

Annual Report



2022/23

Annual Report 2022/23

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MAYOR'S FOREWORD



It is an honour to present to you the Annual Report for the 2022/23 financial year as required by Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003. The Annual Report will reflect on the activities undertaken by the municipality for the period under review. This is an exercise that will assist in identifying our successes, shortcomings and challenges and hopefully pave a way forward towards the combined efforts by the political and administrative leadership of the municipality to improve the quality of life for all residents of Emthanjeni.

The municipality received a qualified audit outcome during the 2022/23 fiscal year. The reason for this can be attributed, but not limited to; the vacancies at senior management level. This therefore necessitates that the municipality prioritise the filling of all these vacant positions to ensure we improve the administrative capacity of the municipality.

The political governance structures were fully functional during this period. This relates to Council, the Executive Committee and the Portfolio Committees established according to Section 79 of the Local Government: Municipal Structures Act 117 of 1998.

The municipality continues to place a high value on participation by the public. Public participation allows Council to be informed of the growing and ever-changing needs and aspirations of its residents. During this period, all 8 Ward Committees were inducted as a means of enhancing their capacity so they are better positioned to service communities. Council utilised the IDP Roadshows in March till May 2023 to improve transparency and accountability on all municipal affairs.

The slow or non-spending of capital grant allocations poses a threat to service delivery and it is of paramount importance that we implement measures which will address root causes.

The municipality continues to experience challenges of non-payment of basic services as well as the vandalism of municipal property which puts further strain on an already fiscally-frustrated municipality. This places a higher burden on the municipality to explore more opportunities for investment and revenue generation to enable us to deliver quality basic services and position Emthanjeni as an ideal investment destination.

The report will provide a detailed account of the infrastructure projects undertaken by municipality, which would not be possible without the various partnerships entered into, with the sole aim of improving service delivery in the municipal area.

I wish to thank the political and administrative leadership of the municipality as well as the officials for their continued dedication and commitment in serving our communities. Allow me to thank the residents of Emthanjeni as well for their continued support and patience.

I thank you!

GL NKUMBI

MAYOR: EMTHANJENI MUNICIPALITY

MUNICIPAL MANAGER'S OVERVIEW



This report records the progress made by the Emthanjeni Local Municipality in fulfilling its objectives as reflected in the IDP, the Budget as well as the Service Delivery and Budget Implementation Plan (SDBIP). It will also reflect on challenges and priorities during the 2022/2023 financial year. Chapter 12 of the Municipal Finance Management Act (MFMA) Section 121 (1) stipulates that every municipality must for each financial year prepare an annual report in accordance with this Chapter. Emthanjeni Municipality has compiled the annual report to comply with legislation to give members of the community and all stakeholders the performance of the municipality in terms of how the IDP and budget was implemented. The Emthanjeni Municipality was established in the year 2000. Emthanjeni is

a category B municipality as determined in terms of the Municipal Structures Act, act 117 of 1998. Emthanjeni is a municipality with a Collective Executive System. In terms of its category B status the Emthanjeni Municipality has been empowered to perform various functions as bestowed upon it by the Constitution in terms of section 156 and the division of powers and functions.

Conditional grants, being the Municipal Infrastructure Grant (MIG), Financial Management Grant (FMG) and Water Services Infrastructure Grant (WSIG) was received during the year under review but slow spending on the MIG remain a key concern. For the year under review, the municipality obtained a qualified audit opinion. Good governance and compliance remain essential components of our daily operations. Our control measures are sound and performance management systems are in place to track performance and demand service excellence. Effective oversight, regular financial reporting and transparency helps us to maintain public trust from the residents that we serve. Outstanding debtors and payment of our Eskom account is of serious concern.

As we enter the 2023/2024 financial year we have to ensure that we turn our financial situation around with the support of our ratepayers, and also to ensure that we work towards obtaining a clean audit.

Appended below is a full account of the services rendered by each respective Department. I submit this overview in appreciation of support rendered by the community, the staff of Emthanjeni Municipality for their unequivocal support, cooperation and hard work and lastly, the Honourable Mayor, Speaker and the entire Council for their political guidance.

I VISSER

MUNICIPAL MANAGER (1 July to 31 December 2022)

CHAPTER I

EXECUTIVE SUMMARY

I.1 MUNICIPAL OVERVIEW

This report addresses the performance of the Emthanjeni Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2022/23 Annual Report reflects on the performance of the Emthanjeni Municipality for the period 1 July 2022 to 30 June 2023. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.1.1 Vision and Mission

The Emthanjeni Municipality committed itself to the following vision and mission:

Vision:

“A centre for development and service excellence focused on economic development in pursuit of a better life for all”

Mission:

*“To provide a quality service at all times and:
Value our resources both human and financial;
Develop an active citizenry; and
Create a conducive environment for economic growth”*

I.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 Population

Total Population

The Community Survey of 2007 indicates that Emthanjeni Municipality had a total population of 38 230. The 2011 Census (StatsSA) indicates that the total population has increased to 42 354. The population growth rate per annum is 1.69%. The Community Survey 2016 indicates a slight increase to 45 404.

The graph below indicates the total population within the municipal area:

Year	2001	2011	2016
Total Population	35 785	42 356	45 404

Table 1: Total Population

Year	African	Coloured	Indian	White
2001	10 435	20 848	40	4 463
2011	14 059	24 436	236	3 388
2016	14 515	27 644	116	3 129

Table 2: Population

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
Ward 1	281	4 790	62	18	23	5 174
Ward 2	635	7 222	56	10	73	7 996
Ward 3	5 001	247	14	142	14	5 418
Ward 4	2 706	2 583	20	10	35	5 353
Ward 5	1 337	2 348	34	2 302	30	6 050
Ward 6	2 660	2 955	27	496	39	6 178
Ward 7	1 440	4 292	23	410	24	6 188

Table 3: Population per Ward

The table below indicates that in 2016, females represent (51%) and males (49%) of the total population.

Population - Gender	2001	2011	2016
Females	18 679	21 634	22 962
Males	17 107	20 722	22 443
Total	35 785	42 356	45 405

Source: IDP 2020/21

Table 4: Gender Statistics

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Population Profile

The table below indicates the population per age group.

Age	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 9	3 520	3 742	7 262	4 654	4 522	9 176	4 055	3 722	7 777
10 - 14	1 985	2 064	4 049	2 144	2 103	4 248	1 953	2 219	4 172
15 - 19	2 043	1 963	4 007	2 046	1 988	4 034	2 584	2 972	5 556
20 - 24	1 444	1 427	2 871	1 763	1 760	3 523	2 735	1 845	4 581
25 - 29	1 272	1 211	2 483	1 688	1 688	3 376	1 913	2 266	4 179
30 - 34	1 234	1 310	2 544	1 492	1 412	2 904	1 834	2 048	3 882
35 - 39	1 108	1 241	2 349	1 324	1 242	2 565	1 323	1 399	2 722
40 - 44	1 010	1 112	2 122	1 169	1 326	2 495	1 478	1 124	2 602
45 - 49	872	1 115	1 987	1 070	1 248	2 317	1 108	987	2 095
50 - 54	791	884	1 675	984	1 086	2 070	1 010	1 107	2 116
55 - 59	557	682	1 239	787	979	1 766	857	882	1 739
60 - 64	463	604	1 067	613	798	1 411	548	812	1 360
65 - 69	320	486	806	446	566	1 012	509	579	1 088
70 - 74	215	340	555	273	404	678	223	490	713
75 - 79	143	206	348	150	258	409	158	200	358
80 - 84	72	161	233	66	132	198	108	173	281
85+	57	131	188	51	122	174	45	136	181

Source: IDP 2020/21

Table 5: Population Profile

1.2.2 Households

Households	2021/22	2022/23
Number of households in municipal area	12 810	8 418
Number of indigent households in municipal area	3 861	3 632

Table 6: Total Number of Households

1.2.3 Demographic Information



Municipal Geographical Information

Emthanjeni Local Municipality is a category B municipality consisting of three towns: De Aar, Britstown and Hanover. Emthanjeni, and especially De Aar, is renowned for its central location on the main railway line between Johannesburg, Cape Town, Port Elizabeth and Namibia. It is situated in the Pixley ka Seme District Municipality and is the seat of this district.

Its location is approximately 300 km south-west of Kimberley, 440 km south-east of Upington, 300 km north-east of Beaufort-West and 300 km south-west of Bloemfontein. The land area comprises 11% of the district land area and 3% of the province. It represents approximately 23% of the district population.

Of the main towns that fall within the municipal area, Hanover lies approximately 65 km east of De Aar on N1 main north to south route and Britstown is situated about 55 km west of De Aar on the N12 route. Both these main routes link Johannesburg and Cape Town. These areas are extensive stock farming areas with the emphasis on sheep, mutton and wool farming, especially Merino's.

Emthanjeni Municipality, specifically De Aar, is the seat of Pixley ka Seme District Municipality and hosts all government departments. The Municipality covers an area of approximately 11 390km².

The maps of the Northern Cape indicate the location of the Emthanjeni Municipality in the Pixley Ka Seme District area.

Wards

The Municipality was structured into the following 8 Wards:



Ward	Areas
1	Montana, Kareeville, Sunrise and Klein Kareeville
2	Residencia, New bright, Happy Valley, Extension 20, Extension 7 and Macarena
3	Nonzwakazi(from street 11, 10,20 until street 3,15, 16, Izinyoka including left side of street 2), Portion of Waterdal
4	Barcelona, Malay Camp, Leeuwenshof & portion of Nonzwakazi (only street 12 ,18)
5	Portion of town Area and Louisville
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville
8	Right side of Street 2, 1. 13, 14, 17 (Nonzwakazi), Waterdal and portion of town area up until Van Zyl Street.

Table 7: Municipal Wards

Towns

De Aar



De Aar means “the artery”, and in many senses this town is the lifeblood of the Karoo. It’s the head office of the Emthanjeni Municipality and Pixley Ka Seme District Municipality; home to many artists; there’s an important weather station that can be toured by visitors, and it’s the second most important railway junction in the country. The significance of its situation on the railway line is because it’s central to Gauteng, Cape Town, Port Elizabeth and Namibia.

There are about 110km of railway lines, including 29 rail-tracks in De Aar’s precincts. However, “De Aar” founded in 1904, was so named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not start around the Dutch Reformed Church, but in fact started around the railway line. De Aar boasts a weather station gathering climatic data which has literally put De Aar on the world map. De Aar has an average yearly rainfall of 300mm with the lowest minimum temperature of -10 °C, the highest maximum temperature of 40.7 °C, an average summer temperature of 24 °C and an average winter temperature of 14 °C. De Aar is situated at 1280 m above sea level and has an average humidity of 43%. As a declared industrial growth point, with ample, very reasonably priced industrial sites, affordable labour and the necessary infrastructure, De Aar is the ideal place to establish an industry in the Northern Cape.

Various major industries have already taken advantage of De Aar's central location and excellent rail and road links to establish themselves here. De Aar is also a primary commercial distribution centre for a large area of the central Great Karoo. Major production activities of the area include wool production and livestock farming. The area is also popular for hunting, despite the fact that the region is rather arid. De Aar is increasingly becoming the center for supplying the whole country with the famous "Karoo" mutton, so highly prized for its unique flavour and quality. There are ancient Khoisan rock engravings on the Nooitgedacht and Brandfontein farms. There is also the "Garden of Remembrance", which honours the British troops killed in the Anglo-Boer War.

All the water used in the town comes from boreholes – which is why the town is known for its large number of wind pumps. The town is easily accessible by tarred road, two airfields serve it – one is an all-weather runway that can accommodate any type of aircraft and it’s only 52km away from the national bus route.

Hanover



This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which was bought from Gert Gous. Here requested that the town be called Hanover, after his great grandfather's town in Germany.

When declared a magisterial district in 1876, the town was very fortunate to be appointed with a far-seeing magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water consumption caused by an increase in residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent a lot of time on the summit of Trappieskop, where a stone pyramid honouring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, home owners built on verandas, they had to pay a one shilling tax for this privilege. Today, they are still paying this tax, which is now R17, 00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as “the prettiest little village I have ever seen”. Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet. However, behind garden walls and front doors there's plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and crafts people, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. Interesting Karoo architecture is to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep farms, with many of the country's best breeders farming in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

Britstown



It was in the heady days of The Great Diamond Rush in the year of 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses, fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson coaches and then others stopped here. But by the time Britstown gained municipal status in January 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.

The small haven of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffat's at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the Moffat's, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent's most famous explorer. Brits decided against a life of exploration and returned to the Karoo.

Hans Brits then settled on a farm he named Gembokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Diamond Route. So Brits arranged for a town to be laid out on a portion of his farm. As a tribute to him it was named Britstown. The thinking was to establish a point between Victoria West and Kimberley that could provide travellers on the Diamond Route with accommodation and refreshment as well as fresh horses and fodder.

Then, in 1877, a group of men, headed by TP Theron, purchased a section of Hans Brits's farm to establish a community centre with a church. This accomplished, they handed over the management of the fledgling settlement to church wardens. Traffic through the town increased when gold was discovered in "The Ridge of White Waters" in the old Transvaal Republic. Many of the fabled mining magnates, such as Cecil John Rhodes, passed through Britstown. In time, the town became a major junction on the route to the then South West Africa (Namibia).

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Key Economic Activities

Agriculture forms the backbone of Emthanjeni's economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Services Sector (Community)	The services sector consists of the various government institutions, non-governmental organizations (NGO's), Community based organizations (CBO's) and Non-Profit Organisations (NPOs) that resides within our area of jurisdiction. ABSA, FNB, Standard Bank and CAPITEC
Manufacturing	Stone crushers who specialize in the manufacturing of sand, bricks, cements and rocks
	Colossal Concrete, Green Akker, Vleis Sentraal for meat processing
	Solar Energy
Retail	Purchasing of goods and services
	Checkers, Shoprite, Mr Price, Ackermans, Sheet Street, Fashion Express, Foschini, Total Sport, KFC, Built It, Cash Build, Clicks, Sport Scene, etc.
Agriculture	Game Farming
	Sheep, goat, pig and cattle farming
Transport	Rail infrastructure
	Road infrastructure
	Rail revitalisation
Tourism	To market Emthanjeni as a tourism destination
	To speed up the restoration of existing attractions and the development of new attractions

Table 8: Key Economic Activities

I.3 SERVICE DELIVERY OVERVIEW

1.3.1 Basic Services Delivery Highlights

The table below specifies the basic service delivery highlights for the year:

Highlights	Description
Water	
Development of 12 Boreholes in De Aar Northern Scheme.	Construction of two booster pump stations, equipping of 12 boreholes with solar panels & pump, construction of bulk water pipeline.
Development of Water Maintenance Plans.	Water Maintenance Plans have been developed for all three towns.
Electricity	
Annual electricity losses.	Decrease in unaccounted for electricity for 2022/23.
Installation of LED streetlights and high mast lights.	Saving on electricity consumption.
Delay in project for Upgrading of De Aar West Main Transformers.	Fastrack appointment of contractor to implement and source additional funding to upgrade both transformers.
Roads and Storm Water	
Paving of town entrances.	Beautification of Municipal entrances.
Pothole maintenance.	Annual routine road maintenance.
Development of Roads and Stormwater Maintenance Plans.	Roads and Stormwater Maintenance Plans have been developed.
Waste Management	
De Aar, Hanover and Britstown landfill sites permitted / licenced.	Approval was obtained from the Department of Environment Nature Conservation.

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Highlights	Description
Cleaning Campaigns.	Dedicated cleaning campaigns were done throughout the year to ensure that our communities leave in a safe and clean environment.
Establishment of the task team for awareness programs.	A task team was established to educate residents about waste management in the Municipal Area (Britstown, De Aar, Hanover).
Appointed Waste Management Officer.	A waste management Officer control was appointed to manage the waste function (Superintendent).
Renewed our waste management by laws.	The by-laws are currently stricter.
Engagement with local recycling companies and PETCO.	This engagement is intended to highlight the plight and challenges that the Municipality is face in terms environmental compliance.
Connection od Mziwabantu Sewerage to the main sewerage line.	The entire Mziwabantu is currently on the main line to the oxidation ponds.
Adherence on Weekly Waste Removal Schedule.	Solid Waste is removed as per the weekly schedule on all areas as per identified days unless a mechanical unplanned breakdown.
Cemeteries	
Sustainable quarterly cemetery maintenance.	All Cemeteries were maintained by ELM Employees assisted by Temporal workers as a form of job creation to alleviate levels of poverty.
Appointment of additional personnel to maintain cemeteries in De Aar and Hanover.	Sufficient number of personnel were appointed to assist with the maintenance of the cemeteries in De Aar and Hanover.
Proper coordination of funerals.	Funeral harmonisation in terms of time management and allocation into the cemetery
Appropriate monitoring of funeral undertakers.	Stakeholders' engagement to ensure accurate information of the deceased are provided, quality workmanship encouraged and space/sites are managed accordingly
All cemeteries are containing up to date burial registers.	Ensuring accountability of the deceased ones
Housing	
Municipal Housing Accreditation Level 2.	The process is still continuing positively as it is critical for the Municipality to be able to attain developer status.
Housing Consumer Education Programs conducted quarterly.	To ensure the beneficiaries of the subsidy fully understand.
National Housing National Register.	The register is quarterly reviewed and monthly monitored.
Staff Capacitation.	5 Unit staff have been trained on various courses to capacitate them in performing their duties diligently.
Sanitation	
Construction of Internal sewer reticulation for Mziwabantu was completed.	Bulk sewer line and waterborne systems was constructed for Mziwabantu.
Sewerage Maintenance Plans.	Sewerage Maintenance Plans have been developed.

Table 9: Basic Services Delivery Highlights

1.3.2 Basic Services Delivery Challenges

The table below specifies the basic service delivery challenges for the year:

Challenges	Actions to address
WATER	
Shortage of staff in the water section.	Filling of vacancies with experienced & qualified personnel.
Vandalism of water infrastructure.	Improve employment rate within the Municipal area.
Water shortages in certain areas of De Aar due to loadshedding.	Funding assistance from IPPs for installation of solar pumps at boreholes to pump without interruption.
Slow spending and implementation of Borehole project due to delayed water servitude registration process.	Matter referred to attorneys and meetings held with Farmers of land where servitudes are required.

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Challenges	Actions to address
Electricity	
Capacity constraints within electricity section.	Filling of key vacant positions.
Theft and vandalism to electricity infrastructure.	Proper safeguarding of electricity infrastructure.
No master plans.	DBSA to provide funding. Feedback awaited on application that was submitted.
Aged infrastructure.	Submission of business plans for funding.
Electrification of houses in De Aar East.	Speed up completion of housing project.
Roads and Storm Water	
Insufficient budget.	Business plans were submitted to MIG for the approval of funding.
Damaged road infrastructure caused by trucks.	<ul style="list-style-type: none"> • Improve aging road infrastructure. • Establishment of Truckstop next to N10 by private investors to divert traffic out of town.
Delay in implementation of paving project due to broken grader.	Grader parts can only be procured outside of the country.
Delay in project for paving of streets.	Fixing of broken grader or hiring of grader to complete project for paving of streets.
Flooded subway that links De Aar West with De Aar East.	Upgrade stormwater drainage at subway through procurement of an emergency standby plant.
Impact of Climate change on road infrastructure.	Funding required for upgrading of road infrastructure and stormwater system.
Waste management	
Landfill machinery required to perform waste management and minimisation efforts at the landfill sites.	Acquire additional machinery in 2024/2025.
Illegal dumping still evident amidst the Municipal efforts to ensure refuse collection is according to the weekly schedule.	Host more integrated awareness programmes with sector department and the communities to plough the seed of education in keeping the environment clean.
Lack of training of Municipal personnel to manage the landfill sites.	Provide training to capacitate the employees.
Aging waste management fleet especially honey suckers.	Procure a set of honey suckers to deal with the removal and suction of drains at a very speedy response and manage the list efficiently to address the administrative bottle necks.
Cemeteries	
Continued vandalism, breaking of graves, theft of fencing and stray animals' invasion of cemeteries.	Investigate possibilities of a sustainable system.
High water table in De Aar (Nonzwakazi and Barcelona Cemeteries).	Stricter control will have to be implemented.
Hard rock at Karoluspoort and Burgerville Cemeteries.	Purchase a TLB and or Jack hammer.
Lack of suitable land for the extension of graveyards.	Request assistance for Environmental Impact Assessment to be done. Address during process for development of new SDF.
Housing	
Slow progress on construction of top structures in the Municipality.	Two new contractors appointed in July 2022.
Infrastructure maintenance.	Budget accordingly to ensure that maintenance is done.
Vandalism and theft of Municipal Assets.	Ensure that the infrastructure and assets of the Municipality are protected by appointing security at De Aar East Civic Hall, where the Unit is accommodated.
Electricity capacity.	Water, Sewerage and electricity capacities needs to be improved so that when allocations for top structure is communicated the Municipality can address the issue of lack of housing.
Sanitation	
Shortage of staff in the waste water section.	Filling of vacancies with experienced & qualified personnel.
Urine Diversion System (UDS) toilets in Hanover.	Funding required from MIG to convert to full waterborne sewerage.

Table 10: Basic Services Delivery Challenges

1.3.3 Proportion of Households with Access to Basic Services

The table below indicates the proportion of households with access to basic services:

Service	2021/22	2022/23
Electricity service connections <i>(Represents the number of formal properties which are billed for electricity or have pre paid meters (Excluding Eskom areas as at 30 June)</i>	7 048	12 307
Water - available within 200 m from dwelling <i>(Represents the number of formal properties which are billed for water or have pre paid meters as at 30 June)</i>	8 654	8 709
Sanitation - Households with at least VIP service <i>(Represents the number of formal properties which are billed for sewerage as at 30 June)</i>	8 626	8 615
Waste collection - kerbside collection once a week <i>(Represents the number of formal properties which are billed for refuse removal as at 30 June)</i>	8 252	8 295

Table 11: Households with Minimum Level of Basic Services

I.4 FINANCIAL HEALTH OVERVIEW

1.4.1 Financial Viability Highlights

The table below specifies the financial viability highlights for the year:

Highlights	Description
Sustainable service delivery within the municipality during the financial year.	The municipality continues to provide basic services to the community members of Emthanjeni Municipality.
The municipality complied with Section 122 of the Municipal Finance Management Act and submitted the Annual Financial Statements on 31 August 2023 to the AG.	All stakeholders of the municipality continuously strive to obtain a clean audit and ensuring the appropriate financial management of the municipality.

Table 12: Financial Viability Highlights

1.4.2 Financial Viability Challenges

The table below specifies the financial viability challenges for the year:

Challenge	Action to address
Non-payment of service charges and rates by consumers thereby creating a strain on the municipal cashflow.	The enforcement of the municipal credit control policy and identification and implementation of revenue enhancement strategies.
Late payments of suppliers resulting in low credit facilities which lead to suppliers being reluctant to do business with the municipality.	The management of the municipal cashflows and its reserves should be appropriately maintained and ensure the settlement of suppliers within 30 days on invoice receipt.
Interest levied on major creditors resulting in fruitless and wasteful expenditure.	Maintenance of supplier accounts and ensuring that invoices are settled within 30 days of invoice receipt to avoid any interest to be charged.
Vandalism of municipal assets	The community should assist in identifying the culprits. These vandalisms affect the provision of basic services, significantly increase the costs of repairs and maintenance which could be reallocated to increasing municipal assets and refurbishing other assets.

Table 13: Financial Viability Challenges

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1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators (KPI's) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area (KPA's) namely Municipal Financial Viability and Management.

KPA & Indicator	2021/22	2022/23
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2020 ((Total operating revenue-operating grants received)/debt service payments due within the year))	135.00%	174.00%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 (((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	132.00%	173.00%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 (Available cash+ investments)/ Monthly fixed operating expenditure)	0.00	0.5

Table 14: National KPI's for Financial Viability and Management

1.4.4 Financial Overview

Details	2021/22	2022/23		
		Original budget	Adjustment Budget	Actual
R'000				
Income				
Grants (Operating + Capital)	63 613	100 750	82 591	80 355
Taxes, Levies and tariffs	190 309	248 855	251 076	214 426
Other	(21 761)	7 952	5 859	(94 924)
Sub Total	232 161	357 557	339 526	199 857
Less Expenditure	(280 349)	(316 398)	(312 258)	(317 753)
Net surplus/(deficit)	(48 188)	41 159	27 268	(117 896)

Table 15: Financial Overview

1.4.5 Total Capital Expenditure

Detail	2022/23
	R'000
Original Budget	41 159
Adjustment Budget	23 903
Actual	19 226
% Spent	80.43%

Table 16: Capital Expenditure

I.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Employment Equity Appointments	One employment equity employment appointment made.
Training of Supervisors	Workshop on anti- fraud and corruption held for Supervisors
Municipal Staff Regulations implementation	All appointments and adverts are done according to the Municipal Staff Regulations.

Table 17: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to address
Awareness of Municipal Staff Regulation	Refresher workshop for Supervisors and staff.
No internal funding for skills development	Council to budget for skills development.
Vacant positions of Senior Managers (CFO and Senior Manager Corporate Services)	Senior Managers to be appointed.

Table 18: Municipal Transformation and Organisational Development Challenges

I.5 AUDITOR-GENERAL REPORT

1.5.1 Audited Outcomes

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the Municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follow:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless they express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or insufficient evidence for them to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse Audit Opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

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- **Disclaimer of Audit opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

The table below indicates the audit opinion received for the past four financial years:

Year	2019/20	2020/21	2021/22	2022/23
Opinion received	Qualified	Qualified	Qualified	Qualified

Table 19: Opinion Received

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION HIGHLIGHTS

Highlight	Description
Audit and Performance Audit Committee	Appointment of Committee members was done in March 2023.
Anti-fraud and Corruption	Training workshop held for Supervisors on anti- fraud and corruption.
Council meets the People engagements	Council met on regular basis with Communities in all wards.
Community Satisfaction Survey	Community Satisfaction Survey was conducted.
Compact Research conducted by PARI	PARI appointed COMPACT to conduct research on Good Governance and Public Participation processes within the Municipality. Interviews were conducted with Councillors, Officials, Ward Committee members and Community members.

Table 20: Good Governance and Public Participation Highlights

2.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION CHALLENGES

Description	Actions to address
Delay on implementation of Council Resolutions	MM and Senior Managers will monitor implementation of resolutions.
Late submission of items for Council agenda	The process of submission to be monitored by the Chief Admin Officer and Manager Support Services.
Audit and Performance Audit Committee vacancy due to one member who resigned due to a job opportunity at the Municipality.	Appointment of an APC member with Legal background should be done.
MPAC not functional and members require training.	Proper training to be provided to MPAC.

Table 21: Good Governance and Public Participation Challenges

2.3 GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

2.3.1 Council

The table below categorised the councillors within their specific political parties and wards for the period **1 July 2022 to 30 June 2023**:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Dates of Council Meetings held
GL Nkumbi	Mayor	ANC	Proportional	Special Council 8/7/2022 23/09/2022 25/10/2022 04/01/2023 11/01/2023 31/01/2023 15/05/2023 30/06/2023 Council 25/08/2022 12/12/2022 24/02/2023 30/03/2023 30/05/2023
MC Kivedo	Speaker	ANC	Proportional	
FC Swanepoel	Ward Councillor	ANC	Ward 1	
MN Mackay	Ward Councillor	ANC	Ward 2	
SW Makhandula	Ward Councillor	ANC	Ward 3	
TJ Brandt	Ward Councillor	ANC	Ward 4	
GK Engelbrecht	Ward Councillor	DA	Ward 5	
LE Andrews	Ward Councillor	ANC	Ward 6	
JM Fortuin	Ward Councillor	ANC	Ward 7	
PP Mhlauli	Ward Councillor	ANC	Ward 8	
RH Adams- Beukes	Proportional	DA	Proportional	
B Swanepoel	Proportional	DA	Proportional	
R Smith	Proportional	DA	Proportional	
PN Bushula	Proportional	EFF	Proportional	
MST Booysen	Proportional	PA	Proportional	

Table 22: Council for the period 1 July 2022 to 30 June 2023

2.3.2 Executive Committee

The Mayor of the Municipality, assisted by the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period **1 July 2022 to 30 June 2023**:

Name of member	Portfolio	Meeting Dates
GL Nkumbi	Chairperson	8/7/2022 28/07/2022 18/08/2022 14/12/2022
LE Andrews	Member	26/01/2023 14/2/2023 23/03/2023
R Smith	Member	20/04/2023 7/6/2023

Table 23: Executive Committee from 1 July 2022 to 30 June 2023

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2.3.3 Portfolio Committees

Section 80 Committees are permanent committees that specialise in a specific functional area of the Municipality and may in some instances make decisions on specific functional issues. They advise the Executive Committee on policy matters and make recommendations to Council. Section 79 Committees are temporary and appointed by the Executive Committee as needed. They are set up to investigate a particular issue and do not have any decision-making powers. Similar to Section 80 Committees, they can make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 Committees are disbanded. External experts and councillors can be included on Section 79 Committees.

The composition of the portfolio committees for the period **1 July 2022 to 30 June 2023** are stipulated in the tables below:

Corporate and Human Resource Services Committee		
Chairperson	Other members	Dates of Meetings
LE Andrews	TJ Brandt	11/08/2022 09/11/2022
	RH Adams- Beukes	8/02/2023 10/05/2023
Infrastructure Services Committee		
Chairperson	Other members	Dates of Meetings
GL Nkumbi	SW Makhandula	10/08/2022 8/11/2022
	B Swanepoel	7/02/2023
COMMUNITY SERVICES COMMITTEE		
Chairperson	Other Members	Dates of Meetings
LE Andrews	JM Fortuin	11/08/2022 9/11/2022
	R Smith	8/02/2023 10/05/2023
Municipal Public Accounts Committee		
Chairperson	Other members	Dates of Meetings
MN Mackay	PP Mhlauli	22/03/2023
	GK Engelbrecht	
Rules Committee		
Chairperson	Other members	Dates of Meetings
MC Kivedo	R Smith	No meetings were held
	NP Bushula	
	MST Booysen	

Table 24: Portfolio Committees 1 July 2022 to 30 June 2023

2.3.4 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Department
I Visser (1 July to 31 December 2022)	Municipal Manager
HD Molaole (From 1 June 2023)	Municipal Manager
MF Manuel (1 July 2022 to 30 September 2022)	Financial Services

Name of Official	Department
Ms SN Jordan (1 December 2022 to 30 June 2023): Acting CFO	Financial Services
T Msengana (1 July 2022 to 31 March 2023)	Corporate Services
Mrs ST Felix (1 April 2023 to 30 June 2023) Acting: Senior Manager	Corporate Services
H Joka	Community Services
L Thiso	Infrastructure Services

Table 25: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

2.4 INTERGOVERNMENTAL RELATIONS

2.4.1 Intergovernmental Structures

To adhere to the principles of the Constitution as mentioned above the Municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/ Topics Discussed
Technical/Political IGR	Mayor	Political oversight
Safety Forum	Ward Councillors and Special Program Coordinator	Abuse of women and children
Provincial Tourism Forum	Manager Development and Strategic Services	Promotion of municipalities as tourism destinations
Local Economic Development Forum	Manager Development and Strategic Services and Local Economic Development Officer	Promoting local economic development within municipalities
Integrated Development Plan Provincial Engagement	Manager Development and Strategic Services and Integrated Development Plan Officer	Alignment of provincial planning
Municipal Managers Forum	Municipal Manager	Sharing of good practices
Communicators Forum	Manager Mayors Office	Telling of government good story
SALGA working groups	Councillors and officials	Capacitating of councillors and officials
Chief Financial Officer Forum	Chief Financial Office	Discussions on MFMA
Record Management Forum	Records Manager and Chief Registry Clerk	Sharing of information and capacitating of officials
Speakers Forum	Speaker	Functioning of political structure
Municipal Public Account Committee	MPAC Chairperson and Speaker	Check and balance of council operations, accountability of administrations
Infrastructure Forum	Senior Manager Infrastructure Service	Implementation of infrastructure programs
Expanded Public Works Program Forum	Senior Manager Infrastructure Service and Civil Technician	Implementation of Expanded Public Works Programme (EPWP) project
District and Local AIDS Forum	Councillors, Special Program Coordinator and Outreach Officer	HIV/AIDS awareness and educational programs
Renewable Energy Conference Working Group	Senior Manager Corporate Services and Manager Development and Strategic Services	Renewable Energy Conferences focusing on the benefits for the province and municipality from these projects

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Name of Structure	Members	Outcomes of Engagements/ Topics Discussed
Transport Logistic Hub Steering Committee	Senior Manager Corporate Services and Manager Development and Strategic Services	Possibility of establishing a PPP for construction of logistic hub
SDF Forum	Skills Development Facilitator	Coordination of skills development programs
HR Practitioner's Forum	Senior Manager Corporate Services	Sharing of best practices and case laws
Librarians Forum	Chief Librarian	Sharing of Best Practices
Karoo Small Town Regeneration Forum	Portfolio Councillor: Development and Manager Development & Strategic Services	Support and capacitating Karoo municipalities.
SANRAL PLC Forum	Manager: Technical Services and Manager Development & Strategic Services	Project implementation feedback
Pixley Ka Seme District Coordinating Forum	Manager Development & Strategic Services and IDP Officer	Renewable Energy IPPs reporting on the projects benefiting the district and municipality
Emthanjeni Tourism Forum	Manager Development & Strategic Services and Tourism official	Tourism promotion
Department of Home Affairs Stakeholders Forum	Manager: Mayor's Office	To ensure a coordinated approach to popularizing government services to improve access.
Quality Learning and Training Campaign (QLTC)	Manager: Mayor's Office and Special Programmes Coordinator	To improve access and the quality of education in schools

Table 26: Intergovernmental Structures

2.4.2 Joint projects and functions with Sector Departments

All the functions of government are divided between the different spheres namely national, provincial and local. The Municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:





Name of project/ function	Expected outcome of the Project	Sector department involved	Contribution of sector department
District War Room	Poverty reduction	Social Development	Coordination of meeting and training of councillors
District Aids Council	HIV/AIDS prevention	District Municipality	Training and administrative support
Crime Prevention	Crime prevention	Department of Transport Safety and Liaison	Training and administration support
District Joint Committee	COVID 19 prevention	Department Social Development South African Social Security Agency South African Police Services Department of Education COGHSTA	<ul style="list-style-type: none">  Monitor compliance and enforcement of Disaster Management Act regulations  Reporting to the provincial government on activities within the district  Developing strategies to mitigate risk for spreading of the virus  Coordinate and monitoring allocation of resources

Table 27: Joint Projects and Functions

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP
- establishment, implementation and review of the performance management system
- monitoring and review of the performance, including the outcomes and impact of such performance
- preparation of the municipal budget

2.5 PUBLIC MEETINGS

2.5.1 Ward Committees

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

The composition of the ward committees for the period **1 July 2022 to 30 June 2023** are stipulated in the tables below:

Ward 1: Montana, Kareeville, Sunrise and Klein Kareeville

Name of representative	Capacity representing	Dates of meetings
Gregory Afrika	Sport	<ul style="list-style-type: none"> • 21 July 2022 • 4 August 2022 • 10 Sept 2022 • 14 Nov 2022 • 10 Jan 2023 • 8 Feb 2023 • 9 March 2023 • 10 May 2023 • 19 June 2023 • 19 July 2023
Marlon Matroos	Youth	
Kenneth Tambo	Sport	
Imelda Phillip	Youth	
Monique Grorep	Youth	
Meagan Vywers	Woman	
Gillian Jejane	Community	
Ronny Karelse	Church	
Veronica Louw	Business	
Sunet Justine Mpendukani	Woman	

Table 28: Ward 1 Committee Members

Ward 2: Residencia, New Bright, Happy Valley, Extension 20, Extension 7 and Macarena

Name of representative	Capacity representing	Dates of meetings
Annet Williams	Woman	<ul style="list-style-type: none"> • 9 July 2022 • 4 August 2022 • 12 Oct 2022 • 10 Nov 2022 • 12 Jan 2023 • 9 Feb 2023 • 7 March 2023 • 5 April 2023 • 10 May 2023 • 9 July 2023
Regina Marie Bothma	Woman	
Elizabeth Jooste	Business	
Levona Van Staden	Youth	
Muriel Adams-Phillips	Church	
Shaleen Scheepers	Community	
Patrick Henry Van Staden	GPF	

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Name of representative	Capacity representing	Dates of meetings
Simphiwe Masango	Sport	
Michael Pienaar	Elderly	
Lodewyk	Disabled	

Table 29: Ward 2 Committee Members

Ward 3: Nonzwakazi, Portion of Waterdal

Name of representative	Capacity representing	Dates of meetings
Thandiwe Mpengesi	Woman	<ul style="list-style-type: none"> 📅 20 July 2022 📅 10 August 2022 📅 22 Sept 2022 📅 12 Oct 2022 📅 16 Nov 2022 📅 17 Jan 2023 📅 6 Feb 2023 📅 29 March 2023 📅 4 April 2023 📅 10 May 2023 📅 20 June 2023
Akhona Mvela	Community	
Sam Mooi	Arts & Culture	
Nomthandaso Khweleta	Woman	
Bongani Mona	business	
Qoliswa Skhampula	Church	
Sindisa Qeqe	Youth	
Sindisile Thomas	Business	
Thembela Kelemi	Woman	
Buyani Maliti	Youth	

Table 30: Ward 3 Committee Members

Ward 4: Barcelona, Malay camp, Leeuwenshof & Portion of Nonzwakazi and Mtwana

Name of representative	Capacity representing	Dates of meetings
Fransiena Baartman	Woman	<ul style="list-style-type: none"> 📅 21 July 2022 📅 11 August 2022 📅 16 Nov 2022 📅 13 Jan 2023 📅 6 March 2023 📅 10 April 2023 📅 4 May 2023 📅 15 June 2023 📅 13 July 2023
Wendy Tantsi	Business	
Pamela Filifani	Community	
Maria Kondile	Social	
Delia Swarts	Sports	
Bonakele Bosman	Business	
Johannes Johnson	Business	
Bonisile Segonyela	Community	
Geduld Peers	Sport	
Sydney Tengwana	Community	

Table 31: Ward 4 Committee Members

Ward 5: Portion of town Area and Louisville

Name of representative	Capacity representing	Dates of meetings
Johanna Lamberts	Community	<ul style="list-style-type: none"> 📅 23 August 2022 📅 29 Sept 2022 📅 27 Oct 2022 📅 15 Feb 2023 📅 28 March 2023 📅 9 May 2023 📅 20 June 2023 📅 13 July 2023
Rosie Stevens	Woman	
Wilhelmiens Hendricks	Woman	
Auburn Jaftha	Business	
Barry Fisher	Church	
Idah Arendse	Woman	
Azola Loko	Youth	

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Name of representative	Capacity representing	Dates of meetings
Nathan Louw	Youth	
Naomi White	Business	
Prudence White	Youth	

Table 32: Ward 5 Committee Members

Ward 6: Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)

Name of representative	Capacity representing	Dates of meetings
Rosie Mzalwana	Woman	<ul style="list-style-type: none"> 📅 1 July 2022 📅 24 August 2022 📅 7 Sept 2022 📅 5 Nov 2022 📅 18 Jan 2023 📅 6 Feb 2023 📅 8 March 2023 📅 6 April 2023 📅 11 May 2023 📅 7 June 2023
Annie Thys	Business	
Nadine Matthews	Youth	
Vuyiseka Ngolo	Community	
Lwandile Mali	Church	
Ntombethemba Mhluntsa	Youth	
Adam Andrews	Community	
Helena Koopman	Woman	
Aubrey Harmse	Sport	
Abongile Mtwana	Business	

Table 33: Ward 6 Committee Members

Ward 7: Jansenville, Mziwabantu, Britstown(town), Proteaville

Name of representative	Capacity representing	Dates of meetings
Ntsiki Mdebuka	Community	<ul style="list-style-type: none"> 📅 20 July 2022 📅 10 August 2022 📅 7 Sept 2022 📅 11 Oct 2022 📅 8 Nov 2022 📅 7 Feb 2023 📅 23 Feb 2023 📅 29 March 2023 📅 26 April 2023 📅 9 May 2023 📅 9 June 2023
Monica Sekoe	Community	
Sera Matthews	Church	
Loretta Dawids	Woman	
Henry-Jevu Claasen	Youth	
Absolom Welkom	Church	
Martiens Du Preez	Business	
Thembani Jali	Community	
Calvin Hofsta	Business	
Abednego Pietersen	Church	

Table 34: Ward 7 Committee Members

Ward 8: Portion of Nonzwakazi, Waterdal and Portion of Town Area

Name of representative	Capacity representing	Dates of meetings
Ntombiyoxolo Sijeku	Community	<ul style="list-style-type: none"> 📅 11 August 2022 📅 20 Sept 2022 📅 20 Oct 2022 📅 23 Nov 2022 📅 20 Jan 2023 📅 1 March 2023 📅 10 May 2023 📅 13 June 2023
Athenkosi Poswa	Woman	
Zimasa Thiyo	Community	
Thabo Gantile	Community	
Trevor Tokwana	Church	
Bongiwe Mpela	Community	
Priscilla Vywers	Woman	

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Name of representative	Capacity representing	Dates of meetings
Priscilla Holstruis	Youth	
Edna Lackay	Woman	
Sammy Pylman	Business	

Table 35: Ward 8 Committee Members

2.5.2 Representative Forums

Labour Forum

The table below specifies the members of the Local Labour Forum:

Name of representative	Capacity	Dates of meetings
Clr LE Andrews	Chairperson (employer)	14 January 2023 29 May 2023
Mr N Hendricks	Deputy Chair Person (IMATU)	
Mr SW Makhandula	Employer	
Ms M Mc Kay	Employer	
Mr GK Engelbrecht	Employer	
Mr S Mantyi	Member (SAMWU)	
Ms BM Lenga	Member (IMATU)	
Mr TW Msengana (July till March 2023)	Employer	
Ms ST Felix (April till June 2023)	Employer	
Ms T Mosia	Member (SAMWU)	
Mr GM Mhlaba	Member (SAMWU)	
Mr V Mkosana	Member (IMATU)	

Table 36: Labour Forum from 1 November 2021 to 30 June 2022

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.6 RISK MANAGEMENT

In terms of Section 62(1)(c)(i) of the MFMA “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 – of financial and risk management and internal control;”...

The management of risk is the process by which the Accounting Officer, Chief Financial Officer and the other senior management of a Municipality will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks and identify appropriate, business and cost-effective methods of managing these risks within the Municipality, as well as the risk to the stakeholders.

The Risk Policy addresses key elements of the implementation and maintenance of the Risk Management Framework for the management of risks within defined risk/return parameters, risk appetite and tolerances, as well as Risk Management Standards. It provides a framework for the effective identification, evaluation, management measurement and reporting of the Municipality's risks.

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The objective of the Risk Policy is to ensure that a strategic plan is developed that should address the following:

- 🔗 An effective risk management architecture
- 🔗 A reporting system to facilitate risk reporting
- 🔗 An effective culture of risk assessment

The role of the service departments is to identify, review and manage their risks on an ongoing basis, making risk management an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, since it is an intrinsic part of business planning and decision making - there is no direction taken without looking at potential risks.

The table below include the top 10 risks of the Municipality:

Risk	Current Controls	Residual Risk Exposure	Risk Owner	Action Plans
1. Unauthorised, Irregular, Fruitless and Wasteful Expenditure.	Ensure proper adherence to Budgetary and Accounting reporting formats.	Low	Municipal Manager & Chief Financial Officer	Consequence management. MPAC should investigate the difference between the Budgetary and AFS reporting.
2. Under spending of conditional grants.	Planning and procurement should be done timeously to address this risk. Monitoring and supervision of service providers, procurement plans in place. Proper master plans, approved business plans as back up.	High	Municipal Manager, Chief Financial Officer & Senior Manager Infrastructure	Enforcement and monitoring of the procurement plan.
3. Poor cashflow position.	Implementation of credit control policy; Registering of Indigent households for more realistic amount of equitable share allocation.	High	Chief Financial Officer	🔗 Credit Control Policy implemented. 🔗 Develop/review Revenue Enhancement Strategy.
4. No business continuity plan in place for IT.	Development of a business continuity strategy, identification of off-site location for backups and server storage.	High	Chief Financial Officer	🔗 Develop a business continuity strategy (31 May 2024). 🔗 Identify an off-site storage facility for backup server facilitation.
5. Water shortage in certain areas of De Aar due to loadshedding.	🔗 Delivery of water with trucks 🔗 Development of 12 boreholes project to increase water capacity.	High	Senior Manager Infrastructure	Implementation of Development of 12 boreholes project. Funding assistance required to install solar water pumps at boreholes to pump uninterrupted.
6. Insufficient fleet for Traffic Services, Infrastructure basic service delivery and Community services delivery.	Ensure that Vehicle Policy is adhered to and budget accordingly to obtain sufficient fleet.	High	Senior Managers Community Services & Infrastructure and Chief Financial Services	Proper budgeting; Proper fleet management.
7. Aging infrastructure	🔗 Maintenance plans for service delivery infrastructure. 🔗 Continuous maintenance.	High	Senior Manager Infrastructure	Submission of business plans to upgrade aging infrastructure.
8. Vandalism of municipal infrastructure	Limited security controls in place.	High	Chief Financial Officer & Senior Manager Corporate Services	Appointment of Security Company on three-year tender. Safeguard municipal property with fencing and CCTV cameras.
9. Inadequate management on health and safety	Health and Safety Policy. Health and Safety Committee.	High	Senior Manager Corporate Services	Ensure committee is functional. Perform OHS Risk Assessment. Designated Health and Safety

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Risk	Current Controls	Residual Risk Exposure	Risk Owner	Action Plans
				responsibilities allocated to an official.
10. Flooded subway that links De Aar West with De Aar East during loadshedding and heavy rainfall.	Drainage pump	High	Senior Manager Infrastructure	Upgrade stormwater drainage at subway through procurement of an emergency standby plant.

Table 37: Top Ten Risks

The role of the Risk Committee is to provide a timely and useful enterprise risk management report to the Audit Committee of the Municipality. The report contains the current top risks of the Municipality, which includes:

- 🔗 The key strategic and financial risks facing the Municipality (all extreme and high-risk exposures)
- 🔗 The key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)

Further details of the roles of the Risk Committee are included in the approved Risk Committee Charter.

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting date
F Manuel (July till October 2022)	CFO	🔗 09 May 2023
S Jordan (December 2022 till June 2023)	Acting Chief Financial Officer	
T Msengana (July till March 2023)	Senior Manager Corporate Services	
S Felix (April till June 2023)	Acting Senior Manager Corporate Services	
M Joka	Senior Manager Community Services	
L Thiso	Senior Manager Infrastructure Services	
Z Mtwana	PMS Risk Officer	

Table 38: Risk Committee

2.7 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

2.7.1 Developed Strategies

Name of strategy	Developed (Yes/No)	Date Adopted
Fraud and Corruption Policy	Yes	October 2022
Supply Chain Management Policy	Yes	May 2023
Cost Containment Policy	Yes	May 2023

Table 39: Strategies

2.7.2 Implementation of Strategies

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
To address any issue of fraud and corruption	Override processes and controls	Review the controls and assessed risks regularly
To avoid any Irregular, Fruitless and Wasteful Expenditure	To ensure that service providers are appointed correctly	Report to Municipal Public Accounts Committee (MPAC) and Executive Committee (EXCO) on a continuous basis
Make payments for actual goods and services received or rendered	Ensure that proper audit trails are complied with	Review the Standard Operating Procedures (SOP's) on a regular basis to ensure that before payments are made it is in compliance with specifications

Table 40: Implementation of the Strategies

2.8 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an Audit Committee (AC) is an independent advisory body which must –

- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –
- internal financial control
 - risk management
 - performance management
 - effective governance

The AC have the following main functions as prescribed in Section 166 (2)(a-e) of the MFMA and the Local Government Municipal Planning and Performance Management Regulation (Reg 796):

2.7.1 Functions of the Audit Committee

- To advise the Council on all matters related to compliance and effective governance
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation
- Respond to the Council on any issues raised by the Auditor-General in the audit report
- To review the quarterly reports submitted to it by the internal audit
- To evaluate audit reports pertaining to financial, administrative and technical systems
- The compilation of reports to Council, at least twice during a financial year
- To review the performance management system and make recommendations in this regard to Council
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised
- To review the annual report of the Municipality
- Review the plans of the internal audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Provide support to the internal audit function
- Ensure that no restrictions or limitations are placed on the internal audit section
- Evaluate the activities of the internal audit function in terms of their role as prescribed by legislation

2.8.2 Members of the Audit Committee

The following table indicates the members of the Audit Committee from July to October 2022:

Name of representative	Capacity	Dates of meetings
ST Hendricks	Chairperson: Audit Committee	29 July 2022 24 August 2022
AF Jaftha	Audit Committee Member	
C Delaney	Audit Committee Member	
EJD Brown	Chairperson: Audit Committee (resigned)	

Table 41: Members of the Audit Committee: July to October 2022

The following table indicates the members of the Audit Committee from March to June 2023:

Name of representative	Capacity	Dates of meetings
AF Jaftha	Chairperson: Audit Committee	5 May 2023
NP Mdaka	Audit Committee Member	
NP Jacobs	Audit Committee Member	

Table 42: Members of the Audit Committee: March to June 2023

2.9 PERFORMANCE AUDIT COMMITTEE

The Municipal Planning and Performance Management Regulation require that the Performance Audit Committee (PAC) is comprised of a minimum of three members. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the PAC who is neither a Councillor nor an employee of the Municipality as the chairperson of the committee.

In terms of Section 166(4)(a) of the MFMA, an AC must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the Municipality.

Section 166(5) of the MFMA, requires that the members of an AC must be appointed by the Council of the Municipality. One of the members, not in the employ of the Municipality, must be appointed as the chairperson of the committee. No Councillor may be a member of an AC.

Section 14(3)(a) of the Regulations requires that the PAC of a Municipality must meet at least twice during each financial year. However, additional special meetings of the PAC may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3)(b) of the Regulations.

2.9.1 Functions of the Performance Audit Committee

In terms of Section 14(4)(a) of the Regulations the PAC has amongst others the responsibility to -

- i) review the quarterly reports produced and submitted by the internal audit process
- ii) review the Municipality's performance management system and make recommendations in this regard to the Council of the Municipality
- iii) at least twice during each financial year submit a performance audit report to the Council of the Municipality

2.9.2 Members of the Performance Audit Committee

The following table indicates the members of the Performance Audit Committee from July to October 2022:

Name of representative	Capacity	Dates of meetings
ST Hendricks	Chairperson: Audit Committee	29 July 2022 24 August 2022
AF Jaftha	Performance Audit Committee Member	
C Delaney	Performance Audit Committee Member	
EJD Brown	Chairperson: Audit Committee (resigned)	

Table 43: Members of the Performance Audit Committee: July to October 2022

The following table indicates the members of the Performance Audit Committee from March to June 2023:

Name of representative	Capacity	Dates of meetings
AF Jaftha	Chairperson: Audit Committee	5 May 2023
NP Mdaka	Performance Audit Committee Member	
NP Jacobs	Performance Audit Committee Member	

Table 44: Members of the Performance Audit Committee: March to June 2023

2.10 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year. Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Functional complaints management system	Yes
Customer satisfaction survey	Yes

Table 45: Communication Activities

Newsletters

Type of Newsletter	Distributed
Internal	No
External	No

Table 46: Newsletter

Additional Communication Channels Utilised

Channel	Yes/No
SMS system	Yes
Call system and WhatsApp	Yes
Facebook	Yes
Flyers	Yes
Website	Yes
Local Radio station	Yes

Table 47: Additional Communication Channels Utilised

2.11 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21(a-b) of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2022/23	Yes
Adjusted Budget 2022/23	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
SDBIP 2022/23	Yes
Budget and Treasury Office Structure	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
IDP for 2022/23	Yes
IDP Process Plan for 2022/23	Yes
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Section 37 of the MFMA; No 56 of 2003 (Unsolicited Bids/Contracts)	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the MFMA)	

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Description of information and/or document	Yes/No
Annual Report of 2021/22	Yes
Oversight reports 2021/22	Yes
Mid-year budget and performance assessment 2022/23	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the MSA)	
Local Economic Development Strategy	Yes
LED Policy Framework	Yes
Economic Profile	Yes
LED Projects	Yes
Performance Management (Section 75(1)(d) of the MFMA)	
Performance Agreements for employees appointed as per S57 of the MSA	Yes

Table 48: Website Checklist

2.12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment:

2.12.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	3 (2 vacant)	3 African	2 Male 1 Female	0

Table 49: Management Control

2.12.2 Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	0	0	0	0	0
Black non-employees	0	0	0	0	0
Black people on internships, apprenticeship, learnership	3	1 Coloured 2 Blacks	1 Male 2 Females	0	3
Unemployed black people on any programme under the learning programme matrix	0	0	0	0	0
Black people absorbed at end of internships, apprenticeship, learnership	0	0	0	0	0

Table 50: Skills Development

2.12.3 Enterprise and Supplier Development

Total number of Exempt Micro Enterprises (EME's) suppliers	Total value spend	% Black Ownership	%Black women ownership
6	R1 257 522.13	100	20
Total number of Qualifying Small Enterprises (QSE's) suppliers	Total value spend	% Black Ownership	%Black women ownership
2	R302 332.46	100	20
Total number of large suppliers	Total value spend	% Black Ownership	%Black women ownership
8	R1 559 854.59	100	20

Table 51: Enterprise and Supplier Development

CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2022/23 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP.

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

3.1.1 Legislative Requirements

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

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

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

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisational Performance

Strategic performance indicates how well the Municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the strategic objectives and performance on the National Key Performance Indicators (KPI's) as prescribed in terms of Section 43 of the MSA.

3.1.3 Performance Management System

The Municipality continues to implement performance in terms of the performance management framework that was approved by Council in January 2011.

3.1.4 The IDP and the Budget

The IDP and the main budget for 2022/23 was approved by Council on 31 May 2022. As the IDP and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) in June 2022. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top Layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year budget and mid-year budget assessment. The Top Layer SDBIP was revised with the adjustments budget in terms of Section 26(2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by Council. The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators and the portfolio of evidence that support the actual targets reported.

3.1.5 Actual Performance

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance monthly. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ☞ The actual result in terms of the target set
- ☞ A performance comment
- ☞ Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.6 Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance is measured as follows:

- Quarterly reports were submitted to Council on the actual performance in terms of the Top Layer SDBIP
- Mid-year assessment and submission of the mid-year report to the Mayor in terms of Section 72(1)(a) and 52(d) of the Local Government MFMA to assess the performance of the Municipality during the first half of the financial year

3.1.7 Individual Performance Management

Performance management is prescribed in the MSA and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance.

Municipal Manager and Managers directly accountable to the Municipal Manager

The MSA prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2022/23 financial year were signed in July 2022.

The appraisal of the actual performance in terms of the signed agreement takes place twice per annum as regulated. The final evaluation of the 2021/22 financial year (1 January 2022 to 30 June 2022) took place on 20 October 2022

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Mayor
- Portfolio Councillors
- Municipal Manager
- Chairperson of the Audit Committee
- External Municipal Manager

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2022/23

This section provides an overview of the key service achievements of the Municipality that came to fruition during 2022/23 in terms of the deliverables achieved against the strategic objectives of the IDP

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

This section provides an overview on the achievement of the Municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the Municipality's strategic plan and shows the strategic alignment between the IDP, budget and performance plans.

In the graphs and tables below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2022/23 in terms of the IDP strategic objectives.

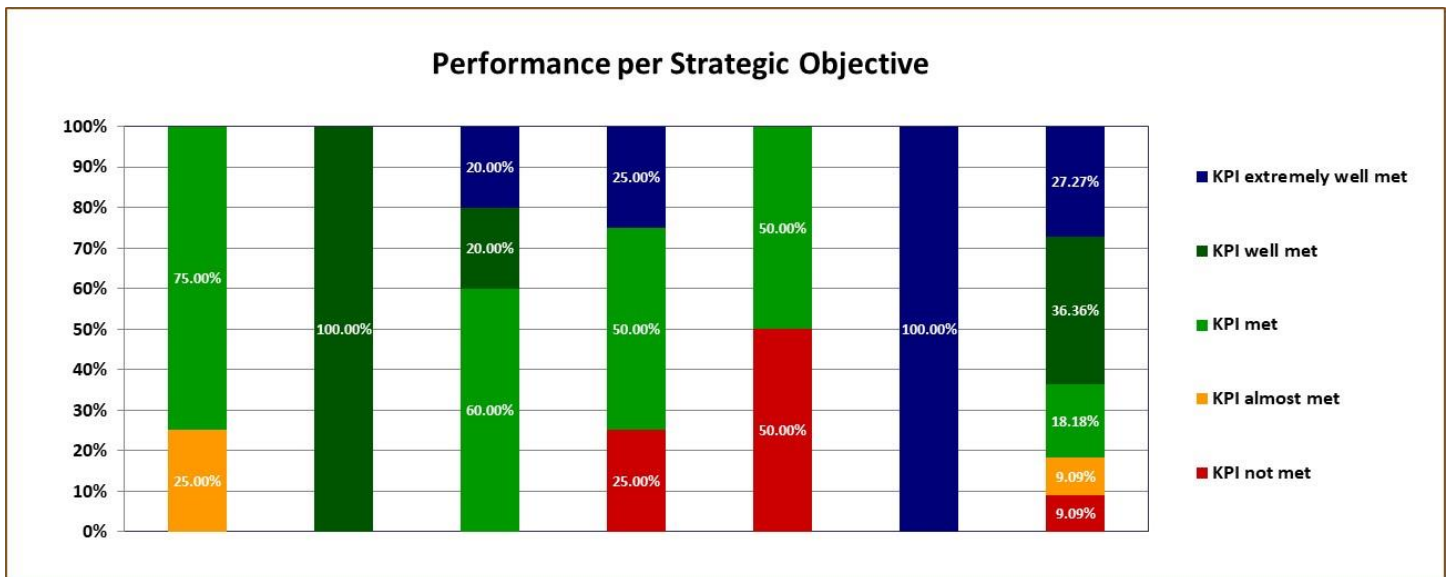
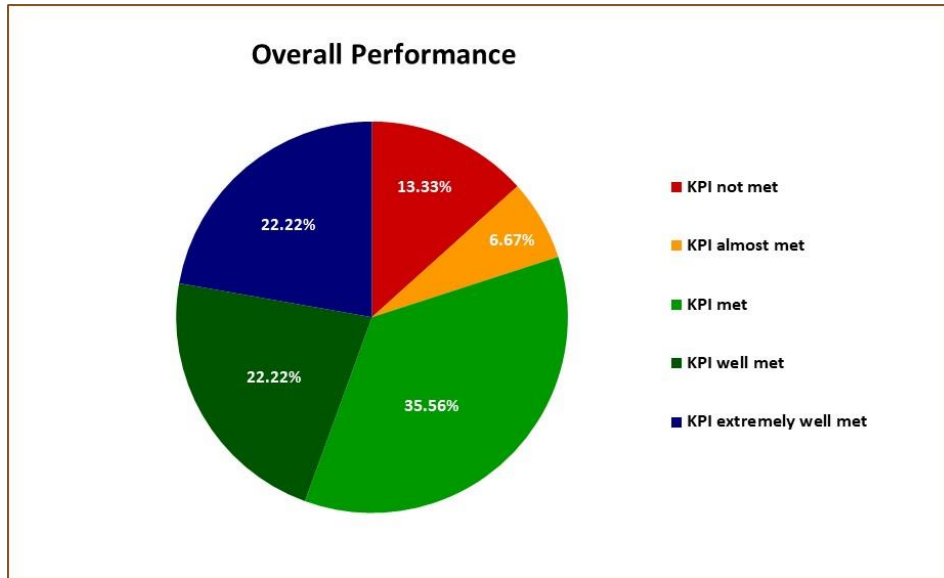
The following table explains the method by which the overall assessment of the actual performance against the targets set for the KPI's of the SDBIP are measured:

Category	Colour	Explanation
KPI Not Met	Red	0% > = Actual/Target < 75%
KPI Almost Met	Orange	75% > = Actual/Target < 100%
KPI Met	Green	Actual/Target = 100%
KPI Well Met	Dark Green	100% > Actual/Target < 150%
KPI Extremely Well Met	Blue	Actual/Target > = 150%

Figure 1: SDBIP Measurement Criteria

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The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:



Measurement Category	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Maintaining a financially sustainable and viable Municipality	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area	Provision of access to all basic services rendered to residents within the available resources
KPI Not Met	0	0	0	2	2	0	2
KPI Almost Met	1	0	0	0	0	0	1
KPI Met	3	0	3	4	2	0	4
KPI Well Met	0	1	1	0	0	0	10
KPI Extremely Well Met	0	0	1	2	0	1	5
Total	4	1	5	8	4	1	22

Graph 1: Top Layer SDBIP Performance per Strategic Objective

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Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL6	60% of the maintenance budget for Community Halls spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	% of approved Community Halls maintenance budget spent by 30 June 2023	All	46.69%	0.00%	10.00%	50.00%	60.00%	60.00%	50.07%	O
	Reason and/or Corrective Action	Low spending is due to cashflow challenges. If the cashflow improve in the 2023/24 financial year, spending will increase.									
TL11	Review and sign a MOU with the Department of Defence by 30 June 2023 for support with fire brigade services	MOU reviewed and signed by 30 June 2023	All	1	0	0	0	1	1	1	G
TL12	Review the disaster management plan that includes contingency plans and submit to Council by 30 June 2023	Disaster management plan reviewed and submitted to Council by 30 June 2023	All	1	0	0	0	1	1	1	G
TL17	Submit a business plan to potential funders for the upgrading of the Fire Brigade by 30 June 2023	Business plan submitted by 30 June 2023	All	1	0	0	0	1	1	1	G

Table 52: Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL22	Provide free basic services to indigent households as at 30 June 2023	Number of indigent households receiving free basic services as at 30 June 2023	All	3 863	3 000	3 000	3 000	3 000	3 000	3 299	G2

Table 53: Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL2	The number of people from employment equity target groups employed (newly appointed) in the	Number of people employed (newly appointed)	All	0	0	0	0	1	1	1	G

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2023											
TL3	0.1% of the personnel budget spent on training as per the approved Skills Development Plan by 30 June 2023 [(Actual total training expenditure/total personnel budget)x100]	% of the personnel budget spent on training by 30 June 2023	All	0.27%	0.00%	0.00%	0.00%	0.10%	0.10%	0.14%	G2	
TL4	Review the EEP and submit to the Portfolio Committee by 30 June 2023	EEP reviewed and submitted to the Portfolio Committee by 30 June 2023	All	1	0	0	0	1	1	1	G	
TL5	Limit vacancy rate to 15% of budgeted posts by 30 June 2023 [(Number of funded posts vacant divided by budgeted funded posts)x100]	[(Number of funded posts vacant divided by budgeted funded posts)x100]	All	24.20%	0.00%	15.00%	0.00%	15.00%	15.00%	8.33%	B	
TL10	Review the organogram and submit to Council by 30 June 2023	Reviewed organogram submitted to Council by 30 June 2023	All	New Key Performance Indicator for 2022/23	0	0	0	1	1	1	G	

Table 54: Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives

Maintaining a financially sustainable and viable Municipality

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL24	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2023 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grants)	Debt coverage as at 30 June 2023	All	135%	0.00%	0.00%	0.00%	35.00%	35.00%	174.00%	R
	Reason and/or Corrective Action	Encourage customers to pay for services and implement Credit Control Policy.									

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL25	Financial viability measured in terms of the outstanding service debtors as at 30 June 2023 (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services)	% of outstanding service debtors as at 30 June 2023	All	132%	0.00%	0.00%	0.00%	45.00%	45.00%	173.00%	R
	Reason and/or Corrective Action	Encourage customers to pay for services and implement Credit Control Policy.									
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2023 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fixed operating expenditure with available cash	All	0	0	0	0	0.05	0.05	0.5	B
TL27	Submit the annual financial statements to the Auditor-General by 31 August 2022	Statements submitted to the AG by 31 August 2022	All	1	1	0	0	0	1	1	G
TL28	Achievement of a payment percentage of 40% by 30 June 2023 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	Payment % achieved	All	64.15%	70.00%	70.00%	40.00%	40.00%	40.00%	106.00%	B
TL29	Prepare and submit the adjustments budget to Council by the 28 February 2023	Adjustments budget submitted by 28 February 2023	All	1	0	0	1	0	1	1	G
TL30	Prepare and submit the draft budget to Council by 31 March 2023	Draft budget submitted by 31 March 2023	All	1	0	0	1	0	1	1	G
TL31	Prepare and submit the final budget to Council by 31 May 2023	Final budget submitted by 31 May 2023	All	1	0	0	0	1	1	1	G

Table 55: Maintaining a financially sustainable and viable Municipality

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Promote representative governance through the sustainable utilisation of available resources in consultation with the with the residents of Emthanjeni Municipality

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL1	Develop Risk based audit plan (RBAP) for 2023/24 and submit to the Audit Committee by 30 June 2023	RBAP for 2023/24 submitted to the Audit Committee by 30 June 2023	All	1	0	0	0	1	1	1	G
TL7	Review the Risk Committee and sent appointment letters to members by 31 March 2023	Risk Committee reviewed and appointment letters sent to members by 31 March 2023	All	1	0	0	1	0	1	1	G
TL8	Complete the annual risk assessment and submit to the Risk Committee by 31 March 2023	Risk assessment completed and submit to the Risk Committee by 31 March 2023	All	New Key Performance Indicator for 2022/23	0	0	1	0	1	0	R
	Reason and/or Corrective Action	Risk Assessment finalized after target date and will be submitted to the next Risk Committee meeting. Workshops scheduled for Management within first quarter of new financial year to compile assessments.									
TL9	Review the Communication Strategy and submit to Council by 30 June 2023	Reviewed Communication Strategy submitted to Council by 30 June 2023	All	New Key Performance Indicator for 2022/23	0	0	0	1	1	0	R
	Reason and/or Corrective Action	Communication Strategy was not reviewed as current Strategy requires complete review as it is outdated. Review of Communication Strategy has been included as a KPI for the 2023/24 FY on the Top Layer SDBIP and a KPI for progress monitoring on the Departmental SDBIP of the relevant official.									

Table 56: Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni Municipality

Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL33	Create temporary jobs - FTE's in terms of EPWP by 30 June 2023 (Person days / FTE (230 days))	Number of FTE's created	All	42	0	0	0	61	61	149	B

Table 57: Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area

Provision of access to all basic services rendered to residents within available resources

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL13	Conduct quarterly housing consumer education programs	Number of housing consumer education programs conducted	All	4	1	1	1	1	4	4	G

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL14	Conduct a quarterly verification of the housing needs register	Number of verification of the housing needs register conducted	All	4	1	1	1	1	4	4	G
TL15	Review the Human Settlement Plan and submit to Council by 30 June 2023	Human Settlement Plan reviewed and submitted to Council by 30 June 2023	All	1	0	0	0	1	1	1	G
TL16	60% of the maintenance budget of waste management spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	% of the budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	All	35.70%	0.00%	10.00%	50.00%	60.00%	60.00%	79.61%	G2
TL18	Number of formal properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2023	Number of properties which are billed for water or have pre paid meters as at 30 June 2023	All	8 654	8 000	8 000	8 000	8 000	8 000	8 709	G2
TL19	Number of formal properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2023	Number of properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2023	All	7 048	6 000	6 000	6 000	6 000	6 000	12 307	B
TL20	Number of formal properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2023	Number of properties which are billed for sewerage as at 30 June 2023	All	8 626	7 200	7 200	7 200	7 200	7 200	8 615	G2
TL21	Number of formal properties for which refuse is removed once per week and billed for the service as at 30 June 2023	Number of properties which are billed for refuse removal as at 30 June 2023	All	8 252	7 200	7 200	7 200	7 200	7 200	8 295	G2
TL23	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2023 {(Actual	% of capital budget spent by 30 June 2023	All	33.41%	0.00%	15.00%	0.00%	40.00%	40.00%	81.80%	B

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23							Actual	R
					Target					Actual	R		
					Q1	Q2	Q3	Q4	Annual				
	amount spent on projects /Total amount budgeted for capital projects}X100}												
TL34	60% of the water maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	% of approved water maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	All	32.60%	0.00%	10.00%	50.00%	60.00%	60.00%	52.64%	O		
	Reason and/or Corrective Action	Low spending is due to cashflow challenges. If the cashflow improve in the 2023/24 financial year, spending will increase.											
TL35	Limit unaccounted for water to 25% by 30 June 2023 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) x 100]	% unaccounted water by 30 June 2023	All	10.20%	0.00%	0.00%	0.00%	25.00%	25.00%	10.23%	B		
TL36	Achieve a 90% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	47.27%	90.00%	90.00%	90.00%	90.00%	90.00%	92.80%	G2		
TL37	60% of the waste water maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	% of approved waste water maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	All	30.90%	0.00%	10.00%	50.00%	60.00%	60.00%	75.47%	G2		
TL38	60% of the roads and stormwater maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)X100)	% of approved roads and stormwater maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)X100)	All	33.20%	0.00%	10.00%	50.00%	60.00%	60.00%	61.09%	G2		
TL39	Limit % electricity unaccounted for to 20% by 30 June 2023 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number	% of electricity unaccounted for at 30 June 2023	All	20.25%	0.00%	0.00%	0.00%	20.00%	20.00%	11.35%	B		

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	of Electricity Units Purchased) x 100]											
TL41	60% of the electricity maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	% of approved electricity maintenance budget spent by 30 June 2023 ((Actual expenditure divided by the approved budget)x100)	All	48.81%	0.00%	10.00%	50.00%	60.00%	60.00%	22.08%	R	
	Reason and/or Corrective Action	Low spending is due to cashflow challenges. If the cashflow improve in the 2023/24 financial year, spending will increase.										
TL42	Compile maintenance plans for water, waste water and roads and stormwater that include weekly, monthly, quarterly and annual actions and submit to Municipal Manager for approval by 30 June 2023	Number of plans submitted to Municipal Manager by 30 June 2023	All	New Key Performance Indicator for 2022/23	0	0	0	3	3	3	G	
TL43	10% of approved budget spent by 30 June 2023 for the development of 12 boreholes in De Aar (Northern scheme) {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	1,2,3, 4,5 and 8	25.82%	0.00%	0.00%	5.00%	10.00%	10.00%	97.90%	B	
TL45	95% of approved budget spent by 30 June 2023 for the construction of Internal Sewer Reticulation for Mziwabantu {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	7	39.54%	0.00%	15.00%	50.00%	95.00%	95.00%	90.06%	O	
	Reason and/or Corrective Action	A Saving was realized, therefore no corrective action needed.										
TL47	60% of approved budget spent by 30 June 2023 for the upgrading of the Nonzwakazi Sports Ground {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	3	New Key Performance Indicator for 2022/23	0.00%	0.00%	20.00%	60.00%	60.00%	72.15%	G2	
TL48	10% of approved budget spent by 30 June 2023 for the replacement and	% of approved budget spent	All	0%	0.00%	0.00%	0.00%	10.00%	10.00%	6.44%	R	

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Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2021/22	Overall Performance 2022/23							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	upgrading of the De Aar West electricity main transformers {(Actual expenditure divided by the total approved budget) x 100}											
	Reason and/or Corrective Action	Previous contractor's appointment was terminated due to non-performance. Currently in procurement process to appoint new contractor and will fast-track procurement process.										
TL49	60% of approved budget spent by 30 June 2023 for the paving of town entrances in Emthanjeni Phase 2 {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	5	New Key Performance Indicator for 2022/23	0.00%	0.00%	30.00%	60.00%	60.00%	100.00%		B

Table 58: Provision of access to all basic services rendered to residents within available resources

3.2.2 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- ☞ means a person or institution or any combination of persons and institutions which provide a municipal service to or for the benefit of the local community
- ☞ means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- ☞ service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

3.2.3 Municipal Functions

The table below indicates the functional areas that the Municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function (Yes/ No)
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 59: Functional Areas

COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.3 WATER PROVISION

3.3.1 Introduction to Water Services

Emthanjeni LM is totally dependent on groundwater (boreholes) and the effective and sustainable management thereof in order to provide a cost-effective water supply which is of the greatest importance to the Municipality. Grant funding received for the Northern Scheme to equip 12 Boreholes. The Water Conservation/Water Demand Management (WCWDM) strategies are aimed at limiting water losses in order to keep the cost of water at affordable levels. There are 2 main reservoirs in De Aar West and East with a capacity of 13.6ML and 12ML respectively. Hanover have a collecting reservoir and a Trappieskop reservoir with a capacity of 1.659ML and 0.42ML respectively. Britstown have 4 small dams and 2 pressure towers. The 4 small dams have a capacity ranging from 0.207ML to 1.189ML. The capacity of the 2 pressure towers are 0.087ML respectively.

3.3.2 Highlights: Water Services

The table below specify the highlight for the year:

Highlight	Description
Development of 12 Boreholes in De Aar Northern Scheme	Construction of two booster pump stations, equipping of 12 boreholes with solar panels & pump, construction of bulk water pipeline.

Table 60: Water Services Highlights

3.3.3 Challenges: Water Services

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of staff in the water section.	Filling of vacancies with experienced & qualified personnel.
Vandalism of water infrastructure.	Improve employment rate within the Municipal area.
Water shortages in certain areas of De Aar due to loadshedding.	Funding assistance from IPPs for installation of solar pumps at boreholes to pump without interruption.
Slow spending and implementation of Borehole project due to delayed water servitude registration process.	Matter referred to attorneys and meetings held with Farmers of land where servitudes are required.

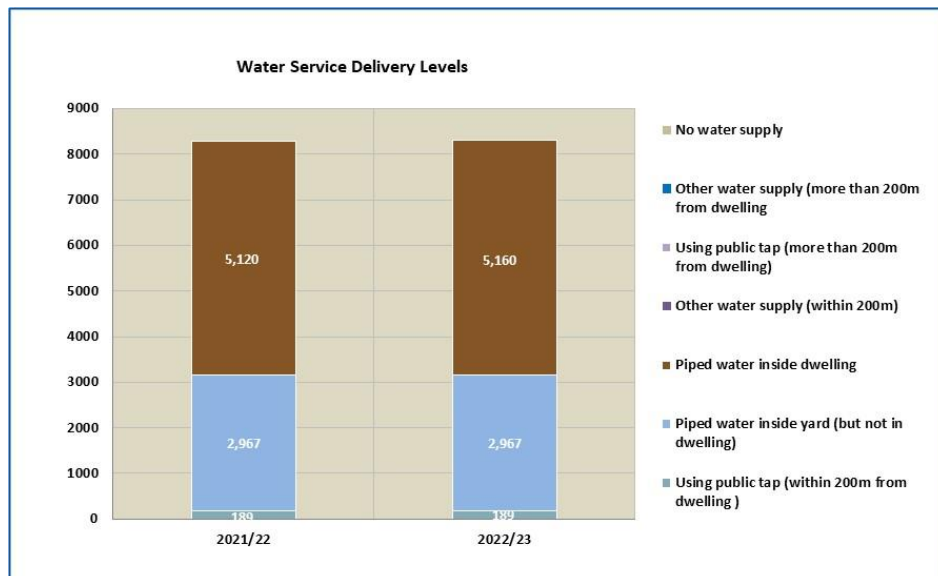
Table 61: Water Services Challenges

3.3.3 Service Delivery Levels: Water Services

The table below specifies the service delivery levels for the year:

Households		
Description	2021/22	2022/23
<i>Water: (above min level)</i>		
Piped water inside dwelling	5 120	5 160
Piped water inside yard (but not in dwelling)	2 967	2 967
Using public tap (within 200m from dwelling)	189	189
Other water supply (within 200m)	0	0
<i>Minimum Service Level and Above sub-total</i>	8 276	8 316
<i>Minimum Service Level and Above Percentage</i>	100	100
<i>Water: (below min level)</i>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level Percentage</i>	0	0
Total number of households	8 272	8 316
<i>Include informal settlements</i>		

Table 62: Water Service Delivery Levels: Households



Graph 2: Water Service Delivery Levels

3.3.4 Employees: Water Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	11	11	0	0
4 - 6	6	5	1	16.7
7 - 9	5	1	4	80
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	23	18	5	21.7

As at 30 June 2023

Table 63: Employees: Water Services

3.3.5 Capital: Water Services

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Development of 12 Boreholes in De Aar Northern Scheme	16 000	2 000	1 958	(14 042)	89 902

Table 64: Capital Expenditure: Water Services

3.4 WASTE WATER (SANITATION) PROVISION

3.4.1 Introduction to Waste Water (Sanitation) Provision

De Aar Waste Water Treatment Works (WWTW) is currently not operational. The WWTW Phase 2 upgrade is pending approval from Municipal Infrastructure Grant (MIG).

There is still the challenge of the Urine Diversion System (UDS) toilets in Hanover and converting it to full waterborne sewerage. We are currently doing it from own funding. However, it is not sufficient and alternative sources of funding will be explored.

The Britstown Oxidation Ponds Project have been approved by Department of Water and Sanitation's (DWS) for Regional Bulk Infrastructure Grant (RBIG) funding for bulk services. An additional R26 million was received for the upgrade of Britstown oxidation ponds and was completed.

The business plan and technical report were finalised for the internal sewer reticulation of Mziwabantu and submitted to MIG for approval. Construction of Internal sewer reticulation for Mziwabantu was completed during 2022/23.

3.4.2 Highlights: Waste Water (Sanitation) Provision

The table below specifies the highlights for the year:

Highlights	Description
Construction of Internal sewer reticulation for Mziwabantu was completed.	Bulk sewer line and waterborne systems was constructed for Mziwabantu.

Table 65: Waste Water (Sanitation) Provision Highlights

3.4.3 Challenges: Waste Water (Sanitation) Provision

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of staff in the waste water section	Filling of vacancies with experienced & qualified personnel.
Urine Diversion System (UDS) toilets in Hanover.	Funding required from MIG to convert to full waterborne sewerage.

Table 66: Waste Water (Sanitation) Provision Challenges

3.4.4 Service Delivery Levels: Waste Water (Sanitation) Provision

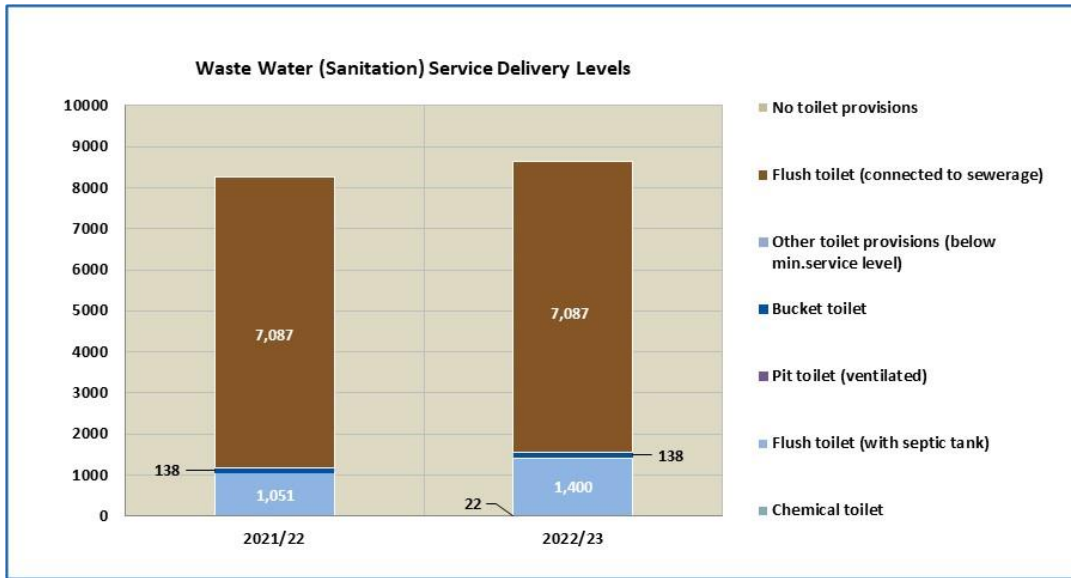
The table below specifies the different sanitation service delivery levels per households for the financial years 2021/22 and 2022/23 in the areas in which the Municipality is responsible for the delivery of the service:

Households		
Description	2021/22	2022/23
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	7 087	7 087
Flush toilet (with septic tank)	1 051	1 400
Chemical toilet	0	22
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	0	2
<i>Minimum Service Level and Above sub-total</i>	8 138	8 511
<i>Minimum Service Level and Above Percentage</i>	98.33	98.40
<i>Sanitation/sewerage: (below minimum level)</i>		
Bucket toilet	138	138
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<i>Below Minimum Service Level sub-total</i>	138	138
<i>Below Minimum Service Level Percentage</i>	1.67	1.60
Total households	8 276	8 649

Including informal settlements

Table 67: Waste Water (Sanitation) Provision Service Delivery Levels

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Graph 3: Waste Water Service Delivery Levels

3.4.5 Employees: Waste Water (Sanitation) Provision

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	6	6	0	0
4 - 6	4	4	0	0
7 - 9	3	2	1	33.3
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	13	12	1	7.7

As at 30 June 2023

Table 68: Employees Waste Water (Sanitation) Provision

3.4.6 Capital: Waste Water (Sanitation) Provision

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Construction of Sewer Reticulation for Mziwabantu (Britstown)	10 410	10 410	9 375	1 035	13 053

Table 69: Capital Expenditure: Waste Water (Sanitation) Provision

3.5 ELECTRICITY

3.5.1 Introduction to Electricity

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The energy losses for the 2021/22 financial year were 12% whilst the losses in the 2022/23 financial year were 11.35% This outcome gives an end result of a 0.65 % decrease in energy losses for the Municipality.

At present there is no backlog in the provision of electricity to households. The biggest challenge currently is the portion of Hanover where Eskom is the supplier. Council has initiated a process to ascertain whether it would be possible to take over this area from Eskom in order to have a uniform system in place.

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Annual electricity losses.	Decrease in unaccounted for electricity for 2022/23.
Installation of LED streetlights and high mast lights.	Saving on electricity consumption.
Delay in project for upgrading of De Aar West Main Transformer.	Fastrack appointment of contractor to implement and source additional funding to upgrade both transformers.

Table 70: Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Capacity constraints within electricity section.	Filling of key vacant positions.
Theft and vandalism to electricity infrastructure.	Proper safeguarding of electricity infrastructure.
No master plans.	DBSA to provide funding. Feedback awaited on application that was submitted.
Aged infrastructure.	Submission of business plans for funding.
Electrification of houses in De Aar East.	Speed up completion of housing project.

Table 71: Electricity Challenges

3.5.4 Service Delivery Levels: Electricity

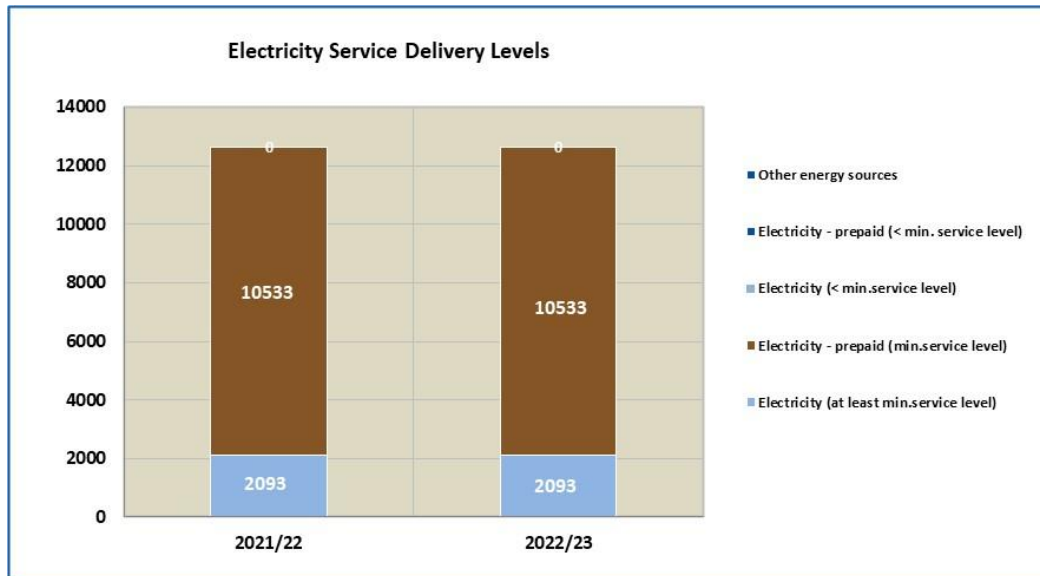
The table below specifies the service delivery levels for the year:

Description	Households	
	2021/22	2022/23
<i>Energy: (above minimum level)</i>		
Electricity (at least min. service level)	2 093	2 093
Electricity - prepaid (min. service level)	10 533	10 533
<i>Minimum Service Level and Above sub-total</i>	12 626	12 626
<i>Minimum Service Level and Above Percentage</i>	100	100

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Households		
Description	2021/22	2022/23
Energy: (below minimum level)		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	12 626	12 626

Table 72: Electricity Service Delivery Levels



Graph 4: Electricity Service Delivery Levels

3.5.5 Employees: Electricity

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	11	3	8	72.7
4 - 6	10	5	5	50
7 - 9	4	4	0	0
10 - 12	8	7	1	12.5
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	34	20	14	41.2

As at 30 June 2023

Table 73: Employees: Electricity Services

3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
De Aar Electrification of houses Phase 2	2 000	2 000	0	0	0
Replacement and upgrading of De Aar West Main Transformer	13 000	13 000	837	12 163	14 950

Table 74: Capital Expenditure: Electricity

3.6 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.6.1 Introduction to Waste Management

Domestic refuse is currently removed on a weekly basis in all residential areas of Emthanjeni. Informal dumping (littering) remains a major challenge, but all areas are regularly cleaned up. Various areas have street cleaners who clear the littering daily. Additional programmes were introduced to improve waste management in the municipal area.

3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
De Aar, Hanover and Britstown landfill sites permitted / licenced.	Approval was obtained from the Department of Environment Nature Conservation.
Cleaning Campaigns.	Dedicated cleaning campaigns were done throughout the year to ensure that our communities leave in a safe and clean environment.
Establishment of the task team for awareness programs.	A task team was established to educate residents about waste management in the Municipal Area (Britstown, De Aar, Hanover).
Appointed Waste Management Officer.	A waste management Officer control was appointed to manage the waste function (Superintendent).
Renewed our waste management by laws.	The by-laws are currently stricter.
Engagement with local recycling companies and PETCO.	This engagement is intended to highlight the plight and challenges that the Municipality is face in terms environmental compliance.
Connection od Mziwabantu Sewerage to the main sewerage line.	The entire Mziwabantu is currently on the main line to the oxidation ponds.
Adherence on Weekly Waste Removal Schedule.	Solid Waste is removed as per the weekly schedule on all areas as per identified days unless a mechanical unplanned breakdowns.

Table 75: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Landfill machinery required to perform waste management and minimisation efforts at the landfill sites.	Acquire additional machinery in 2024/2025.

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Description	Actions to address
Illegal dumping still evident amidst the Municipal efforts to ensure refuse collection is according to the weekly schedule.	Host more integrated awareness programmes with sector department and the communities to plough the seed of education in keeping the environment clean.
Lack of training of Municipal personnel to manage the landfill sites.	Provide training to capacitate the employees.
Aging waste management fleet especially honey suckers.	Procure a set of honey suckers to deal with the removal and suction of drains at a very speedy response and manage the list efficiently to address the administrative bottle necks.

Table 76: Waste Management Challenges

3.6.4 Service Delivery Levels: Waste Management

The table below specifies the service delivery levels for the year:

Description	Households	
	2021/22	2022/23
<u>Solid Waste Removal: (Minimum level)</u>		
Removed at least once a week	13 169	13 221
Minimum Service Level and Above sub-total	13 169	13 221
Minimum Service Level and Above percentage	100	100
<u>Solid Waste Removal: (Below minimum level)</u>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0	0
Total number of households	13 169	13 221

Table 77: Waste Management Service Delivery Levels



Graph 5: Waste Management Service Delivery Levels

3.6.5 Employees: Waste Management

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	69	64	5	7.2
4 - 6	17	9	8	47.1
7 - 9	4	1	3	75
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	90	74	16	17.8

As at 30 June 2023

Table 78: Employees: Waste Management

3.6.6 Capital: Waste Management

There were no capital projects in 2022/23.

3.7 HOUSING

3.7.1 Introduction to Housing

In 2011, Emthanjeni commissioned a scoping in terms of Sustainable Human Settlements to determine the elements that would, amongst others, structure the spatial context of the three towns and surrounding farms.

It was found that there is sufficient land in the Municipality, but it needed to be formalized through Planning and Rezoning Schemes and the installation of basic services to the sites. There are currently 848 serviced erven for new residential use in Britstown which is completed: Block A- Proteaville: 58 sites, Block B: 190 sites and Block C: 600 sites.

The servicing of sites was completed in November 2021. Hanover has 470 serviced sites and 195 houses are already constructed and completed. De Aar is currently having 1400 erven that has already been serviced sites for residential use, and we are now busy with the construction of 345 houses.

The National Human Settlements has prioritized the eradication of the current backlogs of low-income houses and also supply adequate tenure to residents in a municipal area who does not necessarily qualify for a bonded house. Young professionals and other middle-income earners normally find it hard to purchase property.

Emthanjeni Municipality has responded to this Breaking New Ground Policy by availing land for Rental and Social Housing in the affluent are of Rantsig (just opposite the new hospital). This clearly demonstrates alignment to National Human Settlements' policies of BNG and others, trying to eradicate Apartheid style spatial planning.

The Emthanjeni MHSP will continue in its efforts to align itself with the NC Annual Performance Plan in as much to deliver priorities for the current 5-year cycle (2022\23 – 2024/2027)

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Housing need:

Given the strategic decision to focus on subsidy and gap housing, the needs can be summarized as follows:

Subsidy	4 839
Gap	301
Total	5 140

Table 79: Housing Needs

3.7.2 Highlights: Housing

The table below specifies the highlights for the year:

Highlights	Description
Municipal Housing Accreditation Level 2.	The process is still continuing positively as it is critical for the Municipality to be able to attain developer status.
Housing Consumer Education Programs conducted quarterly.	To ensure the beneficiaries of the subsidy fully understand.
National Housing National Register.	The register is quarterly reviewed and monthly monitored.
Staff Capacitation.	5 Unit staff have been trained on various courses to capacitate them in performing their duties diligently.

Table 80: Highlights: Housing

3.7.3 Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
Slow progress on construction of top structures in the Municipality.	Two new contractors appointed in July 2022.
Infrastructure maintenance.	Budget accordingly to ensure that maintenance is done.
Vandalism and theft of Municipal Assets.	Ensure that the infrastructure and assets of the Municipality are protected by appointing security at De Aar East Civic Hall, where the Unit is accommodated.
Electricity capacity.	Water, Sewerage and electricity capacities needs to be improved so that when allocations for top structure communicated the Municipality address the issue of lack of housing.

Table 81: Housing Challenges

3.7.4 Housing Statistics

The table below specifies the service delivery levels for the year:

Number of households with access to basic housing			
Year end	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021/22	13 141	12 582	96%
2022/23	13 141	12 652	96%

Table 82: Households with Access to Basic Housing

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The following table shows the number of people on the housing waiting list:

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2021/22	4 264	(2.2)
2022/23	4 304	0.9

Table 83: Housing Waiting List

Financial year	Number of houses built	Number of sites serviced
2021/22	128	2 413
2022/23	70	2413 (De Aar 1400 and Britstown 848, Hanover 165)

Table 84: Houses Built and Sites Services

3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	9	5	4	44.4
7 - 9	1	1	0	0
10 - 12	1	0	1	100
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	12	7	5	41.7

As at 30 June 2023

Table 85: Employees: Housing

3.8 OVERARCHING SERVICES

3.8.1 Employees: Building Maintenance

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	6	4	2	33.3
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	7	5	2	28.6

As at 30 June 2023

Table 86: Employees: Building Maintenance

3.8.2 Employees: Infrastructure Services: Administration

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	1	0	0
4 - 6	1	1	0	0
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	4	4	0	0

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Table 87: Employees: Infrastructure Services: Administration

3.8.3 Employees: Mechanical Workshop & Fleet Management

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	1	0	0
4 - 6	4	1	3	75
7 - 9	1	1	0	0
10 - 12	3	2	1	33.3
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	10	6	4	40

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Table 88: Employees: Mechanical Workshop & Fleet Management

3.9 FREE BASIC SERVICES AND INDIGENT SUPPORT

Indigent applications are processed annually but new applications are assessed and updated monthly. The indigent register was reconciled with the financial system (Inzalo EMS) and the pre-paid electricity system. Credit control officials are continuously updating indigent households on the pre-paid electricity system.

New indigent household applications were processed and approved, so that these households received their levied free basic services (FBS) during the month. Indigent households will receive their FBS on the first of the month following the approval of their applications.

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The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved Indigent Policy of the Municipality, all households earning less than R 4 950 per month will receive the free basic services as prescribed by national policy.

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2021/22	12 810	3 860	30.13%	3 860	3 860	3 860	3 860	3 860	3 860
2022/23	12 810	3 360	26.23%	3 360	26.23%	3 360	26.23%	3 360	26.23%

Table 89: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2021/22	3 269	50.00	2 707	8 950	50.00	7 411	591	50.00	489
2022/23	3 360	50.00	2 991	9 450	50.00	8 412	591	50.00	526

Table 90: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2021/22	3 860	130.92	6 064	8 950	130.92	14 061
2022/23	3 360	137.47	5 543	9 450	137.47	15 589

Table 91: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2021/22	3 860	225.07	10 425	8 950	225.07	24 173
2022/23	3 360	236.36	9 530	9 450	236.36	26 803

Table 92: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	R value per HH	Value
			R'000			R'000
2021/22	3 860	1 (once)	6 501	8 950	140.35	15 074
2022/23	3 360	1 (once)	5 942	9 450	147.36	16 711

Table 93: Free Basic Refuse Removal Services to Indigent Households

COMPONENT B: ROAD TRANSPORT

3.10 ROADS

3.10.1 Introduction to Roads

The total of tar roads within the municipal area to 91,15 km. At present about 56% of all municipal streets are still gravel roads which cause a great deal of inconvenience during rain and strong wind.

3.10.2 Highlights: Roads

The table below specify the highlight for the year:

Highlight	Description
Paving of town entrances	Beautification of Municipal entrances.
Pothole maintenance	Annual routine road maintenance.

Table 94: Roads Highlights

3.10.3 Challenges: Roads

The table below specify the challenge for the year:

Description	Actions to address
Insufficient budget	Business plans were submitted to MIG for the approval of funding.
Damaged road infrastructure caused by trucks.	<ul style="list-style-type: none"> 🔧 Improve aging road infrastructure. 🔧 Establishment of Truckstop next to N10 by private investors to divert traffic out of town.
Delay in implementation of paving project due to broken grader.	Grader parts can only be procured outside of the country.
Delay in project for paving of streets.	Fixing of broken grader or hiring of grader to complete project for paving of streets.
Flooded subway that links De Aar West with De Aar East.	Upgrade stormwater drainage at subway through procurement of an emergency standby plant.
Impact of Climate change on road infrastructure.	Funding required for upgrading of road infrastructure and stormwater system.

Table 95: Roads Challenges

3.10.4 Statistics: Roads

The table below specifies the service delivery levels for the year:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2021/22	114.47	0	0	114.47
2022/23	114.47	0	0	114.47

Table 96: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2021/22	91.40	0	0	0	91.40
2022/23	91.40	0	0	0	91.40

Table 97: Tarred Road Infrastructure

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The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2021/22	0	0	244
2022/23	0	0	244

The cost for maintenance includes stormwater

Table 98: Cost of Construction/Maintenance of Roads

3.10.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	20	20	0	0
4 - 6	17	8	9	52.9
7 - 9	2	2	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	40	31	9	22.5

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Table 99: Employees: Roads

3.10.6 Capital: Roads

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23				
	R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Paving of Henry Botha	1 075	1 075	1 075	0	1 075

Table 100: Capital Expenditure: Roads

3.11 WASTE WATER (STORMWATER)

3.11.1 Highlights: Waste Water (Stormwater)

The table below specify the highlight for the year:

Highlight	Description
Cleaning of stormwater drainage channels	Quarterly routine maintenance of stormwater channels.

Table 101: Waste Water (Stormwater) Highlights

3.11.2 Challenges: Waste Water (Stormwater)

The table below specifies the challenges for the year:

Description	Actions to address
The contractor abandoned the stormwater channel project, only 50m of the channel was constructed.	Appointment of another contractor to complete the project.

Table 102: Waste Water (Stormwater) Challenges

3.11.3 Service Delivery Statistics

The table below shows the total kilometers of stormwater system maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres			
Year	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/22	0	0	6.28
2022/23	0	0	6.28

Table 103: Waste Water (Stormwater) Services Delivery Statistics

3.11.4 Employees: Waste Water (Stormwater)

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	3	2	1	33.3
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	3	2	1	33.3

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Table 104: Employees: Waste Water (Stormwater)

COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED)

3.12 PLANNING

3.12.1 Introduction to Planning

Town Planning and Building Control falls under the Manager: Project Management Unit (PMU). The position of the PMU Manager and Building Control Officer was filled however, the position of Town Planner is still vacant.

With the implementation of SPLUMA (Act No 16 of 2013), there is now a great need for a permanent qualified town planner who can also execute the function of Land Development Officer (LDO).

The Manager: Project Management Unit currently deals with all issues related to Land Use.

Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS)

The SDF is outdated and do not comply with the current legislation. During a recent evaluation of the current SDF, it was found that it could not be updated and a new SDF will have to be developed in line with SPLUMA legislation.

The Municipal Infrastructure Support Agency (MISA) in the current financial year (2022/23) has allocated funds to assist the Municipality with the drafting of the new SDF but due to cost containment measures the funding had to be re-allocated to other projects. Hence, a request for funding support to develop an SDF for Emthanjeni LM was forwarded to the Department Environment, Agriculture, Rural Development and Land Reform who committed to include Emthanjeni with other municipalities they will provide support to for 2023/24 FY. The latter department will be responsible for all processes involved in appointing a service provider as well as coordinating the drafting of the new SDF. The project is currently in procurement stage.

The Municipality has a Land Use Scheme (LUS) that is SPLUMA compliant. The purpose of the Land Use Management Scheme is to regulate, to handle and standardise general land uses and associated applications for the total municipal area.

Implementation of SPLUMA

All municipalities falling under the Pixley ka Seme District Municipality accepted the option of a District Municipal Planning Tribunal (DMPT). Emthanjeni Municipality currently does not comply with SPLUMA. It is eminent for the Municipality to appoint a Town Planner and review its SDF in order to be SPLUMA compliant.

3.12.2 Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Functional District Municipal Planning Tribunal (DMPT).	The DMPT is functional and meetings are held quarterly. 18 out of 21 applications received were approved.

Table 105: Planning Highlights

3.12.3 Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
The PMU Manager is currently handling both capital grants implementation and land use administration and applications. The workload is too much for one person to handle. The turnaround time to assess and respond to application becomes too long because of inadequate capacity in the unit.	Appointment of a town planner/ trainee town planner.
PMU: Underspending and loss of Capital Grant allocations.	Address capacity constraints through appointment of Town Planner.
	Procurement processes to commence early to avoid late implementation of projects and slow spending.

Table 106: Planning Challenges

3.12.4 Statistics: Planning

The table below specifies the service delivery levels for the year:

Applications for Land Use Development				
Detail	Formalisation of Townships		Rezoning	
	2021/22	2022/23	2021/22	2022/23
Planning application received	0	0	13	21
Determination made in year of receipt	0	0	10	19
Determination made in following year	0	0	3	0
Applications withdrawn	0	0	0	2
Applications closed	0	0	8	18
Applications outstanding at year end	0	0	3	3
Awaiting DEA&DP decision	0	0	0	0

Table 107: Applications for Land Use Development

Type of service	2021/22	2022/23
Building plans application processed	66	25
Total surface (m ²)	7 393.84	4 887.37
Approximate value	R32 332 465.48	R24 371 012.66
New residential dwellings	3	10
Residential extensions	54	6
New Business buildings	1	5
Business extensions	6	1
Land use applications processed	10	19

Table 108: Additional Performance Town Planning and Building Control

3.12.5 Employees: Planning

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	1	1	0	0
13 - 15	2	1	1	50
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	4	3	1	25

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Table 109: Employees: Planning

3.13 LOCAL ECONOMIC DEVELOPMENT (LED)-INCLUDING TOURISM AND MARKET PLACES

The current LED Strategy of Emthanjeni Municipality was developed during 2018 with the assistance from the Department of Economic Development and Pixley Ka Seme District Municipality. It will be due for review during 2022/23 financial year following the LED Summit which has been postponed to be held during September / October 2022.

The Municipality's IDP reflects the Investment Plan and Economic Transformation Agenda that is also included in the LED Strategy to attract investors to invest in the Municipal area. The Local Economic Development Strategy is an economic analysis of the Emthanjeni Municipal area. It plays a major role in allowing Emthanjeni Local Municipality to meet its constitutional obligations, to promote and drive economic development in the local community through creating economic and employment opportunities. A lack of funding to implement the strategy and projects identified and included in the current strategy is a major challenge.

Emthanjeni Municipality has been included for the pilot project by SALGA for developing a Trade and Investment Strategy as part of their trade and investment guidelines roll out programme. Roll out of the programme will be continued in the next financial year.

3.13.1 Highlights: LED

The table below includes the highlights with the implementation of the LED Strategy:

Highlights	Description
Local Economic Development Summit	The LED Summit was successfully hosted on 17 and 18 November 2022 with the Minister of Small Business Development as Keynote Speaker.
Review of LED Strategy	MISA committed to provide Technical Assurances to the Municipality with the review of the LED Strategy during the next financial year.
Renewable Energy Project developments	Several Solar and Wind Energy projects were introduced to Council by Private Investors that will be implemented in Emthanjeni Municipality.

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Highlights	Description
Disposal of Van Der Merwe Park	Disposal process of Van der Merwe Park was concluded for a mixed housing project to a private developer.
Rose Park Shopping Centre	After all approval processes the construction of Rose Park Shopping centre was progressing well.
Liquor Board License applications	The Unit coordinated the process for provision of comments by relevant municipal officials and ward councillors to the Liquor Board timeously.
Investor interest	Numerous investors presented development proposals to Council and the SCM process need to be followed to start with implementation.
Karoo Small Town Regeneration Initiative	The Mayor and Manager Development were nominated to represent Emthanjeni Municipality on the KSTR Forum of SALGA that was established during November 2022.
SANRAL PLC participation	The Development Unit participated in the forum which serves as platform to provide feedback with regards to SANRAL's projects in the municipal area.
Trade and Investment Strategy	SALGA included Emthanjeni LM as part of the pilot municipalities for drafting of a Trade and Investment Strategy.

Table 110: LED Highlights



LED Summit 17&18 November 2022

3.13.2 Challenges: LED

The table below includes the challenges with the implementation of the LED Strategy:

Description	Actions to address
Delay in implementation of development proposals presented to Council.	<ul style="list-style-type: none"> SCM processes to be implemented where Council approved disposal and long-term leases for development projects. Fast-track Land Audit in order for moratorium to be lifted.
Absence of LED Forum for Emthanjeni.	Fast-track establishment of LED Forum.
No support programmes for SMMEs by the Municipality	Funding required to provide support to SMMEs.
Outdated lease agreements for beehives and LED lessees.	Process of renewal of lease agreements should be fast-tracked to prevent further loss of income.
No lease agreements/permits for street vendors.	<ul style="list-style-type: none"> Fast-track process of issuing lease agreements and permits to street vendors. Develop policy to regulate operations of street vendors.

Table 111: Challenges LED

3.13.3 Job Creation: EPWP

Details	Full Time Equivalent (FTE's) created through EPWP projects
	No.
2021/22	42
2022/23	149

Table 112: Job Creation Through EPWP Projects

3.13.4 Tourism

Introduction

The tourism sector is recognised for its potential and significant contribution to the economy. Government identifies tourism as an important sector which is explained in the Industrial Policy Action Plan (IPAP ,2007), the New Growth Path (NGP, 2010) and the National Development Plan (NDP, 2013). Through those various policy documents the sector is expected to contribute to job creation and the growth of the economy. It is therefore important for Emthanjeni Local Municipality to plan for tourism development and promotion in alignment with the National Tourism Sector Strategy. The Council has adopted a 10-year Tourism Plan (2010-2020) and must be reviewed. The funding of the Strategy activities remained a challenge as a result it becomes difficult for its implementation. The position of the Tourism / Communications Officer is vacant.

Emthanjeni has a rich history which is one of its greatest assets in attracting tourists to the area. The tourism sector has a number of linkages with other economic sectors.

Linkages with the Agricultural Sector: The main activities are Agri tourism farming activities, game viewing, hunting, etc. There is a need to develop proper tourism packages to promote these types of tourism activity in the municipal area.

Linkage with Utilities Sector: The development of the renewable energy sources or solar parks opens an opportunity to develop specific tourism packages that include tours of the renewable energy plants as well as providing information on the background and functioning of these plants.

The tourism industry also has strong linkages with the major routes (routes between Johannesburg, Cape Town and Eastern Cape province as well as with other countries such as Namibia and Botswana.

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The tourism trend has not been doing so well and therefore much emphasis is needed to boost the industry. The tourism activities are dispersed throughout the area and it is therefore critical that integrated tourism packages are created in order to ensure that tourism as a whole grows throughout the district. The tourism industry has shown significant contribution and growth recently in Emthanjeni as well as great potential to expand and diversify its economy.

Highlights: Tourism

The table below include the highlight with the implementation of the Tourism Strategy:

Highlight	Description
Britstown Museum	Council approved a tourism business to rent the Museum as a Tourism Information Office which will attract tourists and tourism activities to the Town.

Table 113: Highlights: Tourism

Challenges: Tourism

The table below includes the challenges with the implementation of the Tourism Strategy:

Description	Actions to address
No Tourism Official to implement tourism activities.	Functions of tourism to form part of IDP Officer responsibilities.
No established Tourism Forum in Emthanjeni.	Establishment of Tourism forum for Emthanjeni to be fast-tracked.
Aged heritage buildings	Business Plans to be submitted to the Department Arts and Culture and Department Economic Development and Tourism.
Outdated Tourism Strategy	Assistance to be requested from the Department Economic Development and Tourism to update the Tourism Strategy for Emthanjeni LM.

Table 114: Challenges: Tourism

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.14 LIBRARIES

3.14.1 Introduction to Libraries

The Municipality has 5 libraries operational in the area. Library service is a provincial government function and is delivered as an agency service. The communities welcome the service rendered by library staff in all three towns. New books are introduced on a regular basis. The libraries are now also offering free internet services to communities. Library membership is increasing steadily.

3.14.2 Highlights: Libraries

The table below specifies the highlights for the year:

Highlights	Description
Personnel Capacity Building.	Quarterly personnel engagements, workshops and training to build confidence and accountability of Library Staff.
Youth Day Program.	Youth Day Program with other stakeholders such as DSAC, Dept. of Education, Office of the Mayor was held at the Multipurpose Centre to celebrate the gains made from the experience of 1976 youth and the future denominator for the current youth to embark on.
Maintenance of Buildings.	Phandulwazi, WN Scheefers and Phandulwazi Libraries have been maintained to ensure that the facilities are in good order.
Fumigation of Libraries.	To address health and safety issues at all Libraries of the Municipality facilities have been fumigated.
Book clubs established for Elderly, Youth, Takalani, Phandulwazi and WN Scheefers Libraries.	The importance of sector book clubs in our space is encouraged.
Book launch.	The De Aar: Lines of Architecture in the making of a South African Town (1902-1977) by Giorgio Miescher was launched.

Table 115: Libraries Highlights

3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Actions to address
Security system.	Budget for the provision in the next financial year for 5 libraries.
Budget Constraints.	The need versus the actual demand must be reflected on the business plan for the Library Development Grant
Late return of books.	The problem still persist after some intervention to collect the outstanding books. A system should be in place as to detect the outgoing and incoming books electronically
Unfunded Positions.	Engage management for the funding of Librarian Aids to assist with the daily operations of the libraries

Table 116: Libraries Challenges

3.14.4 Service Statistics for Libraries

The table below specifies the service statistics for the year:

Service statistic	2021/22	2022/23
Number of libraries	5	5
Library members	5 596	6 999
Books circulated	19 512	21 028
Exhibitions held	11	15
Internet users	4 002	4 293
New library service points or Wheelie Wagons	0	0
Children programs	6	12
Visits by school groups	23	20
Book group meetings for adults	3	4

Table 117: Service Statistics for Libraries

3.14.5 Employees: Library Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	5	5	0	0
4 - 6	9	7	2	22.2
7 - 9	7	7	0	0
10 - 12	1	0	1	100
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	22	19	3	13.6

As at 30 June 2023

Table 118: Employees: Libraries

3.15 CEMETERIES

Procedures and management measures for the operations of cemeteries is regulated in terms of the Cemeteries By-law (No 6 of 2008). The by-law describes a cemetery as “and or part thereof, including the buildings and works thereon, that is owned and controlled by the Municipality, duly set aside and reserved for burials and make available for public use from time to time for burials”.

Emthanjeni’s cemeteries includes the following:

De Aar	Britstown	Hanover
Caroluspoort, Kareeville, Barcelona, Nonzwakazi, Old Philipstown Road	N12 Town, Mziwabantu, Proteaville Churches, New Cemetery (Proteaville)	N1 Town, Burgerville

Table 119: Emthanjeni Cemeteries

3.15.1 Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Sustainable quarterly cemetery maintenance.	All Cemeteries were maintained by ELM Employees assisted by Temporal workers as a form of job creation to alleviate levels of poverty.
Appointment of additional personnel to maintain cemeteries in De Aar and Hanover.	Sufficient number of personnel were appointed to assist with the maintenance of the cemeteries in De Aar and Hanover.
Proper coordination of funerals.	Funeral harmonisation in terms of time management and allocation into the cemetery.
Appropriate monitoring of funeral undertakers.	Stakeholders engagement to ensure accurate information of the deceased are provided, quality workmanship encouraged and space/sites are managed accordingly.
All cemeteries are containing up to date burial registers.	Ensuring accountability of the deceased ones.

Table 120: Cemeteries Highlights

3.15.2 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Continued vandalism, breaking of graves, theft of fencing and stray animals invasion of cemeteries.	Investigate possibilities of a sustainable system.
High water table in De Aar (Nonzwakazi and Barcelona Cemeteries).	Stricter control will have to be implemented.
Hard rock at Karoluspoort and Burgerville Cemeteries.	Purchase a TLB and or Jack hammer.
Lack suitable land for the extension of graveyards.	Purchase suitable land.

Table 121: Cemeteries Challenges

3.15.3 Service Statistics for Cemeteries

The table below specifies the service delivery levels for the year:

Type of service	2021/22	2022/23
Burials	885	630

Table 122: Service Statistics for Cemeteries

COMPONENT E: SECURITY AND SAFETY

The aim of Council is to ensure the safety of all residents and visitors in this municipal area through law enforcement. Currently municipal law enforcement officers work closely with SAPS to combat crime, while the traffic law enforcement officers are assisting those agencies. Integrated operations are held to prevent crime increase in this municipal area through proper planning. The willingness of the community to report crime assists the different law enforcement agencies tremendously in the fight against crime.

3.16 TRAFFIC SERVICES

3.16.1 Introduction to Traffic Services

The Traffic Department is divided into four sections namely: Driver’s License Test Centre, Motor Registrations and Licensing, Vehicle Test Station and Traffic Law Enforcement. These sections are responsible for traffic related matters and monitoring of compliance with by-laws related to the municipality.

3.16.2 Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Appointment Assistant Superintendent Traffic Services.	This is one of the critical position of the section as a supervisory to the Superintendent, we managed to appoint a well-qualified and suitable candidate.
Reduction in vehicle accidents.	We had a reduction of 28% in accidents reported.
Successful implementation of Festive Season Plan.	Road safety awareness programs performed to sensitize road users.

Table 123: Traffic Services Highlights

3.16.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Patrol Vehicles.	Need to replace our traffic fleet as it is older than 10 years and in poor state of repair.

Table 124: Traffic Services Challenges

3.16.4 Service Statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details	2021/22	2022/23
Number of road traffic accidents during the year	361	282
Number of by-law infringements attended	12	26
Number of Traffic officers in the field on an average day	5	5
Number of Traffic officers on duty on an average day	10	10
Animals impounded	0	0
Motor vehicle licenses processed	5 149	6238
Learner driver licenses processed	4 691	3673
R-value of fines collected	88 725	278700

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Details	2021/22	2022/23
Roadblocks held	24	23
Complaints attended to by Traffic Officers	24	20

Table 125: Service Statistics for Traffic Services

3.16.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	5	4	1	20
4 - 6	5	3	2	40
7 - 9	9	7	2	22.2
10 - 12	3	3	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	23	18	5	21.7

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Table 126: Employees: Traffic Services

3.16.6 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	5	2	3	60
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	5	2	3	60

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Table 127: Employees: Law Enforcement

3.17 FIRE SERVICES AND DISASTER MANAGEMENT

3.17.1 Introduction to Fire Services and Disaster Management

Fire services is a voluntary service with volunteers on standby to attend to incidents within the Municipality. The fire station is situated in De Aar and render services to all areas that are part of the Municipality. Britstown and Hanover do not have fire stations, but volunteers are situated in these towns.

3.17.2 Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Response to incidents.	Despite all challenges we are able to respond faster to incidents.

Table 128: Fire Services and Disaster Management Highlights

3.17.3 Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Description	Actions to address
New equipment and vehicles needed as all equipment is not adequate to respond to fire incidents.	Include in budget when cashflow position improves.
Upgrading of Fire Station.	Submission of Business Plan to Department.

Table 129: Fire Services and Disaster Management Challenges

3.17.4 Service Statistics for Fire Services and Disaster Management

The table below specifies the service delivery levels for the year:

Details	2021/22	2022/23
Total fires attended in the year	72	93
Average turnout time - urban areas	15 min	12 min
Average turnout time - rural areas	±30 min	±30 min
Reservists and volunteers trained	18	18

Table 130: Service Statistics for Fire Services

COMPONENT F: SPORT AND RECREATION

3.18 SPORT AND RECREATION

3.18.1 Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Upgrading of Nonzwakazi Sport Ground.	<ul style="list-style-type: none"> 🔨 Construction has started on the upgrading of Nonzwakazi Sport Complex and the progress at 30 June 2023 is 70%. 🔨 The upgrade includes the installation of combi-court, tennis court, sprinkler system, clear view fence, change rooms, grass and upgrade of the grandstand.
Refurbishment of De Aar West Stadium.	The stadium was refurbished to ensure that its condition changes from the ablution facilities, water, electricity and including the fence among the scope of work
Mziwabantu Sports Ground Ablution Refurbishment.	The entire ablution of the Stadium was revamped to ensure that health issues raised were attended to and safeguard safety in the sport ground as the block was starting to raise some safety concerns

Table 131: Sport and Recreation Highlights

3.18.2 Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Lack of income for renting of Sport facilities.	Promote sport facilities better and make them more affordable for the locals residents to utilize them
Shortage of personnel.	Ensure that there is sufficient budget to appoint more employees to take effective and efficient action steps to properly maintain the Sport and Recreation Facilities of the Municipalities
Lack of funding to install a tartar track for De Aar West.	Engage DSAC to provide additional funding for the project to continue.
Vandalism of Sport and Recreation infrastructure.	Despite Securities on all the Municipal Sport and Recreational Facilities to avoid vandalism and theft of Municipal Properties in general.

Table 132: Sport and Recreation Challenges

3.18.3 Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2021/22	2022/23
Community parks		
Number of parks with play park equipment	4	4
Number of wards with community parks	6	6
Swimming pools		
R-value collected from entrance fees	0	0
Sport fields		
Number of wards with sport fields	6	6
R-value collected from utilization of sport fields	R28 000	R21 580.50
Sport halls		
Number of wards with sport halls	1	1

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Type of service	2021/22	2022/23
Number of sport associations utilizing sport halls	1	1
R-value collected from rental of sport halls	0	0

Table 133: Service Statistics for Sport and Recreation

3.18.4 Employees: Parks and Cemeteries

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	19	14	5	26.3
4 - 6	1	1	0	0
7 - 9	1	1	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	22	17	5	22.7

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Table 134: Employees: Parks and Cemeteries

3.18.5 Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	14	11	3	21.4
4 - 6	1	0	1	100
7 - 9	1	0	1	100
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	16	11	5	31.3

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Table 135: Employees: Sport and Recreation

3.18.6 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	2022/23 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of Nonzwakazi Sport Ground	4 750	4 750	7 313	2 563	9 500

Table 136: Capital Expenditure: Sport and Recreation

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.19 OFFICE OF THE MAYOR

3.19.1 Highlights: Office of the Mayor

The table below specifies the highlights for the year:

Highlights	Description
Training and induction of Ward Committees	Office of the Speaker facilitated the induction of Ward Committees on their roles and responsibilities as well as the channels of reporting.
Establishment of Ward-Based Civil Society Structures	The mobilisation of the various sectors of civil to coordinate the efforts towards addressing the many social ills faced by our communities.
Revival of the Local AIDS Council	Revival of the Local AIDS Council to facilitate a coordinated approach to the fight against HIV/AIDS by the various stakeholders.

Table 137: Office of the Mayor Highlights

3.19.2 Challenges: Office of the Mayor

The table below specifies the challenges for the year:

Description	Actions to address
Challenges with office space as a result of the four officials from Nonzwakazi Youth Centre who are temporarily accommodated at the Mayor's Office.	Source external funding for the refurbishment of Nonzwakazi Youth Centre.
Protest marches community concerns groups around employment matters for external projects.	Improve the facilitation of communication between the service providers and the general public on all their processes.

Table 138: Office of the Mayor Challenges

3.19.3 Employees Office of the Mayor

The following table indicates the staff composition for this division:

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

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Table 139: Employees: Office of the Mayor

3.20 OFFICE OF MUNICIPAL MANAGER

3.20.1 Highlights: Office of Municipal Manager

The table below specifies the highlights for the year:

Highlights	Description
LED Summit.	LED Summit was successfully held on 17 and 18 November 2022 with the Minister of Small Business Development a Keynote speaker and various delegates from National, Provincial and Private Sector Stakeholders.
SCM functionality.	Functionality of SCM Unit improved towards the end of the financial year.
Capital Grant Spending.	Improvement in spending of grant allocations in comparison to the previous year.

Table 140: Office of Municipal Manager Highlights

3.20.2 Challenges: Office of Municipal Manager

The table below specifies the challenges for the year:

Description	Actions to address
Financial Sustainability of the municipality.	Consistent implementation of the credit control policy as well as creating an enabling environment for economic development.
Low productivity levels in the workplace.	To get to the bottom, a work study will have to be performed initially.
Loss of Capital Grant Allocation.	Procurement processes for Capital projects finalised early in the financial year to prevent loss of grant allocation and complete projects on time. Better grant planning and monitoring.
Insufficient fleet to render services adequately.	Budget and procurement of fleet in the next
Lack of efficient asset management.	Enforce municipal asset management policy and undertake consequent management.
Theft and vandalism to municipal infrastructure.	Proper security systems to be implemented.

Table 141: Office of Municipal Manager Challenges

3.20.3 Employees: Office of the Municipal Manager

The following table indicates the staff composition for this division:

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

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Table 142: Employees: Office of the Municipal Manager

3.21 CORPORATE SERVICES: ADMINISTRATION

3.21.1 Highlights: Corporate Services: Administration

The table below specifies the highlights for the year:

Highlights	Description
The filling of vacancies	The positions of Manager Support Service, Manager Mayors Office, Senior Registry Clerk, Registry Clerk, Personal Assistance and 3 General Workers were filled.
Filling of Municipal Manager position	The vacant position of the Municipal Manager was filled on 01 June 2023.
Adoption of HR Policies	HR policies were adopted by council and are aligned with the new Staff Regulations.
Review of Organizational Structure	The Organizational Structure was reviewed by the Workplace and Services Restructuring Committee with inclusion of inputs from the Strategic Planning Session held in March 2022. Council adopted the reviewed Organizational Structure on 30 May 2023.

Table 143: Corporate Services: Administration Highlights

3.21.2 Challenges: Corporate Services: Administration

The table below specifies the challenges for the year:

Description	Actions to address
Late submission of agenda items which leads to delaying the distribution of agendas timeously.	Agenda items to be submitted 14 days in advance for the agenda to be finalized.
Shortage of Office Space	Maintenance finalisation at the Old library Hall in Nonzwakazi for staff in the Mayor's Office to relocate there.
Ageing office infrastructure	Office buildings to be renovated once cashflow improves.
Lack of transport: only one (1) vehicle available for Corporate Services which is utilized by all Directorates.	Procurement of adequate fleet for all Directorates and repair of vehicles that can still be used.

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Description	Actions to address
Maintenance of halls	Assistance of the maintenance team is required for maintenance of all Halls as renting of it is a source of income generation for the municipality.
Manual Registry/filing System	Procurement and implementation of an electronic registry / filing system.
Filling of vacant Senior Manager positions (Chief Financial Officer and Senior Manager Corporate Services).	Filling of vacant Senior Manager positions to be prioritized.
Lack of implementation of skills development programmes for employees.	Position of a Skills Development Facilitator to be included on organogram and filled to facilitate training programmes for all staff.
No Health and Safety Structure and Representatives for Municipality.	Establishment of Health and Safety Structure and election of Health and Safety Representatives.

Table 144: Corporate Services: Administration Challenges

3.21.3 Employees: Corporate Services: Administration

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	16	13	3	18.8
4 - 6	8	6	2	25
7 - 9	5	1	4	80
10 - 12	8	4	4	50
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	1	0	1	100
Total	39	25	14	35.9

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Table 145: Employees: Corporate Services: Administration

3.22 HUMAN RESOURCE SERVICES

3.22.1 Introduction to Human Resources

The primary objective of the Human Resource Management is to render an innovative Human Resource service that address both skills development and administrative support functions.

3.22.2 Highlights: Human Resources

The table below specifies the highlights for the year:

Highlights	Description
Submission of Workplace Skills Plan	The Workplace Skills Plan 2023/24 document was submitted timeously on 30 April 2023.
Filling of vacant Municipal Manager position	The Municipal Manager, Mr HD Molaole, was appointed on 1 June 2023.

Table 146: Human Resources Highlights

3.22.3 Challenges: Human Resources

The table below specify the challenge for the year:

Description	Actions to address
Employees taking sick leave without consulting the HR Clerk or HR Officer on available leave credits which results in the capturing of sick leave as annual leave.	Leave credits to be availed to Supervisors and employees on a regular basis to avoid exhaustion of leave and better management of leave.
Late submission of leave application forms to HR delays timeous capturing of leave on system.	Leave application forms to be submitted to HR throughout the month.

Table 147: Human Resources Challenges

3.22.4 Employees: Human Resources

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	1	0	1	100
7 - 9	1	1	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	3	2	1	33.3

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Table 148: Employees: Human Resources

3.23 DEVELOPMENT AND STRATEGIC SERVICES

3.223.1 Introduction to Development and Strategic Services

The Development and Strategic Services Unit comprises the following components, namely: Integrated Development Planning, Local Economic Development, Performance Management & Risk Management, Commonage as well as Tourism. Each component is championed by an official except for Tourism.

3.23.2 Highlights: Development and Strategic Services

The table below specifies the highlights for the year:

Highlights	Description
Compliance with legislation.	<ul style="list-style-type: none"> 📌 Council approved all compliance documents within the required legislative timeframes. 📌 Submission of the Draft IDP and Final IDP were done within required timeframes. 📌 Submission of Draft and Final Annual Report were done within required timeframes. 📌 Submission of PMS documents were done timeously.
Regular IDP Steering Committee Meetings.	Six IDP Steering Committee meetings have been held to monitor and evaluate implementation of the IDP and Budget processes.

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Highlights	Description
Audit outcome of Pre-determined Objectives.	Audit opinion improved from disclaimer in 2020/21 to qualified for 2021/22 FY.
Review of Outdated Spatial Development Framework (SDF).	DEARDLRF committed to fund the development of a new SDF for Emthanjeni Municipality in the new financial year.

Table 149: Development and Strategic Services Highlights

3.23.3 Challenges: Development and Strategic Services

The table below specify the challenge for the year:

Description	Actions to address
Transport for Unit to carry out activities e.g. Commonage, LED, Risk Assessments, etc.	🚗 Budget and procurement of vehicle to be utilized by officials in the Unit when cashflow position improves.
Limited office space for Commonage Coordinator and IDP Officer sharing and office.	Relocation of Youth Centre personnel in Office of the Mayor to be fast-tracked.
Drafting of Hunting Policy for Emthanjeni Municipality.	Assistance required from Department Agriculture and Environmental Affairs to draft policy.
Audit opinion for Performance information.	Regular reviews and monitoring of performance information & portfolio of evidence.

Table 150: Development and Strategic Services Challenges

3.23.4 Employees: Development and Strategic Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	3	3	0	0
13 - 15	2	2	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	5	5	0	0

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Table 151: Employees: Development and Strategic Services

3.24 FINANCIAL SERVICES

3.24.1 Introduction: Financial Services

The Finance Directorate provide various services to the communities of Emthanjeni Municipality, Council and the staff. These services include revenue collection, expenditure management, budget and treasury reporting and supply chain management amongst others.

Financial viability and financial discipline are the pillars under which these services are rendered. The payment of services by consumers are the backbone of any municipality which underpins the financial ability of a municipality to honour its commitments.

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The mission is to ensure that the payment percentage and culture of the Municipality rises above the 95% for all the main services throughout the financial year.

3.24.2 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
The municipality does not have arrears in relation to employee costs, statutory debt and employee third parties.	The finance unit are working very hard to ensure that payments of employee costs and third parties are paid timeously.
The finance team is dedicated to improving the audit opinion of the municipality to an unqualified opinion.	The finance team with the support of all the municipal directorates are working very hard and long hours to ensure that the municipality's audit opinion improves for the 2022/23 financial year.

Table 152: Financial Services Highlights

3.24.3 Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Migration of accounting system during the financial year.	The municipality is working closely with the service provider to ensure continuous monitoring of the new system.
Vacancy of the Chief Financial Officer (CFO).	The municipality should fill the position of CFO.
Lack of capacity amongst employees in the finance department.	Continuous employee development should be implemented and employees should take responsibility for their own development.
Late processing of municipal accounts which leads to high receivable account balance.	Municipal accounts should be ready for distribution on the 20 th of each month.
Absenteeism in the finance department resulting in reduced productivity.	Discipline and human resource processes should be enforced to ensure the reduction of employee absenteeism.

Table 153: Financial Services Challenges

3.24.4 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	4	3	1	25
4 - 6	30	23	7	23.3
7 - 9	6	6	0	0
10 - 12	5	4	1	20
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	1	0	1	100
Total	47	37	10	21.3

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Table 154: Employees: Financial Services

3.25 PROCUREMENT SERVICES

3.25.1 Highlights: Procurement Services

The table below specifies the highlights for the year:

Highlights	Description
Improvement in procurement	<ul style="list-style-type: none"> It can be reported that slowly but surely the process of procurement is being respected and followed by the respective directorates. Many end-users do consult the SCM department on many issues of procurement, we applaud this behaviour as the role of SCM is to advise in procurement process.
SCM Committees functionality	There is improvement in the functionality of SCM Committees and bids are evaluated within a shorter timeframe than previously.
Training of SCM Committees	Several training sessions were conducted by Treasury to capacitate SCM committees in terms of their roles and responsibilities.

Table 155: Procurement Services Highlights

3.25.2 Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
The non-centralization of SCM made it very difficult for one would find that suppliers would be procured before even the procurement process was completed.	Centralize SCM fully.

Table 156: Procurement Services Challenges

3.25.3 Service Statistics for Procurement Services

The table below specifies the service delivery levels for the year:

Description	2021/22	2022/23
Requests processed	530	766
Orders processed	530	703
Requests cancelled or referred back	0	14
Extensions	0	0
Bids received (number of documents)	131	11
Bids awarded	9	2
Bids awarded ≤ R200 000	16	13
Appeals registered	1	0
Successful Appeals	0	0

Table 157: Service Statistics for Procurement Division

3.25.4 Total Awards Made

A total of **Two (2)** bids of an estimated value of **R 84 013 267.12** (excluding term tenders or tenders where rates are applicable) were awarded during 2022/23.

3.25.5 Awards Made by the Bid Adjudication Committee

In terms of paragraph 5(2)(b) of Council’s Supply Chain Management policy, only the Bid Adjudication Committee may award a bid between R200 000 and below R10 000 000. These powers were sub-delegated to the Bid Adjudication Committee as prescribed in terms of the Regulations.

The Bid Adjudication Committee awarded no bids during 2022/23.

3.25.6 Awards Made by the Accounting Officer

In terms of paragraph 5(2)(a) of Council’s Supply Chain Management policy, only the Accounting Officer may award a bid which is in excess of R10 000 000. The power to make such an award may not be sub-delegated by the Accounting Officer.

The Municipal Manager awarded Two (2) bids of an estimated value of **R 84 013 267**.

Bid number	Title of bid	Directorate	Successful Bidder	Value of bid awarded
T4/2023	Upgrading of Nonzwakazi Sportsground	Infrastructure	Matela Civil and Construction	R 8 576 354.09
T6/2023	Development of Boreholes	Infrastructure	Tacron Projects	R 75 436 913.03

Table 158: Awards made by Accounting Officer

3.25.7 Details of Deviations for Procurement Services

The following table provides a summary of deviations approved for 2022/23:

Type of deviation	Number of deviations	Value of deviations	Number of deviations	Value of deviations
		R		R
	2021/22		2022/23	
Clause 36(1)(a)(i)- Emergency	3	38 501	5	402 520.10
Clause 36(1)(a)(ii)- Sole Supplier	27	1 371 887	76	2 772 391.93
Clause 36(1)(a)(iii)- Unique arts	0	0	0	0
Clause 36(1)(a)(v)- Impractical/impossible	0	0	0	0

Table 159: Statistics of Deviations from the SCM Policy

COMPONENT G: SERVICE DELIVERY PRIORITIES FOR 2023/24

The main development and service delivery priorities for 2023/24 forms part of the Municipality’s Top Layer SDBIP for 2023/24 and are indicated in the table below:

3.26 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2023/24

3.26.1 Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL10	Review and sign a MOU with the Department of Defence by 30 June 2024 for support with fire brigade services	MOU reviewed and signed by 30 June 2024	All	1
TL11	Review the disaster management plan that includes contingency plans and submit to Council by 30 June 2024	Disaster management plan reviewed and submitted to Council by 30 June 2024	All	1
TL13	Submit a business plan to potential funders for the upgrading of the Fire Brigade by 30 June 2024	Business plan submitted by 30 June 2024	All	1

Table 160: Service Delivery Priorities– Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

3.26.2 Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL18	Provide free basic services to indigent households as at 30 June 2024	Number of indigent households receiving free basic services as at 30 June 2024	All	3 300

Table 161: Service Delivery Priorities– Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

3.26.3 Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL2	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2024	Number of people employed (newly appointed)	All	1
TL3	0.1% of the personnel budget spent on training as per the approved Skills Development Plan by 30 June 2024 [(Actual total training expenditure/total personnel budget)x100]	% of the personnel budget spent on training by 30 June 2024	All	0.10%
TL4	Review the EEP and submit to the Portfolio Committee by 30 June 2024	EEP reviewed and submitted to the Portfolio Committee by 30 June 2024	All	1
TL5	Limit vacancy rate to 20% of budgeted posts by 30 June 2024 [(Number of funded posts vacant divided by budgeted funded posts)x100]	[(Number of funded posts vacant divided by budgeted funded posts)x100]	All	20.00%
TL9	Review the organogram and submit to Council by 30 June 2024	Reviewed organogram submitted to Council by 30 June 2024	All	1

Table 162: Services Delivery Priorities - Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objective

3.26.4 Maintaining a financially sustainable and viable Municipality

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL20	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2024 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grants)	Debt coverage as at 30 June 2024	All	45.00%
TL21	Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services)	% of outstanding service debtors as at 30 June 2024	All	45.00%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2024 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	30
TL23	Submit the annual financial statements to the Auditor-General by 31 August 2023	Statements submitted to the AG by 31 August 2023	All	1
TL24	Achievement of a payment percentage of 55% by 30 June 2024 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	Payment % achieved	All	55.00%
TL25	Prepare and submit the adjustments budget to Council by the 28 February 2024	Adjustments budget submitted by 28 February 2024	All	1
TL26	Prepare and submit the draft budget to Council by 31 March 2024	Draft budget submitted by 31 March 2024	All	1
TL27	Prepare and submit the final budget to Council by 31 May 2024	Final budget submitted by 31 May 2024	All	1

Table 163: Services Delivery Priorities - Maintaining a financially sustainable and viable Municipality

3.26.5 Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL1	Develop Risk based audit plan (RBAP) for 2024/25 and submit to the Audit Committee by 30 June 2024	RBAP for 2024/25 submitted to the Audit Committee by 30 June 2024	All	1
TL6	Review the Risk Committee and send appointment letters to members by 31 March 2024	Risk Committee reviewed and appointment letters sent to members by 31 March 2024	All	1
TL7	Complete the annual risk assessment and submit to the Risk Committee by 30 June 2024	Risk assessment completed and submit to the Risk Committee by 30 June 2024	All	1
TL8	Review the Communication Strategy and submit to Council by 30 June 2024	Reviewed Communication Strategy submitted to Council by 30 June 2024	All	1

Table 164: Services Delivery Priorities - Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality

3.26.6 Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL28	Create temporary jobs - FTE's in terms of EPWP by 30 June 2024 (Person days / FTE (230 days))	Number of FTE's created	All	61

Table 165: Service Delivery Priorities - Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area

3.26.7 Provision of access to all basic services rendered to residents within the available resources

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL12	Review the Human Settlement Plan and submit to Council by 30 June 2024	Human Settlement Plan reviewed and submitted to Council by 30 June 2024	All	1
TL14	Number of formal properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2024	Number of properties which are billed for water or have pre paid meters as at 30 June 2024	All	8 000
TL15	Number of formal properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2024	Number of properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2024	All	6 000
TL16	Number of formal properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2024	Number of properties which are billed for sewerage as at 30 June 2024	All	7 200
TL17	Number of formal properties for which refuse is removed once per week and billed for the service as at 30 June 2024	Number of properties which are billed for refuse removal as at 30 June 2024	All	7 200
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2024 $\{(Actual\ amount\ spent\ on\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	% of capital budget spent by 30 June 2024	All	95.00%
TL29	Limit unaccounted for water to 17% by 30 June 2024 $[(Number\ of\ Kilolitres\ Water\ Purchased\ or\ Purified - Number\ of\ Kilolitres\ Water\ Sold) / (Number\ of\ Kilolitres\ Water\ Purchased\ or\ Purified) \times 100]$	% unaccounted water by 30 June 2024	All	17.00%
TL30	Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	95.00%
TL31	Limit % electricity unaccounted for to 10% by 30 June 2024 $[(Number\ of\ Electricity\ Units\ Purchased - Number\ of\ Electricity\ Units\ Sold) / Number\ of\ Electricity\ Units\ Purchased] \times 100]$	% of electricity unaccounted for at 30 June 2024	All	10.00%
TL32	Compile maintenance plans for water, waste water, roads and stormwater and electricity that include weekly, monthly, quarterly and annual actions and submit to Municipal Manager for approval by 30 June 2024	Number of plans submitted to Municipal Manager by 30 June 2024	All	4
TL33	95% of approved budget spent by 30 June 2024 for the development of 12 boreholes in De Aar (Northern scheme) $\{(Actual\ expenditure\ divided\ by\ the\ total\ approved\ budget) \times 100\}$	% of approved budget spent	1,2,3,4,5 and 8	95.00%
TL34	95% of approved budget spent by 31 December 2023 for the upgrading of the Nonzwakazi Sports	% of approved budget spent	3	95.00%

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Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
	Ground {(Actual expenditure divided by the total approved budget) x 100}			
TL35	95% of approved budget spent by 30 June 2024 for the replacement and upgrading of the De Aar West electricity main transformers {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	5	95.00%
TL36	95% of approved budget spent by 30 June 2024 for the Installation of High Mast Lighting in De Aar and Britstown {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	1,2,3,4,5,7 and 8	95.00%
TL37	95% of approved budget spent by 30 June 2024 for the Electrification of 40x stands in De Aar {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	95.00%
TL38	95% of approved budget spent by 30 June 2024 for the installation of LED lights in Emthanjeni {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	95.00%

Table 166: Service Delivery Priorities - Provision of access to all basic services rendered to residents within available resources

CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality’s performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organizational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2021/22	2022/23
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality’s approved employment equity plan	0	1
The percentage of a municipality’s budget actually spent on implementing its workplace skills plan	0.27	0.14

Table 167: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **330** with an approved organogram of 413 officials, who individually and collectively contribute to the achievement of Municipality’s objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: “Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality’s approved employment equity plan”.

Employment Equity targets/actual

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
0	4	8	3	0	0	6	0

Table 168: 2022/23 EE Targets/Actual by Racial Classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
3	4	Yes	11	3	No	0	0	0

Table 169: 2022/23 EE Targets/Actual by Gender Classification

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Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers	14 516	27 644	116	3 129	45 404
% Population	31.97	60.89	0.25	6.89	100
Number for positions filled	33	13	0	0	46
% for Positions filled	71.73	28.26	0	0	100

Table 170: EE Population 2022/23 (including non-permanent officials)

Specific Occupational Categories - Race

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	0	0	0	1	0	0	0	3
Senior management	2	3	0	1	4	1	0	0	11
Professionally qualified and experienced specialists and mid- management	2	3	0	1	2	1	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	15	15	0	1	4	1	0	0	36
Semi-skilled and discretionary decision making	17	18	0	0	28	24	0	1	87
Unskilled and defined decision making	68	70	0	0	28	17	0	0	183
Total permanent	106	109	0	3	67	44	0	1	330
Non- permanent employees	14	4	0	0	9	6	0	0	33
Total	120	113	0	3	76	50	0	1	363

Table 171: Occupational Categories

4.2.2 Vacancy Rate

The approved organogram for the Municipality has 413 positions for the 2022/23 financial year. The actual positions filled are 330. Therefore, 83 positions were vacant at the end of 2022/23, of which only 30 were funded vacant positions resulting in a vacancy rate of 8.33% in terms of the budgeted posts on the organogram.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	3	2
Senior management	11	0
Professionals and Middle management	10	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36	5
Semi - skilled	87	31
Unskilled and defined decision making	183	41
Total	330	83
PER FUNCTIONAL LEVEL		

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PER POST LEVEL		
Per Department	Filled	Vacant
Office of the Municipal Manager	2	2
Corporate Services	40	10
Financial Services	37	3
Community Services	141	48
Infrastructure Services	110	20
Total	330	83

Table 172: Vacancy Rate per Post and Functional Level

4.2.3 Employee Turnover Rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the employee turnover rate within the Municipality. The rate shows an decrease from 7.66% in 2021/22 to **7.16%** in 2022/23.

The table below indicates the employee turnover rate over the last two years:

Financial year	Total no appointments at the end of the financial year	New appointments	No Terminations during the year	Employee Turnover Rate
2021/22	313	5	24	7.66%
2022/23	363	46	26	7.16%

Table 173: Employee Turnover Rate

4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different directorates for 2021/22 and 2022/23:

Directorates	2021/22	2022/23
Office of the Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Infrastructure Services	1	4
Community Services	1	0
Total	2	4

Table 174: Injuries

4.3.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2022/23 financial year shows an **increase of 14%** when compared with the 2021/22 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2021/22	2022/23
Office of the Municipal Manager	92	25
Corporate Services	536	725
Financial Services	469	553
Infrastructure Services	960	1 221
Community Services	1 684	1 750
Total	3 741	4 274

Table 175: Sick Leave

4.3.3 Human Resource Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the Human Resource policies and plans that are approved:

Approved policies	
Name of policy	Date approved/ revised
Attendance and Punctuality Policy	29 May 2023
Bereavement Policy	29 May 2023
Bursary Policy (Study Aid Policy)	25 June 2015
Cell Phone	21 January 2012
Chronic Illness Policy	29 November 2010
Dress Code Policy	29 May 2023
Education, Training and Development Policy	29 May 2023
Employee Health and Wellness Policy	29 May 2023
Employee Dress Code Policy	25 September 2015
Employment Equity	29 May 2023
Employment Policy	31 August 2007
Essential Users Scheme Policy	31 November 2012
Guidelines for Medical Surveillance	25 September 2015
Guidelines and Procedures on Injury on Duty	25 September 2015
Guidelines for Study Assistance Policy	25 September 2015
HIV/Aids Policy	12 March 2020
Housing Allowance	29 November 2010
Incapacity /Health	24 May 2004
Induction Training and Staff Orientation	14 March 2011
Internal Control: Salaries and Grants	6 January 2006

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Approved policies	
Name of policy	Date approved/ revised
Language	9 August 2008
Legal Aid Policy for Councillors and Employees	29 May 2023
Nepotism Policy	29 November 2010
Overtime Policy	12 March 2020
Private Work	29 November 2010
Recruitment Policy	29 May 2023
Scarce Skills	31 November 2012
Sexual Harassment	29 November 2010
Skill Retention Policy	31 November 2012
Smoking Policy	31 December 2012
Staff Statements to the Media	29 November 2010
Study Assistance Policy (Employee Study Assistance Policy)	29 May 2023
Succession Planning and Career Pathing Policy	29 May 2023
Substance Abuse	29 May 2023
Task Job Evaluation Policy	29 May 2023
Uniform Protective Clothing	25 September 2015
Unpaid Leave	25 September 2015
Whistle Blowing Policy	29 May 2023
Occupational Health and Safety Policy	29 May 2023
Acting Policy	29 May 2023
Leave Policy	29 May 2023
Performance Management Policy	29 May 2023
Employee Attraction Policy	29 May 2023
Vehicle Policy	29 May 2023
Human Resource Development Plan	29 May 2023
Telecommunications Policy	29 May 2023

Table 176: Human Resource Policies and Plans

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training	Number of Employees that received training
MM and S57	Female	10	0
	Male	1	0
Legislators, senior officials and managers	Female	8	2
	Male	10	2
Associate professionals and Technicians	Female	2	0
	Male	8	0
Professionals	Female	2	0
	Male	2	0
Clerks	Female	10	4
	Male	10	0
Service and sales workers	Female	15	0
	Male	15	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	10	0
Elementary occupations	Female	9	0
	Male	15	0
Sub total	Female	56	6
	Male	71	2
Total		127	8

Table 177: Skills Matrix

4.4.2 Skills Development – Training Provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Skills programmes & other short courses
		Total
		Actual
MM and S57	Female	0
	Male	0
Legislators, senior officials and managers	Female	0
	Male	2
Professionals	Female	0
	Male	0
Technicians and associate professionals	Female	0
	Male	0
Clerks	Female	0
	Male	0
Service and sales workers	Female	0
	Male	0
Craft and related trade workers	Female	0
	Male	0
Plant and machine operators and assemblers	Female	0
	Male	0
Elementary occupations	Female	0
	Male	0
Sub total	Female	0
	Male	0
Total		2

Table 178: Skills Development

4.4.3 MFMA Competencies

In terms of Section 83(1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	1	1	1	1
Any other financial officials	2	2	2	2
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Supply chain management senior managers	1	1	1	1
Total	7	7	7	7

Table 179: Budget Allocated and Spent for Skills Development

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35% to 40%:

Financial year	Total Expenditure Salary and Allowances	Total Operating Expenditure	Percentage
	R'000		
2021/22	99 385	280 349	35.45%
2022/23	103 426	317 753	32.55%

Table 180: Personnel Expenditure

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Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2021/22		2022/23	
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Salary	3 804	3 922	3 922	3 881
Travel	1 244	185	185	1 287
Cell phone allowance	667	358	358	687
Other benefits or allowances		933	933	
Sub Total	5 714	5 398	5 398	5 856
Senior Managers of the Municipality				
Salary	3 329	4 119	4 119	3 250
Pension Contributions	571	543	543	405
Medical Aid Contributions	0	177	177	154
Motor vehicle allowance	789	792	792	588
Cell phone allowance	168	203	203	144
Housing allowance	0	0	0	0
Performance Bonus	778	777	777	188
Other benefits or allowances	537	523	523	1 209
In-kind benefits	0	0	0	0
Sub Total	6 171	7 134	7 134	5 939
Other Municipal Staff				
Basic Salaries and Wages	68 455	70 349	69 686	69 943
Pension Contributions	11 396	12 707	12 707	11 898
Medical Aid Contributions	3 064	3 036	3 036	1 989
Motor vehicle allowance	1 156	1 090	1 090	1 438
Cell phone allowance	168	186	186	216
Housing allowance	242	883	883	200
Overtime	2 211	1 517	1 517	3 509
Other benefits or allowances	807	2 616	2 616	2 440
Sub Total	87 499	92 385	91 722	91 632
Total	99 385	104 365	104 917	103 427

Table 181: Personnel Expenditure

CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2022/23 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the Municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2022/23 financial year:

The table below shows a summary of performance against budgets:

Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Financial Performance						
Property rates	39,620	43,263	43,263	44,921	3.69	3.69
Service charges	145,929	201,305	201,305	166,855	-20.65	-20.65
Investment revenue	1,297	1,118	1,118	2,707	58.69	58.69
Transfers recognised - operational	53,237	59,591	59,591	60,801	1.99	1.99
Other own revenue	11,964	8,156	8,282	19,944	59.10	58.47
Total Revenue (excluding capital transfers and contributions)	252,047	313,433	313,559	295,227	-6.17	-6.21
Employee costs	93,671	96,144	99,519	97,570	1.46	-2.00
Remuneration of councillors	5,714	5,477	5,398	5,856	6.47	7.81
Depreciation & asset impairment	52,669	22,823	22,823	55,408	58.81	58.81
Finance charges	13,964	5,510	5,510	22,618	75.64	75.64
Materials and bulk purchases	82,802	94,921	98,184	92,108	-3.05	-6.60
Transfers and grants	0	0	25,855	0	0.00	0.00
Other expenditure	31,529	91,523	54,970	44,193	-107.10	-24.39
Total Expenditure	280,349	316,398	312,259	317,753	0.43	1.73
Surplus/(Deficit)	(28,301)	(2,965)	1,300	(22,526)	86.84	105.77
Transfers recognised - capital	10,376	41,159	23,000	19,554	-110.48	-17.62
Contributions recognised - capital & contributed assets	1,097	0	0	0	0.00	0.00
Surplus/(Deficit) after capital transfers & contributions	(16,828)	38,194	24,300	(2,971)	1385.37	917.79
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	10,376	41,159	23,000	19,554	-110.48	-17.62
Public contributions & donations	0	0	0	0	0.00	0.00
Borrowing	604	0	0	1,833	100.00	100.00
Internally generated funds	0	0	0	0	0.00	0.00

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Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Total sources of capital funds	10,980	41,159	23,000	21,387	-92.45	-7.54
Financial position						
Total current assets	154,382	155,223	153,492	115,701	-34.16	-32.66
Total non-current assets	836,874	1,054,571	1,134,065	808,323	-30.46	-40.30
Total current liabilities	199,610	50,414	50,414	243,520	79.30	79.30
Total non-current liabilities	92,936	213,137	263,551	108,228	-96.93	-143.51
Community wealth/Equity	696,458	791,030	870,514	578,561	-36.72	-50.46
Cash flows						
Net cash from (used) operating	6,979	47,973	16,535	28,827	-66.41	42.64
Net cash from (used) investing	(9,981)	(40,359)	(23,253)	(19,226)	-109.91	-20.94
Net cash from (used) financing	691	(1,517)	(1,517)	1,321	214.80	214.80
Cash/cash equivalents at the year end	10,208	237	37	7,897	96.99	99.53
Cash backing/surplus reconciliation						
Cash and investments available	7,897	6,621	(3,011)	18,819	64.82	116.00
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	7,897	6,621	(3,011)	18,819	64.82	116.00
Asset management						
Asset register summary (WDV)	2,248,183	893,449	974,674	2,275,153	60.73	57.16
Depreciation & asset impairment	1,427,080	22,823	22,823	1,482,485	98.46	98.46
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Repairs and Maintenance	1,305	0	0	1,244	100.00	100.00
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

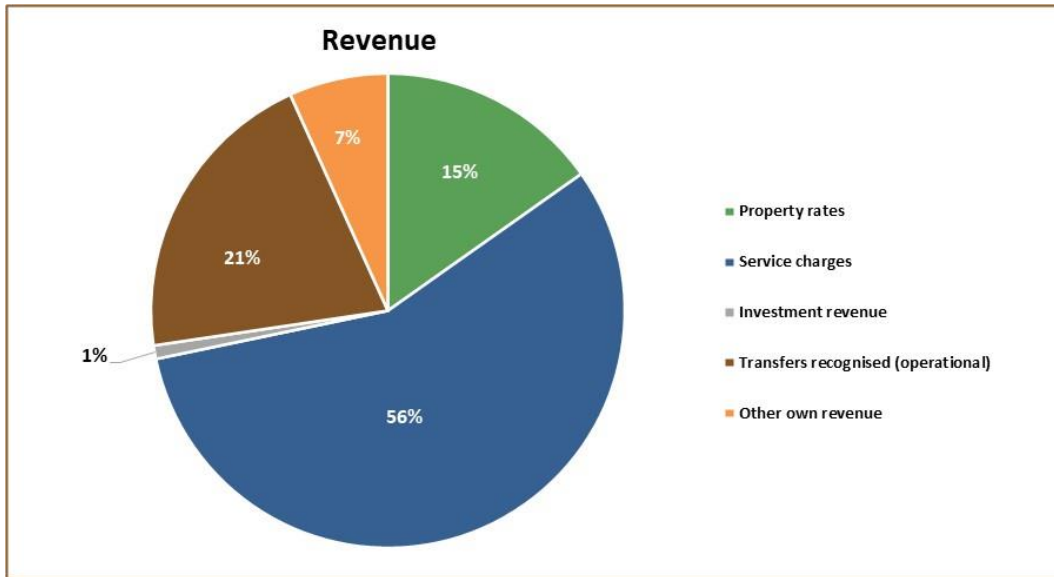
Table 182: Financial Performance 2022/23

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Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2021/22	298,091	263,520	(34,571)	(12)	284,231	227,680	(56,551)	(20)
2022/23	316,526	314,782	(1,744)	(1)	312,258	262,345	(49,913)	(16)

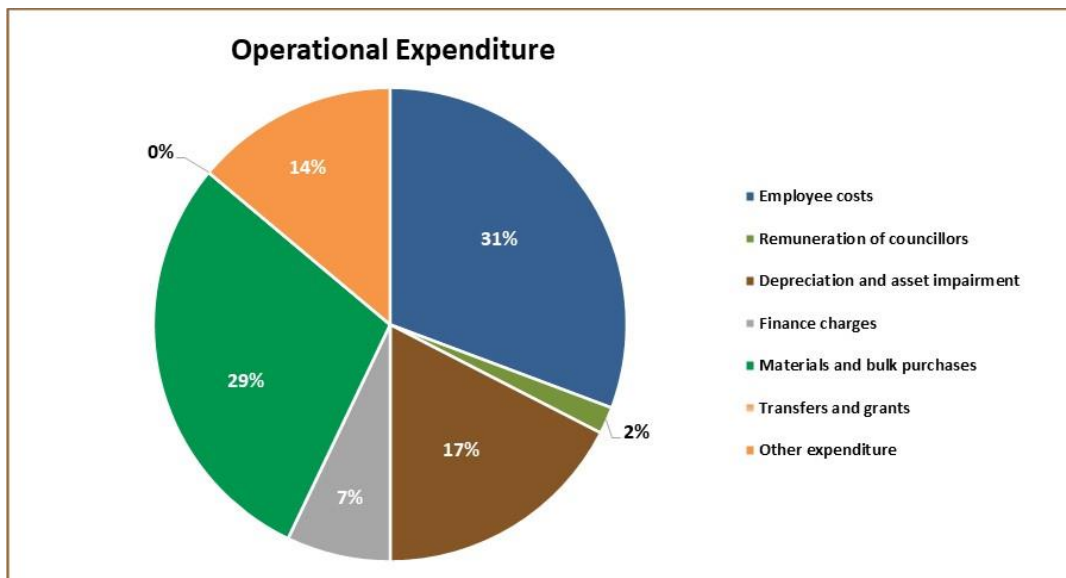
Table 183: Performance Against Budgets

The following graph indicates the various types of revenue items in the municipal budget for 2022/23



Graph 6: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2022/23



Graph 7: Operating Expenditure

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5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Office of the Mayor	5,555	1,759	1,611	306	-474.83	-426.47
Vote 2 - Municipal Manager	13,462	0	0	0	0.00	0.00
Vote 3 - Corporate Services	0	278	586	2,316	88.00	74.70
Vote 4 - Finance Service	58,279	46,575	46,575	71,108	34.50	34.50
Vote 5 - Infrastructure Service	168,794	207,786	190,450	249,429	16.70	23.65
Vote 6 - Community and Social Services	17,434	101,159	100,305	2,986	-3287.42	-3258.82
Total Revenue by Vote	263,524	357,557	339,527	326,145	-9.63	-4.10

Table 184: Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2021/22 financial year:

Description	2021/22	2022/23			2022/23 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Property rates	39,620	43,263	43,263	44,921	3.69	3.69
Property rates - penalties & collection charges	0	0	0	0	0.00	0.00
Service Charges - electricity revenue	88,756	122,785	125,620	91,489	-34.21	-37.31
Service Charges - water revenue	34,492	39,748	39,748	51,383	22.64	22.64
Service Charges - sanitation revenue	15,109	24,461	24,461	15,977	-53.11	-53.11
Service Charges - refuse revenue	7,572	14	14	8,006	99.82	99.82
Service Charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	2,393	856	625	1,558	45.07	59.88
Interest earned - external investments	1,297	1,118	1,118	2,707	58.69	58.69
Interest earned - outstanding debtors	5,114	2,164	2,164	14,781	85.36	85.36
Dividends received	0	0	0	0	0.00	0.00
Fines	1,447	1,369	982	692	-97.93	-41.98
Licenses and permits	918	2,062	2,066	400	-415.37	-416.22
Agency services	0	0	0	0	0.00	0.00
Transfers recognised - operational	63,613	59,591	59,591	80,355	25.84	25.84
Other revenue	3,187	3,869	1,927	2,513	-53.98	23.31
Gains on disposal of PPE	7,057	800	650	126	-537.45	-417.93
Total Revenue (excluding capital transfers and contributions)	270,578	302,101	302,230	314,907	4.07	4.03

Table 185: Revenue by Source

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below indicate the financial performance per municipal function:

5.2.1 Water Services

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	44,492	42,259	42,259	55,647	24.06
Expenditure:					
Employees	3,400	3,369	3,369	3,460	2.63
Repairs and Maintenance	566	241	241	224	-7.60
Other	18,666	11,447	11,447	15,037	23.87
Total Operational Expenditure	22,632	15,057	15,057	18,721	19.57
Net Operational (Service)	21,860	27,202	27,202	36,926	26.33

Table 186: Financial Performance: Water Services

5.2.2 Waste Water (Sanitation)

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	31,356	80,124	80,124	72,305	-10.81
Expenditure:					
Employees	5,595	5,632	5,632	5,867	3.99
Repairs and Maintenance	323	284	284	50	-472.98
Other	11,806	5,099	5,099	6,484	21.35
Total Operational Expenditure	17,724	11,016	11,016	12,400	11.16
Net Operational (Service)	13,632	69,108	69,108	59,905	-15.36

Table 187: Financial Performance: Waste Water (Sanitation) Services

5.2.3 Electricity

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	96,897	126,092	126,092	94,504	-33.42
Expenditure:					
Employees	7,481	7,583	7,583	6,961	-8.94
Repairs and Maintenance	1,644	309	309	17	-1735.08
Other	86,279	103,818	103,818	100,386	-3.42
Total Operational Expenditure	95,404	111,710	111,710	107,364	-4.05
Net Operational (Service)	1,493	14,382	14,382	(12,860)	211.84

Table 188: Financial Performance: Electricity

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5.2.4 Waste Management

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	17,967	14,770	14,770	8,591	-71.93
Expenditure:					
Employees	9,596	9,208	9,208	10,343	10.97
Repairs and Maintenance	402	449	449	269	-66.80
Other	10,497	2,016	2,016	2,997	32.74
Total Operational Expenditure	20,495	11,673	11,673	13,609	14.23
Net Operational (Service)	(2,528)	3,097	3,097	(5,018)	161.72

Table 189: Financial Performance: Waste Management

5.2.5 Housing

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	435	508	508	211	-140.43
Expenditure:					
Employees	2,470	2,377	2,377	2,373	-0.13
Repairs and Maintenance	0	1	1	0	0.00
Other	1,444	187	187	693	72.99
Total Operational Expenditure	3,914	2,565	2,565	3,066	16.35
Net Operational (Service)	(3,479)	(2,057)	(2,057)	(2,855)	27.95

Table 190: Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	26	26	7	-282.63
Expenditure:					
Employees	6,993	7,464	7,464	6,730	-10.91
Repairs and Maintenance	618	823	823	345	-138.93
Other	1,339	7,631	7,631	25,932	70.57
Total Operational Expenditure	8,950	15,919	15,919	33,007	51.77
Net Operational (Service)	(8,950)	(15,893)	(15,893)	(33,000)	51.84

Table 191: Financial Performance: Roads and Stormwater

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5.2.7 LED

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	516	100.00
Expenditure:					
Employees	3,415	1,919	1,919	2,398	19.95
Repairs and Maintenance	5	11	11	0	0.00
Other	25	141	141	111	-27.00
Total Operational Expenditure	3,445	2,072	2,072	2,509	17.42
Net Operational (Service)	(3,445)	(2,072)	(2,072)	(1,993)	-3.97

Table 192: Financial Performance: LED

5.2.8 Planning (Development Management, Spatial Planning and Environmental Management, Building Control, And Property Management)

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1,002	477	477	219	-118.03
Expenditure:					
Employees	4,567	3,622	3,622	3,580	-1.15
Repairs and Maintenance	–	537	537	109	-393.22
Other	1,417	6,612	6,612	9,432	29.90
Total Operational Expenditure	5,984	10,771	10,771	13,121	17.91
Net Operational (Service)	(4,982)	(10,294)	(10,294)	(12,903)	20.22

Table 193: Financial Performance: Planning

5.2.9 Libraries

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	775	1,023	1,023	1,003	-1.98
Expenditure:					
Employees	4,027	5,080	5,080	4,752	-6.90
Repairs and Maintenance	–	212	212	13	-1540.90
Other	1	1,183	1,183	3,868	69.41
Total Operational Expenditure	4,028	6,475	6,475	8,633	24.99
Net Operational (Service)	(3,253)	(5,452)	(5,452)	(7,630)	28.54

Table 194: Financial Performance: Libraries

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5.2.10 Cemeteries

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	566	709	709	423	-67.80
Expenditure:					
Employees	1,185	1,223	1,223	1,143	-7.03
Repairs and Maintenance	0	5	5	0	0.00
Other	74	327	327	801	59.15
Total Operational Expenditure	1,259	1,555	1,555	1,944	19.99
Net Operational (Service)	(693)	(846)	(846)	(1,521)	44.38

Table 195: Financial Performance: Cemeteries

5.2.11 Traffic Services and Law Enforcement

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1,631	3,028	3,028	1,101	-175.09
Expenditure:					
Employees	5,718	6,963	6,963	6,654	-4.65
Repairs and Maintenance	126	329	329	131	-150.34
Other	943	1,762	1,762	1,019	-72.99
Total Operational Expenditure	6,787	9,053	9,053	7,803	-16.02
Net Operational (Service)	(5,156)	(6,025)	(6,025)	(6,703)	10.11

Table 196: Financial Performance: Traffic Services and Law Enforcement

5.2.12 Sport and Recreation

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	19	19	19	12	-58.57
Expenditure:					
Employees	2,220	0	0	0	0.00
Repairs and Maintenance	68	11		0	-3520.90
Other	112	336	336	50	-570.77
Total Operational Expenditure	2,400	348	336	50	-588.95
Net Operational (Service)	(2,381)	(329)	(317)	(38)	-756.01

Table 197: Financial Performance: Sport and Recreation

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5.2.13 Office of the Mayor

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	539	0	0	0	0.00
Expenditure:					
Employees	2,139	3,804	3,804	3,990	4.67
Repairs and Maintenance	83	123	123	48	-157.93
Other	1,793	1,869	1,869	1,424	-31.20
Total Operational Expenditure	4,015	5,796	5,796	5,463	-6.10
Net Operational (Service)	(3,476)	(5,796)	(5,796)	(5,463)	-6.10

Table 198: Office of the Mayor

5.2.14 Office of the Municipal Manager

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	13,462	0	0	5	100.00
Expenditure:					
Employees	1,985	2,013	2,013	1,458	-38.08
Repairs and Maintenance	0	0	0	0	0.00
Other	102	2,248	2,248	1,478	-52.09
Total Operational Expenditure	2,087	4,260	4,260	2,936	-45.13
Net Operational (Service)	11,375	(4,260)	(4,260)	(2,931)	-45.38

Table 199: Office of the Municipal Manager

5.2.15 Financial Services

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	14,597	46,575	46,575	61,202	23.90
Expenditure:					
Employees	8,624	12,504	12,504	12,620	0.91
Repairs and Maintenance	685	48	48	0	-10183.05
Other	11,284	111,602	111,602	162,261	31.22
Total Operational Expenditure	20,593	124,154	124,154	174,881	29.01
Net Operational (Service)	(5,996)	(77,580)	(77,580)	(113,679)	31.76

Table 200: Financial Performance: Financial Services

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5.2.16 Corporate Service

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	85	85	46	-86.09
Expenditure:					
Employees	5,221	7,525	7,525	9,307	19.15
Repairs and Maintenance	0	15	15	3	-469.82
Other	768	2,124	2,124	2,537	16.27
Total Operational Expenditure	5,989	9,663	9,663	11,846	18.42
Net Operational (Service)	(5,989)	(9,578)	(9,578)	(11,800)	18.83

Table 201: Financial Performance: Corporate Service

5.2.17 Procurement Services

Description	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
Expenditure:					
Employees	0	963	963	939	-2.47
Repairs and Maintenance	0	1	1	0	0.00
Other	0	223	223	55	-303.25
Total Operational Expenditure	0	1,186	1,186	995	-19.28
Net Operational (Service)	0	(1,186)	(1,186)	(995)	-19.28

Table 202: Financial Performance: Procurement Services

5.3 GRANTS

5.3.1 Grant Performance

The table below indicates the Grant performance for the 2022/23 financial year:

The Municipality had a total amount of **R80.588 million** available that was received in the form of grants from the National and Provincial Governments during the financial year. The performance in the spending of these grants is summarised as follows:

Description	2021/22	2022/23			2022/23 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
National Government:	59,847	85,823	81,681	77,430	-10.84	-5.49
Local Government Equitable Share	49,936	57,741	57,741	55,218	-4.57	-4.57
Finance Management Grant	1,700	1,850	1,867	1,850	0.00	-0.91
EPWP Incentive	1,002	1,073	1,073	1,073	0.00	0.00
Municipal Infrastructure Grant	4,239	22,759	19,000	17,289	-31.64	-9.90
Integrated National Electrification Program	0	2,400	0	0	0.00	0.00
Energy Efficiency and Demand Management Grant	2,971	0	2,000	2,000	100.00	0.00
Provincial Government:	1,994	16,897	2,910	3,158	-435.04	7.86
Housing Accreditation	200	424	424	200	-112.00	-112.00
Sport, Arts and Culture (Library Grant)	762	473	486	1,000	52.70	51.40
Water Service Infrastructure Grant	1,033	16,000	2,000	1,958	-717.13	-2.14
Total Operating Transfers and Grants	61,842	102,720	84,591	80,588	-27.46	-4.97

Table 203: Grant Performance for 2020/21

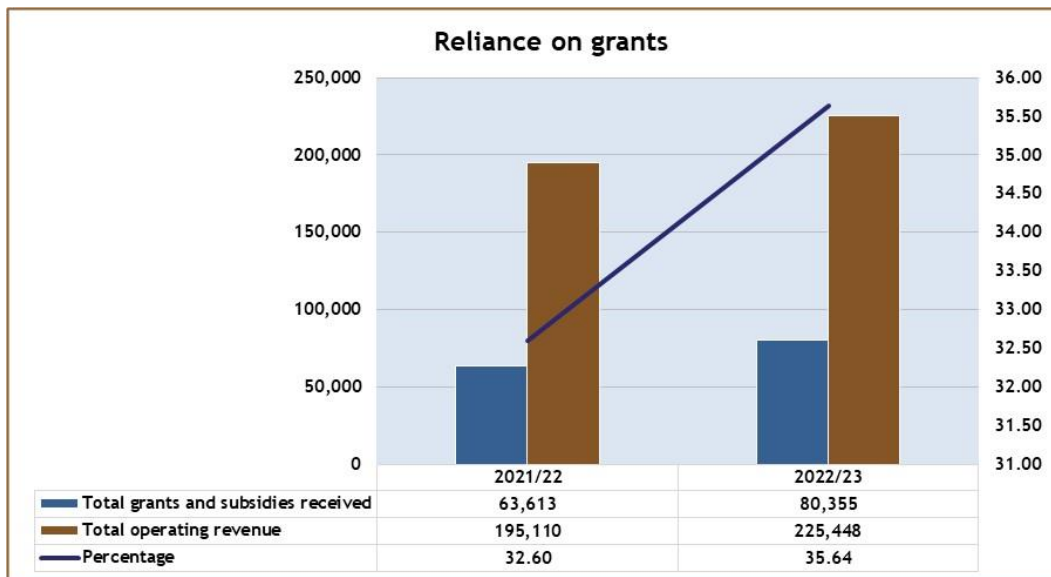
5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2021/22	63,613	195,110	32.60
2022/23	80,355	225,448	35.64

Table 204: Reliance on Grants

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The following graph indicates the municipality's reliance on grants for the last two financial years



Graph 8: Reliance on Grants

5.4 ASSET MANAGEMENT

5.4.1 Repairs and Maintenance

Description	2021/22	2022/23			Budget variance
	Actual	Original Budget	Adjustment Budget	Actual	
		R' 000			
Repairs and Maintenance Expenditure	1,305	5,877	11,130	1,244	-794.78

Table 205: Repairs & Maintenance

5.5 FINANCIAL RATIOS

5.5.1 Liquidity Ratio

Description	Basis of calculation	2021/22	2022/23
Current Ratio	Current assets/current liabilities	0.77	0.48
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-0.54	-0.93
Liquidity Ratio	Monetary assets/current liabilities	0.12	0.08

Table 206: Liquidity Financial Ratio

The current ratio indicates a Council's ability to meet its financial obligations such as payment for goods and services supplied. A ratio of 1:1 indicates that unrestricted current assets are available on hand to meet unrestricted current liabilities. It is furthermore an indication of a Council's solvency.

5.5.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	2021/22	2022/23
Cost Coverage	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	0.05	0.5

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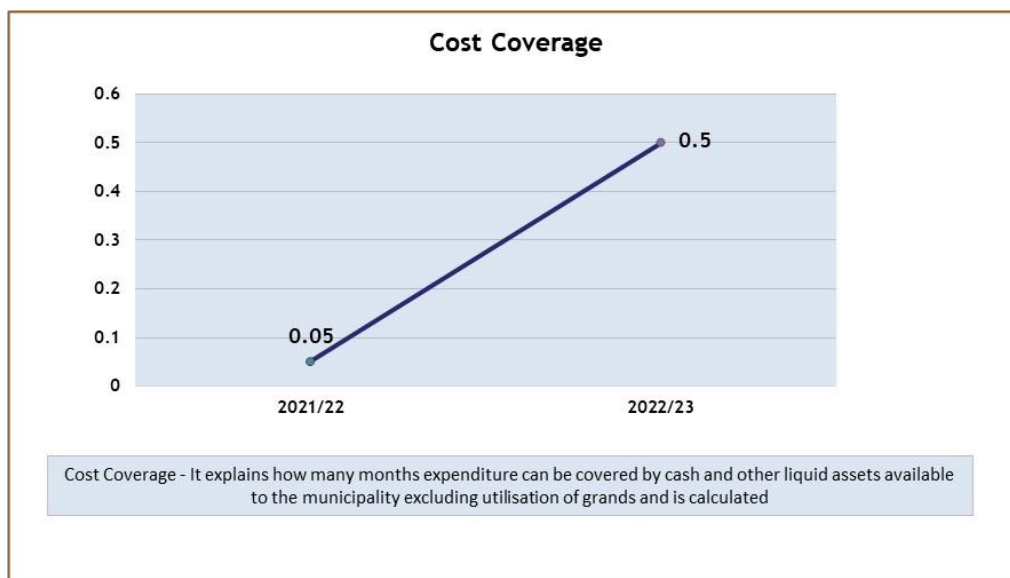
Description	Basis of calculation	2021/22	2022/23
Total Outstanding Service Debtors to Revenue	(Total outstanding service debtors minus provision for bad debt)/ (revenue received for services)	132.00%	173.00%
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grants))	135.00%	174.00%

Table 207: Financial Viability National KPAs

Cost Coverage

This ratio indicates the Municipality’s ability to meet its short-term (monthly) expenditures. It takes into consideration all available cash at a particular time including income from investments. The ratio has to be in excess of 1:1. Strict application of the Credit Control Policy and measures implemented to collect outstanding debtors should improve the ratio. However, this ratio should be read in conjunction to other ratios.

The following graph indicates the cost coverage financial viability indicator:

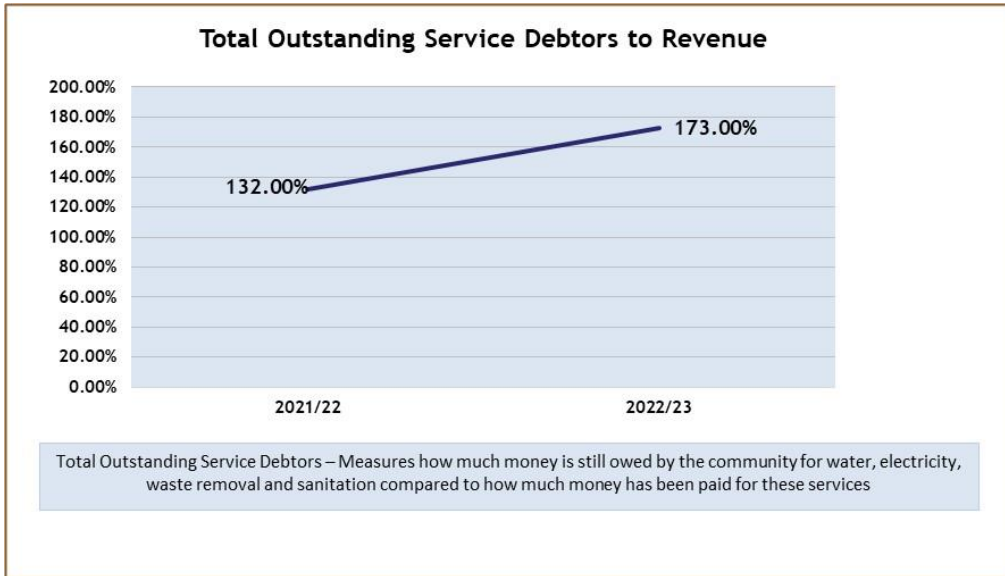


Graph 9: Cost Coverage

Outstanding Service Debtors to Revenue

This ratio indicates how effective revenue collection is being executed by the Municipality. The Municipality should continuously enhance revenue collection mechanisms and enforce debt collection policies.

The following graph indicates the outstanding service to revenue financial viability indicator:

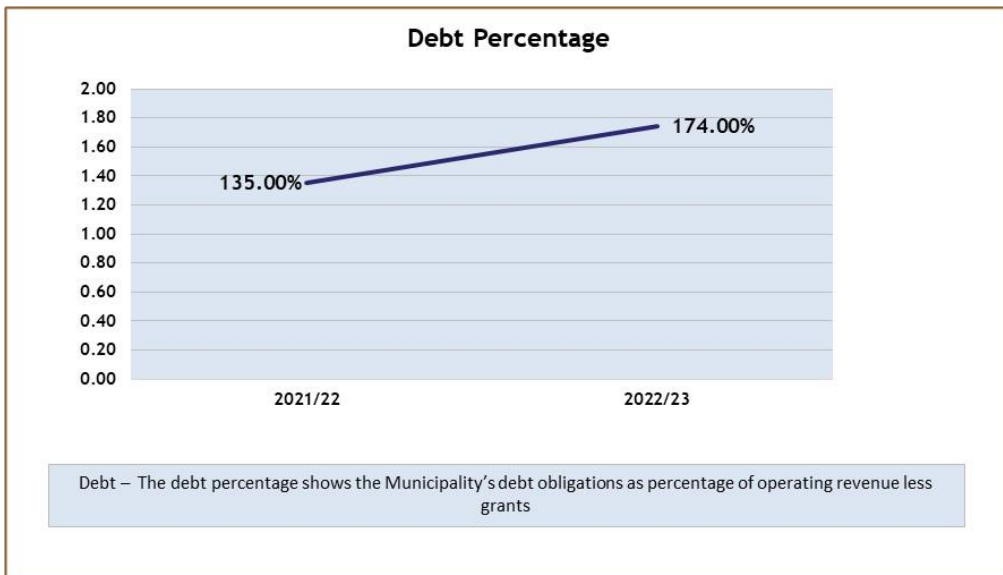


Graph 10: Total Outstanding Service Debtors

Debt Percentage

The debt percentage shows the Municipality’s debt obligations as percentage of operating revenue less grants. A percentage of 25% is generally considered acceptable assuming the other tests of safety have been met.

The following graph indicates the debt coverage financial viability indicator:



Graph 11: Debt Percentage

5.5.3 Employee costs

Description	Basis of calculation	2021/22	2022/23
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.89%	33.05%

Table 208: Employee Costs

The ratio gives an indication of the total percentage paid on employee cost of operating revenue. The ratio increased from 37.54% in 2020/21 to 37.89% in 2021/22, which is still within the national norm of between 35% to 40%.

5.5.4 Repairs & Maintenance

Description	Basis of calculation	2021/22	2022/23
Repairs and Maintenance	R&M (Total Revenue excluding capital revenue)	0.0000052%	0.0000042%

Table 209: Repairs & Maintenance

The ratio gives an indication of the total percentage paid on repairs and maintenance of operating revenue. The Municipality should consider maintaining their assets as impairments of these assets might have an effect on service delivery. The nation norm is at least the 8%.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 SOURCES OF FINANCE

5.6.1 Capital Expenditure: New Asset Programme

The table below indicates the capital expenditure by new asset programme for the 2022/23 financial year:

Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	23,950	40,796	30,396	11,945	0	0	0
Infrastructure: Road transport - Total	7,085	20,185	6,185	19,469	32,343	28,964	0
<i>Roads, Pavements & Bridges</i>	1,002	1,073	1,073	1,073	950	0	0
<i>Storm water</i>	0	0	0	0	0	0	0
Infrastructure: Electricity - Total	2,971	0	0	2,020	19,718	16,764	0
<i>Generation</i>	0	0	0	0	0	0	0
<i>Transmission & Reticulation</i>	0	0	0	20	0	0	0
<i>Street Lighting</i>	2,971	0	0	2,000	19,718	16,764	0
Infrastructure: Water - Total	0	16,000	2,000	789	11,675	12,200	0
<i>Dams & Reservoirs</i>	0	16,000	2,000	789	11,675	12,200	0
<i>Water purification</i>	0	0	0	0	0	0	0
<i>Reticulation</i>	0	0	0	0	0	0	0
Infrastructure: Sanitation - Total	3,112	3,112	3,112	7,832	0	0	0
<i>Reticulation</i>	3,112	3,112	3,112	7,832	0	0	0
<i>Sewerage purification</i>	0	0	0	0	0	0	0

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Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
R'000							
Infrastructure: Other - Total	0	0	0	7,756	0	0	0
Waste Management	0	0	0	7,756	0	0	0
Transportation	0	0	0	0	0	0	0
Gas	0	0	0	0	0	0	0
Other - Waste Water	0	0	0	0	0	0	0
Community - Total	0	4,750	4,750	6,096	4,750	0	0
Parks & gardens	0	0	0	0	0	0	0
Sports fields & stadia	0	4,750	4,750	6,096	4,750	0	0
Swimming pools	0	0	0	0	0	0	0
Community halls	0	0	0	0	0	0	0
Libraries	0	0	0	0	0	0	0
Recreational facilities	0	0	0	0	0	0	0
Fire, safety & emergency	0	0	0	0	0	0	0
Security and policing	0	0	0	0	0	0	0
Buses	0	0	0	0	0	0	0
Clinics	0	0	0	0	0	0	0
Museums & Art Galleries	0	0	0	0	0	0	0
Cemeteries	0	0	0	0	0	0	0
Social rental housing	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Capital expenditure by Asset Class	0	0	0	323	0	0	0
Heritage assets - Total	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Investment properties - Total	0	0	0	0	0	0	0
Housing development	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Other assets	0	0	0	323	0	0	0
General vehicles	0	0	0	0	0	0	0
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	0	0	0	0	0	0	0
Computers - hardware/equipment	0	0	0	15	0	0	0
Furniture and other office equipment	0	0	0	136	0	0	0
Abattoirs	0	0	0	0	0	0	0
Markets	0	0	0	0	0	0	0
Civic Land and Buildings	0	0	0	0	0	0	0
Other Buildings	0	0	0	0	0	0	0
Other Land	0	0	0	0	0	0	0
Surplus Assets - (Investment or Inventory)	0	0	0	0	0	0	0

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Description	2021/22	2022/23			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/24	2024/25	2025/26
R'000							
Other	0	0	0	172	0	0	0
<u>Agricultural assets</u>	0	0	0	0	0	0	0
<u>Biological assets</u>	0	0	0	0	0	0	0
<u>Intangibles</u>	0	0	0	0	0	0	0
Computers - software & programming	0	0	0	0	0	0	0
Total Capital Expenditure on new assets	7,085	24,935	10,935	25,888	37,093	28,964	0
<u>Specialised vehicles</u>	0	0	0	0	0	0	0
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0

Table 210: Capital Expenditure: New Asset Programme

5.6.2 Capital Expenditure: Funding Sources

The table below indicates the capital expenditure by funding source for the 2022/23 financial year:

Details	2021/22	2022/23				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000					%
External loans	0	0	0	13,000	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	10,376	46,982	24,073	20,319	-48.76	-15.59
Own funding	0	0	0	0	0.00	0.00
Total	10,376	46,982	24,073	33,319	-95.16	-41.01
Percentage of Finance						
External loans	0	0	0	39	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	100	100	100	61	0.00	-39.02
Own funding	0	0	0	0	0.00	0.00
Capital Expenditure						
Description	R'000					%
Water and sanitation	3,112	19,112	5,112	8,621	-73.25	68.65
Electricity	2,971	0	2,000	2,000	0.00	0.00
Housing	0	0	0	0	0.00	0.00
Roads and Stormwater	1,002	1,073	1,073	1,073	0.00	0.00
Other	0	0	0	0	0.00	0.00
Total	7,085	20,185	8,185	11,694	-146.61	-72.61

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Details	2021/22		2022/23			
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
<i>Percentage of Expenditure</i>						
Water and sanitation	44	95	62	74	-34.04	18.04
Electricity	42	0	24	17	0.00	-30.01
Housing	0	0	0	0	0.00	0.00
Roads and stormwater	14	5	13	9	146.61	-30.01
Other	0	0	0	0	0.00	0.00

Table 211: Capital Expenditure by Funding Source

5.6.3 Capital Spending on Largest Capital Projects

Name of Project	2022/23				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Britstown Sewer Reticulation - Mziwabantu	10,410	10,410	7,832	(0.03)	31,627.20
Electrification of De Aar East Ph1	2,400	0	0	0.00	0.00
Upgrading of Nonzwakazi Stadium	9,500	9,500	6,096	(0.06)	17,014.94
EPWP - Paving of Henry Botha Street	1,073	1,073	1,073	0	0.00
WSIG Development of Boreholes - De Aar	16,000	2,000	1,958	(0.72)	278.99
Name of Project - A	Britstown Sewer Reticulation - Mziwabantu				
Objective of Project	Improvement of the sewer reticulation circulation in Britstown.				
Delays	Local labour strikes, however, the project was completed within the financial year				
Future Challenges	N/A - Project completed				
Anticipated citizen benefits	Improvement of the sewer reticulation circulation in Britstown.				
Name of Project - B	Electrification of De Aar East Ph1				
Objective of Project	To electrify the newly built houses in De Aar East				
Delays	There were not enough houses in the area in relation to DMRE requirements.				
Future Challenges	The agreed number of houses with COGHSTA was not adhered to or built, therefore the municipality was unable to continue with project. Currently the municipality is reducing the number of houses for electrification.				
Anticipated citizen benefits	Electrification of houses in De Aar East				
Name of Project - C	Upgrading of Nonzwakazi Stadium				
Objective of Project	Upgrading of Nonzwakazi Stadium				
Delays	Rain delays and non-performance of subcontractors and the main contractor has currently taken over the subcontractor work and is expected to be completed by 29 February 2024.				
Future Challenges	None				
Anticipated citizen benefits	Better community facility				
Name of Project - D	EPWP - Paving of Henry Botha Street				
Objective of Project	Improve the road structures in De Aar				
Delays	Delay in procurement				

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Name of Project	2022/23				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Future Challenges	None				
Anticipated citizen benefits	Paved road				
Name of Project - E	WSIG Development of Boreholes - De Aar				
Objective of Project	Augmentation of existing water supply to improve the water demand in De Aar due to developments in De Aar.				
Delays	The farmers have threatened the contractor and removed on site.				
Future Challenges	The farmers have threatened the contractor and removed on site.				
Anticipated citizen benefits	Increased water supply for De Aar				

Table 212: Capital Spending on Largest Capital Projects

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.7 CASH FLOW

Description	2021/22		2022/23		
	Actual	Original Budget	Adjusted Budget	Actual	
	R'000				
Cash flow from operating activities					
Receipts					
Ratepayers and other	143,087	202,475	202,445	140,696	
Government - operating	53,237	59,591	59,591	60,801	
Government - capital	5,815	41,159	23,000	12,262	
Interest	6,411	3,282	4,166	17,488	
Dividends	(7,440)	3,282	4,166	(7,068)	
Payments					
Suppliers and employees	(189,452)	(253,024)	(267,157)	(182,801)	
Finance charges	(4,679)	(5,510)	(5,510)	(12,551)	
Transfers and Grants	0	0	0	0	
Net cash from/(used) operating activities	6,979	51,255	20,701	28,827	
Cash flows from investing activities					
Receipts					
Proceeds on disposal of PPE	0	800	650	0	
Decrease (increase) in non-current debtors	0	0	0	0	
Decrease (increase) other non-current receivables	0	0	0	0	
Decrease (increase) in non-current investments	0	0	0	0	
Payments					
Capital assets	(9,981)	(41,159)	(23,903)	(19,226)	
Net cash from/(used) investing activities	(9,981)	(40,359)	(23,253)	(19,226)	

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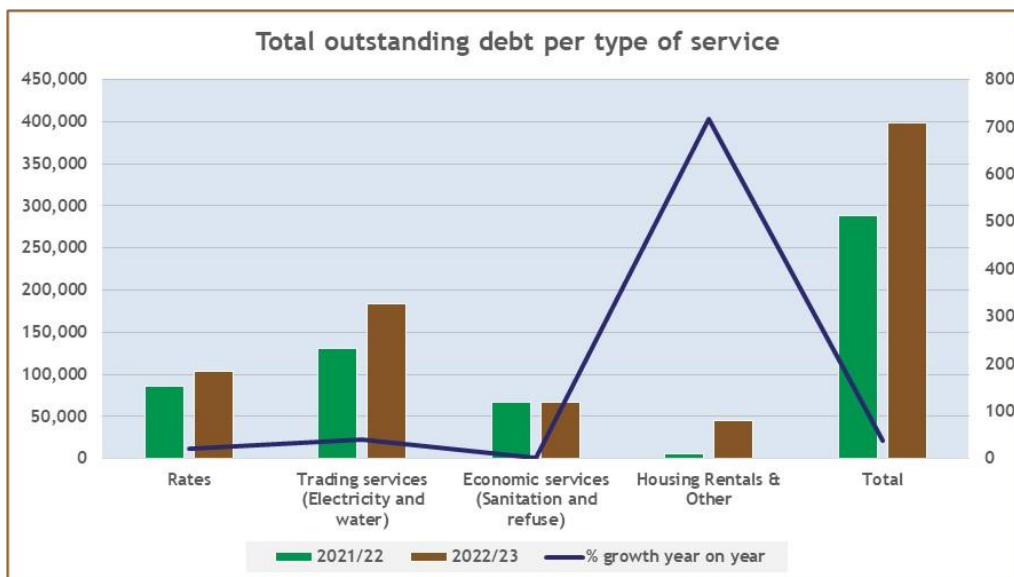
Description	2021/22		2022/23	
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	1,508
Borrowing long term/refinancing	0	0	0	0
Payments				
Repayment of borrowing	691	(1,600)	(1,600)	(187)
Net cash from/(used) financing activities	691	(1,600)	(1,600)	1,321
Net increase/ (decrease) in cash held	(2,311)	9,296	(4,152)	10,922
Cash/cash equivalents at the year begin:	10,208	6,097	(8,235)	7,897
Cash/cash equivalents at the yearend:	7,897	524	5,224	18,819

Table 213: Cash Flow

5.8 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
R'000						
2021/22	85,554	131,249	66,340	5,092	360	288,594
2022/23	104,088	182,986	66,722	5,569	38,943	398,308
Difference	18,534	51,737	382	478	38,583	109,714
% growth year on year	22	39	1	9	716	38

Table 214: Gross Outstanding Debtors per Service



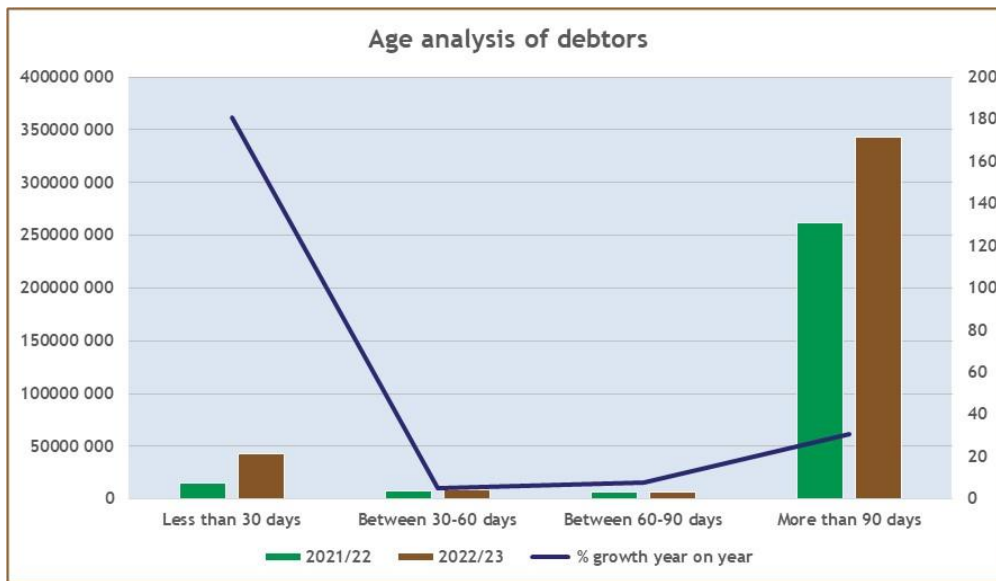
Graph 12: Outstanding Debt per type of Services

5.9 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2021/22	10,274	3,379	2,504	68,180	84,336
2022/23					
Difference					
% growth year on year					

Note: Figures exclude provision for bad debt.

Table 215: Service Debtor Age Analysis



Graph 13: Age Analysis of Debtors

5.10 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.10.1 Borrowings

Instrument	2021/22	2022/23
	R'000	
Long-Term Loans (non-annuity)	13,000	13,000
Total	13,000	13,000

Table 216: Actual Borrowings

5.10.2 Investments

Investment type	2021/22	2022/23
	R'000	
Deposits - Bank	21,000	37,000
Total	21,000	37,000

Table 217: Municipal Investments

5.11 MUNICIPAL COST CONTAINMENT MEASURES

The Municipal Cost Containment Regulations (MCCR) were promulgated on 7 June 2019, with the effective date of 1 July 2019. The objective of these Regulations, in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Municipal Finance Management Act, is to ensure that the resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

Regulation 4(1) of the MCCR require that a municipality must develop or revise and implement a cost containment policy which must -

- ☞ be adopted by the municipal council as part of its budget related policies;
- ☞ define a municipality's objectives for the use of consultants; and
- ☞ be consistent with the MFMA and these Regulations

In terms of section 15(1) of the MCCR, cost containment measures applied by the municipality must be disclosed and included in the municipal in -year budget reports and annual costs savings in the annual report. The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution.

The following cost savings for the financial year are disclosed:

Cost Containment Measure	Actual Expenditure 2021/22	Budget 2022/23	Actual Expenditure 2022/23	Saving/(Over spending) 2022/23	Saving/(Increase) between 2021/22 and 2022/23
	R'000				
Use of consultants	6 612	4 800	7 106	(2 306)	(494)
Vehicles used for political office -bearers	0	179	481	(302)	(481)
Travel and subsistence	722	1 000	1 492	(492)	(770)
Sponsorships, events and catering	0	0	0	0	0
Communication	0	0	0	0	0
Other related expenditure items	0	0	0	0	0
Total	7 334	4 979	9 079	(3 100)	(1 745)

Table 218: Cost Containment

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2021/22

6.1 AUDITOR-GENERAL REPORT 2021/22

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
FINANCIAL STATEMENTS	
Cash and cash equivalents	
<p>Prior year misstatement: no information was submitted in support of the prior misstatement/issue raised, e.g., an RFI was submitted for the cash books of two ABSA bank accounts:</p> <p>In order to support the amounts disclosed in the AFS under Cash and Cash Equivalents for the two bank accounts, the information submitted was inappropriate as it did not support the bank balances disclosed as cash book balances.</p>	<p>The reconciliations should be performed to identify the unreconciled items and ensure that they're supported by appropriate evidence.</p>
<p>Insufficient supporting documents in order to support the amounts disclosed in the AFS under Cash and Cash Equivalents for the two bank accounts. The information submitted was inappropriate as it did not support the bank balances disclosed as cash book balances.</p>	
<p>Current liability unreconciled: During the testing of Cash and cash equivalents liability the differences was identified.</p>	
Expenditure - Contracted services	
<p>Invoices not signed or stamped on receipt to acknowledge the receipt of goods and services.</p>	<p>Management does have progress report and SLA's to prove that the services were rendered. File and submit the SLAs as part of audit file.</p>
<p>Payments were not made within the 30 days for Contracted Services and Electricity.</p>	<p>The municipality should generate enough cashflow to settle its creditors. This matter is still ongoing for the municipality. Pay all creditors within 30 days of receipt of invoice or make arrangements to avoid penalties.</p>
<p>Bulk Purchases payments not made within 30 days and still outstatnding.</p>	
<p>Non-Compliance identified for Unauthorised, Irregular, Fruitless and wasteful expenditure.</p>	<ul style="list-style-type: none"> 🔍 Prepare a training for the MPAC Committee and CFO. 🔍 Ensure that the MPAC sits on a regular basis. 🔍 Obtain the UIF registers of the prior year and prepare the investigations. 🔍 Either consider using an external source or inquire with the Provincial Treasury about doing the investigations in house.
Expenditure	
<p>Insufficient supporting documents for Journals.</p>	<p>The supporting documentation will be prepared and submitted to the auditors during the 2023 audit.</p>
<p>Remaining population, Contracted services & Finance costs -Invoice dates as per GL differ from actual invoice.</p>	<p>The invoices will be dated once received from the supplier. The date of receipt will be recorded on the system and not the invoice date unless they are the same. This finding will be reviewed against the date of receipt and an appropriate response will be provided to the AG in the 2023 audit.</p>
Expenditure: Operational	
<p>VAT incorrectly accounted for.</p>	<p>Prior to recording an invoice or order, the supplier will be verified to confirm whether they are a VAT vendor or not. The invoices will be drawn from the order. Any inconsistencies will be corrected prior to authorisation of order. The CFO will review the order and invoice for correctness. Furthermore, this matter will be corrected in the new financial year.</p>
<p>November 2021 Output VAT understated.</p>	
<p>Finance Costs: Invoices recorded in the incorrect year.</p>	
Expenditure (non-exchange transactions)	

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Main issues raised	Corrective steps implemented/ to be implemented
Limitation of scope: On the receipt of the request for information 85 annexure B it was identified that the following fines were not submitted as the municipality does not have the fines anymore.	Request the missing fines from the Dept. of Justice. Keep records of the traffic books and only submit a list of the fines with references to the fines and amounts.
Receivables from non-exchange transactions	
Fines were understated by the projected amount of R1 034 745.96.	Request the missing fines from the Department of Justice. Keep records of the traffic books and only submit a list of the fines with references to the fines and amounts.
Prior year misstatement – Limitation (Fines) – Erratum: During the audit it was identified that Issue 36 raised in the prior year was not addressed by the municipality in the current year. The management managed to submit 10 Fines on the current year and the following 7 was not submitted for the audit purpose.	
Limitation of scope on Sundry deposits.	The supporting documentation in relation to this finding will be obtained and submitted during the 2023 audit.
Revenue from Exchange Transactions	
Interest Earned – understated. The interest was not charged for long Outstanding debtors.	Run a system check on interest charged on debtors to identify outstanding debtors that are not charged interest on overdue accounts.
Supporting documents of Indigent listings information (e.g., Application forms) were not submitted.	Prepare an indigent register supported by completed forms for each municipal area. The register should be reviewed on a quarterly basis for completeness and accuracy.
Revenue from Non-exchange Transactions	
Interest earned – Understated. Interest was not charged for the long Outstanding debtors for Property rates.	Run a system check on interest charged on debtors to identify outstanding debtors that are not charged interest on overdue accounts.
Interest was incorrectly calculated by the management.	
Interest earned - understatement – Erratum. During the testing of revenue from exchange transactions (Interest earned), it was noted that the interest was Incorrectly calculated by the management.	
Service charges (Water) - Prior year misstatement: Issue 39 raised in the prior year as listed below was not addressed by the municipality in the current year.	This matter relates to the 2021 financial year, the matter will be removed from the audit report during the 2023 audit period.
Revenue Management	
Interest not charged on debtors	Run a system report for a sample of debtors and manually recalculate the interest charged. Identify any discrepancies and request possible corrections.
Inventory	
Consumables and material overstated.	A prior period error will be prepared for this finding. The supporting documentation will be prepared and submitted during the 2023 audit. The population will be tested at 100% to rule out all errors.
Indigent listing	
All approved application forms were not included on the Indigent list.	Prepare an indigent register supported by completed forms for each municipal area. The register should be reviewed on a quarterly basis for completeness and accuracy.
Supply Chain Management	
Competitive bid not advertised for more than 30 Days. No approved deviation form attached to substantiate the reasons for advertising less than 30 days. Refer to T1/2021.	The tender notices and documents will be reviewed by the SCM division and CFO's office prior to notices being advertised.
No contract in place between the auditee and Consulting Engineers for the 481 sewer housing connections project (T6/2021) and for the construction of sewer reticulation for Mziwabantu in Britstown project (T11/2022).	Review the contract register, contract suppliers and confirm that contracts exist. If no contracts are available, request a new SLA and have it signed by the municipality and the contractor.
Competitive processes were not followed and no deviation form was provided for deviating from the SCM processes for three Service Providers.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 Possibly prepare a checklist to be submitted with the order.

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Main issues raised	Corrective steps implemented/ to be implemented
Suppliers that the municipality did business with, did not disclose working for state and having interest in their companies.	Prior to authorisation of orders, the SCM team will ensure that all documents are included with the order. These include the MBD4, Tax compliance status, BEE (Above R30k) and Local content where required.
Three quotations not obtained and no approved deviation attached to the payment batch for some suppliers.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 Possibly prepare a checklist to be submitted with the order.
Deviations not reported to council and not recorded in the AFS.	Prepare the finance monthly reports to EXCO. Inform the mayor on a monthly basis on deviations that occurred.
No Supplier CSD reports attached for some suppliers.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 Possibly prepare a checklist to be submitted with the order.
No SARS Tax Clearance submitted by a Supplier.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 Possibly prepare a checklist to be submitted with the order.
Some suppliers did not disclose on the MBD4 forms that their directors are in the service of the state.	Prior to authorisation of orders, the SCM team will ensure that all documents are included with the order. These include the MBD4, Tax compliance status, BEE (Above R30k), PPPF (Above R30k) and Local content where required.
No effective contracts monitoring in place between the auditee and service provider whose contract exceeded the initial 60 days contract period.	Review the contract register, contract suppliers end dates. Inquire with Senior Managers regarding any requirement for possible contract extensions and the MM approvals. Inquire with responsible Senior Managers about the reasons for the extensions and cost implications for adequate budgeting and approvals.
Preferential point system not applied for transactions above R30 000.	Prior to authorisation of orders, the SCM team will ensure that all documents are included with the order. These include the MBD4, Tax compliance status, BEE (Above R30k), PPPF (Above R30k) and Local content where required.
Competitive processes were not followed for service provider of prepaid electricity meters.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 Possibly prepare a checklist to be submitted with the order.
Deviation not disclosed and non-compliance.	<ul style="list-style-type: none"> 🔍 Prior to authorisation of orders, the SCM team will review the order and its supporting documentation for completeness, non-compliance and corrections where required. 🔍 The expenditure payments will be reviewed on monthly basis to identify any irregular expenditure or deviations not recorded.
Assets	
Assets written off without authorisation of the council.	Prior to the disposal of any assets, the finance and asset management team will prepare a detailed list of assets to be disposed and present them to council for approval.
Heritage assets could not be verified.	The assets in relation to the finding will be identified and kept safe and will be verified by the auditor during 2023 audit.
PERFORMANCE MANAGEMENT	
Audit of pre-determined objectives	
Differences identified between Approved budget and Budget as per Abakus (denominators) for the following KPIs: <ol style="list-style-type: none"> 1. TL47 50% of approved budget spent for internal Sewer reticulation for Mziwabantu in Britstown. 2. TL48 70% of approved budget spent for the procurement of electrical equipment for the electrification of stands in De Aar. 	The budget accountant should create a different vote for all the different MIG projects each with their own individual budgets. These votes should be reviewed by the CFO.
Limitation of scope (Numerator). Payment batches for the indicators listed below were not submitted for audit: <ol style="list-style-type: none"> 1. TL36 - expenditure for water maintenance budget 	The CFO, Finance Manager should ensure that all original payment batches are filed in clearly marked file and stored in a safe place.

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Main issues raised	Corrective steps implemented/ to be implemented
2. TL48 - expenditure for the procurement of electrical equipment for the electrification of stands in De Aar.	CFO should also ensure that all requested payments be presented to Auditors.
The numerator for some indicators were not accurate.	<ul style="list-style-type: none"> ✎ The finance department will ensure that the final figures be presented to the Performance Manager. This will ensure that financial as well as performance information aligns to each other. ✎ The Manager responsible for PMS will review the quarterly submissions with its supporting documentations and confirm that the reporting agrees with appropriately supported relevant information.
Measures taken to improve performance have not been disclosed appropriately in the Annual Performance Report. (TL17, TL36, TL38, TL39, TL46, TL47 and TL50.)	The Manager responsible PMS will review the corrective measures provided by KPI owners for targets not achieved in line with appropriate supporting information to ensure that it is disclosed appropriately.
Financial and performance management	
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 and performance reporting.	Internal processes will be improved.
Management did not implement controls over daily and monthly processing and reconciling of transactions.	Internal processes will be improved.
Internal Control Deficiencies	
Internal control deficiencies related to IT. <ul style="list-style-type: none"> ✎ Power failures, hardware failure, ineffective data security administration, inadequate security system. ✎ Encryption on sent data. Weak IT controls ✎ No approved IT strategic plan in place ✎ No formal approved IT security policy in place 	Management must establish IT steering committee, develop IT policies and ensure that all IT related issues are reported on a monthly basis, and the policies are approved by council.
Audit Committee did not have regular engagements with the external auditors, to discuss the effectiveness of internal control over financial reporting, performance reporting and compliance with laws and regulations.	Ensure that the audit committee sits at least 4 times, the AFS are submitted to the committee before 31 August 2023 for review.
The risk assessment/strategy performed by the municipality did not include new or emerging risk factors such as changes in the regulatory environment (e.g., new financial reporting standard, new laws and regulations that have a direct impact on the entity's operations), changes in key personnel and changes in IT and control systems.	New and emerging risk factors will be included by May 2023.
Contract Register not completed (some parts are omitted).	Review the contract register and ensure that it is complete.
Amendment of the IDP was not submitted within 10 days to the MEC's office.	Any amendments done on the IDP will be communicated on a timeous basis to the MEC's office. The communication will be filed for record purposes.
Local Content information not submitted to Department of Trade and Industry.	Prior to the authorisation of any local content procurement, the SCM will communicate the information disclosed by the supplier to DTI to confirm accuracy and validity. The communication will be kept as part of the procurement documentation.
Other Matters	
Audit Committee Roles and Responsibilities not performed as per legislative requirements.	Ensure that the Audit Committee sits at least 4 times per annum and that the AFS are submitted to the committee before 31 August 2023 for review.
Policies not approved and adopted.	Submit the policies to Council for review and approval by 30 June 2023.
Unspent conditional grant - not surrendered to National Revenue Fund.	Appropriately file the communications from National Treasury about withheld funds for submission during audit.
No consultant reduction plan in place.	Prepare a consultant reduction plan by 30 June 2023.
Effective leadership culture	

Annual Report 2022/23

Main issues raised	Corrective steps implemented/ to be implemented
Officials under leadership's guidance and supervision continued to contravene laws and regulations governing procurement and supply chain management. The lack of appropriate action against officials has a material impact on the effectiveness and the stability of the control environment. Leadership's inability to address and prioritise this critical area has a direct bearing on the number of compliance findings reported in the current year.	Implementation of consequence management to improve on compliance and ensure that SCM procurement processes are conducted within laws and regulation.
Oversight responsibility	
Effective oversight was not displayed by management over supply chain management related matters as well as overspending on votes. This is evidenced by the extent of irregular and unauthorised expenditure identified during the current financial year and disclosed which management has failed to prevent and detect.	Regular reporting to oversight committees.
Management did not develop action plans and assign the responsibility to implement the recommendations of the prior year as IT is not regarded as of strategic importance resulting in repeat findings	Management must establish IT steering committee, develop IT policies and ensure that all IT related issues are reported on a monthly basis, and the policies are approved by council.
The municipality did not have sufficient documented and approved internal policies and procedures to address the process of reporting of performance against predetermined objectives.	Review of PMS Policy with inclusion of process for reporting of performance against predetermined objectives. Policy to be workshopped with staff.

Table 219: AG Report on Financial Performance 2021/22

COMPONENT B: AUDITOR-GENERAL OPINION 2022/23

6.2 AUDITOR-GENERAL REPORT 2022/23

Main issues raised	Corrective steps implemented/ to be implemented
Audit Report Matters	
Cash and cash equivalents	
Cash and cash equivalents – Insufficient evidence obtained to support disclosed amounts	Investigate the unreconciled and submit them to Council for write-off
Trade and other payables from exchange transaction	
Trade and other payables from exchange transaction - Insufficient evidence obtained to support disclosed amounts	Restatement of the transactions and confirm completeness of the transactions on the general ledger
Receivables from non-exchange transactions	
Receivables from non-exchange transactions – Provision for impairment incorrectly calculated	Reassess the impairment methodology and apply the GRAP standard to ensure that its calculated and implemented appropriately
Receivables from non-exchange transactions - Insufficient evidence obtained to support disclosed amounts	Reconcile the non-exchange receivables and restate the receivables
Receivables from non-exchange transactions	
Receivables from exchange transactions - Provision for impairment incorrectly calculated	Reassess the impairment methodology and apply the GRAP standard to ensure that its calculated and implemented appropriately
Receivables from exchange transactions - Insufficient evidence obtained to support disclosed amounts	Reconcile the non-exchange receivables and restate the receivables
Revenue from exchange transactions	
Revenue from exchange transactions – Service charges not recognized in accordance with GRAP 9	Recalculate the incorrect transactions and assess the population for correction.
Finance costs	
Finance costs - Insufficient evidence obtained to support disclosed amounts	Investigate the full population of finance and prepare corrections were necessary.
Fines written off	

Annual Report 2022/23

Main issues raised	Corrective steps implemented/ to be implemented
Fines written off - Insufficient evidence obtained to support disclosed amounts	No steps to be taken. The records pertain to 2014/15 and they are no longer available
Contracted Services	
Contracted services - Insufficient evidence obtained to support disclosed amounts (Prior year matters)	This matter did not re-occur in the 2022/23 year
Bulk purchases - Insufficient evidence obtained to support disclosed amounts	Reclassify the FBE, Pumps and LPUs of Eskom to operational expenditure and not Bulk expenditure
Irregular expenditure	
Irregular expenditure – The irregular expenditure for the prior year was not completely disclosed	This matter did not re-occur in the 2022/23 year
Performance Management: Predetermined Objectives	
Auditor was unable to confirm the performance objectives in relation to Water, Waste Management, Roads and Stormwater and Electricity maintenance budget	The maintenance KPIs have been excluded from the Top Layer SDBIP for 2023/24 and will be monitored on an operational level (departmental).
Auditor was unable to confirm the performance objectives in relation to unaccounted water and electricity	A monthly report on the electricity and water losses will be prepared.
Auditor was unable to confirm the performance objectives in relation to the De Aar West Transformer upgrade.	The project budget has been included in the approved IDP, Budget and Top Layer SDBIP.
Auditor was unable to confirm the performance objectives in relation to the EPWP program	A separate file will be kept for all projects. Each grant will have its own file.
Other Matters	
Material Impairment – Trade debtors	No steps to be taken. Due to a significant drop in revenue collection, the impairment of debt is significantly high.

Table 220: AG Report on Financial Performance 2022/23

LIST OF ABBREVIATIONS

AG	Auditor-General	KPI	Key Performance Indicator
AFS	Annual Financial Statements	LED	Local Economic Development
CAPEX	Capital Expenditure	MAYCOM	Executive Mayoral Committee
CBP	Community Based Planning	MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CMTP	Council Meets The People	MM	Municipal Manager
COGHSTA	Department of Cooperative Governance, Human settlements and Traditional Affairs	MMC	Member of Mayoral Committee
DPLG	Department of Provincial and Local Government	MSA	Municipal Systems Act No. 32 of 2000
DWA	Department of Water Affairs	MTECH	Medium Term Expenditure Committee
EE	Employment Equity	NCOP	National Council of Provinces
EPWP	Extended Public Works Programme	NERSA	National Energy Regulator South Africa
EXCO	Executive Committee	NGO	Non-governmental organisation
FBS	Free Basic Services	NT	National Treasury
GAMAP	Generally Accepted Municipal Accounting Practice	OPEX	Operating expenditure
GRAP	Generally Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PT	Provincial Treasury
IDP	Integrated Development Plan	SALGA	South African Local Government Association
IFRS	International Financial Reporting Standards	SAMDI	South African Management Development Institute
IMFO	Institute for Municipal Finance Officers	SCM	Supply Chain Management
KPA	Key Performance Area	SDBIP	Service Delivery and Budget Implementation Plan
		SDF	Spatial Development Framework

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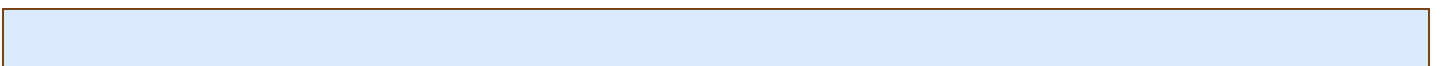
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EMTHANJENI

LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

[These financial statements have not been audited]

EMTHANJENI LOCAL MUNICIPALITY

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EMTHANJENI LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 109 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized 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.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

DH Molaole
Municipal Manager

Date

EMTHANJENI LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
GENERAL INFORMATION

NATURE OF BUSINESS

Emthanjeni Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Emthanjeni Municipality includes the following areas:

De Aar
Britstown
Hanover

EMTHANJENI LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
GENERAL INFORMATION

EXECUTIVE MAYOR

GL Nkumbi

SPEAKER

MC Kivedo

CHIEF WHIP

LE Andrews

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Councillor
 Executive Councillor

R.Smith
 LE Andrews

MUNICIPAL MANAGER

DH Molaale

CHIEF FINANCIAL OFFICER

Segomoco Jordon (acting)

REGISTERED OFFICE

45 Dr. Pixley-ka-Seme Drive
 De Aar
 7000

ATTORNEYS

Calteaux & Partners
 Van Zyl Attorneys

POSTAL ADDRESS:

P.O.Box 42
 De Aar
 7000

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

ABSA Bank Limited

RELEVANT LEGISLATION

Collective Agreements
 Division of Revenue Act
 Electricity Act (Act no 41 of 1987)
 Employment Equity Act (Act no 55 of 1998)
 Housing Act (Act no 107 of 1997)
 Infrastructure Grants
 Municipal Budget and Reporting Regulations
 Municipal Property Rates Act (Act no 6 of 2004)
 Municipal Systems Amendment Act (Act no 7 of 2011)
 Municipal Regulations on Standard Chart of Accounts
 Municipal Finance Management Act (Act no 56 of 2003)
 Basic Conditions of Employment Act (Act no 75 of 1997)
 Municipal Planning and Performance Management Regulations
 Remuneration of Public Office Bearers Act (Act no 20 of 1998)

Municipal Structures Act (Act no 117 of 1998)
 Municipal Systems Act (Act no 32 of 2000)
 SALBC Leave Regulations
 Skills Development Levies Act (Act no 9 of 1999)
 Supply Chain Management Regulations, 2005
 The Income Tax Act
 Unemployment Insurance Act (Act no 30 of 1966)
 Value Added Tax Act
 Water Services Act (Act no 108 of 1997)

MEMBERS OF THE EMTHANJENI LOCAL MUNICIPALITY

WARD

1
 2
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 Proportional
 Proportional
 Proportional
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 Proportional
 Proportional

COUNCILLOR

FCS Swanepoel
 MN Mackay
 SW Makhandula
 JT Brandt
 GK Engelbrencht
 LE Andrews
 JM Fortuin
 PP Mhauri
 PN Bushula
 R Smith
 B Swanepoel
 RH Adams- Beukes
 MST Booyesen
 MC Kivedo
 GL Nkumbi

EMTHANJENI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R	2022 Restated R
ASSETS			
Non-Current Assets		808 322 513	836 874 494
Property, Plant and Equipment	2	792 668 395	821 102 704
Investment Property	3	8 767 885	8 767 885
Intangible Assets	4	20 582	12 754
Heritage Assets	5	6 833 773	6 959 273
Investments	6	31 878	31 878
Current Assets		115 700 913	154 381 846
Inventory	8	25 516 538	25 480 862
Receivables from Exchange Transactions	9	19 579 364	58 335 813
Receivables from Non-exchange Transactions	10	24 608 223	26 000 126
Taxes	19	27 177 722	20 110 027
Cash and Cash Equivalents	11	18 819 066	24 455 018
Total Assets		924 023 426	991 256 340
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		108 228 251	92 935 622
Long-term Borrowings	12	1 832 723	604 251
Non-current Provisions	13	83 786 528	68 643 371
Non-current Employee Benefits	14	22 609 001	23 688 001
Current Liabilities		243 520 197	199 610 296
Consumer Deposits	15	2 928 192	2 818 757
Current Employee Benefits	16	14 337 794	13 985 340
Trade and Other Payables from Exchange Transactions	17.1	206 772 412	139 570 013
Trade and Other Payables from Non-Exchange Transactions	17.2	11 577 786	11 577 786
Unspent Transfers and Subsidies	18	7 721 421	15 013 816
Cash and Cash Equivalents	11		16 558 310
Current Portion of Long-term Borrowings	12	182 591	86 275
Total Liabilities		351 748 448	292 545 919
Net Assets		572 274 978	698 710 422
Capital Replacement Reserve	20	2 252 793	2 252 793
Accumulated Surplus		570 022 185	696 457 629
Total Net Assets and Liabilities		924 023 426	991 256 340

EMTHANJENI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 Restated R
REVENUE			
Revenue from Non-exchange Transactions		134 255 532	108 031 101
Taxation Revenue		44 921 419	39 620 403
Property Rates	21	44 921 419	39 620 403
Transfer Revenue		80 829 900	64 710 082
Government Grants and Subsidies - Capital	22	19 554 490	10 376 130
Government Grants and Subsidies - Operating	22	60 800 905	53 237 084
Provincial Service-in kind		474 505	
Contributed Property, Plant and Equipment	23	-	1 096 868
Other Revenue		8 504 214	3 700 617
Fines and Penalties	30	691 646	1 447 222
Interest Earned - Non-exchange Transactions	29	7 812 568	2 253 395
Revenue from Exchange Transactions		180 526 297	155 489 213
Service Charges	25	166 854 719	145 929 228
Operational Revenue	26	2 038 156	2 090 230
Rental of Facilities and Equipment	27	1 557 874	2 393 440
Interest Earned - External Investments	28	2 706 597	1 296 990
Interest Earned - Exchange Transactions	29	6 968 818	2 861 061
Licences and Permits	24	400 134	918 264
Total Revenue		314 781 829	263 520 314
EXPENDITURE			
Employee related costs	31	97 570 493	93 670 636
Remuneration of Councillors	32	5 855 587	5 714 447
Contracted Services	33	14 354 255	13 809 560
Depreciation and Amortisation	34	55 408 473	52 668 507
Fines Written off		7 508 954	-
Finance Costs	35	22 617 777	13 963 680
Bulk Purchases	36	87 554 248	80 708 080
Inventory Consumed	8	4 553 701	2 094 194
Operating Leases		111 312	-
Operational Costs	37	22 218 460	17 719 477
Total Expenditure		317 753 261	280 348 581
Operating Surplus/(Deficit) for the Year		(2 971 431)	(16 828 267)
Actuarial gain/(loss)	14	2 936 759	3 227 000
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	8	12 879	(2 056 721)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(126 288 149)	(26 548 513)

Gains/(Loss) on Sale of Fixed Assets	39	(125 500)	(7 057 360)
Fair value adjustment		-	1 075 924
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>(126 435 443)</u>	<u>(48 187 937)</u>

EMTHANJENI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 JULY 2021	2 252 793	744 529 708	746 782 501
Correction of Error prior years (note 43.1)	-	-	-
Restated balance 30 JUNE 2021	2 252 793	744 529 708	746 782 501
Net Surplus/(Deficit) for the year		(48 165 021)	(48 165 021)
Balance at 30 JUNE 2022	2 252 793	696 364 686	698 617 479
Correction of Error *see note 42.1)	-	92 942	92 942
Restated balance 30 JUNE 2022	2 252 793	696 457 629	698 710 422
Net Surplus/(Deficit) for the year	-	(126 435 443)	(126 435 443)
Balance at 30 JUNE 2023	2 252 793	570 022 185	572 274 978

EMTHANJENI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Cash receipts from customers		140 695 985	143 087 037
Grants		73 063 000	59 052 000
Interest received investments		2 706 597	1 296 990
Interest earned - outstanding debtors		14 781 386	5 114 457
Taxes		(7 067 695)	(7 439 950)
Cash payments			
Employee costs		(95 437 586)	(100 047 162)
Suppliers		(87 363 617)	(89 404 819)
Finance costs		(12 550 705)	(4 679 418)
Net Cash from Operating Activities	43	28 827 365	6 979 134
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(19 215 025)	(9 979 895)
Purchase of Intangible Assets		(11 415)	0
Purchase of Investment Properties			(793)
Net Cash from Investing Activities		(19 226 440)	(9 980 688)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing		1 508 370	-
Repayment of borrowings		(186 937)	690 526
Net Cash from Financing Activities		1 321 433	690 526
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10 922 357	(2 311 028)
Cash and Cash Equivalents at the beginning of the year		7 896 708	10 207 736
Cash and Cash Equivalents at the end of the year		18 819 066	7 896 708
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10 922 357	(2 311 028)

EMTHANJENI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2023 R	%	
ASSETS									
Current Assets									
Cash (N1)	15 129 000	(1 731 000)	13 398 000			13 398 000	11 702 295	-12.66%	
Call Investment Deposits (N1)		-				-	23 675 081	0.00%	
Consumer Debtors (N2)	83 851 000	-	83 851 000			83 851 000	19 579 364	-76.65%	
Other Debtors (N3)	6	-	6			6	51 785 945	#####	
Current Portion of long-term receivables (N4)	2	-	2			2	-	-100.00%	
Inventory	56 243 000	-	56 243 000			56 243 000	25 516 538	-54.63%	
Total Current Assets	155 223 008	(1 731 000)	153 492 008	-	-	153 492 008	132 259 223	-13.83%	
Non-Current Assets									
Investments	30 000	-	30 000			30 000	31 878	6.26%	
Investment Property	5 846 000	-	5 846 000			5 846 000	8 767 885	49.98%	
Property, Plant and Equipment	893 449 000	81 225 000	974 674 000			974 674 000	792 668 395	-18.67%	
Intangible Assets	23 000	-	23 000			23 000	20 582	-10.51%	
Other Non-Current Assets (N5)		-				-	6 833 773	100.00%	
Total Non-Current Assets	899 348 000	81 225 000	980 573 000	-	-	980 573 000	808 322 513	-17.57%	
TOTAL ASSETS	1 054 571 008	79 494 000	1 134 065 008	-	-	1 134 065 008	940 581 736	-17.06%	
LIABILITIES									
Current Liabilities									
Bank Overdraft	8 508 000	-	8 508 000			8 508 000	-	0.00%	
Borrowing (N6)	1 600 000	-	1 600 000			1 600 000	182 591	100.00%	
Consumer Deposits	2 825 000	-	2 825 000			2 825 000	2 928 192	3.65%	
Trade and Other Payables (N7)	35 271 000	-	35 271 000			35 271 000	226 071 619	540.96%	
Provisions (N8)	2 210 000	-	2 210 000			2 210 000	14 337 794	548.77%	
Total Current Liabilities	50 414 000	-	50 414 000	-	-	50 414 000	243 520 196	383.04%	
Non-Current Liabilities									
Borrowing (N6)	111 400 000	-	111 400 000			111 400 000	1 832 723	-98.35%	
Provisions (N9)	101 737 000	-	101 737 000			101 737 000	106 395 529	4.58%	
Total Non-Current Liabilities	213 137 000	-	213 137 000	-	-	213 137 000	108 228 251	-49.22%	
TOTAL LIABILITIES	263 551 000	-	263 551 000	-	-	263 551 000	351 748 447	33.47%	
NET ASSETS									
Accumulated Surplus/(Deficit)	791 030 000	79 484 008	870 514 008			870 514 008	570 022 185	-34.52%	Net effect of reasons above
Reserves (N10)		-				-	2 252 793	100.00%	Net effect of reasons above
TOTAL NET ASSETS	791 030 000	79 484 008	870 514 008	-	-	870 514 008	572 274 978	-34.26%	
N1	The actual figure is the balance of cash and cash equivalents as per the Statement of Financial Position								
N2	The actual figure is the balance of Receivables from Exchange Transaction as per the Statement of Financial Position								
N3	The actual figure is the balance of current portion of non-current receivables as per the Statement of Financial Position								
N4	The actual figure is the balance of Receivables from Exchange Transaction as per the Statement of Financial Position								
N5	The actual figure is the balance of Heritage assets as per the Statement of Financial Position								
N6	The actual figure is the balance of current portion of long-term borrowings and long-term borrowings as per the Statement of Financial Position								
N7	The actual figure is the balance of Trade Payables from Exchange Transactions, Non-Exchange Transactions and Unspent Transfer and Subsidies as per the Statement of Financial Position								
N8	The actual figure is the balance of current employee benefits as per the Statement of Financial Position								
N9	The actual figure is the balance of Non-current Provisions and Non-current Employee Benefits as per the Statement of Financial Position								
N10	The actual figure is the balance of Capital Replacement Reserve as per the Statement of Financial Position								

EMTHANJENI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2023 R	%	
REVENUE									
Property Rates	43 263 000	-	43 263 000			43 263 000	44 921 419	3.83%	
Property Rates - Penalties & Collection Charges		-				-	-	0.00%	
Service Charges - Electricity Revenue	122 785 000	2 835 000	125 620 000			125 620 000	91 488 685	-27.17%	
Service Charges - Water Revenue	39 748 000	-	39 748 000			39 748 000	51 383 240	29.27%	
Service Charges - Sanitation Revenue	24 461 000	-	24 461 000			24 461 000	15 976 509	-34.60%	
Service Charges - Refuse Revenue	14 311 000	-	14 311 000			14 311 000	8 006 285	-44.06%	
Rental of Facilities and Equipment	856 000	(231 000)	625 000			625 000	1 557 874	149.26%	
Interest Earned - External Investments	1 118 000	-	1 118 000			1 118 000	2 706 597	142.09%	
Interest Earned - Outstanding Debtors	2 164 000	-	2 164 000			2 164 000	14 781 386	583.06%	
Fines, penalties and forfeits	1 369 000	(387 000)	982 000			982 000	691 646	-29.57%	
Licenses and Permits	2 062 000	4 000	2 066 000			2 066 000	400 134	-80.63%	
Agency Services		-							
Transfers and subsidies	59 591 000	-	59 591 000			59 591 000	60 800 905	2.03%	
Other Revenue	3 869 000	(1 942 000)	1 927 000			1 927 000	2 512 661	30.39%	
Gains	800 000	(150 000)	650 000			650 000	2 811 259	332.50%	
Total Revenue (excluding capital transfers and contributions)	316 398 000	129 000	316 526 000	-	-	316 526 000	298 038 598	-5.84%	
EXPENDITURE									
Employee Related Costs	96 144 000	3 375 000	99 519 000			99 519 000	97 570 493	-1.96%	
Remuneration of Councillors	5 477 000	(79 000)	5 398 000			5 398 000	5 855 587	8.48%	
Debt Impairment	12 517 000	-	12 517 000			12 517 000	133 797 103	968.92%	
Depreciation and Asset Impairment	10 306 000	-	10 306 000			10 306 000	55 408 473	437.63%	
Finance Charges	5 510 000	-	5 510 000			5 510 000	22 617 777	310.49%	
Bulk purchases - electricity	86 301 000	-	86 301 000			86 301 000	87 554 248	1.45%	
Inventory consumed	8 620 000	3 263 000	11 883 000			11 883 000	4 553 701	-61.68%	
Contracted Services	23 257 000	2 289 000	25 546 000			25 546 000	14 394 255	-43.81%	
Transfers and Subsidies		25 855 000	25 855 000			25 855 000	-	-100.00%	
Other Expenditure	68 266 000	(38 842 000)	29 424 000			29 424 000	22 316 894	-24.15%	
Total Expenditure	316 398 000	(4 139 000)	312 258 000	-	-	312 258 000	444 028 532	42.20%	
Surplus/(Deficit)	-	4 268 000	4 268 000	-	-	4 268 000	(145 989 933)	-3520.57%	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) (N10)	41 159 000	(18 159 000)	23 000 000			23 000 000	19 554 490	-14.98%	
Transfers and subsidies - capital (in-kind - all)		-					-	100.00%	
Surplus/(Deficit) for the year	41 159 000	(13 891 000)	27 268 000	-	-	27 268 000	(126 435 443)	-563.68%	

N1 The actual figure is the balance of Interest Earned from Exchange and Non-Exchange Transactions as per the Statement of Financial Performance

N2 The actual figure is the balance of Fines and Penalties as per the Statement of Financial Performance

N3 The actual figure is the balance of Government Grants and Subsidies - Operating as per the Statement of Financial Performance

N4 The actual figure is the balance of Operational Revenue as per the Statement of Financial Performance

N5 The actual figure is the balance of Actuarial gain/(loss), Gains/(Loss) on Sale of Fixed Assets and Fair value adjustment as per the Statement of Financial Performance

N6 The actual figure is the balance of Depreciation and Amortisation and Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets as per the Statement of Financial Performance

N7 The actual figure is the balance of Finance Costs as per the Statement of Financial Performance

N8 The actual figure is the balance of Bulk Purchases as per the Statement of Financial Performance

N9 The actual figure is the balance of Operational cost, Operating lease and Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value as per Statement of Financial Performance

N10 The actual figure is the balance of Government Grants and Subsidies - Capital as per the Statement of Financial Performance

EMTHANJENI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2023	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Cash receipts from customers	202 475 000		202 445 000			202 445 000	130 378 074		
Transfers and Subsidies - Operational (N2)	59 591 000	-	59 591 000			59 591 000	60 800 905	-26.38%	
Transfers and Subsidies - Capital (N2)	41 159 000	(18 159 000)	23 000 000			23 000 000	12 262 095	-54.86%	
Interest (N3)	3 282 000	884 000	4 166 000			4 166 000	17 487 983	319.78%	
Taxes						-	(7 067 695)	0.00%	
Payments									
Suppliers and Employees (N4)	(253 024 000)	(14 133 000)	(267 157 000)			(267 157 000)	(175 936 910)	-34.14%	
Finance charges (N5)	(5 510 000)	-	(5 510 000)			(5 510 000)	(12 550 705)	127.78%	
Net Cash from/(used) Operating Activities	47 973 000	(31 408 000)	16 535 000	-	-	16 535 000	25 373 746	53.45%	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE (N6)	800 000	(150 000)	650 000			650 000		-100.00%	
Decrease/(Increase) in Non-Current Debtors		-				-		0.00%	
Decrease/(Increase) in Other Non-Current Receivables		-				-		0.00%	
Decrease/(Increase) in Non-Current Investments		-				-		0.00%	
Payments									
Capital Assets (N7)	(41 159 000)	17 256 000	(23 903 000)			(23 903 000)	(19 226 440)	-19.56%	
Net Cash from/(used) Investing Activities	(40 359 000)	17 106 000	(23 253 000)	-	-	(23 253 000)	(19 226 440)	-17.32%	
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing		-				-	1 508 370	#DIV/0!	
Increase/(Decrease) in Consumer Deposits	83 000		83 000			83 000	-	-100.00%	
Payments									
Repayment of Borrowing	(1 600 000)	-	(1 600 000)			(1 600 000)	(186 937)	-88.32%	
Net Cash from/(used) Financing Activities	(1 517 000)	-	(1 517 000)	-	-	(1 517 000)	1 321 433		
NET INCREASE/(DECREASE) IN CASH HELD	6 097 000	(14 302 000)	(8 235 000)	-	-	(8 235 000)	7 468 739	-190.70%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:	524 000	4 700 000	5 224 000			5 224 000	7 896 708	51.16%	
Cash and Cash Equivalents at the year end:	6 621 000	(9 602 000)	(3 011 000)	-	-	(3 011 000)	15 365 447	-610.31%	

N1.1
N1.2
N1.3
N2
N3
N4
N5
N6
N7

The actual figure is movement in property rates debtor (adjusted non-cash) and property rates revenue
The actual figure is movement in service receivables (adjusted non-cash), consumer deposits and service charges
The actual figure is movement in other receivables (adjusted non-cash), fines, rental income, licences and permits and operational revenue
The actual figure is movement in unspent transfer and subsidies and government grant & subsidies
The actual figure is Interest earned - outstanding debtors and Interest received investments as per the Cash flow Statement
The actual figure is Employee cost and Suppliers as per the Cash flow Statement
The actual figure is Finance cost as per the Cash flow Statement
The actual figure is Proceeds on Disposal of Fixed Assets as per the Cash flow Statement
The actual figure is Purchase of Property, Plant and Equipment as per the Cash flow Statement

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2023

	Cost/Revaluation					Accumulated Impairment			Accumulated Depreciation				Carrying Value					
	Opening Balance	Correction of Error	Additions	Change in Estimate	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance		Correction of Error	Depreciation	Transfers	Disposals	Closing Balance
Infrastructure																		
Electrical	218 073 255	-	19 500	-	-	-	218 092 755	61 711	-	-	61 711	151 272 188	-	5 677 039	-	-	156 949 227	61 081 816
Roads	830 780 004	-	-	-	-	-	830 780 004	1 813 144	-	-	1 813 144	618 248 057	-	18 499 070	-	-	636 747 127	182 223 122
Sanitation	142 019 102	-	7 831 899	-	3 147 855	-	152 998 856	-	-	-	43 248 228	-	-	2 369 050	-	-	45 617 278	107 381 578
Solid Waste	44 035 496	-	7 755 551	-	-	-	51 791 048	3 038	-	-	19 962 238	-	-	6 023 086	-	-	25 985 223	25 802 086
Storm Water	450 119 095	-	-	-	-	-	450 119 095	4 128 354	-	-	324 978 186	-	-	9 885 416	-	-	334 862 401	115 128 340
Water Supply	310 369 265	-	789 310	-	-	-	311 158 575	-	-	-	131 628 203	-	-	8 463 113	-	-	137 091 316	174 067 260
WIP	16 311 497	-	4 555 161	-	(3 147 855)	-	16 318 803	-	-	-	-	-	-	-	-	-	16 318 803	-
	2 015 707 715	-	20 551 421	-	0	-	2 036 259 136	6 006 247	-	-	6 006 247	1 289 332 500	-	47 816 773	-	-	1 337 249 273	693 003 616
Community Assets																		
Cemeteries/Crematoria	3 073 942	-	-	-	-	-	3 073 942	70 937	-	-	70 937	2 284 889	-	109 819	-	-	2 394 708	608 297
Clinics/Care Centres	3 838 819	-	-	-	-	-	3 838 819	-	-	-	2 520 187	-	-	86 178	-	-	2 606 365	1 232 454
Fire/Ambulance Stations	2 783 311	-	-	-	-	-	2 783 311	-	-	-	1 815 276	-	-	58 872	-	-	1 873 948	909 362
Halls	47 813 200	-	-	-	-	-	47 813 200	-	-	-	28 292 165	-	-	1 054 825	-	-	29 347 010	18 466 190
Libraries	7 538 651	-	-	-	-	-	7 538 651	595 194	-	-	4 101 449	-	-	145 272	-	-	4 246 721	2 697 736
Sport and Recreation Facilities - Outdoor Facilities	70 974 617	-	-	-	-	-	70 974 617	1 239 129	-	-	1 239 129	37 655 842	-	2 821 860	-	-	40 477 702	29 257 786
Taxi Ranks/Bus Terminals	2 480 199	-	-	-	-	-	2 480 199	622 111	-	-	902 248	-	-	63 517	-	-	965 765	852 323
WIP - Community	6 096 246	-	-	-	-	-	6 096 246	-	-	-	-	-	-	-	-	-	6 096 246	-
	138 503 739	-	6 096 246	-	-	-	144 599 985	2 527 371	-	-	2 527 371	77 572 077	-	4 346 142	-	-	81 918 219	65 165 395
Land and Buildings																		
Land	65 873 235	-	-	-	-	-	65 873 235	1 581 492	-	-	1 581 492	30 549 689	-	1 208 268	-	-	31 787 867	32 233 786
Buildings	18 367 872	-	-	-	-	-	18 367 872	-	-	-	1 581 492	-	-	30 549 689	-	-	1 208 268	18 367 872
	47 205 363	-	-	-	-	-	47 205 363	1 581 492	-	-	1 581 492	30 549 689	-	1 208 268	-	-	31 787 867	13 865 914
Other Assets																		
Computer Equipment	2 535 066	-	15 114	-	-	-	2 550 180	15	-	-	15	2 100 016	-	136 131	-	-	2 236 147	314 018
Furniture And Office Equipment	8 948 433	-	136 110	-	-	-	9 084 543	1 836	-	-	1 836	7 473 640	-	387 750	-	-	7 861 391	1 210 317
Machinery And Equipment	6 038 016	-	171 680	-	-	-	6 210 700	1 978	-	-	1 978	5 392 372	-	298 940	-	-	5 691 312	609 911
Transport Assets	10 728 949	-	-	-	-	-	10 728 949	-	-	-	4 024 839	-	-	1 159 422	-	-	5 084 261	5 044 588
	28 249 564	-	322 909	-	-	-	28 872 473	3 429	-	-	3 429	18 498 687	-	3 880 143	-	-	21 381 011	7 167 834
Leases																		
Transport Assets (Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment (Lease)	148 678	-	-	-	-	-	148 678	-	-	-	-	16 395	-	49 559	-	-	65 914	82 764
	148 678	-	-	-	-	-	148 678	-	-	-	-	16 395	-	49 559	-	-	65 914	82 764
Total	2 248 182 730	-	26 870 577	-	0	-	2 275 053 307	10 118 638	-	-	10 118 638	1 416 961 488	-	59 404 886	-	-	1 472 366 374	792 668 395

2.2 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2022

	Cost/Revaluation					Accumulated Impairment					Accumulated Depreciation					Carrying Value	
	Opening Balance	Correction of Error	Additions	Change in Estimate*	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers		Disposals
Infrastructure																	
Electrical	212 109 853	-	2 787 152	-	3 176 250	-	218 073 255	61 711	-	-	61 711	146 020 171	-	5 252 017	-	-	151 272 188
Roads	830 780 004	-	-	-	-	-	830 780 004	1 813 144	-	-	1 813 144	599 745 582	-	18 499 075	-	-	618 244 657
Sanitation	142 019 102	-	-	-	-	-	142 019 102	-	-	-	40 883 399	-	2 354 823	-	-	-	43 248 228
Solid Waste	49 999 426	-	(5 363 929)	-	-	-	44 035 496	3 038	-	-	3 038	17 153 049	-	2 805 189	-	-	19 962 238
Storm Water	455 119 095	-	-	-	-	-	455 119 095	4 128 354	-	-	4 128 354	315 085 271	-	9 891 714	-	-	324 976 985
Water Supply	309 566 456	-	249 240	-	-	553 566	310 369 295	-	-	-	126 179 220	-	5 448 983	-	-	-	131 628 203
WIP	32 251 218	-	6 219 598	-	(3 720 816)	0	16 311 497	-	-	-	-	-	-	-	-	-	16 311 497
	2 011 316 654		8 755 990	(5 363 929)			2 015 707 715	6 006 247			6 006 247	1 245 076 888		44 255 811			1 289 332 600
Community Assets																	
Cemeteries/Crematoria	3 131 301	-	-	-	-	57 359	3 073 942	70 937	-	-	70 937	2 214 842	-	112 455	-	42 408	2 284 889
Clinic/Care Centres	3 858 703	-	-	-	-	19 884	3 878 587	-	-	-	2 452 002	-	86 023	-	-	18 418	1 318 632
Fire/Ambulance Stations	2 793 311	-	-	-	-	19 884	2 783 311	-	-	-	1 756 604	-	58 972	-	-	-	1 815 276
Halls	48 194 867	-	-	-	-	381 667	47 813 200	-	-	-	27 478 761	-	1 053 313	-	249 889	-	19 521 015
Libraries	7 544 273	-	-	-	-	4 622	7 539 651	595 194	-	-	595 194	3 869 150	-	145 305	-	3 137	4 501 440
Sport and Recreation Facilities - Outdoor Facilities	90 196 636	-	1	-	-	19 222 220	70 974 617	1 239 911	-	382	1 239 129	48 724 269	-	3 432 500	-	14 500 927	37 655 842
Taxi Rank/Bus Terminals	2 480 199	-	-	-	-	2 480 199	622 111	-	-	-	622 111	638 731	-	638 731	-	-	902 248
WIP - Community	-	-	1	-	-	19 685 753	138 503 739	2 627 763	-	382	2 627 371	87 424 399	-	4 962 455	-	14 814 778	77 672 077
	168 189 491		1			19 685 753	138 503 739	2 627 763		382	2 627 371	87 424 399		4 962 455		14 814 778	77 672 077
	76 853 474		10 696			11 290 935	65 573 235	1 738 615		187 123	1 561 492	37 832 435		1 481 960		8 764 706	30 549 689
Other Assets																	
Land	18 367 863	-	9	-	-	11 290 935	18 367 872	1 738 615	-	-	187 123	1 561 492	-	1 481 960	-	-	8 764 706
Buildings	16 455 611	-	10 697	-	-	11 290 935	47 205 303	1 738 615	-	187 123	1 561 492	37 832 435	-	1 481 960	-	-	30 549 689
Computer Equipment	2 957 420	3 318	-	-	-	125 678	2 535 065	15	-	15	2 012 841	737	-	212 056	-	125 616	2 500 016
Furniture And Office Equipment	8 933 811	73 469	65 475	-	-	126 321	8 945 433	1 842	-	6	1 836	6 837 183	-	13 496	-	125 909	7 473 640
Machinery And Equipment	6 003 117	39 071	31 977	-	-	35 149	6 039 016	1 978	-	1 578	4 958 754	8 682	-	460 084	-	35 149	6 460 066
Transport Assets	9 931 562	-	1 058 865	-	-	-	10 728 565	-	-	-	4 920 353	-	-	695 465	-	-	6 258 010
	27 226 335	115 858	1 194 319			287 148	28 249 364	3 435		6	3 429	17 838 171		22 915		1 916 456	19 489 867
Leases																	
Transport Assets (Lease)	-	-	148 678	-	-	-	148 678	-	-	-	-	-	-	16 355	-	-	16 355
Office Equipment (Lease)	-	-	148 678	-	-	-	148 678	-	-	-	-	-	-	16 355	-	-	16 355
Total	2 273 884 953	116 858	11 109 685	(5 363 929)	0	31 263 636	2 248 182 730	10 276 049		167 511	10 118 538	1 388 171 694		22 915		23 866 159	1 416 961 488

*Change in estimate of landfill site

	2023	2022
	R	R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	16 318 806	15 311 497
Roads	2 277 046	3 606 596
Electricity	4 462 551	2 195 460
Water Supply	8 064 256	6 361 585
Storm Water	1 514 954	-
Sanitation	-	3 147 855
Community Assets	6 096 246	-
Total Property, Plant and Equipment under construction	22 415 053	15 311 497

	2023	2022
	R	R
2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
Infrastructure Assets	-	-
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
Total	-	-

Document reasons for delay.

	2023	2022
	R	R
2.5 Property, Plant and Equipment where construction or development has been halted:		
Infrastructure Assets	10 780 337	11 265 654
Roads	3 606 596	3 606 596
Storm Water	-	-
Electricity	1 710 143	2 195 460
Water Supply	5 463 598	5 463 598
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
Total	10 780 337	11 265 654

Legal processes and funding constrains are the main reasons applicable to all the halted projects

	2023	2022
	R	R
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Contracted Services	1 243 907	1 304 878
Total Repairs and Maintenance	1 243 907	1 304 878

	2023	2022
	R	R

2.7 Assets pledged as security:

There are no assets whose title is restricted.

	2023	2022
	R	R

2.9 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

Infrastructure	-	-
Community Assets	-	-
Other	-	-
Total Impairment Losses	-	-

2.10 Effect of changes in accounting estimates

2023	2024	2025
R	R	R

Change in estimate	-2 228 890	(1 744 718)	(1 231 444)
--------------------	------------	-------------	-------------

The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.10.

	2023 R	2022 R
2.11 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	89 432 017	9 066 499
Infrastructure	89 432 017	9 066 499
Total	89 432 017	9 066 499
	2023 R	2022 R
This expenditure will be financed from:		
Government Grants	89 432 017	15 264 848
Total	89 432 017	15 264 848

3. INVESTMENT PROPERTY	2023 R	2022 R
Fair value at 1 July	8 767 885	7 694 692
Accumulated Depreciation		-
Accumulated Impairment Loss		-
Transfers	-	-
Additions	-	793
Gains/(Losses) arising from changes in fair value	-	1 072 400
Fair value at 30 June	8 767 885	8 767 885

	2023 R	2022 R
Rental income from Investment Property	425 576	454 619

Rental income is received from the Weather Station and a Solar Farm.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The Municipality's Investment Property is valued annually at 30 June 2022 at fair value with reference to latest valuation roll. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties and the professional judgement of the valuer from time to time when the circumstances requires.

4. INTANGIBLE ASSETS	2023 R	2022 R
Computer System & Software		
4.1 Net Carrying amount at 1 July	12 754	25 508
Cost	2 227 669	2 227 669
Accumulated Amortisation	(2 214 915)	(2 202 161)
Additions	11 415	-
Amortisation	(3 587)	(12 754)
Net Carrying amount at 30 June	20 582	12 754
Cost	2 239 084	2 227 669
Accumulated Amortisation	(2 218 502)	(2 214 915)
Accumulated Impairment Loss	-	-

	2023 R	2022 R
4.2 Material Intangible Assets included in the carrying value:		
	<u>Remaining Amortisation Period 2023</u>	
<u>Description</u>	<u>Carrying Value</u>	<u>Carrying Value</u>
Computer software - Kaspersky	3 680	4 732
Computer software - Home Bussiness 2021	10 627	-

No intangible asset were assed having an indefinite useful life.
No expenditure were incurred with regards to research or development cost.
There are no internally generated intangible assets at reporting date.
There are no intangible assets in process of being constructed or developed.
There are no intangible assets whose title is restricted.
There age no intangible assets pledged as security for liabilities.

	2023 R	2022 R
5. HERITAGE ASSETS		
Net Carrying amount at 1 July	6 959 273	6 959 273
Cost	6 959 273	6 959 273
Additions	-	-
Disposals	(125 500)	-
Transfers	-	-
Other changes	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	6 833 773	6 959 273
Cost	6 833 773	6 959 273
Accumulated Impairment Loss	-	-

There are no restrictions on the on title of Heritage assets and disposal thereof.
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or restorations.
There are no Heritage Assets pledged as security for liabilities.
There are no Heritage Assets that are used by the municipality for more than one purpose.
No expenditure were incurred to repair and maintain heritage assets.
No compensation received from third parties for Heritage assets impaired, lost or given up.
No Heritage assets were retired active use and held for disposal

	2023 R	2022 R
6. INVESTMENTS		
Listed		
	31 878	31 878
Listed Shares	31 878	31 878
Total Investments	31 878	31 878

Shares are held in Oos Vrystaat Kaap Bedryf Bpk. No specific maturity dates and interest rates are applicable to those shares.
The Management of the municipality is of the opinion that the carrying value of investments approximate their fair value.

	2023 R	2022 R
7 OPERATING LEASE ARRANGEMENTS		
7.1 The Municipality as Lessor		
Operating Lease Asset	-	-
	-	-
	-	-
	-	-
Balance at the end of the year	-	-

Reconciliation
Balance at the beginning of the year
Correction of Error - note
Movement during the year
Lease derecognised

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:

	2023 R	2022 R
Up to 1 Year	-	-
1 to 5 Years	-	-
More than 5 Years	-	-
Total Operating Lease Arrangements	-	-

8. INVENTORY

Consumables - Stationary and material	2 438 776	2 403 100
Land	23 061 166	23 061 166
Water	16 596	16 596
Total Inventory	25 516 538	25 480 862

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventories were pledged as security for liabilities.

	2023 R	2022 R
8.1 Inventories recognise as an expense during the year:		
Consumables - Stationary and material	1 172 894	538 048
Materials and Supplies	3 380 808	1 556 146
Total	4 553 701	2 094 194

The cost of water production for the year amounted to R1.27 per kilolitre (2022: R1.27 per kilolitre)

	2023 R	2022 R
8.2 Inventories written down/reversal due to losses as identified during the annual stores counts:		
Consumables - Stationary and material		

	2023 R	2022 R
8.3 Inventories written down due to Net realisable value (NRV)		
Land	-	(2 056 721)
Land was re-measured to lowest of cost and NRV. Properties were identified where fair value was lower and therefore write off was made to fair value.		

	2023 R	2022 R
9. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables		
Electricity	68 261 628	47 755 463
Water	114 723 951	83 493 343
Property Rentals	2 938 179	2 929 787
Waste Management	23 060 335	22 904 771
Waste Water Management	43 661 852	43 435 233
Town Commonage	5 569 436	5 091 585
Total Service Receivables	258 215 380	205 610 181
Less: Provision for Debt Impairment	(226 423 015)	(147 241 760)
Net Service Receivables	31 792 365	58 368 422
Other Receivables	25 311 167	359 757
Total: Receivables from exchange transactions (before provision)	25 311 167	359 757
Less: Provision for Debt Impairment	(37 524 167)	(392 366)
Total: Receivables from exchange transactions (after provision)	(12 213 000)	(32 609)
Total Net Receivables from Exchange Transactions	19 579 365	58 335 813

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The Municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables

The Municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables

The Municipality did not pledge any of its Receivables as security for borrowing purposes.

	2023 R	2022 R
(Electricity): Ageing		
Current (0 - 30 days)	19 270 273	6 905 703
31 - 60 Days	3 041 544	4 175 067
61 - 90 Days	2 115 750	2 908 827
+ 90 Days	43 834 061	33 765 866
Total	68 261 628	47 755 463

	2023 R	2022 R
(Water): Ageing		
Current (0 - 30 days)	10 813 573	5 194 603
31 - 60 Days	2 065 599	1 716 461
61 - 90 Days	1 588 739	1 592 618
+ 90 Days	100 256 039	74 989 661
Total	114 723 951	83 493 343

	2023 R	2022 R
(Property Rentals): Ageing		

Current (0 - 30 days)	355 746	257 451
31 - 60 Days	59 162	58 341
61 - 90 Days	43 702	31 469
+ 90 Days	2 479 569	2 582 525
Total	2 938 179	2 929 787

(Waste Management): Ageing

Current (0 - 30 days)	1 908 048	495 225
31 - 60 Days	521 044	419 348
61 - 90 Days	505 633	390 338
+ 90 Days	20 125 610	21 599 860
Total	23 060 335	22 904 771

	2023 R	2022 R
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	3 760 437	1 086 607
31 - 60 Days	1 010 038	823 187
61 - 90 Days	991 948	770 114
+ 90 Days	37 899 429	40 755 324
Total	43 661 852	43 435 233
<u>Town Commonage: Ageing</u>		
Current (0 - 30 days)	118 811	33 854
31 - 60 Days	39 604	33 616
61 - 90 Days	39 604	33 616
+ 90 Days	5 371 417	4 990 499
Total	5 569 436	5 091 585
<u>(Other): Ageing</u>		
Current (0 - 30 days)	122 097	18 973
31 - 60 Days	22 671	10 363
61 - 90 Days	17 348	10 067
+ 90 Days	38 780 766	320 353
Total	38 942 883	359 757
	38 942 883	
<u>(Total): Ageing</u>		
Current (0 - 30 days)	36 348 986	13 992 416
31 - 60 Days	6 759 663	7 236 384
61 - 90 Days	5 302 723	5 737 050
+ 90 Days	248 746 892	179 004 088
Total	297 158 263	205 969 938
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	147 634 126	126 348 139
Contribution to provision	105 985 067	15 765 101
VAT on provision	10 327 990	5 520 885
Balance at end of year	263 947 182	147 634 126
The total amount of this provision consist of:		
Services	226 423 015	147 241 760
Other Debtors	37 524 167	392 366
Total Provision for Debt Impairment on Receivables from exchange transactions	263 947 182	147 634 126

	2023 R	2022 R
Ageing of amounts past due but not impaired:		
1 month past due	-	249 327
2+ months past due	-	6 408 848
	<u>-</u>	<u>6 658 175</u>

Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment as they are considered to be fully recoverable. The indication of impairment is the non-ability of the debtor to settle their account. Indigent debtors are impaired fully.

Included in the Municipality's Receivables balance are debtors with a carrying amount of Rxx (2022: R11 446 620) which are past due at the reporting date for which the Municipality has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2023 R	2023 R	2023 R
	Gross balance	Provision for impairment	Net balance
Rates	104 088 102	(90 158 528)	13 929 573
Fines	627 950	(502 360)	125 590
Sundry Debtors	10 553 059	-	10 553 059
Total Receivables from non-exchange transactions	<u>115 269 111</u>	<u>(90 660 888)</u>	<u>24 608 222</u>
	2022 R	2022 R	2022 R
	Gross balance	Provision for impairment	Net balance
Rates	85 553 897	(70 357 806)	15 196 091
Fines	116 650 361	(109 141 407)	7 508 954
Payments in advance	291 715	-	291 715
Sundry Deposits	1 906 700	-	1 906 700
Sundry Debtors	1 096 667	-	1 096 667
	<u>205 499 339</u>	<u>(179 499 213)</u>	<u>26 000 126</u>

Sundry Deposits are in respect of cash deposits made to Eskom for supply of electricity and cash deposits made to various fuel stations. Included in the total is an amount of R900 000 (2022: R900 000) in respect of a deposit paid to Eskom. The remaining R69 813 (2022: R69 813) is with regards to deposits held by fuel stations and post office.

The fair value of other receivables approximate their carrying value.

Debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the Municipality's banker, plus one percent per annum on the outstanding balance. The Municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

	2023 R	2022 R
(Rates): Ageing		
Current (0 - 30 days)	6 658 771	1 332 643
31 - 60 Days	1 639 697	739 698
61 - 90 Days	1 569 334	645 202
+ 90 Days	94 220 299	82 836 354
Total	<u>104 088 102</u>	<u>85 553 897</u>

	2023 R	2022 R
(Payments in advance): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	291 715
Total	<u>-</u>	<u>291 715</u>

	2023 R	2022 R
(Sundry deposits): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	1 906 700
Total	<u>-</u>	<u>1 906 700</u>

	2023 R	2022 R
(Sundry Debtors): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	1 096 667

Total

-

1 096 667

	R	R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	179 499 212	168 715 801
Contribution to provision	(88 838 324)	10 783 411
Balance at end of year	<u>90 660 888</u>	<u>179 499 212</u>

	2023 R	2022 R
<u>Ageing of amounts past due but not impaired</u>		
1 month past due	-	144 605
2+ months past due	-	4 597 243
	<u>-</u>	<u>4 741 848</u>

Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment as they are considered to be fully recoverable. The indication of impairment is the non-ability of the debtor to settle their account. Indigent debtors are impaired fully.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the Municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

	2023 R	2022 R
11. BANK ACCOUNTS		
11.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	11 699 315	3 807 106
Current Investments	23 675 081	20 644 932
Cash On-hand	2 980	2 980
Total Cash and Cash Equivalents - Assets	<u>35 377 376</u>	<u>24 455 018</u>
	2023 R	2022 R
11.2 <u>Liabilities</u>		
Current Accounts	(16 558 310)	(16 558 310)
Total Cash and Cash Equivalents - Liabilities	<u>(16 558 310)</u>	<u>(16 558 310)</u>
	2023 R	2022 R

Cash and cash equivalents comprise cash-on-hand, Cash in banks and Investment in Money Markets, net of outstanding bank overdrafts. The carrying amount of these assets approximates their fair value.

Deposits attributable to Unspent Conditional Grants	7 721 421	15 013 816
Bank overdraft facility of R3000 000 exist with ABSA bank		
On investment account 20-6219-8906 there is limited cession of R6 160 000 as at 30 June 2023		

The municipality has the following bank accounts:

Account Number - (Primary Account):

ABSA bank overdraft (primary account) - 185 0000 0081
 ABSA bank - (current account) - 4061 685 162
 ABSA bank - (current account) - 4081 497 012
 Standard bank - (current account) - 2803 50007

2023 R	2022 R
(10 288 609)	(16 558 310)
4 811 582	3 088 112
685 940	681 948
65 121	37 046
(4 725 966)	(12 751 204)

The municipality has investments with the following institutions:

Current Investments

FNB
 ABSA
 Standard Bank
 Nedbank

2023 R	2022 R
333 807	312 502
17 812 164	20 131 620
5 359 630	29 629
177 317	167 182
23 682 918	20 640 933

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.3% - 5.4%

Fixed Deposits are investments with a maturity period of less than 12 months and earn interest at rate of 6.52% per month

Details of the bank accounts are as follows:

ABSA Bank Limited - De Aar Branch - 185 000 0081 (Primary Account):

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
(16 558 310)	(19 893 866)
(16 558 310)	(16 558 310)

Bank statement balance at beginning of year
 Bank statement balance at end of year account

1 490 383	592 310
4 296 608	1 490 383

Standard Bank SA Limited - De Aar Branch - 2803 500007

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
37 046	14 645
65 121	37 046

Bank statement balance at beginning of year account
 Bank statement balance at end of year account

36 807	14 406
64 882	36 807

ABSA Bank Limited - De Aar Branch - 4061 685 162

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
3 088 112	3 070 009
4 811 582	3 088 112

Bank statement balance at beginning of year
 Bank statement balance at end of year

3 583	9 166
10 633	3 583

ABSA Bank Limited - De Aar Branch - 4081 497 012

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
681 948	1 439 878
685 940	681 948

Bank statement balance at beginning of year
 Bank statement balance at end of year

294 547	1 092 646
577	294 547

The details of Investment accounts are as follows:

ABSA Bank Limited - De Aar Branch - Fixed deposit - 2062 198 906

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
10 866 153	10 370 839
11 626 784	10 866 153

Bank statement balance at beginning of year
 Bank statement balance at end of year

10 866 153	10 370 839
11 626 784	10 866 153

Nedbank Ltd - De Aar Branch - Call account - 03/7662022900/000001

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
167 182	163 145
181 479	167 182

Bank statement balance at beginning of year
 Bank statement balance at end of year

167 182	161 145
177 317	167 182

Standard Bank of SA Limited - De Aar Branch - Call account- 388910356-002

Cash book balance at beginning of year
 Cash book balance at end of year

2023 R	2022 R
29 629	29 374
5 359 631	29 629

Bank statement balance at beginning of year
 Bank statement balance at end of year

29 210	29 210
5 359 631	29 629

	2023 R	2022 R
First National Bank - De Aar Branch - Call account - 62755965583		
Cash book balance at beginning of year	312 502	301 068
Cash book balance at end of year	333 807	312 502
Bank statement balance at beginning of year	312 502	301 068
Bank statement balance at end of year	33 807	312 502

	2023 R	2022 R
Absa Bank Limited - De Aar Branch - Call deposit - 9325381089		
Cash book balance at beginning of year	974 059	948 555
Cash book balance at end of year	1 028 866	974 059
Bank statement balance at beginning of year	974 059	948 555
Bank statement balance at end of year	1 028 866	974 059

	2023 R	2022 R
Absa Bank Limited - De Aar Branch - Call deposit - 9357761647		
Cash book balance at beginning of year	8 291 408	13 761 109
Cash book balance at end of year	5 156 514	8 291 408
Bank statement balance at beginning of year	8 291 408	13 761 109
Bank statement balance at end of year	5 156 514	8 291 408

	2023 R	2022 R Restated
12. LONG-TERM BORROWINGS		
Annuity Loans - At amortised cost	1 931 472	560 000
Capitalised Lease Liability - At amortised cost	83 842	130 526
	2 015 314	690 526
Less: Current Portion transferred to Current Liabilities	(182 591)	(86 275)
Annuity Loans - At amortised cost	(135 908)	(39 592)
Capitalised Lease Liability - At amortised cost	(46 683)	(46 683)
Total Long-term Borrowings	1 832 723	604 251

An unsecured loan at amortised cost from ABSA - A principle amount of R13 000 000 at a floating rate of prime less .25% (capitalised monthly) and a maturity date of 2032, was raised on 4 May 2022. The full amount of the loan is not borrowed, but taken up with withdrawals as and when the need for the capital spending exist.

	2023 R	2022 R
13.1 The obligations under annuity loans are scheduled below:		Minimum annuity payments
Amounts payable under annuity loans:		
Payable within one year	347 448	78 893
Payable within two to five years	1 389 790	315 574
Payable after five years	1 320 753	394 467
	3 057 991	788 935
Less: Future finance obligations	(1 126 519)	(228 935)
Present value of annuity loans obligations	1 931 471	560 000

	2023 R	2022 R
12.1 The obligations under finance leases are scheduled below:		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	57 360	57 360
Payable within two to five years	33 460	90 820
Payable after five years		
	90 820	148 180
Less: Future finance obligations	(6 978)	(17 654)
Present value of finance lease obligations	83 842	130 526

	2023 R	2022 R
13. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites		
Total Non-current Provisions	83 786 527	68 643 371

	2023 R	2022 R
13.1 Landfill Sites		
Balance 1 July	68 643 370	67 337 731
Increase due to re-measurement	7 755 551	(5 363 929)
Increase/(Decrease) due to discounting	7 387 605	6 669 569
Total provision 30 June	83 786 527	68 643 370

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Britstown	Hanover	De Aar
Preliminary and General (Rand)	1 612 255	925 410	13 941 417
Site Clearance and Preparation (R2.95/m ²)	19 810	9 629	222 350
Storm Water Control Measures (Rand)	1 083 192	851 077	3 605 797
Capping (Rand)	7 303 350	3 601 622	80 626 207
Leachate Management (Rand)	410 023	342 544	1 325 817
Fencing (Rand)	1 105 195	889 960	13 163

Discount Rate used	2023 %	2022 %
Britstown	12.000%	11.319%
Hanover	12.000%	11.319%
De Aar	10.510%	10.686%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

In terms of the licencing of the landfill-sites, the municipality will incur licencing and rehabilitation costs of R83 786 527 (2022: R68 643 370) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from June 2022 to June 2023.

Other assumptions:

	Britstown	Hanover	De Aar
Licence type	Class B/G:C:B-	Class B/G:C:B-	G:S:B-
Area (m ²)	15 008	7 295	168 447
Unit cost (R/m ²)	1 034	1 317.91	717.14
Environmental Authorisation (Closure Licence) (Rand)	441 773	441 773	441 773
Technical ROD (Rand)	223 900	223 900	223 900
site establishment) (Rand)	251 529	251 998	
Landscape Architects (Rand)	149 575	150 370	163 350
Water use licence (Rand)	38 000	38 000	38 000
Topographical Survey (Rand)	9 083	8 337	23 369
Contingencies (Rand)	1 153 382	662 024	9 973 475
Engineering: Professional Fees (Rand)	1 333 122	883 392	8 023 635
Site Supervision (Engineer's Representative) (Rand)	272 404	221 708	1 831 700
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	105 578	112 410	345 950

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows per expert report:

Location	Estimated	2023 R	2022 R
Britstown	2038/2039	15 512 170	13 210 748
Hanover	2038/2039	9 614 153	8 633 492
De Aar	2032/2033	120 799 902	105 720 478
		145 926 225	127 564 719

14. NON-CURRENT EMPLOYEE BENEFITS

	2023 R	2022 R
Post Retirement Benefits	17 919 000	18 817 001
Long Service Awards	4 690 000	4 871 000
Total Non-current Employee Benefits	22 609 000	23 688 001

Post Retirement Health Care Benefits

	2023 R	2022 R
Balance 1 July	20 041 000	22 000 000
Contribution for the year	493 000	616 000
Increase due to discounting	2 166 000	2 042 000
Expenditure for the year	(1 206 381)	(1 451 000)
Actuarial Loss/(Gain)	(2 348 619)	(3 166 000)
Total provision 30 June	19 145 000	20 041 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(1 226 000)	(1 224 000)
Balance 30 June	17 919 000	18 817 000

Long Service Awards

	2023 R	2022 R
Balance 1 July	5 402 000	5 087 000
Contribution for the year	533 000	519 000
Increase due to discounting	542 000	432 000
Expenditure for the year	(254 860)	(575 000)
Actuarial Loss/(Gain)	(588 140)	(61 000)
Total provision 30 June	5 634 000	5 402 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(944 000)	(531 000)
Balance 30 June	4 690 000	4 871 000

TOTAL NON-CURRENT EMPLOYEE BENEFITS

	2023 R	2022 R
Balance 1 July	25 443 000	27 087 000
Contribution for the year	1 026 000	1 135 000
Increase due to discounting	2 708 000	2 474 000
Expenditure for the year	(1 461 241)	(2 026 000)
Actuarial Loss/(Gain)	(2 936 759)	(3 227 000)
Total employee benefits 30 June	24 779 000	25 443 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(2 170 000)	(1 755 000)
Balance 30 June	22 609 000	23 688 000

14.1 Provision for Post Retirement Health Care Benefits

2023 R 2022 R

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	62	47
In-service (employee) non-members	264	261
Continuation members (e.g. Retirees, widows, orphans)	29	28
Total Members	355	336

2023 R 2022 R

The liability in respect of past service has been estimated to be as follows:

In-service members	4 895 000	5 881 000
In-service non-members	1 477 000	-
Continuation members (e.g. Retirees, widows, orphans)	12 773 000	14 160 000
Total Liability	19 145 000	20 041 000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021 R	2020 R	2019 R
In-service members	6 347 000	5 316 000	6 200 480
In-service non-members	0	-	-
Continuation members	15 653 000	13 146 000	14 704 269
Total Liability	22 000 000	18 462 000	20 904 749

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Key Health
LA Health
Samwumed

The Current-service Cost for the ensuing year is estimated to be Rxx whereas the Interest Cost for the next year is estimated to be Rxx

Key actuarial assumptions used:

2023 % 2022 %

i) Rate of interest

Discount rate	12.20%	11.14%
Health Care Cost Inflation Rate	7.82%	7.78%
Net Effective Discount Rate	4.06%	3.12%

ii) Mortality during employment

SA85-90 table, adjusted for female lives.

iii) Mortality rates post employment

The PA 90 ultimate table, rated down by 1 year of age, with a mortality improvement p.a from 2010.

iv) Normal retirement age

The normal retirement age for employees is 65 years

v) Average retirement age

It has been assumed that in-service members will retire at age 62 for males and females, which then implicitly allows for expected rates of early and ill-health retirement.

vi) Continuation of membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

vii) Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement

It has been assumed that 5% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

viii) Proportion with a spouse dependant at retirement

It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.

ix) Withdrawal from Service

Valuation: 30 June 2022

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%

>55

0%

0%

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	19 145 000	20 041 000
Fair value of plan assets	-	-
	<u>19 145 000</u>	<u>20 041 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>19 145 000</u>	<u>20 041 000</u>
	2023 R	2022 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	20 041 000	22 000 000
Total expenses	1 452 619	1 207 000
Current service cost	493 000	616 000
Interest Cost	2 166 000	2 042 000
Benefits Paid	(1 206 381)	(1 451 000)
Actuarial (gains)/losses	(2 348 619)	(3 166 000)
Present value of fund obligation at the end of the year	<u>19 145 000</u>	<u>20 041 000</u>
Less: Transfer of Current Portion - Note 16	<u>(1 226 000)</u>	<u>(1 224 000)</u>
Balance 30 June	<u>17 919 000</u>	<u>18 817 000</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	6.372	13	19.145

The effect of movements in the assumptions are as follows:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	7.592	14	21.508	12%
Health care inflation	7.592	14	17.171	-10%
Discount rate	7.592	14	17.257	-10%
Discount rate	7.592	14	21.429	12%
Post-retirement mortality	7.592	14	18.572	-3%
Post-retirement mortality	7.592	14	19.718	3%
Average retirement age	7.592	14	19.768	3%
Continuation of membership at retirement	7.592	14	18.330	-4%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	493 000	2 166 000	2 659 000

The effect of movements in the assumptions are as follows:

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	597 000	2 449 000	3 046 000	15%
Health care inflation	409 000	1 931 000	2 340 000	-12%
Discount rate	416 000	2 113 000	2 529 000	-5%
Discount rate	590 000	2 223 000	2 813 000	6%
Post-retirement mortality	479 000	2 094 000	2 573 000	-3%
Post-retirement mortality	505 000	2 238 000	2 743 000	3%
Average retirement age	448 000	2 228 000	2 676 000	1%
Continuation of membership at retirement	431 000	2 084 000	2 515 000	-5%

	2023 Rm	2022 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.301	-2.535
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2 021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	1	-0.564	(0.979)
Assets: Gain / (loss)	0	-	-

14.2 Provision for Long Service Bonuses		2023	2022
		R	R
The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.		326	308

The Current-service Cost for the ensuing year is estimated to be Rxx whereas the Interest Cost for the next year is estimated to be Rxx.

Key actuarial assumptions used:		2023	2022
		%	%
i) Rate of interest			
Discount rate		11.08%	10.54%
General Salary Inflation (long-term)		6.47%	7.04%
Net Effective Discount Rate applied to salary-related Long Service Bonuses		4.33%	3.27%

ii) Mortality during employment
SA85-90 ultimate table, adjusted down for female lives.

iii) Average retirement age
It has been assumed that male and female employees will retire at age 62

iv) Normal retirement age
The normal retirement age for employees is 65 years

v) Withdrawal rates

Valuation: 30 June 2022			
Age	Females	Males	
20	9%	9%	
25	8%	8%	
30	6%	6%	
35	5%	5%	
40	5%	5%	
45	4%	4%	
50	3%	3%	
55>	0%	0%	

	2023	2022
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	5 634 000	5 402 000
Fair value of plan assets	-	-
	<hr/>	<hr/>
	5 634 000	5 402 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
	<hr/>	<hr/>
Net liability/(asset)	5 634 000	5 402 000

	2023	2022
	R	R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5 402 000	5 087 000
Total expenses	820 140	376 000
Current service cost	533 000	519 000
Interest Cost	542 000	432 000
Benefits Paid	(254 860)	(575 000)
Actuarial (gains)/losses	(588 140)	(61 000)
Present value of fund obligation at the end of the year	<hr/> 5 634 000	<hr/> 5 402 000
Less: Transfer of Current Portion - Note 16	(944 000)	(531 000)
Balance 30 June	<hr/> 4 690 000	<hr/> 4 871 000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2 021	2020	2019
	R	R	R
Present value of fund obligations	4 512 000	4 871 000	4 702 406

Total Liability

Sensitivity Analysis on the Accrued Liability on 30 June 2023

	Change	Liability	% change
Assumption			
Central assumptions		5 634 000	
General earnings inflation	0	5 916 000	5%
General earnings inflation	0	5 374 000	-5%
Discount rate	0	5 369 000	-5%
Discount rate	0	5 926 000	5%
Average retirement age	2 yrs	6 207 000	10%
Average retirement age	(2 yrs)	5 043 000	-10%

Withdrawal rates
Withdrawal rates

x2
x0.5

4 765 000
6 194 000

-15%
10%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumptions	533 000	542 000	1 075 000	
General earnings inflation	569 000	573 000	1 142 000	
General earnings inflation	500 000	514 000	1 014 000	
Discount rate	504 000	562 000	1 066 000	
Discount rate	565 000	520 000	1 085 000	
Average retirement age	582 000	600 000	1 182 000	
Average retirement age	481 000	471 000	952 000	
Withdrawal Rate	413 000	446 000	859 000	
Withdrawal Rate	615 000	605 000	1 220 000	

	2023 Rm	2022 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss		6 000
Assets: Gain / (loss)		-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2 021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss		-21 000	55 476
Assets: Gain / (loss)		0	-

14.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 133% (30 June 2020 - 132.2%).

CAPE JOINT PENSION FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2020 - 100%).

SALA PENSION FUND

The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

SAMWU PENSIONFUND

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2445,9 (30 June 2005: R1 511,5) million, with funding levels of 100.0% (30 June 2009: 100.0%). The contribution rate paid by the members (7.50%) and Council (18.00%) is sufficient to fund the benefits accruing from the fund in the future.

MUNICIPAL COUNCILLORS PENSIONFUND

Council contribute to the Municipal Retirement Workers Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. The contribution rate paid by the members (9,0%) and Council (18,0%).

15. CONSUMER DEPOSITS

	2023 R	2022 R
Electricity	50 803	18 037
Water	2 877 388	2 800 720
Total Consumer Deposits	2 928 192	2 818 757

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 54

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding account.

	2023 R	2022 R
16. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	480 405	801 489
Staff Bonuses	2 960 669	2 794 159
Staff Leave	8 726 721	8 634 692
Current Portion of Non-Current Provisions	2 170 000	1 755 000
Current Portion of Post Retirement Benefits - Note 14	1 226 000	1 224 000
Current Portion of Long-Service Provisions - Note 14	944 000	531 000
Total current employee benefits	14 337 794	13 985 340

The movement in current employee benefits are reconciled as follows:

	2023	2022
16.1 Performance Bonuses		
Balance at beginning of year	801 489	608 715
Contribution to current portion	373 864	693 270
Expenditure incurred	(694 948)	(500 495)
Balance at end of year	480 405	801 489

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

	2023 R	2022 R
16.2 Staff Bonuses		
Balance at beginning of year	2 794 160	2 849 436
Contribution to current portion	166 509	(55 277)
Balance at end of year	2 960 669	2 794 160

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

	2023 R	2022 R
16.3 Staff Leave		
Balance at beginning of year	8 634 692	8 611 733
Contribution to current portion	92 029	22 959
Balance at end of year	8 726 721	8 634 692

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	2023 R	2022 R
17.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Salary control	206 492	89 223
Payments received in advance	6 585 038	7 293 606
Retentions	481 188	481 188
Sundry creditors	184 801	7 876 407
Sundry deposits	22 447 198	184 801
Trade Payables	176 867 695	123 644 788
Total Trade Payables	206 772 412	139 570 013

Payables are being recognised net of any discounts.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality

Sundry deposits is relating to hire of community halls.

The carrying value of trade and other payables approximates its fair value.

	2023 R	2022 R
17.2 TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments received in advance	1 538 618	1 538 618
Other creditors	10 039 167	10 039 167
Total trade payables	11 577 785	11 577 786

Payables are being recognised net of any discounts.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts

The Municipality did default on payment of its Creditors. However, no terms for payment have been renegotiated by the Municipality.

The management of the Municipality is of the opinion that the carrying value of Creditors approximates their fair

Significant portion of other creditors relates to unknown deposits received in relation to the issue of traffic fines.

	2023 R	2022 R
18. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	7 721 422	15 013 816
National Government Grants	6 461 606	13 754 001
Provincial Government Grants	1 259 816	1 259 816
Less: Unpaid Transfers and Subsidies	-	-
Provincial Government Grants	-	27 716
Total Unspent Transfers and Subsidies	7 721 422	15 013 816

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. The Unspent Grants are cash backed by term deposits. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Amount available in short term investment deposits	23 675 081	20 644 932
Available Cash for Unspent Conditional Grants and Receipts	23 675 081	20 644 932

See Note 22 for the reconciliation of Grants from Government. Refer to Appendix "E" for more detail on Conditional Grants
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2023 R	2022 R
19. TAXES		
Net VAT (Payable)/Receivable	27 177 722	20 110 027

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.
The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2023 R	2022 R
20. NET ASSET RESERVES		
RESERVES		
Capital Replacement Reserve	2 252 793	2 252 793
Total Net Asset Reserve and Liabilities	2 252 793	2 252 793

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

	2023 R	2022 R
21. PROPERTY RATES		
<u>Valuations - 1 JULY 2022</u>		
Rateable Land and Buildings		
Business and Commercial Property	686 520 000	308 962 000
Communal Land		
Farm Properties	2 740 876 000	2 544 961 000
Formal and Informal Settlements		
Industrial Property	16 954 000	18 343 000
Mining Properties		
Municipal Properties	1 765 000	319 876 000
National Monument Properties		
Privately Owned Towns Serviced by the Owner		
Protected Areas		
Public Benefit Organisations		11 575 000
Public Service Infrastructure Properties	25 986 000	42 231 000
Residential Properties	1 597 578 000	1 240 676 000
Restitution and Redistribution Properties (Section 8(2)n)		
Small Holdings		41 127 400
Special Rating Area		
State-owned Properties	357 921 000	328 321 000
State Trust Land		
Agricultural Property		
Multiple Purposes	638 213 000	16 638 000
Other Categories	84 186 000	84 937 000
Total Property Rates	6 149 999 000	4 957 647 400

Actual

	2023 R	2022 R
Rateable Land and Buildings	52 679 849	43 302 524
Business and Commercial Property	7 888 837	9 402 712
Communal Land	-	-
Farm Properties	133 283	8 510 544
Formal and Informal Settlements	-	-
Industrial Property	-	252 801
Mining Properties	-	-
Municipal Properties	-	-
National Monument Properties	-	-
Privately Owned Towns Serviced by the Owner	-	-
Protected Areas	-	-
Public Benefit Organisations	-	-
Public Service Infrastructure Properties	-	-
Residential Properties	44 657 729	18 267 731
Restitution and Redistribution Properties (Section 8(2)n)	-	-

Small Holdings	-	
Special Rating Area	-	
State-owned Properties	-	6 425 267
State Trust Land	-	
Agricultural Property	-	
Multiple Purposes	-	
Other Categories - including open space	-	443 469
Less:		
Revenue Forgone	(7 758 430)	(3 682 122)
Total Assessment Rates	44 921 419	39 620 402

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.01250	0.0134
Vacant land	0.02800	0.0262
Business and commercial	0.02500	0.0195
Agricultural	0.00325	0.0034
PSI	0.01873	0.0195
State-owned	0.02625	0.0206
Municipal Properties	0.01873	0.0000
Church	0.01250	0.0134
Industrial	0.02750	0.0245
Public benefit organisations	0.00325	0.0034

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential	The first R35 000 on the valuation is exempted.
Farm Properties	10% rebate (on application)

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of

	2023 R	2022 R
22. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	60 036 305	53 237 657
National Equitable Share	55 218 000	49 935 573
National: Financial Management Grant	1 850 000	1 700 000
National: Municipal Infrastructure Grant	-	429 800
National: COVID relief grant	-	-
National: Expanded Public Works Programme Integrated Grant	1 768 305	-
Capacity Building Grant	-	-
Housing	200 000	400 000
Provincial: Sport, Arts and Culture (Library Grant)	1 000 000	772 284
Government Grants and Subsidies - Capital	20 319 090	10 376 130
National: Integrated National Electrification Programme Grant	-	1 561 584
National: Municipal Infrastructure Grant	16 361 019	3 808 826
National: Energy Efficiency and Demand Management Grant	2 000 000	2 971 181
National: Expanded Public Works Programme Integrated Grant	-	1 001 854
National: Water services infrastructure grant	1 958 071	1 032 685
Total Government Grants and Subsidies	80 355 395	63 613 787

Included in above are the following grants and subsidies received:

Unconditional

	2023 R	2022 R
Unconditional	55 418 000	50 335 573
Equitable Share	55 218 000	49 935 573
Provincial Housing Accreditation	200 000	400 000

Conditional

	2023 R	2022 R
Conditional	24 937 395	21 825 000
National: Financial Management Grant	1 850 000	1 700 000
National: Municipal Infrastructure Grant	16 361 019	8 596 000
National: Integrated National Electrification Programme Grant	-	1 600 000
National: Water services infrastructure grant	1 958 071	4 000 000
National: Expanded Public Works Programme Integrated Grant	1 768 305	1 389 000
National: Energy Efficiency and Demand Management Grant	2 000 000	3 000 000
Capacity Building Grant	-	-
Provincial: Sport, Arts and Culture (Library Grant)	1 000 000	1 540 000
Total Government Grants and Subsidies	80 355 395	72 160 573

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2023 R	2022 R
Equitable share	55 218 000	49 935 573
Community and Social Services	1 200 000	1 172 284
Corporate Services	1 768 305	-
Finance	1 850 000	7 973 165
Infrastructure	20 319 090	4 532 764
Total Government Grants and Subsidies	80 355 395	63 613 786

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	2023 R	2022 R
22.1 National Grants		
Opening balance	13 753 426	19 082 929
Grants received	71 863 000	70 220 573
Interest received	-	-
Repaid to National Revenue Fund	-	-
Transfers	-	(13 108 573)
Conditions met - Own Income	(2 526 404)	(1 278 233)
Conditions met - Operating	(59 600 905)	(52 065 373)
Conditions met - Capital	(17 028 087)	(9 097 897)
Conditions still to be met	6 461 032	13 753 426

	2023 R	2022 R
22.2 Provincial Grants		
Opening balance	1 259 816	492 100
Correction of Error	-	-
Grants received	1 200 000	1 940 000
Interest received	-	-
Transfer	-	-
Income transferred to revenue	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Own Income	-	(10 678)
Conditions met - Operating	(1 200 000)	(1 161 607)
Conditions still to be met	1 259 816	1 259 816

22.3 National: Equitable Share	2023 R	2022 R
Grants received	55 218 000	49 935 573
Interest received	-	-
Transfer from Municipal Infrastructure Grant and EPWP	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(55 218 000)	(49 935 573)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned.

	2023 R	2022 R
22.4 National: Financial Management Grant		
Grants received	1 850 000	1 700 000
Conditions met - Operating	(1 850 000)	(1 700 000)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns)

	2023 R	2022 R
22.5 Provincial: Sports, Arts and Culture (Library Grant)		
Opening balance	27 716	(740 000)
Correction of Error	-	-
Grants received	1 000 000	1 540 000
Conditions met - Own Income	-	(10 678)
Conditions met - Operating	(1 000 000)	(761 607)
Conditions still to be met	<u>27 716</u>	<u>27 716</u>

This grant was allocated for the upgrading of library operational expenditure

	2023 R	2022 R
22.6 Provincial: Housing Accreditation		
Grants received	200 000	400 000
Conditions met - Operating	(200 000)	(400 000)
Conditions still to be met	<u>-</u>	<u>-</u>

The grant was utilised for COVID expenditure

	2023 R	2022 R
22.7 National: Expanded Public Works Programme		
Opening balance	1 038 873	1 560 726
Correction of Error	-	-
Grants received	1 073 000	1 389 000
Interest received	-	-
Transfers to equitable share	(343 567)	(909 000)
Income transferred to revenue	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Own Income	-	(55 501)
Conditions met - Operating	(1 582 905)	-
Conditions met - Capital	(185 400)	(946 352)
Conditions still to be met	<u>-</u>	<u>1 038 873</u>

This grant was used for the upgrading of Roads facilities.

	2023 R	2022 R
22.8 National: Integrated National Electrification Grant		
Opening balance	38 754	522 338
Correction of Error	-	-
Grants received	-	1 600 000
Interest received	-	-
Transfers to equitable share	(38 754)	(522 000)
Repaid to National Revenue Fund	-	-
Conditions met - Own Income	-	(203 685)
Conditions met - Operating	-	-
Conditions met - Capital	-	(1 357 899)
Conditions still to be met	<u>0</u>	<u>38 754</u>

This grant was allocated for the construction and upgrading of electricity networks within the municipal boundaries.

	2023 R	2022 R
22.9 National: Municipal Infrastructure Grant		
Opening balance	9 680 121	16 757 320
Correction of Error	-	-
Grants received	19 000 000	8 596 000
Interest received	-	-
Transfers to equitable share	(5 900 000)	(11 434 573)
Repaid to National Revenue Fund	-	-
Conditions met - Own Income	(2 010 133)	(496 803)
Conditions met - Operating	(950 000)	(429 800)
Conditions met - Capital	(13 400 886)	(3 312 023)
Conditions still to be met	<u>6 419 101</u>	<u>9 680 121</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of previously disadvantaged areas

	2023 R	2022 R
22.10 Provincial: Department of Education		
Opening balance	<u>1 232 100</u>	<u>1 232 100</u>

Conditions still to be met

1 232 100

1 232 100

For the construction of athletics fields

	2023	2022
	R	R
22.11 National: Water Services Infrastructure Grant		
Opening balance	2 967 315	-
Correction of Error		
Grants received	2 000 000	4 000 000
Interest received		-
Repaid to National Revenue Fund	(2 967 315)	
Conditions met - own income	(255 401)	(134 698)
Conditions met - Operating		
Conditions met - Capital	(1 702 671)	(897 987)
Conditions still to be met	<u>41 929</u>	<u>2 967 315</u>

The Water Services Infrastructure Grant was used for the development of boreholes

	2023 R	2022 R
22.12 National: Energy Efficiency and Demand Management Grant		
Opening balance	28 364	242 545
Correction of Error		
Grants received	2 000 000	3 000 000
Interest received		
Transfers to equitable share	(28 364)	(243 000)
Conditions met - own income	(260 870)	(387 545)
Conditions met - Operating	-	
Conditions met - Capital	(1 739 130)	(2 583 635)
Conditions still to be met	<u>0</u>	<u>28 364</u>
<i>The grant was for utilised for streetlights.</i>		
	2023 R	2022 R
22.15 Total Grants		
Opening balance	15 013 816	19 575 029
Grants received	82 341 000	72 160 573
Interest received	-	-
Transfers to equitable share	(6 310 685)	(13 108 573)
Repaid to National Revenue Fund	(2 967 315)	-
Conditions met - own income	(2 526 404)	(1 288 911)
Conditions met - Operating	(60 800 905)	(53 226 980)
Conditions met - Capital	(17 028 087)	(9 097 323)
Conditions still to be met/(Grant expenditure to be recovered)	<u>7 721 421</u>	<u>15 013 816</u>
	2023 R	2022 R
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	7 721 422	15 013 240
Unpaid Conditional Government Grants and Receipts		
Total	<u>7 721 422</u>	<u>15 013 240</u>
	2023 R	2022 R
23. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Contributed PPE	-	1 096 868
Total Contributed Property, Plant and Equipment	<u>-</u>	<u>1 096 868</u>
<i>Description of contributed PPE</i>		
	2023 R	2022 R
24. LICENCES AND PERMITS		
Road and Transport	400 134	918 264
Total Licences and Permits	<u>400 134</u>	<u>918 264</u>
	2023 R	2022 R
25. SERVICE CHARGES		
Electricity	91 488 685	88 756 062
Service Charges	91 781 386	91 305 050
Less: Revenue Forgone	(292 701)	(2 548 988)
Water	51 383 240	34 491 726
Service Charges	55 837 553	38 610 259
Less: Revenue Forgone	(4 454 313)	(4 118 533)
Waste Management	8 006 285	7 572 333
Service Charges	13 114 902	12 392 336
Less: Revenue Forgone	(5 108 618)	(4 820 003)
Waste Water Management	15 976 509	15 109 107
Service Charges	23 761 023	22 332 045
Less: Revenue Forgone	(7 784 514)	(7 222 939)
Total Service Charges	<u>166 854 719</u>	<u>145 929 228</u>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
	2023 R	2022 R
26. OPERATIONAL REVENUE		
Building Plan Approval	85 038	90 945
Cemetery and Burial	422 646	566 026
Drainage Fees	-	12 806
Removal of Restrictions	-	270 448
Sale of Goods	1 009 172	44 257
Sundry income	516 314	1 099 276
Valuation Services	4 986	6 473

Total Operational Revenue

2 038 156

2 090 230

	2023 R	2022 R
27. RENTAL OF FACILITIES AND EQUIPMENT		
Investment Property	1 310 878	454 619
Property, Plant and Equipment	246 996	1 938 821
Total Rental from Fixed Assets	1 557 874	2 393 440
	2023 R	2022 R
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	173 162	25 121
Investments	2 533 435	1 271 868
Total Interest Earned - External Investments	2 706 597	1 296 990
	2023 R	2022 R
29. INTEREST EARNED - OUTSTANDING DEBTORS		
Exchange transactions	6 968 818	2 861 061
Non-Exchange transactions	7 812 568	2 253 395
Total Interest Earned - Outstanding Receivables	14 781 386	5 114 457
	2023 R	2022 R
30. FINES		
Traffic fines	677 624	1 244 484
Penalties for Consumers	14 022	202 738
TOTAL FINES	691 646	1 447 222
	2023 R	2022 R
31. EMPLOYEE RELATED COSTS		
Acting Allowance	25 106	87 799
Basic Salaries and Wages	68 273 767	66 773 063
Bargaining council	39 463	39 026
Bonuses	5 083 315	5 199 756
Cell Phone Allowance	359 517	335 701
Group Insurance	38 794	45 868
Housing Allowances	199 500	241 807
Medical Aid Contributions	2 142 892	3 064 354
Motor Vehicle Allowance	2 026 133	1 945 168
Other Allowances	535 503	
Overtime	3 508 746	2 210 734
Payments in lieu of leave	1 243 448	1 297 840
Pension and UIF Contributions	12 303 301	11 966 547
Performance bonus	-	192 774
Standby Allowances	765 008	1 161 198
Post retirement obligations	1 026 000	(891 000)
Current Service Cost - Long Service Awards - Note 14.2	533 000	(56 000)
Current Service Cost - Medical - Note 14.1	493 000	(835 000)
Total Employee Related Costs	97 570 493	93 670 636
KEY MANAGEMENT PERSONNEL		
The Municipal Manager are appointed on a fixed five year contract. The Directors accountable to the municipal manager are permanently		
	2023 R	2022 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - I Visser (July to December 2022)</i>		
Basic Salary	412 826	823 593
Bonus	57 366	68 633
Cell Phone Allowance	30 000	60 000
Pension and UIF contributions	80 283	150 372
Motor Vehicle Allowance	87 960	172 705
Other benefits and allowances	138 036	178 469
Payments in lieu of leave	158 130	-
Performance Bonus	180 050	130 839
Total	1 144 651	1 584 611
Municipal Manager- DH Molaole (June 2023)		
Basic Salary	48 801	-
Motor Vehicle Allowance	41 000	-
Pension and UIF contributions	177	-
Cell Phone Allowance	5 000	-
Other benefits and allowances	8 991	-
Total	103 969	-
	2023	2022

	R	R
Remuneration of the Chief Financial Officer - MF Manuel		
Basic Salary	224 025	896 100
Bonus	43 560	74 675
Pension and UIF contributions	564	2 125
Motor Vehicle Allowance	51 174	204 696
Other benefits and allowances	254	1 144
Payments in lieu of leave	157 714	
Performance Bonus	165 024	160 899
Total	642 314	1 339 639

MF Manuel was appointed as Chief Financial Officer till August 2022.

	R	R
Remuneration of Director: Corporate Services - TW Msengana		
Basic Salary	439 083	585 000
Bonus	36 625	48 750
Cell Phone Allowance	33 000	36 000
Motor Vehicle Allowance	116 500	150 000
Other benefits and allowances	121 389	97 545
Acting Allowance	2 838	
Payments in lieu of leave	124 232	
Pension and UIF contributions	129 427	164 703
Performance Bonus	135 124	97 380
Total	1 138 218	1 179 377

	2023 R	2022 R
Remuneration of Director: Community and Development Services - M Joka		
Basic Salary	512 502	508 056
Bonus	42 973	42 338
Cell Phone Allowance	40 000	36 000
Pension and UIF contributions	141 021	136 531
Housing Allowances	8 874	
Motor Vehicle Allowance	153 940	144 000
Other benefits and allowances	124 127	100 013
Payments in lieu of leave	-	60 967
Performance Bonus	120 260	87 024
Total	1 143 697	1 114 929

	2023 R	2022 R
Remuneration of Director: Infrastructure - L Thiso		
Basic Salary	524 000	516 000
Bonus	45 000	43 000
Cell Phone Allowance	36 000	36 000
Pension and UIF contributions	124 226	117 142
Motor Vehicle Allowance	129 443	117 600
Other benefits and allowances	196 388	98 816
Performance Bonus	94 490	24 353
Total	1 149 547	952 910

The director was appointed from 1 April 2021.

TOTAL KEY MANAGEMENT	2023 R	2022 R
Acting Allowance	2 838	-
Basic Salary	2 161 236	3 328 749
Bonus	225 524	277 396
Cell Phone Allowance	144 000	168 000
Pension and UIF contributions	475 697	570 873
Motor Vehicle Allowance	580 017	789 001
Housing Allowances	8 874	
Other benefits and allowances	589 184	475 986
Payments in lieu of leave	440 075	60 967
Performance Bonus	694 948	500 495
Total	5 322 394	6 171 467

32. REMUNERATION OF COUNCILLORS	2023 R	2022 R
Total Remuneration of Councillors		
Annual Remuneration	3 881 352	3 803 836
Telephone Allowance	687 200	667 009
Travelling	1 287 035	1 243 601
Pension and UIF Contributions	-	-
Total	5 855 587	5 714 447

Remuneration of Councillor - ST Sthonga		
Annual Remuneration	8 576	215 256
Telephone Allowance		15 809
Travelling		71 752
Pension and UIF Contributions	-	
Total	8 576	302 817

ST Sthonga was Mayor till November 2021

Remuneration of Councillor - MC Kivedo

Annual Remuneration	513 998	482 859
Telephone Allowance	46 800	44 400
Travelling	165 647	157 891
Pension and UIF Contributions		
Total	726 444	685 151

Remuneration of Councillor - CJ Louw

Annual Remuneration	2 716	90 064
Telephone Allowance		15 809
Travelling		30 021
Pension and UIF Contributions		
Total	2 716	135 894

CJ Louw was a councillor till November 2021

Remuneration of Councillor - NP Mkontwana

Annual Remuneration	2 716	90 064
Telephone Allowance		15 809
Travelling		30 021
Pension and UIF Contributions		
Total	2 716	135 894

NP Mkontwana was a councillor till November 2021

Remuneration of Councillor - RR Faul

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions	-	
Total	1 689	106 637

RR Faul was a councillor till November 2021

Remuneration of Councillor - WJ du Plessis

Annual Remuneration	1 689	68 121
Travelling		22 707
Tools of trade		15 809
Pension and UIF Contributions	-	
Total	1 689	106 637

WJ du Plessis was a councillor till November 2021

Remuneration of Councillor - PD van Wyk

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions		
Total	1 689	106 637

PD van Wyk was a councillor till November 2021

Remuneration of Councillor - LE Andrews

Annual Remuneration	265 936	232 704
Telephone Allowance	46 800	44 400
Travelling	86 634	76 301
Pension and UIF Contributions	-	
Total	399 369	353 404

Remuneration of Councillor - SJ Hoffman

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions	-	
Total	1 689	106 637

SJ Hoffman was a councillor till November 2021

Remuneration of Councillor - L Billie

Annual Remuneration	2 565	87 422
Telephone Allowance		15 809
Travelling		29 141
Pension and UIF Contributions	-	
Total	2 565	132 372

L.Billie was a councillor till November 2021

Remuneration of Councillor - MO Maramba

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions	-	
Total	1 689	106 637

MO Maramba was a councillor till November 2021

Remuneration of Councillor - PP Mhaluali

Annual Remuneration	200 971	193 682
Telephone Allowance	46 800	41 709
Travelling	65 526	63 773
Pension and UIF Contributions	-	
Total	313 297	299 164

Remuneration of Councillor - D Vanel

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions	-	
Total	1 689	106 637

D.Vanel was a councillor till November 2021

Remuneration of Councillor - SP Wales

Annual Remuneration	1 689	68 121
Telephone Allowance		15 809
Travelling		22 707
Pension and UIF Contributions	-	
Total	1 689	106 637

SP Wales was a councillor till November 2021

Remuneration of Councillor - HJ Rust

Annual Remuneration	1 689	19 258
Telephone Allowance		3 700
Travelling		2 000
Pension and UIF Contributions	-	
Total	1 689	24 958

HJ Rust was a councillor till August 2021

Remuneration of Councillor - PN Bushula

Annual Remuneration	199 282	193 682
Telephone Allowance	46 800	44 400
Travelling	65 528	63 773
Pension and UIF Contributions	-	
Total	311 609	301 855

Remuneration of Councillor - JM Fortuin

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 526	41 066
Total	311 608	195 218

JM Fortuin was a councillor from November 2021

Remuneration of Councillor - JT Brandt

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 526	41 066
Total	311 608	195 218

JT Brandt was a councillor from November 2021

Remuneration of Councillor - MN Mackay

Annual Remuneration	256 384	159 875
Telephone Allowance	46 800	28 591
Travelling	85 793	52 095
Total	388 977	240 560

MN Mackay was a councillor from November 2021

Remuneration of Councillor - FCS Swanepoel

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 528	41 066
Total	311 609	195 218

FCS Swanepel was a councillor from November 2021

Remuneration of Councillor - RH Adams Beukes

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 528	41 066
Total	311 609	195 218

RH Adams Beukes was a councillor from November 2021

Remuneration of Councillor - SW Makhandula

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 528	41 066
Total	311 609	195 218

SW Makhandula was a councillor from November 2021

Remuneration of Councillor - BS Swanepoel

Annual Remuneration	199 282	125 562
Telephone Allowance	46 800	28 591
Travelling	65 528	41 066
Total	311 609	195 218

BS Swanepoel was a councillor from November 2021

Remuneration of Councillor - RS Smith

Annual Remuneration	264 247	166 684
Telephone Allowance	46 800	28 591
Travelling	86 633	54 291
Total	397 680	249 566

RS Smith was a councillor from November 2021

Remuneration of Councillor - GL Nkumbi

Annual Remuneration	634 897	387 212
Telephone Allowance	46 800	28 591
Travelling	207 058	125 069
Total	888 754	540 872

GL Nkumbi was mayor from November 2021

Remuneration of Councillor - GK Engelbrecht

Annual Remuneration	199 282	129 297
Telephone Allowance	46 800	28 591
Travelling	65 528	41 066

Total

311 609

198 953

GK Engelbrecht was a councillor from November 2021

Remuneration of Councillor - MST Booyesen

Annual Remuneration

199 282

125 562

Telephone Allowance

46 800

28 591

Travelling

65 528

41 066

Total

311 609

195 218

MST Booyesen was a councillor from November 2021

In-kind Benefits

Councillors may utilise official council transportation when engaged in official duties. The Mayor has use of a council owned vehicle for the Executive Mayor and Speaker, Chief Whip are full-time Councillors. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Councillors receive the use of tablets/Laptops upon commencing their term in order to perform their daily tasks. Upon completion of this term they are entitled to keep these assets at no cost.

	2023 R	2022 R
33. CONTRACTED SERVICES		
Consultants and Professional Services	8 674 090	7 751 997
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	-	6 559 275
Consultants and Professional Services: Business and Advisory: Audit Committee	37 478	47 385
Consultants and Professional Services: Business and Advisory: Business and Financial Management	6 956 662	-
Consultants and Professional Services: Business and Advisory: Human Resources	-	195 969
Consultants and Professional Services: Business and Advisory: Medical Examinations	-	39 266
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	-	-
Consultants and Professional Services: Business and Advisory: Organisational	-	-
Consultants and Professional Services: Business and Advisory: Quality Control	-	-
Consultants and Professional Services: Business and Advisory: Research and Advisory	162 826	-
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	-	-
Consultants and Professional Services: Business and Advisory: Project Management	-	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	32 030	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Electrical	24 608	52 730
Consultants and Professional Services: Infrastructure and Planning: Engineering: Geoinformatic Services	-	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	-	-
Consultants and Professional Services: Infrastructure and Planning: Town Planner	-	-
Consultants and Professional Services: Laboratory Services: Water	3 723	-
Consultants and Professional Services: Legal Cost: Collection	-	-
Consultants and Professional Services: Legal Cost: Issue of Summons	-	-
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	1 456 762	857 372
Contractors	2 398 269	2 112 830
Contractors: Building	-	-
Contractors: Catering Services	-	65 800
Contractors: Electrical	-	-
Contractors: Employee wellness	61 215	(110 346)
Contractors: Fire Protection	-	-
Contractors: Distribution of Electricity by Others: Network Charges	962 051	-
Contractors: Maintenance of Buildings and Facilities	240 616	9 880
Contractors: Maintenance of Equipment	(0)	648 845
Contractors: Maintenance of Unspecified Assets	1 003 290	646 153
Contractors: Management of Informal Settlements	-	-
Contractors: Medical Services	72 100	-
Contractors: Plants, Flowers and Other Decorations	-	-
Contractors: Pest control	-	-
Contractors: Prepaid Electricity Vendors	58 995	818 519
Contractors: Photographer	-	4 217
Contractors: Removal of Hazardous Waste	-	-
Contractors: Safeguard and Security	-	-
Contractors: Sewerage Services	-	-
Contractors: Tracing Agents and Debt Collectors	-	-
Contractors: Transportation	-	29 762
Outsourced Services	3 281 896	3 944 734
Outsourced Services: Burial Services	-	-
Outsourced Services: Business and Advisory: Occupational Health and Safety	-	-
Outsourced Services: Business and Advisory: Valuer	363 768	1 713 501
Outsourced Services: Business and Advisory: Human Resources	-	-
Outsourced Services: Business and Advisory: Research and Advisory	-	-
Outsourced Services: Organisational services	-	-
Outsourced Services: Business and Advisory: Communications	12 432	-
Outsourced Services: Catering Services	68 667	-
Outsourced Services: Cleaning Services	-	-
Outsourced Services: Driver Licence Cards	141 489	262 156
Outsourced Services: Internal Auditors	488 437	227 391
Outsourced Services: Meter Management	-	4 700
Outsourced Services: Personnel and Labor	289 953	303 280
Outsourced Services: Litter Picking and Street Cleaning	50 174	-
Outsourced Services: Professional Staff	224 689	-
Outsourced Services: Refuse Removal	-	-
Outsourced Services: Security Services	1 542 289	1 128 249
Outsourced Services: Sewerage Services	-	-
Outsourced Services: Traffic Fines Management	100 000	305 456
Total Contracted Services	14 354 255	13 809 560
	2023 R	2022 R
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	55 404 886	52 632 837
Intangible Assets	3 587	12 754
Total Depreciation and Amortisation	55 408 473	52 645 591
	2023 R	2022 R
35. FINANCE COSTS		
Finance leases	58 330	140 693
Non-current Provisions	7 359 072	6 669 569
Non-current Employee Benefits	2 708 000	2 474 000
Overdue creditors	12 491 561	4 584 782
Overdraft Facilities	813	94 636
Total Finance Costs	22 617 777	13 963 680
	2023 R	2022 R
36. BULK PURCHASES		
Electricity	87 554 248	80 703 807

Water

-

4 273

Total Bulk Purchases

87 554 248

80 708 080

Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the Municipal are for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from various sources.

Refer to note 48.8 on material losses for loss on electricity and water

	2023 R	2022 R
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	179 962	68 772
Audit Fees	4 097 557	2 051 986
Bank Charges, Facility and Card Fees	440 603	598 988
Cleaning Services	-	106 102
Commission ;Third party Vendors	20 000	
Communication:Cellular Expenditure	124 054	
Communication:Postage/Stamps/Frinking Machines	594	
Deeds	-	11 381
Digging of graves	-	8 000
Drivers Licences and Permits	-	110 126
Electricity Compliance Certificate	-	22 405
Entertainment	4 560	2 304
External Computer Service:Information Services	646 038	-
Hire Charges	-	388 297
Insurance excess	1 133 006	1 987 942
Job creation	-	-
Land Alienation Costs	-	-
Licences	-	629 913
Municipal Services	6 794 264	
Printing, Publications and Books	1 543 852	520 745
Professional Bodies, Membership and Subscription	1 478	1 750 938
Search Fees	-	-
Servitudes and Land Surveys	25 974	-
Signage	-	-
Registration Fees:Seminars_ Conferences_ Workshops and Events:National	4 999	
Skills Development Fund Levy	799 568	775 722
Storage of Files (Archiving)	-	129 000
Restoration Cost Landfill Sites	75 820	
Telephone Costs	1 600 063	1 448 797
Travel and Subsistence	1 492 000	722 345
Uniform and Protective Clothing	47 414	506 237
Ward Committee	373 065	186 000
Electricity	283 109	2 325 803
Water Resource Management Charges	55 797	
Wet Fuel	2 474 684	3 367 675
Total Operational Costs	22 218 460	17 719 477
	2023	2022
	R	R
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 9	52 428 599	15 764 389
Receivables from Non-exchange Revenue - Note 10	21 054 809	10 784 124
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	73 483 408	26 548 513
	2023	2022
	R	R
39. GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	(125 500)	(7 057 360)
Total Gains/ (Loss) on Sale of Fixed Assets	(125 500)	(7 057 360)
	2023	2022
	R	R
40. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Property, Plant and Equipment	-	-

41. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS

Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Accumulated Surplus/(Deficit)	696 364 686	0	696 364 686
Capital Replacement Reserve	2 252 793	-	2 252 793
External Computer Service:Information Services			
Long-term Borrowings	643 842	(0)	643 842
Non-current Provisions	68 643 371	-	68 643 371
Non-current Employee Benefits	23 688 001	-	23 688 001
Consumer Deposits	2 818 757	-	2 818 757
Provisions		-	-
Current Employee Benefits	13 985 340	-	13 985 340
Trade and Other Payables from Exchange Transactions	139 570 013	-	139 570 013
Trade and Other Payables from Non-Exchange Transactions	11 577 786	-	11 577 786
Unspent Transfers and Subsidies	15 013 816	-	15 013 816
Cash and Cash Equivalents	16 558 310	-	16 558 310
Current Portion of Long-term Borrowings	46 683	(0)	46 683
Property, Plant and Equipment	821 009 762	-	821 009 762
Investment Property	8 767 885	-	8 767 885
Intangible Assets	12 754	-	12 754
Heritage Assets	6 959 273	-	6 959 273
Investments	31 878	-	31 878
Inventory	25 480 862	-	25 480 862
Receivables from exchange transactions	58 335 813	-	58 335 813
Receivables from non-exchange transactions	26 000 126	-	26 000 126
Unpaid Transfers and Subsidies	0	-	-
Operating Lease Asset		-	-
Taxes	20 110 027	-	20 110 027
Cash and Cash Equivalents	24 455 018	-	24 455 018
	<u>0</u>	<u>(1)</u>	<u>(1)</u>

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Performance			
Property Rates	39 620 403	-	39 620 403
Government Grants and Subsidies - Capital	10 376 130	-	10 376 130
Government Grants and Subsidies - Operating	53 237 084	-	53 237 084
Contributed Property, Plant and Equipment	1 096 868	-	1 096 868
Fines and Penalties	1 447 222	-	1 447 222
Interest Earned - Non-exchange Transactions	2 253 395	-	2 253 395
Service Charges	145 929 228	-	145 929 228
Operational Revenue	2 090 230	-	2 090 230
Rental from Fixed Assets	2 393 440	-	2 393 440
Interest Earned - External Investments	1 296 990	-	1 296 990
Interest Earned - Exchange Transactions	2 861 061	-	2 861 061
Licences and Permits	918 264	-	918 264
Agency Services			
Employee related costs	93 670 636	-	93 670 636
Remuneration of Councillors	5 714 447	-	5 714 447
Contracted Services	13 809 560	-	13 809 560
Depreciation and Amortisation	52 645 591	-	52 645 591
Finance Costs	13 963 680	-	13 963 680
Bulk Purchases	80 708 080	-	80 708 080
Inventory Consumed	2 094 194	-	2 094 194
Transfers and Subsidies	0	-	-
Operational Costs	17 719 477	-	17 719 477
Actuarial gain/(loss)	3 227 000	-	3 227 000
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-2 056 721	-	(2 056 721)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-26 548 513	-	(26 548 513)
Gains/(Loss) on Sale of Fixed Assets	-7 057 360	-	(7 057 360)
Fair value adjustment	1 075 924	-	1 075 924
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	0	-	-
Net Surplus/(Deficit) for the year	-48 165 021	-	(48 165 021)

	2022 R	2021 R
42. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
	2022	2021
		R
42.1 Accumulated Surplus		
Balance previously reported	696 364 686	744 529 708
Correction of first time recognition of moveable assets :PPE Cost	115 858	-
Correction of first time recognition of moveable assets; PPE- Depretiation	(22 915)	-
Restated Balance	696 457 628	744 529 708
	2022	2021
		R
42.2 Long-term Borrowings		
Balance previously reported	643 842	-
Correction as result of an annuity loan incorrectly recorded	(39 592)	-
Restated Balance	604 251	-
	2022	2021
		R
42.3 Current Portion of Long-term Borrowings		
Balance previously reported	46 683	-
Correction as result of an annuity loan incorrectly recorded	39 592	-
Restated Balance	86 275	-
	2022	2021
		R
42.4 Property Plant and Equipment		
Balance previously reported	821 009 762	875 137 011
Correction of first time recognition of moveable assets :PPE Cost	115 858	-
list movements Correction of first time recognition of moveable assets; PPE- Depretiation	(22 915)	-
Restated Balance	821 102 704	875 137 011

	2021	2022	
		R	
42.5 Changes to Statement of Financial Performance			
Movement on operating account as a result of GRAP standards not implemented in prior years:			
	Balance previously reported	Adjusted	Restated Balance
Revenue			
Property Rates	39 620 403	-	39 620 403
Government Grants and Subsidies - Capital	10 376 130	-	10 376 130
Government Grants and Subsidies - Operating	53 237 084	-	53 237 084
Contributed Property, Plant and Equipment	1 096 868	-	1 096 868
Fines and Penalties	1 447 222	-	1 447 222
Interest Earned - Non-exchange Transactions	2 253 395	-	2 253 395
Service Charges	145 929 228	-	145 929 228
Operational Revenue	2 090 230	-	2 090 230
Rental of Facilities and Equipment	2 393 440	-	2 393 440
Interest Earned - External Investments	1 296 990	-	1 296 990
Interest Earned - Exchange Transactions	2 861 061	-	2 861 061
Licences and Permits from Exchange Transactions	918 264	-	918 264
Agency Services	0	-	-
Total	263 520 314	-	263 520 314
Expenditure			
Employee related costs	93 670 636	-	93 670 636
Remuneration of Councillors	5 714 447	-	5 714 447
Contracted Services	13 809 560	-	13 809 560
Depreciation and Amortisation	52 645 591	22 915	52 668 507
Finance Costs	13 963 680	-	13 963 680
Bulk Purchases	80 708 080	-	80 708 080
Inventory Consumed	2 094 194	-	2 094 194
Transfers and Subsidies	0	-	-
Operational Costs	17 719 477	-	17 719 477
Total	280 325 666	22 915	280 348 581
Gains and Losses			
Actuarial gain/(loss)	3 227 000	-	3 227 000
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-2 056 721	-	(2 056 721)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-26 548 513	-	(26 548 513)
Gains/(Loss) on Sale of Fixed Assets	-7 057 360	-	(7 057 360)
Fair value adjustment	1 075 924	-	1 075 924
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	0	-	-
Total	-31 359 670	-	(31 359 670)
Net Surplus/(Deficit) for the year	-48 165 021	(22 915)	(48 187 937)

	2023	2022
	R	R
43. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	(126 435 443)	(48 187 937)
Adjustments for:		
Depreciation	55 404 886	52 632 837
Amortisation	3 587	12 754
Loss/(Gain) on Sale of Fixed Assets	125 500	7 057 360
Interest Accrued on new loan	3 355	-
Impairment Loss/(Reversal of Impairment Loss) - Receivables	126 288 149	26 548 513
Fines written off	7 508 954	-
Contributed Property, Plant and Equipment	-	(1 096 868)
Increase in discounting - non-current provisions	7 387 605	6 669 569
Contribution from/to provisions - Non-Current Employee Benefits - finance cost	2 708 000	2 474 000
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-2 936 759	(3 227 000)
Contribution from/to - Current Employee Benefits	-415 000	660 952
Contribution to employee benefits – current - expenditure incurred	352 454	(500 495)
Contribution from/to employee benefits - non-current - expenditure incurred	1 026 000	1 135 000
Contribution from/to - Non-Current Employee Benefits	-1 461 241	(2 026 000)
Inventory fair value adjustment	(12 879)	2 056 721
Operating Surplus/(Deficit) before changes in working capital	69 547 169	44 209 405
Changes in working capital	(40 719 805)	(36 177 263)
Increase/(Decrease) in Trade and Other Payables Exchange	67 202 400	25 361 843
Increase/(Decrease) in Trade and Other Payables Non-exchange	-	1 458 564
Increase/(Decrease) in Taxes	(7 067 695)	(7 439 950)
(Increase)/Decrease in Inventory	(22 797)	(1 075 389)
Increase/(Decrease) in Consumer Deposits	109 435	139 871
(Increase)/Decrease in Receivables from Exchange Transactions	(87 531 701)	(34 663 869)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(6 117 051)	(15 397 118)
(Increase)/Decrease Unpaid Transfers and Subsidies	-	740 000
Increase/(Decrease) in Unspent Transfers and Subsidies	(7 292 395)	(5 301 214)
Cash generated/(absorbed) by operations	28 827 365	8 032 142

47.2 Fruitless and wasteful expenditure

	R	R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	4 639 872	15 769 759
Fruitless and wasteful expenditure current year	11 741 651	1 732 027
Fruitless and wasteful identified by Auditor-General		2 907 844
Written off by Council		<u>(15 769 759)</u>
Fruitless and wasteful expenditure awaiting condonement	<u><u>16 381 523</u></u>	<u><u>4 639 872</u></u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Interest paid on creditors overdue accounts	None
Telkom-interest charged	None
Eskom -interest paid	None
Inzalo -EMS interest charges	None
Auditor General-Overdue charges	None

2023
R

2022
R

4 639 247
-
10 774 182
354 792
609 672

11 741 651

4 639 871

47.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance
Irregular expenditure identified current year
Irregular expenditure identified current year relating to the prior year
Irregular identified by the Auditor-General
Written off by Council

Irregular expenditure awaiting further action

26 464 223
2 122 820
4 386 399
2 146 874

35 120 316

88 309 438
2 619 302

690 863
(65 155 380)

26 464 223

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies for expenditure.

Irregular expenditure is disclosed inclusive of VAT

208/2019- SCM proses not followed	None	27 140 394	27 140 394
2019/2020 - Quotation process not followed	None	192 557	192 557
2019/2020 - Valid or no contracts in place for service providers constituted	None	7 372 853	7 372 853
regulations	None	43 975 506	43 975 506
2021/2022 - Quotation process not followed	None	9 628 128	9 628 128
2021/2022 - Contracts/Suppliers identified in previous financial years as irregular	None	198 750	198 750
2021/2022 - Irregular identified by the Auditor-General	None	2 420 552	2 420 552
2022/2023 - Quotation process not followed	None	690 863	690 863
2022/2023 - Contracts/Suppliers identified in previous financial years as irregular	None	967 973	-
2022/2023 - Irregular identified by the Auditor-General	None	1 154 845	
2021/2022 - Irregular identified by the Auditor-General	None	2 146 874	
	None	4 386 399	
	None		
	None		

48.

2023

2022

48.1

Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance
Council subscriptions
Amount paid - current year
Amount paid - previous years

Balance unpaid

832 823
1 060 424
(1 060 424)

832 823

830 018
973 489
(810 684)
(160 000)

832 823

48.2

Audit fees - [MFMA 125 (1)(c)]

Opening balance
Current year audit fee
Amount paid - current year
Amount paid - previous year

3 023 925
4 037 778
(1 013 853)
(3 023 925)

4 747 942
2 648 655
(2 581 593)
(1 791 080)

3 023 924

3 023 925

48.3

VAT - [MFMA 125 (1)(c)]

VAT

27 177 722

20 110 027

Closing balance

27 177 722

20 110 027

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have

48.4

PAYE ,SDL and UIF - [MFMA 125 (1)(c)]

Opening balance

2023
R

2022
R

98 363

7

Current year payroll deductions	11 550 638	12 860 688
Amount paid - current year	(11 550 638)	(12 762 325)
Amount paid - previous year	(98 363)	(7)
Balance unpaid	0	98 363

48.5

Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

	2023 R	2022 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	13 942 715	20 245 453
Amount paid - current year	(13 942 715)	(20 245 453)
Balance unpaid	-	-

48.6

Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]2023
R2022
R

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2023:

FCS Swanepoel
 MN Mackay
 SW Makhandula
 JT Brandt
 GK Engelbrencht
 LE Andrews
 JM Fortuin
 PP Mhali
 PN Bushula
 R Smith
 B Swanepoel
 RH Adams- Beukes
 MST Booysen
 MC Kivedo
 GL Nkumbi
 D Vanel
 NP Mkontwana
 PP Mhlauli
 SP Wales

Outstanding more than
90 daysOutstanding
more than 90
days

48.7

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 JUNE 2023

	Single Supplier	Type of Deviation		Emergency
		Impossible	Impractical	
Jul-22	29 661	0		
Aug-22	169 501	0		
Sep-22	279 321	0		
Oct-22	378 145	0		
Nov-22	601 160	0		
Dec-22	301 006	0		
Jan-23	-	0		54 947
Feb-23	7 797	0		83 281
Mar-23	299 491	0		
Apr-23	39 010	0		
May-23	426 291	0	366 350	
Jun-23	505 301	0	1 633 649	
	3 462 975	0	1 999 999	138 228

30 JUNE 2022

	Single Supplier	Type of Deviation		Emergency
		Impossible	Impractical	
Jul-21	-	0	25 974	48 507
Aug-21	-	0	51 568	46 286
Sep-21	10 589	0	-	-
Oct-21	-	0	-	-
Nov-21	-	0	29 099,23	-
Dec-21	-	0	-	-
Jan-22	-	0	-	-
Feb-22	-	0	891 181	142 180
Mar-22	5 246	0	52 877	6 600
Apr-22	-	0	4 888	47 032
May-22	-	0	31 023	-
	15 834	-	1 086 610	290 605

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy

Range of Deviations approved by Municipal Manager

Deviations between 0 - 2000
 Deviations between 2001 -10 000
 Deviations between 10 001 - 200 000

Total Deviations

2022/23 Amounts

48.8

Material losses2023
R2022
R

Electricity distribution losses

Units purchased (Kwh)	46 282 580	52 370 969
Units lost during distribution (Kwh)	3 137 248	6 393 978
Percentage lost during distribution	6.78%	12.21%

Initiative by Engineering to inspect meters to reduce the amount of meter tampering.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All services are payable within 30 days from invoice date. Refer to note 9 and 10 for all balances outstanding longer than 30 days.

	2023 %	2023 R	2022 %	2022 R
<u>Non-exchange Receivables</u>				
Other (sundry debtors)	100.00%	10 553 059	100.00%	1 096 667
<u>Exchange Receivables</u>				
Electricity	24.08%	68 261 628	23.19%	47 755 463
Water	40.46%	114 723 951	40.54%	83 493 343
Property Rentals	1.04%	2 938 179	1.42%	2 929 787
Waste Management (refuse)	8.13%	23 060 335	11.12%	22 904 771
Waste Water Management (Sewerage)	15.40%	43 661 852	21.09%	43 435 233
Town Commage	1.96%	5 569 436	2.47%	5 091 585
Other	8.93%	25 311 167	0.17%	359 757
	<u>100.00%</u>	<u>283 526 547</u>	<u>100.00%</u>	<u>205 969 938</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 9 and 10 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

Rates and fines are regarded as Statutory receivables and therefore does not form part of financial risk disclosure.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2023 R	2022 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from Exchange Transactions	283 526 547	205 969 938
Receivables from Non-Exchange Transactions	10 553 059	3 003 366
Cash and Cash Equivalents	35 374 396	24 452 038
	329 454 002	233 425 343

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2023	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	404 808	1 423 250	1 320 753	-
Trade and Other Payables	206 772 412	0	-	-
	207 177 220	1 423 250	1 320 753	-
2022	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years	More than 10 years
Long-term Liabilities	46 683	83 842	-	-
Trade and Other Payables	139 570 013	0	-	-
	139 616 696	83 842	-	-

50.

FINANCIAL INSTRUMENTS

2023
R

2022
R

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

50.1

Financial Assets

Investments

Housing Loans

-

-

2023
R

2022
R

Receivables from Exchange Transactions

Electricity	68 261 628	47 755 463
Water management	114 723 951	83 493 343
Property Rentals	2 938 179	2 929 787
Waste Management	23 060 335	22 904 771
Waste Water Management	43 661 852	43 435 233
Town commage	5 569 436	5 091 585
Other receivables from exchange transactions	25 311 167	359 757

Receivables from Non-Exchange Transactions

Sundry debtors	10 553 059	1 096 667
Sundry deposits		1 906 700

2023
R

2022
R

Cash and Cash Equivalents

Bank Balances	11 699 315	3 807 106
Call Deposits	23 675 081	20 644 932
Cash on hand	2 980	2 980

Total Financial Assets

SUMMARY OF FINANCIAL ASSETS

2023
R

2022
R

Financial Instruments at amortised cost:

Receivables from Exchange Transactions	Electricity	68 261 628	47 755 463
Receivables from Exchange Transactions	Water management	114 723 951	83 493 343
Receivables from Exchange Transactions	Property Rentals	2 938 179	2 929 787

Receivables from Exchange Transactions		23 060 335	22 904 771
Receivables from Exchange Transactions		43 661 852	43 435 233
Receivables from Exchange Transactions	Town commage	5 569 436	5 091 585
Receivables from Exchange Transactions		25 311 167	359 757
Receivables from Non-Exchange Transactions		10 553 059	1 096 667
Receivables from Non-Exchange Transactions		-	1 906 700
Cash and Cash Equivalents		11 699 315	3 807 106
Cash and Cash Equivalents		23 675 081	20 644 932
Cash and Cash Equivalents		2 980	2 980
		329 456 982	233 428 323

		2023	2022
		R	R
Financial Instruments at fair value:			
Investments		31 878	31 878
		31 878	31 878
Total Financial Assets		329 488 860	233 460 201

50.2

Financial Liabilities

Long-term Liabilities

Annuity Loans		1 795 563	520 408
Capitalised Lease Liability		37 159	83 842

	2023	2022
	R	R
Trade and Other Payables		
Retentions	481 188	481 188
Sundry creditors	184 801	7 876 407
Sundry deposits	22 447 198	184 801
Trade payables	176 867 695	123 644 788

	2023	2022
	R	R
Current Portion of Long-term Liabilities		
Annuity Loans	135 908	39 592
Capitalised Lease Liability	46 683	46 683

	2023	2022
	R	R
Cash and Cash Equivalents		
Bank Overdraft	16 558 310	16 558 310

	2023	2022
	R	R
SUMMARY OF FINANCIAL LIABILITIES		
Financial instruments at amortised cost:		
Long-term Liabilities	1 931 472	560 000
Long-term Liabilities	83 842	130 526
Trade and Other Payables	481 188	481 188
Trade and Other Payables	184 801	7 876 407
Trade and Other Payables	22 447 198	184 801
Trade and Other Payables	176 867 695	123 644 788
Cash and Cash Equivalents	16 558 310	16 558 310
	218 554 507	149 436 019

	2023	2022
	R	R

51. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes

VAT Receivable	27 177 722	20 110 027
----------------	------------	------------

Receivables from Non-Exchange Transactions

Rates	104 088 102	85 553 897
Fines	627 950	116 650 361

Total Statutory Receivables (before provision)

Less: Provision for Debt Impairment	(90 660 888)	(179 499 213)
--	--------------	---------------

Total Statutory Receivables (after provision)

	41 232 886	42 815 072
--	-------------------	-------------------

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedures Act

	2023	2022
	R	R
(Rates): Ageing		
Current (0 - 30 days)	6 658 771	1 332 643
31 - 60 Days	1 639 697	739 698
61 - 90 Days	1 569 334	645 202
+ 90 Days	94 220 299	82 836 354
Total	104 088 102	85 553 897

	2023	2022
	R	R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	179 499 212	168 715 801

Contribution to provision	(88 838 324)	10 783 411
Reversal of provision		
Balance at end of year	90 660 888	179 499 212

The impairment is due to slow payment of debtors. The national lockdown resulted in increase of debtors that did not settle their account.

Property Rates: Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the

Fines: Fines are impaired per individual fine based on collection of debt. The indication of impairment is the non-ability of the debtor to

	2023 R	2022 R
<u>Ageing of amounts past due and impaired:</u>		
1 month past due	1 639 696	391 056
2+ months past due	95 789 634	69 519 576

Management base the consideration past due and impaired on the rate debtor's payments. Per the debt control policy of the municipality past due and impaired include the category of residential, industrial & commercial and other debtors. Government debtors are not

	2023 R	2022 R
Ageing of amounts past due but not impaired:		
1 month past due	1 639 696	144 605
2+ months past due	4 541 256	4 597 243
	<u>6 180 952</u>	<u>4 741 848</u>

Management base the consideration on the debtor's payments. Per the debt control policy government debtors are not impaired as it is viewed that they are obliged to pay and therefore included in the category past due and not impaired

	2023 R	2022 R
Interest Received from Statutory Receivables		
Traffic fines	-	-
Rates	7 812 568	2 253 395
	<u>7 812 568</u>	<u>2 253 395</u>

Interest is levied at a rate determined by the council on outstanding rates amounts.

52. IN-KIND DONATIONS AND ASSISTANCE	2023 R	2022 R

53. PRIVATE PUBLIC PARTNERSHIPS	2023 R	2022 R
Council has not entered into any private public partnerships during the financial year.	-	-

54. CONTINGENCIES	2023 R	2022 R
Emthanjeni // Hamsa Consulting – Northern Cape High Court		
The litigation is in relation to capital project for the supply and install on grid streetlights. At the 30 June 2022 the litigation was still under way and therefore outcome was still uncertain.		-
Emthanjeni//Luvacon Civils		
The litigation is in relation to capital project for the implementation of boreholes. At the 30 June 2022 the litigation was still under way and therefore outcome was still uncertain.		-
Emthanjeni//Various farmers		
There is a brewing dispute between the Municipality and various land owners about the extraction of water by the Municipality from farms. It is foreseen that these land owners may institute legal claims against the Municipality in due course. At 30 June 2022 the possible claim amount could not be measured with certainty.	-	-
Emthanjeni/Sindile Xontile		
This matter is postponed until 14 September 2022 for Mr. Xontile to come to court with an attorney. Due to the nature and the fact that we do not know how long this litigation will proceed we are unable to tell in rand value what the expenses will be.	206 352	206 352

55. RELATED PARTIES	2023 R	2022 R
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		

55.1 Related Party Transactions	Service charges - Levied 1 July 2022- 30 June 2023	Other - Levied 1 July 2022- 30 June 2023	Outstanding Balance - 30 June 2023	Provision for impairment - 30 June 2023
Year ended 30 JUNE 2023				
Councillors				
<i>FCS Swanepoel</i>			1 739	
<i>MN Mackay</i>			651	
<i>SW Makhandula</i>			45 161	
<i>JT Brandt</i>			17 736	
<i>GK Engelbrencht</i>			-	
<i>LE Andrews</i>			10 227	

JM Fortuin			25 758	
PP Mhali			7 961	
PN Bushula			69 067	
R Smith			-	
B Swanepoel			11 596	
RH Adams- Beukes			48 897	
MST Booyesen			2008	
MC Kivedo			18 581	
			<hr/>	
			-	
			<hr/>	
			0	
			<hr/>	
			271 445	
			<hr/>	
			-	
			<hr/>	

	Service charges - Levied 1 July 2022- 30 June 2023	Other - Levied 1 July 2022- 30 June 2023	Outstanding Balance - 30 June 2023	Provision for impairment - 30 June 2023
Year ended 30 JUNE 2022				
Municipal Manager and Section 57 Employees				
I Visser <i>Municipal Manager</i>				
MF Manuel <i>Director: Financial services</i>				
TW Msengana <i>Director: Corporate services</i>				
HM Joka <i>Director: Community services</i>			102 518	
W Lubbe <i>Director: Infrastructure and Technical Services</i>				
			<hr/>	
			-	
			<hr/>	
			0	
			<hr/>	
			102 518	
			<hr/>	
			-	
			<hr/>	

	Service charges - Levied 1 July 2021 - 30 June 2022	Other - Levied 1 July 2021 - 30 June 2022	Outstanding Balance - 30 June 2022	Provision for impairment - 30 June 2022
Year ended 30 JUNE 2022				
Councillors				
<i>FCS Swanepoel</i>	1 872	0	8 039	8 036
<i>MN Mackay</i>	6 689	0	7 976	5 571
<i>SW Makhandula</i>	4 860	0	40 982	28 605
<i>JT Brandt</i>	5 319	0	9 648	3 858
<i>GK Engelbrencht</i>	7 071	0	1 477	-
<i>LE Andrews</i>	5 079	0	6 638	2 655
<i>JM Fortuin</i>	3 504	0	19 265	9 632
<i>PP Mhauili</i>	12 651	-1 657	9 939	-
<i>PN Bushula</i>	6 661	2 715	73 158	29 263
<i>R Smith</i>	-	0	-	-
<i>B Swanepoel</i>	3 986	0	11 491	11 491
<i>RH Adams- Beukes</i>	28 256	0	58 225	23 290
<i>MST Booysen</i>	5 001	0	8632.45	4 385
<i>MC Kivedo</i>	13 253	1 949	9 935	6 021
<i>GL Nkumbi</i>	8 229	0	0	0
	112 429	3 006	265 405	132 806
	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balance - 30 June 2021	Provision for impairment - 30 June 2021
Year ended 30 JUNE 2022				
Municipal Manager and Section 57 Employees				
<i>I Visser - Municipal Manager</i>	7 893	0	1 607	-
<i>MF Manuel - Director Financial Services</i>	8 522		1 733	-
<i>TW Msengana - Director Corporate Services</i>	1 414	1	7 151	3 575
<i>HM Joka - Director Community Services</i>	10 896	11 570	65 209	26 084
	28 726	11 571	75 699	29 659

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

At 30 June 2022, there were no related party transactions and balances.

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

55.3 Compensation of related parties

The compensation of related parties is set out in note 31 and 32 to the Annual Financial Statements. Councillors and management comprises of persons responsible for planning, directing and controlling the activities of the Municipality

55.4 Other related party transactions

Councillors and/or management of the municipality had relationships with business during the financial period as indicated below:

No purchases was made from them during the financial year and prior year.

30 JUNE 2023

Company Name	Amount	Interest
Ncedis Bakery Primary Co-Operative	-	(councillor) is a
Jupiter Construction and Enterprise	-	J.Fortuin (councillor) is a director
Ziyeka Security and Training Company	-	J.Fortuin (councillor) is a director
Pixley Seme Boys 2 Man	-	RH Adams- Beukes (councillor) is a director
Khazimla Sound Equipment	-	SW Makandula (councillor) is a director
Primary Co-operative Limited	-	SW Makandula (councillor) is a director
Inqomoso Youth General Trading	-	(councillor) is a
Emthanjeni Business Council	-	(councillor) is a
De Aar Community Forum	-	(councillor) is a
SNS Empowerment	-	(councillor) is a
Rehoboth Joan Wertheim Centre	-	R.Smith (councillor) is a director
Van Zyl Booysen Institution	-	M Booysen (councillor) is a director
Afire Skies Solutions	-	S Jordan (Actinf CFO) is a director
Dirathata	-	L Thiso (Director: Infrastructure) is a director
MOSHU 1640 MINING	-	D Molaole (Municipal Manager) is a director

The Rise of the Umpire	-	H.Joka (Director: Community Services) is a director
Phimola Keledi Burial	-	D Molaole (Municipal Manager) is a director

30 JUNE 2022

Company Name	Amount	Interest
Noedis Bakery Primary Co-Operative	-	PP Mhlauli (councillor) is a director
Jupiter Construction and Enterprise	-	J.Fortuin (councillor) is a director
Ziyeka Security and Training Company	-	J.Fortuin (councillor) is a director
Pixley Seme Boys 2 Man	-	RH Adams- Beukes (councillor) is a director
Khazimla Sound Equipment	-	SW Makandula (councillor) is a director
Primary Co-operative Limited	-	SW Makandula (councillor) is a director
Ingomoso Youth General Trading	-	SW Makandula (councillor) is a director
Emthanjani Business Council	-	SW Makandula (councillor) is a director
De Aar Community Forum	-	SW Makandula (councillor) is a director
SNS Empowerment	-	SW Makandula (councillor) is a director
Rehoboth Joan Wertheim Centre	-	R.Smith (councillor) is a director
Chartered Institute of Government Finance Audit and Risk Officers	-	F.Manuel (CFO) is a director
Van Zyl Booysen Institution	-	M Booysen (councillor) is a director
The Rise of the Umpire	-	H.Joka (Director: Community Services) is a director
Dirathata	-	L. Thiso (Director: Infrastructure) is a director

55.5 Municipal Supply Chain Regulations 45 - Awards to close family members of persons in the service of the state

Supplier	Relationship to Municipality	Award
G3 Group (Pty) Ltd	Director is not an official of the municipality	68 467.46
G3 Group (Pty) Ltd	Director is not an official of the municipality	116 050.00
G3 Group (Pty) Ltd	Director is not an official of the municipality	189 888.23
G3 Group (Pty) Ltd	Director is not an official of the municipality	19 997.05
G3 Group (Pty) Ltd	Director is not an official of the municipality	197 437.50
G3 Group (Pty) Ltd	Director is not an official of the municipality	42 044.00
G3 Group (Pty) Ltd	Director is not an official of the municipality	76 452.00
G3 Group (Pty) Ltd	Director is not an official of the municipality	7 500.00
G3 Group (Pty) Ltd	Director is not an official of the municipality	68 467.46
TOTAL		786 303.70

56. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio decreased to 0.69 from 0.77 in the prior year.

The municipality had an actual deficit R131 708 623.80 for the current year.

The average debtors' payment days increased to 1042 days from 777 days.

The average debtor-collection period after impairment is x days (2020: xx days), while debtors impairment provision as a percentage of accounts receivable is x% (2019: 95,2%).

The average creditors payment period is 404 days (2022: 403 days).

The municipality had a positive bank balance with R200 000 (2022: R1 750 000 in arrears) as per bank statement.

The bank balance as per the cash book (primary account) for the current year is (R4 666 632) and (2022:R16 558 309)

There was an increase of R11 055 386 in cash and cash equivalents for the current year and decrease R2 311 028 for the prior year, as per cashflow statement.

The municipality has call investment deposits for the current year of R23 675 080 and R20 644 931 (2022)

The outstanding balances in respect of external loans amounts to R2 015314 (2022 - R690 526)

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

57. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those

58. PRINCIPAL/AGENT AGREEMENTS

Principal in Principal-Agent Arrangement

2023
R

2022
R

Compensation paid for agency activities

Commission - Syntell	916 821	818 519
Total Compensation paid	916 821	818 519

The municipality paid 3.11% commission plus bank cost which range between 1% to 1.75% , all VAI included, on the rand value of pre-paid electricity sales as reflected in the Syntell Vending Gateway reports. Syntell exclusively dispense and sell pre-paid electricity on behalf of the municipality. As per the agreed terms of conditions of a contract entered between the parties for a 3 year period which is due to lapse on 31 March 2024.

	2023 R	2022 R
Resources under custodianship of agent at year-end		
Computer, printer and monitor	-	

The above resources are under the custodianship of the agent and have not been recognised by the agent. Such resources will be

Agent in arrangement

The municipality (agent) collects licencing fees on behalf of the Provincial Department of Transport and Public Works (principal). The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

There was not a change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.

	2023 R	2022 R
Compensation received for agency activities		
Commission	171 456	538 344

EMTHANJENI LOCAL MUNICIPALITY

REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS - Municipal Function

- Vote 1 - Office of the Mayor
- Vote 2 - Municipal Manager
- Vote 3 - Finance
- Vote 4 - Corporate Services
- Vote 5 - Community and Social Services
- Vote 6 - Infrastructure

SECONDARY SEGMENTS

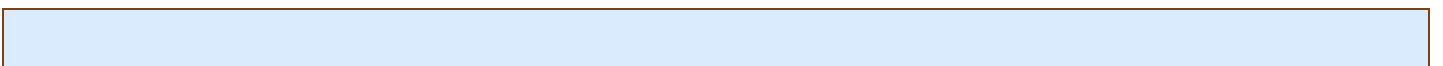
Msoo Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Public safety	Aggregated	Governance and Administration	Supporting service departments
	Health services	Aggregated	Governance and Administration	Supporting service departments
• Economic and environmental services	Housing services	Aggregated	Governance and Administration	Supporting service departments
	Planning and development	Individually Reported	Economic and environmental services	Building plans
	Road transport	Aggregated	Governance and Administration	Supporting service departments
• Trading services	Environmental protection services	Aggregated	Governance and Administration	Supporting service departments
	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
• Other	Waste management service	Individually Reported	Waste management service	Waste management service
	Abattoirs	Aggregated	Governance and Administration	Supporting service departments
	All Transport	Aggregated	Other	Airfield Rental
	Forestry	Aggregated	Governance and Administration	Supporting service departments
	Licensing and Regulation	Aggregated	Other	Licensing
	Markets	Aggregated	Governance and Administration	Supporting service departments
	Tourism	Aggregated	Other	Tourism

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

Annexure B: Report of the Auditor-General





The Accounting Authority
Emthanjeni Local Municipality
45 Voortrekker Street
De Aar
7000

30 November 2023

Reference: 21433REG22/23

Dear Mr. Disang Humphrey Molaole

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Emthanjeni Local Municipality for the year ended 30 June 2023.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa [section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report, or our audit report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified, these will be communicated to you, and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorized to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
7. Until the steps described in paragraphs 2 and 4 of these documents are completed and the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a final and public document, and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

KBooi
.....

Khanya Booi: Northern Cape

Enquiries: Vuyisile Gumede
Telephone: (072) 018 0075
Fax: (053) 836 8896

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Emthanjeni Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Emthanjeni Local Municipality set out on pages 1 to 97 which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Emthanjeni Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Cash and cash equivalent

3. I was unable to obtain sufficient appropriate audit evidence that cash and cash equivalents costs for the current year is accurate and complete as the underlying records did not agree to the annual financial statements. I was unable to confirm cash and cash by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to cash and cash equivalent stated at R18 819 066 (2022:R24 455 018) in note 11 to the financial statements.
4. Additionally, the cash book balances were not correctly disclosed in the notes to the financial statements as required by section 125(a)(ii) of the MFMA. The cash book balances as disclosed in note 11 to the financial statements was overstated by R12 738 702.

Trade and other payables from exchange transaction

5. I was unable to obtain sufficient appropriate audit evidence for trade and other payables included in payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments to trade and other payables stated at R218 292 296 (2022: R139 570 013) in note 17 to the financial statements were necessary.

Trade and other payables from non-exchange transaction

6. I was unable to obtain sufficient appropriate audit evidence for trade and other payables included in payables from non-exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments to trade and other payables stated at R11 557 786 (2022: R11 557 786) in note 17.2 to the financial statements were necessary.

Receivables from non-exchange transactions

7. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, Financial Instruments. A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. I was unable to determine the full extent of the understatement of the provision for impairment of rates.
8. I was unable to obtain sufficient appropriate audit evidence for sundry debtors included in receivables from exchange non transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these sundry debtors by alternative means. Consequently, I was unable to determine whether any further adjustments to sundry debtors stated at R10 553 059 in note 10 to the financial statements were necessary.

Receivables from exchange transactions

9. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, Financial Instruments. A general rate was applied for all the debtors in calculating the impairment provision, without assessing the credit risk for a group or subgroup of debtors. I was unable to determine the full extent of the understatement of the provision for impairment of debtors.
10. I was unable to obtain sufficient appropriate audit evidence for other receivables included in receivables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these other receivables by alternative means. Consequently, I was unable to determine whether any further adjustments to other receivables stated at R6 567 260 in note 9 to the financial statements were necessary.

Revenue from exchange transactions

11. Service charges revenue was not recognised as required by GRAP 9, *Revenue from exchange transactions*. Properties were identified for which service charges were calculated using incorrect tariffs. Consequently, service charges revenue was understated by R4 773 302 and receivables from exchange transactions was overstated by R5 489 297. Additionally, there was an impact on the accumulated deficit.

Bulk purchases

12. I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to a lack of proper record keeping and reconciliations of control accounts. I was unable to confirm these bulk purchases by alternative means. Consequently, I was unable to determine whether any

further adjustments to bulk purchases stated at R87 554 248 in note 36 to the financial statements were necessary.

Finance costs

13. I was unable to obtain sufficient appropriate audit evidence for finance costs, as supporting evidence was not provided. I was unable to confirm the finance costs by alternative means. Consequently, I was unable to determine whether any adjustments finance costs stated at R22 617 777 (2022: R13 963 680) in note 35 to the financial statements were necessary.

Fines written off

14. I was unable to obtain sufficient appropriate audit evidence for fines written off, as supporting evidence was not provided. I was unable to confirm the finance costs by alternative means. Consequently, I was unable to determine whether any adjustments fines written off at R7 508 954 in the financial statements were necessary.

Contracted services

15. During 2022, the municipality did not sign invoices as proof that services were received as required by GRAP 1, Presentation of Financial Statements. As the municipality did not implement internal controls for services received. Consequently, Contracted services was overstated and Trade payables was overstated by an undeterminable amount. I was unable to determine the full extent of the overstatement of contracted services as it was impracticable to do so.

Irregular expenditure

16. During 2022, the municipality did not include irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to expenditure incurred in contravention of the supply chain management requirements, which resulted in irregular expenditure of R26 464 223.

Context for opinion

17. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

18. 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.

19. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

20. I draw attention to the matter below. My opinion is not modified in respect of this matter.
21. I draw attention to note 56 to the financial statements, which indicates that numerous events or conditions identified like the municipality's ability to pay creditors within 30 days, the current liabilities exceed the current assets, the aging of debtors and the settlement of outstanding accounts may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

22. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

23. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 22 were restated as a result of an error in the financial statements of the municipality for the year ended 30 June 2023.

Material impairment – trade debtors

24. As disclosed in note 9 and 10 to the financial statements, material impairment of R 298 350 151 was incurred as a result of provision of impairment of receivables from exchange and non-exchange transaction.

Other matters

25. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

26. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

27. The supplementary information set out on pages 98 to 101 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

28. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

29. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

30. 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.

31. 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

32. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

33. I selected the following objectives presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected objectives that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Provision of access to all basic services rendered to residents within the available resources.	X-X	To provide basic services to all the residents
Contribution to the development and protection of the rights and needs of all residents with a particular focus on the poor	X-X	To provide free basic service to the poor

34. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the

general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

35. I performed procedures to test whether:

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

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

37. I did not identify any material findings on the reported performance information for the Contribution to the development and protection of the rights and needs of all residents with a particular focus on the poor.

38. I identified material findings on the reported performance information for the Provision of access to all basic services rendered to residents within the available resources.

39. The material findings on the reported performance information for the selected objective are as follows:

Provision of access to all basic services rendered to residents within the available resources.

Indicators with limitation

40. I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report. This was due to the lack of accurate and complete record. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements or the indicators listed below.

No	Indicator number	Indicator Description	Reported achievement
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1	TL16	60% of the maintenance budget of waste management spent by 30 June 2023	79,61%
2	TL34	60% of the water maintenance budget spent by 30 June 2023	52,64%
3	TL35	Limit unaccounted for water to 25% by 30 June 2023	10,23%
4	TL37	60% of the waste water maintenance budget spent by 30 June 2023	75,47%
5	TL38	60% of the roads and stormwater maintenance budget spent by 30 June 2023	61,09%
6	TL39	Limit % electricity unaccounted for to 20 % by 30 June 2023	11,35%
7	TL41	60% of electricity maintenance budget spent by 30 June 2023	22,08%
8	TL48	10% of approved budget spent by 30 June 2023 for the replacement and upgrade of De Aar West electricity transformers	6,44%
9	TL49	60% of approved budget spent by 30 June 2023 for the paving of town entrances in Emthanjeni Phase	100%

Other matter

41. I draw attention to the matter below.

Achievement of planned targets

42. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Adjustments of material misstatement

43. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective: Provision of access to all basic services to residents within available resources. As

management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the basis for disclaimer opinion paragraphs.

Report on compliance with legislation

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

Annual financial statements, performance reports and annual reports

48. 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, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

49. Some of the contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 Preferential Procurement Regulation 9(1). This non-compliance was identified in the procurement processes for the development of boreholes phase 1 and phase 2 in De Aar.
50. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5). This non-compliance was identified in the procurement processes for the supply and delivery of cold premix bags: SCM Notice: 29/2023.
51. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5. Similar non-compliance was also reported in the prior year.

52. The performance of the contractors was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
53. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Expenditure management

54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with PPR 2017 section 9.

Utilisation of conditional grants

56. Performance in respect of programmes funded by the Energy Efficiency and Demand Management Grant was not evaluated within two months after the end of the financial year, as required by section 11(6)(b) of the Division of Revenue Act.

Consequence management

57. All instances of the 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.
58. Authorisation of unauthorised expenditure amounting to R230 117 261 was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.
59. All instances of the 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.
60. All instances of the 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.
61. Unauthorised expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA.

Strategic planning and performance management

62. The performance management system and related controls were inadequate as it did not describe how the performance reporting processes should be conducted, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

63. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
64. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
65. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
66. 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

67. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
68. The matters reported below are limited to the significant internal control deficiencies that resulted in [the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
69. Review and monitor compliance with applicable laws and regulations.
70. Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
71. Implement controls over daily and monthly processing and reconciling of transactions
72. Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
73. Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of

the internal control environment, including financial and performance reporting and compliance with laws and regulations.

74. Develop and monitor the implementation of action plans to address internal control deficiencies.
75. Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
76. Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
77. Establish an IT governance framework that supports and enables the business, delivers value and improves performance.

Material irregularities

78. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Bank account details of suppliers were changed

79. In 2020, fraudulent payments were flagged by the bank relating to payment details that did not agree to the creditor. A former employee changed the banking details of suppliers to his own bank account. The municipality's processes were overridden and did not identify that fraudulent payments of R 1 501 024.18 were made to an incorrect bank account. The payments that were made related to contributions of compensation for injury on duty. An investigation by the internal audit unit on 23 September 2019 concluded that this was as a result of supplier details being changed to the municipality's former employee's banking details.
80. The accounting officer was notified of the suspected material irregularity that resulted in a likely financial loss on 24 November 2021 and invited to make a written submission on the actions taken and to be taken to address the matter. The following actions have been taken by the accounting officer to address the material irregularity:
 - The accounting officer reported the matter to SAPS for criminal investigation on 12 February 2021 and possible recovery of the losses.
 - The Financial Disciplinary Board held a meeting on 25 August 2022 with the purpose of investigating the matter, however delays were caused by insufficient information being available at the time of the meeting. Some board members resigning subsequently and at the time of this report the appointment of new members was not yet concluded.

- Subsequent to the notification being issued, internal controls were designed and implemented in expenditure management. The controls include the verification of supplier banking details before payments are made.

81. I will follow up on the progress of the material irregularity during my next audit.

Eskom accounts not paid within 30 days

82. Eskom invoices received during the period 1 April 2019 to 29 March 2020, for bulk electricity were not all not paid within the prescribed 30 day period, in contravention of section 65(2)(e) of the MFMA. The non-compliance resulted in a financial loss in the form of interest of R4 352 443 being levied and paid to the supplier on the outstanding balances.

83. The accounting officer was notified of the material irregularity on 7 June 2021. The accounting officer instituted an investigation into the matter and the investigation was completed on 5 July 2021. The outcome of the investigation stated that officials could not be held responsible for the non-compliance that occurred and the financial loss suffered by the municipality, and therefore no disciplinary steps need to be taken in accordance with the policies of the municipality. This was due to unfunded annual budgets, low collection rates and the municipality being in financial distress.

84. On 01 November 2023 I followed up on the progress of the material irregularity and on the 16 November the accounting officer provided feedback. The municipality has not complied with the payment arrangement and has not made significant progress in terms of lowering the total amount owed to Eskom. The interest for the current year has increased in comparison to the interest paid in the prior year.

85. I have concluded that appropriate actions are not been taken to address the material irregularity.

86. I am in the process of determining the most suitable action to take.

Use of consultants

87. The municipality makes use of consultants for the preparation of annual financial statements while having suitably qualified employees within the municipality to compile financial statements.

88. The accounting officer was notified of the material irregularity on 12 September 2023. The accounting officer instituted an investigation into the matter and the investigation was completed on 18 November. The following actions have been planned by the accounting officer to address the material irregularity:

- The municipality has created a vacancy of a finance official who will be responsible for preparation of the annual financial statement.
- Officials will regularly attend GRAP training offered by Provincial Treasury and the current consultants will be transferring skills to the identified officials.

- The municipality is currently preparing a consultant reduction plan which should be adopted by council by May 2024.

89. I will follow up on the progress of the planned actions during my next audit.

Other reports

90. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

91. The Directorate for Priority Crime Investigation (Hawks) is investigating allegations of irregularities where banking details of suppliers were changed before payment was processed. These proceedings were in progress at the date of this report.

Auditor General
Auditor-General

Kimberley

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

LOCAL MUNICIPALITIES

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)

Legislation	Sections or regulations
	<p>Parent municipality with ME: Sections 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)</p>
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)