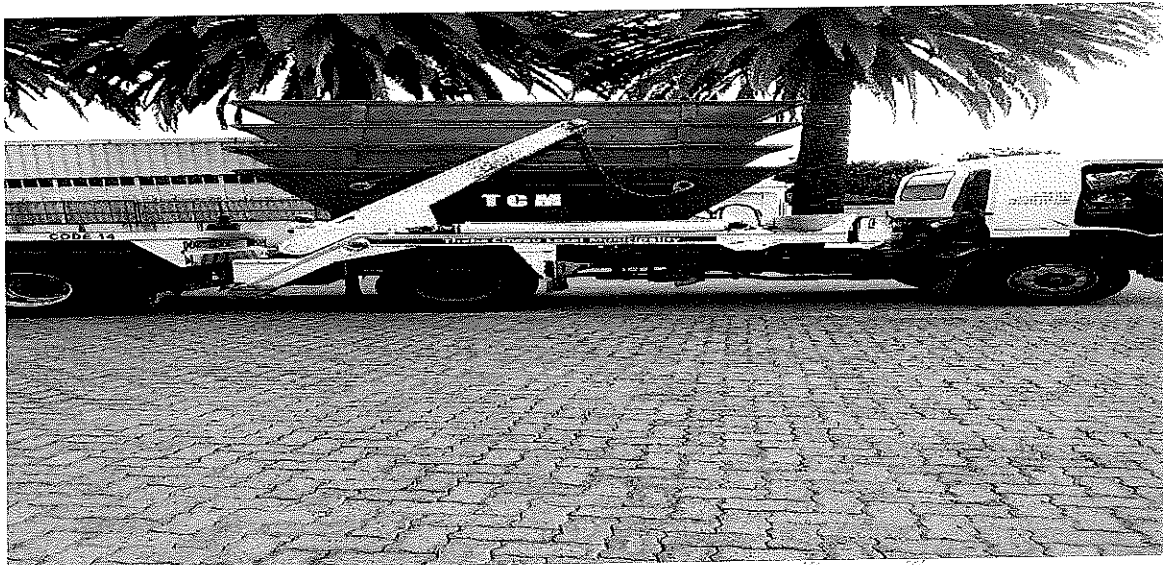
#### Waste Collection



#### Street cleaning and illegal dump rehabilitation:

- Daily street and site walks litter picking
- Illegal dumping clearance and rehabilitation (carwash, parks, and gardens)

Illegal dumping is a serious concern in the municipality, a lot of effort has been put in the curbing and prevention of illegal dumping, however the problems persist daily especially in the Mashishing areas. The ingenuities of clean-up campaigns and Environmental awareness serve as a strategic tool used by the municipality to restore its institutional dignity and to provide better services. The participation of community members, DFFE and the District has so far assisted in eliminating the problems and also improved the service delivery to the communities. The problems of illegal dumping do not only affect the nearby residence but also strip them their constitutional right to healthy and clean environment but also rob them of the clean air and water and their dignity in general.



## **FOCUS AREAS:**

### **Mashishing areas**

The focus is usually in the areas where the municipality does not collect waste and to the areas in close propinquity to such areas, this is because the areas are prone to illegal dumping by the members of community. The clean-up usually starts early in the morning in order to make an awareness to those going to work and also to the scholars and pedestrians who pass by. The initiative of environmental awareness has also focused on door to door and to the vendors across Mashishing. The installation of signs has also significantly reduced the number of illegal dumping. The main purpose of the campaigns is to make the community aware of the environment around them and to discourage the spread of illegal dumping. This has so far helped in curbing the litter in the roads. Despite having challenges of recurring illegal dumping, the number of illegal dumping have been reduced significantly compared to previous years in these areas.

### **Lydenburg Town**

The town has areas that are prone to illegal dumping, however compared to Mashishing areas has very low number of illegal dumping. The focus of the clean-up campaigns and environmental awareness is mainly in the taxi rank and the entrances of the town. All the three entrances are given equal focus due to their busy the traffic volume into Lydenburg. The target audience for awareness campaigns are hitchhikers, motorists, commuters and taxi drivers. The awareness also focuses on the distribution of refuse bags to the vendors. This by so far helped in keeping the town entrances and the taxi rank clean.

### **Graskop**

Graskop town has no problems of illegal dumping, however the clean-up campaign is initiated in areas where tourist usually relax and this is done to keep the town and the entrances clean.

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## 2021/2022 illegal dump Cleaning and Rehabilitation.

### Clean Up In Sabie-Simile



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### Before Cleaning Kellysville



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**After Cleaning**



**Before Cleaning in Mashishing**



**After Cleaning**





**Before Cleaning Mashishing High School**



### After Rehabilitation



### Provision of Landfill Site Management

- a) Operation and maintenance of three waste disposal sites Lydenburg, Sabie and Graskop using service providers.
- b) Sabie landfill site EIA process is at advanced stage awaiting decision from the competent authority.
- c) Feasibility study is currently being conducted to assist with diversion of waste to the landfill site.
- d) Promoting recycling initiative for waste minimisation and diversion from the landfill site.



### Waste Management Projects/Programmes

Project Name	Implementer	Time Frames
Good Green deeds	DEA	24 Months
Project Ended December 2021		

### 3.10.2. ENVIRONMENTAL MANAGEMENT

#### Sector Plans Required

Plans/Policies	Availability	Challenges
Environmental Management Policy	NONE	Not Budgeted For
Environmental Management Framework	NONE	Not Budgeted For
Air Quality Management Plan	2012/ Available	Outdated needs to be reviewed and implemented
Climate Change Response Strategy	NONE	Not Budgeted for

#### Air quality management

- Reduce impact of air pollution through compliance Inspections
- Atmospheric emission licences (AELs) application with the District Municipality EDM





### **Climate Change**

- Reduce impact of Climate Change through development of Climate Change Response and Adaptation Strategy (CCRAS) currently using the provincial strategy
- Active participation in all forums (National, Provincial, and District)

### **Compliance and Enforcement**

- Environmental Management Inspector (Green Scorpion) functions and powers
- To create a clean, healthy, and safe sustainable environment through legislative and by-law enforcement.

### **Environmental Management Governance**

- Stakeholder engagement and active participation in all relevant group meetings and forums

<b>Active TCLM Participation</b>	<b>Seating's</b>
District Environmental Management Forum	Quarterly
Provincial Waste Management officers Forum	Quarterly
Provincial Climate Change Forum	Quarterly

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## **Environmental Impact Assessment and Land use**

- Environmental Impact Assessment documents review and commenting.
- Land use applications documents review and comments.

## **Environmental Education and Awareness**

- Conduct community Awareness and school base environmental issues.
- Conduct clean-up complain (Community and Illegal Dumping Hotspots).
- Active Participation in the Greenest Municipality Competition.

## **3.11. LIBRARIES, ARCHIEVES, MUSEUMS, GALLERIES AND COMMUNITY FACILITIES**

This component includes libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; childcare; aged care; social programmes, theatres.

### **Sport and Recreation Programme**

The Sport and Recreation Programme focuses on:

- To support mass participation in sport and recreation.
- To ensure that all community members can access and participate in sport and recreation activities.
- To direct the development and implementation of sport and recreation projects throughout the community and to form collaborative partnerships with between role players in the sport and recreation sector.

### **Arts, Culture, Heritage, and Museums Programme**

The Arts, Culture, Heritage, and Museums Programme promotes, conserves, and identifies the rich cultural heritage as well as managing the historical assets and resources of the municipality.

#### **Libraries Policy objectives:**

To maintain and preserve books, materials, and resources with historical, culture, social, economic, and archival value, and other related materials in an organized collection to provide members of the community these materials and enriched their personal and professional lives.

#### **Financial Performance: Libraries:**

Finance is the backbone of any public library. Library managers or chief librarians need to control the operations as well as monitor and manage the finances of the institution. Public library financial activities involve the job of managing funds like membership fee, overdue books fines, photocopies fees, print outs, lost books fines and budgeting and controlling costs. It also in volve the buying of assets and the developing of book stock.

### Capital Expenditure: Libraries:

The total operating expenditure for libraries is a R100.000 for the 2021\2022 financial year. This amount came from the municipality for activities that should be done by libraries. The province commits R250 000 annually to assist the municipality with any project that will enhance service delivery. In the previous financial the municipality committed to renovate the museum gate roof by replacing the thatch grass with tiling.

### Overall Library Performance:

Libraries as gateway to knowledge and culture play a fundamental role in society. The resources and services they offer create opportunities for learning, support literacy and education and help shape the new ideas and perspective that are central to a creative and innovative society. Activities such as marketing and career guidance programs were successfully done. Orientation plays a vital role as its results in membership growth.

### CEMETERIES:

The Department provides to the public burial services and cemeteries maintenance. The department manages and maintains six municipal owned cemeteries within municipal boundaries.

#### SERVICES STATISTICS FOR CEMETERIES

CEMENTERY NAME	STATUS OF CEMENTERY
New Mashishing	Active
2 <sup>nd</sup> Old Mashishing	100 % Full
1 <sup>st</sup> Old Mashishing Cemeteries (Legacy)	Needs Fencing
Kellysville	Active
Lydenburg	Active
Simile	Active
Harmony Hill	Active (Need for Expansion)
Graskop	Active (Need for Expansion)

### Mashishing Area

The Municipality has cleaned and pruned the Five Cemeteries twice in the financial year (Old Mashishing cemetery, Kellysville, Harmony Hill, Simile and Graskop cemeteries).

The old Mashishing Cemetery has run out of burial space and the municipality identified a new site that is now fully fenced and fitted with ablution facilities.

Coromandel Cemetery	Ward 4
New Cemetery (Glencore)	Ward 14
Old Cemetery	Ward 14
Indian Cemetery	Ward 14
Kellysville Cemetery	Ward 5
Mashishing Cemetery	Ward 2

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**Sabie Area**

Sabie/Harmony Hill Cemetery	Ward 7
Simile Cemetery	Ward 6

**Graskop Area**

Graskop Cemetery	Ward 10
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**Graskop/Moremela Area**

Tshirelang Cemetery	Ward 9
Ngwetsintshoroge Cemetery	Ward 9
Kanana Cemetery	Ward 9

**Leroro Area**

Bore Machine Cemetery	Ward 9
Tshabelang Cemetery	Ward 9

**Matibidi Area**

Apara Cemetery	Ward 8
Gamuhlala Cemetery	Ward 8
Mahuduwa Cemetery	Ward 8
Mamorapama Cemetery	Ward 8
Didimala Cemetery	Ward 8
Brakeng Cemetery	Ward 8
Ilapetsha Cemetery	Ward 8

**Challenges:**

- Lack of Resources (Financial)
- Human resources
- Lack of tools of trade
- No Services on the New Mashishing Cemetery (Water)

**Overall Performance of Cemeteries Services**

- The New Cemetery in Mashishing is now fully functional and communities have commenced to conduct burials, as per the municipal policies.
- There is high level of illegal dumping next to the cemetery however the municipality has appointed a service provider to clear the area and made provision for parking bays outside the new Mashishing cemeteries. Illegal dumping continues despite all the efforts.
- Sabie/Harmony Hill is almost full the municipality needs to extend the cemetery for burial space. The study has conducted already for the extension.

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## INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programmes of the directorate focuses mainly on community awareness and outreach programmes.

### THE SOCIAL CHILDREN, WOMEN, DISABLE AND ELDERLY PROGRAMMES:

Name of Event	Date of the Event	Venue of the Event	Achievements of the event
Sports / Cultural Event	11 June 2022 21 June 2022	TCM Council Chamber Simile Public Library	Netball World Cup 2023 Stakeholders Meeting
Youth Development Programmes	07 April 2022	Council Chamber	Substance Abuse Prevention Programme
HIV/AIDS	03 November 2021 03 December 2021 08 April 2022 13 April 2022 16 May 2022 18 May 2022 16 June 2022  09 June 2022	TCM Committee Room Lydenburg Town Hall Dienjie Primary School Waterfall Farm Skhila Park TVET College Mashishing C Hall  Local Aids Council	Technical Working Group World AIDS DAY COM Awareness Campaigns  Quarterly Meeting
Civil Society Forum	12 October 2021 02 February 2022	TCM Committee Room TCM Community Hall	Civil Society Quarterly Meeting
Women Council	23 March 2022 30 June 2022	TCM Library TCM Hall	Women Council Induction Widows Forum
Disability Forum	02 December 2021 24 February 2022	TCM Hall TCM Committee	Awareness Campaign Quarterly Meeting
Early Childhood Development	25 April 2022  22 April 2022	Ikageng Day Care Centre  Early Success	Children Reached Through Substance Abuse
Elderly Forum	19 October 2021	TCM Hall	Older Persons Month Awareness Month
GBVF	10 December 2021 23 March 2022	Floriante Hotel Coromandel Multi-Purpose	Dialogue on GBVF

During 2021/22 financial year, the municipality had in place the following Civil Society structures:

Civil Society structures:	Objective of the Function	Functionality
Local Aids Council	To set the tone for productive collaboration dialogues between all Civil Societies' structures and government systems. Coordinate campaigns of HIV/AIDS responding on Goal 3 of the National Strategic Planning for HIV and AID's within the municipal Area of jurisdiction.	Yes
	The structure is responsible for Coordination, Facilitation and Mainstreaming of HIV/AIDS Advocacy by focusing on the key Strategic Objectives on the National HIV/AIDS Strategic Planning.	Yes
Youth Council	The purpose of the council is to lobby and advocate for youth development and support.	Yes
Sports Council	Championing and coordination of various sporting federations	Yes
Disability Forum	The forum deals with matters relating to the Special groups which is people living with disability.	Yes
Women Council	The purpose of the forum is to serve as a platform where various stakeholders discuss developmental issues that affect women.	Yes
Elderly Forum	The forum serves as an advocacy structure for the senior citizens and the municipality managed launch the Thaba Chweu Elderly Forum	Yes

### 3.12. ENVIRONMENTAL PROTECTION

The priorities of the environmental management services section are to ensure a safe and healthy environment for the community through the following activities: Ensure compliance with environmental legislation through monitoring and enforcement. Air, water, and waste management compliance issues.

Environmental protection within the municipal environment complies to the requirements of the following legislation:

- The Constitution
- National Environmental Management Act
- National Environmental Management Biodiversity Act

- 
- National Environmental Management Air Quality Act
  - National Water Act
  - Relevant Municipal by laws

The pollution control function with the municipality is divisible into two aspects namely: air pollution control and water pollution control (water quality monitoring.) The air quality function is performed by the Environmental health section, whereas the water quality monitoring function is performed by both the environmental health section and the water and sanitation section.

The biodiversity management and landscaping function is performed by the Parks, Street trees and Cemeteries section.

### **3.12.1 Parks and Cemeteries**

The municipality is responsible to maintain and keep the image of the parks in a state that will preserve the dignity of the municipality.

#### **3.12.1.1 Parks**

##### **Lydenburg Area:**

- Park next to Lydenburg Golf course
- Park Beetge street
- Park Morgan street
- Park Voortrekker street
- Park River
- Gustaf Klingbiel Park

##### **Mashishing Area:**

- Mashishing Park
- Extension 2 Park

##### **Kellysville Area:**

- Kellysville Park

##### **Coromandel Area:**

- Coromandel Park

##### **Sabie Area:**

- Kapp Park

##### **Challenges:**

- Lack of Resources (Financial)
- Human resources

- Lack of Playing Equipment's
- Lack of tools of trade

### 3.12. TRAFFIC LAW ENFORCEMENT

The provision of effective road traffic law enforcement, implementation of municipal by-laws, safeguarding of the municipal assets, motor vehicle registration and licensing and revenue enhancement.

Details	2020/2021 Actual	2021/2022 Actual
Fatal Accidents	38	41
Minor Accidents	267	323
Other type of accident	166	154

The municipality has re-introduced Chief Traffic Officer, so that decisions could be affected while operation is ongoing on issues affecting traffic.

### 3.13. FIRE SERVICES AND DISASTER MANAGEMENT

The municipality renders firefighting services, fire prevention services, rescue services, hazardous material response, public education, risk management, training and humanitarian services to the community, in terms of the Constitution, which makes it a local government competency, as well as in terms of the Fire Brigade Services Act, 99 of 1987, and the Emergency Services Bylaws Provincial Gazette no 60 of 22 February 2006.

Two firefighting bakkies were procured to replace obsolete vehicles which should improve availability of vehicles used to respond to incidents. The majority of disaster incidents that occur in the municipality are weather and fire related, and they are possibly aggravated by the influence of climate change, however the crisis is overwhelming and the municipality further relies on external aid.

## COMPONENT H: ORGANISATIONAL PERFORMANCE

### 3.14. Organisational Performance Management

The Performance of the Municipality is reviewed in terms of paragraph 14 (1) (c) of Municipal Planning and Performance Regulations which stipulates that:

A municipality's Internal Auditors must –

- On a continuous basis audit, the performance measurements of the municipality; and
- Submit quarterly reports on their audits to the Municipal Manager and the Audit Committee.

The Performance Management System is still a manual system that uses the approved Service Delivery Budget and Implementation Plan (SDBIP) as its basis. The SDBIP is a layered plan comprising a Top Layer SDBIP and Departmental SDBIPs.

The SDBIP was approved by the Executive Mayor on the 28<sup>th</sup> of June 2022.



The Annual Performance Report includes the below listed Key Performance Areas (KPA's):

- Basic Service Delivery and Infrastructure
- Municipal Transformation and Institutional Development
- Local Economic Development
- Financial Management and Viability
- Good Governance and Public Participation
- Spatial Planning and Rationale

A summary of the performance of the Municipality in terms of the targets set for the FY 2021/21 is provided in Table below.

When a target is recorded as achieved, it means that target was fully implemented as planned and when a target is recorded as not achieved, it means that the target was not implemented as planned. This will also include targets that were partially achieved. For targets not achieved reasons for non-achievement and remedial actions need to be stated.

KEY PERFORMANCE AREA	TOTAL SDBIP INDICATORS	REPORTED ANNUAL INDICATORS	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	TOTAL % ACHIEVED	TOTAL % NOT ACHIEVED
Basic Services and Infrastructure Development	7	7	2	5	29%	71%
Spatial Planning & Rationale	2	2	2	0	100%	0%
Financial Viability & Management	10	10	9	1	90%	10%
Local Economic Development	4	4	2	2	50%	50%
Municipal Transformation and Institutional Development	8	8	8	0	100%	0%
Good Governance & Public Participation	21	21	16	5	76%	24%
<b>TOTAL</b>	<b>52</b>	<b>52</b>	<b>39</b>	<b>13</b>	<b>75%</b>	<b>25%</b>

The table above depicts the number of targets achieved and targets not achieved. The total of 52 targets in SDBIP were reported on. Thus 39 out of 52 targets were achieved, which translates to 75% of the Annual targets being achieved. The not achieved targets were 13 out of the 52 and this translates to 25% of the targets not achieved.

Appendix J is the detailed performance results on the implementation of the 2021-22 SDBIP.

The key challenges that lead to the non-achievement of targets are the following:

- Poor performance by the contractors
- Theft and vandalism of Municipal infrastructure

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 11)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The municipality has approved the 2021/22 organizational structure which was aligned to the IDP to improve its operational capacity. The revised structure contributed positively to the organization in terms of service delivery. The approved structure of the municipality had 536 posts of which 109 were vacant. The organizational structure of the municipality is constantly being reviewed annually to enable the municipality to effectively deliver on its developmental mandate.

#### 4.1. EMPLOYEE TOTALS

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	3				1				4
Middle Management	28				4	1		1	34
Supervisor Skilled Technical	64	1		8	30	2		2	107
Semi-skilled	99			1	40	3		1	144
Elementary Occupation	96		0	1	41			0	138
<b>Grand Total</b>	<b>290</b>	<b>1</b>	<b>0</b>	<b>10</b>	<b>116</b>	<b>6</b>		<b>4</b>	<b>427</b>

#### 4.2. VACANCY RATE

Directorates	Approved positions	Filled positions	Vacant
Municipal Manager	43	34	9
Corporate Services	41	20	21
Finance Department	81	63	18
Technical Services	161	137	24
Community & Protection Services	187	156	31
LED & Planning	23	17	6
<b>Total</b>	<b>536</b>	<b>427</b>	<b>109</b>

#### 4.3. APPOINTMENTS AND TERMINATIONS

Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.
Municipal Manager	0	0
Corporate Services	0	1
Finance Department	0	2
Technical Services	0	5
Community & Protection Services	0	9
LED & Planning	0	1
<b>TOTAL</b>	<b>0</b>	<b>18</b>

The Council has a huge challenge in filling vacancies due to financial constraints. Provision for the filling of vacancies is done annually in line with the maximum legislative threshold on employee related costs.

#### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Council has received Human Resource policies with the aim of ensuring good governance of the workforce and to bring them in line with the Regulations on appointment of municipal staff. Introduction and implementation of these policies resulted in the Municipality being able to effectively manage labour related matters and providing direction to employees as far as expected behavior and their conduct at the workplace.

General induction sessions are conducted on quarterly basis to ensure that employees are refreshed on matters of policy, pension funds, medical aids, labour relations, conditions of employment, health and safety, employee wellness programme, etc.

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Below is a set of Human Resources policies reviewed by council for implementation within the Municipality:

#### 4.4 POLICIES

No.	Name of Policy	Date adopted by council or comment on failure to adopt
1	Acting Policy	The following policies were approved by Council on 23 June 2022  Council Resolution: A111/2022
2	Education, Training and Development Policy	
3	Recruitment and Selection Policy	

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#### 4.5. INJURIES ON DUTY:

The Municipality has established Health and Safety Committee and also appointed capacitated the OHS unit by appointing an OHS specialist and Safety Representatives. The Unit has created awareness amongst its workforce through a system of maximum interaction with employees on Health and Safety matters.

Type of injury	Number
Required basic medical attention only	9
Temporary total disablement	0
Permanent disablement	0
Fatal	0
<b>Total</b>	<b>9</b>

## OCCUPATIONAL HEALTH & SAFETY DIVISION

### INJURY ON DUTY REPORTED CASES FROM JULY 2021- JUNE 2022

Nr	Name & Initials	Dept	Date of IOD	Date reported to OHS Office	Short Description of the Incident	Recommendation by OHS Specialist
1.	LS Mathebula	Technical	7/09/21	8/09/21	Electricity tripped and two circuit breakers went off. The first one was switched off successfully but the second one flashed and burnt cables when they tried to switch it on. Employee got injured by electrical arc in the eye.	Employees to be always vigilant. Thorough inspection is necessary to avoid same incident from occurring. Employees must be provided with PPE, e.g. eye protection (goggles) and gloves to protect them from burns.
2.	CG Dippenaar	Corporate	13/10/21	14/10/21	Forcefully removed out of office by members of the public, fell and injured both hands and both elbows.	Employees to be always vigilant and on the lookout, especially during emergency evacuations. Workers to avoid consulting privately for medical care so that the process of DOL can run smoothly uninterrupted.
3.	Shongwe SJ	Technical	15/10/21	15/10/21	The electrical pole broke at the bottom and the ladder fell with employee causing him to break his limbs.	Employees should always wear their safety clothing and also put on their safety harness at all times.
4.	Sibanyoni OJ	Comm Services	21/11/21	22/11/21	While removing the disaster tent form the business owners who used the tent for their own benefit, employee injured his left leg.	Always wear Personal Protective Clothing to reduce severe injuries
5.	Makola P	EPWP	7/12/21	8/12/21	While cleaning the drain, her finger got hurt by opened wires inside.	Always wear protective gloves.

6.	Mbuyane T	Comm Services	4/11/21	4/11/21	While driving the refuse truck, the employee lost control of the truck and drove into a wall of a resident. He was injured on his head	Supervisors need to ensure that all our drivers are fit to drive Municipal Vehicles at all times.
7.	Semono L	Comm Services	21/01/22	21/01/22	Assaulted by a member of the public when he was requesting for their driver's license. His right arm got injured.	Traffic officers should always work with one or more officials when on site to avoid such incidents and for the prompt response that should ensue afterwards
8.	Ngobe S	Corporate	9/02/22	9/02/22	Car accident while on the way to Graskop Unit with service provider to do assessment on the roofing. Head injuries	To avoid travelling in service provider's car and to ensure that they are always transported with Municipal Vehicles.
9.	Mohlala IN	Technical	23/05/22	23/05/22	Car accident on the way to Sabie to attend Batho Pele Workshop. Hurt left shoulder, neck and back.	Employees to be always vigilant and be on the lookout for slippery roads and be very careful when driving in the mist.

## OCCUPATIONAL HEALTH AND SAFETY QUARTELY REPORTS

### INTRODUCTION

The OHS ACT 85 of 1993 provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.

Section 8 of the same act stipulates the duties of the employers to their employees, providing that every employer shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees.

Section 14 stipulates the duties the employees have in the workplace, stating that they shall take reasonable care for the health and safety of themselves and of other persons who may be affected by their acts or omissions.

### PURPOSE

The purpose of the report is to report back on all activities of OHS undertaken during this financial year including findings of inspections done. Below are the reports from (July-June 2022):

#### 4.6. LABOUR RELATIONS

Consequence management is affected for employees who are not complying with the Council Condition of Services as well as related policies. Disciplinary matters in the workplace are governed by the South African Local Government Bargaining Council (SALGBC): Main Collective Agreement: Disciplinary Procedure and Code.

The following table below depicts the list of Disciplinary Matters for the financial year 2020/2021

OCCUPATIONAL CATEGORIES	NO OF CASES	NATURE OF DISPUTE	STATUS	TOTAL
Top Management	0	0	0	0
Middle Management	1	• Insubordination and dereliction of duties	• Written warning	1
Supervisor and Skilled Technical	3	• Fraud • Abscondment • Dishonesty	• Resigned • Resigned • Reinstated	3
Semi-skilled	2	• Negligence • Abscondment	• Final written warning • Dismissal	2
Elementary Occupation	5	• Dereliction of duties • Intimidation • Abscondment	• Departmental enquiry • Pending	5
<b>TOTAL</b>	<b>11</b>			<b>11</b>



## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The Skills Development Section which is under the Corporate Support Services Department is responsible for developing the skills and capacitate all employees and Councillors within the municipality.

The municipality ensures compliance with the Skills Development Act and the Skills Development Levies Act by generating and submitting the Workplace Skills Plan and Annual Training Report. This compliance validates the fact that the municipality receives its mandatory and discretionary grants that can be claimed back from the LGSETA thereby ensuring that training is sufficiently funded for implementation.

The following programs were implemented to ensure that staff capacity building remains a reality:

DESCRIPTION OF TRAINING INTERVENTION	SENIOR MANAGERS/MANAGERS	MIDDLE MANAGEMENT	COUNCILLORS	TOTAL
CONTRACT MANAGEMENT	-	6	-	6
COUNCILLOR INDUCTION PROGRAMME	-	-	27	27
<b>TOTAL</b>	-	<b>06</b>	<b>27</b>	<b>33</b>

To ensure value for money all training provided is done through accredited training providers and all training is aligned with IDP, LG Scarce and Critical Skills, NSDS, etc.

## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### Financial Health Overview

By close of the financial year, the municipality reported a deficit amounting to R 164.4 million which is mainly caused by non-cash or accounting adjustment amounting to R 175.7 million and finance cost in the form of Eskom interest to the value of R47.2 million. Eskom debt has escalated to over R 1 billion by 30 June 2022. Although the municipality managed to realise 97% of the budgeted revenue, the financial viability of Thaba Chweu is still in a predicament state. The total current assets at year-end amounting to R259,0 million were 0,20:1 compared to current liabilities totalling R1,309 billion. It is also worth noting that the municipality is still under MFMA section 139 where a financial recovery plan was approved and currently been implemented.

<b>Financial Overview: 2021/22</b>		
<b>Summary: Statement of financial Performance</b>		
<b>Description</b>	<b>Budget 2021/22</b>	<b>Actual 2021/22</b>
Total Revenue by Source	R 738 760 000	R 715 250 000
Less: Total Expenditure	(R 814 021 000)	(R 879 669 000)
<b>Equals: Surplus/ (deficit)</b>	<b>(R75 261 000)</b>	<b>(R 164 419 000)</b>

### COMPONENT B: STATEMENT OF FINANCIAL PERFORMANCE

#### Revenue by Source:

<b>Description</b>	<b>2021/2022 Budget</b>	<b>2021/2022 Actuals</b>
<b>Revenue By Source</b>		
Property rates	R 125 000 000,00	R 111 045 281,00
Service charges - electricity revenue	R 206 323 985,00	R 189 941 751,00
Service charges - water revenue	R 59 817 542,00	R 53 902 908,00
Service charges - sanitation revenue	R 19 194 370,00	R 18 726 776,00
Service charges - refuse	R 18 206 042,00	R 22 368 147,00
Rental of facilities and equipment	R 5 100 000,00	R 2 933 259,00
Interest earned - Outstanding Debtors	R 30 000 000,00	R 16 068 196,00
Interest earned - external investments	R 2 500 000,00	R 323 460,00
Fines, penalties, and forfeits	R 2 500 000,00	R 3 715 423,00
Transfer receipts - Capital	R 84 982 000,00	R 84 885 499,00
Transfer receipts - operating	R 175 036 000,00	R 175 063 000,00
Other revenue	R 10 100 061,00	R 36 303 656,00
<b>TOTAL</b>	<b>R 738 760 000,00</b>	<b>R 715 250 356,00</b>

## Operating & Capital Expenditure analysis

The below table indicate the expenditure by type:

Description	Annual Budget	Actuals
	<b>R'000</b>	<b>R'000</b>
Employee related costs	R 230 475	R223 508
Remuneration Of councilors	R 13 463	R 11 182
Debt impairment	R 41 000	R 98 449
Depreciation & asset impairment	R 70 000	R 66 174
Finance charges	R 41 000	R 47 294
Bulk purchases	R 154 000	R 165 101
Contracted services	R 156 915	R 120 528
Capital Projects	R 94 573	R 130 5041
Other expenditure	R 107 123	R147 433
<b>Total Expenditure</b>	<b>R908 585</b>	<b>R1 027 102</b>

## COMPONENT C: Annual Financial Statements

DRAFT ANNUAL REPORT



**Thaba Chweu Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2022**

**Audited  
By**

**2022 -12- 01**

**Auditor General South Africa  
Mpumalanga Business Unit**

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Legal form of entity

MP321 - Local Municipality

The Municipality's operations are governed by the Municipal Finance Management Act 56 of 2003, Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000, and various other acts and regulations.

### The following is included in the scope of operation

Thaba Chweu Local Municipality is a South African Category B Local Municipality as defined by the Municipal Structures Act.

The Municipality performs functions as set out in the Constitution. This means that the Municipality provides services such as electricity refuse removal and water and sanitation services.

### Mayoral committee

Executive Mayor

Cllr. MF Nkadameng

Cllr. QPB Lawrence | MMC -Finance and Technical Services

Cllr. MD Sibanyoni | MMC - Community, LED, and Planning Services

Cllr. GP Raphiri | MMC- Corporate Services

### Councillors

Cllr. H Trower | Speaker

Cllr. SA Manzini | Chief Whip

Cllr. GM Sangxu

Cllr. ST Mokwena

Cllr. PT Mkhondo

Cllr. A Rankwe

Cllr. PB Mokgosinyane

Cllr. CM Mohlala

Cllr. GM Mashile

Cllr. NM Masimola

Cllr. S Couvaras

Cllr. DT Maphanga

Cllr. M Opperman

Cllr. ML Netshitembe | Proportional

Cllr. CJ Sibiya | Proportional

Cllr. PD Marobela | Proportional

Cllr. BG Makhubedu | Proportional

Cllr. M. Pillay | Proportional

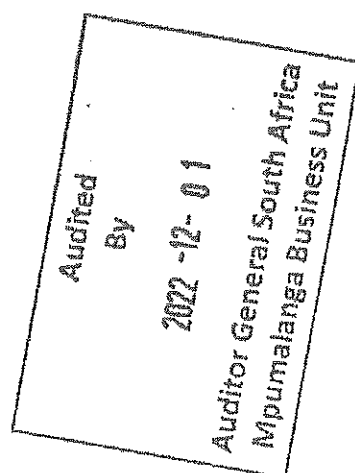
Cllr. JL Mosotho | Proportional

Cllr. WS Sekgobela | Proportional

Cllr. BT Mabuza | Proportional

Cllr. PS Makhubela | Proportional

Cllr. GDS Venter | Proportional



### Grading of local authority

Low Capacity

### Accounting Officer

Ms. SS. Matsi

### Chief Finance Officer (CFO)

Mr. RM Mnisi

### Registered office

Lydenburg  
Mpumalanga  
South Africa  
1120

### Business address

Corner Viljoen & Sentraal Street  
Lydenburg

## **Thaba Chweu Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

### **General Information**

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	Mpumalanga 1120
Postal address	P.O Box 61 Lydenburg 1120
Bankers	Standard Bank of South Africa
Auditors	Auditor General South Africa
Jurisdiction	Lydenburg / Mashishing Graskop, Pilgrim's Rest, Sabie, Matibidi, Moremela and Leroro Township

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Auditor General South Africa  
Mpumalanga Business Unit

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

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

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Accounting Officer's Responsibilities and Approval	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Statement of Comparison of Budget and Actual Amounts	10 - 14
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Appendix D: Segmental Statement of Financial Performance	101

### Abbreviations used:

INEP	Integrated National Electrification Programme
AFS	Annual financial statements
VAT	Value Added Tax
SCM	Supply Chain Management
CPI	Consumer Price Index
GRAP	Generally Recognised Accounting Practice
PPE	Property, plant and equipment
mSCOA	Municipal Standard Chart of Accounts
COGTA	Cooperative Governance and Traditional Affairs
MFMA	Local Government: Municipal Finance Management Act, Act no 56 of 2003
MIG	Municipal Infrastructure Grant

<p>Audited By 2022 -12- 01 Auditor General South Africa Mpumalanga Business Unit</p>
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## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### 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 2023 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.

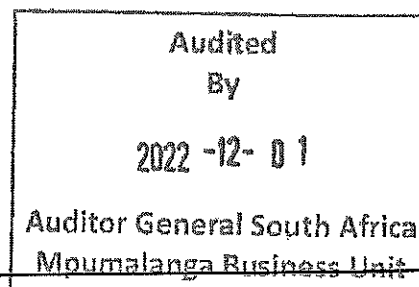
Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The accounting officer certify that salaries, allowances and benefits of councillors as disclosed in Note.32 of these annual financial statements are within the Upper Limits of government gazette as envisaged in section 219 of the constitution read with Remuneration of Public Office Bearers Act, Act No.20 of 1998 and section 124 of the Municipal Finance Management Act, Act No. 56 of 2003.

The external auditors are responsible for independently reviewing and reporting on the municipality's. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

**SS Matsi**  
Accounting Officer



**Thaba Chweu Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Statement of Financial Position as at 30 June 2022**

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	136,065,663	136,753,010
Receivables from exchange transactions	51	490,610	490,610
Statutory receivables	10	122,474,677	86,870,029
Overpayment to contractors	8	678,842	678,842
Consumer debtors	11	18,958,079	34,285,798
Cash and cash equivalents	12	1,478,507	2,435,067
		<b>280,146,378</b>	<b>261,513,356</b>
<b>Non-Current Assets</b>			
Investment property	3	140,522,453	128,012,046
Property, plant and equipment	4	1,045,803,813	1,001,234,867
Intangible assets	5	4,731,669	3,316,991
Heritage assets	6	360,338	360,338
		<b>1,191,418,073</b>	<b>1,132,924,242</b>
Non-Current Assets		1,191,418,073	1,132,924,242
Current Assets		280,146,378	261,513,356
<b>Total Assets</b>		<b>1,471,564,451</b>	<b>1,394,437,598</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	15	1,322,540,377	1,077,784,217
Consumer deposits	16	5,358,407	4,628,020
Employee benefit obligation	7	2,111,207	1,846,207
Unspent conditional grants and receipts	13	96,958	2,327,457
		<b>1,330,106,949</b>	<b>1,086,585,901</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	7	49,716,428	46,959,428
Provisions	14	59,593,616	65,334,148
		<b>109,310,044</b>	<b>112,293,576</b>
Non-Current Liabilities		109,310,044	112,293,576
Current Liabilities		1,330,106,949	1,086,585,901
<b>Total Liabilities</b>		<b>1,439,416,993</b>	<b>1,198,879,477</b>
Assets		1,471,564,451	1,394,437,598
Liabilities		(1,439,416,993)	(1,198,879,477)
<b>Net Assets</b>		<b>32,147,458</b>	<b>195,558,121</b>
Accumulated surplus		31,222,635	195,558,121
<b>Total Net Assets</b>		<b>31,222,635</b>	<b>195,558,121</b>

Audited By	
2022-12-01	
Auditor General South Africa Mpumalanga Business Unit	

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	284,939,582	270,783,608
Rental of facilities and equipment	18	2,933,506	2,962,658
Operational revenue	22	5,167,776	7,272,729
Interest revenue	23	16,391,656	13,723,275
Fair value adjustment on investment property	36	12,510,407	5,703,681
Inventories reversal		1,012,880	-
<b>Total revenue from exchange transactions</b>		<b>322,955,807</b>	<b>300,445,951</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	101,371,409	96,429,218
Property rates - penalties imposed	24	9,673,872	9,202,651
Licences and Permits (Non-exchange)	20	128,700	178,764
<b>Transfer revenue</b>			
Government grants & subsidies	26	259,921,499	255,318,453
Public contributions and donations	54	17,483,646	172,977
Fines, Penalties and Forfeits	19	3,715,423	9,608,302
<b>Total revenue from non-exchange transactions</b>		<b>392,294,549</b>	<b>370,910,365</b>
		<b>322,955,807</b>	<b>300,445,951</b>
		<b>392,294,549</b>	<b>370,910,365</b>
<b>Total revenue</b>		<b>715,250,356</b>	<b>671,356,316</b>
<b>Expenditure</b>			
Employee related costs	27	(223,508,178)	(229,812,674)
Remuneration of councillors	28	(11,181,972)	(11,551,928)
Depreciation and amortisation	29	(84,779,524)	(81,207,665)
Impairments of PPE	30	(11,115,535)	-
Finance costs	31	(47,294,478)	(31,460,251)
Lease rentals on operating lease	21	(2,629,289)	(2,629,289)
Debt Impairment - (Increase) /Decrease	32	(98,448,917)	(252,408,227)
Bulk purchases	33	(165,100,991)	(138,838,741)
Contracted services	34	(120,825,150)	(95,784,923)
Transfers and Subsidies	25	(500,000)	(500,000)
Loss on disposal of assets and liabilities	4	(1,480,002)	(3,378,884)
Inventories losses/write-downs	9	-	(25,076,271)
Operating Expenses	35	(132,721,800)	(129,939,994)
<b>Total expenditure</b>		<b>(879,585,836)</b>	<b>(982,588,847)</b>
<b>Total revenue</b>		<b>715,250,356</b>	<b>671,356,316</b>
<b>Total expenditure</b>		<b>(879,585,836)</b>	<b>(982,588,847)</b>
<b>Operating surplus/deficit</b>		<b>-</b>	<b>-</b>
<b>Deficit before taxation</b>		<b>(164,335,480)</b>	<b>(311,232,531)</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Deficit for the year</b>		<b>(164,335,480)</b>	<b>(311,232,531)</b>

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\* See Note 2 & 43

## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	476,215,043	476,215,043
Adjustments		
Prior year adjustments 43	30,575,609	30,575,609
<b>Balance at 01 July 2020 as restated*</b>	<b>506,790,652</b>	<b>506,790,652</b>
Changes in net assets		
Deficit for the year	(311,232,531)	(311,232,531)
Total changes	(311,232,531)	(311,232,531)
<b>Restated* Balance at 01 July 2021</b>	<b>195,558,115</b>	<b>195,558,115</b>
Changes in net assets		
Deficit for the year	(164,335,480)	(164,335,480)
Total changes	(164,335,480)	(164,335,480)
<b>Balance at 30 June 2022</b>	<b>31,222,635</b>	<b>31,222,635</b>

Note(s)

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Mpumalanga Business Unit

\* See Note 2 & 43

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		66,649,572	123,640,037
Sale of goods and services		240,235,785	148,671,296
Grants		257,891,000	254,732,977
Interest income		16,391,656	13,723,275
Other receipts		-	10,684,629
		580,968,013	551,452,214
<b>Payments</b>			
Employee costs		(231,868,147)	(233,810,979)
Suppliers		(180,384,388)	(192,656,810)
Finance costs		(47,294,478)	(31,460,251)
Other payments		-	(18,127,610)
		(459,347,013)	(476,055,650)
Total receipts		580,968,013	551,452,214
Total payments		(459,347,013)	(476,055,650)
<b>Net cash flows from operating activities</b>	39	<b>121,621,000</b>	<b>75,396,564</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(113,554,993)	(83,068,606)
Proceeds from sale of property, plant and equipment	4	-	7,363,859
Purchase of other intangible assets	5	(3,312,488)	(3,590,709)
<b>Net cash flows from investing activities</b>		<b>(116,867,481)</b>	<b>(79,295,456)</b>
<b>Cash flows from financing activities</b>			
Movement in other liability		(5,710,079)	297,186
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(956,560)</b>	<b>(3,601,706)</b>
Cash and cash equivalents at the beginning of the year		2,435,067	6,036,773
<b>Cash and cash equivalents at the end of the year</b>	12	<b>1,478,507</b>	<b>2,435,067</b>

The accounting policies on pages 15 to 49 and the notes on pages 49 to 91 form an integral part of the annual financial statements.

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\* See Note 2 & 43

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	303,542,000	-	303,542,000	284,939,582	(18,602,418)	54
Rental of facilities and equipment	5,000,000	(100,000)	4,900,000	2,933,506	(1,966,494)	54
Other income	10,000,000	100,000	10,100,000	5,167,776	(4,932,224)	54
Interest revenue	32,500,000	-	32,500,000	16,391,656	(16,108,344)	54
<b>Total revenue from exchange transactions</b>	<b>351,042,000</b>	<b>-</b>	<b>351,042,000</b>	<b>309,432,520</b>	<b>(41,609,480)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	125,000,000	-	125,000,000	101,371,409	(23,628,591)	54
Property rates - penalties imposed	-	-	-	8,673,872	8,673,872	54
Licences and Permits (Non-exchange)	-	-	-	128,700	128,700	54

##### Transfer revenue

Government grants & subsidies	245,388,000	14,635,000	260,023,000	259,921,499	(96,501)	54
Public contributions and donations	-	-	-	17,483,646	17,483,646	
Fines, Penalties and Forfeits	2,491,168	-	2,491,168	3,715,423	1,224,255	54

<b>Total revenue from non-exchange transactions</b>	<b>372,874,168</b>	<b>14,635,000</b>	<b>387,509,168</b>	<b>392,294,549</b>	<b>4,785,381</b>	
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'Total revenue from exchange transactions'	351,042,000	-	351,042,000	309,432,520	(41,609,480)	
'Total revenue from non-exchange transactions'	372,874,168	14,635,000	387,509,168	392,294,549	4,785,381	
<b>Total revenue</b>	<b>723,916,168</b>	<b>14,635,000</b>	<b>738,551,168</b>	<b>701,727,069</b>	<b>(36,824,099)</b>	

#### Expenditure

Employee related costs	(230,475,000)	-	(230,475,000)	(223,508,178)	6,966,822	54
Remuneration of councillors	(13,463,000)	-	(13,463,000)	(11,181,972)	2,281,028	54
Depreciation and amortisation	(55,000,000)	(15,000,000)	(70,000,000)	(64,779,524)	5,220,476	54
Impairment loss/ Reversal of impairments	(75,000,000)	34,000,000	(41,000,000)	(11,115,535)	29,884,465	54
Finance costs	(10,000,000)	(31,000,000)	(41,000,000)	(47,294,478)	(6,294,478)	54
Lease rentals on operating lease	-	-	-	(2,629,289)	(2,629,289)	54
Debt impairment	-	-	-	(98,448,917)	(98,448,917)	54
Bulk purchases	(154,000,000)	-	(154,000,000)	(165,100,991)	(11,100,991)	54
Contracted Services	(109,510,000)	(47,405,000)	(156,915,000)	(120,825,150)	36,089,850	54
Transfers and Subsidies	(500,000)	-	(500,000)	(500,000)	-	54
Sale of goods/Inventory	(8,654,000)	(1,280,000)	(9,934,000)	-	9,934,000	
General Expenses	(91,784,000)	(4,950,000)	(96,734,000)	(132,721,800)	(35,987,800)	54

<b>Total expenditure</b>	<b>(748,386,000)</b>	<b>(65,635,000)</b>	<b>(814,021,000)</b>	<b>(878,105,834)</b>	<b>(64,084,834)</b>	
	723,916,168	14,635,000	738,551,168	701,727,069	(36,824,099)	

**Thaba Chweu Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

**Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	(748,386,000)	(65,635,000)	(814,021,000)	(878,105,834)	(64,084,834)	
<b>Operating deficit</b>	<b>(24,469,832)</b>	<b>(51,000,000)</b>	<b>(75,469,832)</b>	<b>(176,378,765)</b>	<b>(100,908,933)</b>	
Loss on disposal of assets and liabilities	-	-	-	(1,480,002)	(1,480,002)	
Fair value adjustments	-	-	-	12,510,407	12,510,407	
Inventories losses/write-downs	-	-	-	1,012,880	1,012,880	
	-	-	-	12,043,285	12,043,285	
	(24,469,832)	(51,000,000)	(75,469,832)	(176,378,765)	(100,908,933)	
	-	-	-	12,043,285	12,043,285	
<b>Deficit before taxation</b>	<b>(24,469,832)</b>	<b>(51,000,000)</b>	<b>(75,469,832)</b>	<b>(164,335,480)</b>	<b>(88,865,648)</b>	
Surplus before taxation	(24,469,832)	(51,000,000)	(75,469,832)	(164,335,480)	(88,865,648)	
Taxation	-	-	-	-	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(24,469,832)</b>	<b>(51,000,000)</b>	<b>(75,469,832)</b>	<b>(164,335,480)</b>	<b>(88,865,648)</b>	

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2022 -12- 01

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Mpumalanga Business Unit

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>Audited</b>  <b>By</b>  <b>2022-12-01</b>  <b>Auditor General, South Africa</b>  <b>Mpumalanga Business Unit</b> </div>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	156,892,000	(21,419,000)	135,473,000	136,085,663	692,863	54
Receivables from exchange transactions	-	-	-	490,610	490,610	
Statutory receivables	-	-	-	122,474,677	122,474,677	54
Overpayment to contractors	-	-	-	678,842	678,842	
Consumer debtors	208,909,000	(34,515,000)	174,394,000	18,958,079	(155,435,921)	54
Other Debtors	76,699,000	11,441,000	88,140,000	-	(88,140,000)	
Cash and cash equivalents	6,983,000	(2,789,000)	4,194,000	1,478,507	(2,715,493)	54
	<b>449,483,000</b>	<b>(47,282,000)</b>	<b>402,201,000</b>	<b>280,146,378</b>	<b>(122,054,622)</b>	
<b>Non-Current Assets</b>						
Investment property	113,688,000	14,323,000	128,012,000	140,522,453	12,510,453	54
Property, plant and equipment	956,221,000	45,016,000	1,001,237,000	1,045,803,613	44,566,613	54
Intangible assets	1,034,000	2,283,000	3,317,000	4,731,669	1,414,669	54
Heritage assets	360,000	-	360,000	360,338	338	54
	<b>1,071,304,000</b>	<b>61,622,000</b>	<b>1,132,926,000</b>	<b>1,191,418,073</b>	<b>58,492,073</b>	
<b>Non-Current Assets</b>	<b>449,483,000</b>	<b>(47,282,000)</b>	<b>402,201,000</b>	<b>280,146,378</b>	<b>(122,054,622)</b>	
<b>Current Assets</b>	<b>1,071,304,000</b>	<b>61,622,000</b>	<b>1,132,926,000</b>	<b>1,191,418,073</b>	<b>58,492,073</b>	
<b>Total Assets</b>	<b>1,520,787,000</b>	<b>14,340,000</b>	<b>1,535,127,000</b>	<b>1,471,564,451</b>	<b>(63,562,549)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	229,124,000	55,193,000	284,317,000	1,322,540,377	1,038,223,377	54
Consumer deposits	4,718,000	(90,000)	4,628,000	5,358,407	730,407	54
Employee benefit obligation	-	-	-	2,111,207	2,111,207	
Unspent conditional grants and receipts	-	-	-	96,958	96,958	54
Provisions	1,222,000	-	1,222,000	-	(1,222,000)	
	<b>235,064,000</b>	<b>55,103,000</b>	<b>290,167,000</b>	<b>1,330,106,949</b>	<b>1,039,939,949</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	-	-	-	49,716,428	49,716,428	54
Provisions	59,868,000	982,426,000	1,042,294,000	59,593,616	(982,700,384)	54
Other liability 1	786,500,000	(786,500,000)	-	-	-	
	<b>846,368,000</b>	<b>195,926,000</b>	<b>1,042,294,000</b>	<b>109,310,044</b>	<b>(932,983,956)</b>	
	<b>235,064,000</b>	<b>55,103,000</b>	<b>290,167,000</b>	<b>1,330,106,949</b>	<b>1,039,939,949</b>	
	<b>846,368,000</b>	<b>195,926,000</b>	<b>1,042,294,000</b>	<b>109,310,044</b>	<b>(932,983,956)</b>	
<b>Total Liabilities</b>	<b>1,081,432,000</b>	<b>251,029,000</b>	<b>1,332,461,000</b>	<b>1,439,416,993</b>	<b>106,855,993</b>	
<b>Assets</b>	<b>1,520,787,000</b>	<b>14,340,000</b>	<b>1,535,127,000</b>	<b>1,471,564,451</b>	<b>(63,562,549)</b>	
<b>Liabilities</b>	<b>(1,081,432,000)</b>	<b>(251,029,000)</b>	<b>(1,332,461,000)</b>	<b>(1,439,416,993)</b>	<b>(106,855,993)</b>	
<b>Net Assets</b>	<b>439,355,000</b>	<b>(236,689,000)</b>	<b>202,666,000</b>	<b>32,147,458</b>	<b>(170,518,542)</b>	



**Thaba Chweu Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

**Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	(24,461,000)	(50,800,000)	(75,261,000)	31,222,635	106,483,635	54

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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Property rates	106,250,000	(6,250,000)	100,000,000	66,649,572	(33,350,428)	
Service charges	250,972,000	12,362,000	263,334,000	240,235,785	(23,098,215)	
Grants	245,383,000	14,635,000	260,018,000	257,691,000	(2,327,000)	
Interest income	2,500,000	-	2,500,000	16,391,656	13,891,656	
Other revenue	17,500,000	-	17,500,000	-	(17,500,000)	
	622,605,000	20,747,000	643,352,000	580,968,013	(62,383,987)	

##### Payments

Employee costs and suppliers	(527,576,000)	-	(527,576,000)	(412,052,535)	115,523,465	
Finance costs	(10,000,000)	(8,944,000)	(18,944,000)	(47,294,478)	(28,350,478)	
Transfers and grants	(500,000)	-	(500,000)	-	500,000	
	(538,076,000)	(8,944,000)	(547,020,000)	(459,347,013)	87,672,987	

Total receipts	622,605,000	20,747,000	643,352,000	580,968,013	(62,383,987)	
Total payments	(538,076,000)	(8,944,000)	(547,020,000)	(459,347,013)	87,672,987	
Net cash flows from operating activities	84,529,000	11,803,000	96,332,000	121,621,000	25,289,000	

#### Cash flows from investing activities

Purchase of property, plant and equipment	(83,583,000)	(10,990,000)	(94,573,000)	(113,554,993)	(18,981,993)	
Purchase of other intangible assets	-	-	-	(3,312,488)	(3,312,488)	
Net cash flows from investing activities	(83,583,000)	(10,990,000)	(94,573,000)	(116,867,481)	(22,294,481)	

#### Cash flows from financing activities

Movement in other liability	-	-	-	(5,710,074)	(5,710,074)	
Net increase/(decrease) in cash and cash equivalents	946,000	813,000	1,759,000	(956,555)	(2,715,555)	
Cash and cash equivalents at the beginning of the year	19,732,155	(10,569,000)	9,163,155	2,435,067	(6,728,088)	
Cash and cash equivalents at the end of the year	20,678,155	(9,756,000)	10,922,155	1,478,512	(9,443,643)	

### Reconciliation

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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

Figures in Rand	Note(s)	2022	2021
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### 1. Presentation of Annual Financial Statements

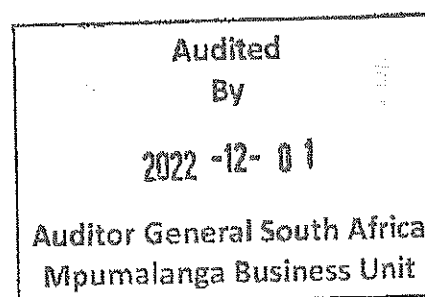
The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board, and in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 4.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy. Assets, liabilities, revenues and expenses have not been offset, except when offsetting is either required or permitted by a Standard of GRAP.



# **Thaba Chweu Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Policies**

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### **STANDARDS APPROVED AND EFFECTIVE FOR 2021/22 FINANCIAL YEAR**

The following GRAP standards have been approved and effective to the municipality for the 2020/21 financial year:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After Reporting Date

GRAP 16 Investment Properties

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 31 Intangible Assets

GRAP 32 Service Concession Arrangements: Grantor

GRAP 34 Separate Financial Statements

GRAP 35 Consolidated Financial Statements

GRAP 36 Investments in Associates and Joint Ventures

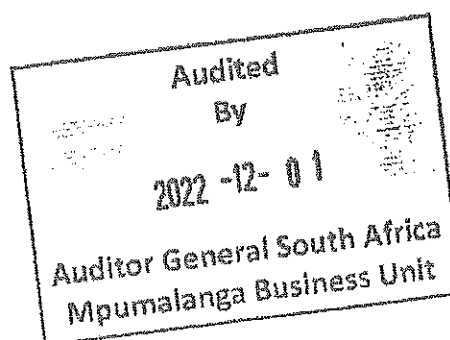
GRAP 37 Joint Arrangements

GRAP 38 Disclosure of Interests in Other Entities

GRAP 100 Discontinued Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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GRAP 105 Transfer of Functions Between Entities Under Common Control

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

GRAP 110 Living and Non-living Resources

List of effective Interpretations of the Standards of GRAP

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

Transitional provisions

GRAP 18 Segment Reporting

In accordance with directive 4, transitional provisions for high capacity municipalities, on initial adoption of GRAP 18 comparative segment information need not be presented.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

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**Thaba Chweu Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Accounting Policies**

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**1.1 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The level of rounding used in these annual financial statements is to the nearest Rand.

**1.2 Going concern assumption**

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

**1.3 Comparative information**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. If a change in accounting policy results from initial application of a standard of GRAP that has specific transitional provisions, the municipality account for the change in accordance with the specific transitional provisions of that accounting standard.

Reclassifications of certain accounts were made in order to comply with the requirements of Municipal Standard Charts of Accounts (mSCOA). The reclassifications have no impact on the net assets value of the municipality.

**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.

**Allowance for slow moving, damaged and obsolete stock**

An assessment is made of net realisable value at the end of each reporting period. Any write down of inventory to the lower of cost or net realisable value is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit

**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 key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The value in use is based on the depreciated replacement cost of the asset. All assets of the municipality are deemed to be non-cash generating assets.

**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 14 - Provisions.

**Useful lives of tangible assets**

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

Change in estimates are accounted for prospectively using accumulative catch-up of past depreciation.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that they are 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.

The provision for doubtful debt is determined by considering the payment rate by exchange receivables (consumer debtors), indigent status, and whether the consumer debtor has a credit balance at financial year end as well as whether the consumer debtor is government related or not.

Non-exchange receivables (Traffic fine debtors) have been impaired taking into account historical payment rates by these non exchange receivable.

#### Traffic fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Non exchange receivables arising from traffic fines are measured at the best estimate based on expected inflows of economic benefits to the municipality.

#### Budget information

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences (between budget and actual amounts) are explained in the notes to the annual financial statements.

### 1.5 Investment property

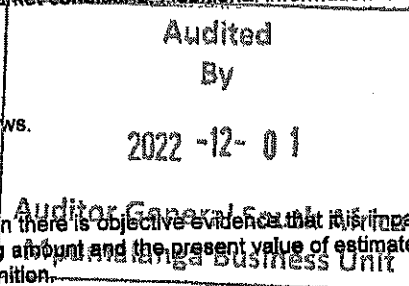
Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- 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.

#### Initial recognition and measurement

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



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.5 Investment property (continued)

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

#### Subsequent measurement

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.

Investment property is subsequently measured using the fair value model.

Transfers to, or from, investment property is made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property

Item	Audited BY 2022-12-01 Auditor General South Africa Mpumalanga Business Unit	Average useful life
Land and buildings		Indefinite
• Property - Land		15 - 100 years
• Property - Buildings		

Further details on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices

#### 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 municipality 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 municipality 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 municipality 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 municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality 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.

### 1.6 Property, plant and equipment

Initial recognition and measurement.



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

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. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

- (a) they are parts of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal.

The cost of an item of property, plant and equipment is recognised as an asset when

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is recognised in the carrying amount of the item in accordance with the Standard of GRAP on Borrowing Costs.

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. Costs incurred in using or redeploying an item are not included in the carrying amount of that item.

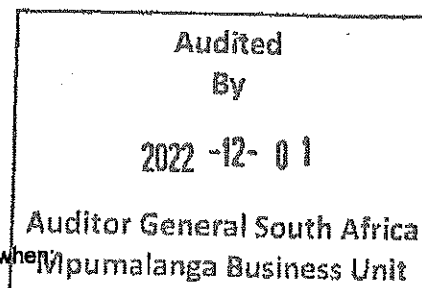
Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

#### Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Where the Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment and the initial estimate was initially included in the cost of an item of property, plant and equipment, any changes in the liability are added to or deducted from, the cost of the related asset in the current period. If there is a decrease in the liability and it exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance.



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

If there is a change in a provision for which the asset relates, and the change results in addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is an indication, the related 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 or non-cash generating assets. If the related asset has reached the end of its useful life, any subsequent changes in the liability will be recognised in the statement of financial performance.

#### Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation charge for each period shall be recognised in the statement of financial performance unless it is included in the carrying amount of another asset. The annual depreciation rates are based on the following estimated useful lives:

The useful lives of items of investment property have been assessed as follows:

Item	Depreciation method	Average useful life
Land and buildings		
• Land	Straight-line	Indefinite
• Landfill sites	Straight-line	4-17 years
• Buildings	Straight-line	5-50 years
Infrastructure assets		
• Roads, pavement, bridges, and storm water	Straight-line	3-100 years
• Electricity	Straight-line	3-100 years
• Water	Straight-line	3-100 years
• Waste water	Straight-line	3-100 years
• Information and communications	Straight-line	3-100 years
• Waste management	Straight-line	3-100 years
Movable assets		
• Specialised vehicles	Straight-line	4-20 years
• Transport assets	Straight-line	4-20 years
• Office equipment	Straight-line	5-15 years
• Furniture and equipment	Straight-line	5-15 years
• Bins and containers	Straight-line	5-15 years
• Specialised plant and equipment	Straight-line	5-15 years
• Other items of plant and equipment	Straight-line	5-15 years
• Emergency equipment	Straight-line	5-15 years
• Computer equipment	Straight-line	5-15 years
Community assets		
• Sport and Recreational facilities	Straight-line	5-50 years
• Parks	Straight-line	5-50 years
• Halls	Straight-line	5-50 years
• Libraries	Straight-line	5-50 years

Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

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 in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

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

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revise the expected useful life and/or residual value accordingly

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
- (c) residual value can be determined by reference to that market; and
- (d) it is probable that such a market will exist at the end of the asset's useful life

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The change(s) are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
  - The municipality has changed the manner in which the asset is used.
  - The municipality has changed the utilisation rate of the asset.
  - The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
  - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
  - Legal or similar limits placed on the use of the asset have changed.
  - The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- (g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and Impairment of Non-cash-generating Assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

#### Derecognition

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.

## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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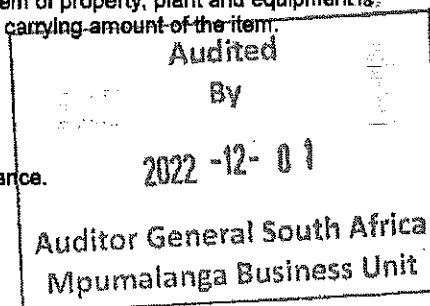
#### 1.6 Property, plant and equipment (continued)

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

#### 1.7 Intangible assets

##### Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance.



An intangible asset is recognised when:

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

##### Research expenditure

is never capitalised, while development expenditure is only capitalised to the extent that.

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.

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

Intangible assets are initially recognised at cost. 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.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.7 Intangible assets (continued)

#### Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

#### Amortisation

The municipality assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to the municipality.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives using the straight line method. The amortisation rates are based on the following estimated average asset lives. Amortisation is provided to write down the intangible assets, on a straight-line basis.

Item	Depreciation method	Average useful life
Computer software, and infrastructure systems	Straight-line	1-3 years

Further details on the useful lives of the categories of assets can be obtained from the assets management policy, available for inspection at our offices.

Each item of intangible asset is amortised separately. Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

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

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
  - i. residual value can be determined by reference to that market; and
  - ii. it is probable that such a market will exist at the end of the asset's useful life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

#### Derecognition

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial

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**Thaba Chweu Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Accounting Policies**

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**1.8 Heritage assets**

**Initial recognition and measurement**

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.

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

The Municipality holds an asset that might be regarded as a heritage asset but on initial recognition, it does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about the asset should be disclosed in the notes to the financial statements.

The municipality uses judgment to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction. 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.

The cost of the heritage asset is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the standard of GRAP on borrowing costs.

Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life is capitalised as part of its cost. Such costs is recognised in the carrying amount of the heritage asset as incurred, when the recognition criteria is met.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

**Subsequent measurement**

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated due to its nature however the municipality assess at each reporting date whether there are indications of impairment and, if any, impairment exists, the municipality estimates the recoverable amount or recoverable service amount of the heritage asset.

**Impairment**

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

**Transfers**

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

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

**Derecognition**

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

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

Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.9 Financial Instruments

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

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

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.

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

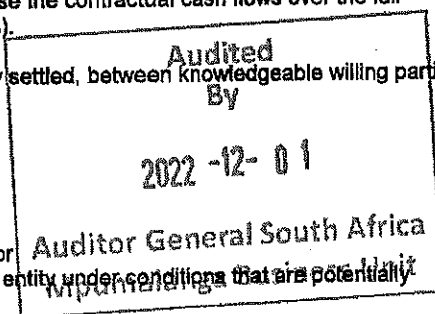
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific 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:

- 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.



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.

## Accounting Policies

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### 1.9 Financial Instruments (continued)

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 unissued 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;
- 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.

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the Municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The Municipality measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date

of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument. The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition.

#### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly

attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.9 Financial Instruments (continued)

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately.

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municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Financial assets

Financial assets at fair value

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment.

Financial assets at amortised cost

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

Financial assets at cost

These comprise of investments in residual interest that does not have a quoted market price in an active market and the fair value cannot be measured reliably. Subsequent to initial recognition such investments are measured at its carrying amount less any impairment

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period.

Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The Municipality recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Accounts receivables

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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.9 Financial instruments (continued)

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking in to consideration past default experiences. Interest is charged on overdue amounts

#### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

#### Financial liabilities

After initial recognition, the Municipality measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

#### Gains and losses

The municipality recognise gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Derecognition

##### Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

##### Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

#### Classification

The municipality 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

Cash and cash equivalents  
Receivables from exchange  
Receivables from non-exchange  
Other financial assets

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#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
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

Payables from exchange transactions  
Consumer deposits

#### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost

### 1.10 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.

## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.10 Statutory receivables (continued)

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

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

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

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### 1.10 Statutory receivables (continued)

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

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

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

### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.11 Leases

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

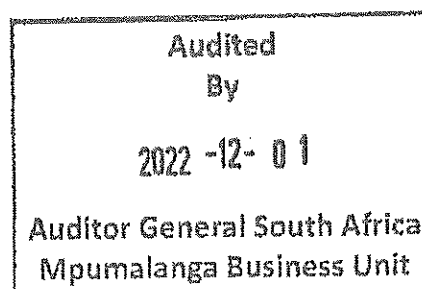
When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Lease classification is made at the inception of the lease.

### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.



# Thaba Chweu Local Municipality

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### 1.11 Leases (continued)

#### Finance leases - lessee

The Municipality recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or if lower the present value of the minimum lease payments as determined at inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if it is practicable to determine however if not, the incremental borrowing rate shall be used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance expenses and the capital repayment using the effective interest rate method. Lease finance expenses are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

#### Operating leases - lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

#### 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.

### 1.12 Inventories

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process.
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services
- (c) held for sale or distribution in the ordinary course of operations.
- (d) in the process of production for sale or distribution

#### Initial recognition and measurement

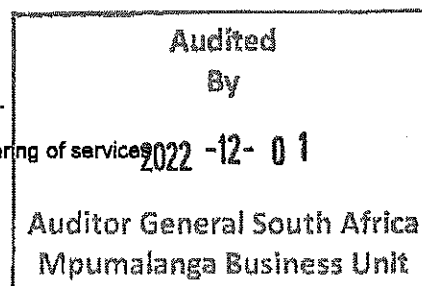
Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality and the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets are initially recognised at cost. The cost of inventories comprises of all costs purchase cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process

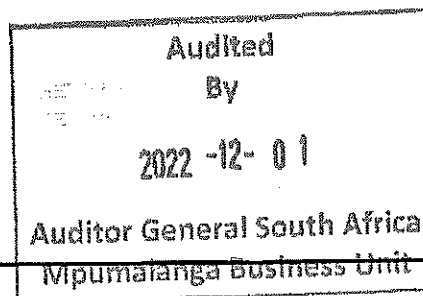
When inventories are acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge or to be consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.



## **Accounting Policies**



### **1.12 Inventories (continued)**

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

### **1.13 Impairment of cash-generating assets**

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

#### **Reversal of impairment loss**

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

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

- 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.

#### 1.14 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.

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

- The current profitability of the asset, as well as management's assessment of the profitability of the asset becoming profitable

#### Designation

At initial recognition, the municipality 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 a municipality's objective of using the asset.

The municipality 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 municipality 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 municipality 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 municipality 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.

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### **1.14 Impairment of non-cash-generating assets (continued)**

#### **Identification**

All tangible assets of the municipality are deemed to be non-cash generating assets. When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

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.

#### **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 municipality 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.

#### **Restoration cost approach**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### **Service units approach**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.



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

##### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

##### Reversal of an impairment loss

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

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

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

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

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

##### 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.

#### 1.15 Employee benefits

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

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.

## Thaba Chweu Local Municipality

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#### 1.15 Employee benefits (continued)

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.

The cost of short-term employee benefits are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

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 Municipality 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.

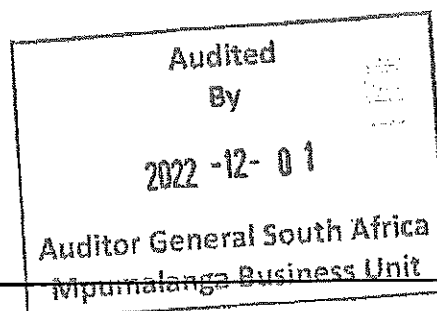
Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality is expected to pay in exchange for that service that had accumulated at the reporting date.

##### Post-employment benefits

The Municipality provides post employment benefits for its employees and councillors. These benefits are provided as either defined contribution plans or defined benefit plans.

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

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



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#### 1.15 Employee benefits (continued)

##### Post-employment benefits: Defined benefit plans

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

The Municipality provide post employment medical care benefits to retired employees and their legitimate spouses. The entitlement to post employment medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Pursuant to the Municipality's obligation to fund the post-employment benefits provided through a defined benefit plan, the Municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the Municipality recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the Municipality recognises as defined benefit asset

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan.

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.

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

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.

Where the Municipality reduces benefits payable under an existing defined benefit plan, the resulting reduction in the defined benefit liability is recognised as (negative) past service cost in the reporting period in which the plan is amended

Where the Municipality reduces certain benefits payable under an existing defined benefit plan and, at the same time, increases other benefits payable under the plan for the same employees, the Municipality treats the change as a single net change.

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.

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

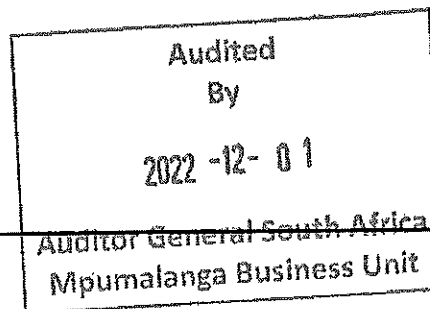
The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- 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.

The municipality 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;

## **Accounting Policies**



### **1.15 Employee benefits (continued)**

- 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 municipality 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, a municipality 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 municipality 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 municipality 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 presented as the net of the amount recognised for a reimbursement.

The municipality 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.

### **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.

### **1.16 Provisions and contingencies**

Provisions are recognised when:

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

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

## Thaba Chweu Local Municipality

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### Accounting Policies

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#### 1.16 Provisions and contingencies (continued)

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 municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

#### 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:

If 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 1.13 and 1.14.

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. This applies under both the cost model and the revaluation model.

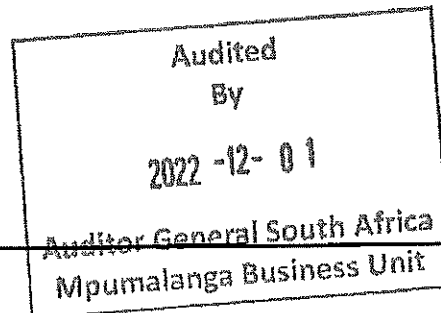
The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

#### 1.17 Capital commitments

Capital commitments disclosed in the notes to the unaudited annual financial statements represents the balance committed to capital projects as at the reporting date which will be incurred in the period subsequent to the reporting period.

The municipality discloses commitments exclusive of VAT per the commitments register.

## **Accounting Policies**



### **1.18 Revenue from exchange transactions**

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

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

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

#### **Measurement**

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

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 municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of even is recognised when all conditions associated with the deed of sale have been met.

#### **Service charges**

Service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.

Meters are read on a monthly basis and the revenue is recognised when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on average consumption history.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month

Service charges from sewerage and sanitation are based on the size of the property, number of dwellings on each property and connection, using the tariffs approved by Council and are levied monthly

Revenue from rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement

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#### 1.18 Revenue from exchange transactions (continued)

##### Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

##### Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised by the Municipality is in terms of the agency agreement and is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

#### 1.19 Revenue from non-exchange transactions

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

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

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

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, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

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

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

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

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

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

## Thaba Chweu Local Municipality

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#### 1.19 Revenue from non-exchange transactions (continued)

##### Recognition

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

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

##### Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

##### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Taxation revenue are not grossed up for the amount of tax expenditures.



## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.19 Revenue from non-exchange transactions (continued)

##### Transfers

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

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

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

##### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

##### Fines

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

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

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

##### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

##### Government grants and donations

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

##### Services in-kind

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

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

##### Concessionary loans

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

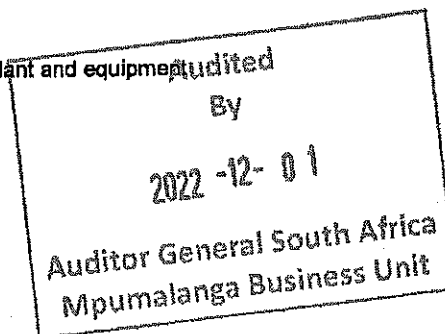
## Accounting Policies

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### 1.20 Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts and/ recoverable service amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used)
- Present value of defined benefit obligation
- Impairment allowance/ Debt impairment
- Impairment of cash-generating and non cash-generating assets
- Provision for long service awards



The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of cash-generating and non cash-generating assets
- Provisions

### 1.21 Investment Income

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

### 1.22 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.

### 1.23 Changes in accounting policy, accounting estimates and correction of error

Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3). The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements

Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the error. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

### 1.24 Comparative figures

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

### 1.25 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.

## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.25 Unauthorised expenditure (continued)

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).

#### 1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that 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).

#### 1.27 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).

#### 1.28 Segment Information

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18

- Community and Social Services, Public Safety, and Road Transport;
- Energy, Waste, Waste Water and Water
- Executive and Council, Finance and Administration and Internal Audit
- Community and Social Services
- Health;
- Housing
- Planning and Development
- Road Transport

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

#### Measurement

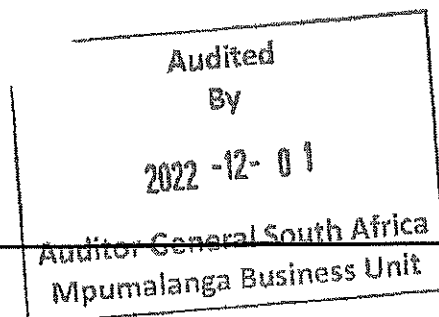
The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and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

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 4, entities are not required to present comparative segment information on initial adoption of GRAP 18.

The municipality is taking advantage of the transitional provisions by not presenting comparative segment information.

**Thaba Chweu Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Accounting Policies**



**1.29 Budget Information**

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same Municipality and period as for the approved budget. The budget is prepared on the accrual basis. The budget of the Municipality is taken for a stakeholder consultative process and upon approval, the approved budget is made publicly available.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2021 to 30/06/2022.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

**1.30 Related parties**

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

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

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

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality 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 annual financial statements.

**1.31 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

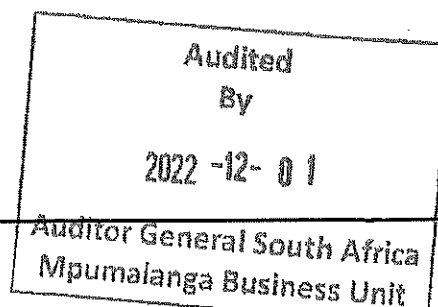
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies



#### 1.31 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.32 Transitional provisions

##### Transitional provision for Living and Non-living Resources

The municipality changed its relating accounting policy in 2022. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

Until such time as the measurement period expires and relating items are recognised and measured in accordance with the requirements of the associated Standard of GRAP, the municipality need not comply with the Standards of GRAP on:

- Living and Non-living Resources (GRAP 110)

The exemption from applying the measurement requirements of the associated Standard of GRAP implies that any associated presentation and disclosure requirements need not be complied with.

Refer to note 9 for additional disclosure in this regard.

##### Transitional provision for Segment Reporting

The municipality changed its relating accounting policy in 2022. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

Until such time as the measurement period expires and relating items are recognised and measured in accordance with the requirements of the associated Standard of GRAP, the municipality need not comply with the Standards of GRAP on:

- Segment Reporting (GRAP 18)

The exemption from applying the measurement requirements of the associated Standard of GRAP implies that any associated presentation and disclosure requirements need not be complied with.

Additional text

Additional text

Additional text

Refer to note 49 for additional disclosure in this regard.

#### 1.33 Value Added Tax

The municipality accounts for VAT on the the payment basis.

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2021 is as follows:

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	Audited By 2022-12-01  Auditor General South Africa Mpumalanga Business Unit	2022		2021	
		Cost / Valuation	Accumulated Carrying value depreciation and accumulated Impairment	Cost / Valuation	Accumulated Carrying value depreciation and accumulated Impairment
Investment property		140,522,453	-	128,012,046	-
Reconciliation of investment property - 2022					
Investment property		Opening balance 128,012,046	Fair value adjustments 12,510,407	Total 140,522,453	
Reconciliation of investment property - 2021					
Investment property		Opening balance 122,308,365	Fair value adjustments 5,703,681	Total 128,012,046	

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality, Thaba Chweu local municipality has fair valued its investment properties consisting of land and buildings held for rental and capital appreciation, using Comparable Sales method and Gross Replacement method to establish market values of each property as at 30 June 2022.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2022		2021	
	Cost/ Valuation	Accumulated depreciation and impairment	Cost/ Valuation	Accumulated depreciation and impairment
Land and buildings	94,290,232	(37,925,890)	56,364,342	(34,689,299)
Plant and machinery	4,450,405	(2,425,280)	2,025,125	(2,546,315)
Furniture and fixtures	8,132,726	(3,897,400)	4,235,326	(3,736,826)
Motor vehicles	28,143,983	(7,267,278)	20,876,705	(5,489,377)
IT equipment	9,204,024	(2,061,715)	7,142,309	(1,743,045)
Infrastructure	1,228,113,420	(414,991,743)	813,121,677	(362,209,077)
Community	173,145,580	(80,795,149)	92,350,411	(73,960,629)
Other PPE WIP	35,115,528	3,421,816	38,537,344	-
Landfill site	58,755,335	(47,604,961)	11,150,374	(39,358,614)
<b>Total</b>	<b>1,639,351,213</b>	<b>(593,547,600)</b>	<b>1,045,803,613</b>	<b>(523,733,182)</b>

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

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land and buildings	59,025,613	575,320	-	-	-	(3,236,591)	-	56,364,342
Plant and machinery	2,510,408	368,715	(627,613)	-	-	(226,354)	-	2,025,125
Furniture and Office Equipment	2,544,550	2,052,378	(53,178)	-	-	(308,424)	-	4,235,326
Transport Assets	20,595,338	305,025	-	1,754,242	-	(1,777,901)	-	20,876,705
IT equipment	5,041,042	3,484,883	(789,181)	-	-	(584,445)	-	7,142,309
Infrastructure	711,231,792	44,318,185	-	110,354,362	-	(41,667,126)	(11,115,535)	813,121,677
Community	87,112,310	354,002	-	11,718,619	-	(6,834,521)	-	92,350,411
Other property, plant and equipment WIP	82,815,457	79,532,120	-	(123,810,232)	-	-	-	38,537,344
Landfill site	30,358,357	-	-	-	(10,961,636)	(8,246,346)	-	11,150,374
<b>Total</b>	<b>1,001,234,867</b>	<b>130,990,638</b>	<b>(1,479,972)</b>	<b>16,991</b>	<b>(10,961,636)</b>	<b>(62,881,708)</b>	<b>(11,115,535)</b>	<b>1,045,803,613</b>

**Thaba Chweu Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

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**Reconciliation of property, plant and equipment - 2021**

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land	57,273,162	4,249,198	-	-	-	(2,496,747)	59,025,613
Plant and machinery	2,838,627	222,588	(335,595)	-	-	(215,212)	2,510,408
Furniture and Office Equipment	3,291,695	211,617	(676,351)	-	-	(282,410)	2,544,550
Motor vehicles	16,579,773	7,101,313	(1,852,771)	-	-	(1,232,977)	20,595,338
IT equipment	3,997,232	2,021,252	(531,557)	-	-	(445,884)	5,041,042
Infrastructure	710,874,186	3,930,998	-	36,469,208	-	(40,042,600)	711,231,792
Community	93,763,387	-	-	-	-	(6,651,077)	87,112,310
Other property, plant and equipment (WIP)	53,953,025	65,331,640	-	(36,469,208)	-	-	82,815,457
Landfill site	41,736,977	-	-	-	(2,474,257)	(6,904,363)	30,358,357
	<b>984,308,084</b>	<b>83,068,606</b>	<b>(3,396,274)</b>	<b>-</b>	<b>(2,474,257)</b>	<b>(60,271,270)</b>	<b>1,001,234,867</b>

**Depreciation rates**

**Depreciation method**

**Average useful life**

Land	Straight-line	Indefinite
Buildings	Straight-line	5 - 50 years
Landfill sites	Straight-line	4 - 19 years
Plant and machinery	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 15 years
Motor vehicles	Straight-line	4 - 20 years
Office equipment	Straight-line	5 - 15 years
Computer software	Straight-line	1 - 15 years
Infrastructure	Straight-line	3 - 100 years
Community	Straight-line	5 - 50 years

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**Thaba Chweu Local Municipality**  
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**Reconciliation of Work-in-Progress - 2021**

	Included within Infrastructure	Included within Community	Total
Opening balance	38,010,475	14,387,029	52,397,504
Additions/capital expenditure	66,816,427	11,346,660	78,163,087
Transferred to completed items	(64,208,932)	(13,100,229)	(77,309,161)
	<b>40,617,970</b>	<b>12,633,460</b>	<b>53,251,430</b>

**Expenditure incurred to repair and maintain property, plant and equipment**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Contracted services	17,481,787	18,531,908
Material and supplies	6,339,490	5,052,144
	<b>23,821,277</b>	<b>23,584,052</b>

**Heritage assets**

[Where the entity holds heritage assets, but has not accounted for such assets using GRAP 17 or using an accounting policy based on GRAP 103, consider whether disclosure, including a description of the nature and extent, of these assets is useful to the users of the annual financial statements.]

**Impairment of infrastructure**

Lydenburg Waste Water Treatment Plant (Lydenburg WWTP) to the value of R11 115 535, which was subjected to vandalism and theft during the month of May 2021 was subsequently impaired post investigation reports by insurance and consultants. Budget provision amounting to R52 000 000 has been provided for to reconstruct the sewer plant.

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# **Thaba Chweu Local Municipality** Annual Financial Statements for the year ended 30 June 2022

## **Notes to the Annual Financial Statements**

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**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

Thaba Chweu municipality has lost control of certain vacant land parcels registered in the name of the municipality. Although the municipality currently hold title deeds, permanent structures were erected on the vacant lands.

Figures in Rand	2022	2021
<b>The properties affected are as follows:</b>		
Agricultural Farms	7	7
Business Informal	33	33
Creches	5	5
Informal housing	2	2
Occupied	983	983
Unregistered Township	937	937
Schools	10	10
Churches	12	12
	<b>1,989</b>	<b>1,989</b>

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**5. Intangible assets**

	2022		2021	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software, other	9,713,052	(4,981,383)	4,731,669	(3,083,572)
				3,316,991

**Reconciliation of Intangible assets - 2022**

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,316,991	3,312,488	(1,897,810)	4,731,669

**Reconciliation of intangible assets - 2021**

	Opening balance	Additions	Amortisation	Total
Computer software, other	662,677	3,590,709	(936,395)	3,316,991

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**6. Heritage assets**

	2022		2021	
	Cost / Valuation	Accumulated Carrying value Impairment losses	Cost / Valuation	Accumulated Carrying value Impairment losses
Art Collections, antiquities and exhibits	360,338	-	360,338	-
<b>Reconciliation of heritage assets - 2022</b>				
Art Collections, antiquities and exhibits			360,338	360,338
<b>Reconciliation of heritage assets - 2021</b>				
Art Collections, antiquities and exhibits			Opening balance 360,338	Total 360,338

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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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### 7. Employee benefit obligations

#### Defined benefit plan

##### Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The present value of the defined benefit obligation, and the related current and past service cost, were measured using the Projected Unit Credit Method. The projected liability is based on actuarial assumptions about the future. The liability for inservice members is accrued over their expected working lifetimes. At the valuation date of 30 June 2022, membership of health care arrangements entitled to a post-employment medical aid subsidy was 259 in-service members (employees) and 19 continuation members (retirees and widows).

##### Post retirement gratuity plan

The municipality has an obligation in respect of the entitlement of employees to long service awards (LSA). The LSA is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. There are 432 employees that are currently entitled to Long Service Awards. The average age of employees eligible for long service bonus awards as at 30 June 2021 is 44.10 years and the average past service years as at 30 June 2020 is 43.6 years. The Municipality offers employees bonuses for every 5 years of completed service from 5 to 45 years. In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in the future based on service accrued to the valuation date and awards projected to the retirement date.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(12,469,000)	(11,126,000)
Present value of the defined benefit obligation-partly or wholly funded	(39,358,635)	(37,679,635)
	<b>(51,827,635)</b>	<b>(48,805,635)</b>
Non-current liabilities	(49,716,428)	(46,959,428)
Current liabilities	(2,111,207)	(1,846,207)
	<b>(51,827,635)</b>	<b>(48,805,635)</b>

The fair value of plan assets includes:

Changes in the present value of the defined benefit obligation is as follows:

Opening balance	(66,905,482)	(49,396,482)
Current service cost	(2,785,000)	(2,405,000)
Current interest cost	(4,758,000)	(4,097,000)
Medical contribution subsidies for continuation pensioners	1,994,000	2,297,000
Actuarial gain/(loss) for the year	2,527,000	(3,401,000)
Net expense recognised in the statement of financial performance	(5,016,000)	(9,903,000)
	<b>(74,943,482)</b>	<b>(66,905,482)</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost - defined benefit plan	(1,682,000)	(1,390,000)
Current service cost - long service awards	(1,103,000)	(1,015,000)
Interest cost - defined benefit plan	(3,769,000)	(3,248,000)
Interest cost - long service awards	(989,000)	(849,000)
Actuarial (gains) losses - defined benefit plan	2,538,000	(2,759,000)
Actuarial (gains) losses - long service awards	(11,000)	(642,000)
	<b>(5,016,000)</b>	<b>(9,903,000)</b>

### Calculation of actuarial gains and losses

Actuarial (gains) losses - defined benefit plan	2,538,000	(2,759,000)
Actuarial (gains) losses - long service awards	(11,000)	(642,000)
	<b>2,527,000</b>	<b>(3,401,000)</b>

### Changes in the present value of the long service award obligation are as follows:

Opening balance	(11,126,000)	(9,752,000)
Current service cost	(1,103,000)	(1,015,000)
Current interest cost	(989,000)	(849,000)
Actuarial gains for the financial year	(11,000)	(642,000)
Benefits paid	-	1,132,000
	<b>(13,229,000)</b>	<b>(11,126,000)</b>

The municipality expects to contribute 1,154,000 to its defined benefit plans in the following financial year.

### Key assumptions used

#### Assumptions used at the reporting date:

Discount rate [D] - Defined Benefit Plan	11.84 %	10.15 %
Discount rate [D] - Long Service Awards	10.98 %	9.20 %
General salary inflation rate - Long term	7.33 %	5.78 %
Health care cost inflation [H]	8.45 %	6.85 %
Defined benefit plan - Net discount rate - $[(1+D)/(1+H)-1]$	3.13 %	3.09 %
Long service awards - Net discount rate	3.40 %	3.23 %

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2022	2021	2020	2019	2018
Defined benefit obligation	38,411,000	37,732,000	28,769,654	26,667,716	27,983,799
Long term service award obligation	12,469,000	11,126,000	9,752,000	8,448,000	10,122,000

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# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

### 8. Overpayment to contractors

Heading	Column heading	Column heading	2022	2021
Overpayments to contractors			678,842	678,842

### 9. Inventories

Consumable stores	5,372,821	7,112,985
Water for distribution	138,764	98,847
Unsold Properties Held for Resale	130,554,078	129,541,198
	<b>136,065,663</b>	<b>136,753,010</b>

### 10. Statutory receivables

Fines	5,340,574	1,762,035
VAT	100,045,205	69,999,299
Consumer debtors - Rates	17,088,898	15,108,695
	<b>122,474,677</b>	<b>86,870,029</b>

### Gross balances

Fines	5,340,574	1,762,035
Consumer debtors - Rates	196,079,247	181,410,462
VAT	100,045,205	69,999,299
	<b>301,465,026</b>	<b>253,171,796</b>

### Less: Allowance for impairment

Consumer debtors - Rates	(178,990,349)	(166,301,767)
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### Net balance

Fines	5,340,574	1,762,035
Consumer debtors - Rates	17,088,898	15,108,695
VAT	100,045,205	69,999,299
	<b>122,474,677</b>	<b>86,870,029</b>

### Statutory receivables pledged as security

None of the other receivables from non-exchange transactions were pledged as security for overdraft facilities.

### Credit quality of statutory receivables

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

None of the financial assets that are fully performing have been renegotiated in the last year.



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Statutory receivables impaired</b>		
As of 30 June 2022, other receivables from non-exchange transactions of 196,079,247 (2021: (181 410 462) ) were impaired and provided for.		
The amount of the provision was 178,990,349 as of 30 June 2022 (2021: 166,301,767).		
The ageing of these receivables is as follows:		
<b>11. Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	99,209,617	94,020,549
Water	163,330,973	140,311,276
Sewerage	57,267,540	47,474,135
Refuse	61,068,978	49,762,043
Housing rental	14,220,333	11,547,008
Other (Sundry services)	8,639,406	7,816,763
	<b>403,738,847</b>	<b>360,931,774</b>
<b>Less: Allowance for impairment</b>		
Electricity	(89,149,216)	(77,907,543)
Water	(158,068,979)	(128,661,426)
Sewerage	(55,753,031)	(44,405,191)
Refuse	(59,365,541)	(46,071,860)
Housing rental	(14,145,758)	(11,036,526)
Other (Sundry services)	(8,296,243)	(7,563,430)
	<b>(384,778,768)</b>	<b>(316,645,976)</b>
<b>Net balance</b>		
Electricity	10,060,401	16,113,006
Water	5,261,994	10,649,850
Sewerage	1,514,509	3,068,944
Refuse	1,703,437	3,690,183
Housing rental	74,575	510,482
Other (Sundry services)	343,163	253,333
	<b>18,958,079</b>	<b>34,285,798</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	10,060,401	16,113,006
Water	5,261,994	10,649,850
Sewerage	1,514,509	3,068,944
Refuse	1,703,437	3,690,183
Housing rental	74,575	510,482
Other (Sundry services)	343,163	253,333
	<b>18,958,079</b>	<b>34,285,798</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	17,088,898	15,108,896
<b>Net balance</b>	<b>36,046,977</b>	<b>49,394,494</b>

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Rates</b>		
Current (0 -30 days)	7,732,512	7,886,025
31 - 60 days	4,095,194	4,627,151
61 - 90 days	3,690,756	6,231,879
91 - 120 days	3,641,819	3,464,431
> 121 days	176,919,166	159,951,053
Less Impairment	(178,990,349)	(166,301,767)
	<b>17,088,898</b>	<b>15,858,772</b>
<b>Electricity</b>		
Current (0 -30 days)	8,759,232	9,367,002
31 - 60 days	3,338,547	3,587,400
61 - 90 days	2,785,138	3,152,148
91 - 120 days	2,523,708	2,502,368
> 121 days	81,802,994	75,411,632
Less Impairment	(89,149,216)	(77,968,287)
	<b>10,060,401</b>	<b>16,052,263</b>
<b>Water</b>		
Current (0 -30 days)	5,215,846	5,659,984
31 - 60 days	3,958,881	3,532,312
61 - 90 days	3,129,807	2,831,514
91 - 120 days	3,204,882	2,776,580
> 121 days	147,821,873	127,511,711
Less Impairment	(158,068,979)	(129,661,426)
	<b>5,262,110</b>	<b>12,650,655</b>
<b>Sewerage</b>		
Current (0 -30 days)	1,842,913	1,654,754
31 - 60 days	1,279,131	1,152,994
61 - 90 days	1,206,971	1,087,104
91 - 120 days	1,174,654	1,051,979
> 121 days	51,763,753	42,527,304
Less Impairment	(55,753,031)	(44,405,191)
	<b>1,514,391</b>	<b>3,068,944</b>
<b>Refuse</b>		
Current (0 -30 days)	2,199,523	1,992,261
31 - 60 days	1,483,506	1,337,746
61 - 90 days	1,401,233	1,260,623
91 - 120 days	1,358,545	1,208,427
> 121 days	54,626,171	43,962,986
Less Impairment	(59,365,541)	(46,071,860)
	<b>1,703,437</b>	<b>3,690,183</b>
<b>Housing rental</b>		
Current (0 -30 days)	266,796	273,683
31 - 60 days	252,163	262,549
61 - 90 days	248,567	260,869
91 - 120 days	243,817	255,134
> 121 days	13,208,990	10,494,793
Less Impairment	(14,145,758)	(11,036,526)
	<b>74,575</b>	<b>510,482</b>

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## Thaba Chweu Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Other (sundries)</b>		
Current (0 -30 days)	549,470	94,885
31 - 60 days	114,577	38,587
61 - 90 days	47,299	36,798
91 - 120 days	63,942	35,779
> 121 days	7,873,848	7,610,714
Less Impairment	(8,296,243)	(7,563,430)
	<b>352,893</b>	<b>253,333</b>

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# Thaba Chweu Local Municipality

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Figures in Rand	2022	2021
<b>Summary of debtors by customer classification</b>		
<b>Households and residential</b>		
Current (0 -30 days)	15,698,836	12,838,653
31 - 60 days	10,798,714	7,578,430
61 - 90 days	9,474,792	7,097,734
91 - 120 days	9,294,489	6,714,739
>121 days	418,786,134	240,651,120
	464,050,965	274,880,676
Less: Allowance for impairment	(436,155,950)	(253,603,736)
	<b>27,895,015</b>	<b>21,276,940</b>
<b>Business and commercial</b>		
Current (0 -30 days)	7,073,345	12,865,724
31 - 60 days	1,611,885	6,226,384
61 - 90 days	1,150,715	7,432,151
91 - 120 days	1,165,071	4,323,500
>121 days	33,405,171	216,811,948
	44,408,187	247,659,707
Less: Allowance for impairment	(41,736,844)	(227,262,649)
	<b>2,669,343</b>	<b>20,397,058</b>
<b>Government institutions</b>		
Current (0 -30 days)	3,793,911	1,224,178
31 - 60 days	2,113,401	733,925
61 - 90 days	1,884,265	331,051
91 - 120 days	1,751,605	256,458
>121 days	81,825,490	7,117,634
	91,368,672	9,663,246
Less: Allowance for impairment	(85,876,322)	(2,081,364)
	<b>5,492,350</b>	<b>7,581,882</b>
<b>Total</b>		
Current (0 -30 days)	26,566,093	26,928,555
31 - 60 days	14,522,000	14,538,739
61 - 90 days	12,509,773	14,860,935
91 - 120 days	12,211,166	11,294,698
>121 days	534,016,796	464,571,619
	599,825,828	532,194,546
Less: Allowance for impairment	(563,769,116)	(482,947,749)
	<b>36,056,712</b>	<b>49,246,797</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(24,969,152)	(24,436,712)
31 - 60 days	(13,649,054)	(13,193,392)
61 - 90 days	(11,757,785)	(13,485,774)
91 - 120 days	(11,477,129)	(10,249,539)
>121 days	(501,915,996)	(421,582,332)
	<b>(563,769,116)</b>	<b>(482,947,749)</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(482,947,743)	(241,389,069)
(Contributions)/reduction to allowance	(80,821,373)	(241,558,674)
	<b>(563,769,116)</b>	<b>(482,947,743)</b>

# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 32). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The municipality does not hold any collateral as security.

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

	Audited By	2022	2021
Bank balances		1,288,747	749,893
Short-term deposits	2022 -12- 01	179,760	1,685,174
		<b>1,478,507</b>	<b>2,435,067</b>

Credit quality of cash at bank and short term deposits, excluding cash on hand  
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The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Absa Lydenburg - Primary (10-1000-0218)	-	10,226	1,864,045	-	10,226	1,864,045
Absa Thaba Chweu Projects - Call (40-8177-4894)	-	-	2,898	-	-	2,898
Absa Sabie - Primary (40-5826-4705)	-	-	567,251	-	-	567,251
Standard Bank-Ringfence Electricity - Call (488-610-621-004)	5,518	5,518	8,873	5,518	5,518	8,873
Standard Bank - Primary Account (24-320-336-5)	1,299,563	739,896	837,274	1,423,707	739,896	837,274
Standard Bank - Traffic - Call (250-970-627-000)	28	267	4,267	28	267	4,267
Standard bank Call - Post Office - Guarantee (488-610-621-001)	129,009	115,345	111,706	128,708	115,345	111,706
Standard Bank MIG - Call (488-610-621-002)	29,316	1,553,895	261,627	29,431	1,553,895	261,627
Standard Bank MWIG - Call (488-610-621-003)	13,442	8,407	73,251	13,436	8,407	73,251
Standard Bank - Call (7 488610621 - 007)	1,633	1,633	2,305,579	1,633	1,633	2,305,579
<b>Total</b>	<b>1,478,509</b>	<b>2,435,187</b>	<b>6,036,771</b>	<b>1,602,461</b>	<b>2,435,187</b>	<b>6,036,771</b>

### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise of:

#### Unspent conditional grants and receipts

Integrated National Electrification Programme Grant	-	77,440
Municipal Infrastructure Grant	431	2,249,572
Water Services Infrastructure Grant	96,528	446
	<b>96,958</b>	<b>2,327,457</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

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2022

2021

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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# Thaba Chweu Local Municipality

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### 14. Provisions

#### Reconciliation of provisions - 2022

	Opening Balance	Change in cost	Change in discount factor	Total
Environmental rehabilitation	65,334,148	(10,961,636)	5,221,104	59,593,616

#### Reconciliation of provisions - 2021

	Opening Balance	Change in cost	Change in discount factor	Total
Environmental rehabilitation	63,420,410	(2,474,257)	4,387,995	65,334,148

#### Environmental rehabilitation provision

The municipality has an obligation to rehabilitate its landfill site in terms of its license stipulations. The net present value of the rehabilitation cost of landfill sites has been determined as at 30 June 2022 by technical specialists. The environmental rehabilitation provision relates to three landfill sites namely Lydenburg, Graskop and Sabie. The number of years till closure for these respective landfill sites have been listed below. The prior year amount for environmental rehabilitation provision has been restated due to the recalculation of the of the provision for rehabilitation. Refer to note for detail of the restatement.

Number of years till closure of landfill sites	2022	2021
Lydenburg	6	7
Graskop	4	5
Sabie	2	3

#### Financial assumptions used

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.6085%. GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used. The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used. The table below summarises the key financial assumptions used:

Indicator	Audited By	Lydenburg	Graskop	Sabie
CPI		6.6085 %	6.6085 %	6.6085 %
Discount rate		10.6085 %	9.6085 %	9.3585 %
Net effective discount rate		4.0000 %	3.0000 %	2.7500 %
	2022 12 01	- %	- %	- %
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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>15. Payables from exchange transactions</b>		
Trade payables	1,242,264,563	997,351,549
Payments received in advanced - Trade Receivables	21,294,679	25,454,139
Accrued leave pay	21,295,369	20,793,378
Accrued bonus	5,593,045	5,432,402
Deposits received	5,863,262	-
Retentions	10,872,935	10,090,427
Other Payables	8,746,937	8,084,834
Unallocated deposits	6,809,587	10,577,488
	<b>1,322,540,377</b>	<b>1,077,784,217</b>
<b>16. Consumer deposits</b>		
Electricity	2,542,250	2,225,791
Water	2,816,157	2,402,229
	<b>5,358,407</b>	<b>4,628,020</b>
<b>17. Service charges</b>		
Sale of electricity	190,058,414	185,042,578
Sale of water	53,844,257	47,875,539
Sewerage and sanitation charges	18,668,764	17,119,047
Refuse removal	22,368,147	20,746,444
	<b>284,939,582</b>	<b>270,783,608</b>
<b>18. Rental of facilities and equipment</b>		
Premises	2,933,506	2,962,658
Premises	2,933,506	2,962,658
Premises		
Garages and parking		
Facilities and equipment	2,933,506	2,962,658
<b>19. Fines, Penalties and Forfeits</b>		
Building Fines	12,245	-
Illegal Connections Fines		3,283,146
Law Enforcement Fines	3,703,012	6,324,093
Overdue Books Fines	166	1,063
	<b>3,715,423</b>	<b>9,608,302</b>
<b>20. Licences and permits (non-exchange)</b>		
Trading	128,700	178,764
<b>21. Lease rentals on operating lease</b>		
Equipment		
Contractual amounts	2,629,289	2,629,289



## Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>22. Operational revenue</b>		
Building plan fees	1,471,650	1,305,040
Unallocated deposits released to income	840,374	2,303,061
Unallocated deposits released to income	137,392	
Reconnections	231,458	1,172,576
Clearance certificates	257,949	20,302
Advertisement boards	116,172	67,901
Grave fees	91,115	111,870
Rezoning and consent use applications	17,177	38,513
Information supplied	345,102	345,419
Tender documents	556,889	430,088
Sundry income	1,102,498	1,477,959
	<b>5,167,776</b>	<b>7,272,729</b>
<b>23. Interest revenue</b>		
Interest revenue	323,460	432,539
Bank	16,068,196	13,290,736
Interest charged on trade and other receivables	<b>16,391,656</b>	<b>13,723,275</b>
Other interest	16,391,656	13,723,275
Interest from receivables and banks	<b>16,391,656</b>	<b>13,723,275</b>

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Figures in Rand	2022	2021
<b>24. Property rates</b>		
<b>Rates received</b>		
Residential	47,184,515	44,446,205
Commercial	22,834,591	28,618,039
Public Service Purposes	7,684,135	899,154
Agricultural	11,654,163	10,423,262
Public Benefit Organisations	89,838	189,923
Industrial	3,530,486	3,190,457
Undeveloped land	8,393,681	8,662,178
	101,371,409	96,429,218
Property rates - penalties imposed	9,673,872	9,202,651
	<b>111,045,281</b>	<b>105,631,869</b>

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### Valuations

Residential	6,926,738,500	6,623,439,100
Commercial	1,604,086,700	1,689,358,800
Agricultural	6,919,285,500	6,601,045,500
Public Service Purposes	752,574,050	720,257,640
Undeveloped	632,737,200	411,215,600
Industrial property	249,741,400	239,053,500
Public Benefit Organisation	226,605,400	208,720,700
	<b>17,311,768,750</b>	<b>16,493,090,840</b>

Every five years the municipality compiles a valuation roll based on the value of land and buildings. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions..

A general rate of R 0.01405 (2021: R.01325) is applied to property valuations to determine assessment rates. Rebates of 50% (2021: 50%) are granted to residential property owners. Farm properties used for agricultural purposes (AGR) as well as Public Benefit Organisations (PBO) receive rebates of 75% (Ratio 1:0.25). Public Service Infrastructure organisations (PSI) receive rebates of 100% whilst indigents receive property tax rebates of 100%.

Rates are levied on a monthly basis with the final date for payment being 30 June 2022 (30 June 2021). Interest at prime plus 1% per annum (2021: 1%).

The new general valuation will be implemented on 01 July 2024..s

### 25. Grants and subsidies paid

<b>Grants paid to Thaleda (Pty) Ltd</b>		
Municipal Entity	500,000	500,000
Grants paid to Municipal Entity	500,000	500,000
Other subsidies	-	-

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 26. Government grants & subsidies

<b>Operating grants</b>		
Equitable share	165,565,000	181,355,000
National EPWP grant	1,836,000	1,707,001
Financial Management Grant	3,000,000	3,000,000
Capacity Building	4,635,000	-
	<b>175,036,000</b>	<b>186,062,001</b>

<b>Capital grants</b>		
Municipal Infrastructure Grants	49,981,581	49,248,428
Municipal Water Infrastructure Grant	34,903,918	18,085,464
Integrated National Electrification Program Grant	-	1,922,560
	<b>84,885,499</b>	<b>69,256,452</b>

Operating grants	175,036,000	186,062,001
Capital grants	84,885,499	69,256,452
	<b>259,921,499</b>	<b>255,318,453</b>

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	93,431,687	74,136,430
Unconditional grants received	165,565,000	181,355,000
	<b>258,996,687</b>	<b>255,491,430</b>

### 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 100% subsidy on rates, refuse and sanitation. Indigents receive up to 10KL of free water every month as well as 50KWH free electricity. Indigents can also purchase the first 350KWH monthly electricity at a subsidised rate.

### Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	77,440	-
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	-	(1,922,560)
Surrendered	(77,440)	-
	-	<b>77,440</b>

Conditions still to be met - remain liabilities (see note 13).

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

### Municipal Infrastructural Grant (MIG)

Balance unspent at beginning of year	2,249,572	-
Current-year receipts	49,982,000	51,498,000
Conditions met - transferred to revenue	(49,981,581)	(49,248,428)
Surrendered	(2,249,572)	-
	<b>419</b>	<b>2,249,572</b>

Conditions still to be met - remain liabilities (see note 13).

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions, in order to provide for new, rehabilitation and upgrading of municipal infrastructure.

#### Financial Management Grant (FMG)

Current-year receipts	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(3,000,000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

This grant is used to assist in support and implementation of financial management reforms, attendance at accredited training and capacity building programmes on financial management.

#### Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	446	3,085,910
Current-year receipts	35,000,000	15,000,000
Conditions met - transferred to revenue	(34,904,364)	(18,085,464)
	96,082	446

Conditions still to be met - remain liabilities (see note 13).

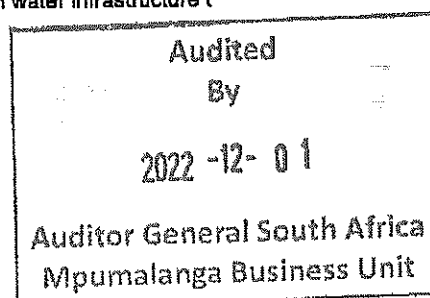
The grant has been provided by department of Water Affairs to try to get water to areas where it was recognised that full services would not become available.

#### Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	(1)	-
Current-year receipts	1,836,000	1,707,000
Conditions met - transferred to revenue	(1,835,999)	(1,707,001)
	-	(1)

Conditions still to be met - remain liabilities (see note 13).

The grant relates to the labour component within water infrastructure t



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Employee related costs</b>		
Basic	124,565,081	120,634,408
Bonus	10,228,499	9,721,150
Medical aid - company contributions	9,413,159	9,107,429
UIF	885,400	805,095
Other payroll levies	53,518	52,810
Leave pay provision charge	1,051,488	2,903,718
Short term benefit 1		1,210,500
Defined contribution plans	24,762,262	24,167,937
Overtime payments	11,857,414	11,264,521
Long-service awards	1,180,232	4,827,253
Acting allowances	2,398,696	2,273,241
Car allowance	18,103,072	18,021,348
Housing benefits and allowances	626,930	1,100,380
Group Life Insurance	599,190	565,883
Post Employment Medical Aid	1,679,000	4,882,818
Shift allowance	1,666,496	1,532,325
Cellphone allowance	2,850,000	2,716,800
Standby allowance	4,386,112	4,288,860
Long-term benefits - incentive scheme	1,118,359	3,401,000
	<b>217,424,908</b>	<b>223,477,474</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	1,151,966	1,152,223
Car Allowance	384,700	384,700
Contributions to UIF, Medical and Pension Funds	2,164	1,785
Cellphone allowance	14,400	14,400
Remote allowances	61,552	61,551
	<b>1,614,782</b>	<b>1,614,659</b>
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	941,315	941,716
Car Allowance	314,474	317,164
Contributions to UIF, Medical and Pension Funds	2,164	1,903
Cellphone allowance	14,400	14,400
Remote allowance	50,316	50,315
	<b>1,322,669</b>	<b>1,325,498</b>
<b>Remuneration of director - Corporate Services</b>		
Annual Remuneration	941,287	318,640
Acting allowance	-	185,860
Cellphone allowance	14,400	-
Car Allowance	314,474	104,825
Contributions to UIF, Medical and Pension Funds	2,164	634
Remote allowance	50,316	16,771
	<b>1,322,641</b>	<b>626,730</b>
<b>Remuneration of director - Technical Services</b>		
Annual Remuneration	941,286	941,524
Car Allowance	314,474	314,474
Contributions to UIF, Medical and Pension Funds	2,164	1,903
Cellphone allowances	14,400	14,400

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Figures in Rand	2022	2021
Remote allowance	50,316	50,315
	<b>1,322,640</b>	<b>1,322,616</b>

**Remuneration of director - Community Services**

Acting allowances	186,966	363,997
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**Remuneration of director - Local Economic Development**

Annual Remuneration		708,144
Acting allowance	313,572	89,101
Contributions to UIF, Medical and Pension Funds	-	1,428
Remote allowances	-	37,736
Car allowance	-	238,491
Cellphone allowance	-	10,800
	<b>313,572</b>	<b>1,081,700</b>
<b>Employee related costs :</b>		
Rest of employees	2022	2021
Senior management	217,424,908	223,477,474
	6,083,270	6,335,200
	<b>223,508,178</b>	<b>229,812,674</b>

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**28. Remuneration of councillors**

Executive Mayor	801,229	569,829
Executive Mayor - Allowances and Service Related Benefits	96,392	-
Executive Mayor - Social Contributions	-	-
Mayoral Committee Members	1,953,832	-
Mayoral Committee Members - Allowances and Service Related Benefits	224,518	-
Mayoral Committee Members - Social contributions	-	-
Speaker	649,117	441,174
Speaker - Allowances and Service Related Benefits	80,567	17,280
Speaker - Social contributions	-	-
Chief Whip	600,021	412,684
Chief Whip - Allowances and Service Related Benefits	87,680	17,280
Chief Whip - Social contributions	-	-
Section 79 committee chairperson	463,510	231,423
Section 79 committee chairperson - Allowances and Service Related Benefits	50,696	-
Section 79 committee chairperson - Social contributions	-	-
All Other Councillors	5,577,971	8,707,466
Councillors - Allowances and Service Related Benefits	596,439	1,154,792
Councillors' social contribution	-	-
	<b>11,181,972</b>	<b>11,551,928</b>

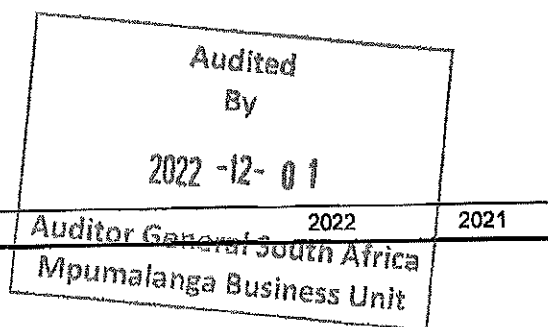
**29. Depreciation and amortisation**

Property, plant and equipment	62,881,714	60,271,270
Intangible assets	1,897,810	936,395
	<b>64,779,524</b>	<b>61,207,665</b>

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**30. Impairment loss**

<b>Impairments</b>	2022	2021
Property, plant and equipment	11,115,535	-
	11,115,535	-

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

**31. Finance costs**

Trade and other payables	41,084,374	26,223,256
Fair value adjustments: Notional interest	5,221,104	4,387,995
Service concession arrangements	989,000	849,000
	<b>47,294,478</b>	<b>31,460,251</b>

**32. Debt impairment**

Provision for traffic fines (reversal of provision)	(1,366,112)	3,939,894
Contributions to debt impairment provision	80,821,373	241,558,676
Bad debts written off	18,993,656	6,909,657
	<b>98,448,917</b>	<b>252,408,227</b>

**33. Bulk purchases**

Electricity - Eskom	165,100,991	138,838,741
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**Electricity losses**

Units purchased (KVA)	(154,130,904)	(152,575,945)
Units sold (KVA)	85,723,312	98,827,285
<b>Total loss</b>	<b>(68,407,592)</b>	<b>(53,748,660)</b>

**Percentage Loss:**

Electricity (Losses expressed as a %)	44 %	35 %
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# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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<b>Water losses</b>		
Units purchased (Kilolitres)	(8,441,900)	(8,789,374)
Units sold (Kilolitres)	3,325,216	3,189,842
<b>Total</b>	<b>(5,116,684)</b>	<b>(5,599,532)</b>
<b>Percentage Loss:</b>		
Water (Losses expressed as a %)	61 %	64 %
<b>34. Contracted services</b>		
<b>Outsourced Services</b>		
Burial Services	40,861	6,957
Business and Advisory	3,692,304	1,005,988
Catering Services	-	16,503
Call Centre	672,197	424,747
Clearing and Grass Cutting Services	817,875	394,300
Refuse Removal	5,811,740	5,890,188
Researcher	26,023	-
Security Services	15,789,711	10,408,560
<b>Consultants and Professional Services</b>		
Business and Advisory	20,051,184	11,936,927
Infrastructure and Planning	516,053	1,904,509
Legal Cost	15,443,447	16,497,860
<b>Contractors</b>		
Bore Waterhole Drilling	201,796	905,841
Catering Services	39,269	140,954
Electrical	33,378,093	11,847,987
Employee Wellness	179,152	12,087
Event Promoters	427,068	314,869
Maintenance of Buildings and Facilities	801,014	1,635,271
Maintenance of Equipment	18,870	57,780
Maintenance of roads	17,937,404	18,531,908
Traffic and Street Lights	1,082,449	12,577,239
Sewerage Services	3,898,640	1,274,448
<b>Presented previously</b>		
Outsourced Services	26,850,711	18,147,243
Consultants and Professional Services	36,010,684	30,339,296
Contractors	57,963,755	47,298,384
	<b>120,825,150</b>	<b>95,784,923</b>

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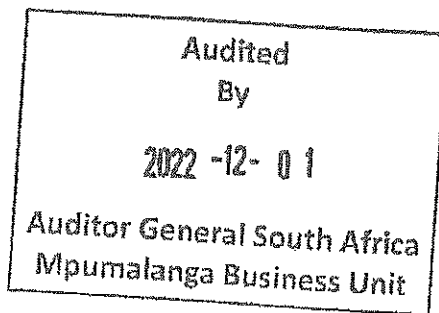


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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>35. Operating expenses</b>		
Auditors remuneration	6,637,430	7,666,615
Bank charges	664,251	679,882
Commission paid	6,536,261	12,267,524
Consumables	9,309,334	9,762,576
Fines and penalties	52,659	-
Hire	2,733,050	1,587,850
Insurance	7,514,389	6,860,157
Conferences and seminars	114,414	3,720,223
IT expenses	7,508,417	7,185,147
Remuneration to Ward Committees	1,171,000	1,550,000
Packaging	495,008	-
Skills Development Levies	1,770,351	1,779,697
SALGA fees	2,449,669	4,168,777
Motor vehicle expenses	317,145	373,995
Fuel and oil	3,670,213	1,991,019
Printing and stationery	176,018	323,050
Protective clothing	639,927	854,749
Workmen's Compensation Fund	1,356,467	1,215,134
Subscriptions and membership fees	-	107,025
Telephone and fax	-	77,315
Travel - local	1,147,886	423,592
Title deed search fees	1,846,928	-
Electricity	72,331,330	59,294,334
Training	3,488,340	3,496,807
Other expenses	791,313	4,554,526
	<b>132,721,800</b>	<b>129,939,994</b>
<b>36. Fair value adjustments</b>		
Investment property (Fair value model)	12,510,407	5,703,681
<b>37. Auditors' remuneration</b>		
Fees	6,637,430	7,666,615
<b>38. Operating deficit</b>		
Operating deficit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Equipment		
• Contractual amounts	2,629,289	2,629,289



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 39. Cash generated from operations

Deficit	(164,335,480)	(311,232,531)
Adjustments for:		
Depreciation and amortisation	64,779,524	61,207,665
Loss on disposal of assets	1,480,002	3,378,884
Dividends or similar distributions paid	-	-
Impairment deficit	11,115,535	-
Debt impairment	80,821,373	252,408,227
Movements in retirement benefit assets and liabilities	3,022,000	7,553,626
Finance cost provision landfill	(5,740,532)	34,532,953
Fair value adjustments	(12,510,407)	(25,076,271)
Changes in working capital:		
Inventories	1,700,228	23,173,766
Receivables from exchange transactions	-	4,287,566
Consumer debtors	(52,805,079)	(103,225,254)
Statutory receivables	(48,239,832)	(4,502,322)
Payables from exchange transactions	244,702,762	151,325,400
Unspent conditional grants and receipts	(2,230,499)	(758,453)
Consumer deposits	730,387	-
Other non-cash items	(868,982)	5,534,923
Movement in provision	-	(9,467,364)
Other liability	-	(13,744,251)
	<b>121,621,000</b>	<b>75,396,564</b>

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### 40. Commitments

#### Authorised capital expenditure

Already contracted for but not provided for	5,983,281	41,203,966
• Property, plant and equipment		

<b>Total capital commitments</b>	<b>5,983,281</b>	<b>41,203,966</b>
Already contracted for but not provided for		

#### Total commitments

<b>Total commitments</b>	<b>5,983,281</b>	<b>41,203,966</b>
Authorised capital expenditure		

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

#### Investment properties

#### Operating leases - as lessee (expense)

Minimum lease payments due	2,629,337	2,629,337
- within one year	2,629,337	5,258,674
- in second to fifth year inclusive	5,258,674	7,888,011

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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### 41. Contingencies

#### CLAIMANT

	2022	2021
Blom & others/ TCLM Applicant is claiming an amount suffered for building collapse based on submitted plans to TCLM.	5,076,609	5,076,609
Johannes Buti Nkosi/ TCLM Applicant is suing TCLM for a motor vehicle damaged during strike at his residence	200,000	200,000
Matabane Civils Construction/ TCLM On 29 May 2014 the Plaintiff instituted an action for breach of contract against the Municipality for non-payment of outstanding invoices.	3,543,064	3,543,064
Ntsumi Telecommunication/TCLM Applicant is claiming monies for professional service rendered	6,156,000	6,156,000
Jako de Klerk & Marietjie Malan/ TCLM & Surprise Maebela The plaintiff is suing the Municipality for damages amounting to R750 000 for five horses allegedly electrocuted as a result of the Municipality's negligence in not maintaining such electrical poles on the plaintiff's farm	1,500,000	1,500,000
Hendrik J Samuels/ TCLM Plaintiff sued for loss of support and damages for his deceased wife that passed at Big Swing (Graskop)	750,000	750,000
Department of labour/ TCLM Department of labour has fined the Municipality in terms of section 21(4B) in accordance with schedule 1 of Employment Equity Act 55 of 1998 for failing to submit an equity plan on time.	1,500,000	1,500,000
South African securitisation programme & Fintech receivables/ TCLM The Applicant is suing the municipality for services rendered in terms of the service level agreement.	229,562	229,562
MBB Consulting services/ TCLM The applicant sued the municipality for monies owed for services rendered on contractual basis.	14,140,981	14,140,981
Axel Kazadi Kayembe / TCLM Applicant is claiming for a collision of motor vehicle with a pot hole within TCLM	-	54,944
Selina Clementine sibiya/ TCLM Applicant is claiming for a collision of motor vehicle with a pot hole within TCLM	-	56,830
Raul Machado Salvator/ TCLM Applicant is claiming for a collision of motor vehicle with a pot hole within TCLM Jurisdiction	17,037	17,037
Mihandzu Consulting Engineers Municipality is being sued by applicant for services rendered in terms of SLA	445,341	445,341
Magoveni Business Trust (A service provider) has obtained a default judgement without serving the municipality with necessary court documents and attached the municipal bank account through sheriff of court.	9,100,000	9,100,000
Eben Blignaut Applicant is suing the municipality for damages suffered that were caused by a pothole on the road.	2,000,000	2,000,000
Zim electrical/ tclm Municipality is being sued by the applicant for service rendered in terms of SLA	435,401	435,401
Landsberg is suing the municipality for the death of their minor child who died of electric shock	3,000,000	3,000,000
Mmboniseni Kenny Mulaudzi (Former employee) is suing the municipality for an award granted in his favour during the dispute of corporate director post.	-	461,886
Mariana Van Rooyen T/A A1 Dry Cleaners is suing the municipality for damages or property caused by deteriorating of roads surface on large street where their business is situated. Alleges that the dust from main road caused damages to the dry clean machines	612,898	612,898
Jubalani Mthomothi & Phala Papana are suing the municipality for being arrested by SAPS on reported case of fraud committed within municipality as employees and having been charged internally with fraud, dishonesty and other charges by the employer.	2,400,000	-
RUVEN GOVENDER is suing Municipality for damages, the plaintiff collided with a pothole on the Sabie road which led to the overturning of the vehicle	2,080,000	-
LYBASOL BEHEREND (PTY)LTD is suing for moneys owed to the them by the TCLM for service rendered.	87,558	-
Graskop Pale CC is suing the Municipality for damages caused by fire, their plantation caught fire on the 20 July 2020	3,982,862	-
WILLEM FREDERICK VENTER is suing the municipality for having suffered damages caused by a hole that he fell on within the municipal street and construction that was not marked or cautioned to the road users.	800,000	-

58,057,313 49,280,363

## Thaba Chweu Local Municipality

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Litigation is in the process against the municipality relating to a dispute with a competitor who alleges that the municipality has infringed patents and is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims. The total cover extended by the current policy amounts to -.

The municipality has offered termination benefits to all of its employees to encourage early retirement. The municipality has finalised and agreed, with the trade unions, the terms and conditions of the plan. The plan has been implemented and will continue for the next nine months. Management are uncertain about the number of employees who will accept the offer. If all employees take the offer the potential financial effect would approximately be -.

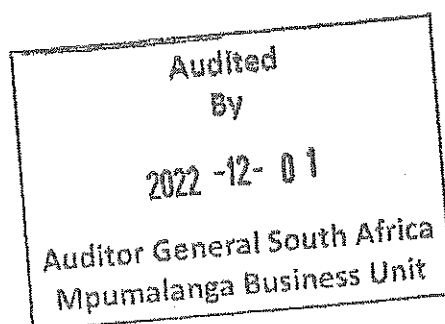
There is no reimbursement from any third parties for potential obligations of the municipality.

An associate is being sued for violation of copyrights. The municipality's share of the potential claim amounts to -. The associate's lawyers and management are of the opinion that the law suit will be successful but are unable to reliably determine the amount of penalties and damages payable.

The municipality is severally liable for the liabilities of its associate. The associate is profitable and is currently able to meet all of its present obligations.

Litigation is in the process against the competitor relating to a dispute whereby the competitor has infringed patents and the municipality is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.



# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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### 42. Related parties

#### Relationships

Accounting Officer

District Municipality

Relationship with CoGTA

Mpumalanga Provincial Treasury

Controlled entities

Members of key management

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Refer to accounting officer's report

Ehlazeni District Municipality assist with AFS preparation  
CoGTA appointed GIZ to assist the Municipality with Financial Recovery Plan  
PT offers advisory support to the Municipality to obtain an improved Audit outcome

Thaleda (Pty) Ltd

Ms. SS Matsi (Municipal Manager)  
Mr. MR Mnisi (Chief Financial Officer)  
Mr. SL Manqele (Director: Technical Services)  
Mr. MC Mashego (Acting Director: Local Economic Development)  
Mr. CB Nkuna (Acting Director: Community Services)  
Mr. PM Mankga (Director: Corporate Services)

### Related party balances

#### Amounts included in Trade receivable (Trade Payable) regarding related parties

ET Mabuza(MMC)	132,680	114,498
PA Segoane	9,162	13,638
JJ Mkhize	1,062	2,823
<b>Key Employees (Management)</b>		
Ms. SS Matsi	1,853	594
Mr. RM Mnisi	1,475	1,328
Mr. MC Mashego	52,257	41,998
Mr. CB Nkuna	1,956	(983)

Thaleda (Pty) Ltd enjoys the benefits of using facilities of Thaba Chweu Local Municipality as their operational office in the form of Sabie Caravan Park. The audit fees of Thaleda (Pty) Ltd is also paid by the parent being Thaba Chweu Local Municipality.

#### Subsidy paid to related parties

Thaleda (Proprietary) Limited 500,000 500,000

#### Service charges

Thaleda (Proprietary) Limited 55,688 418,152

#### Heading

#### Salaries

Salary Ms. MF Nkadineng   Members of immediate family Executive Mayor	897,621	463,092
Salary Ms. PT Nkadineng   Members of immediate family Executive Mayor	688,554	666,444
Ms. FJ Makwakwa   Management and/or employees of parent company	812,424	810,192
Ms. L Moukangwe   Management and/or employees of parent company	542,632	541,588
Ms. LV Shabangu Lubisi   Management and/or employees of parent company	755,997	718,538
Mrs. MC. Sechabe   Management and/or employees of parent company	302,721	287,076
Mrs. BD Molapo   Management and/or employees of parent company	313,954	298,632

### Key management information

#### Remuneration of management

#### Management class: Councillors

Refer to note 28 "Remuneration of councillors"

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 43. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Property Plant and Equipment		976,664,114	24,570,753	1,001,234,867
Accumulated surplus		(171,176,032)	(24,382,080)	(195,558,122)
Payables from exchange transactions		(1,077,595,554)	(188,663)	(1,077,784,217)
		(272,107,472)	-	(272,107,472)

#### Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Impairment of PPE		335,595	-	(335,595)	-
Loss on disposal of assets		3,043,289	-	335,595	3,378,884
Depreciation		55,014,143	6,193,522	-	61,207,665
Surplus for the year		58,393,027	6,193,522	-	64,586,549

#### Cash flow statement

##### Errors

No prior period errors occurred during the year under review.

##### Reclassifications

The above reclassifications adjustment occurred:

### 44. Unauthorised expenditure

Opening balance as previously reported	258,905,479	128,203,273
<b>Operational</b>		
Community services	-	6,702,837
Finance	-	86,975,609
Local Economic Development	103,620,124	1,029,193
Office of the MM	-	20,571,572
<b>Capital</b>		
Finance	9,108,819	13,173,423
Technical services	14,447,663	-
MIG Expenditure not in terms of the set conditions	-	2,249,572
<b>Closing balance</b>	<b>386,082,085</b>	<b>258,905,479</b>

The opening unauthorised expenditure of R258 905 479 is inclusive of recoverable balance of R5 815 768. The recoverable amount is informed by forensic investigation report concluded in June 2017 to which cases have been opened against implicated officials.

The remaining balance of unauthorised expenditure amounting to R253 289 711 has been referred by council to Disciplinary Board for further assessment and recommendations

## Thaba Chweu Local Municipality

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### Notes to the Annual Financial Statements

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<b>45. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	60,200,481	107,304,369
Add: Fruitless and wasteful expenditure identified - current	41,084,374	-
Less: Amount written off - prior period	-	(47,103,888)
<b>Closing balance</b>	<b>101,284,855</b>	<b>60,200,481</b>

Fruitless and wasteful expenditure is presented exclusive of VAT

The opening balance offruitless expenditure amounting to R60 200 481 has been referred by council to Disciplinary Board for further assessment and recommendation

#### 46. Irregular expenditure

Opening balance as previously reported	536,543,377	426,324,016
Add: Irregular expenditure - current	88,877,527	110,219,362
<b>Closing balance</b>	<b>625,420,904</b>	<b>536,543,377</b>

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**Incidents/cases identified/reported in the current year include those listed below:**

Contracts extended without following proper process	-	261,913
Irregular expenditure identified in the prior year and payment made in the current year	-	31,144,322
Deviations not compliant with SCM regulation 36(1)	-	627,341
Municipal rates over 90 days	93,534	295,311
Awards were made to suppliers who did not comply with the stipulated qualifying criteria stipulated	-	521,179
Tender documents not submitted for audit purposes	-	4,142,876
Inconsistency in bid evaluation and adjudication	-	3,558,100
No System for appointing from panels	-	55,400,612
Irregular expenditure identified by audit processes	88,783,993	11,918,708
	<b>88,877,527</b>	<b>107,870,362</b>

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**Cases under investigation**

The opening balance of irregular expenditure amounting to R536 543 377 has been referred by council to Disciplinary Board for further assessment and recommendation.

**Disciplinary steps taken/criminal proceedings**



# Thaba Chweu Local Municipality

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### 47. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Opening balance	4,251,317	2,971,033
Current year expense	6,637,430	8,872,204
Amount paid - current year	(4,010,861)	(6,730,089)
Amount paid - previous years	(4,251,317)	(861,831)
	<b>2,626,569</b>	<b>4,251,317</b>

#### PAYE and UIF

Opening balance	2,929,288	2,731,024
Current year expense	36,443,373	37,476,909
Amount paid - current year	(33,466,816)	(34,547,621)
Amount paid - previous years	(2,929,288)	(2,731,024)
	<b>2,976,757</b>	<b>2,929,288</b>

#### Pension and Medical Aid Deductions

Opening balance	3,723,539	4,176,413
Current year expense	53,464,263	52,591,233
Amount paid - current year	(48,987,104)	(48,867,694)
Amount paid - previous years	(4,367,816)	(4,176,413)
	<b>3,832,882</b>	<b>3,723,539</b>

#### VAT

VAT output payVAT input receivables are shown in note 10.

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
JOHANNES BUTI & ESTHER TINY MABUZA	8,141	117,838	125,979
SLAMBIE JACOB SEGOANE	2,416	11,222	13,638
JUBA JUDITH MKHIZE	1,636	1,187	2,823
	<b>12,193</b>	<b>130,247</b>	<b>142,440</b>

#### Levies

**Thaba Chweu Local Municipality**

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**48. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The disclosure below relates to the instances whereby the Accounting Officer complied with the requirements of regulation 36 of the Supply Chain Management Regulations of 2005 in dispensing the below procurements which were due to emergency and impracticality situations.

**Using a sole supplier**

Caseware Licence	218,452	-
Supply And Delivery Of Cables For Municipal Stores	136,800	-
Excess For A Claim For The Repair Of Hail Dents To Municipal Vehicle	5,000	-
Excess For A Claim For The Repair Of Hail Dents To Municipal Vehicle	15,000	-
Excess For A Claim For The Repair Of A Traffic Official Vehicle.	5,000	-
Excess For A Claim For The Repair Of A Traffic Official Vehicle.	5,000	-
Refurbishment Of Waste Treatment Plant In Sabie	298,487	-
Clarifying Dam, Replace Motor , Gearbox Stainless Steel-Frame Wheel And Followers	580,518	-
Plate Dewater & Refurbishment	5,000	-
Excess For A Claim For The Repair Of A Traffic Official Vehicle.	5,000	-
Excess For A Claim For The Repair Of A Traffic Official Vehicle.	5,000	-
Excess For A Claim For The Repair Of A Traffic Official Vehicle.	8,475	-
Supply Delivery And Installation Of A Mini-Sub Station 500Kva/11Kva/415V At Majubane Area	1,127,000	-
Supply Delivery And Installation Of A Pole Transformer 100 Kva/11Kv/415V In Sabie At Enkanini.	198,950	-
Government Gazetting	5,044	-
Hiring Of Tipper Truck For Waste Removal In Lydenburg	58,765	-
Installation And Commissioning Of Pump	320,504	-
Fixing Of A Pipe Water Leakage In The Line That Supply Hospital Area.	194,115	-
Supply Delivery And Installation And Secure Of A Mini-Sub Station 500Kva/11Kva/415V At Lydenburg Maasdoep Street.	1,361,801	-
Replacement Of T3 Switch Breakdown In Sabie	487,275	-
Construction Of A 1.8Km Mink Acsr Conductor 3 Phase Powerline At Public Works Area In Lydenburg	566,706	-
Repair Of Faulty Terminators, Cables And Overhead Line At Sabie Substation And Sabie Switching Station.	630,024	-
Replacement Of A 200Kva 11Kva/400V Transformer And Accessories At Skhila	188,031	-
Provision Of Accommodation For Municipal Officials/Councillors	199,980	-
Excess For A Claim For The Repair Of A Windscreen	501	-
Excess For A Claim For The Repair Of The Municipal Vehicle	3,500	-
Excess For A Claim For The Repair Of A Plumber's Vehicle.	847	-
Excess For A Claim For The Repair Of A Plumber's Vehicle.	824	-
Refurbishment Of A Borehole At Mamorapama, Tc/m,	176,190	-
Excess For A Claim For The Repair Of The Laptop Screen	2,500	-
Provision Of Professional Services For Assistance With The Balancing Of The Budget And Secondary Budget.	191,270	-
Provision Of Professional Services For Assistance With The Balancing Of The Budget And Secondary Budget	449,000	-
Supply And Delivery Of 250 Kva Generator Three Phase	360,000	-
Provision For Publication Of Adverts On National Newspaper- Sowetan	64,274	-
Implementation Of Section 56 Module record and issue traffic fines	132,770	-
Repairs And Maintenance On Traffic Lights In Lydenburg Corner Voortrekker And Eufes Street And Burger Street.	196,774	-
Supply Delivery Of Sabie 315 Kva/415 V after vandalism of substation supplying Shoprite complex	1,220,000	-

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Supply Delivery Of 800Kva/11000Kv/415 Mini Sub Station And Transportation To Lydenburg	1,548,000	-
Supply And Delivery Of 500Kva 11000/415V Mini Substation In Sabie	1,295,000	-
Supply And Delivery Of 500Kva 11000/415V Mini Substation In Sabie	1,295,000	-
Vetting And Screening Services For 13 Candidates For The Position Of The Director	35,880	-
Led And Community Services	-	-
Supply And Installation Of Check Meters	2,290,340	-
CONSOLIDATION OF 22KV MASHISHING SUBSTATION CHANGE OVER	3,991,420	-
UNDERGROUND MEDIUM VOLTAGE CABLE FAULT DETECTION AND LOCATION IN 4 AREA.	882,490	-
UNDERGROUND MEDIUM VOLTAGE CABLE FAULT DETECTION AND LOCATION IN 4 AREA.	267,807	-
EXCESS FOR A CLAIM FOR THE REPAIR OF THE LAPTOP SCREEN	2,500	-
Replacement of a Minisub 315 KVA 415 In Sabie	858,825	-
200KVA/11000KV/415 TRANSFORMER AND TRANSPORTATION	395,000	-
CALIBRATION OF PRO-LASER MACHINE -TRUVELO LIDAR	29,698	-
Conference venue for delegates to attend induction of committees.	149,999	-
REPAIRS OF HOUSE NO 22&24 AT BROWN STREET	25,128	-
FIXING OF A WALL AND PLISADE FENCING	29,016	-
National Treasury Returns & Budget Foramat Adapt IT	-	154,987
Hiring of a waste truck Africa Youth Consortium	-	51,052
Hiring of Compactor Truck in Lydenburg for 30days Africa Youth Consortium	-	238,709
Water tanker for Moremela for 16 days Batlosiye J Trading	-	85,000
Supply & delivery of water Batlosiye J Trading	-	70,000
Excess (HNB951MP) C&C Autobody	-	12,500
Emergency Services G4S Cash Services	-	12,272
Data Analyst Training UCT GETSMARTER	-	148,740
Procurement of Competency Assessment Gijima AST Holdings (PTY) LTD	-	46,749
Gazetting of the valuation roll Government Printing Works	-	1,261
Insurance Excess (Dell Vostro 5501 laptop) IT Sure Procurement	-	2,500
Insurance Excess (Lenovo V530 SFF 11 BM00JSA) IT Sure Procurement	-	2,500
Repairs of valve at Water treatment Plant KM Engineering and Construction	-	17,440
REPAIRS OF AERATOR AND ANAE-ROBIC MIXER AT GRASKOP WWTW KM Engineering and Construction	-	97,000
PUMP ASSEMBLY ETANORM 065-050-315/2P STANDARD HIGH SPEED CAST IRON PUMP WITH OIL LUBRICATED BEARING BRACKET;CAST IRON IMPELLER;CHROM E STEEL SHAFT;316 S/STEEL SHAFT PROTECTING SLEEVE & PACKED GLAND KSB Pump and Valves	-	52,457
Repairs and maintenance of Pump KSB Pump and Valves	-	42,675
Servicing of a TLB Laeveld Trekker Rocky Drift	-	13,409
Interval Maintenance of TLB Laeveld Trekker Rocky Drift	-	31,068
Repairs and Maintenance of TLB's Laeveld Trekkers Rocky	-	71,363
Replacing Hydro clamp Laeveld Trekkers Rocky	-	14,884
Water Tanker for 5 days Lekgawutsane Trading cc	-	123,900
Water Tanker for 28 days Lekgawutsane Trading cc	-	165,000
Supply & Installation of Harvey THACH Roofing at Museum, L F K INVESTMENTS	-	360,000
Notice of SDBIP & Performance agreement for senior Agreement for 2020/2021.	-	4,297
LOWVELD MEDIA	-	-
Advertisement for notice of publication of 2018/19 draft annual report and invitation to community for comments. LOWVELD MEDIA	-	4,576
Advertising LOWVELD MEDIA	-	5,134
ADVERT OF ERRATUM ON 2020-2021 TARIFFS (SEWER & ELECTRICITY)	-	5,692
LOWVELD MEDIA	-	-
ADVERT OF DEBT INCENTIVE PLAN LOWVELD MEDIA	-	10,989
PUBLIC NOTICE FOR DEBT RELIEF PLAN LOWVELD MEDIA	-	12,662
Supply & delivery of water Mahlke Farming & Transport	-	70,000
Water tanker for Matibidi for 12 days Mahleke Farming & Trans	-	60,000
Supply & delivery of water Nare and Gonego business	-	152,452
Studies fees for HOS Nosa	-	39,610
Fumigation of Municipal Building (main) Nyikosithole Enterprise	-	110,000
Insurance Excess Platinum Repairs	-	4,999
Evaluation System Salga	-	8,250

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Figures in Rand	Auditor General South Africa Mpumalanga Business Unit	2022	2021
Hiring of a Refuse removal Selema Plant Hire		193,548	
Rental of Waste Compactor Truck Selema Plant Hire cc		90,323	
Repairs of Municipal Fences at Lydenburg Museum as part of Insurance claim	-	11,700	
SINOVILLE FENCING ROSSLYN			
Water tanker for Leroro for 12 days Reagetwe Trading	-	60,000	
Calibration of speed machine TRUVELO MANUFACTURERS	-	48,929	
Procurement of Internal Audit Software & Licence for 3 users Wolters kluwer tax account	-	455,847	
Financial statement for consolidation ADAPT IT (PTY) LTD	-	57,775	
Repair and maintenance of the water treatment works. De mos Mining Engineering	-	344,486	
Supply delivery and service of fire extinguisher. H R FIRE FREE SERVICES & SAFETY	-	296,135	
Provision of fire extinguisher N3 Rapid Response	-	96,760	
Supply and delivery of COVID material. REAMMOKA INVESTMENT	-	334,763	
		<b>22,518,279</b>	<b>4,292,393</b>

### 49. 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.

#### Aggregated segments

The municipality operates throughout the Thaba Chweu Jurisdiction which includes Lydenburg / Mashishing, Graskop, Pilgrim's Rest, Sabie, Matibidi, Moremela and Leroro Township. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Thaba Chweu 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
Energy Sources	Electricity and distribution
Finance and administration ( Including Executive and Council and Internal Audit)	Administration and accounting services
Waste management	Solid waste management (Refuse)
Road Transport	Road infrastructure and maintenance
Planning and development	Town planning and local economic development
Water	Water provision and treatment
Waste water	Sanitation (Sewerage)
Other	Community and Social Services, public safety, health, housing, and sport and recreation

#### Segment surplus or deficit, assets and liabilities

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### Segment surplus or deficit

2022

	Revenue from non-exchange transactions	Revenue from exchange transactions	Total Segment revenue	Salaries and wages	Depreciation and amortisation	Other expenses	Total Segment expenditure	Total segment (deficit) surplus
Revenue								
Community and Social Services	-	98,513	98,513	50,669,976	15,080,867	3,366,476	69,117,319	(69,018,806)
Energy Sources	-	194,483,371	194,483,371	19,190,542	-	216,359,585	235,550,127	(41,066,756)
Finance and Administration (Including Executive, Council & Internal Audit)	304,534,168	3,025,068	307,559,236	97,554,264	51,093,120	236,491,689	385,139,073	(77,579,837)
Other	13,523,317	-	13,523,317	-	-	101,451,061	101,451,061	(87,927,744)
Planning and Development	12,245	5,249,881	5,262,126	9,912,517	-	2,987,016	12,899,533	(7,637,407)
Roads	53,684,594	-	53,684,594	9,746,581	-	3,801,685	13,548,266	40,136,328
Waste (Solid)	-	24,828,567	24,828,567	17,687,401	-	6,200,892	23,888,293	940,274
Waster Water	-	20,957,838	20,957,838	15,296,163	-	4,028,744	19,324,907	1,632,931
Water Services	34,903,918	59,948,907	94,852,825	14,632,704	-	4,118,193	18,750,897	76,101,928
<b>Total</b>	<b>406,658,242</b>	<b>308,592,145</b>	<b>715,250,387</b>	<b>234,690,148</b>	<b>66,173,987</b>	<b>578,805,341</b>	<b>879,669,476</b>	<b>(164,419,089)</b>
Entity's revenue			<b>715,250,387</b>					
<b>Entity's Surplus (deficit) for the period</b>								<b>(164,419,089)</b>

### 50. Budget differences

#### Material differences between budget and actual amounts

Service charges and other revenue: Budget included an estimation of sale of developed stands that would have increased this stream of revenue, which were not finalised at year end and also included revenue enhancement activities which unfortunately were not finalised at year end. Which will have increased our revenue

Expenditure: Budget for debt impairment was inintroduced with the expectation of full implementation of credit and debt collection policy. The Councillors remuneration amount included the provision of upper limits, which were not approved for 2020/2021 financial year. Final budget included the provision of filling vacant positions which was not implemented by year end

Audited  
By  
2022 -12- 01  
Auditor General South Africa  
Mpumalanga Business Unit

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting basis are both on accrual basis. The annual financial statements for the municipality basis using a classification based on the nature of expenses in the statement of financial performance.

The amounts in the annual financial statements are on the accrual basis and are classified by functional classification to be on the same basis as the final approved budget.

### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

### 51. Receivables from exchange transactions

Other debtors	490,610	490,610
<b>52. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	196,079,247	181,410,462
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(178,990,349)	(166,301,767)
<b>Net balance</b>		
Consumer debtors - Rates	17,088,898	15,108,695

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By  
2022 -12- 01  
Auditor General South Africa  
Mpumalanga Business Unit

### 53. Agency services for prepaid electricity

Domestic High:Prepaid	98,145,938	101,621,167
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The municipality entered into an agreement with a service provider, to distribute, collect, process and manage the sale of prepaid electricity on behalf of the municipality. The municipality acts as the principal and the service provider acts as an agent to this transaction in accordance with GRAP 109, Principal agent arrangements.

A fee of 2.75% of the total revenue collected is payable by the municipality for prepaid sales of electricity bought directly on their platform, and a further 2.75% (total 5.5%) is chargeable on sales done via third party distributors.

### 54. Public contributions and donations

Public contributions and donations	17,483,646	172,977
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Conditions still to be met - remain liabilities (see note 13)

Provide explanations of conditions still to be met and other relevant information

### 55. Comparative figures

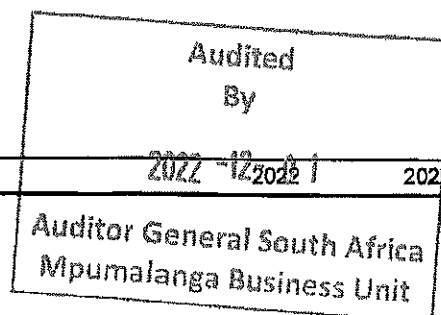
Certain comparative figures have been reclassified.

# Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand



### 56. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks which predominantly includes credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

#### Credit risk

The municipality's credit risk consists mainly of cash deposits, cash equivalents, accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. All the municipality's deposits are of a short term nature to ensure that the municipality's cash flow is not affected.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument	2022	2021
Bank balances	1,478,507	2,435,067
Consumer debtors	18,958,079	34,285,799

### 57. Going concern

During the financial year ended 30 June 2022 the Municipality has experienced operating losses of R164 335 480 and (2021: R311 232 531 including increase in current liabilities of R243 521 048).

As a result, there are significant uncertainties concerning the Municipality continuing as a going concern and being able to realise assets and settle liabilities in the normal course of business and at the amounts stated in the statements of financial position.

However, the directors believe that the Municipality will be successful in the above matters and, accordingly, have prepared the financial statements on a going concern basis. The budget outlook for 2022/2023 projects own revenue at R 520 011 004 which directors believe the municipality will be able to collect which is exclusive of Operational Grants and Capital Grants.

The continuing financial viability of the Municipality and its ability to continue as a going concern is dependent upon successful implementation of the Financial Recovery Plan imposed on the municipality under section 139 (1) of Municipal Finance Management Act of 2003. Also internal driven efforts in growing the revenue base and/or accessing additional sources of capital, and/or selling non-strategic assets through the implementation of the reviewed revenue enhancement strategy.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Municipality not continue as a going concern. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2022.





## **CHAPTER 6: AUDITOR - GENERAL FINDINGS**

The Municipality maintained an Unqualified Audit Opinion in the 2021/22 FY. The Municipality is in a process of compiling an Audit Action Plan to monitor internal control deficiencies that have been raised by AGSA. The Audit Action Plan is a monitoring tool that will ensure that the Municipality does not regress in its Audit Opinion.

DRAFT ANNUAL REPORT

## 6.1. Auditor-General Report

DRAFT ANNUAL REPORT

# **Report of the auditor-general to Mpumalanga Provincial legislature and the council on the Thaba Chweu Local Municipality and its municipal entity**

## **Report on the audit of the consolidated and separate financial statements**

### **Opinion**

1. I have audited the consolidated and separate financial statements of the Thaba Chweu Local Municipality and its municipal entity (the group) set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2022, the consolidated and separate 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 consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Thaba Chweu Local Municipality and its municipal entity (the group) as at 30 June 2022, and their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate 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.

### **Material uncertainty relating to going concern**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 50 to the consolidated and separate financial statements, the municipality incurred a net loss of R164 325 897 (2021: R312 755 207) during the year ended

30 June 2022 and, as of that date, the municipality's current liabilities have increased (R243 397 954). These events or conditions, along with other matters as set forth in note 50, indicate that a material uncertainty exist that may cast significant doubt on the municipality's ability to continue as a going concern.

### **Emphasis of matters**

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Restatement of corresponding figures**

9. As disclosed in note 47 to the consolidated and separate financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2022.

### **Material losses – electricity**

10. As disclosed in note 39 to the consolidated and separate financial statements, the municipality incurred material electricity losses of 68 407 592 units (2020-21: 53 748 680 units), which represents 44% (2020-21: 35%) of total electricity purchased.

### **Material losses – water**

11. As disclosed in note 39 to the consolidated and separate financial statements, the municipality incurred material water losses of 5 116 684 units (2020-21: 5 599 532 units), which represents 61% (2020-21: 64%) of total water purchased.

### **Material debt impairments – consumer debtors**

12. As disclosed in note 14 to the consolidated and separate financial statement, the receivables balance was significantly impaired. The total impairment of consumer debtors amounted to R563 769 117 (2020-21: R482 947 743), which represents 93, 99% (2020-21: 90, 59%) of the total consumer debtors.
13. As disclosed in note 37 to the consolidated and separate financial statement, the contribution to the provision for debt impairment was R80 821 373 (2020-21: R241 558 676).

### **Other matter**

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

### **Unaudited disclosure notes**

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

## **Responsibilities of the accounting officer for the consolidated and separate financial statements**

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing consolidated and separate 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 and its municipal entity (group) or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the consolidated and separate financial statements**

18. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
19. A further description of my responsibilities for the audit of the consolidated and separate is included in the annexure to this auditor's report.

<b>Report on the audit of the annual performance report</b>
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### **Introduction and scope**

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or

assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the municipality's annual performance report for the year ended 30 June 2022:

Strategic objectives	Pages in the annual performance report
Key performance area (KPA) 1 – basic services and infrastructure development.	x – x

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic objective:

- KPA 1 – basic services and infrastructure development.

### Other matter

25. I draw attention to the matter below.

### Achievement of planned targets

26. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislation are as follows:

### **Annual financial statements**

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

### **Assets management**

30. Capital assets were disposed of without the municipal council having, in a meeting open to the public decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets as required by section 14(2) (a) and 14(2) (b) of the MFMA.

### **Expenditure management**

31. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
32. Reasonable steps were not taken to prevent irregular expenditure amounting to R 88 877 527, as disclosed in note 46 to the separate financial statements, in contravention of section 62(1) (d) of the MFMA.
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R127 176 606, as disclosed in note 44 to the separate financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by actual expenditure exceeding budgeted amounts.

### **Consequence management**

34. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
35. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
36. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Procurement and contract management**

37. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

38. Some of the tenders that achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 preferential procurement regulation 5(7).
39. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(1) (j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

#### **Other information**

40. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.
41. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
42. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
43. 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**

44. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
45. The accounting officer did not exercise adequate oversight responsibility regarding financial reporting and compliance with legislation.



46. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.
47. Management did not prepare regular, accurate and complete financial reports that are supported by reliable information.
48. Although the internal audit unit and the audit committee operated during the current period as per their legislated mandates, management did not always implement their recommendations on the improvement of internal controls to ensure reliable reporting on both financial as well as compliance with legislation.

### **Material irregularities**

49. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### **Material irregularities in progress**

50. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer. This material irregularity will be included in the next year's auditor's report.

### **Status of previously reported material irregularities**

#### **Eskom not paid within 30 days of receipt of invoice or statement**

51. The municipality failed to ensure that the payments due to Eskom were made within 30 days of receiving the relevant invoice or statement, in contravention of section 65(2)(e) of the MFMA. As a result of the late payments, in the 2019-20 financial year the municipality incurred interest of R38, 1 million, which was disclosed as fruitless and wasteful expenditure in note 42 to the 2019-20 annual consolidated and separate financial statements. The non-compliance is likely to result in a material financial loss when the interest expense is paid.
52. The accounting officer was notified of the material irregularity on 22 April 2021.
53. The accounting officer reported the fruitless and wasteful expenditure for 2019-20 to the municipal public accounts committee (MPAC) for investigation on 19 August 2021. Based on the outcomes of the investigation the MPAC conducted, it was confirmed that there was no official liable for the irregularity. The report on the investigation was tabled to the council on 21 October 2021 and the council approved the write-off of the fruitless and wasteful expenditure for 2019-20 per council resolution C4/2021.
54. The accounting officer instituted the following measures:

- The accounting officer appointed a service provider to assist with the full implementation of the debt control and credit policy, prepaid meter audits and replacement of faulty meters.
- The accounting officer utilised the equitable share to help prevent further losses.
- The accounting officer ensured that there is a review of indigent customers to ensure that only customers who qualify are included to prevent the municipality incurring further losses.
- The municipality established a municipal project steering committee comprising members of the Development Bank of Southern Africa, to track the progress of the revenue projects undertaken. The increased revenue from the projects will enable the municipality to service the Eskom debt.
- The above measures were still in progress at the date of this auditor's report.

55. I will follow up on the matter during my next audit.

AUDITOR- GENERAL

15 December 2022

Mbombela



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

### **Consolidated and separate financial statements**

2. In addition to my responsibility for the audit of the consolidated and separate as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate 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 Thaba Chweu Local 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and 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.

## Appendices

### Appendix A: Councilors; Committee Allocation and Council Attendance

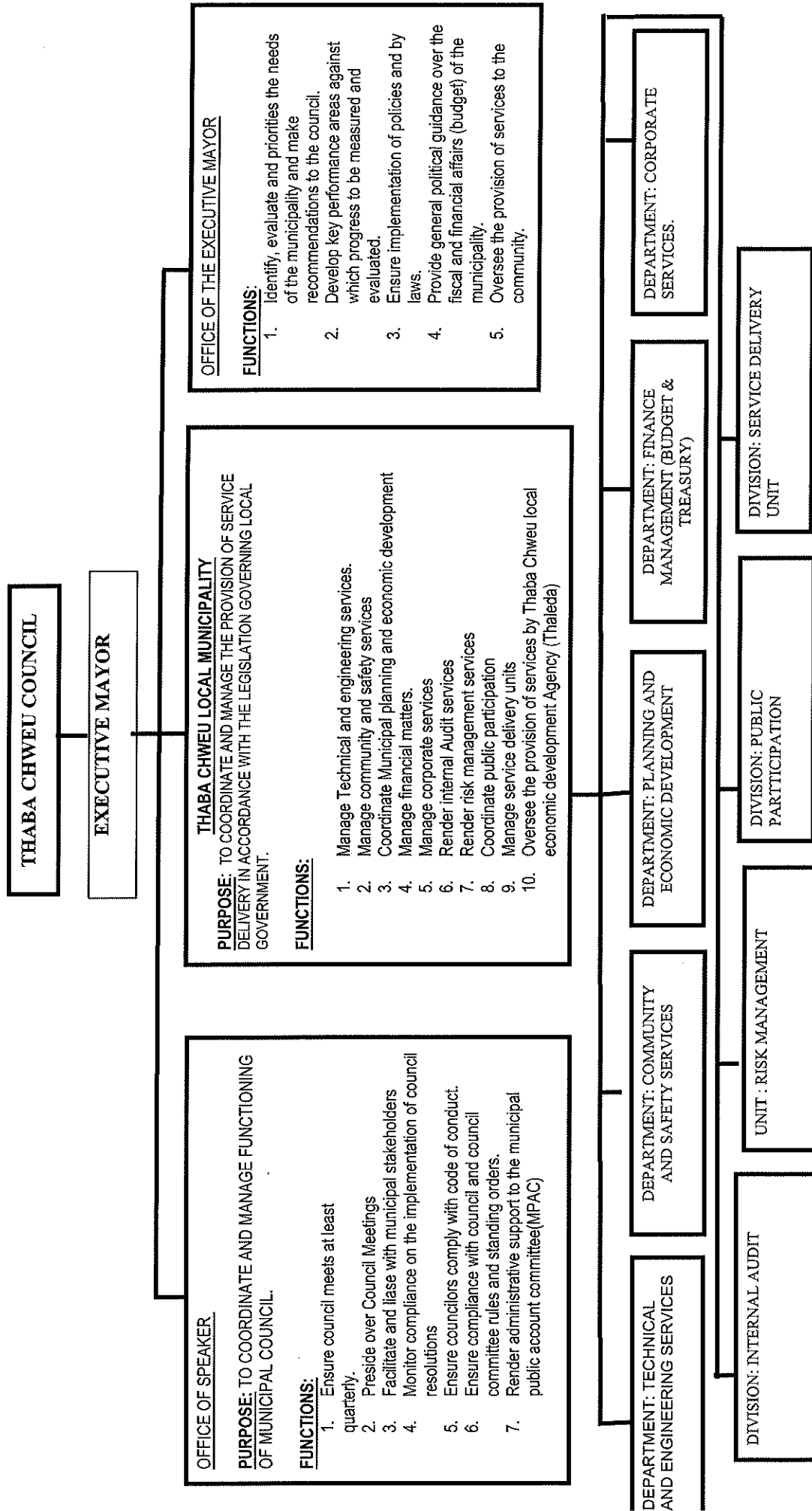
23 NOVEMBER 2021 - 30 JUNE 2022

NAME OF COUNCILLOR	ORDINARY COUNCIL DATES				SPECIAL COUNCIL							
	23/11/2 1	28/02/2 2	23/06/2 2	01/12/2 2	20/12/2 1	28/01/2 2	16/02/2 2	22/03/2 2	31/03/2 2	24/05/2 2	31/05/2 2	30/06/2 2
SIBANYONI M.D (LYDENBURG)	Inauguration of new council			✓	✓	✓	✓	✓	✓	✓	✓	✓
SANGXU G.M (LYDENBURG)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MOKWENA S.T (LYDENBURG)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MKHONDO P.T (LYDENBURG)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RANKWE A (LYDENBURG)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MOKGOSINYAN E P.B (SABIE)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TROWER H (SABIE)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MOHLALA C.M (NORTHERN AREA)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MASHILE G.M (LYDENBURG)		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



## Appendix B: Third Tier Administrative structure

DRAFT ANNUAL REPORT





#### OFFICE OF THE COUNCIL WHIP

PURPOSE: TO RENDER ADMINISTRATIVE SUPPORT THE CHIEF WHIP.

FUNCTIONS:

1. Liaise with the different political parties to ensure representation council and council committees.
2. Maintains sound relations between the various political parties.
3. Informs the whips of all parties on important matters on the council agenda
4. Assist the speaker to count votes in the council meeting.
5. Facilitate the interaction between the executive and legislative oversight structures in the municipality.
6. Resolve disputes between the speaker, executive mayor or members of the mayoral committee.

#### THABA CHWEU LOCAL MUNICIPALITY

PURPOSE: TO COORDINATE AND MANAGE THE PROVISION OF SERVICE DELIVERY IN ACCORDANCE WITH THE LEGISLATION GOVERNING LOCAL GOVERNMENT

FUNCTIONS:

1. Manage Technical and engineering services.
2. Manage community and safety services
3. Coordinate municipal planning and economic development
4. Manage financial matters.
5. Manage corporate services
6. Render internal Audit services
7. Render risk management services
8. Coordinate public participation
9. Manage service delivery units
10. Oversee the provision of services by Thaba Chweu local economic development Agency(Thaleda)

#### DEPARTMENT: TECHNICAL SERVICES

PURPOSE: TO MANAGE THE PROVISION OF TECHNICAL SERVICES

Functions:

1. Manage municipal development projects.
2. Manage the maintenance of roads and storm water
3. Manage the provision of water and sanitation services
4. Manage the provision of electricity and mechanical services.

#### DEPARTMENT: COMMUNITY SERVICES

PURPOSE: TO MANAGE COMMUNITY AND PUBLIC SAFETY SERVICES.

Functions:

1. Manage traffic law enforcement services
2. Render fire and disaster management and environment services.
3. Manage the provision of security services.
4. Coordinate waste management and environmental services.
5. Manage library, culture, sport, recreation, and museum services.
6. Manage youth development programmes
7. Manage Transversal Services

#### DEPARTMENT: PLANNING AND ECONOMIC DEVELOPMENT

PURPOSE: TO COORDINATE MUNICIPAL PLANNING AND ECONOMIC DEVELOPMENT.

Functions:

1. To promote local economic development services
2. Coordinate the development and implementation of integrated plan (IDP)
3. Manage performance, monitoring and evaluation
4. Coordinate the provision of housing
5. Render development planning, building control and Land use management services.

**THABA CHWEU LOCAL MUNICIPALITY**

**PURPOSE:** TO COORDINATE AND MANAGE THE PROVISION OF SERVICE DELIVERY IN ACCORDANCE WITH THE LEGISLATION GOVERNING LOCAL GOVERNMENT

**FUNCTIONS:**

1. Manage Technical and engineering services.
2. Manage community and safety services
3. Coordinate municipal planning and economic development
4. Manage financial matters.
5. Manage corporate services
6. Render internal Audit services
7. Render risk management services
8. Coordinate public participation
9. Manage service delivery units
10. Oversee the provision of services by Thaba Chweu local economic development Agency(Thaleda)

**DEPARTMENT: FINANCIAL MANGEMENT**

**PURPOSE:** TO MANAGE FINANCIAL MATTERS

**Functions:**

1. Manage municipal budget and financial reporting.
2. Render financial accounting services
3. Render revenue management
4. Render supply chain management services
5. Manage municipal assets and fleet services.
6. Manage information and communication technology services

**DEPARTMENT: CORPORATE SERVICES**

**PURPOSE:** TO MANAGE CORPORATE SERVICES.

**Functions:**

1. Render human resources management and development services.
2. Render labour relations services
3. Render records management and auxiliary services
4. Render Council support services

**DIVISION: INTERNAL AUDIT**

**PURPOSE:** TO RENDER INTERNAL AUDIT SERVICES

**Functions:**

1. Develop three year rolling plan
2. Develop internal audit plan and internal audit programs
3. Develop internal audit methodology and chart
4. Execute audit project as per annual plan
5. Conduct follow up on findings by Auditor-General
6. Render secretariat services to the internal Audit Committee
7. Provide advice on internal controls, performance management and risk management

## **THABA CHWEU LOCAL MUNICIPALITY**

**PURPOSE:** TO COORDINATE AND MANAGE THE PROVISION OF SERVICE DELIVERY IN ACCORDANCE WITH THE LEGISLATION GOVERNING LOCAL GOVERNMENT

### **FUNCTIONS:**

1. Manage Technical and engineering services.
2. Manage community and safety services
3. Coordinate municipal planning and economic development
4. Manage financial matters.
5. Manage corporate services
6. Render internal Audit services
7. Render risk management services
8. Render legal services
9. Coordinate public participation
10. Manage service delivery units
11. Oversee the provision of services by Thaba Chweu local economic development Agency (Thaleda)

### **DIVISION: PERFORMANCE MONITORING AND EVALUATION**

**PURPOSE:** TO MANAGE PERFORMANCE MONITORING AND EVALUATION.

#### **FUNCTIONS:**

1. Monitor and evaluate the implementation of municipality.
2. Manage the performance management system.

### **DIVISION: RISK MANAGEMENT SERVICES**

**PURPOSE:** TO RENDER RISK MANAGEMENT SERVICES

#### **FUNCTIONS:**

1. Develop risk policies, charters and annual implementation plan
2. Develop and manage municipal risk register
3. Train risk champions
4. Render secretariat services to the Risk Management Committee.
5. Submit risk management reports to District Council and province (Provincial Treasury and COGTA).
6. Monitor the development and

### **DIVISION: PUBLIC PARTICIPATION**

**PURPOSE:** TO COORDINATE PUBLIC PARTICIPATION

#### **FUNCTIONS:**

1. Provide support to community development workers and community participation activities
2. Coordinate and monitor the implementation of the Ward committees programmes

### **DIVISION: SERVICE DELIVERY**

**PURPOSE:** TO MANAGE THE RENDERING OF SERVICE DELIVERY IN SERVICE UNITS.

#### **FUNCTIONS:**

1. Manage and ensure the rendering of service delivery in all Municipal Units (Graskop, Sabie and Northern Areas.

### **DIVISION: COMMUNICATION**

**PURPOSE:** TO MANAGE COMMUNICATIONS SERVICES.

#### **FUNCTIONS:**

1. Provide internal and external communication services.
2. Manage website of the municipality and social media.
3. Coordinate presidential issues and render media monitoring and liaison.
4. Render branding and advertising.
5. Receive and respond promptly to customer complaints and enquires.
6. Register customer complaints on the Municipal admin System and forward to the relevant department.
7. Register customer complaints on the Municipal admin System and forward to the relevant

### **DIVISION: LEGAL AND ADMINISTRATION SERVICES**

**PURPOSE:** TO RENDER LEGAL SERVICES

#### **FUNCTIONS:**

1. Liaise with the State Attorneys and State Law Advisors.
2. Administer municipal contracts.
3. Provide legal advice to management and council.
4. Represent Council on litigation matters.

**DEPARTMENT: TECHNICAL SERVICES**

**PURPOSE:** TO MANAGE THE PROVISION OF TECHNICAL SERVICES

**FUNCTIONS:**

1. Manage municipal development projects.
2. Manage the maintenance of roads and storm water
3. Manage the provision of water and sanitation services
4. Manage the provision of electricity and mechanical services.

**DIVISION: PROJECT MANAGEMENT**

**PURPOSE:** TO MANAGE MUNICIPAL DEVELOPMENT PROJECTS.

**FUNCTIONS:**

1. Conduct feasibility study of projects.
2. Develop terms of reference for the scope of work
3. Render project management and administration.
4. Manage the establishment and approval of contracts with contractors and consultants for each project.
5. Manage the MIG management information System (MIG- MIS) for project registration and progress monitoring.
6. Manage the project funded by MIG

**DIVISION: ROADS AND STORM WATER**

**PURPOSE:** TO MANAGE THE MAINTENANCE OF ROADS AND STORM WATER SERVICES.

**FUNCTIONS:**

1. Maintains Municipal roads
2. Maintain the storm water drainage system
3. Establish and maintain road sidewalks
4. Manage road markings and signage services.

**DIVISION: WATER AND SANITATION**

**PURPOSE:** TO MANAGE THE PROVISION OF WATER AND SANITATION SERVICES.

**FUNCTIONS**

1. Manage the provision of portable water to the community.
2. Manage repairs and maintenance of reticulation systems
3. Conduct purification of ground water.
4. Conduct water quality test
5. Render waste water purification.
6. Maintain sewer reticulation systems.
7. Manage sewer collection.

**DIVISION: ELECTRICAL AND MECHANICAL**

**PURPOSE:** TO MANAGE THE PROVISION OF ELECTRICAL AND MECHANICAL AND SERVICES.

**FUNCTIONS:**

1. Network maintenance
2. Repair electrical faults
3. Conduct meter audit (defaulting)
4. Render mechanical services.

**DEPARTMENT: COMMUNITY SERVICES**

**PURPOSE:** TO MANAGE COMMUNITY AND PUBLIC SERVICES

**FUNCTIONS:**

1. Manage traffic law enforcement services.
2. Render fire and disaster management services
3. Coordinate waste management and environmental services
4. Manage the provision of security services
5. Manage library, culture, sport, recreation and museum services.
6. Manage youth development programmes.
7. Manage transversal services

**DIVISION: TRAFFIC LAW ENFORCEMENT**

**Purpose:** TO MANAGE TRAFFIC LAW ENFORCEMENT SERVICES.

**Functions**

1. Conduct traffic law enforcement services
2. Render school patrol services
3. Provide escort services (special event)
4. Conduct point duty services

**DIVISION: FIRE AND DISASTER MANAGEMENT**

**Purpose:** Render Fire and Disaster Management Services

**Functions**

1. Provide fire rescue services
2. Develop and implement fire prevention plans
3. Conduct fire awareness campaigns to the business and communities
4. Ensure compliance to fire prevention prescripts of buildings and storage of flammable liquids registration.
5. Conduct fire risk assessment
6. Facilitate the issuing permits to flammable transport

**DIVISION: SECURITY SERVICES**

**Purpose:** To manage the provision of SECURITY AND BY LAW ENFORCEMENT SERVICES.

**Functions**

1. Formulate departmental security policy
2. Provide advice on security matters
3. Monitor the provision of security services to political members
4. Provide advice on security systems and general security measures within the municipality.
5. Enforce by laws of the municipality

**DIVISION: WASTE MANAGEMENT AND ENVIRONMENTAL SERVICES**

**Purpose:** TO COORDINATE WASTE MANAGEMENT SERVICES.

**Functions**

1. Manage refuse removal services
2. Manage the residential and street cleaning services.
3. Monitor and remove illegal dumping
4. Conduct waste management campaigns to the community.
5. Monitor compliance to waste management Act and other related prescripts.
6. Manage operation and maintenance of landfill site.
7. Develop air quality management plan and minimum standard.
8. Monitor compliance to prevent emission and noise that cause disturbances.
9. Promote environmental awareness and education on air pollution and climate change

**DEPARTMENT: COMMUNITY SERVICES**

**PURPOSE: TO MANAGE COMMUNITY AND PUBLIC SERVICES**

**FUNCTIONS:**

1. Manage traffic law enforcement services.
2. Render fire and disaster management services
3. Coordinate waste management and environmental services
4. Manage the provision of security services
5. Manage library, culture, sport, recreation and museum services.
6. Manage youth development programmes.
7. Manage transversal services

**DIVISION: LIBRARY, CULTURE, SPORT, RECREATION AND MUSEUM SERVICES.**

**PURPOSE: TO MANAGE LIBRARY, CULTURE, SPORT, RECREATION AND MUSEUM SERVICES.**

**FUNCTIONS:**

1. Manage the marketing delivery and information services
2. Provide internet services to the community
3. Conduct weeding of books and repairs of all books
4. Coordinate arts, culture and recreational programmes
5. Facilitate the development of sports programmes
6. Facilitate the preservation, conservation and promotion of museum resources.

**DIVISION: PARKS AND CEMETERY MANGEMENT**

**PURPOSE: TO MANAGE THE MAINTENANCE OF PARKS AND CEMETERIES.**

**FUNCTIONS:**

1. Develop and maintain parks and public open spaces
2. Manage the maintenance of existing and closed cemeteries
3. Conduct grass cutting, tree pruning and landscaping.

**DIVISION: TRANSVERSAL SERVICES**

**PURPOSE: TO MANAGE TRANSVERSAL SERVICES.**

**FUNCTIONS:**

1. Facilitate the integration for disability in the entire development process.
2. Ensure gender equity and women empowerment
3. Promote the right of children
4. Promote the rights of children
5. Promote the rights of older persons.
6. Promote and coordinates issues relating to HIV and AIDS.
7. Coordinate youth development programmes.

**DEPARTMENT: PLANNING AND ECONOMIC DEVELOPMENT**  
**PURPOSE: TO COORDINATE MUNICIPAL PLANNING AND DEVELOPMENT**

**FUNCTIONS:**

1. Promote local economic development services.
2. Coordinate the development and implementation of integrated development plan (IDP)
3. Manage performance, monitoring, and evaluation.
4. Coordinate the provision of housing.
5. Render development planning, building control and Land use management services.

**DIVISION: LOCAL ECONOMIC DEVELOPMENT**

**PURPOSE: TO PROMOTE LOCAL ECONOMIC DEVELOPMENT SERVICES.**

**FUNCTIONS:**

1. Facilitate the development and review of the municipal Local Economic Development (LED) strategy
2. Monitor the implementation of LED programmes and evaluate the impact thereof.
3. Mobilise and coordinate public/ private sector support to municipal LED programmes
4. Identify and market new economic opportunist.
5. Process applications for business licenses.
6. Promote tourism within the Municipality.
7. Manage the registration of business.
8. Monitor compliance to business specification and utilization.

**DIVISION: INTERGATED DEVELOPMENT PLAN (IDP)**

**PURPOSE: TO CO-ORDINATE THE DEVELOPMENT AND IMPLEMENTATION OF INTERGATED DEVELOPMENT PLAN (IDP)**

**FUNCTIONS:**

1. Facilitate the development of integrated development planning.
2. Monitor the implementation of IDP.
3. Make inputs to policy making bodies.
4. Facilitate the development of services delivery and budget implementation plans.

**DEPARTMENT: PLANNING AND ECONOMIC DEVELOPMENT**

**PURPOSE:** TO COORDINATE MUNICIPAL PLANNING AND DEVELOPMENT.

**FUNCTIONS:**

1. Promote local economic development services.
2. Coordinate the development and implementation of integrated development plan (IDP)
3. Manage performance, monitoring of human settlements.
4. Coordinate in provision of human settlement.
5. Render development planning, building control and land use management services.

**DIVISION: HUMAN SETTLEMENT**

**PURPOSE:** TO COORDINATE THE PROVISION OF HUMAN SETTLEMENT.

**FUNCTIONS:**

1. Facilitate the identification and registration of potential beneficiaries
2. Conduct consumer education services.
3. Develop and maintain data of information settlements.
4. Capture potential beneficiaries on national housing needs register (NHNR)
5. Facilitate the registration for subsidy.
6. Provide feedback to beneficiaries.
7. Liaise with the successful beneficiary and contractors.

**DIVISION: DEVELOPMENT PLANNING**

**PURPOSE:** TO RENDER DEVELOPMENT PLANNING, BUILDING CONTROL AND LAND USE MANAGEMENT SERVICES.

**FUNCTIONS:**

1. Conduct building inspections.
2. Administer town planning applications.
3. Issue enforcement letters.
4. Process land use applications.
5. Provide GIS information for development planning.
6. Initiate land use investigation and determine land potential.



**DEPARTMENT: FINANCE MANAGEMENT (BUDGET AND  
TREASURY)**

**PURPOSE:** TO MANAGE FINANCIAL MATTERS.

**FUNCTIONS:**

1. Manage municipal budget and financial reporting.
2. Render financial accounting services.
3. Render revenue management services.
4. Render supply chain management services.
5. Manage municipal assets.

**DIVISION: BUDGET AND FINANCIAL REPORTING**

**PURPOSE:** TO MANAGE MUNICIPAL BUDGET AND FINANCIAL REPORTING.

**FUNCTIONS:**

1. Compile budget estimates
2. Align budget with the integrated development plan of the municipality
3. Reconcile paymaster General Account
4. Manage suspense accounts
5. Establish and maintain an accounting database.
6. Compile financial statement.

**DIVISION: EXPENDITURE MANAGEMENT**

**PURPOSE:** TO RENDER FINANCIAL ACCOUNTING SERVICES.

**FUNCTIONS:**

1. Render expenditure control services.
2. Manage and administer the payroll.

**DIVISION: REVENUE MANAGEMENT**

**PURPOSE:** TO RENDER REVENUE MANAGEMENT SERVICES.

**FUNCTIONS:**

1. Identify potential revenue sources.
2. Manage debtors account of the Municipality.
3. Render water meter reading services.

**DIVISION: INFORMATION AND COMMUNICATION  
TECHNOLOGY**

**PURPOSE:** TO MANAGE INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES.

**FUNCTIONS:**

1. Manage the municipal ICT operations
2. Ensure the implementation of disaster ICT management system.
3. Manage the provision of information technology support services.
4. Render network support services.

**DEPARTMENT: FINANCE MANAGEMENT (BUDGET AND  
TREASURY)**

**PURPOSE:** TO MANAGE FINANCIAL MATTERS.

**FUNCTIONS:**

1. Manage municipal budget and financial reporting.
2. Render financial accounting services.
3. Render revenue management services.
4. Render supply chain management services.
5. Manage municipal assets.

**DEPARTMENT: SUPPLY CHAIN MANGEMENT**

**PURPOSE:** TO RENDER SUPPLY CHAIN MANAGEMENT SERVICES.

**FUNCTIONS:**

1. Manage acquisition and demand planning services.
2. Render supply chain performance management services.
3. Administer database of suppliers
4. Develop and manage the implementation of supply chain management policy.
5. Render logistics management services.

**DIVISION: ASSET MANAGEMENT**

**PURPOSE:** TO MANAGE MUNICIPAL ASSETS

**FUNTIONS:**

1. Manage movable and immovable assets.
2. Develop asset management plan
3. Manage performance and asset acquisition processes.
4. Verify physical assets and identify assets for disposal.
5. Facilitate the safeguarding of assets.
6. Maintain and reconcile assets register

**DEPARTMENT: CORPORATE SERVICES**

**PURPOSE:** TO MANAGE CORPORATE SERVICES.

**FUNCTIONS:**

1. Render human resource management and development services.
2. Render labour relations services.
3. Render secretariat services.
4. Render Records management and auxiliary

**DIVISION: HUMAN RESOURCE  
MANAGEMENT AND DEVELOPMENT**

**PURPOSE:** TO RENDER HUMAN  
RESOURCE MANGEMENT AND  
DEVELOPMENT SERVICES.

**FUNCTIONS:**

1. Render human resources condition of services
2. Manage human resource organizational strategy and planning.
3. Manage human resource utilization and capacity development.
4. Render occupational health and safety services.
5. Administer human resources management system.
6. Coordinate employee performance management system.
7. Coordinate employee health and wellness services.

**DIVISION: LABOUR RELATIONS**

**PURPOSE:** RENDER LABOUR RELATIONS  
SERVICES.

**FUNCTIONS:**

1. Handle grievances, dispute and discipline, arbitration and conciliation matters.
2. Facilitate collective bargaining.
3. Ensure maintenance of discipline within the municipality.
4. Render advisory service on labour relations matters to management.
5. Conduct capacity building on labour relation matters to management.
6. Manage strikes.

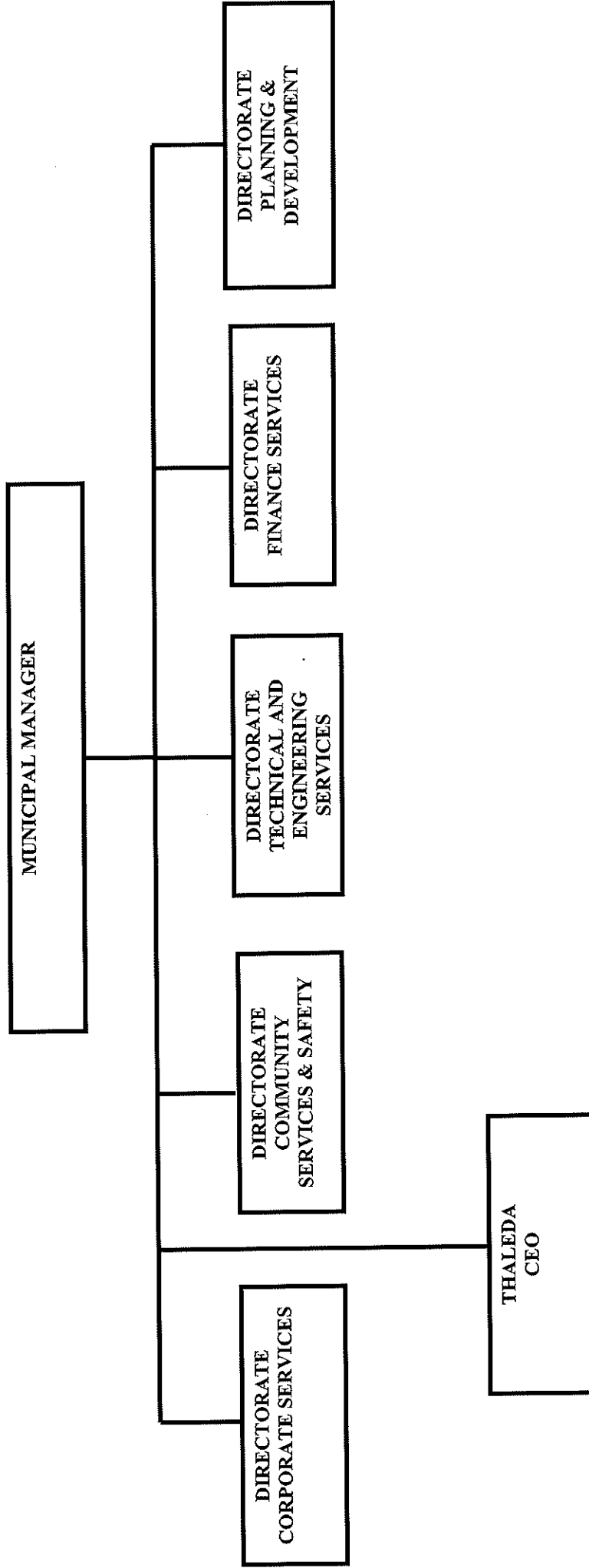
**DIVISION: SECRETARIAT SERVICES**

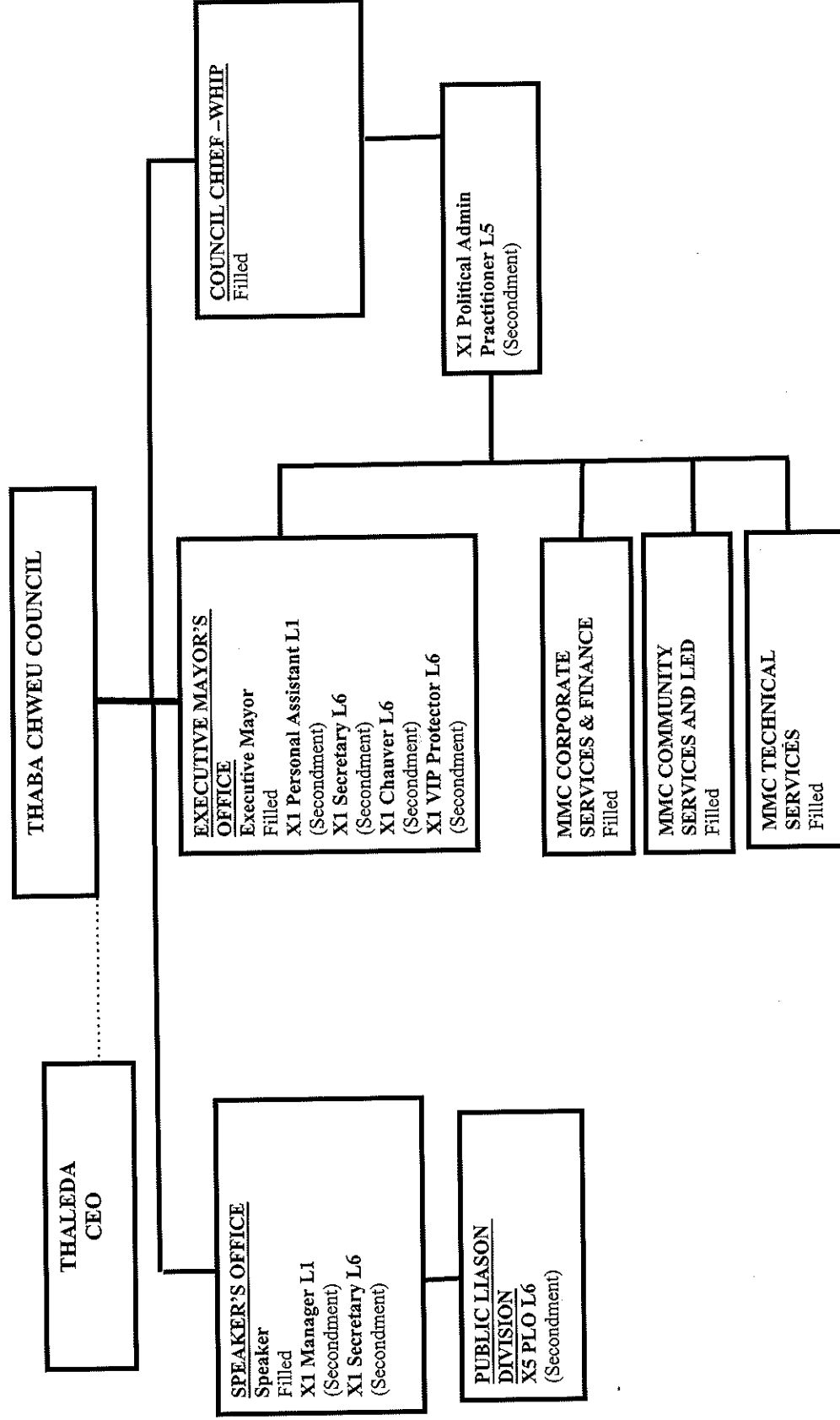
**PURPOSE:** TO RENDER SECRETARIAT  
SERVICES

**FUNCTIONS:**

1. Render secretariat services to council and council committees.
2. Write reports to the portfolio committees, mayoral committee and council resolutions.
3. Manage council resolutions.
4. Compile agendas for council committees.
5. Render auxiliary support services.

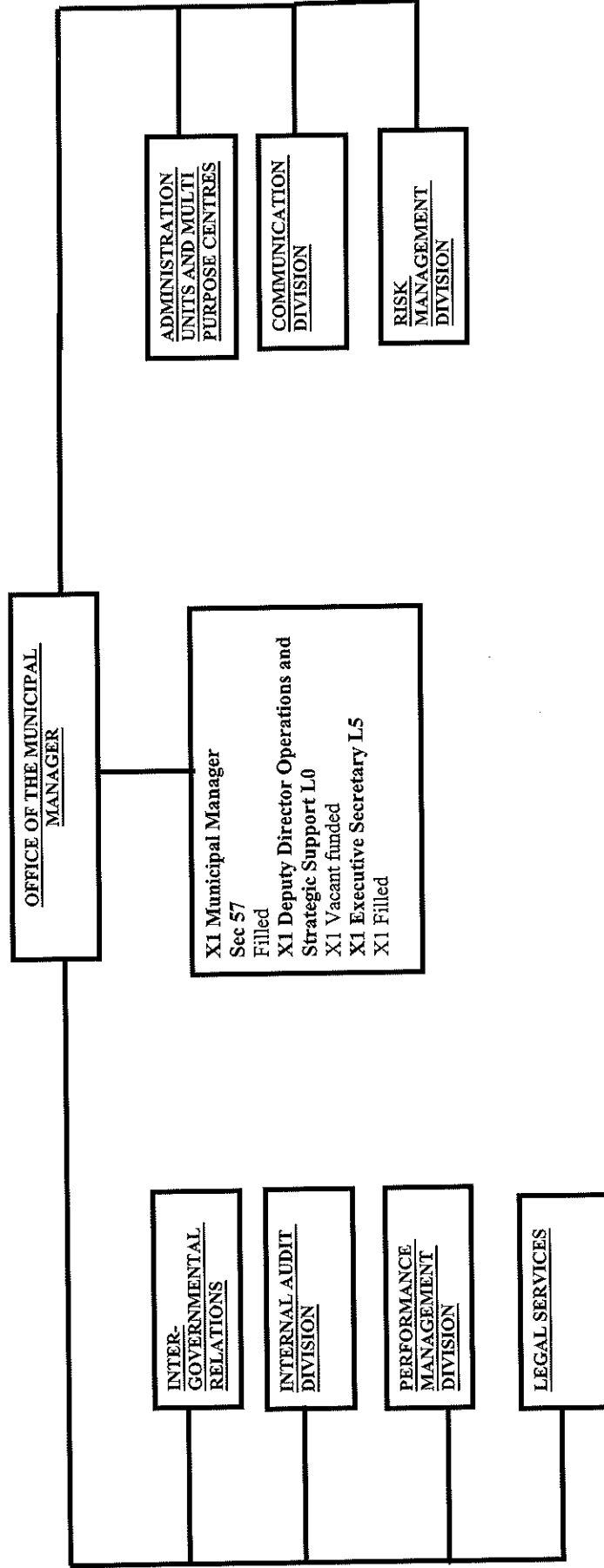
**OFFICE OF THE MUNICIPAL MANAGER**  
(Officials in the political wing report in the Municipal Manager's Office)

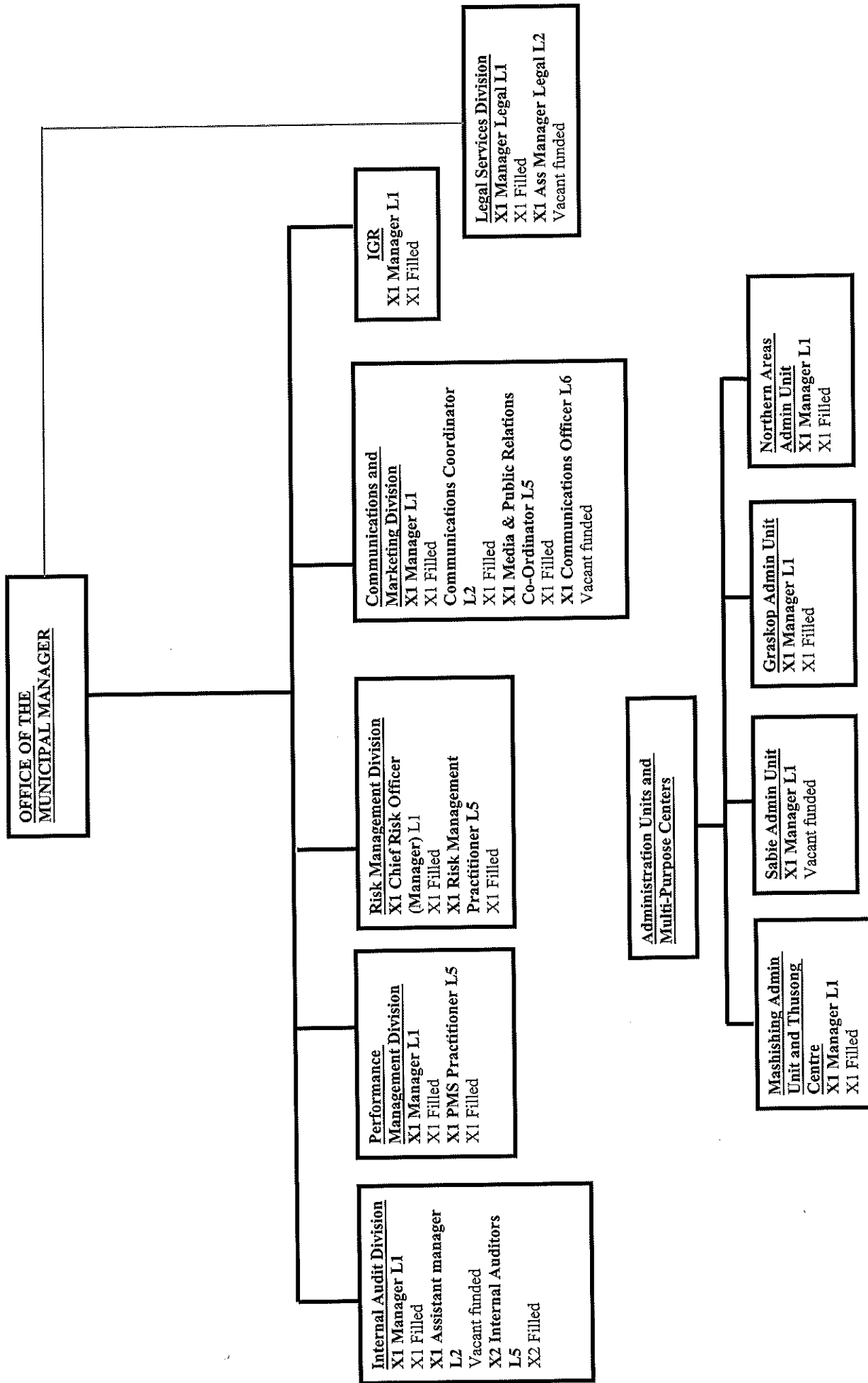




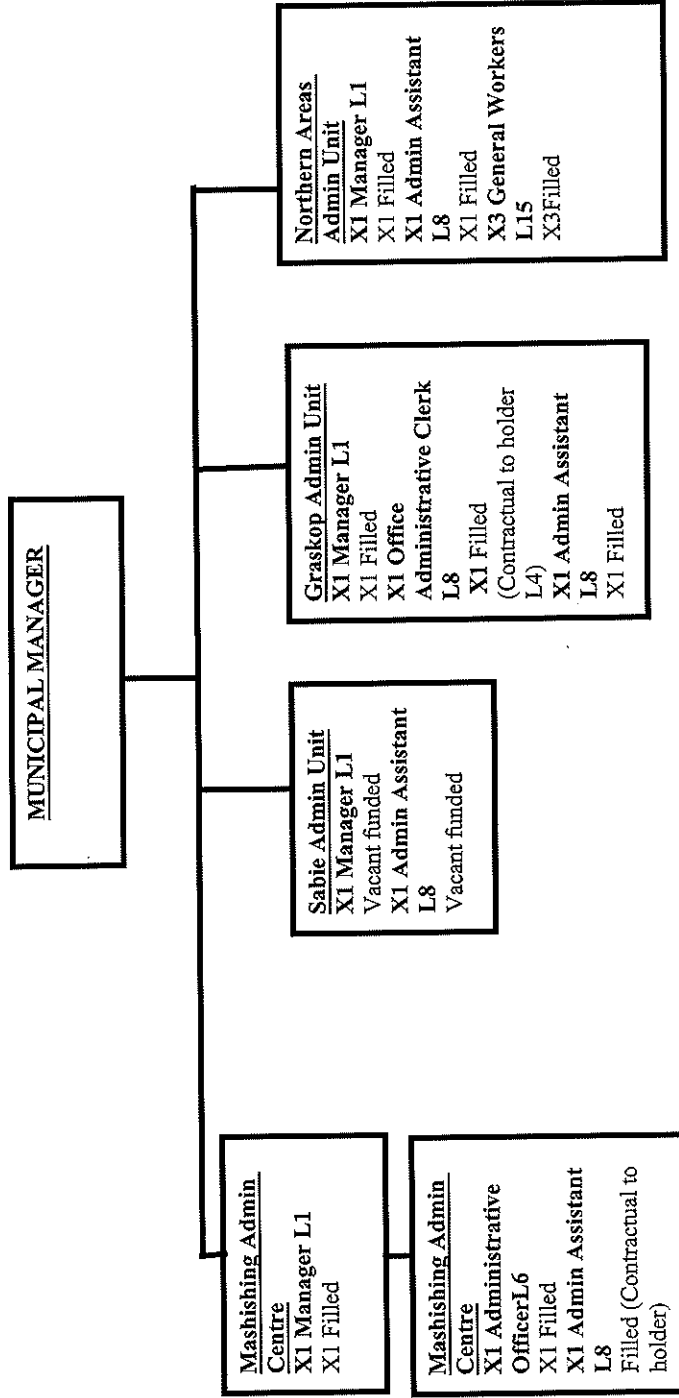
OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC SUPPORT



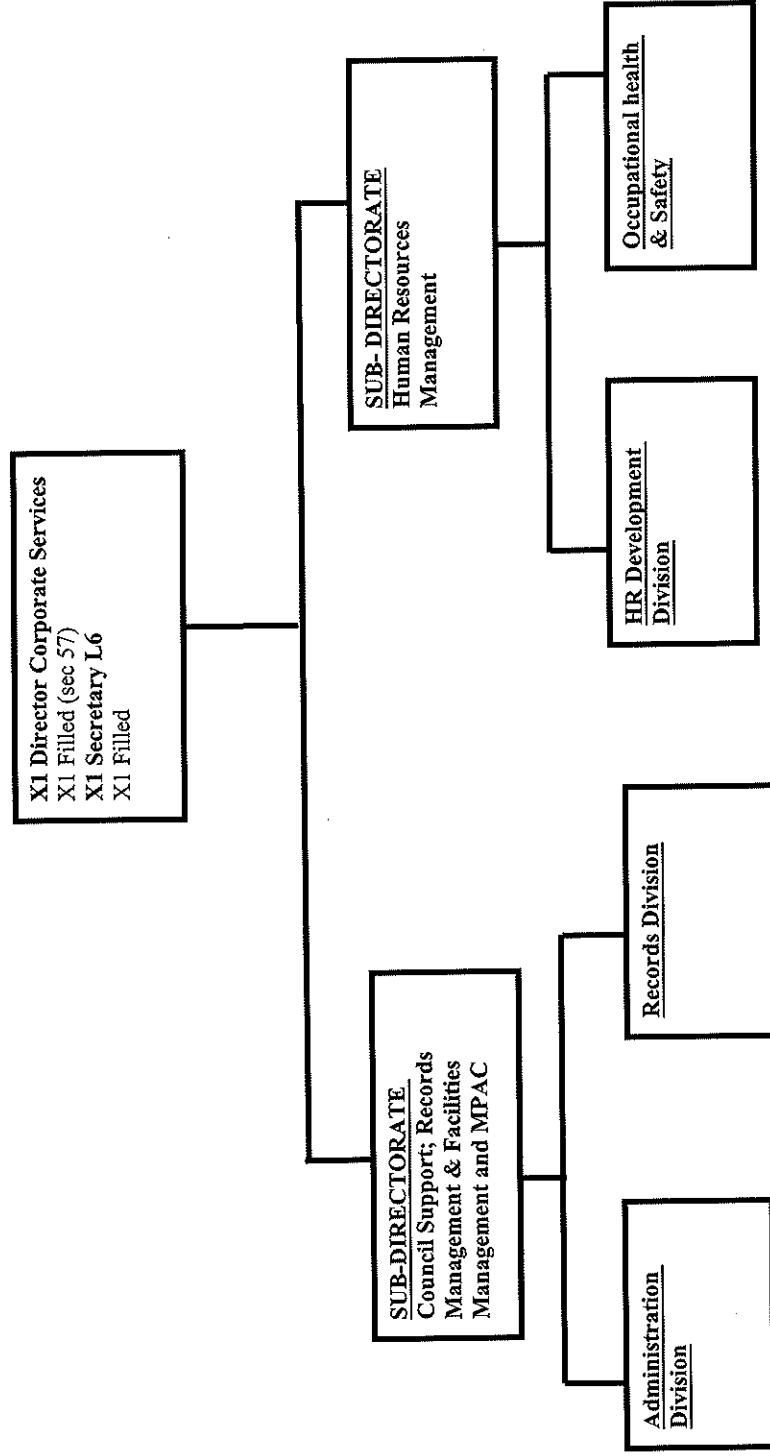


ADMINISTRATIVE UNITS AND MULTI PURPOSE CENTRES

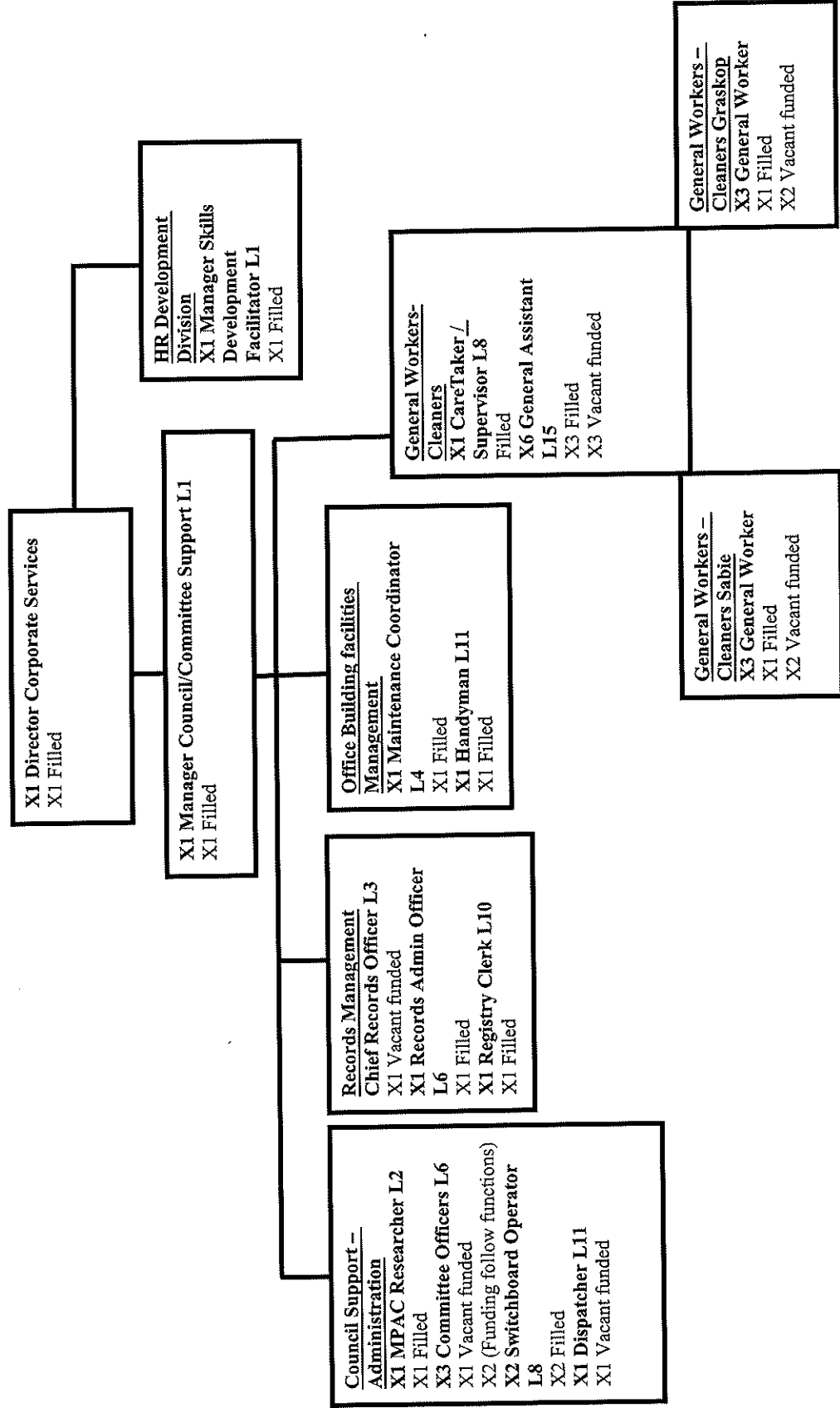




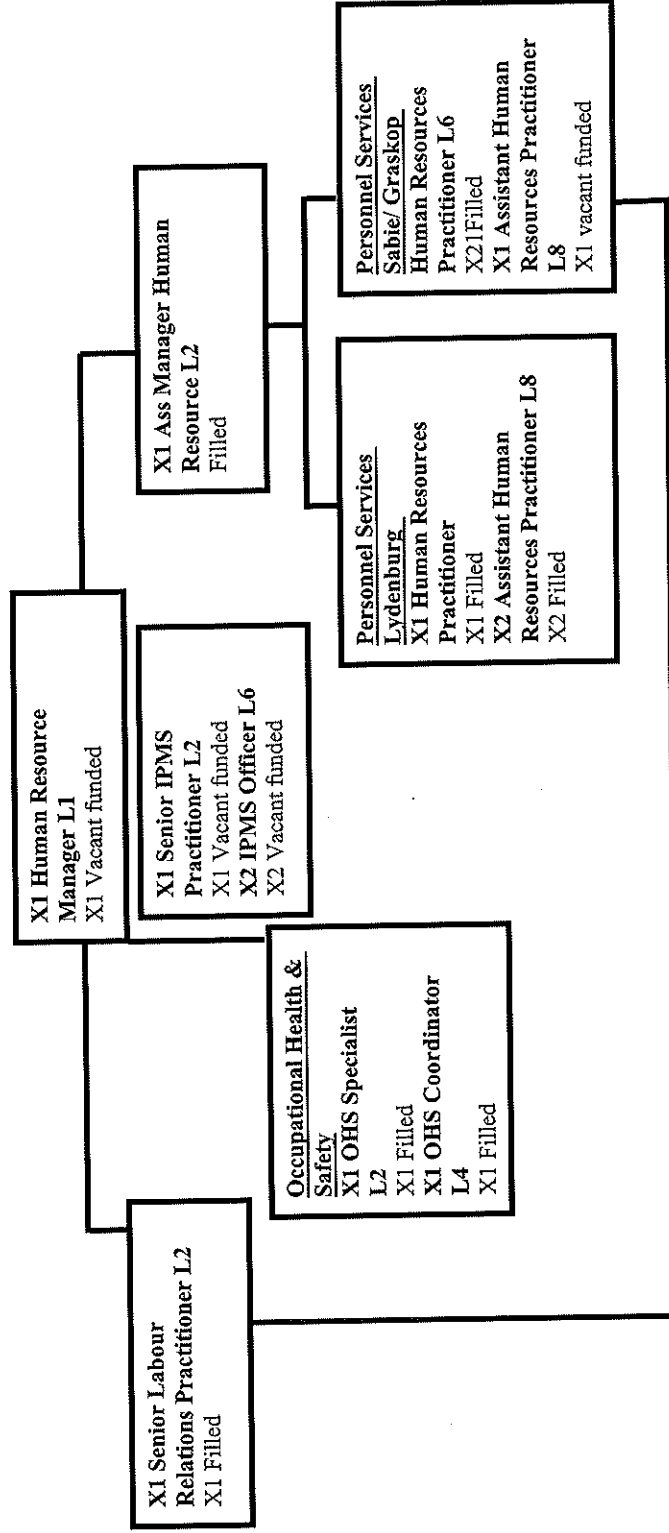
DIRECTORATE: CORPORATE SERVICES



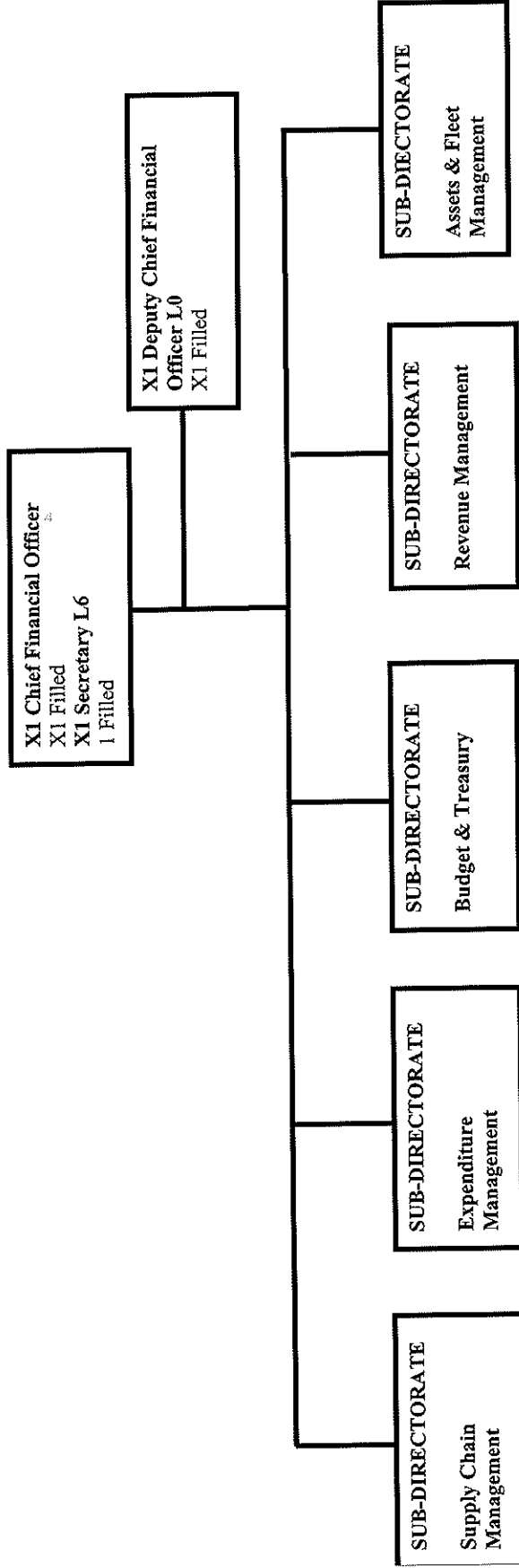
SUB-DIRECTORATE: COUNCIL SUPPORT, RECORDS MANAGEMENT & FACILITIES MANAGEMENT



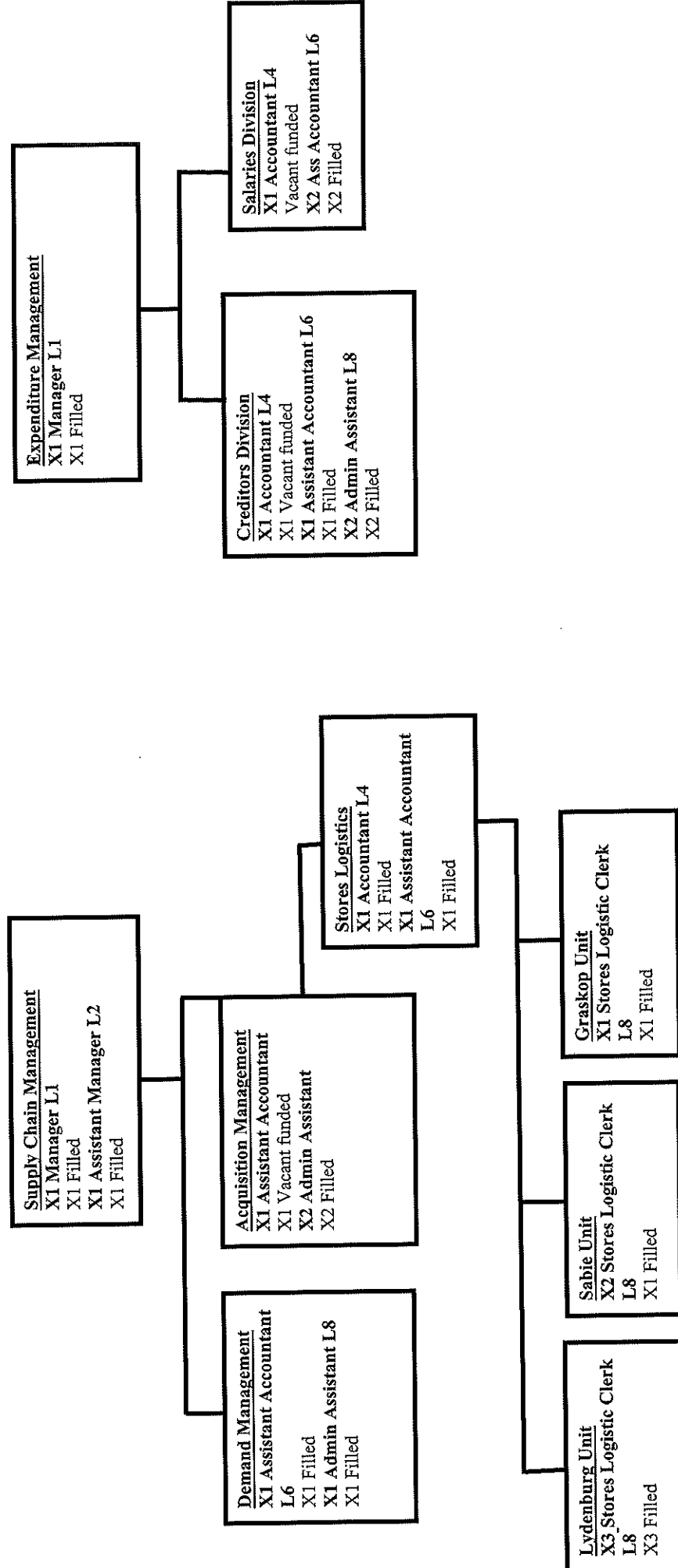
# DIRECTORATE – HUMAN RESOURCES MANAGEMENT



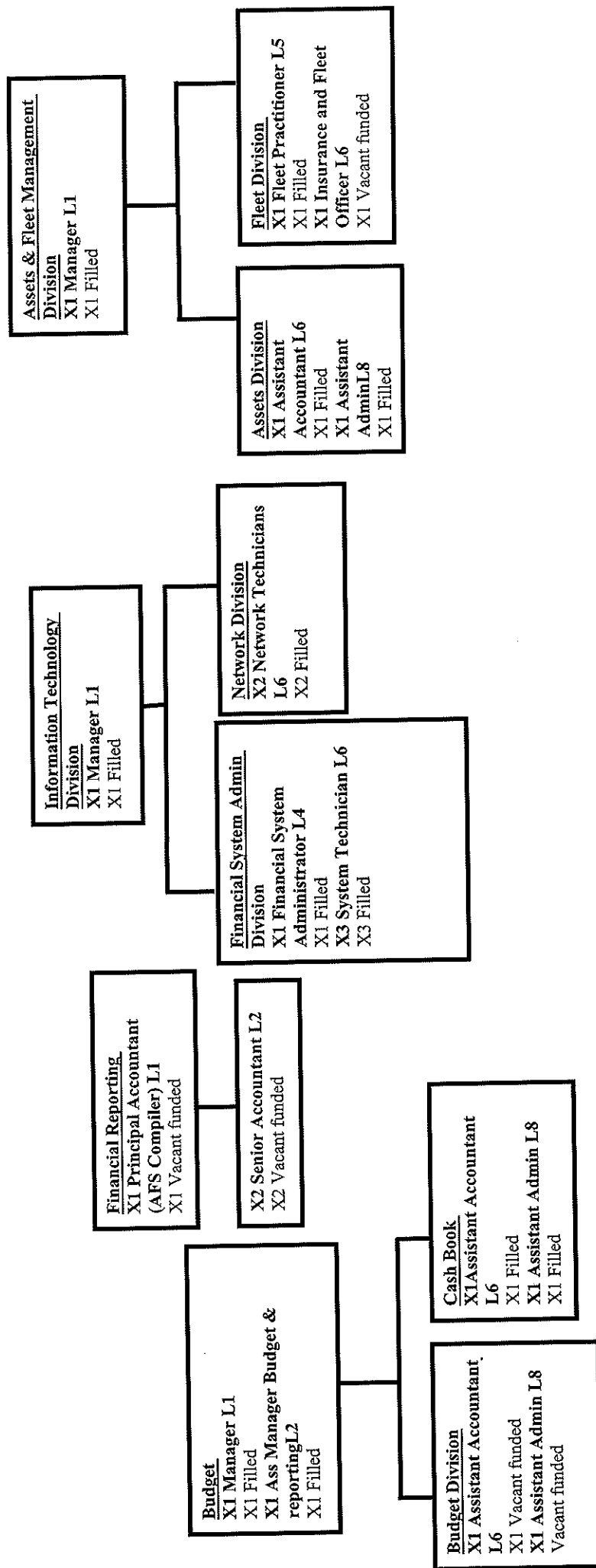
FINANCE DIRECTORATE



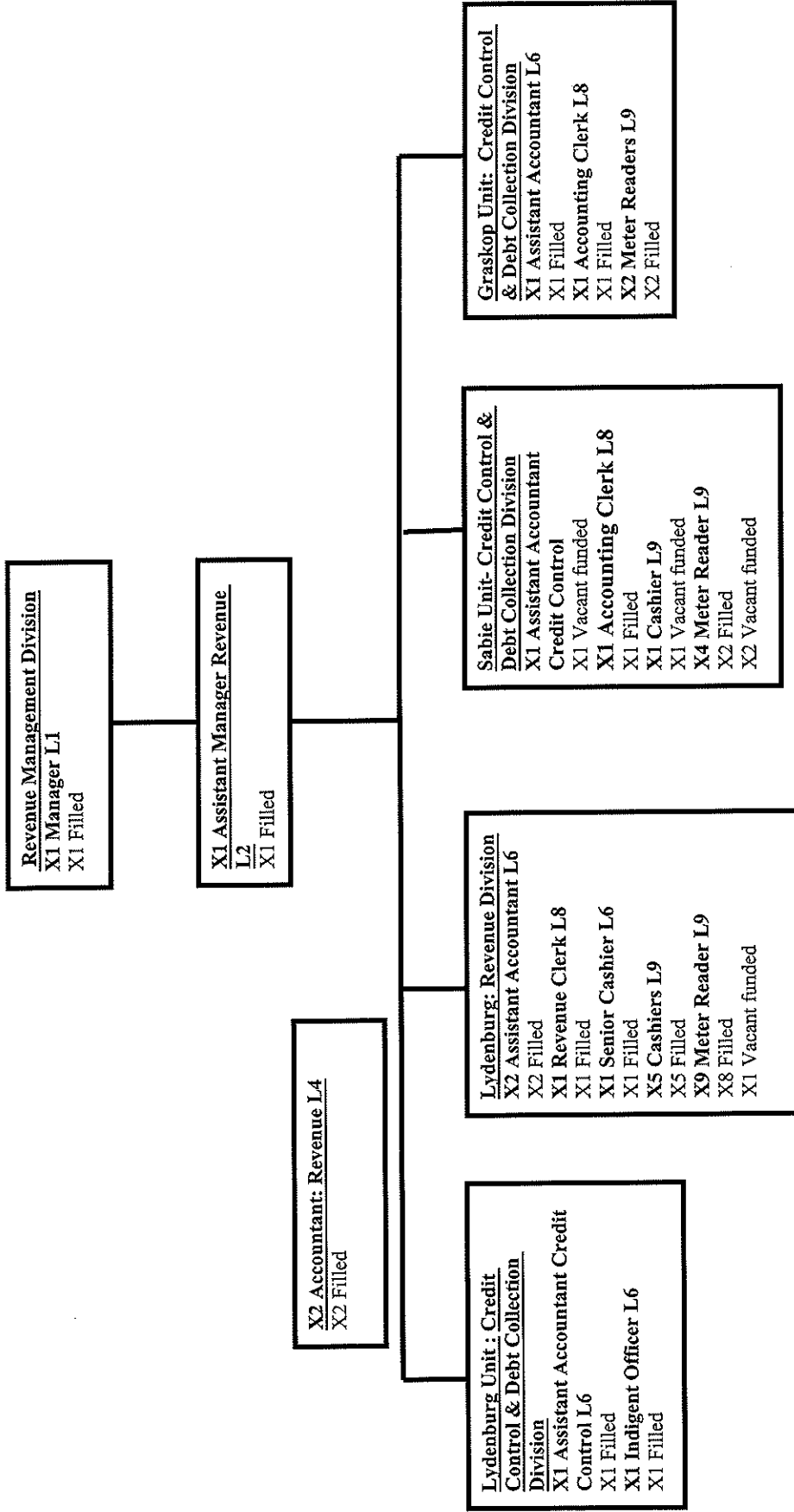
SUB-DIRECTORATE: SUPPLY CHAIN MANAGEMENT AND EXPENDITURE MANAGEMENT



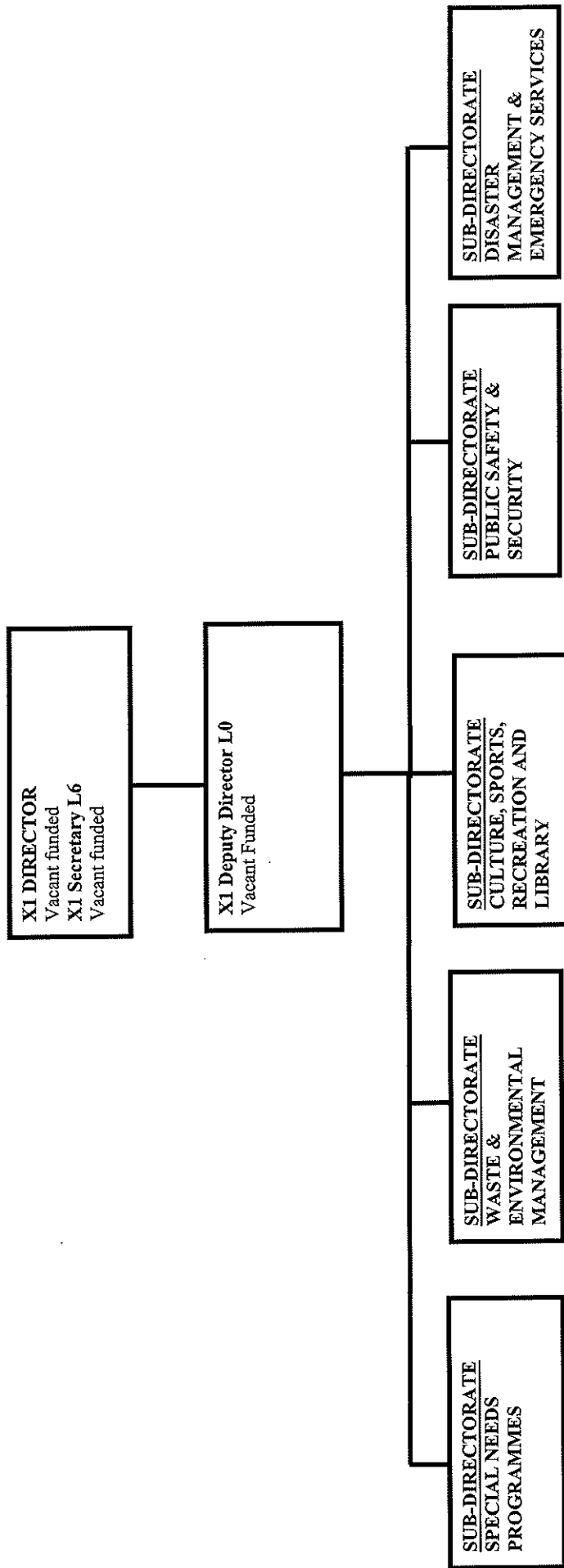
SUB-DIRECTORATE: ICT, BUDGET & REPORTING, ASSETS & FLEET MANAGEMENT



SUB-DIRECTORATE: REVENUE MANAGEMENT

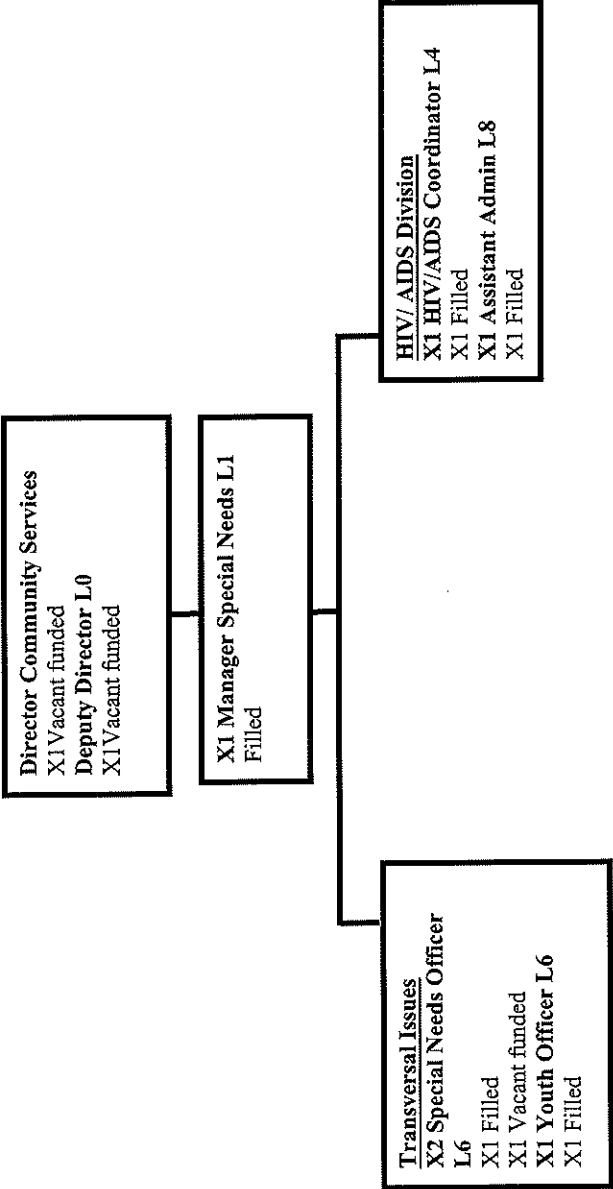


DIRECTORATE: COMMUNITY SERVICES

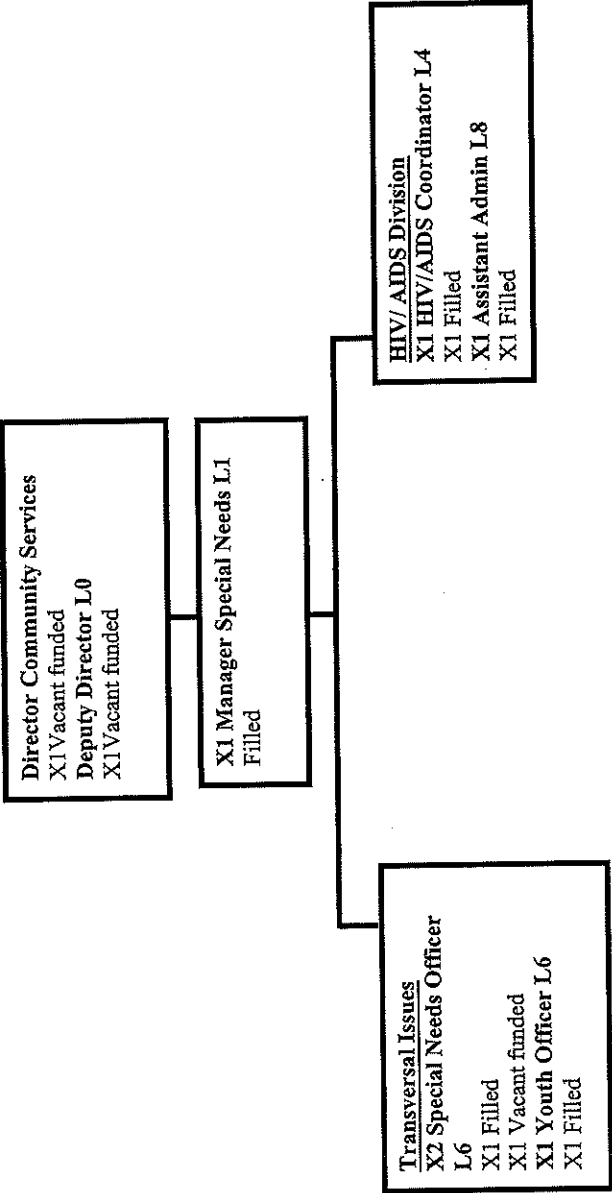




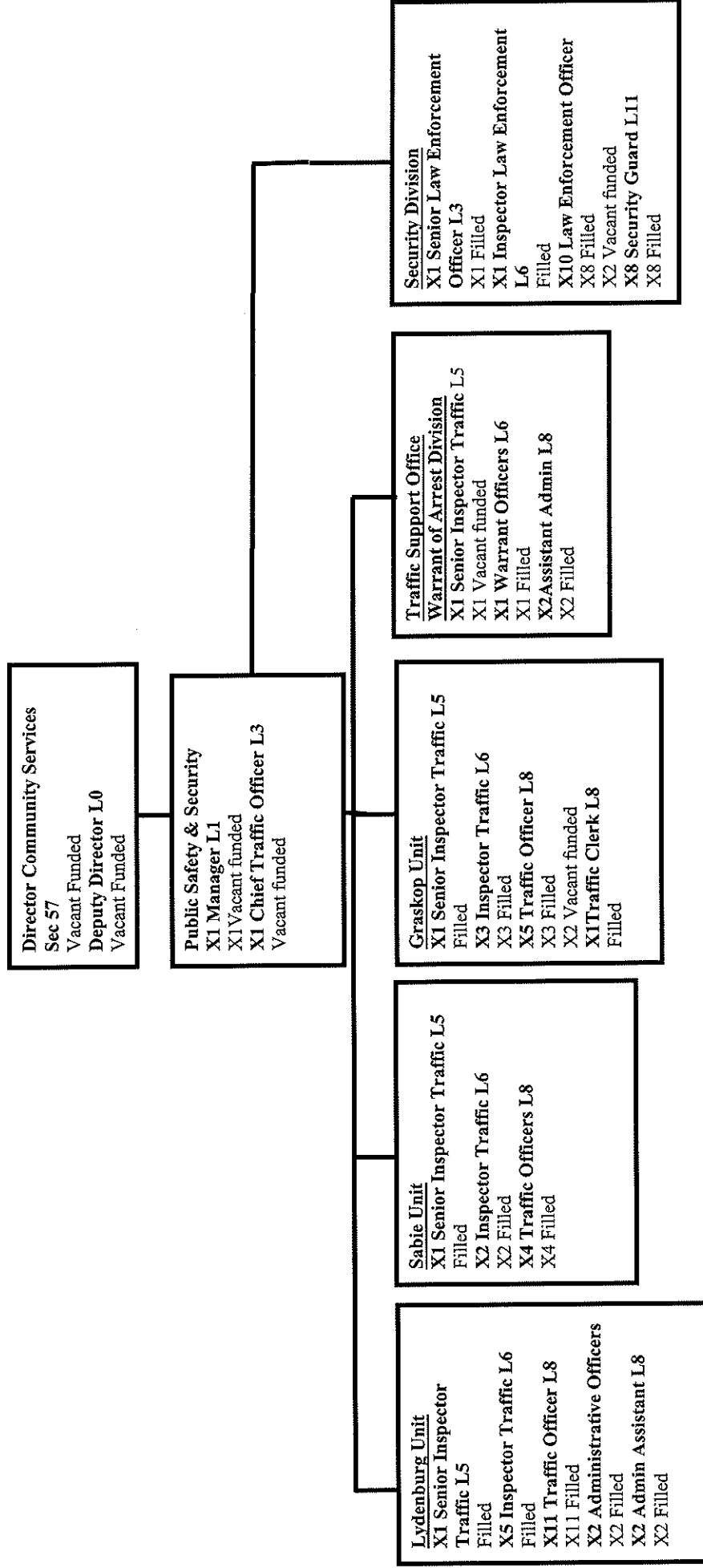
SUB-DIRECTORATES: SPECIAL NEEDS PROGRAMMES



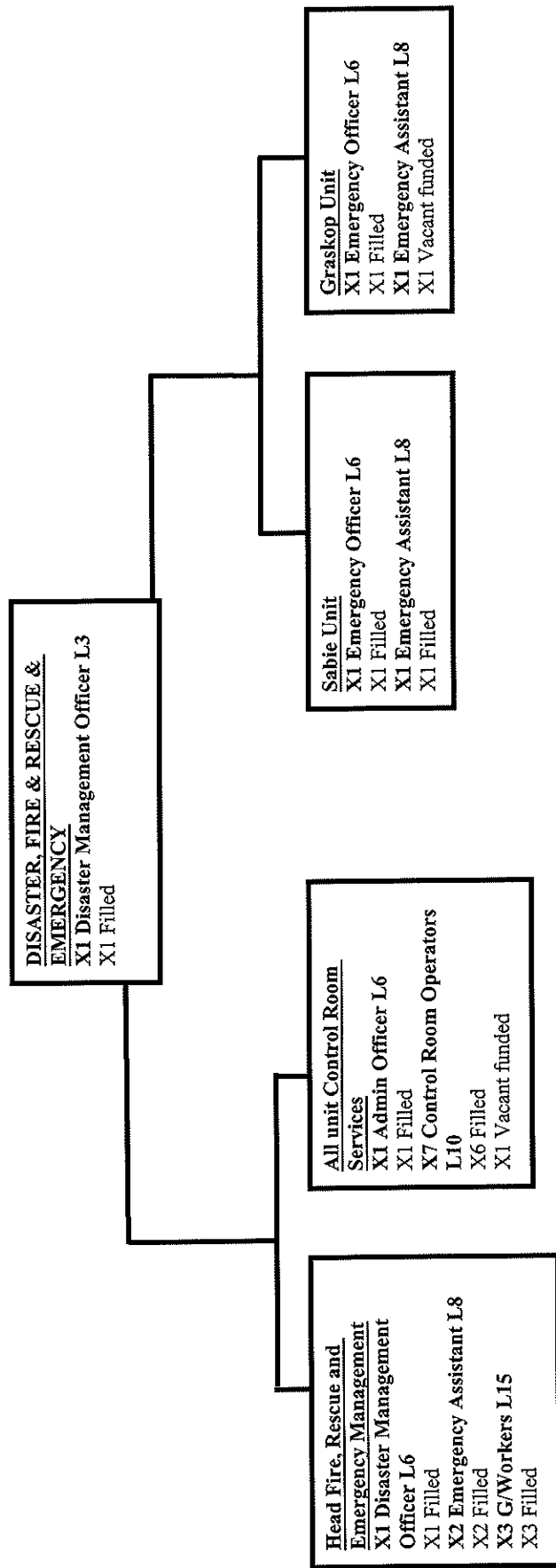
SUB-DIRECTORATES: SPECIAL NEEDS PROGRAMMES



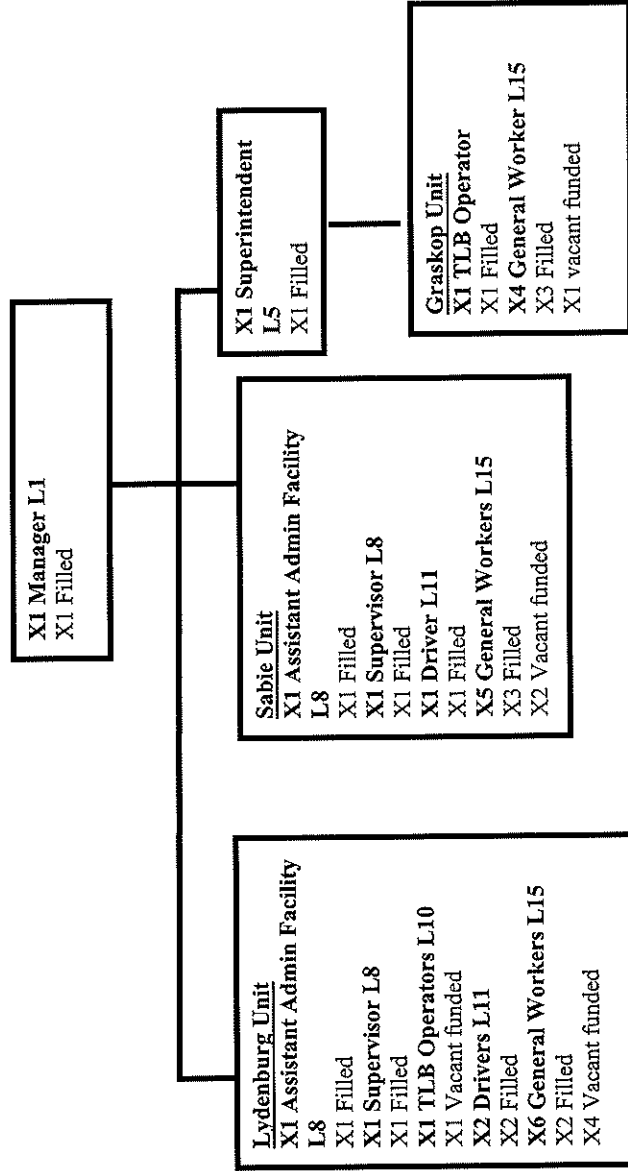
SUB-DIRECTORATE: PUBLIC SAFETY AND SECURITY



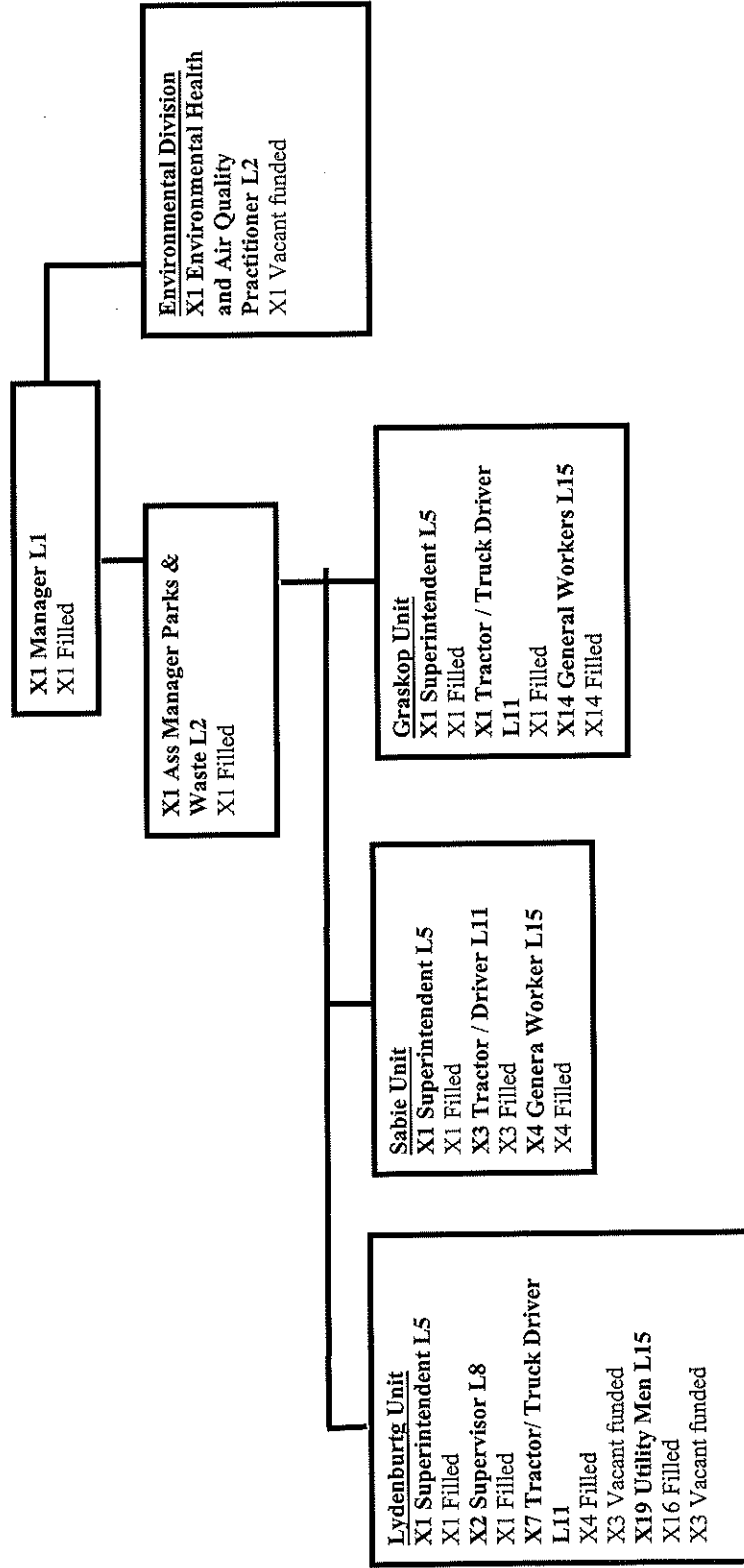
SUB-DIRECTORATE: DISASTER MANAGEMENT AND EMERGENCY SERVICES



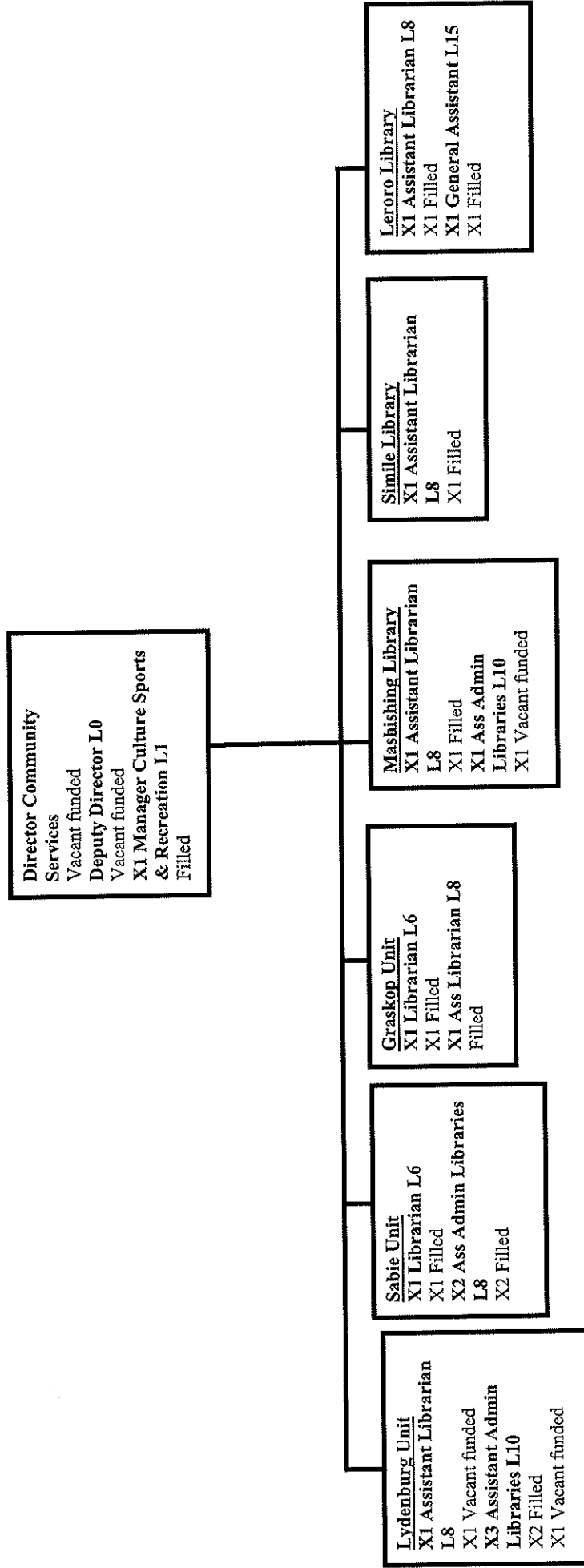
SUB-DIRECTORATE: PARKS AND CEMETERY MANAGEMENT



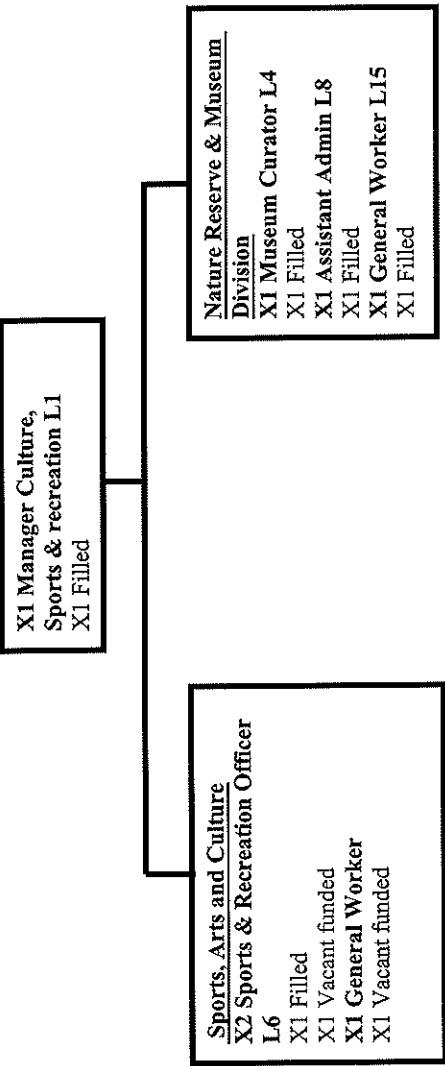
**SUB-DIRECTORATE: WASTE & ENVIRONMENTAL MANAGEMENT DIVISION**



SUB-DIRECTORATE: CULTURE SPORTS & RECREATION

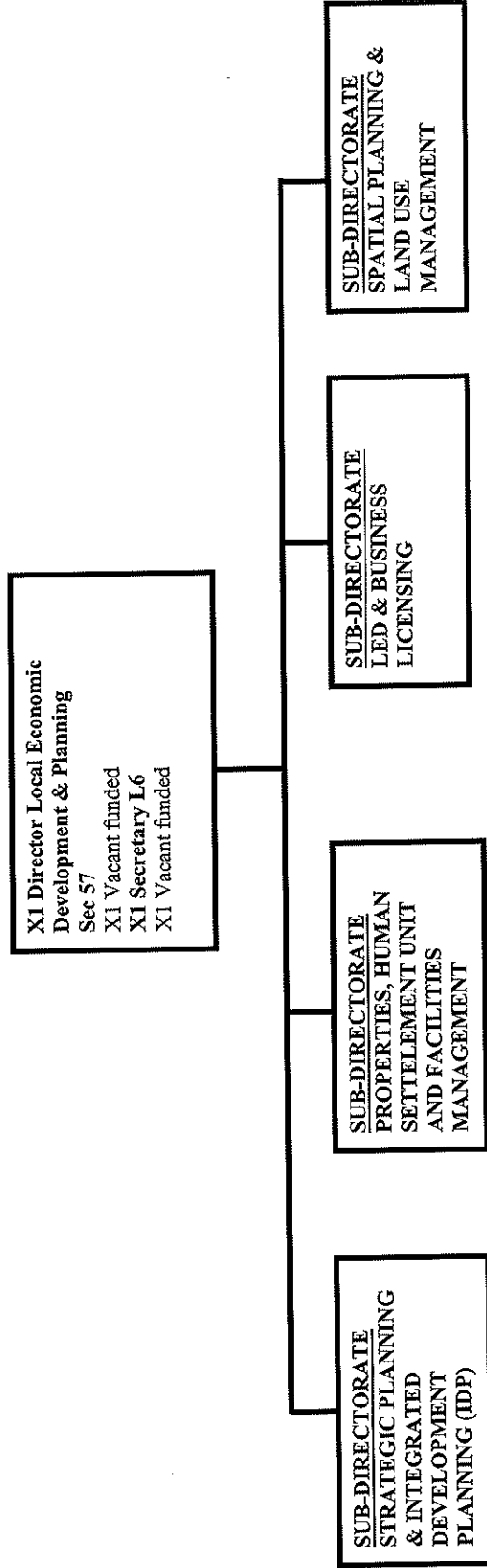


SUB: DIRECTORATE: MUSEUM AND NATURE RESERVE

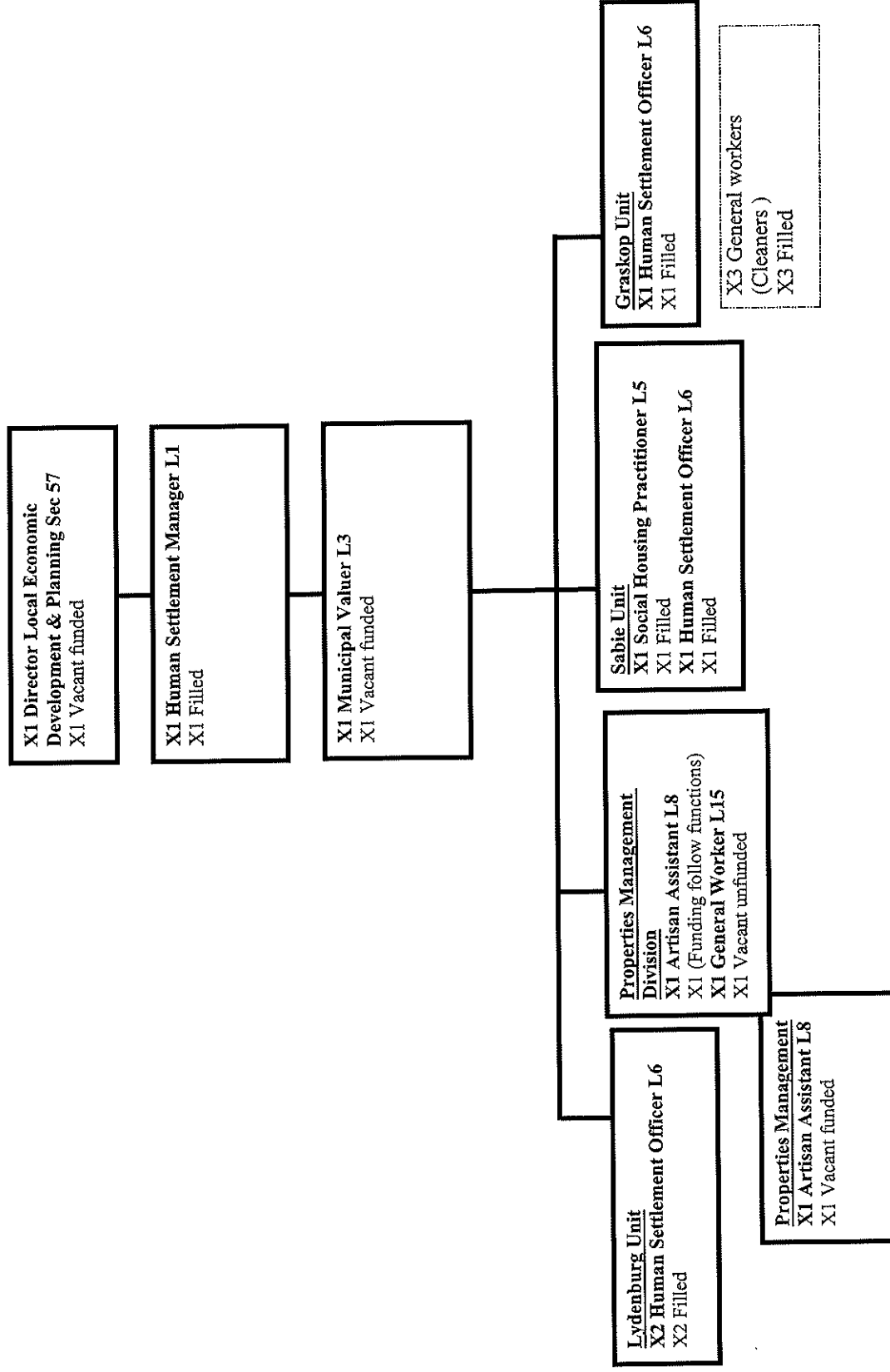




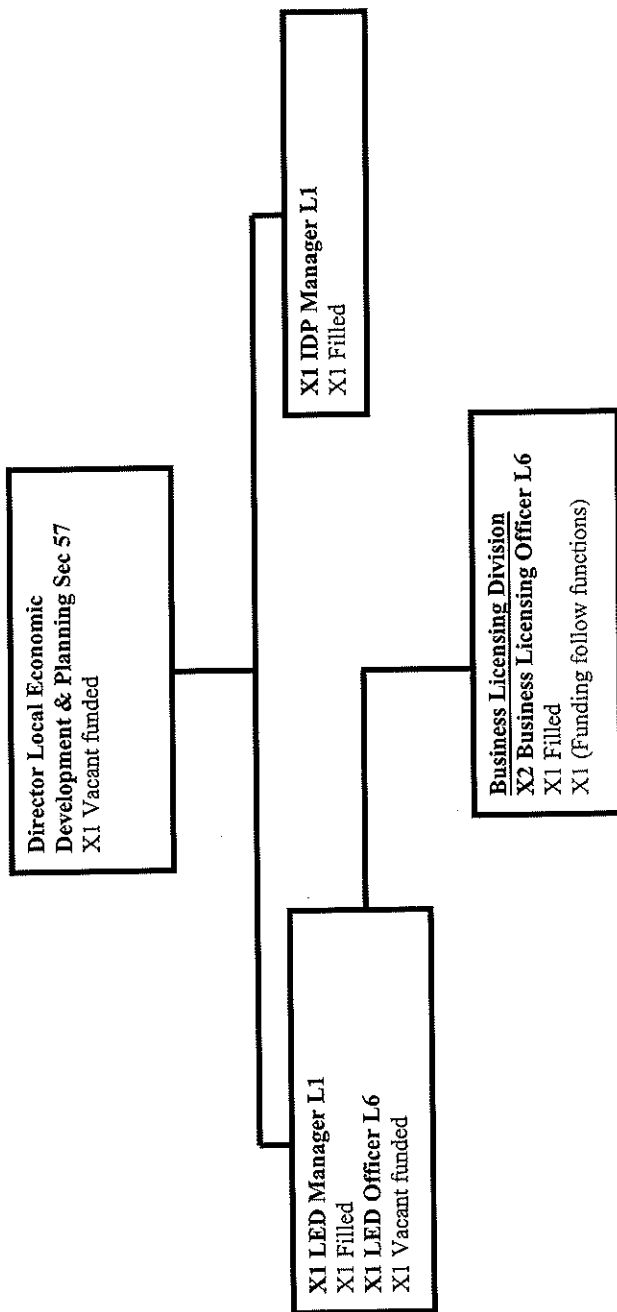
DIRECTORATE: PLANNING AND DEVELOPMENT



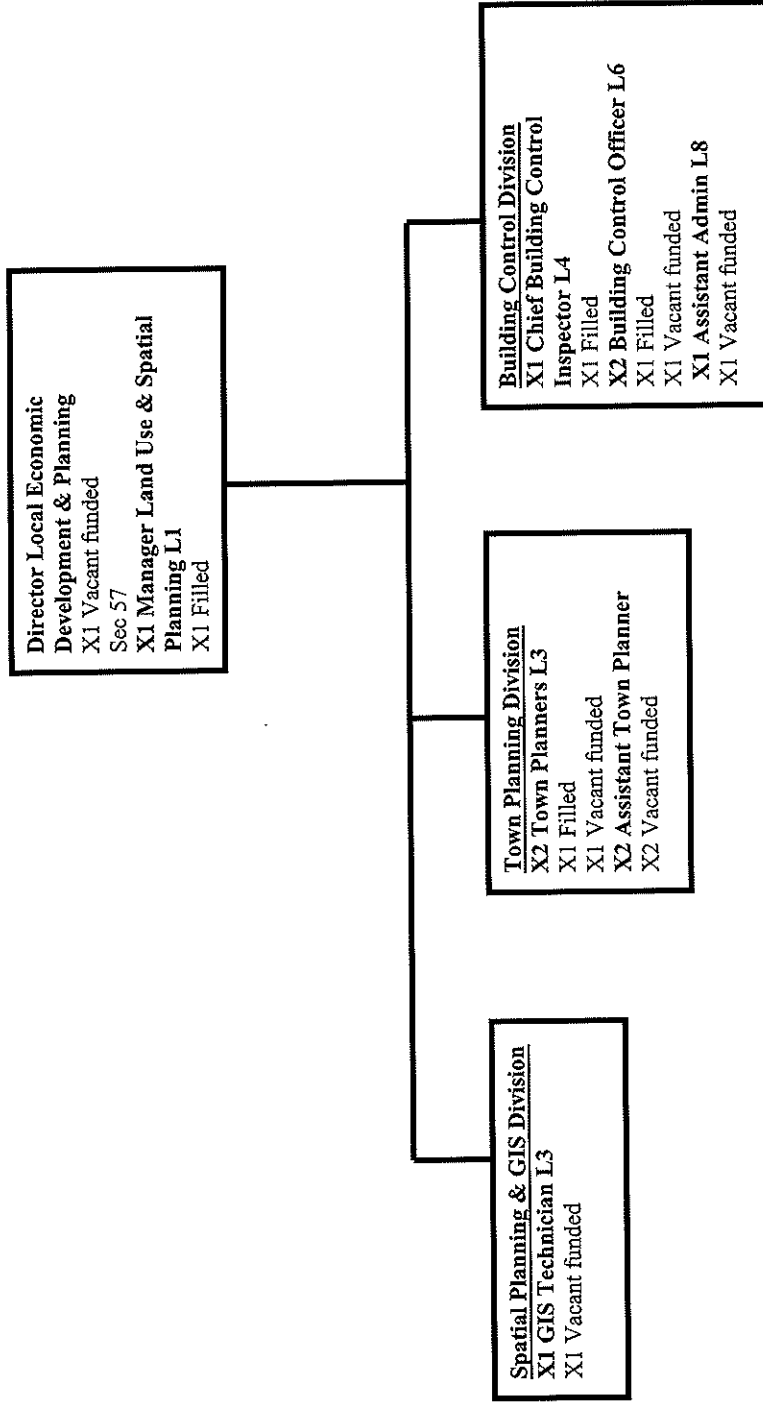
**SUB-DIRECTORATE: PROPERTIES FACILITIES AND HUMAN SETTLEMENT DIVISION**



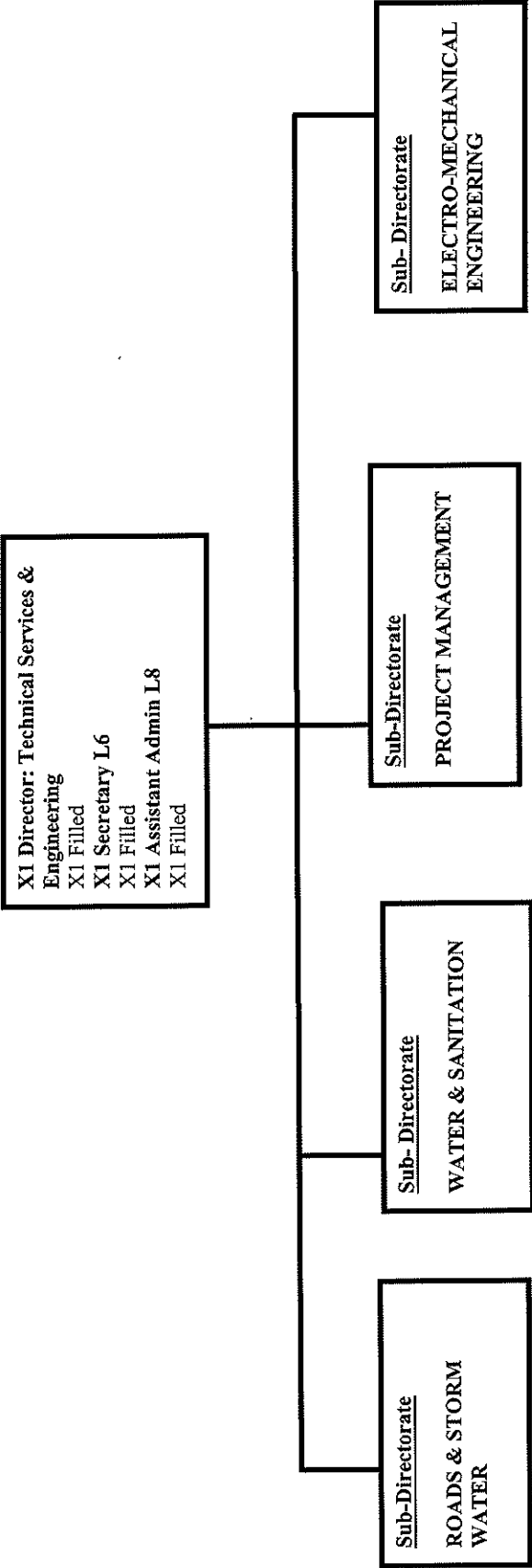
SUB-DIRECTORATE: PLANNING AND DEVELOPMENT



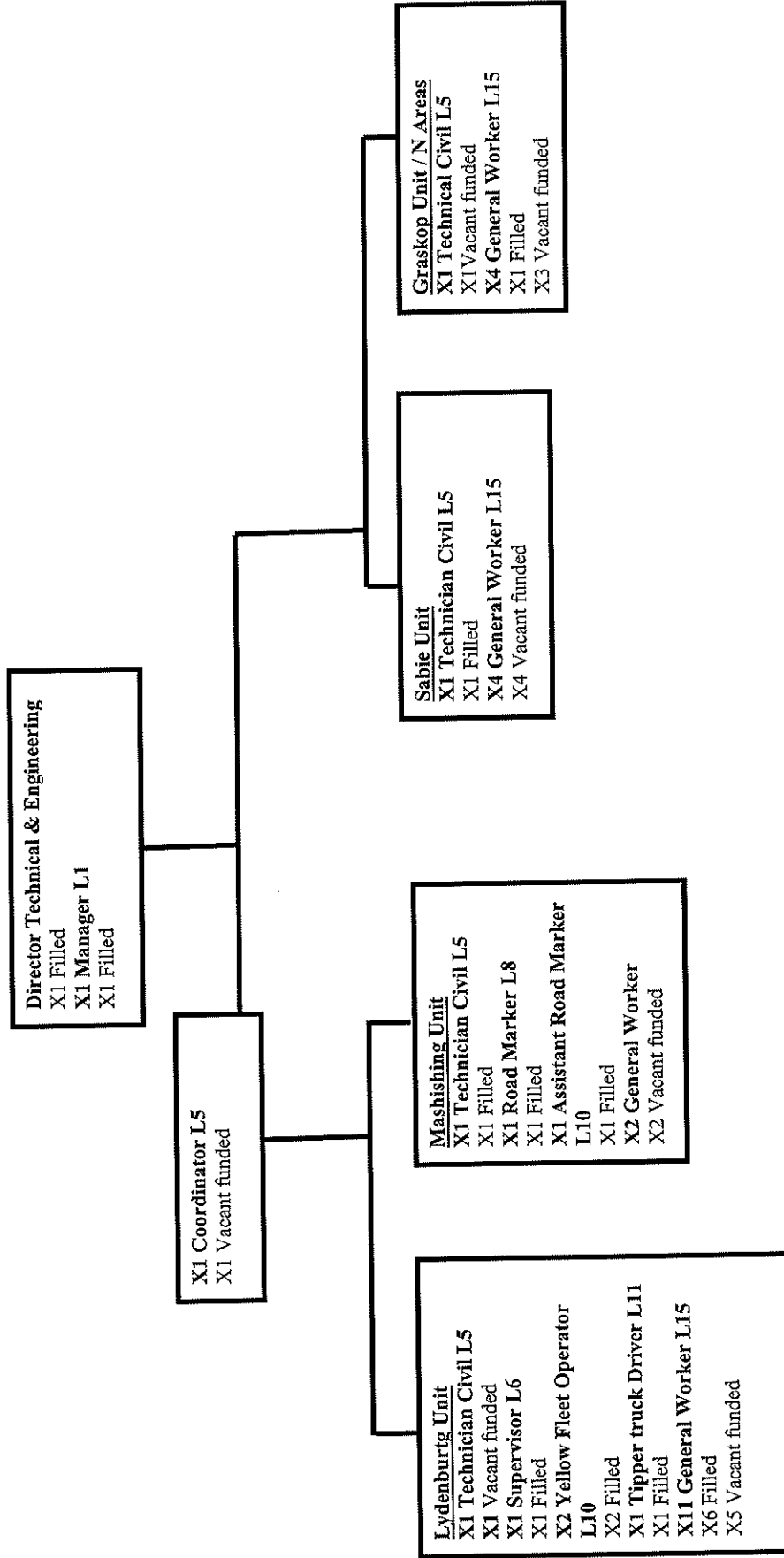
**SUB-DIRECTORATE: LAND USE MANAGEMENT & STRATEGIC PLANNING DEVELOPMENT**



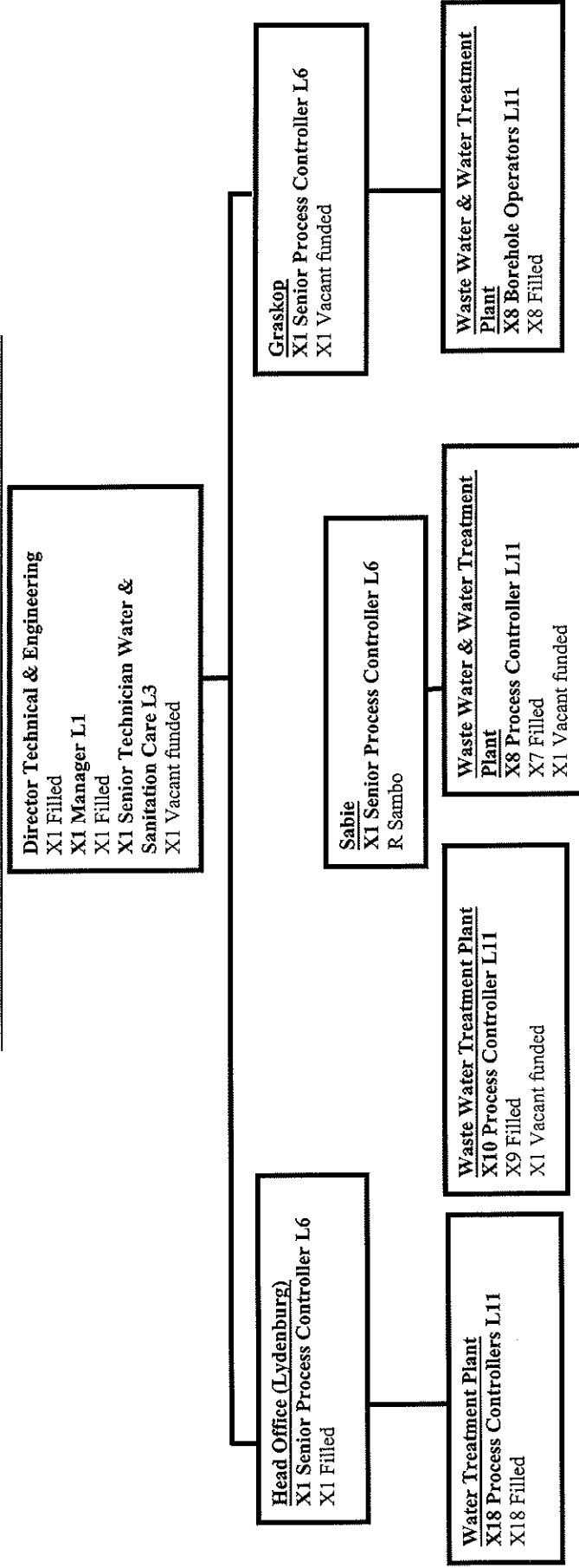
DIRECTORATE: TECHNICAL & ENGINEERING SERVICES



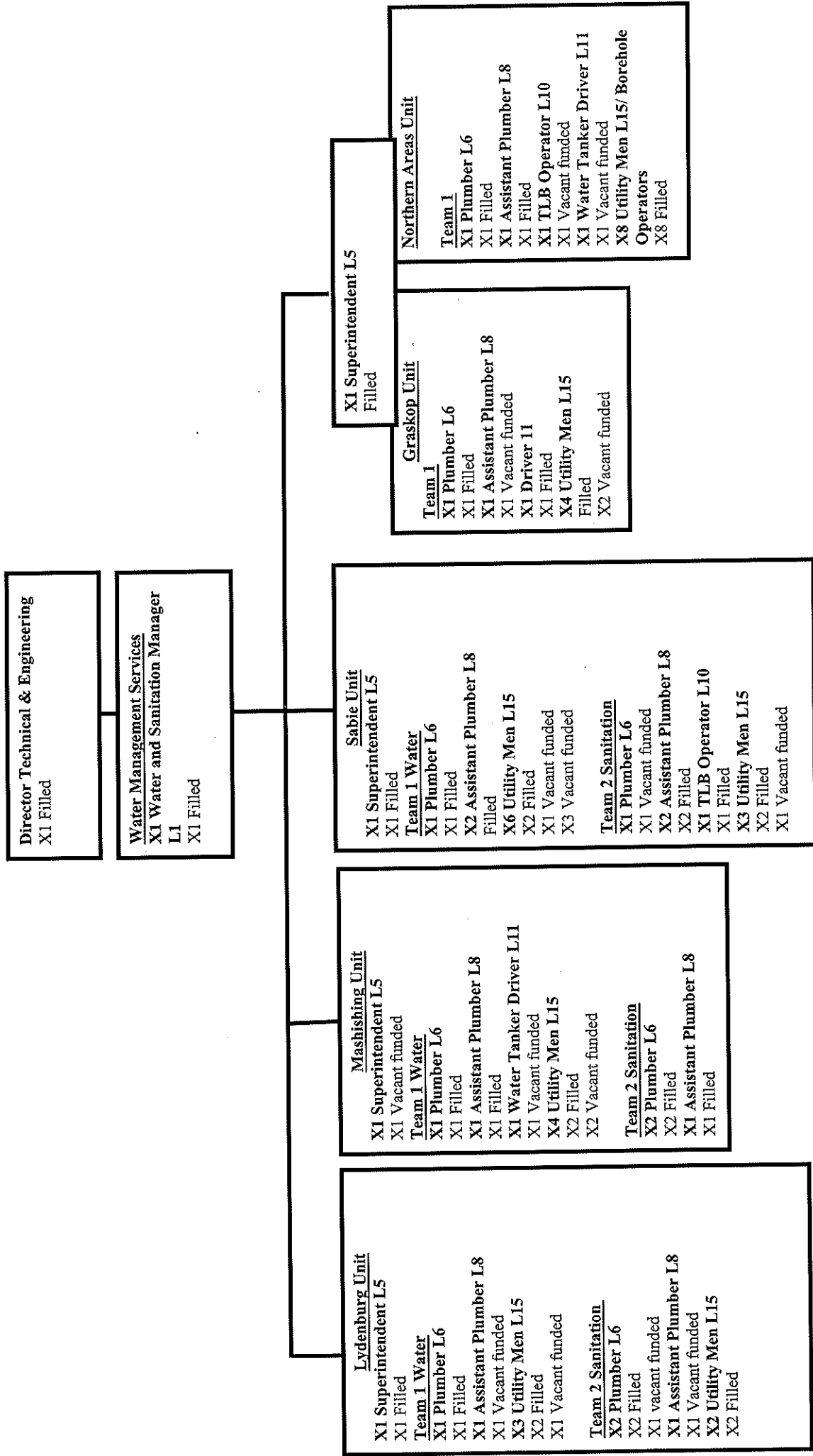
SUB-DIRECTORATE: ROADS AND STORM WATER



**SUB-DIRECTORATE: WATER AND SANITATION MANAGEMENT**

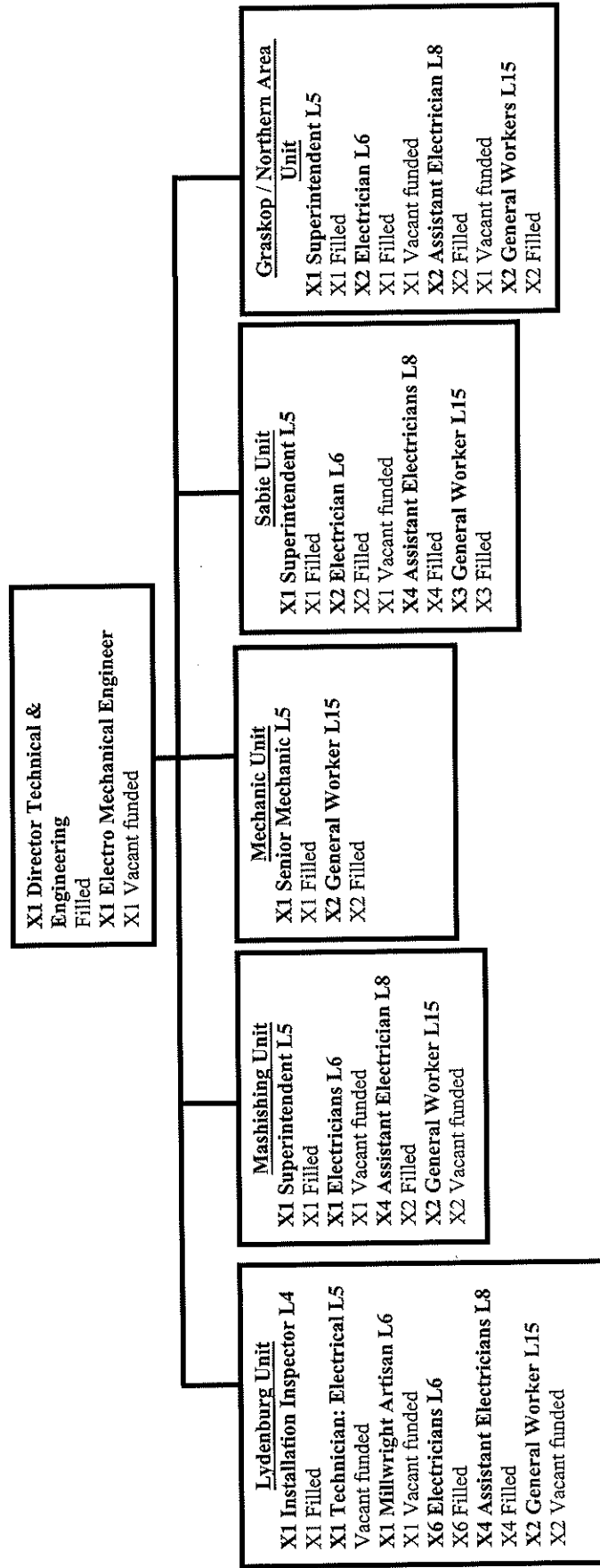


**SUB-DIRECTORATE: WATER AND SANITATION**

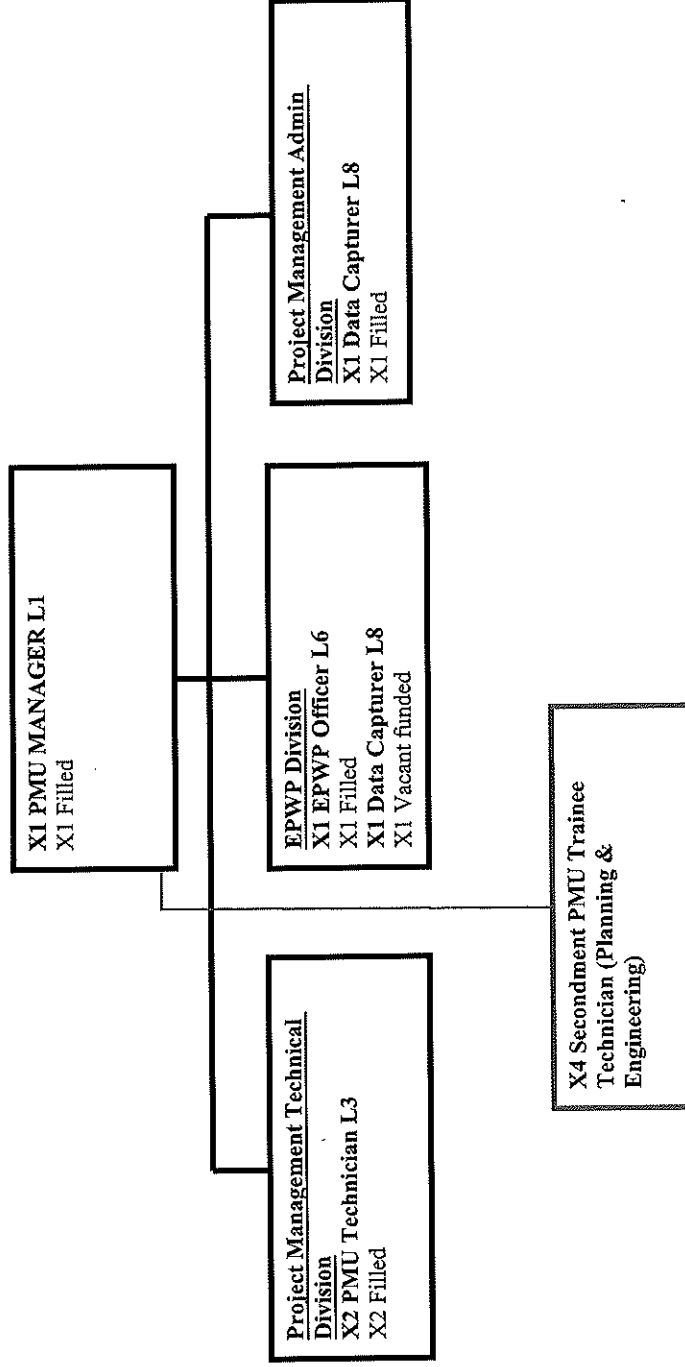




SUB-DIRECTORATE: ELECTRO-MECHANICAL ENGINEERING



SUB-DIRECTORATE: PROJECT MANAGEMENT UNIT



## **Appendix C: Functions of Municipality/ Entity**

Thaba Chweu Local Municipality is responsible for the following functions:

- Electricity delivery
- Water for household use
- Sewage and sanitation
- Storm water systems
- Refuse removal
- Firefighting services
- Decisions around land use
- Municipal roads
- Street trading
- Parks and recreational areas
- Libraries and other facilities

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## Appendix D: Ward Reporting and Information

WATER AND SANITATION			
PROJECT/PROGRAMME	BENEFICIARY VILLAGES (WARDS)	BUDGET	ADJUSTED BUDGET
Installation of Boreholes (Enkel Doring, Bultkop, Orighstad Dam, Lydenburg Ext 2 x2, Brondal, Simile, Harmony Hill 1 & 2, Lydenburg x2, Skhila)	01, 02, 03, 04, 05,06, 07, 11, 13, 12 &14	R 8 438 618,61 (MIG)	R8 860 126
Refurbishment of sanitation infrastructure in Thaba Chweu	05	R3 024 606 (MIG)	R 7 157 439
Sabie AC Pipeline Replacement	06 & 07	R 25 000 000 (WSIG)	R 25 000 000 (WSIG)
Maintenance of Boreholes	01, 02, 03, 04, 05,06, 07, 11, 13, 12 &14	R 2 500 000 (TCLM)	R 2 000 000 (TCLM)
ROADS AND STORMWATER			
Refurbishment of 1km Stormwater in Lydenburg Town	12 & 14	R 1 000 000 (TCLM)	R 0
Paving of Main Roads in Matibidi (Didimala Village)	08	R 9 864 946,35 (MIG)	R 9 864 946,35 (MIG)
Refurbishment of Morothong-Kanana Street Moremela (Tshirelang)	09	R8 992 046	R4 610 967
Refurbishment of Declerq Street at Mashishing/Lydenburg	12 & 14	R8 865 094	R8 865 094
Refurbishment of Potgieter street at Mashishing/Lydenburg	12 &14	R8 297 590	R8 915 200
ELECTRICITY			
PROJECT/PROGRAMME	BENEFICIARY VILLAGES (WARDS)	BUDGET	ADJUSTED BUDGET
Installation/refurbishment of streetlights/highmast	01, 02, 03,06, 07,08, 09, 10, 12,13 & 14	R 2 000 000(TCLM)	R 4 000 000(TCLM)

Refurbishment of Overhead lines in all towns	01, 02, 06, 07, 12 & 14	R 1 500 000 (TCLM)	R 6 500 000 (TCLM)
Supply & Delivery of Electrical Poles	1,2,3, 5, 6,7,10, 12&14	R 1 000 000 (TCLM)	R 1 000 000 (TCLM)
Repairs and Maintanance of Duma Substation		R 24 999 996(TCLM)	R 34 999 996(TCLM)
<b>WASTE MANAGEMENT</b>			
Procurement of 20 Skip/Street bins	01, 02, 03,06, 07,08, 09, 10, 12,13 & 14	R 400 000 (TCLM)	R 400 000 (TCLM)
Feasibility study for the Construction of buy back centre	01, 02, 03, 12 & 14	R 300 000(TCLM)	R 300 000(TCLM)
Feasibility Study of weigh bridge		R 500 000 (TCLM)	R 500 000 (TCLM)
Grass cutting & Prunning of graveyards	All wards	R 700 000(TCLM)	R 700 000(TCLM)
Maintenance of landfill site (Contracted Service)	01, 02, 03,06, 07,08, 09, 10, 12,13 & 14	R 6 600 000 (TCLM)	R 6 600 000 (TCLM)

PUBLIC FACILITIES/LED/SPATIAL PLANNING			
PROJECT/PROGRAMME	BENEFICIARY VILLAGES (WARDS)	BUDGET	ADJUSTED BUDGET
Refurbishment of public parks, recreational Facilities, Halls in TCLM	01, 02, 03, 04, 05,06, 07, 11, 13, 12 &14	R 500 000(TCLM) + R 1 500 000 (Graskop Hall)	R 500 000(TCLM) + R 1 500 000 (Graskop Hall)
Kwena RMP Tourism High Impact Project Facilitation	04	R 300 000 (TCLM)	R 300 000 (TCLM)
Heritage & History Focused Tourism Projects (Boomplaas Rockart)	13	R 100 000 (TCLM)	R 100 000 (TCLM)
Subdivision & rectification of Erven	All Wards	R 800 000 (TCLM)	R 800 000 (TCLM)
Facilitation of tittle deed rectification and registering		R 1 000 000 (TCLM)	R 1 000 000 (TCLM)
TRANSVERSAL			

Gender Based Violence (GBV) Campaigns	All Wards	R 200 000(TCLM)	R 50 000(TCLM)
Pauper & Indigent funeral		R50 000 (TCLM)	R50 000 (TCLM)
Disaster Management Relief projects		R 300 000 (TCLM)	R 300 000 (TCLM)
Youth Development Programmes		R 250 000 (TCLM)	R 250 000 (TCLM)
HIV & Civil Society Functions		R 500 000 (TCLM)	R 200 000 (TCLM)
Transversal Programmes		R 350 000 (TCLM)	R 350 000 (TCLM)

PROJECT NAME	PROJECT DESCRIPTION/SERVICE TYPE	BUDGET	BENEFICIARY WARDS
<b>DEPARTMENT OF HUMAN SETTLEMENTS</b>			
Provision of services for Proposed Harmony Hill Ext 2 (Polar Park)	Installation of Services : Water & Sewer	TBC	7
Provision/Installation of services in proposed Mashishing Ext 9 & 10	Installation of Services: Water & Sewer	TBC	2 & 5
Township Establishment of Harmony Hill Extension 2	Proclamation of Township	R 190 983.70	7
Township Establishment of Proposed Mashishing Ext 10	Proclamation of Township	R1 030 582.85	01, 02, 03, 12 &14
Mashishing Area C-proposed Extension 11	Proclamation of Township	R 2 548 772.60	01, 02, 03, 12 &14
Formalisation of Brondal Informal Settlement	Land Acquisition and Township Establishment	R3 403 488.25 for Township Establishment	11
Township Establishment of Proposed Mashishing Ext 9	Proclamation of Township	R647 873.98	01, 02, 03, 12 &14

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Area	Project Description	Number of Units	2021/22 Target
Mashishing ext. 6	Low-cost housing	27	R2 174 000
Mashishing ext. 8	Low-cost housing	28	R3 263 000
Mashishing ext. 6	Low-cost housing	50	R6 268 000
Matibiti, Mashishing	Low-cost housing	2	R251 000
Sabie	Low-cost housing	200	R89 291 927

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## Appendix E: Recommendations of the Municipal Audit Committee

### INTRODUCTION

Section 166 of the Municipal Financial Management Act (No. 56 of 2003) stipulates that each municipality must have an audit committee which serves as an independent advisory body.

- (a) The audit committee must advise the municipal council, the political office-bearers, the accounting officer, and the management staff of the municipality on matters relating to-
  - (i) *Internal financial control and internal audit.*
  - (ii) *Risk management.*
  - (iii) *Accounting policies.*
  - (iv) *The adequacy, reliability and accuracy of financial reporting and information.*
  - (v) *Performance management.*
  - (vi) *Effective governance.*
  - (vii) *Compliance with the MFMA, DoRA and any other applicable legislation.*
  - (viii) *Performance evaluation; and*
  - (ix) *Any other issues referred to it by the municipality.*
- (b) Review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its effectiveness and its overall level of compliance with the MFMA, DoRA and any other applicable legislation.
- (c) Respond to the council on any issues raised by the Auditor General in the audit report.
- (d) Carry out such investigations into the financial affairs of the municipality as the council of the municipality may request.
- (e) Perform such other functions as may be prescribed.

The principles of King IV, customised to municipal environment advises that the audit committee should:

3.5 ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities:

3.6 satisfy itself of the expertise, resources, and experience of the municipality's finance function:

3.7 be responsible for overseeing of the internal audit function; and

3.8 be an integral component of the risk management process.

### TERMS OF REFERENCE

The Audit Committee is constituted by 5 professionals who are all independent and are externally appointed by the district municipality council which is Ehlanzeni Municipality on a three-year contract basis to serve both Thaba Chweu Local Municipality and The District. The Audit Committee has adopted appropriate terms of reference which are captured in an Audit Committee charter, approved by the EDM Council as this is a shared committee. The audit committee has approved an internal audit charter, which regulates the operations of the Internal Audit unit. For this reason, the internal audit coordinates the operations of the committee and ensure that correct and required information by the committee for reviews is sent timeously to the members.



## **ATTENDANCE OF MEETINGS**

The Audit Committee members attendance of the meetings held for the financial year reported were as follows:

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The Audit Committee members attendance of the meetings held for mid-year reported were as follows:

Members	Position	29 September 2021	28 October 2021	17 February 2022	22 April 2022	29 June 2022	11 August 2022	31 August 2022
		Special sitting	Ordinary Sitting (first quarter)	Ordinary Sitting (second quarter)	Ordinary Sitting (third quarter)	Special Sitting (Review of IA enabling documents)	Ordinary Sitting (fourth quarter)	Special Sitting (AFS high level review)
Mr M Secker	Former Chairperson	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance	Contract expired	Contract expired
Mr Kenneth Mokoena	Member	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance	Contract expired	Contract expired
Mrs ZC Sibanda	Member	Not in attendance	Not in attendance	Not in attendance	In Attendance	In Attendance	Contract expired	Contract expired
Ms S Lubisi	Current Chairperson	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance
Ms S Mabilane	Member	In Attendance	Not in attendance	In Attendance	In Attendance	In Attendance	In Attendance	In Attendance

Members	Position	29 September 2021	28 October 2021	17 February 2022	22 April 2022	29 June 2022	11 August 2022	31 August 2022
Ms. P.N.T Makukule	Member	Special sitting	Ordinary Sitting (first quarter)	Ordinary Sitting (second quarter)	Ordinary Sitting (third quarter)	Special Sitting (Review of IA enabling documents)	Ordinary Sitting (fourth quarter)	Special Sitting (AFS high level review)
Mr. R. M Maboe	Member	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	In Attendance	In Attendance
Mr. J.N Mpjane	Member	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	Not in attendance (New member)	In Attendance	In Attendance

## PURPOSE

To advise council on the municipality's matters assessed by the audit committee and discussed at the meetings held on the Audit Committee third quarter & fourth quarter engagements of 2021/22 financial year (Including the special meetings).

## MATTERS DISCUSSED

DISCUSSION ITEMS	OBSERVATION	IMPLICATIONS	RECOMMENDATION
IA audit reports	The Audit Committee has reviewed and approved the Internal Audit annual documents on the 29 June 2022, the objective of these processes is to strengthen the effectiveness and efficiency of the department. The documents which were approved	Continued negative audit outcomes because of non-implementation or late implementation of the remedial actions as recommended by the internal audit.	Council to take note of all the recommendations made by the Internal Audit Department relative to the third and fourth quarter reports and provide adequate oversight in ensuring that all the recommendations are implemented to address the identified control weaknesses.

	are as follows:		
	<p>(i) Internal audit charter 2022-23</p> <p>(ii) Internal Audit Methodology 2022-23</p> <p>(iii) Internal Audit Strategic and Operational Plan 2022-23 And three Year Rolling Strategic for Period 1 July 2022- June 2025.</p> <p>The internal audit has assessed the following internal audit report for the period, which was submitted to the committee between the third and fourth quarter of the financial year:</p> <p>(1) Performance Management Report(second &amp; third quarter)</p> <p>(2) Risk management processes</p> <p>(3) Audit Action plan(2020-21)</p> <p>(4) Assets Management</p> <p>(5) Fleet Management</p>		

	<div data-bbox="183 1350 1361 1821"> <p>(6) Internal Audit tracking register</p> <p>(7) Report on waste and sanitation management</p> <p>(8) Report on integrated development plan 2021-22 and 2027.</p> <p>(9) Report on building control</p> <p>The observation of the audit committee on all the reports reviewed was that management and internal audit agreed on most of the findings raised, and it is highly recommended that management and internal audit have a healthy working relation to reach consensus on findings or issues raised to improve the internal control environment of the municipality and ultimately improve the overall perceptions and outcomes from the auditor general(SA).</p> <p>Furthermore, it is highly recommended that all internal</p> </div>	
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	audit recommendations including the recommendations of the committee are implemented by management to improve future audit outcomes as well as improving the efficiency and effectiveness of governance structure, financial internal controls, performance management report, as well as adherence to applicable legislations and Organisational management system.		
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<p><b>Performance Management Reports(sec ond &amp; third quarter)</b></p>	<p>The following were some of the findings which were raised by the Internal Audit in relation to the audit of Performance Management Report:</p> <ul style="list-style-type: none"> <li>• Some of the reported achievement not consistent with planned and reported indicator/target.</li> <li>• There was inadequate POE to support some of the achieved target for</li> <li>• There were no measures to improve performance for target not achieved not stated.</li> <li>• Some of the targets were reported in the period which they do not relate to.</li> </ul>	<p>Municipality's actual service delivery performance may not be reliably measured and may result in community unrests.</p>	<p>Council should perform oversight in ensuring that management perform consistency reviews between planned target and reported target on SDBIP and quarterly reports to ensure alignment and consistency between the planned target and reported target.</p> <p>Council should provide oversight in ensuring that all the achieved targets are adequately supported by POE.</p>
<p><b>Risk management processes</b></p>	<p>The following findings were raised by the Internal Audit in relation to the audit of Risk Management Processes:</p> <ul style="list-style-type: none"> <li>• The key performance report does not indicate the level of risk maturity the municipality is at.</li> <li>• The Whistle blowing policy does not clearly give guide on</li> </ul>	<p>Risk maturity level of the municipality may not improve since the level of risk maturity is not indicated on quarterly basis.</p> <p>Potential Whistle-blowers may not be encouraged to report suspected and actual</p>	<p>Council to provide oversight in ensuring that the Municipality fully implement the risk maturity assessment that is defined in the Public Sector Risk Management Framework.</p>



	the processes of reporting by whistle blowers.	fraudulent activities which may/are occurring at the municipality.	Council to provide oversight in ensuring that the Whistle blowing Policy is amended to include guidance on the process of reporting matters relating to fraud by Whistle-blowers.
<b>Audit Action plan(2020-21)</b>	<p>The Accounting Officer has placed the responsibility of coordinating the status of implementing remedial actions resulting from the audit findings</p> <ul style="list-style-type: none"> <li>• The AGSA completed its annual audit for the Municipality between March and April 2022. The Municipality received unqualified audit opinion with findings.</li> <li>• This is an improvement from the prior year (2019-20) audit as the Municipality was qualified on 10 paragraphs. There is a total of 141 findings which are outlined in the Management Report.</li> <li>• The status as per the fourth quarter in terms of implementing remedial actions by management was as follows: There were 31(22%) findings which were fully implemented, there were</li> </ul>	<p>Inadequate addressing of prior year audit findings might result in negative outcome from the AGSA</p>	<p>Council should provide oversight in ensuring that management has designed and implemented effective controls in ensuring that all findings raised by the AGSA are addressed.</p>

	54(38%) findings which were in progress and there were 56(40%) findings which were still outstanding.		
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<b>Assets Management</b>	<p>The following findings were raised by the Internal Audit in relation to the audit of Assets Management:</p> <ul style="list-style-type: none"> <li>• There were ineffective control over the movement of assets.</li> <li>• There were inconsistent monitoring of the asset register.</li> <li>• There are inadequate control over the delivery of assets.</li> <li>• There is no lack of Asset Maintenance plan.</li> </ul>	<p>Ineffective and inadequate controls in relation to assets management may lead to misstatements in the annual financial statements and some of the assets may be easily stolen.</p> <p>The challenge of ageing infrastructure may not be addressed due to lack of maintenance plan.</p>	<p>Council to provide oversight in ensuring that there are adequate and effective controls in terms of safeguarding assets and ensuring that assets are recognised accurately and complete in the annual financial statements.</p>
<b>Fleet Management</b>	<p>The following findings were raised by the Internal Audit in relation to the audit of Fleet Management.</p> <ul style="list-style-type: none"> <li>• The fleet steering committee is not effective.</li> <li>• The monthly fuel reports and vehicle forms not signed by delegated official.</li> <li>• There are also ineffective internal control regarding the trip authorities.</li> </ul>	<p>Municipal vehicles may be utilised for personal interests not for the benefit of the municipality.</p>	<p>Council to provide oversight in terms of controls implemented by management to ensure that municipal resources in the form of vehicles and fuel are not misused by employees.</p>

	<ul style="list-style-type: none"> <li>There are no daily inspections done as per the policy</li> </ul>		
<b>Report on waste and sanitation management</b>	<p>The following findings were raised by the Internal Audit in relation to the audit on Waste and Sanitation Management:</p> <ul style="list-style-type: none"> <li>There is illegal dumping of waste.</li> <li>Waste management not fully capacitated.</li> <li>Educational awareness programme on waste not conducted in all areas.</li> <li>Breakdown of the collection truck (Skip loader and compactor truck).</li> <li>Waste collection is not done in informal settlement and northern areas.</li> <li>No controls over recycling of waste.</li> </ul>	<p>Failure to address environmental issues may result in community health outbreak.</p> <p>Failure to properly address the environmental matters may result in more litigations for the municipality.</p>	<p>Council to provide oversight in terms of site visit to assess the status of illegal dumping in the municipality.</p> <p>Council to perform oversight visit to the dumping sites to assess the status of the landfill site of the municipality and evaluate the controls implemented by management.</p>

	<ul style="list-style-type: none"> <li>Inadequate implementation of integrated waste management plans.</li> </ul>		
<b>Report on integrated development plan 2021-22 and 2027</b>	<p>The following findings were raised by the Internal Audit in relation to the audit of IDP:</p> <ul style="list-style-type: none"> <li>IDP summary not included in the advert.</li> <li>Delays on timeframes for IDP cycle (2022-2027)</li> </ul>	<p>Delays on implementing timelines for the IDP process may result in failure to provide quality service delivery to the communities.</p>	<p>Council to provide oversight in ensuring that the IDP process plan is implemented as per the set timelines to avoid failures to provide quality service delivery to the communities.</p>
<b>Report on building control</b>	<p>The following findings were raised by the Internal Audit in relation to the audit of building control:</p> <ul style="list-style-type: none"> <li>Recording of building plans applications not reviewed by senior personnel.</li> <li>No system in place to back up building plan applications.</li> </ul>	<p>Possible misstatements on revenue resulting from building application fees.</p> <p>Lack of back-up may result in Building Plans files to be damaged, lost, misplaced, or stolen. A natural disaster such as fire could occur which means the loss of essential information, and it could not be retrieved.</p>	<p>Council to provide oversight in terms of assessing controls implemented in relation to building control unit.</p>

	<ul style="list-style-type: none"> <li>• Reconciliation of revenue received from building plans is not done and Misstatement identified on quarterly report.</li> <li>• No documentation to prove that inspections have been conducted and Occupational certificates issued not recorded.</li> <li>• Applicants did not sign the register (logbook) as proof of submitting building plans.</li> <li>• Loss of revenue by not charging a fee on the occupational certificate issued and overstatement of revenue</li> </ul>		
<b>Status of ESKOM Account</b>	<p>The Audit Committee had met with management during the ordinary meetings to discuss the status of the ESKOM Account and the following recommendations and comments were noted:</p> <ul style="list-style-type: none"> <li>• Management has indicated that for the duration of July 2021 to December 2021 the municipality was owing R1 040 560 435.</li> <li>• The municipality engaged with Eskom and treasury to</li> </ul>	<p>The growing Eskom account (debt) may lead to the Municipality being insolvent and more litigations and claims.</p>	<p>Council to assist management in the process of implementing the credit and debt policy of the municipality to ensure that there are adequate funds to pay for significant creditors such as ESKOM in terms of section 99 of the Municipal System Act.</p> <p>Council provide oversight in terms of assessing the effectiveness and adequacy of controls by management such as the impact of check meters on consolidating Duma sub-station to the</p>

	<p>minimise the interest on the debt that is currently being owed to Eskom, however Eskom indicated that the municipality needs to settle the current account every month then Eskom might consider the matter of not charging further interests owed by the Municipality.</p> <ul style="list-style-type: none"> <li>• The Municipality is still failing to service the current account.</li> <li>• The Committee further noted that the municipality is failing to pay at least 50% of the amount which is being billed by ESKOM.</li> <li>• Management has installed check meters on some of the sub-stations with the intention of determining the accuracy of what ESKOM is charging the municipality on monthly basis. The committee will assess the impact in the second quarter of the 2022-23 financial year and advise.</li> <li>• The municipality is also struggling with distribution losses which is above the set norm by the National</li> </ul>	mini-substations, evaluating the accuracy of billing by ESKOM.
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	<p>Treasury, and this is due to inadequate controls by municipality in relation to the bulk purchases of electricity and distribution to customers.</p> <ul style="list-style-type: none"> <li>The municipality is also in the process of compiling the reflective cost of supply study which will be submitted to NERSA for approval, however the committee has noted that there is a delay from management in terms of finalising the reflective cost of supply study.</li> </ul>		
<p><b>Status of Financial Recovery Plan</b></p>	<p>The Audit Committee had met with management during the ordinary meetings to discuss the status of the Financial Recovery Plan and the following recommendations and comments were noted</p> <ul style="list-style-type: none"> <li>Management indicated treasury had given the municipality a standard operating procedure to be utilised as a reduction plan(strategy) in relation to Unauthorised, Irregular, fruitless &amp; wasteful Expenditure (UIFW).</li> </ul>	<p>Poor financial recovery plan may lead to the Municipality being illiquid and insolvent.</p>	<p>Council should ensure that the FRP is realistic and contributes towards improving the financial health of the Municipality.</p>



	<ul style="list-style-type: none"> <li>The municipality also conducted skills audit to address the skills gap, however the committee has not yet realised the impact of this process as the organisational structure still has positions which there is no value for money in having those positions in the structure.</li> </ul>		
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>The committee has received reports from the Risk Management Committee Chairperson in relation to the quarterly risk management committee meetings, the following comments were noted:               <ul style="list-style-type: none"> <li>The report indicated that there were 8 top risks and they had 82 actions plans in place to mitigate the risks identified. She further reported that 22 of the action plans were in progress and 60 action had not been implemented.</li> <li>The report further indicated that some of the challenges that had been experienced which resulted to risks not</li> </ul> </li> </ul>	<p>Inadequate/Lack of implementing the remedial actions to address the risks being highlighted by the Risk Management Committee report could have a negative effect in terms of the municipality failing to meet its primary objective of service delivery to the communities.</p>	<p>That Council monitors the action plan's implementation to address the identified risks.</p> <p>Council to provide oversight in ensuring that there are measures to improve revenue collections to provide sufficient budget/ cash to address the identified risks.</p> <p>Council and Management to support the activities relating to Risk Management as it is a critical unit in the municipality,</p>

<p>being mitigated was due to the following amongst others:</p> <p>(a) Low revenue collection in the municipality.</p> <p>(b) Lack of water and sewer plant licensing in Sabie and Graskop.</p> <p>(c) Mushrooming of informal settlements and increased land invasion.</p> <p>(d) Continuous water losses and leakages- She indicated that the municipality is losing a lot on revenue due to water leakages and that water had been purified for human consumption and of which money was spent for that purification process, which is a huge challenge for the municipality.</p> <p>(e) The issue of vandalism is a huge issue for the municipality as they will have to bear the costs of repairing the infrastructure to continue with service delivery and avoid community unrests. She further indicated that vandalism is challenging the</p>		<p>which can assist in the process of achieving set goals and objectives.</p> <p>Council put more effort in promoting Good Governance by ensuring that the Fraud Prevention Plan and its policies such as the Whistle Blowing Policy are properly implemented &amp; monitored.</p>
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	<p>municipality financially due to low collection of revenue and the repairing of infrastructure.</p> <p>(f) Inability to realize the FRP due to the inadequate implementation of the Debt Collection Policy.</p> <p>(g) lack of water and sewer plant licensing in Sabie and Graskop,</p> <p>(h) lack of integration between the GIS system and finance which leads to in accurate billing.</p> <p>(i) lack of tourism strategy and personnel which is a source of revenue for the municipality,</p> <p>(j) Delays in review of the tariff structure and the high level of illegal connections.</p>		
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	<p>The following emerging risks were highlighted amongst others:</p> <p>(a) non functionality of the website.</p> <p>(b) possibility of the community retaliation in implementation of the credit control and debt management policy.</p> <p>(c) high indigent register can be triggered by the debit policy and over dependency on the usage of the consultant.</p> <ul style="list-style-type: none"> <li>• The report further indicated that management could ensure that funds are sourced from sector department to meet their objective, there should also adhere to municipal policies and compliance to the relevant legislation and ensure adequate there is budget to address challenges of distribution loss.</li> <li>• It was indicated that the risk unit conduct fraud awareness to the community and all personnel for them to be able to report matters relating fraud through the provided hotline.</li> </ul>		
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	<p>The following are some of the recommendations which were outlined by the Risk Management unit:</p> <ul style="list-style-type: none"> <li>• The installation of communal meters to regulate water usages and be able to account for water and reduce losses especially in informal settlements, continuous shutdown of the pipeline to ensure that water losses are minimised and fixing the leakages as and when they happen.</li> <li>• Municipality should encourage the community to report vandalism and theft as its continuation will result in the municipality being unable to render services to the community, that the community should be made aware that vandalism and theft is a criminal offense, the municipality should develop safeguarding assets mechanisms for the safety of municipal infrastructure, develop Community Police Forums which will assist the municipality in safeguarding</li> </ul>
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	<p>the assets and introducing a strategy that will assist in reducing illegal electricity connections and that the municipality should appoint a credible service provider who will offer security support to officials in disconnecting illegal connections.</p> <ul style="list-style-type: none"> <li>• Municipality should apply the impact-based approach, design strategies to rescue the municipality, adhere to timelines especially in terms of submitting POE's, source funds to meet objectives, adhere to municipal policies and comply with legislations.</li> <li>• Continue with road infrastructure to improve tourism in the area, fast track the process of reviewing and implementation of the maintenance plan.</li> <li>• Implementation of the Debt Collection Policy to increase the revenue base and the filling of critical positions.</li> <li>• Municipality should ensure that they replace the China</li> </ul>	
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	Meters with SA meters.		
<b>Section 52(d) Report</b>	<p>The committee has reviewed section 52(d) on a quarterly basis and the following comments were noted:</p> <ul style="list-style-type: none"> <li>• The committee has noted that the collection rate of the municipality below the required norm as required by the National Treasury.</li> <li>• The municipality does not perform reconciliation between the valuation roll, deeds register and the GIS system which is one of the contributing factors on the low</li> </ul>	<p>Overspending on the approved budget indicates poor planning from management and that will result in the unauthorised expenditure increasing in the financial statements.</p>	<p>Council to provide oversight in ensuring that there are adequate and effective controls in place designed and implemented by management for proper planning in relation to spending of the municipal funds.</p>

	<p>revenue collection which is very concerning.</p> <ul style="list-style-type: none"> <li>• The municipality has indicated most of the revenue from customers who are selling their properties, so before the property could be transferred to the new owner the outstanding balance owed on the property should be settled.</li> <li>• The municipality is devising a plan in terms of collecting revenue on the other areas and will also try to improve the collection rate to the acceptable norm as required by National Treasury.</li> <li>• Management indicated that they previously had a service provider (Cigicell) which their services were suspended but the AO had tabled a report to the new Council to uplift the suspension and it had been approved.</li> <li>• It was further noted that COVID-19 had an impact on the municipality in terms of debt collection as most businesses were affected but</li> </ul>	
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	<p>they are approaching the municipality to make arrangements to settle their debts, hence they are asking for a discount. Therefore, a write off policy will be developed and tabled to Council for approval to assist the affected debtors.</p> <ul style="list-style-type: none"> <li>The committee was concerned with the debt collection as at was at 77% in the fourth quarter which is way less as compared to the 95% norm set by National Treasury.</li> </ul>		
<b>Technical Reports</b>	<p>The committee has reviewed Technical Reports on a quarterly basis and the following comments were noted:</p> <ul style="list-style-type: none"> <li>Management indicated that previously Sanitation Infrastructure had no fence which made it easy for everyone to have access to the plant and it was difficult for the security to guard the place, but the fence had been installed now.</li> </ul>	<p>Community unrests and strikes have a negative impact on implementation of the municipal projects.</p>	<p>Council to provide leadership in dispute resolutions amongst community members and service providers.</p>

	<ul style="list-style-type: none"> <li>Management further indicated that the municipality had made efforts to beef up security to ensure that the plant is properly safeguarded, as the EDM and the department of Water and Sanitation had raised the same concerns.</li> </ul>		
<b>SCM quarterly Reports</b>	<p>The committee has reviewed SCM reports on a quarterly basis and the following comments were noted:</p> <ul style="list-style-type: none"> <li>The committee was concerned that the audit report from the AGSA raised inadequate controls in the SCM unit, the committee advised the municipality to implement controls which will address the issues which were raised by the AGSA.</li> <li>The AC also stated that the action plan needs to have a detailed plan on how those findings raised by the AGSA are going to be addressed.</li> <li>The committee was very concerned on the number of transactions relating to emergencies and the</li> </ul>	<p>Deviations which are not properly justifiable could results in Irregular Expenditure.</p>	<p>Council to provide adequate oversight on the SCM quarterly reports to determine the adequacy and effectiveness of controls implemented by management to reduce irregular expenditure.</p>

	committee indicated that some of the transactions did not qualify to be classified as emergencies and they needed to be properly adjusted to avoid increase in Irregular expenditure which is not justifiable.		
<b>mSCOA Status Reports</b>	<p>The committee has reviewed mSCOA Status Reports on a quarterly basis and the following comments were noted:</p> <ul style="list-style-type: none"> <li>The committee indicated that items 12 &amp; 13 (performance management and customer care) it is imperative that there is a system in place to ensure that they are integrated so that the mSCOA reporting for the municipality is aligned with the regulation that was signed by the minister of COGTA.</li> <li>The committee indicated that the report needs to include the expenditure and not only the budget.</li> <li>The committee was pleased that the asset module up and running and said they should</li> </ul>	<p>The asset module will be finalised after the audit processes for the 2020-21 are finalised and the municipality was still in the process of benchmarking with other municipalities on the implementation of the performance management system module.</p>	<p>Council to provide adequate oversight on the mSCOA reports in terms of ensuring that the municipality is fully compliant.</p>

	<p>try working on the GIS system as it is vital for accuracy and integrity in terms of billing for services.</p> <ul style="list-style-type: none"> <li>The committee further recommended that it is important that management start moving with the PMS module, and they should start with it at the beginning of the next financial year and get the GIS system on board as soon as possible.</li> </ul>		
<p><b>Report on sale of non-strategic assets</b></p>	<p>The committee has reviewed Report on sale of non-strategic assets on a quarterly basis and the following comments were noted:</p> <ul style="list-style-type: none"> <li>Management indicated that council resolved to sell stands to deal with the market gap for the people who do not qualify for RDP houses and also to recoup revenue which would be utilised to pay the ESKOM account.</li> <li>Management further indicated that the stands are all sold for cash and as such no selling on loan arrangements.</li> </ul>	<p>The funds which are collected should not be utilised for operations as the ESKOM account will continue to grow.</p>	<p>Council should provide oversight in ensuring that the funds collected on the sale of stands are paid to the ESKOM account.</p>

<p><b>Report on high level review of the AFS(2021-22)</b></p>	<p>The committee through the assistance of the Internal Audit Department performed a high-level review of the Draft AFS (2021-22) and the following findings were raised to management:</p> <ul style="list-style-type: none"> <li>• Variance noted on comparative figures.</li> <li>• Variance noted on the employee related costs amount.</li> <li>• Variances noted between the statement of budget and the approved budget figures.</li> <li>• Variances noted on actual figures of the budget statement and the face of the draft AFS.</li> <li>• Inconsistencies between the disclosure notes and the face of the draft AFS.</li> <li>• No/inadequate schedules/register to support the amounts presented on the draft AFS.</li> </ul>	<p>Variances noted may result in the Annual financial statements being misstated and if not properly corrected it will result in a qualified audit opinion.</p>	<p>Council to provide oversight in terms of assessing the effectiveness and adequacy of controls which are implemented by management in preparations of the annual financial statements.</p>
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	<ul style="list-style-type: none"> <li>• Variances noted between the fixed asset register and the draft annual financial statements</li> </ul>		
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## **AUDIT COMMITTEE OVERALL COMMENTS**

The Committee has reviewed the following areas and the necessary recommendations were made to management so as to improve the control environment.

### **• EFFECTIVENESS OF RISK MANAGEMENT**

We have noted through the review of risk management documents, an improved management of risks although exceptions have been noted. Support of the risk management function will enable management to fully implement mitigation strategies and will achieve the set objectives.

Council should ensure that the Accounting Officer (Municipal Manager) strictly monitors the performance of risk management in the organisation, as this should have a direct impact in achieving the objectives of the municipality. We further commend and that note of the extensive work of the risk management committee and the risk management unit to brighten their space even though much is still to be done to educate all the staff across the Municipality regarding risk management.

### **• EFFECTIVENESS OF INTERNAL CONTROLS**

The committee took note of all the Internal Audit Reports issued during the third and fourth quarters period as indicated above. The various reports issued by the Internal Audit Department had highlighted several internal control weaknesses which management should take note of. We also took note of all the recommendations made by the Internal Audit Department in support of the identified gaps. The committee had made commitments to monitor the implementation of the Internal Audit recommendations by reviewing the IA Findings "Tracking Register" as well as the audit action plan to determine the extent in terms of addressing findings which were raised by the AGSA.

### **• EFFECTIVENESS OF GOVERNANCE**

The Committee took note of the improvement the municipality is making towards establishing Good Governance processes including the appointment of the necessary Section 79 and 80 Committees. The functionality of MPAC is quite critical and the committee believes that MPAC should be fully supported and resources in order to play their oversight role as required by legislation. The MPAC committee's reports are tabled timeously to Council with appropriate recommendations on all their oversight responsibilities. The Council Oversight committee should also take note of Section 171 and 172 of the MFMA when evaluating the consequence management process of the municipality.

### **• STATUS ON IMPLEMENTATION OF THE INFRASTRUCTURE PROJECTS**

The committee has noted some concerns in terms of the implementation of the capital projects which are funded by the Municipal Infrastructure grant (MIG). Management has not put the committee into confidence in terms of reporting the progress made on quarterly basis. The committee has noted that the Director: Technical Services has decided not to serve the committee with the quarterly implementation report and the reasons provided by the Director were that there are interference from the Accounting Officer, the committee resolved to meet

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with the Accounting Officer to obtain the reasons for the report not being submitted to the committee and the Accounting Officer cited that there are insubordinations from the Director and she further indicated that the Director does not regularly come to work. It was also established by the Committee that the situation between the Accounting Officer and the Director has been escalated to the Political Leadership, however to date there has not been a solution to address this issue.

The committee is very concerned that this situation has direct impact on service delivery and if it is not addressed this might also result in the grant funds not fully utilised in the 2022-23 financial year and subsequently negatively impact service delivery to the communities and which will also result in community unrests.

#### • STATUS OF THE FINANCIAL VIABILITY

The committee has noted that the status on financial viability of the municipality is not entirely improving and if it is not properly addressed it might result in the municipality being placed under administration. According to the audit report from the Auditor General in the 2020-21 financial year it stated that *"the municipality incurred a net loss of R305 039 011 as at the 30 June 2021, the current liabilities increased by 16% and these indicated that there were material uncertainty existed that may cast significant doubt on the municipality's ability to continue as a going concern."*

The committee held a meeting with the Chief Financial Officer and the Deputy Chief Financial Officer and the objective of the meeting was to establish whether there is any progress made to date in terms of improving the status of financial viability and it was evident from their presentation that the situation has not improved. Some of the contributing factors relate to the Eskom debt, distribution losses, ageing infrastructure, Organisational structure which has more employees than required.

#### • THE LEVEL OF COMPLIANCE WITH LEGISLATION

We have noted some improvement in the level of compliance with legislation when one compares the current financial year with the past 5 financial years. We would therefore commend management for the effort put in place to improve the internal controls of the Organisation. Council should however note that there is still an inadequate control to implement consequence management in the municipality, which results in certain departments not complying with relevant legislation due to lack of commitment or adequate capacity in terms of skills and expertise. Council and Management should address lack of knowledge and this as a matter of urgency. The critical one that leads to a qualification being SCM regulations, which resulted in escalating irregular expenditure, effort must be done to correct this situation on non-compliance as a matter of urgency.

#### AUDITOR GENERAL (SA)

The Committee has had engagements with the Auditor General's management team during the financial year. The council should ensure that management always tables the Audit Action Plan indicating the measures implemented to address the issues raised by the Auditor General. We are concerned that not all the 2020/21 audit report findings were addressed by management, and this therefore may have an impact on the results of the audit outcome of



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2021/22. There are still several findings which are critical and raised by the AGSA which if they are not addressed, they may make the municipality to regress in the next audit cycle (most are internal control deficiencies). This was evident from the engagements we had with the AGSA, and the report presented by the Internal Audit in relation to the status of the implementation of action plan by management in relation to the audit process of the 2021/22 financial year.

## OVERALL OBSERVATION AND CONCLUSION

A lot still has to be done to ensure good governance in the municipality and also to improve the financial administration considering the service delivery challenges faced by the municipality especially with the dilapidating infrastructure. The council should allocate more funds for the maintenance of the municipal infrastructure including the refurbishment thereof. The road network of the municipality needs serious intervention taking into consideration that roads are an important contributing factor towards business investment which will have a direct impact on the goal of reducing unemployment. Council should always work towards realizing its Vision (***Custodian of sustainable service delivery, economic development and good governance***) through ensuring that the Mission of ***“improving socio –economic conditions by improving service delivery and growing the economy through sound governance”***.

For all these mission statements to be realized, a sound leadership is needed to drive the daily activities implemented through a proactive Service Delivery and Budget Implementation Plan (SDBIP) and we have trust in the newly appointed Accounting Officer together with the political leadership to provide such leadership to change this municipality status quo.

We also recommend that council establish good relations with the local business community which could assist the municipality by hopefully adopting some of the identified projects in the new IDP which has been developed to assist council in acceleration of service delivery considering the poor cash flow the municipality is currently experiencing. We also recommend that council consider appointment of debt collectors to assist in debt collection and implementation of municipal bylaws to reduce the debt book of the Municipality.

The situation with the implementation of the capital projects should be addressed as soon as possible, the committee recommends that the council should perform an oversight report which will include the review of spending on the capital projects, determine whether the progress on the projects is aligned to the milestones as outlined in the service level agreement. The council should also ensure that there is a proper working relationship between the Accounting Officer and all the Directors to ensure that there is quality service delivery.

We would also like to urge the council to find a solution in dealing with the situation of the Duma substation as it has been dragging on for too long and resolving the situation might provide some relief on the Financial Recovery plan and the ESKOM debt. The selling of non-strategic assets is also highly recommended by the Committee as the proceeds realised would contribute to paying for the ESKOM debt.

Lastly, we would like to thank both the Council of Thaba Chweu and Ehlanzeni for allowing us to serve on the committee. Trusting that the Council will continue in monitoring the activities

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of the committee in ensuring that the issues of Good Governance are properly and adequately addressed which will have a direct impact on the lives of the Thaba Chweu communities.

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## **Appendix F: Long term Contracts and Public Private Partnership**

### **Public Private Partnership**

#### **1. PPP Disclosures: Duma Substation**

##### **Description of the agreement:**

PPP Contract: Duma Substation, 132KV/40MVA (M090)

##### **Terms of the arrangement that may affect the amount, timing and certainty of future cash flows:**

- Part K of the agreement: Unforeseeable Discriminatory Government Conduct and Discriminatory
- Part Q: Refinancing
- Schedule A: Payment Mechanism
- Schedule B: Financial Model
- Schedule K: Development Cost Payment and Guarantee
- Addendum B: Change of Company
- Addendum C: Revenue Collection
- Addendum D: Change in Monthly Fees/ Payments and Profits Sharing Regime
- Addendum F: Change in Esrow Account
- Addendum E: Change in Duration and Expiry Date

##### **The nature and extent of rights to use specified assets:**

The buildings and other facilities together with all supporting infrastructure, plant and equipment as required to enable the Private Party to exercise its rights and perform its obligations included in the project deliverables.

Living quarters - 8473m<sup>2</sup>

Switching Station – 7789m<sup>2</sup>

Eskom Switching station – 8526m<sup>2</sup>

##### **The obligations to provide or rights to expect provision of services:**

None. The approval of the subdivision and rezoning of the proposed assets stipulates that the municipality does not have capacity for service provision.

##### **The obligations to acquire or build assets:**

None. All risk to acquire and build assets is transferred to the Private Party within the approved scope of works.

##### **The obligations to deliver or rights to receive specified assets at the end of the PPP agreement:**

All assets acquired and built, including all intellectual property will revert back to the municipality at the end of the PPP agreement.

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**The renewal and termination options:**

The renewal option may be subject to Part Q: Refinancing and Addendum E: Change in Duration and Expiry Date.

The termination option is contained in Part N: Termination of the PPP Agreement with conditions of compensation where necessary.

**Other rights and obligations (e.g. major overhauls):**

None.

**Changes in the agreement occurring during the period:**

Variations in regards to scope of works and project costs as contained in all the addendums and Schedules of the PPP Agreement.

**2. PPP Disclosures: Graskop Holiday Resort****Description of the agreement:**

PPP Agreement to finance, reinstate, design, upgrade, refurbish, develop, expand operate and maintain the Graskop Holiday Resort in Graskop, Mpumalanga.

**Terms of the arrangement that may affect the amount, timing and certainty of future cash flows:**

- Clause 10.1: Ring fencing
- Clause 14: General Reporting and Financial Reporting Requirements
- Clause 19: Operation Fee
- Clause 22: Consequences of a Relief Event
- Clause 23: Consequences of a Compensation event
- Clause 26: Municipal Default

**The nature and extent of rights to use specified assets:**

The buildings and other facilities together with all supporting infrastructure, plant and equipment, as required to enable the Private Party to exercise its rights and perform its obligations included in the Project Deliverable.

Extent of facility and marketing natural features that are non-developable – 13ha

**The obligations to provide or rights to expect provision of services:**

None.

**The obligations to acquire or build assets:**

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None. All risk to finance, design, re-instate, upgrade, refurbish, develop, expand, operate, and maintain the facility have been transferred to the Private Party.

**The obligations to deliver or rights to receive specified assets at the end of the PPP agreement:**

All assets reinstated and built, including all intellectual property will revert back to the municipality at the end of the PPP agreement.

**The renewal and termination options:**

There is no renewal option. The agreement shall endure until the earlier of the Expiry Date and the Termination Date.

The termination option is contained in Clause 28: Termination of the PPP Agreement.

**Other rights and obligations (e.g. major overhauls):**

The Private Party have the exclusive right and obligation for its benefit and risk to levy and collect user charges in respect of the Operation and Maintenance, with effect from the Effective Date.

**Changes in the agreement occurring during the period:**

Variations in terms of the concession (waived operation fee) for the first three years from the Effective Date managed through a contract management plan and approved by the Board of Directors of the Municipal Entity.

### **3. PPP Disclosures: Graskop Gorge and Lift Centre**

**Description of the agreement:**

PPP Agreement to develop, operate, maintain and transfer the Graskop Gorge Lift and Retail Complex in Graskop, Mpumalanga Province

**Terms of the arrangement that may affect the amount, timing and certainty of future cash flows:**

- Clause 12: General Reporting and Financial Reporting Requirements
- Clause 18: Operation Fee
- Clause 21: Consequences of a Relief Event
- Clause 22: Consequences of a Compensation event
- Clause 25: Municipal Default

**The nature and extent of rights to use specified assets:**

The buildings and other facilities together with all supporting infrastructure, plant and equipment, as required to enable the Private Party to exercise its rights and perform its obligations included in the Asset Register, as updated from time to time.

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Extent of facility and marketing natural features that are non-developable – 19ha

**The obligations to provide or rights to expect provision of services:**

None.

**The obligations to acquire or build assets:**

None. All risk to develop, operate, maintain the facility have been transferred to the Private Party.

**The obligations to deliver or rights to receive specified assets at the end of the PPP agreement:**

All assets built, including all intellectual property will revert back to the municipality at the end of the PPP agreement.

**The renewal and termination options:**

The renewal option is contained in Clause 4: Duration of the PPP Agreement.

The termination option is contained in Clause 27: Effects of Termination of the PPP Agreement.

**Other rights and obligations (e.g. major overhauls):**

The Private Party have the exclusive right and obligation for its benefit and risk to levy and collect user charges in respect of the Operation and Maintenance, with effect from the Operation Commencement Date.

**Changes in the agreement occurring during the period:**

None. A contract management plan has been signed to manage all changes, risks and variations to the PPP agreement.

## Appendix G: Revenue Collection Performance

### Appendix G (i): Revenue Collection Performance by Vote

Description	2021/2022 Budget		2021/2022 Actuals	
<b>R thousands</b>				
Vote 1 - Municipal Manager	R	-		
Vote 2 - Executive Council	R	123 682 000,00	R	123 682 000,00
Vote 3 - Finance Services Department	R	146 490 000,00	R	140 341 909,50
Vote 4 - Corporate Services Department	R	-	R	-
Vote 5-Community Services	R	63 827 000,00	R	54 926 916,79
Vote 6-Technical Services	R	393 491 000,00	R	375 208 581,70
Vote 7-LED	R	11 063 000,00	R	10 362 592,14
<b>TOTAL</b>	<b>R</b>	<b>738 560 000,00</b>	<b>R</b>	<b>704 522 000,00</b>

### Appendix G (ii): Revenue Collection Performance by Source

Description	2021/2022 Budget		2021/2022 Actuals	
<b>Revenue By Source</b>				
Property rates	R	125 000 000,00	R	111 045 281,00
Service charges - electricity revenue	R	206 323 985,00	R	189 086 046,00
Service charges - water revenue	R	59 817 542,00	R	53 902 908,00
Service charges - sanitation revenue	R	19 194 370,00	R	18 726 776,00
Service charges - refuse	R	18 206 042,00	R	22 368 147,00
Rental of facilities and equipment	R	5 100 000,00	R	2 933 259,00
Interest earned - Outstanding Debtors	R	30 000 000,00	R	25 742 067,00
Interest earned - external investments	R	2 500 000,00	R	317 341,00
Fines, penalties and forfeits	R	2 500 000,00	R	12 371 434,00
Transfer receipts - Capital	R	84 982 000,00	R	84 885 499,00
Transfer receipts - operating	R	175 036 000,00	R	171 784 188,00
Other revenue	R	10 100 061,00	R	11 359 033,00
<b>TOTAL</b>	<b>R</b>	<b>738 760 000,00</b>	<b>R</b>	<b>704 522 000,00</b>

### Appendix G: Conditional Grants Performance

Description	Final Allocation	Expenditure	Unspent Portion
Finance Management Grant (FMG)	R 3 000 000,00	R 3 000 000,00	R -
Expanded Public Works Programme (EPWP)	R 1 836 000,00	R 1 836 001,90	R 1.90
Water Service Infrastructure Grant (WSIG)	R 35 000 000,00	R 34 903 918,86	R 96 081,14
Municipal Infrastructure Grant (MIG)	R 49 982 000,00	R 49 981 581,76	R 418.28
<b>Total</b>	<b>R 89 818 000,00</b>	<b>R 89 721 502,52</b>	<b>R 96 497.48</b>

## Appendix H: Capital Expenditure

### Appendix H (i): Capital Expenditure – New Assets

Description	2021/2022 Budget	2021/2022 Capital Expenditure
<b>Infrastructure</b>	R 14 911 000,00	R 31 530 321,60
<b>Electrical Infrastructure</b>	R 10 000 000,00	R 27 259 882,21
HV Substations	R 5 000 000,00	R 143 791,00
HV Transmission Conductors	R 5 000 000,00	R 377 367,76
Capital Spares	R -	R 26 738 723,45
<b>Water Supply Infrastructure</b>	R 4 911 000,00	R 4 270 439,39
Boreholes & Argumentation	R 4 911 000,00	R 4 270 439,39
<b>Community Assets</b>	R 700 000,00	R 490 762,83
Cemeteries	R 300 000,00	R -
Public Ablution Facilities	R 400 000,00	R 490 762,83
<b>Other Assets</b>	R 1 390 000,00	R 10 721 101,18
Furniture and Office Equipment	R 990 000,00	R 2 052 377,55
Machinery and Equipment	R 400 000,00	R 368 715,22
Computer	R -	R 6 797 381,18
Transport Asset	R -	R 927 307,23
Land	R -	R 575 320,00
<b>Total Capital Expenditure on new assets</b>	R 17 001 000,00	R 34 781 184,75

### Appendix H (ii): Capital Expenditure – Upgrading of existing assets

Capital expenditure on renewal of existing assets by Asset Class/Sub-class		
Description	2021/2022 Budget	2021/2022 Capital Expenditure
<b>Infrastructure</b>	R 42 008 000,00	R 37 300 457,96
<b>Roads Infrastructure</b>	R 37 862 000,00	R 33 461 875,28
Roads	R 37 862 000,00	R 33 461 875,28
<b>Sanitation Infrastructure</b>	R 4 145 000,00	R 3 838 582,68
Outfall Sewers	R 4 145 000,00	R 3 838 582,68
<b>Total Capital Expenditure on renewal of existing assets to be adjusted</b>	R 42 008 000,00	R 37 300 457,96



<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>		
<b>Description</b>	<b>2021/2022 Budget</b>	<b>2021/2022 Capital Expenditure</b>
<b>Infrastructure</b>	<b>R 35 000 000,00</b>	<b>R 35 852 377,66</b>
<b>Water Supply Infrastructure</b>	<b>R 31 901 000,00</b>	<b>R 33 247 085,17</b>
Water Distribution	R 31 901 000,00	R 33 247 085,17
<b>Sanitation Infrastructure</b>	<b>R 3 099 000,00</b>	<b>R 2 605 292,49</b>
Reticulation	R 3 099 000,00	R 2 605 292,49
<b>Community Assets</b>	<b>R 564 000,00</b>	<b>R 354 002,46</b>
Indoor Facilities	R 564 000,00	R 354 002,46
<b>Total Capital Expenditure on upgrading of existing assets to be adjusted</b>	<b>R 35 564 000,00</b>	<b>R 36 206 380,12</b>

#### **Appendix I: Declaration of Grants made by the Municipality**

The Municipality made a transfer of R\*00 000 to THALEDA.

THALEDA is an Entity of the Municipality and to co-fund the Administration of the Entity, the municipality above mentioned transfer.

## Appendix J: Detailed breakdown of Performance Results for the FY 2021/22:

Strategic Objective: SO 1 - Provide access to quality services in line with council mandate													
Key Performance Area: Basic Services and Infrastructure Development													
Focus Area: Water													
Implementing Department: Technical & Engineering Services													
PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Installation of Boreholes in Thaba Chweu Local Municipality	Ward 1, 2, 3, 4, 5, 6, 7, 11, 13, 12 & 14 (Enkel Doring, Bultkop, Orighstad Dam, Lydenburg Ext 2 x2, Brondal, Simile, Harmony Hill 1 & 2, Lydenburg x2, Skhila)	Number	Number of boreholes installed at Thaba Chweu Local Municipality (Enkel Doring, Bultkop, Orighstad Dam, Lydenburg Ext 2, Brondal, Simile, Harmony Hill 1 & 2, Lydenburg & Skhila)	12 Boreholes	13 Boreholes installed at Thaba Chweu Local Municipality (Enkel Doring, Bultkop, Orighstad Dam, Lydenburg Ext 2, Brondal, Simile, Harmony Hill 1 & 2, Lydenburg & Skhila) by 30 June 2022	Not Achieved. 3 boreholes refurbished at Mashishing & Lydenburg	Not achieved. 6 Boreholes installed	7 boreholes not installed	Poor performance by the contractor which resulted in the termination of the contractor	Appointment of competent and skilled contractors	R 8 438 619 (MIG)	R 8 860 126 (MIG)	R 829 413,89
Sabie AC Pipeline Replacement Phase1	Ward 6 & 7 (Sabie)	Number	Number of KMs of AC Pipeline replaced at Sabie	New KPI	18 KMs of AC Pipeline replaced at Sabie by 30 June 2022	N/A (New KPI)	Not Achieved. Project is Practically complete with snag list items	Snag list items	Poor performance by the contractor	Appointment of competent and skilled contractors	R 25 000 000 (WSIG)	R 25 000 000 (WSIG)	R 559 148,56

Strategic Objective: SO 1 - Provide access to quality services in line with council mandate

Key Performance Area: Basic Services and Infrastructure Development

Focus Area: Sanitation

Implementing Department: Technical & Engineering Services

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Refurbishment of Sanitation Infrastructure in Thaba Chweu Local Municipality (Phase 3)	Ward 5 (Skhila)	Number	Number of WWTW refurbished at Skhila	Phase 2 completed	1 WWTW refurbished at Skhila by 30 June 2022	Not Achieved. 0 WWTW refurbished	Not achieved. WWTW at Skhila not fully refurbished, only a clearvu fence was installed and a mini sub was delivered	1 WWTW not fully refurbished as per initial scope of work	There was further theft and vandalism of infrastructure at the WWTW hence the scope increased beyond the available budget	Safeguarding of municipal infrastructure at all times	R 3 024 606 (MIG)	R 7 157 439 (MIG)	R 676 258,44

Strategic Objective: SO 1 - Provide access to quality services in line with council mandate

Key Performance Area: Basic Services and Infrastructure Development

Focus Area: Roads

Implementing Department: Technical & Engineering Services

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL ANNUAL PERFORMANCE FOR 2021/22 FY						
Paving of main roads in Matibidi (Didimala Village)	Ward 8 (Matibidi)	Number	Number of KMs of roads paved at Matibidi (Didimala Village)	New KPI	1 KMs of roads paved at Matibidi (Didimala Village) by 30 June 2022	N/A (New KPI)	Achieved. 1.4 KMs of road paved at Matibidi (Didimala Village)	0.4 KM of road paved above the planned 1 KM	The entire budget was for 1.4km and initial plan for the 2021/22 FY was to construct 1.0 km but due to the hostile environment by the Sub-Contractors, the Main Contractor decided to complete the project in one financial year, hence the extra 0.4km which was intended for 2022/23 FY.	N/A	R 9 864 946 (MIG)	R 8 509 695 (MIG)	R 577 327,12

**Strategic Objective: SO 1 - Provide access to quality services in line with council mandate**  
**Key Performance Area: Basic Services and Infrastructure Development**

**Focus Area: Roads**

Implementing Department: Technical & Engineering Services													
Refurbishment of Morothong-Kanana Street at Moremela (Tshirelang)	Ward 9 (Moremela)	Number	Number of KMs of street refurbished at Morothong-Kanana Street in Moremela (Tshirelang)	1.2 km of road paved at Moremela (Morothong-Kanana)	0.8 KM of street refurbished at Morothong-Kanana Street in Moremela (Tshirelang) by 30 June 2022	N/A (1.2 km of road paved at Moremela Morothong-Kanana in the 2019/20 FY)	Not Achieved. 0.7 KM of street refurbished at Morothong-Kanana Street in Moremela (Tshirelang)	0.1 KM not paved	New application for the project was done (MIG/MP/20 85/RST/21/23) under the name Paving of Main Roads in Moremela (Tshirelang) and the budget approved was R22 851 113.69 and only 0.7 km of approved 1.4 km was done. 0.7 km will be done in the coming financial years (i.e., it is a multiyear project)	To implement the 0.7 km in the 2022/23 FY since it is a multiyear project	R 8 992 046 (MIG)	R 4 610 967 (MIG)	R 610 966,91
Refurbishment of De Clerq Street (Voortrekker) at Mashishing Lydenburg.	Ward 12 & 14 (Lydenburg)	Number	Number of KMs of street refurbished at De Clerq (Voortrekker) Street in Lydenburg	1 set of designs crafted for the refurbishment of De Clerq street	0.8 KMs of street refurbished at De Clerq Street (Voortrekker) in Lydenburg by 30 June 2022	Achieved. 1 set of designs crafted for the refurbishment of De Clerq street at Lydenburg	Achieved. 0.95 KMs of street refurbished at De Clerq Street (Voortrekker) in Lydenburg	0.15 KM of road paved above the planned 0.8 KM	Savings on the project were used to do the additional 0.15 km	N/A	R 8 865 094 (MIG)	R 8 865 094 (MIG)	R 548 447,13



Strategic Objective: SO 2 - Realisation of harmonious development within the municipal jurisdiction

Key Performance Area: Spatial Planning & Rationale

Focus Area: Spatial Planning & Rationale

Implementing Department: LED & Planning

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ANNUAL PERFORMANCE FOR 2020/21 FY	ANNUAL PERFORMANCE FOR 2021/22 FY						
Rectification of land parcels (subdivision/consolidation/rezoning)	All Wards	Number	Number of Ervens subdivided/consolidated/rezoned in TCLM	IDP 2017-2022	10 erven subdivided/consolidated/rezoned in TCLM by 30 June 2022	N/A	Achieved. 10 erven subdivided/consolidated/rezoned	N/A	N/A	N/A	R 800 000 (TCLM)	R 800 000 (TCLM)	R 318 559,50
Mashishing Cemetery planning and Land Surveying - Phase 2	Ward 5 (Mashishing)	Number	Number of graves pegged at Mashishing new Cemetery	Cemetery planning diagram 2020	1000 pegged graves at Mashishing new Cemetery by 30 June 2022	N/A (Cemetery planning diagram completed in the 2019/20 FY)	Achieved. 1000 pegged graves at Mashishing new Cemetery	N/A	N/A	N/A	R 600 000 (TCLM)	R 600 000 (TCLM)	R 654 399,36

Strategic Objective: SO 3 - Increase revenue base and financial viability  
Key Performance Area: Financial Viability & Management

Focus Area: Budget & Reporting

Implementing Department: Finance

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Section 71 Reports	Institutional	Number	Number of Section 71 Reports submitted to Executive Mayor	12 Section 71 Reports	12 Section 71 Reports submitted to Executive Mayor by 30 June 2022	Achieved. 12 Section 71 Reports compiled	Achieved. 12 Section 71 Report compiled	N/A	N/A	N/A	Opex	Opex	Opex
Section 52D Reports	Institutional	Number	Number of Section 52D Reports tabled to Council	4 Section 52D Reports	4 Section 52D Reports tabled to Council by 30 June 2022	Achieved. 4 Section 52D Reports compiled	Achieved. 4 Section 52D Report compiled	N/A	N/A	N/A	Opex	Opex	Opex
Section 72 Report	Institutional	Number	Number of Section 72 Reports submitted to Executive Mayor & Treasury	1 Section 72 Report	1 Section 72 Reports submitted to Executive Mayor & Treasury by 25 January 2022	Achieved. 1 Section 72 Report compiled	Achieved. 1 Section 72 Reports submitted to Executive Mayor & Treasury on the 25th of January 2022	N/A	N/A	N/A	Opex	Opex	Opex
Approval of Annual Budget	Institutional	Number	Number of Annual Budgets approved for 2022/23 FY	2021/22 Annual Budget	1 Annual Budget approved for 2022/23 FY by 30 June 2022	Achieved. 1 2021/22 Annual Budget approved by Council	Achieved. 1 Approval of 2022/23 Budget (31 May 2022) by Council	N/A	N/A	N/A	Opex	Opex	Opex



**Strategic Objective: SO 3 - Increase revenue base and financial viability**

**Key Performance Area: Financial Viability & Management**

**Focus Area: Budget & Reporting**

**Implementing Department: Finance**

Budget related policies	Institutional	Number	Number of budget related policies submitted to Council for approval	15 Budget related policies approved by Council	15 budget related policies submitted to Council for approval by 30 June 2022	Achieved. 15 Budget related policies approved by Council	Achieved. Final Budget related policies tabled to Council for approval	N/A	N/A	N/A	Opex	Opex	Opex
Submission of AFS	Institutional	Date	Number of sets of AFS Submitted to AG by 31 of August 2021	2020/21 AFS	1 Set of AFS Submitted to AG by 31 of August 2021	Achieved. 2020/21 AFS submitted to AGSA	Achieved. 1 Set of AFS Submitted to AG on the 31st of August 2021	N/A	N/A	N/A	R 2 000 000 (TCLM)	R 2 000 000 (TCLM)	R 2 000 000 (TCLM)
<b>Focus Area: Revenue Enhancement</b>													
Billing Reports	Institutional	Number	Number of Monthly billing reports compiled	12 Billing reports	12 Monthly billing reports compiled by 30 June 2022	Achieved. 12 Billing reports compiled	Achieved. 12 Monthly billing reports compiled	N/A	N/A	N/A	Opex	Opex	Opex
Monitoring of Collection Rate	Institutional	Percentage	% of Monthly Collection Rate achieved	72% Collection Rate	85 % Monthly Collection Rate achieved by 30 June 2022	Not Achieved. 72% Collection Rate	Achieved. 85 % Monthly Collection Rate achieved	N/A	N/A	N/A	Opex	Opex	Opex
Valuation Roll Reconciliation	Institutional	Number	Number of Monthly Valuation Roll Reconciliations reports compiled	12 Monthly Valuation Roll Reconciliations	12 Monthly Valuation Roll Reconciliations reports compiled by 30 June 2022	Achieved. 12 Monthly Valuation Roll Reconciliations compiled	Achieved. 12 Monthly Valuation Roll Reconciliations reports compiled	N/A	N/A	N/A	Opex	Opex	Opex

Strategic Objective: SO 3 - Increase revenue base and financial viability

Key Performance Area: Financial Viability & Management

Focus Area: Budget & Reporting

Implementing Department: Finance

Installation of plastic water meters	All wards	Number	Number of plastic water meters installed in all areas in Thaba Chweu	New KPI	8000 Plastic water meters installed in all areas in Thaba Chweu by 30 June 2022	N/A (New KPI)	Not Achieved. 3250 Water meters have been procured, 784 water meters have been delivered, no water meters installed	8000 Plastic water meters not installed.	Delay in the appointment of a service provider install the meters	Meters to be installed in the 1st quarter of the 2022/23 FY	R -	R 4 635 0000 (TCLM - PT)	R 3 710 18 7.50 (TCLM - PT)
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Strategic Objective: SO 4 - Enhance economic development and growth

Key Performance Area: Local Economic Development

Focus Area: Local Economic Development

Implementing Department: LED & Planning

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Stakeholder engagements and communication of strategies to stakeholders	All Ward	Number	Number of LEDF meetings held	04 LEDF meetings held in 2020/21 FY	04 LEDF meetings held by 30 June 2021	Achieved. 04 LEDF meetings held	Achieved. 04 LEDF meetings held	N/A	N/A	N/A	Opex	Opex	Opex
Review of LED Strategy - Covid 19, Economic Recovery, Marketing and Promotion Strategy	All Ward	Number	Number of LED Strategy reviewed and tabled to Council for approval	LED strategy 2018	1 LED Strategy reviewed and tabled to Council for approval	N/A (LED Strategy reviewed in 2018/19 FY)	Not Achieved. Final LED Strategy not approved by Council	Approved LED Strategy	Appointed service provider did not submit final LED strategy Draft for approval by council	To make follow up with the appointed service provider.	R 500 000 (TCLM)	R 500 000 (TCLM)	R 422 150,00
Kwena RMP Tourism High Impact Project Facilitation	Ward 4 (Badfontein)	Number	Number of land use rights for Kwena Dam approved	New KPI	1 land use right for Kwena Dam approved by 20 June 2022	N/A (New KPI)	Not Achieved. Land use rights approval not approved	Approved Land use rights are outstanding	Awaiting signature of the MOU from DWS	Follow-up with DWS	R 300 000 (TCLM)	R 100 000 (TCLM)	R 26 022,84
Heritage & History Focused Tourism Projects (Boomplaas Rockart)	Ward 13 (Boomplaas Rockart)	Number	Number of signage boards procured by 30 June 2022	New KPI	12 signage boards procured by 30 June 2022	N/A (New KPI)	Achieved. Signage boards delivered	N/A	N/A	N/A	R 100 000 (TCLM)	R 100 000 (TCLM)	R 29 926,26

Strategic Objective: SO 5 - Improve institutional transformation and resources management

Key Performance Area: Municipal Transformation and Institutional Development

Focus Area: Municipal Transformation and Institutional Development

Implementing Department: Corporate Services

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Alignment of Organogram to IDP	Institutional	Number	Number of organisational structures reviewed in line with the IDP & submitted to Council for approval	2021/22 Organogram was tabled to Council on 28 May 2021	1 Organisational structure reviewed in line with the IDP & submitted to Council for approval by 31 May 2022	Achieved. 2021/22 Organogram tabled to Council on 28 May 2021	Achieved. 1 Organisational structure reviewed in line with the IDP & tabled to Council for approval	N/A	N/A	N/A	Opex	Opex	Opex
Development of (WSP)	Institutional	Number	Number of WSP submitted to LGSETA	2020/21 WSP was submitted to LGSETA on 30 April 2021	1 WSP submitted to LGSETA by 30 April 2022	Achieved. 2020/21 WSP submitted to LGSETA	Achieved. Work Skills Plan (WSP) submitted to LGSETA	N/A	N/A	N/A	Opex	Opex	Opex
Development of Annual Training Report (ATR)	Institutional	Number	Number of ATR submitted to LGSETA	2020/21 ATR was submitted to LGSETA on 30 April 2021	1 ATR submitted to LGSETA by 30 April 2022	Achieved. 2020/21 ATR submitted to LGSETA	Achieved. Annual Training Report (ATR) submitted to LGSETA	N/A	N/A	N/A	Opex	Opex	Opex
Employment Equity Report	Institutional	Number	Submission of the EE report to the Department of Labour	EE Report was submitted to Department of Labour before Jan 2021	Submission of EE Report on or before 15 January 2022	Achieved. EE Report submitted to Department of Labour	Achieved. EE Report submitted to dept of labour on the 15th of January 2022	N/A	N/A	N/A	Opex	Opex	Opex

**Strategic Objective: SO 5 - Improve institutional transformation and resources management**

**Key Performance Area: Municipal Transformation and Institutional Development**

**Focus Area: Municipal Transformation and Institutional Development**

**Implementing Department: Corporate Services**

LLF Sittings	Institutional	Number	Number of LLF Sittings held by 30 June 2022	New KPI	4 LLF Sittings held by 30 June 2022	N/A (New KPI)	Achieved. 4 LLF Sittings held	N/A	N/A	N/A	Opex	Opex	Opex
OHS Committee Meetings	Institutional	Number	Number of OHS Committee Meetings held	4 OHS Committee Meetings	4 OHS Committee Meetings held by 30 June 2022	Achieved. 4 OHS Committee Meetings held	Achieved. 4 OHS Committee Meetings held	N/A	N/A	N/A	Opex	Opex	Opex
OHS Workshop	Institutional	Number	Number of OHS Workshops held	4 OHS Workshops	4 OHS Workshops held (Lydenburg, Sabie, Graskop & Northern Areas) by 30 June 2022	Achieved. 4 OHS Workshops held	Achieved. 4 OHS Workshops held	N/A	N/A	N/A	Opex	Opex	Opex
OHS Inspections	Institutional	Number	Number of OHS Inspections reports compiled	4 OHS Inspections	4 OHS Inspections reports compiled by 30 June 2022	Achieved. 4 OHS Inspections held	Achieved. 4 OHS Inspections reports compiled	N/A	N/A	N/A	Opex	Opex	Opex

Strategic Objective: SO 6 – Ensure effective and good governance

Key Performance Area: Good Governance & Public Participation

Focus Area: Good Governance

Implementing Department: Office of the MM & Corporate Services

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Council Sitings	Institutional	Number	Number of Ordinary & Special Council Sitings held	4 Ordinary Council Sitings & 9 Special Council sitings held	4 Ordinary Council Sitings & 3 Special Council sitings held by June 2022	Achieved. 4 Ordinary Council Sitings & 9 Special Council sitings held	Achieved. 4 Ordinary Council Sitings & 3 Special Council sitings held	N/A	N/A	N/A	Opex	Opex	Opex
Mayoral Committee Sitings	Institutional	Number	Number of Mayoral Committee Sitings held	4 Ordinary Mayoral Committee Sitings and 4 Special Mayoral Committee Sitings held	4 Mayoral Committee Sitings held by June 2022	Achieved. 4 Ordinary Mayoral Committee Sitings and 4 Special Mayoral Committee Sitings held	Achieved. 4 Mayoral Committee Sitings held	N/A	N/A	N/A	Opex	Opex	Opex
Section 80 Council Committees Sitings	Institutional	Number	Number of Section 80 committee sitings held	12 Section 80 Committee sitings held	12 Section 80 Committee sitings held by June 2022	Achieved. 12 Section 80 Committee sitings held	Achieved. 12 Section 80 Committee sitings held	N/A	N/A	N/A	Opex	Opex	Opex
MPAC Sitings	Institutional	Number	Number of MPAC Quarterly Sitings held	16 MPAC Sitings held	4 MPAC Quarterly Sitings held by 30 June 2022	Achieved. 16 MPAC Sitings held	Achieved. 4 MPAC Quarterly Sitings held	N/A	N/A	N/A	Opex	Opex	Opex
Oversight Report	Institutional	Number	Number of Oversight report tabled to Council	1 Oversight report was tabled to Council on 28 May 2021	1 Oversight Report tabled to Council by 31 March 2022	Achieved. 1 Oversight report tabled to Council on 28 May 2021	Achieved. 1 Oversight Report tabled to Council	N/A	N/A	N/A	Opex	Opex	Opex

Strategic Objective: SO 6 – Ensure effective and good governance

Key Performance Area: Good Governance & Public Participation

Focus Area: Good Governance

Implementing Department: Office of the MM & Corporate Services

Ordinary Audit Committee Meetings	Institutional	Number	Number of Ordinary Audit Committee meetings held	4 Audit Committee meetings	4 Ordinary Audit Committee meetings held by 30 June 2022	Achieved. 4 Audit Committee meetings held	Achieved. 4 Ordinary Audit Committee meetings held	N/A	N/A	N/A	Opex	Opex	Opex	Opex
Organizational Performance Reports	Institutional	Number	Number of organizational performance reports compiled	6 Organizational performance reports	7 Organizational performance reports compiled by 30 June 2022	Achieved. 6 Organizational performance reports compiled	Achieved. 7 Organizational performance reports compiled	N/A	N/A	N/A	Opex	Opex	Opex	Opex
Individual assessment Section 56/57 Managers	Institutional	Number	Number Formal Section 56/57 Evaluation assessments conducted	2 Formal Section 56/57 Evaluation assessments	2 Formal Section 56/57 Evaluation assessments conducted by 30 June 2022	Achieved. 2 Formal Section 56/57 Evaluation assessments conducted	Achieved. 2 Formal Section 56/57 Evaluation assessments conducted	N/A	N/A	N/A	Opex	Opex	Opex	Opex
Development of the SDBIP	Institutional	Number	Number of SDBIPs for the 2022/23 FY signed off by the Executive Mayor within 28 days after the approval of the budget	2021/22 SDBIP	1 SDBIP for the 2022/23 FY signed off by the Executive Mayor within 28 days after the approval of the budget	Achieved. 2021/22 SDBIP approved by the Executive Mayor	Achieved. 2022/23 FY SDBIP signed off by the Executive Mayor on the 28th of June 2022	N/A	N/A	N/A	Opex	Opex	Opex	Opex
Risk Management Committee (RMC) Meetings	Institutional	Number	Number of Risk Management Committee Meetings held	4 Risk Management Committee Meetings	4 Risk Management Committee Meetings held by 30 June 2022	Achieved. 4 Risk Management Committee Meetings held	Achieved. 4 RMC meeting held dealing with 3rd quarter activities.	N/A	N/A	N/A	Opex	Opex	Opex	Opex
Approval of Risk Management Framework (Policy, Charter, Strategy)	Institutional	Number	Number of sets of Risk Management Framework (Policy, Charter, Strategy) approval by RMC	2020/21 Risk Management Policy, Charter & Strategy	1 Set of Risk Management Framework (Policy, Charter, Strategy) approval by RMC by 30 June 2022	Achieved. 2020/21 Risk Management Framework documents approved	Achieved. 1 Set of Risk Management Framework (Policy, Charter, Strategy) approved by RMC	N/A	N/A	N/A	Opex	Opex	Opex	Opex

Strategic Objective: SO 6 – Ensure effective and good governance

Key Performance Area: Good Governance & Public Participation

Focus Area: Good Governance

Implementing Department: Office of the MM & Corporate Services

Fraud Awareness Campaigns	Institutional	Number	Number of Fraud awareness campaigns conducted	2 Fraud awareness campaigns	4 Fraud awareness campaigns conducted by 30 June 2022	Not Achieved. 2 Fraud awareness campaigns held	Achieved. 4 Fraud awareness campaign conducted	N/A	N/A	N/A	Opex	Opex	Opex



Strategic Objective: SO 7 – Strengthen IGR & Stakeholder relations

Key Performance Area: Good Governance & Public Participation

Focus Area: Public Participation

Implementing Department: Office of the MM, Community Services

PROJECT NAME	LOCATION	UNIT OF MEASUREMENT	PERFORMANCE INDICATOR(S)	BASELINE	PLANNED ANNUAL PERFORMANCE	COMPARATIVE PERFORMANCE INFORMATION		DEVIATIONS	REASONS FOR DEVIATIONS	MEANS TO IMPROVE PERFORMANCE	BUDGET	ADJUSTED BUDGET	ACTUAL EXPENDITURE AS AT 30 JUNE 2021
						ACTUAL PERFORMANCE FOR 2020/21 FY	ACTUAL PERFORMANCE FOR 2021/22 FY						
Gender Based Violence (GBV) Programmes	All wards	Number	Number of Gender Based Violence Programmes held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas)	4 Gender Based Violence (GBV) Programmes	4 Gender Based Violence (GBV) Programmes held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas) by 30 June 2022	Achieved. 4 Gender Based Violence (GBV) Programmes	Not achieved. 2 Gender Based Violence (GBV) Programmes held in TCLM	2 Gender Based Violence (GBV) Programmes outstanding	Activity could not be funded due to Treasury Regulation that prohibited procurement of services	Coordinate the activity in the next financial year	R 200 000 (TCLM)	R 50 000 (TCLM)	R -
Disaster Management Awareness Campaigns	All wards	Number	Number of Disaster Management Awareness Campaigns held in TCLM (Lydenburg/ Mashishing, Brondal, Graskop & Northern Areas)	New KPI	4 Disaster Management Awareness Campaigns held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas) by 30 June 2022	N/A (New KPI)	Achieved. 4 Disaster Management Awareness Campaigns held	N/A	N/A	N/A	R 300 000 (TCLM)	R 100 000 (TCLM)	R 53 040,00
Civil society meeting	All wards	Number	Number of Civil Society meetings held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas)	3 Civil Society meetings	4 Civil Society meetings held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas) by 30 June 2022	Not Achieved. (3 Civil Society meetings held)	Not achieved. 2 Civil Society meetings held in TCLM	2 Civil Society meetings outstanding	Activity could not be funded due to Treasury Regulation that prohibited procurement of services	Coordinate the activity in the next financial year	R 500 000 (TCLM)	R 200 000 (TCLM)	R 77 838,66

**Strategic Objective: SO 7 – Strengthen IGR & Stakeholder relations**

**Key Performance Area: Good Governance & Public Participation**

**Focus Area: Public Participation**

**Implementing Department: Office of the MM, Community Services**

Local AIDS Council Meetings	All wards	Number	Number of LAC meetings held in Lydenburg/ Mashishing	3 LAC meetings	4 LAC meetings held by in Lydenburg/ Mashishing by 30 June 2022	Not Achieved. 3 LAC meetings held	Achieved. 4 LAC meetings held by in Lydenburg/ Mashishing	N/A	N/A	N/A	N/A	R 350 000 (TCLM)	R 350 000 (TCLM)	R 162 271, 00
HIV/Aids Awareness Campaigns	All wards	Number	Number of HIV/AIDS awareness campaigns held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas)	67 HIV/AIDS awareness campaigns	36 HIV/AIDS awareness campaigns held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas) by 30 June 2022	Achieved. 67 HIV/AIDS awareness campaigns held	Achieved. 36 HIV/AIDS awareness campaigns held in TCLM	N/A	N/A	N/A	N/A	R 350 000 (TCLM)	R 350 000 (TCLM)	R 162 271, 00
Transversal Programmes	All wards	Number	Number of Transversal Programmes held in TCLM (Lydenburg, Sabie, Graskop & Northern Areas)	8 Transversal Programmes	24 Transversal Programmes held in TCLM (Lydenburg/ Mashishing, Sabie, Graskop & Northern Areas) by 30 June 2022	Not Achieved. 8 Transversal Programmes held	Achieved. 24 Transversal Programmes held in TCLM	N/A	N/A	N/A	N/A	R 350 000 (TCLM)	R 350 000 (TCLM)	R 162 271, 00

**Strategic Objective: SO 7 – Strengthen IGR & Stakeholder relations**  
**Key Performance Area: Good Governance & Public Participation**  
**Focus Area: Public Participation**

Implementing Department: Office of the MM, Community Services													
Ward Committee Meetings	All wards	Number	Number of Ward Committee Meetings held	41 Ward Committee Meetings	168 Ward Committee Meetings held by 30 June 2022	Not Achieved. 66 Ward Committee meetings held	102 Ward Committee meetings outstanding	Level 3 lockdown and the 2021 Local government elections (appointment of new ward Committee members) resulted to some meeting not being held	Ensure that all meetings are held in the 2022/23 FY	102 Ward Committee meetings outstanding	Opex	Opex	Opex
Ward Community Meetings	All wards	Number	Number of Ward Committee Meetings held	40 Ward Community Meetings	56 Ward Community Meetings held by 30 June 2022	Not achieved. 41 Ward Community meetings held	15 Ward Community meeting outstanding	Level 3 lockdown and the 2021 Local government elections resulted to some meeting not being held	Ensure that all meetings are held in the 2022/23 FY	15 Ward Community meeting outstanding	Opex	Opex	Opex

Strategic Objective: SO 7 – Strengthen IGR & Stakeholder relations  
Key Performance Area: Good Governance & Public Participation

Focus Area: Public Participation

Implementing Department: Office of the MM, Community Services

Mayoral Imbizos	All wards	Number	Number of Mayoral Imbizos held	No Mayoral Imbizos held in 2021/22 FY	4 Mayoral Imbizos held by 30 June 2022	Not Achieved. No Mayoral Imbizos held	4 Mayoral Imbizos outstanding	Poor Coordination of Mayoral Imbizos meetings	Draft a proposed schedule of Mayoral Imbizos meeting, and plan according to the proposed schedule	4 Mayoral Imbizos outstanding	Opex	Opex	Opex

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## **Appendix K: THALEDA (Thaba Chweu Local Economic Development Agency)**

# **Report of the auditor-general to the Mpumalanga Provincial Legislature Council on the Thaba Chweu Local Economic Development Agency (Pty) Ltd**

## **Report on the audit of the financial statements**

### **Opinion**

1. I have audited the financial statements of the Thaba Chweu Local Economic Development Agency (Pty) Ltd set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets and cash flow statement, and statement of comparison of budget information with actual information 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 municipal entity as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 52 of 2003 (MFMA).

### **Context for the opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity 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 unqualified opinion.

### **Other matter**

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

### **Unaudited disclosure notes**

7. In terms of section 125(2)(e) of the MFMA, the municipal entity 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**

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the municipal entity'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 municipal entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned

performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipal entity's annual performance report for the year ended 30 June 2022:

Objective	Pages in the annual performance report
Objective B – project implementation, investment attraction, LED	x – x

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective.

### Other matter

17. I draw attention to the matter below.

### Achievement of planned targets

18. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the Municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.



## **Consequence management**

20. Irregular expenditure incurred by the municipal entity was not investigated to determine whether any person was liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

## **Annual financial statements, annual performance reports and annual report**

21. 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 current assets identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

## **Other information**

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. 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, we are 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**

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on compliance with legislation included in this report.

27. There was no monitoring on compliance with applicable laws and regulations because the position of the accounting officer had been vacant for more than 12 months.
28. The entity did not have oversight bodies, which include an audit committee; therefore it had no structures in place to assist with oversight roles and responsibilities.

Mbombela

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the [board of directors, which constitutes the accounting authority
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Thaba Chweu Local Economic Development Agency (Pty) Ltd 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 an entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

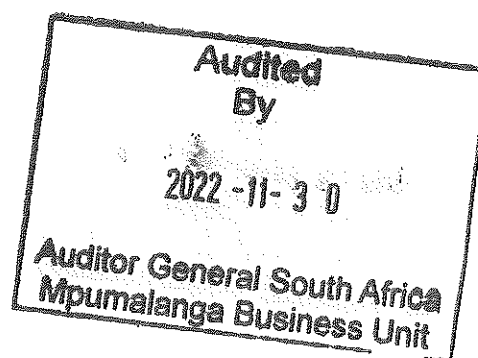
### **Communication with those charged with governance**

3. I communicate with the accounting authority 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 authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.



**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**



**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

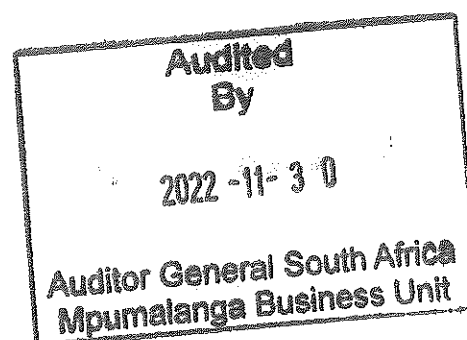
Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

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**Abbreviations**

COIDA	Compensation for Occupational Injuries and Diseases
DEA	Department of Environmental Affairs
FNB	First National Bank
IDC	Industrial Development Corporation
SARS	South African Revenue Services
THALEDA	Thaba Chweu Local Economic Development Agency
GRAP	General Recognised Accounting Practice



**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

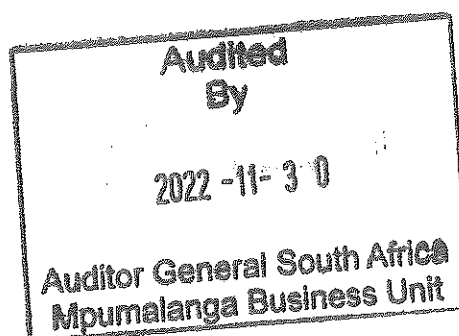
Annual Financial Statement of the year ended 30 June 2022

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**Additional Information**

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Country of Incorporation and domicile	South Africa
Nature of business and principal activities	Local Economic Development and Related Activities
Shareholders	Thaba Chweu Local Municipality
Directors	MJ Thobejane ( Chairperson) K Tshinetise SJ Jacobus T Rabelani B Manasoe
Registered Office	CNR Viljoen and Sentraal Street Lydenburg 1120
Business address	168 JT waterval Farm Old Lydenburg road ( Castle rock caravan park) Sabie 1260
Postal address	P.O.Box 876 Sabie 1260
Bankers	First National bank
Auditors	Auditor General South Africa
Company registration	2010/017614/07
Preparer	The Financial Statements were internally compiled by: Mr D Zitha CFA(Icbsa), BAP (SA) SAIBA
Accounting Officer	Mr Jean Mantsengwane ( Acting )



## THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

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### Director's Responsibilities and Approval

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The Director is required by the Companies Act of South Africa, 2008, to maintain adequate accounting records and is responsible for the content and integrity of the financial statement and related financial information in this report. It is his responsibility to ensure that the annual financial statement fairly present the state of affairs of the Agency as at end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practices. The external auditors are engaged to express an independent opinion on the financial statements.

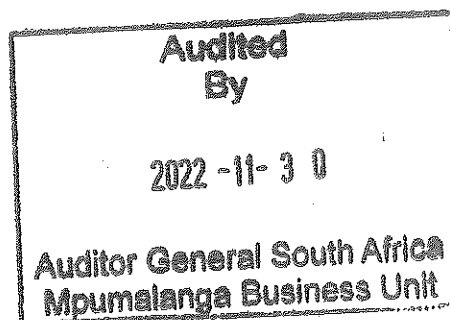
The financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Director acknowledges that he is ultimately responsible for the internal financial control established by the Agency and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss 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 risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is able to be reproached. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risks across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Director 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statement set out on pages 4 to 21 were approved by the Board on \_\_\_\_\_ and were signed on its behalf by: \_\_\_\_\_

\_\_\_\_\_  
Accounting Officer





**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Statement of Financial Position as at 30 June 2022**

Figures in Rand	Note(S)	2022	2021
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property plant and equipment	2	20 852	39 929
Intangible assets	3	0	0
<b>Total Non-current assets</b>		<b>20 852</b>	<b>39 929</b>
<b>Current Assets</b>			
Cash and cash equivalents	4	5 071	19 377
Trade and other receivables from exchange transactions	5	4 935	4 934
<b>Total current assets</b>		<b>10 006</b>	<b>24 311</b>
<b>Total Assets</b>		<b>30 858</b>	<b>64 240</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Leave provisions	6	23 003	21 375
Trade and other payables from exchange transactions	7	1 167 529	1 229 241
Vat Payable	8	241 542	161 412
<b>Total current liabilities</b>		<b>1 432 074</b>	<b>1 412 028</b>
<b>Total Liabilities</b>		<b>1 432 074</b>	<b>1 412 028</b>
<b>Net assets</b>		<b>(1 401 216)</b>	<b>(1 347 788)</b>

**Audited  
By**  
  
**2022-11-30**  
  
**Auditor General South Africa  
Mpumalanga Business Unit**

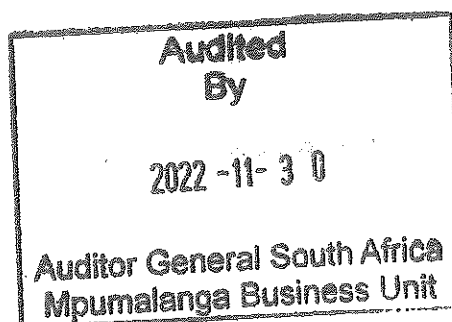
**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Statement of Financial Performance for the year ended 30 June 2022**

Figures in Rand	Note(S)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Caravan park revenue	9	20 383	1 957
Project monitoring fees	10	606 715	729 380
<b>Total revenue from exchange transactions</b>		<b>627 098</b>	<b>731 337</b>
<b>Revenue from non-exchange transactions</b>			
Investment Income-Interest	11	-	4 047
Thaba Chweu Local Municipality Grant		500 000	500 000
<b>Total revenue from non-exchange transactions</b>		<b>500 000</b>	<b>504 047</b>
<b>Total revenue</b>		<b>1 127 098</b>	<b>1 235 384</b>
<b>Expenditure</b>			
Board of Directors - remuneration	12	28 366	62 755
Caravan park expenses	13	23 839	20 870
Depreciation and Amortisation	14	19 077	20 717
Employee cost	15	573 223	538 278
General expenses	16	528 506	2 115 439
Repairs and maintenance	17	7 515	-
<b>Total expenses</b>		<b>1 180 526</b>	<b>2 758 059</b>
<b>Net surplus/( Deficit) for the year</b>		<b>(53 428)</b>	<b>(1 522 675)</b>



**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Cash Flow Statement for the year ended 30 June 2021**

Figures in Rand	Note(S)	2022	2021
<b>Cash flows from operating activities</b>			
Cash generated by operating activities	18	(94 438)	(104 003)
Interest received	11	-	4 047
Tax - VAT receivable		80 132	87 482
		<u>(14 306)</u>	<u>(12 474)</u>
<b>Net cash from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of Property plant and equipment's	2	-	(10 172)
		<u>-</u>	<u>(10 172)</u>
<b>Net cash from investing activities</b>			
		<u>(14 306)</u>	<u>(22 646)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		19 377	42 023
Cash and cash equivalents at end of the year	4	5 071	19 377

Audited  
By  
2022-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Statement of Net Assets as at 30 June 2021**

Figures in Rand

	Capital Contribution	Accumulated Surplus	Total net assets
<b>Balance at 01 July 2020</b>	100	174 787	174 887
Surplus (Deficit) for the year	-	(1 522 675)	(1 522 675)
<b>Balance at 01 July 2021</b>	100	(1 347 888)	(1 347 788)
Prior year Adjustment	-	-	-
Net Surplus/ (Deficit) for the year	-	(53 428)	(53 428)
<b>Balance as at 30 June 2022</b>	100	(1 401 316)	(1 401 216)

**Audited  
By**

2022-11-30

**Auditor General South Africa  
Mpumalanga Business Unit**

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

## Statement of Comparison of Budget and Actual amount

Figures in Rand

	Approved Budget	Adjustme Final Budget	Actual amounts	Variance	Reference
<b>Revenue</b>	<b>3 148 568</b>	<b>3 192 282</b>	<b>1 127 098</b>		
Thaba Chweu Local Municipali Grant	2 000 000	-	2 000 000	500 000	(1 500 000) 1
Investment income	50 000	-	50 000	-	(50 000) 2
Revenue from Projects	798 568	-	842 282	627 098	(215 184) 3
Other revenue	300 000	-	300 000	-	(300 000) 4
<b>Expenditures</b>	<b>3 124 967</b>	<b>3 124 557</b>	<b>1 160 526</b>		
Employee cost	1 916 304	-	1 916 304	573 223	1 343 081 5
Operational cost	295 714	-	295 714	141 275	154 439 6
Staff training	60 000	-	60 000	4 672	55 328 7
Social Capital	60 000	-	60 000	-	60 000 8
Travel and accommodation	30 000	-	30 000	16 268	13 732 9
Contents costs	524 000	-	524 000	396 722	127 278 10
Audit Committee remuneration	59 495		59 085	-	59 085 11
Board Members remuneration	179 455	-	179 455	28 366	151 089 12

- 1 Equity grant from Thaba Chweu Municipality was partially received.
- 2 Investment account could not earn interest as the account balance was lower than the the expected balance due to delay in grant funding for the period.
- 3 Income was not earned as expected on the tourism projects due to the covid 19 pandemic lockdowns.economy still recovering.
- 4 Other income was not received in the year 2021/2022
- 5 Some positions were vacant during the period.
- 6 Limited funds , some items were not implemented,
- 7 Some positions were vacant during the period as a result this item was not fully implemented.
- 8 Item not implement as it was budgeted on grant not yet received.
- 9 Few meetings were held than expected and most of them were held via Zoom.
- 10 Delays in land realises from Department and grants have resulted to delays in projects implementations.
- 11 No Audit Committee meeting was held during the financial year because the Audit Committee positions werestill vacant.
- 12 Few Board meetings were held than the budgeted number of meetings.

**Audited  
By**

**2022-11-30**

**Auditor General South Africa  
Mpumalanga Business Unit**

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

## Accounting Policies

### 1 Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standard of Generally Recognised Accounting Practices ( GRAP ) prescribe by the Minister of finance in terms of General Notice 991 and 1992 of 2005. This annual financial statements have been prepared on accrual basis of accounting and are in accordance with historic cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied are disclosed below.

A summary of the accounting policies are consistent with previous periods

#### 1.1 Property plants and equipment

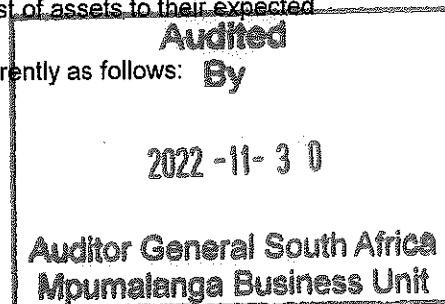
Office furniture and computer equipment's are tangible items that:

- are held for use in the Agency for administrative purposes.
- and are expected to be used more than one period.

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment. Depreciation is calculated on a straight line basis to write off the cost of assets to their expected residual values.

The estimated useful lives of property, plant and equipment are currently as follows:

Item	Useful life
Computer equipment	3 years
Furniture and fittings	10 years
Office equipment's	5 years
Machinery	5 years



#### 1.2 Revenue

Revenue comprise of conditional grants received from Industrial Development Corporation(IDC), The Chweu Local Municipality, Department of Environmental affairs for the development of Mashishing Community park and other income from Private sector, interest received from FNB 7 days notice accounts and bond documents sales. Grants are recognised when there is reasonable assurance that the agency will comply with the conditions attached to them, that the grant will be received and these grants can be measured reliably.

Contract revenue

Where the outcome of a construction contract cannot be estimated reliable, revenue has been recognised only to the extent of contract costs incurred that it is probable recoverable.

#### 1.3 Financial Instruments

Financial instruments carried on the statement of financial position include cash and bank balances, receivables and payables. Financial assets and liabilities are accounted for at cost. Subsequently these financial instruments are measured at amortised cost using effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

#### 1.4 Current expenditure

Expenditure is recognised in the statements of financial performance on accrual basis.

#### 1.5 Taxation

THALEDA has applied for cooperate tax exemptions from the South African Revenue Services. THALEDA accounts for VAT on an invoice basis.

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

Audited

By

2022-11-30

Auditor General South Africa  
Mpumalanga Business Unit

## Accounting Policies

### 1,6 Provisions

Provisions are recognised when the Agency has a present obligation as a result of a past event; It is probable that an outflow of resources embodying economic benefit will be required to settle; and the amount of obligation can be estimated reliably. Provisions are measured at the present value of the amount expected to be required to settle the obligation.

### 1,7 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from the Agency and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, excluding rights granted by statute, regardless whether those rights are transferable or separate from the Agency or from other rights and obligations. 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 Agency; and
- the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost. Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

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; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement 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. 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 and items similar in substance are not recognised as intangible assets. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

#### Item Useful life

Computer software 5 years

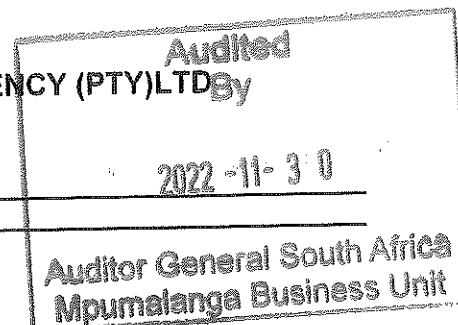
Intangible assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset.

Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022



## Accounting Policies

### 1,8 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern this basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 1,9 Subsequent events

Events after reporting period were assessed and reported on the managers report for the year ending 30 June 2022.

### 1,1 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over lease term. The difference between the amounts recognised as an expense and contractual payments are recognised as an operating lease asset or liability. Liability is not discounted. Any contingent rents are expensed in the period they are incurred.

### 1,11 Revenue from exchange transactions

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

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

#### Measurement

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

#### 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 Agency;
- the stage of completion of the transaction at the reporting date can be measured reliably;
- 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 the reporting is recognised by reference to the stage of completion of the transaction at date. Stage of completion is determined by surveys of work performed. Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency;



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## Accounting Policies

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### 1,11 Revenue from exchange transactions ( Continued)

- the amount of the revenue can be measured reliably. Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1,12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Agency which represents an increase in net assets, other than increases relating to contribution 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. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Agency either receives value from another party without directly giving approximately equal value in exchange or gives value to another party 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.

#### 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 Agency satisfies a present obligation recognised as a liability in respect of an inflow of resources from no 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. Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Agency has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria conditions or obligations have not been met, a liability is recognised.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Agency. When, as a result of a non-exchange transaction, the Agency recognises an asset, it also recognises revenue equivalent to the amount of the assets 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 a condition is satisfied, the amount of the reduction in liability is recognised as revenue.

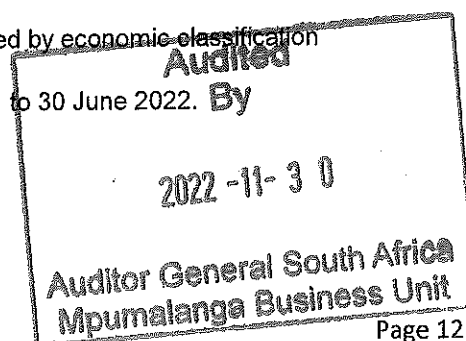
### 1,13 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by the standard of GRAP.

### 1,14 Presentation of Budget information in the Annual Financial Statements

The approved budget is prepared on accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2021 to 30 June 2022. By



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**Accounting Policies**

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**1,15 Impairment of assets**

The Agency assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the Agency estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Agency also:  
-tests goodwill, with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test performed during the annual period and at the same time every period.

If there is an indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete an asset in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

**1,16 Related parties**

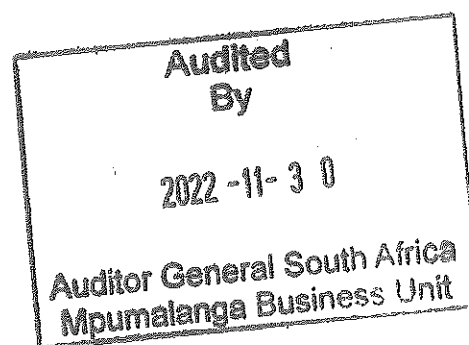
A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control

THALEDA consider the Thaba Chweu Local Municipality (TCLM) and its entities as related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the entity.

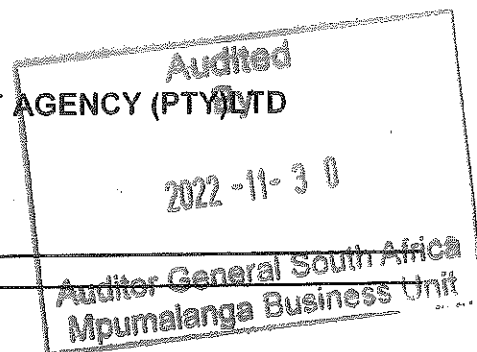
Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed



# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022



## Notes to the Annual Financial Statement

Figures in Rand

### 2 Property Plant and Equipment's

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and Fittings	110 833	(104 252)	6 581	110 833	(93 962)	16 871
Computer equipment's	35 731	(35 687)	43	35 731	(35 472)	259
Office equipment's	7 924	(7 924)	0	7 924	(7 776)	148
Machinery	42 122	(27 896)	14 226	42 122	(19 472)	22 650
	196 610	(175 759)	20 852	196 610	(156 682)	39 929

#### Reconciliation of property plants and equipments-2022

	Opening balance	additions	Disposals/ Adjustment	Depreciation	Total
Furniture and Fittings	16 871	-	-	(10 290)	6 581
Computer equipment's	259	-	-	(215)	43
Office equipment's	148	-	-	(148)	0
Machinery	22 650	-	-	(8 424)	14 226
	39 927	-	-	(19 077)	20 851

#### Reconciliation of property plants and equipments-2021

	Opening balance	additions	Disposals/ Adjustment	Depreciation	Total
Furniture and Fittings	24 347	3 607	-	(11 083)	16 871
Computer equipment's	474	-	-	(215)	259
Office equipment's	296	-	-	(148)	148
Machinery	24 354	6 565	-	(8 269)	22 650
	49 471	10 172	-	(19 716)	39 928

### 3 Intangible assets

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer Software's	30 783	(30 783)	0	30 783	(30 783)	0
	30 783	(30 783)	0	30 783	(30 783)	0

#### Reconciliation of computer softwares-2021

	Opening balance	additions	Disposals	Amortisation	Total
Computer software's	-	-	-	-	-
	-	-	-	-	-

#### Reconciliation of computer softwares-2021

	Opening balance	additions	Disposals	Amortisation	Total
Computer software's	1 001	-	-	(1 001)	0
	1 001	-	-	(1 001)	0

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

## Notes to the Annual Financial Statement

Figures in Rand

2022

2021

### 4 Cash and cash equivalent

THALEDA has the following bank account :

Bank	Code	Account no	Type		
FNB Sabie	270752	62302132981	Current	1 553	1 478
FNB Sabie	270752	74362049741	7 Day Notice	1 202	16 202
Petty Cash on hand				1 512	986
Caravan park cash on hand				803	711
				<u>5 071</u>	<u>19 377</u>

### 5 Trade and other receivables from exchange transactions

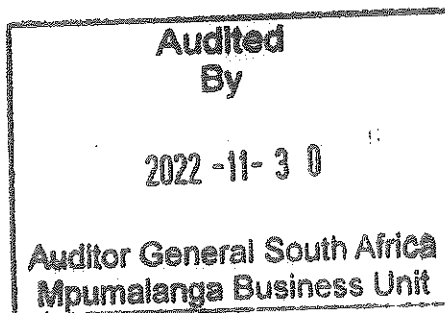
Graskop resort	1 442 000	1 442 000
Operating lease asset	4 934	4 934
Prepayment	-	-
Mashishing Recreational centre	223 180	203 180
	<u>1 670 114</u>	<u>1 650 114</u>
Less Provision for Bad Debts	(1 665 179)	(1 645 179)
<b>Net Trade and other receivables from exchange transactions</b>	<u>4 935</u>	<u>4 935</u>

### 6 Leave provision

Staff and senior management	23 003	21 375
-----------------------------	--------	--------

### 7 Trade and other payables from exchange transactions

Employee Cost	1 051 805	1 090 247
Board Members Remunerations	-	65 269
Jean Mantsengwane consulting	1 498	6 877
Nashua	4 458	998
Graskop Gorge	40 000	-
Sundry payables	6	6
Telkom SA	6 420	2 503
Thaba Chweu Local Municipality	63 010	63 010
Tusk security cc	333	333
	<u>1 167 530</u>	<u>1 229 242</u>
	241 542	161 412



### 8 VAT Payable

### 9 Caravan Park revenue

Daily visit	-	-
Camping and accommodation	20 383	1 957
	<u>20 383</u>	<u>1 957</u>

### 10 Project monitoring fees

Project monitoring fee - Graskop Gorge	589 324	432 859
Project monitoring fee - Graskop resort	-	200 870
Project monitoring fee - Mashishing Recreational Centre	17 391	95 652
	<u>606 715</u>	<u>729 380</u>

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

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Annual Financial Statement of the year ended 30 June 2022

## Notes to the Annual Financial Statement

Figures in Rand

2022

2021

### 11 Investment Income-Interest received

During the period THALEDA earned interest on the following bank account:  
Interest received from 7 day Notice account 74362049741

- 4 047

- 4 047

### 12 Board of Directors - remuneration

MJ Thobejane

11 098 15 940

K Tshinetise

8 634 8 916

B Manasoe

8 634 16 590

SJ Jacobus

- 10 066

T Rabelani

- 11 243

28 366 62 755

### 13 Caravan park expenses

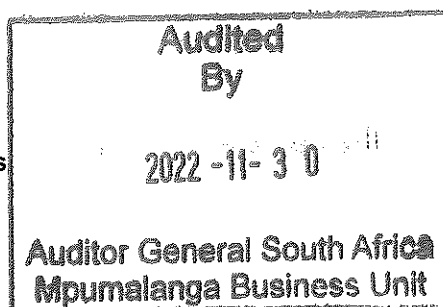
Consumables expenses

13 012 6 218

Repair and maintenance

10 827 14 652

23 839 20 870



### 14 Depreciation and Amortisation

Furniture and fittings depreciation

10 290 11 083

Computer equipment's depreciation

215 215

Office equipment's depreciation

148 148

Machinery

8 424 8 269

Intangible assets amortisation

- 1 001

19 077 20 717

### 15 Employee cost

#### Chief Executive Officer

Basic Salary

- -

Bonus

- -

Pension

- -

UIF

- -

Travelling allowance

- -

Leave provision adjustment

- -

#### Other Employees

Basic Salary

461 581 427 394

Bonus

36 927 34 192

Pension

69 238 64 109

UIF

3 849 3 394

Leave provisions

1 628 9 190

573 223 538 278

### Total Employee Cost

573 223 538 278

**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Notes to the Annual Financial Statement**

Figures in Rand

2022

2021

**16 General expenses****16,1 Administrative expenses**

Bank charges	4 221	5 448
Cleaning	-	1 815
Computer expenses	4 685	6 275
Entertainment expenses	7 689	8 579
Insurance	10 755	8 400
Interest and Penalties	519	1 315
Security expenses	3 475	12 327
Stationary and printing	18 269	18 367
Subscriptions	15 259	14 618
Staff training	4 672	14 675
Telephone and fax	25 971	26 984
	-	-
	<u>95 515</u>	<u>118 803</u>

**16,2 Operating expenses**

Provision for Bad Debts	20 000	1 645 179
Consulting fees	396 722	332 068
Traveling and accommodation expenses	16 268	19 389
	<u>432 990</u>	<u>1 996 636</u>

**Total general expenses for the period****528 506**      **2 115 439****17 Repairs and maintenance**

General repairs and maintenance

7 515

-

**Audited  
By****2022-11-30****Auditor General South Africa  
Mpumalanga Business Unit**

**THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD**

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

**Notes to the Annual Financial Statement**

Figures in Rand	2022	2021
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**18 Cash Generated from operations**

Net surplus/Deficit for the year	(53 428)	(1 522 675)
Add : Depreciation and amortisation	19 077	20 717
Loss on Assets	-	-
less: Interest received	-	(4 047)
Operating profit/ (Loss ) before change in working capital	(34 351)	(1 506 006)
Movements in working capital	(60 088)	1 402 001
(Increase)/decrease in Trade and Other receivables	(4)	1 306 718
Increase/(decrease) in Trade and other payables	(60 084)	95 284
<b>Cash generated by operations</b>	<b>(94 438)</b>	<b>(104 003)</b>

**19 Fruitless and wasteful expenditure**

Reconciliation of Fruitless and wasteful expenditure		
Opening balance	5 054	3 252
Unauthorised expenditure current year	-	1 802
Condoned by board of directors	-	-
Transferred to receivables for recovery		
Amount received		
Fruitless and wasteful awaiting authorisation	5 054	5 054

**20 Irregular expenditure**

Reconciliation of Irregular expenditure		
Opening balance		
Irregular expenditure current year		
Approved by board of directors		
Transferred to receivables for recovery		
Irregular expenditure awaiting authorisation	123 438	123 438

**Audited  
By**

**2022 -11- 3 0**

**Auditor General South Africa  
Mpumalanga Business Unit**

**21 Contractual commitments**

Johan Oosthuizen Land surveyors	Transactional Advisors	10 425	10 425
Ngoti development consultants	Environmental impact assessn	14 526	14 526
Ngoti development consultants	Environmental impact assessn	15 000	15 000
Nashua Operating lease agreement		39 071	49 490
		79 022	89 441

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

## Notes to the Annual Financial Statement

Figures in Rand

2022

2021

### 22 Operating lease agreement

On the 1st of April 2020 THALEDA entered into an operating lease agreement

Agreed monthly rental

868

Cumulative annual escalation rate of the rental

0%

Initial rental period

60 Months

Payments due within 12 months

10 419

10 419

Payment due after 12 months

28 652

39 071

Total

39 071

49 490

Audited  
By

2022-11-30

Auditor General South Africa  
Mgwenyama Business Unit

### 23 Related parties

Amounts included in Trade receivables regarding related party

Thaba Chweu Local Municipality

-

-

Amounts included in Trade payables regarding related party

Thaba Chweu Local Municipality ( Rates payables)

55 688

69 312

#### Related parties transactions

Revenue from non-exchange transactions received from related party

Thaba Chweu Local municipality

500 000

500 000

Service charges incurred from related party

Thaba Chweu Local Municipality

-

-

THALEDA benefited from the use of the following facilities provided by related party at no cos

- Sabie castle rock caravan park

THALEDA benefited from the use of the following services provided by related party at no cos

- Annual audit services conducted by AGSA was paid by Thaba Chweu local Municipality on behalf of THALEDA

No loans were awarded to key management of THALEDA during the year.

None of the key management has or had significant influence in any entity with whom THALEDA had significant transactions during the year



# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

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## Notes to the Annual Financial Statement

Figures in Rand

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2021

### 24 PPP Disclosures

#### PPP Disclosures: Graskop Holiday Resort

##### Description of the agreement:

PPP Agreement to finance, reinstate, design, upgrade, refurbish, develop, expand operate and maintain the Graskop Holiday Resort in Graskop, Mpumalanga.

##### Terms of the arrangement that may affect the amount, timing and certainty of future cash flows:

Clause 10.1: Ring fencing

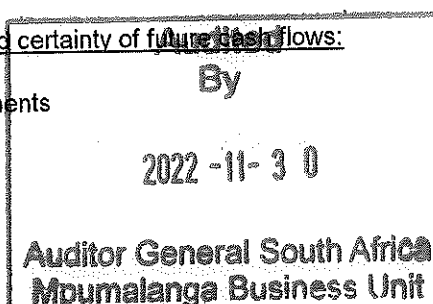
Clause 14: General Reporting and Financial Reporting Requirements

Clause 19: Operation Fee

Clause 22: Consequences of a Relief Event

Clause 23: Consequences of a Compensation event

Clause 26: Municipal Default



##### The nature and extent of rights to use specified assets:

The buildings and other facilities together with all supporting infrastructure, plant and equipment, as required to enable the Private Party to exercise its rights and perform its obligations included in the Project Deliverables.

Extent of facility and marketing natural features that are non-developable – 13ha

##### The obligations to provide or rights to expect provision of services:

None.

##### The obligations to acquire or build assets:

None. All risk to finance, design, re-instate, upgrade, refurbish, develop, expand, operate, and maintain the facility have been transferred to the Private Party.

##### The obligations to deliver or rights to receive specified assets at the end of the PPP agreement:

All assets reinstated and built, including all intellectual property will revert back to the municipality at the end of the PPP agreement.

##### The renewal and termination options:

There is no renewal option. The agreement shall endure until the earlier of the Expiry Date and the Termination Date.

The termination option is contained in Clause 28: Termination of the PPP Agreement.

##### Other rights and obligations (e.g. major overhauls):

The Private Party have the exclusive right and obligation for its benefit and risk to levy and collect user charges in respect of the Operation and Maintenance, with effect from the Effective Date.

##### Changes in the agreement occurring during the period:

Variations in terms of the concession (waived operation fee) for the first three years from the Effective Date managed through a contract management plan and approved by the Board of Directors of the Municipal Entity.

#### PPP Disclosures: Graskop Gorge and Lift Centre

##### Description of the agreement:

PPP Agreement to develop, operate, maintain and transfer the Graskop Gorge Lift and Retail Complex in Graskop, Mpumalanga Province

# THABA CHWEU LOCAL ECONOMIC DEVELOPMENT AGENCY (PTY)LTD

Registration number 2010/017614/07

Annual Financial Statement of the year ended 30 June 2022

## Notes to the Annual Financial Statement

Figures in Rand	2022	2021
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### Terms of the arrangement that may affect the amount, timing and certainty of future cash flows:

Clause 12: General Reporting and Financial Reporting Requirements

Clause 18: Operation Fee

Clause 21: Consequences of a Relief Event

Clause 22: Consequences of a Compensation event

Clause 25: Municipal Default

Audited  
By

2022-11-30

### The nature and extent of rights to use specified assets:

The buildings and other facilities together with all supporting infrastructure, plant and equipment as required to enable the Private Party to exercise its rights and perform its obligations included in the Asset Register, as updated from time to time.

Auditor General South Africa  
Municipal Business Unit

Extent of facility and marketing natural features that are non-developable – 19ha

### The obligations to provide or rights to expect provision of services:

None.

### The obligations to acquire or build assets:

None. All risk to develop, operate, maintain the facility have been transferred to the Private Party.

### The obligations to deliver or rights to receive specified assets at the end of the PPP agreement:

All assets built, including all intellectual property will revert back to the municipality at the end of the PPP agreement.

### The renewal and termination options:

The renewal option is contained in Clause 4: Duration of the PPP Agreement.

The termination option is contained in Clause 27: Effects of Termination of the PPP Agreement.

### Other rights and obligations (e.g. major overhauls):

The Private Party have the exclusive right and obligation for its benefit and risk to levy and collect user charges in respect of the Operation and Maintenance, with effect from the Operation Commencement Date.

### Changes in the agreement occurring during the period:

None. A contract management plan has been signed to manage all changes, risks and variations to the PPP agreement.

**Annexure L: Service delivery backlogs experienced by community where another sphere of government is responsible for service provision**

**INTEGRATED DEVELOPMENT PLANNING (IDP) SECTOR PRIORITIES**

**DISTRICT: EHLANZENI DISTRICT MUNICIPALITY**

**NOVEMBER 2021**



**NAME OF MUNICIPALITY: THABA CHWEU LOCAL MUNICIPALITY**

THABA CHWEU LOCAL MUNICIPALITY DEPARTMENT OF HEALTH				
Priority	Problem statement	Affected wards	Location	Proposed intervention
Healthcare Service		13, 4 and 9	Spekboom, Klipspruit, Orighstad, Leroro	That a mobile clinic be dispatched to the said areas twice a wee
Need for a 24hr clinic	Inadequate access to healthcare services	04, 5, 10	Coromandel, Draaikraal, Skhila and Graskop	That a clinic be built for the community, alternatively the service of a mobile clinic can be provided in the area twice a week atleast in the interim
Need for an ambulance		10	Graskop	That an accessible and efficient ambulance be allocated for the residents of Graskop
Need for medical waste storage & construction of waiting area	Inadequate and ineffective health facilities	10	Graskop	That government allocates a budget for ensuring that the facilities are effective
Need for the refurbishment of Lydenburg Hospital	The Lydenburg Hospital is dilapidated and require refurbishment	14	Lydenburg	That an assessment of the works to be done be conducted and the process of refurbishing the hospital can commence
Need for availability of Staff, particularly Doctors	Inadequate Doctors working at the Matibidi Hospital	9	Matibidi	That Doctors be deployed into the said space

# **THABA CHWEU LOCAL MUNICIPALITY**

## **DEPARTMENT OF EDUCATION**

Priority	Problem statement	Affected wards	Location	Proposed intervention
Need for Refurbishment of School	Dilapidated buildings and need for the school to be electrified	13	Spekboom	That an assessment of the work to be done be conducted and allocate funding for the work at hand
Need for a satellite FET College	The Community in The Said Areas Do Not Have Access To A Tertiary Institution	09	Leroro, Moremela, Matibidi	That feasibility studies be conducted to enable the establishment of such a facility in the area
Need for a Secondary school	Insufficient secondary schools in the area	01,9	Mashishing, Moremela	That assessments be conducted by the department on the practicability of a school in the area and strategize on where and how the school can be built.
Primary School	Insufficient primary Schools in the area	02,4,5,13	Mashishing/Coromandel/Draaikraal/Kellysville, Orighstad	That assessments be conducted by the department on the practicability of a school in the area and strategize on where and how the school can be built.
Need for ABET learning Facilities	There are a few the elderly who require learning facilities suitable for their age	4	Badfontein	That the department conducts an assessment and devise a way to provide the facility in the area also in collaboration with other stakeholders

## **NAME OF MUNICIPALITY: THABA CHWEU LOCAL MUNICIPALITY**

# **THABA CHWEU LOCAL MUNICIPALITY**

## **DEPARTMENT OF HUMAN SETTLEMENTS**

Priority	Problem statement	Affected wards	Location	Proposed intervention
Need for land for residential development	The communities are in need for land for human settlement as well as to purchase serviced stands for residential purposes for those who don't qualify for RDPs and bond funded houses	1, 2, 3, 4, 5, 6, 7,10,11 & 13	Mashishing, Badfontein, Draaikraal, Boschfontein, Kellysville, Skhila, Sabie Spekboom, Pilgrims and Brondal area	That the department assists with purchase of land (Brondal, Badfontein, Spekboom), assist with township establishment processes and to provide services for formalised settlements (i.e., Harmony Hill Ext 2, Simile, Mashishing Ext 9 & 10 etc) Assist with secure of tenure for Farm areas
Need for Housing	Need for RDPs, CRUs and Maintenance of dilapidated RDPs	1,2,3,4,5,6,7,8,9, 10	Mashishing, Sabie, Moremela, Leroro, Coromandel, Matibidi, Graskop	That the department would prepare the land i.e provide services and town planning procedures for the identified land.
Need for refurbishments of past built RDPs	Need for replacement of Asbestos roofs as it possesses a risk to occupants	1, 2 & 3	Mashishing	Assist with refurbishing the facilities at hand. That a budget for the changing of the roofs be set aside and assessments be done with the aid of the municipality
Land Acquisition	Need for land for Human settlement, Communities occupy privately owned land and require services	11, 04, 05, 13	Brondal, Badfontein, Draaikraal, Pilgrims Rest & Spekboom	Land Purchase for township Establishment and provision of services

### THABA CHWEU LOCAL MUNICIPALITY

#### DEPARTMENT OF HUMAN SETTLEMENTS

Land Tenure	Need for registering of new and rectifying wrongly registered title deeds	All Wards	All areas	Assist with intervening in deregistering previously issued title deeds for RDP developments and to register and issue title deeds for unregistered RDP developments.
Housing	Need for the department to assist resolve the housing requirement for New Town Township	13	Pilgrims Rest	That the department assist with an intervention to resolve the housing requirement

### THABA CHWEU LOCAL MUNICIPALITY

#### DEPARTMENT OF SOCIAL DEVELOPMENT

Priority	Problem statement	Affected wards	Location	Proposed intervention
Need for orphanage and Disability centre	The elderly and the disabled in some of our wards don't have access to such facilities	1,2, 3,6,7	Mashishing & Sabie	That assessments be done on how the facilities can be offered based on the principles of the department
Need for ECDs	Insufficient Crèches/Early Childhood Development centres	09,13,4,2	Orighstad, Moremela, Klipspruit, Mashishing	
Need for Mobile SASSA Office	The elderly living in these areas have to travel far to receive their grants	05	Farm Areas, Boschfontein	That the department facilitate for the mobile office to go to the area at certain days per month

### NAME OF MUNICIPALITY: THABA CHWEU LOCAL MUNICIPALITY

### THABA CHWEU LOCAL MUNICIPALITY

#### DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT

Priority	Problem statement	Affected wards	Location	Proposed intervention
	Refurbishment/Resurfacing of Provincial roads within the Municipality to stimulate tourism	All Wards	All Towns	Surfacing (tarring) of gravel roads and resurfacing of the provincial roads.
Roads	Need for the construction of a sidewalk from Graskop town to Graskop Ext 5 (Unsafe for the pedestrians walking to their houses)	10	Graskop	That a budget be put aside for the feasibility study and construction of the sidewalk

# THABA CHWEU LOCAL MUNICIPALITY

## DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT

Land Acquisition/Release/ Partnerships with Private owners for purposes of basic service delivery	Need of land for human settlement	04	Badfontein	That land be acquired for township establishment
	Need to speed up the land claims	05	Kiwi, Shaga, Boschfontein	That land be acquired for township establishment
	Need for sites for housing development (middle- and high-income earners)	06	Simile	That land be acquired for township establishment
	Need for an access to land for all development	10	Graskop	That land be acquired for township establishment
Land Acquisition/Release/ Partnerships with Private owners for purposes of basic service delivery	Need for land for human settlement	11	Brondal, Witkip & Hendriksdal	That land be acquired for township establishment
	Pilgrim's Rest & Spekboom	13	(Pilgrim's Rest & Spekboom)	That land be acquired for township establishment
	Need for land for a Taxi Rank	12	Lydenburg	That land be acquired for township establishment
	Need for land for infill development	01, 02, 03, 10, 12 & 14	Mashishing, graskop and lydenburg town	That the department release land to the municipality for development
Roads	Need for the department to grade roads	04, 05, 08, 09,	Badfontein, kiwi, shagga, Boschfontein, matibidi, moremela and Leroro	That the department develops a grading programme in both the rural and farm areas within the municipality
Economic Development	Need for revitalisation of Pilgrims Rest	13	Pilgrims Rest	That a town revitalisation programme be developed for economic spin offs

## List of Provincial and National Routes

Routes	Problem Statement	Ward/s affected	Affected Towns & Tourism Spots	Required Intervention
R540	Potholes (Out of life span)	01, 02, 03, 04, 05, 12, 14	Belfast, Dullstroom, Lydenburg	Refurbishment
R36	Potholes (Out of life span)	04, 05	Lydenburg, Pilgrim's Rest	Refurbishment
R533	Potholes (Out of life span)	13, 10	Pilgrim's Rest, Graskop,	Refurbishment
R535	Potholes (Out of life span)	10	Kruger Park, Kruger National Park, Hazyview	Refurbishment
R536	Potholes (Out of life span)	07	Sabie, Hazyview, Kruger Park, Kruger National Park	Refurbishment

### THABA CHWEU LOCAL MUNICIPALITY

#### DEPARTMENT OF COMMUNITY SAFETY, SECURITY AND LIAISON

Priority	Problem statement	Affected wards	Location	Proposed intervention
Policing	Need for a Police Station	04	Coromandel	That a satellite SAPS office be established

## NAME OF MUNICIPALITY: THABA CHWEU LOCAL MUNICIPALITY

### THABA CHWEU LOCAL MUNICIPALITY

#### DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND & ENVIRONMENTAL AFFAIRS

Priority	Problem statement	Affected wards	Location	Proposed intervention
Need for land for farming purposes	Emerging farmers need land to farm. Claimants feel there is a delay in the finalisation of Land Claims and the community needs land to farm crops for consumption and commercial purposes	2 & 5	Mashishing, Draaikraal, Bosfontein, & Skapskraal	That land owned by government be released for farming purposes and land with claims submitted must be finalised speedily
Skills development for farmers (Agricultural & Farming)	Capacity development is lacking for agricultural cooperatives and SMMEs	All Wards	All Towns	That the department develops Skills development programmes for SMMEs and cooperatives
Farming Equipment	Need for equipment by SMMEs and Cooperatives for farming purposes	01, 02, 03, 08, 09,	Mashishing/Lydenburg, Northern areas and farm areas	That the department would allocate budget for the purchase of equipment

**THABA CHWEU LOCAL MUNICIPALITY**

**DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND & ENVIRONMENTAL AFFAIRS**

Stray Animals	Strat animals which pose a risk for tourist	13	Pilgrims Rest	That the department assists with granting proper grazing land for cattle owners and this will address issues of cattle theft
Waste Management	Need to acquire license for closure of landfill sites	07,06	Sabie	That the department assists with the process of closing a land fill site

**THABA CHWEU LOCAL MUNICIPALITY**

**DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM**

Priority	Problem statement	Affected wards	Location	Proposed intervention
Local Economic Development	Need to stimulate the local economy in order to ensure economic growth and job creation	All Wards	All Towns	<p>That the department assists locals with exploring the local economy through:</p> <ul style="list-style-type: none"> <li>• Access to the Department of Small Business Development</li> <li>• Access to MEGA</li> <li>• Enforcement of tourism upgrade on TCLM Tourism products under the MTPA custody</li> <li>• Facilitate economic Activities in Pilgrims Rest</li> <li>• Assist with compliance of the by law and support to informal traders.</li> <li>• Have programmes to support township tourism.</li> <li>• Assist municipality with MTPA to manage municipal biological aspects i.e. Nature Reserve</li> <li>• Assist the municipality with implementing the LED Strategy</li> </ul> <p>Upgrading &amp; operationalising of Lydenburg Fisheries/ coordination that it be ceded to the municipality.</p>
Economic Development	Need for revitalisation of Pilgrims Rest	13	Pilgrims Rest	That a town revitalisation programme be developed for economic spin offs



## NAME OF MUNICIPALITY: THABA CHWEU LOCAL MUNICIPALITY

THABA CHWEU LOCAL MUNICIPALITY				
DEPARTMENT OF CULTURE, SPORTS AND RECREATION				
Priority	Problem statement	Affected wards	Location	Proposed intervention
Public Library	The community in the northern areas, and Coromandel have insufficient access to library facilities	04, 10	Coromandel, Hlabekisa	Construction of new public library
Economic Development	Need for revitalisation of Pilgrims Rest	13	Pilgrims Rest	That a town revitalisation programme be developed for economic spin offs

THABA CHWEU LOCAL MUNICIPALITY				
DEPARTMENT OF HOME AFFAIRS				
Priority	Problem statement	Affected wards	Location	Proposed intervention
Immigrants	Illegal immigrants that invade municipal properties/land and tap into the service networks	11, 06, 07, 05, 03	Brondal, Nkanini, Polar Park, Riverside, Marikana	<ul style="list-style-type: none"> <li>Repatriation of illegal immigrants in informal settlements</li> <li>Control residents' status and assylumship</li> </ul>

## Glossary

<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal Service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>