Annual Report

Emthanjeni Municipality

EMTHANJENI LOCAL MUNICIPALITY

Space Access Opportunity

2023/24

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MAYOR'S FOREWORD

Emthanjeni Local Municipality is one of the medium capacity municipalities, and must on a yearly basis produce an Annual Report which highlights the achievements, performance information, governance and financial reporting.

The guiding principles are transparency in Municipal programmes, efficiency and effectiveness and seeks to promote accuracy and balanced reporting.

Today, we table both the financial and non-financial information of departments which adheres to formats in the coverage of departmental activities.

The Financial information incorporated corresponds with that of the Audited Financial Statements (2023/2024).

Key issues which are needed to ensure governance and oversight, including the placement of the document for public scrutiny and the opportunity for the MPAC to exercise their district follow-up on information was also addressed.

Currently the Emthanjeni Municipal area is crippled with key service delivery challenges but still manages to perform under all circumstances.

I have exercised my oversight on the performance information and Council received reports thereof.

It is my pleasure to table the Annual Report for the 2023/2024 financial year.

GL NKUMBI

MAYOR: EMTHANJENI MUNICIPALITY

Municipal Manager's Overview

The periodic legislative instruction for the submission of the Draft Annual report is 31 January of each calendar year.

Emthanjeni Municipality prepared the Annual Financial Statements (2023/2024) timeously, and submitted by 31 August 2024.

The Audit Reports as issued in December 2024, reflected as a Qualified Audit opinion for the set of financial statements (2023/2024).

The Performance Information improved to qualify. We pride the administration by ensuring that all directorates perform above 80% (SDBIP), and we aim for further improvement in the coming years.

The Draft Annual Report will beat the January deadline and the final report will be circulated after the interrogations by the user public and MPAC for Oversight.

Given the unfavorable economic conditions, acute and low-income base, we acknowledge the struggle in fulfilling all expenditure needs. The systems and functionary of Emthanjeni Local Municipality have prospects of improving and with the help of Government, Council and Communities, we will achieve more than the current year.

We hereby submit the Draft Annual Report for adoption by Council, in support of Mayoral Office for tabling.

DISANG MOLAOLE

MUNICIPAL MANAGER

Chapter 1

Executive Summary

1.1 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 2023/24 Annual Report reflects on the performance of the Emthanjeni Municipality for the period 1 July 2023 to 30 June 2024. 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"

1.2 Municipal Functions, Population and Environmental Overview

1.2.1 Population

Total Population

The 2022 Census (StatsSA) indicates that the total population has increased to 46 587. The population growth from 2011 to 2022 is 9.9%.

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

Year	2001	2011	2022
Total Population	35 785	42 356	46 587

Table 1: Total Population

Year	African	Coloured	Indian	White	Other
2001	10 435	20 848	40	4 463	-
2011	14 059	24 436	236	3 388	-
2022	14 884	27 905	357	3 421	17

Table 2: Population

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

Population - Gender	2001	2011	2022
Females	18 679	21 634	24 212
Males	17 107	20 722	22 375
Total	**35 785**	**42 356**	**46 587**
Source: Census			

Table 3: Gender Statistics

1.2.2 Households

Households	2011	2022
Number of households	10 457	10 622
Average household size	4.1	4.4

Table 4: 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 390km^2.

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	Residensia, 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 5: 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 ºC, the highest maximum temperature of 40.7 ºC, an average summer temperature of 24 ºC and an average winter temperature of 14 ºC. 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 quested 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 virtuo so 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 Gemsbokfontein, 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).

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 6: Key Economic Activities

1.3 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 bulk water pipelines, two booster pump stations. Water maintenance plans.
Electricity: Installation of LED streetlights and high mast lights. Upgrading of De Aar West Main Transformers.	Saving on electricity consumption. Fastrack appointment of contractors to implement and source additional funding to upgrade both transformers.
Cemeteries: Quarterly cemetery maintenance. All cemeteries have up to date burial registers.	All Cemeteries were maintained by employees assisted by tempory workers as a form of job creation to alleviate levels of poverty.
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. To ensure the beneficiaries of the subsidy fully understand the process. The register is quarterly reviewed and monitored monthly.
Road and Storm Water: Paving of town entrances. Pothole maintenance.	Beautification of Municipal entrances. Annual routine road maintenance.
Waste Management: De Aar, Hanover and Britstown landfill sites permitted / licensed.	Approval was obtained from the Department of Environment Nature Conservation.
Sanitation: Construction of Internal sewer reticulation for Mziwabantu was completed. Sewerage Maintenance Plans.	Bulk sewer line and waterborne systems was constructed for Mziwabantu. Sewerage Maintenance Plans have been developed.

Table 7: Basic Services Delivery Highlights

1.3.2 Basic Services Delivery Challenges

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

Description	Actions to address
Road and Storm Water: Insufficient budget. Damaged road infrastructure caused by trucks. Delay in project for paving of streets. Delay in implementation of paving project due to broken grader. Flooded subway that links De Aar West with De Aar East.	Business plans were submitted to MIG for the approval of funds. Improve aging road infrastructure. Fixing of broken grader or hiring of grader to complete project for paving of streets. Grader parts can only be procured outside of the country. Upgrade stormwater drainage at subway through procurement of an emergency standby plant.
Waste Management: Landfill machinery required to perform waste management and minimisation efforts at the landfill sites. Lack of training of Municipal personnel to manage the landfill sites. Aging waste management fleet especially honey suckers.	Acquire additional machinery in 2024/2025. Provide training to capacitate the employees. 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.
Sanitation: Shortage of staff in the waste water section.	Filling of vacancies with experienced & qualified personnel.
Water: Shortage of staff in the water section. Vandalism of water infrastructure. Water shortage in certain areas of De Aar due to loadshedding.	Filling of vacancies with experienced and qualified personnel. Improve employment rate within the Municipal area. Funding assistance from IPPs for installation of solar pumps at boreholes to pump without interruption.
Electricity: Capacity constraints within electricity section. Theft and vandalism to electricity infrastructure. No master plans.	Filling of key vacant positions. Proper safeguarding of electricity infrastructure. DBSA to provide funding, Feedback awaited on application that was submitted.
Housing: Slow progress on construction of top structures in the Municipality. Infrastructure Maintenance. Vandalism and theft of Municipal assets.	Two new contractors appointed in July 2022. Budget accordingly to ensure that maintenance is done. 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.

Table 8: 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	2022/23	2023/24
Electricity service connections *(Represents the number of formal properties which are billed for electricity or have pre paid meters (Excluding Eskom areas as at 30 June*)	12 307	11 421
Water - available within 200 m from dwelling *(Represents the number of formal properties which are billed for water or have pre paid meters as at 30 June)*	8 709	8 758
Sanitation - Households with at least VIP service *(Represents the number of formal properties which are billed for sewerage as at 30 June)*	8 615	8 880
Waste collection - kerbside collection once a week *(Represents the number of formal properties which are billed for refuse removal as at 30 June)*	8 295	8 363

Table 9: Households with Minimum Level of Basic Services

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights

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

Highlights	Description
The Municipality had good return on Investments during the financial year.	The Municipality had moved all grants money to it investment accounts to receive interest to improve Municipality cashflow.
Sustainable service delivery within the municipality during the financial year.	The municipality continues to provide basic services to the community members of Emthanjeni Municipality.

Table 10: Financial Viability Highlights

1.4.2 Financial Viability Challenges

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

Challenge	Action to address
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.
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.
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.

Table 11: Financial Viability Challenges

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	2022/23	2023/24
Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2020((Total operating revenue-operating grants received)/debt service payments due within the year))	174.00%	40.00%
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)	173.00%	30.00%
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)	0.5	30

Table 12: National KPI's for Financial Viability and Management

1.4.4 Financial Overview

Details	2022/23	2023/24		
		Original budget	Adjustment Budget	Actual
	R'000			
Income				
Grants (Operating + Capital)	80 355	102 805	102 163	97 521
Taxes, Levies and tariffs	214 426	242 053	242 344	251 400
Other	(94 924)	9 942	1 259	5 878
Sub Total	**199 857**	**354 800**	**345 766**	**354 799**
Less Expenditure	(317 753)	(333 816)	(527 988)	(337 190)
Net surplus/(deficit)	**(117 896)**	**20 984**	**(182 222)**	**17 609**

Table 13: Financial Overview

1.4.5 Total Capital Expenditure

Detail	2022/23	2023/24
	R'000	
Original Budget	41 159	47 658
Adjustment Budget	23 903	53 415
Actual	19 226	36 138
% Spent	**80.43%**	**67.65%**

Table 14: Capital Expenditure

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Effective and efficient administration and new organizational structure	The organizational structure paved way for a more effective and efficient administration. The organizational structure is in line with the Council's agenda to transform the municipality.
Reviewed Human Resources policies	Reviewed all Human Resource policies during the oversight period.

Table 15: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to address
Awareness of Municipal Staff Regulations	Refresher workshop for Supervisors and staff.
No internal funding of Skills Development	Council to budget for Skill Development.
Vacant position of Senior Managers (Chief Financial Officer and Senior Manager Corporate Services)	Senior Managers to be appointed.

Table 16: Municipal Transformation and Organisational Development Challenges

1.5 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.
- **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	2020/21	2021/22	2022/23	2023/24
Opinion received	Qualified	Qualified	Qualified	Qualified

Table 17: 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
Appointment of Public Participation Coordinator	To serve as a focal person on all matters pertaining to public participation.
Involvement of stakeholders from the various sectors in all public participation processes	Fosters good governance and enhances stakeholder relations.

Table 18: Good Governance and Public Participation Highlights

2.2 Good Governance and Public Participation Challenges

Description	Actions to address
Poor attendance of residents to Council Meets the People.	- Early notifications for meetings and invitations to sector departments and other stakeholders. - Proper mobilisation for meetings and the active participation of Ward Committees. - Conduct smaller block meetings to ensure everyone is reached.
Inconsistency with Ward Councillors convening their Ward Meetings.	Ward Councillors with their Ward Committees to convene Ward meetings and ensure that routine inquiries are dealt with and residents are informed of municipal programmes and processes.
Communities not properly educated on IDP and Budget processes and can therefore not make meaningful contributions to the process when the time comes.	Utilise Councillors, Ward Committees and Public Participation Coordinator to conduct awareness campaigns to educate communities on how to participate effectively during these processes.
Constant changes to the schedule of meetings circulated to communities.	Compliance to the dates scheduled and communicated.
Poor attendance of Councillors to community meetings.	Collective ownership of public participation processes by Council to improve on attendance and performance.

Table 19: 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 2023 to 30 June 2024**:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Dates of Council Meetings held
GL Nkumbi	Mayor	ANC	Proportional	**Special Council** 4 July 2023 19 July 2023 25 January 2024 23 May 2024 **Council** 31 August 2023 6 December 2023 28 February 2024 27 March 2024 27 June 2024
MC Kivedo	Speaker	ANC	Proportional	
FC Swanepoel	Ward Councillor	ANC	Ward 1	
MN Mackay	Ward Councillor	ANC	Ward 2	
SW Makhandula resigned 23 February 2024	Ward Councillor	ANC	Ward 3	
BM Mvenya from June 2024	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 20: Council for the period 1 July 2023 to 30 June 2024

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 2023 to 30 June 2024:**

Name of member	Portfolio	Meeting Dates
GL Nkumbi	Chairperson	30 August 2023 6 December 2023 28 February 2024 27 March 2024 27 June 2024
LE Andrews	Member	
R Smith	Member	

Table 21: Executive Committee from 1 July 2023 to 30 June 2024

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 2023 to 30 June 2024** are stipulated in the tables below:

Corporate and Human Resource Services Committee		
Chairperson	**Other members**	**Dates of Meetings**
LE Andrews	TJ Brandt RH Adams- Beukes	28 August 2024 4 December 2024 27 February 2024
Infrastructure Services Committee		
Chairperson	**Other members**	**Dates of Meetings**
GL Nkumbi	SW Makhandula resigned 23 February 2024 B Swanepoel	28 August 2024 4 December 2024 27 February 2024
Community Services Committee		
Chairperson	**Other members**	**Dates of Meetings**
LE Andrews	JM Fortuin R Smith	28 August 2024 4 December 2024 27 February 2024
Municipal Public Accounts Committee		
Chairperson	**Other members**	**Dates of Meetings**
MN Mackay	PP Mhlauli GK Engelbrecht	26 March 2024
Rules Committee		
Chairperson	**Other members**	**Dates of Meetings**
MC Kivedo	R Smith NP Bushula MST Booysen	No meetings were held

Table 22: Portfolio Committees 1 July 2023 to 30 June 2024

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
HD Molaole	Municipal Manager
Ms SN Jordan: Acting CFO	Financial Services
Mrs ST Felix (1 July 2023 to 31 January 2024) Acting: Senior Manager	Corporate Services
Mrs D Mjandana (1 February to 30 June 2024) Acting: Senior Manager	Corporate Services
H Joka	Community Services
L Thiso	Infrastructure Services

Table 23: 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 DevelopmentForum	Manager Development and Strategic Services and Local EconomicDevelopment 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 capacitatingof officials
Speakers Forum	Speaker	Functioning of political structure
Municipal Public AccountCommittee	MPAC Chairperson and Speaker	Check and balance of counciloperations, accountability of administrations
Infrastructure Forum	Senior Manager Infrastructure Service	Implementation of infrastructureprograms
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 Coordinatorand 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
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 & StrategicServices	Support and capacitating Karoo municipalities.

Name of Structure	Members	Outcomes of Engagements/ Topics Discussed
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 24: 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	- Monitor compliance and enforcement of Disaster Management Act regulations - Reporting to the provincial government on activities within the district - Coordinate and monitoring allocation of resources

Table 25: 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 2023 to 30 June 2024** 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	14/08/2023 11/09/2023 04/10/2023 07/11/2023 07/12/2023 09/01/2024 13/02/2024 20/03/2024 29/04/2024 18/06/2024
Marlon Matroos (not active)	Youth	
Kenneth Tambo	Sport	
Imelda Phillip (not active) coopted Sandra Markgraaf	Youth	
Monique Groep	Youth	
Meagan Vywers	Woman	
Gillian Jejane	Community	
Ronny Karelse	Church	
Veronica Louw	Business	
Sunet Justine Mpendukani (not active)	Woman	

Table 26: Ward 1 Committee Members

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

Name of representative	Capacity representing	Dates of meetings
Annet Williams	Woman	16/08 2023 26/08/2023 06/10/2023 13/11/2023 05/12/2023 10/01/2024 12/02/2024 06/03/2024 29/05/2024
Regina Marie Bothma (not active)	Woman	
Elizabeth Jooste	Business	
Levona Van Staden	Youth	
Muriel Adams-Phillips	Church	
Shaleen Scheepers	Community	

Name of representative	Capacity representing	Dates of meetings
Patrick Henry Van Staden	GPF	13/06/2024
Simphiwe Masango (not active)	Sport	
Michael Pienaar	Elderly	
Lodewyk (not active)	Disabled	

Table 27: Ward 2 Committee Members

Ward 3: Nonzwakazi, Portion of Waterdal

Name of representative	Capacity representing	Dates of meetings
Thandiwe Mpengesi	Woman	16/08/2023 24/01/2024
Akhona Mvela	Community	
Sam Mooi	Arts & Culture	
Nomthandaso Khweleta (not active) coopted Babalwa Madyo	Woman	
Bongani Mona	business	
Qoliswa Skhampula	Church	
Sindisa Qeqe (not active) coopted Lilitha Tokwana	Youth	
Sindisile Thomas	Business	
Thembela Kelemi	Woman	
Buyani Maliti (not active) coopted Gloria Holland	Youth	

Table 28: 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 (not active)	Woman	17/08 2023 11/09/2023 21/11/2023 05/12/2023 10/01/2024 29/02/2024 10/04/2024 13/06/2024
Wendy Tantsi	Business	
Pamela Filifani	Community	
Maria Kondile	Social	
Delia Swarts	Sports	
Bonakele Bosman	Business	
Johannes Johnson	Business	
Bonisile Segonyela (not active)	Community	
Geduld Peers	Sport	
Sydney Tengwana (not active)	Community	

Table 29: Ward 4 Committee Members

Ward 5: Portion of town Area and Louisville

Name of representative	Capacity representing	Dates of meetings
Johanna Lamberts	Community	22/08 2023 12/09/2023 12/10/2023 15/11/2023 05/12/2023 08/02/2024
Rosie Stevens	Woman	
Wilhelmiena Hendricks	Woman	
Auburn Jaftha	Business	

Name of representative	Capacity representing	Dates of meetings
Barry Fisher	Church	12/02/2024 18/06/2024
Idah Arendse	Woman	
Azola Loko	Youth	
Nathan Louw	Youth	
Naomi White	Business	
Prudence White	Youth	

Table 30: 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	14/08 2023 19/09/2023 23/10/2023 08/11/2023 11/12/2023 10/01/2024 12/02/2024 07/03/2024 20/04/2024 11/06/2024
Ennie Tys	Business	
Nadine Matthews	Youth	
Vuyiseka Ngolo	Community	
Lwandile Mali	Church	
Ntombethemba Mhluntsa (not active)	Youth	
Adam Andrews (deceased)	Community	
Helena Koopman	Woman	
Aubrey Harmse (not active)	Sport	
Abongile Mtwana (not active)	Business	

Table 31: Ward 6 Committee Members

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

Name of representative	Capacity representing	Dates of meetings
Ntsiki Mdebuka	Community	27/07 2023 23/08/2023 14/09/2023 03/11/2023 08/11/2023 01/12/2023 22/01/2024 28/02/2024 12/03/2024 03/05/2024 07/06/2024
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 32: 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	14/07 2023 17/08/2023 05/10/2023 09/11/2023 06/12/2023
Athenkosi Poswa (not active)	Woman	
Zimasa Thiyo	Community	
Thabo Gantile (not active)	Community	

Name of representative	Capacity representing	Dates of meetings
Trevor Tokwana (not active)	Church	
Bongiwe Mpela	Community	
Priscilla Vywers	Woman	
Priscilla Holstruis (not active)	Youth	
Edna Lackay (not active)	Woman	
Sammy Pylman (not active)	Business	

Table 33: 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)	Special Local Labour Forum Meeting: 29/04/2024
Mr N Hendricks	Deputy Chair Person (IMATU)	
Mr SW Makhandula (July till February 2024)	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 34: 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.

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. Temparing of meters by communities.	Inspection records to be kept and meter seals are being replaced with LGM type. Penalties charged for by passing and case is open to the affected employees.	High	Senior Manager Infrastructure Services	Follow up on all replaced meters and spot check to the staff and community members. need to request a report on low consumption to monitor whether the tempering of meters when fleet is available.
4. LED forum quarterly meeting not conducted.	Start implementation of quarterly LED Forum meetings from new financial year	Low	Senior Manager Corporate Services	LED Forum meetings to be
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 in process. 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.

Risk	Current Controls	Residual Risk Exposure	Risk Owner	Action Plans
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 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 35: 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
S Jordan	Acting Chief Financial Officer	12 September 2023 24 January 2024
D Mjandana	Acting Senior Manager Corporate Services	
M Joka	Senior Manager Community Services	
L Thiso	Senior Manager Infrastructure Services	
Z Mtwana	PMS Risk Officer	

Table 36: 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	November 2023
Supply Chain Management Policy	Yes	May 2024
Cost Containment Policy	Yes	May 2024

Table 37: 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 38: 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:

Name of representative	Capacity	Dates of meetings
AF Jaftha	Chairperson: Audit Committee	12 July 2023 27 November 2023 25 March 2024 21 June 2024
NP Mdaka	Audit Committee Member	
NP Jacobs	Audit Committee Member	

Table 39: 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:

Name of representative	Capacity	Dates of meetings
AF Jaftha	Chairperson: Audit Committee	12 July 2023 27 November 2023 25 March 2024 21 June 2024
NP Mdaka	Performance Audit Committee Member	
NP Jacobs	Performance Audit Committee Member	

Table 40: 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	No

Table 41: Communication Activities

Newsletters

Type of Newsletter	Distributed
Internal	No
External	No

Table 42: 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 43: 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 2023/24	No
Adjusted Budget 2023/24	Yes
Asset Management Policy	No
Customer Care, Credit Control & Debt Collection Policy	No
Indigent Policy	No
Investment & Cash Management Policy	No
Rates Policy	No
Supply Chain Management Policy	Yes
Tariff Policy	No
Virement Policy	No
Travel and Subsistence Policy	Yes
Top Layer SDBIP 2023/24	Yes
Budget and Treasury Office Structure	No
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
IDP for 2023/24	Yes
IDP Process Plan for 2023/24	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	No
Long term borrowing contracts	No
SCM contracts above R30 000	No
Section 37 of the MFMA; No 56 of 2003 (Unsolicited Bids/Contracts)	No
Public invitations for formal price quotations	No
Reports (Sections 52(d), 71, 72 &75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2022/23	Yes
Oversight reports 2022/23	Yes
Mid-year budget and performance assessment 2022/23	No
Quarterly Reports	No
Monthly Budget Statement	No
Local Economic Development (Section 26(c) of the MSA)	
Local Economic Development Strategy	Yes
LED Policy Framework	No
Economic Profile	Yes
LED Projects	No
Performance Management (Section 75(1)(d) of the MFMA)	
Performance Agreements for employees appointed as per S57 of the MSA	Yes

Table 44: 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 45: Senior Management

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	2	1 Coloured 1 Black	1 Female 1 Male	0	2
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 46: Skills Development

2.12.3 Enterprise and Supplier Development

Total Procurement Spend			
Total Number of Suppliers	25	**Total Value Spend**	R 4 173 423.40
Total number of Exempt Micro Enterprises (EME's) suppliers	**Total value spend**	**% Black Ownership**	**%Black women ownership**
22	R 3 620 257.51	80%	24%
Total number of Qualifying Small Enterprises (QSE's) suppliers	**Total value spend**	**% Black Ownership**	**%Black women ownership**
n/a	n/a	n/a	n/a
Total number of large suppliers	**Total value spend**	**% Black Ownership**	**%Black women ownership**
3	R 299 616.46	33.33%	0%

Table 47: Enterprise and Supplier Development

CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2023/24 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 2023/24 was approved by Council on in May 2023. 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 2023. 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 senior managers for the 2023/24 financial year were signed in July 2023.

The appraisal of the actual performance in terms of the signed agreement takes place twice per annum as regulated. The final evaluation of the 2022/23 financial year (1 January 2023 to 30 June 2023) took place on 28 November 2023.

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 2023/24

This section provides an overview of the key service achievements of the Municipality that came to fruition during 2023/24 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.

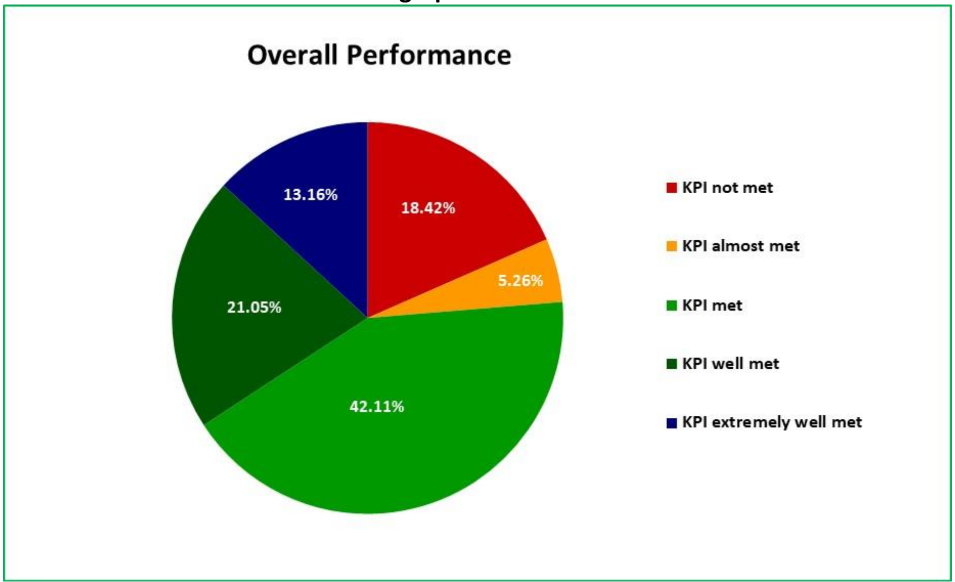
In the graphs and tables below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2023/24 in terms of the IDP strategic objectives.

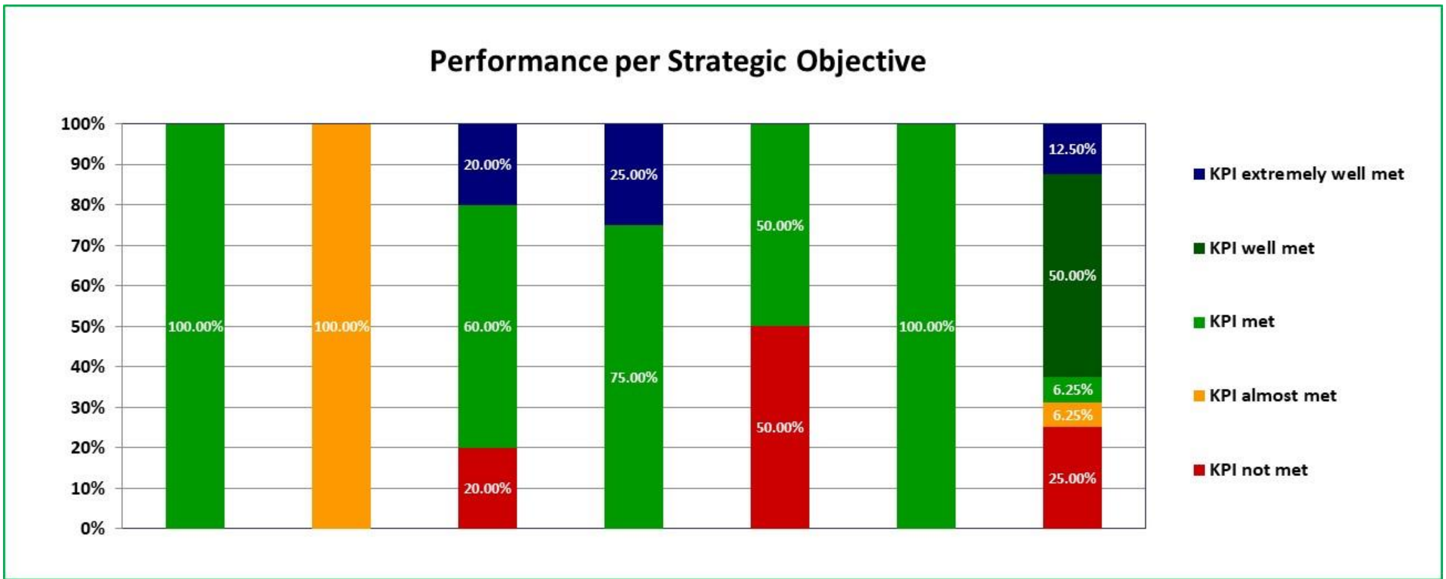
The following table explains the method by which the overall assessment of the actual performance against the targets set for the KPI's of the SDBIP are measured:

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

Figure 1: SDBIP Measurement Criteria

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





Measure-ment 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	1	0	2	0	4
KPI Almost Met	0	1	0	0	0	0	1
KPI Met	3	0	3	6	2	1	1
KPI Well Met	0	0	0	0	0	0	8
KPI Extremely Well Met	0	0	1	2	0	0	2
Total	**3**	**1**	**5**	**8**	**4**	**1**	**16**

*Graph 1: **Top Layer SDBIP Performance per Strategic Objective***

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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	**1**	**1**	G
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	0	0	0	1	**1**	**1**	G
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	0	0	0	1	**1**	**1**	G

Table 48: 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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	3 299	3 300	3 300	3 300	3 300	**3 300**	**3 048**	O
	Reason and/or Corrective Action	Reports could not be extracted for the month of June.									

Table 49: 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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	**1**	**0**	R
	Reason and/or Corrective Action	Post will be advertised.									
TL3	0.1% of the personnel budget spent on	% of the personnel budget spent on	All	0.14%	0.00%	0.00%	0.00%	0.10%	**0.10%**	**0.10%**	G

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	training as per the approved Skills Development Plan by 30 June 2024 [(Actual total training expenditure/total personnel budget)x100]	training by 30 June 2024									
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	0	0	0	1	**1**	**1**	G
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	8.33%	0.00%	20.00%	0.00%	20.00%	**20.00%**	**3.92%**	B
TL9	Review the organogram and submit to Council by 30 June 2024	Reviewed organogram submitted to Council by 30 June 2024	All	1	0	0	0	1	**1**	**1**	G

Table 50: 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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	174.00%	0.00%	0.00%	0.00%	45.00%	**45.00%**	**40.00%**	B
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	173.00%	0.00%	0.00%	0.00%	45.00%	**45.00%**	**30.00%**	B

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	0.5	0	0	0	30	**30**	**30**	G
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	1	0	0	0	**1**	**1**	G
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	106.00%	55.00%	55.00%	55.00%	55.00%	**55.00%**	**55.00%**	G
TL25	Prepare and submit the adjustments budget to Council by the 28 February 2024	Adjustments budget submitted by 28 February 2024	All	1	0	0	1	0	**1**	**1**	G
TL26	Prepare and submit the draft budget to Council by 31 March 2024	Draft budget submitted by 31 March 2024	All	1	0	0	1	0	**1**	**1**	G
TL27	Prepare and submit the final budget to Council by 31 May 2024	Final budget submitted by 31 May 2024	All	1	0	0	0	1	**1**	**1**	G

Table 51: Maintaining a financially sustainable and viable Municipality

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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL1	Develop Risk based audit plan (RBAP) for 2024/25 and submit to	RBAP for 2024/25 submitted to the Audit Committee by 30 June 2024	All	1	0	0	0	1	**1**	**1**	G

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	the Audit Committee by 30 June 2024										
TL6	Review the Risk Committee and sent appointment letters to members by 31 March 2024	Risk Committee reviewed and appointment letters sent to members by 31 March 2024	All	1	0	0	1	0	**1**	**0**	R
	Reason and/or Corrective Action	Risk Committee will be established in 2024/25.									
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	0	0	0	0	1	**1**	**1**	G
TL8	Review the Communication Strategy and submit to Council by 30 June 2024	Reviewed Communication Strategy submitted to Council by 30 June 2024	All	0	0	0	0	1	**1**	**0**	R
	Reason and/or Corrective Action	Strategy will be revised in 2024/25.									

Table 52: 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 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	149	0	0	0	61	**61**	**61**	G

Table 53: 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 perfor-mance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	**1**	**1**	G
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	8 709	8 000	8 000	8 000	8 000	**8 000**	**8 758**	G2
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	12 307	6 000	6 000	6 000	6 000	**6 000**	**11 421**	B
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	8 615	7 200	7 200	7 200	7 200	**7 200**	**8 880**	G2
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	8 295	7 200	7 200	7 200	7 200	**7 200**	**8 363**	G2

Int. Ref	KPI	Unit of Measurement	Ward	Actual performance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
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)X100}	% of capital budget spent by 30 June 2024	All	81.80%	25.00%	50.00%	75.00%	95.00%	**95.00%**	**99.49%**	G2
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) x 100]	% unaccounted water by 30 June 2024	All	10.23%	0.00%	0.00%	0.00%	17.00%	**17.00%**	**29.5%**	R
	Reason and/or Corrective Action	To repair all technical leaks and procure the meters to record the water accurately.									
TL30	Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	92.80%	95.00%	95.00%	95.00%	95.00%	**95.00%**	**20.00%**	R
	Reason and/or Corrective Action	DWS is assisting with checking the root cause of the water quality. Although all chlorine has been procured and treatment is being conducted there are still failures detected. A thorough study is being carried out by DWS as assistance.									
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) x 100]	% of electricity unaccounted for at 30 June 2024	All	11.35%	0.00%	0.00%	0.00%	10.00%	**10.00%**	**5.8%**	B
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	3	0	0	0	4	**4**	**0**	R
	Reason and/or Corrective Action	It was completed however the approval could not be confirmed. The approvals for the new financial year will be signed and kept on record at the registry.									
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	% of approved budget spent	1,2,3, 4,5 and 8	97.90%	25.00%	50.00%	75.00%	95.00%	**95.00%**	**108.60%**	G2

Int. Ref	KPI	Unit of Measurement	Ward	Actual perfor-mance for 2022/23	Overall Performance 2023/24						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	approved budget) x 100}										
TL34	95% of approved budget spent by 31 December 2023 for the upgrading of the Nonzwakazi Sports Ground {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	3	72.15%	75.00%	95.00%	0.00%	0.00%	**95.00%**	**118.41%**	G2
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	6.44%	25.00%	50.00%	75.00%	95.00%	**95.00%**	**0.00%**	R
	Reason and/or Corrective Action	Procurement will take place in September 2024. Transformer will be replaced in 2024/25.									
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	New KPI for 2023/24	25.00%	50.00%	75.00%	95.00%	**95.00%**	**104.37%**	G2
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	1,2,3, 4	New KPI for 2023/24	25.00%	50.00%	75.00%	95.00%	**95.00%**	**71.55%**	O
	Reason and/or Corrective Action	The housing contractor has not completed all the houses. COGHTA to ensure that all houses are ready for electrification.									
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	New KPI for 2023/24	25.00%	50.00%	75.00%	95.00%	**95.00%**	**98.49%**	G2

Table 54: 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

Municipal Function	Municipal Function (Yes/ No)
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 55: 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 – Phase 1 (Construction) & completion of Riet Tank.	Equipping of 12 boreholes with solar panels & pump, construction of bulk water pipeline including the installation of Riet Tank.

Table 56: 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 Municipality.

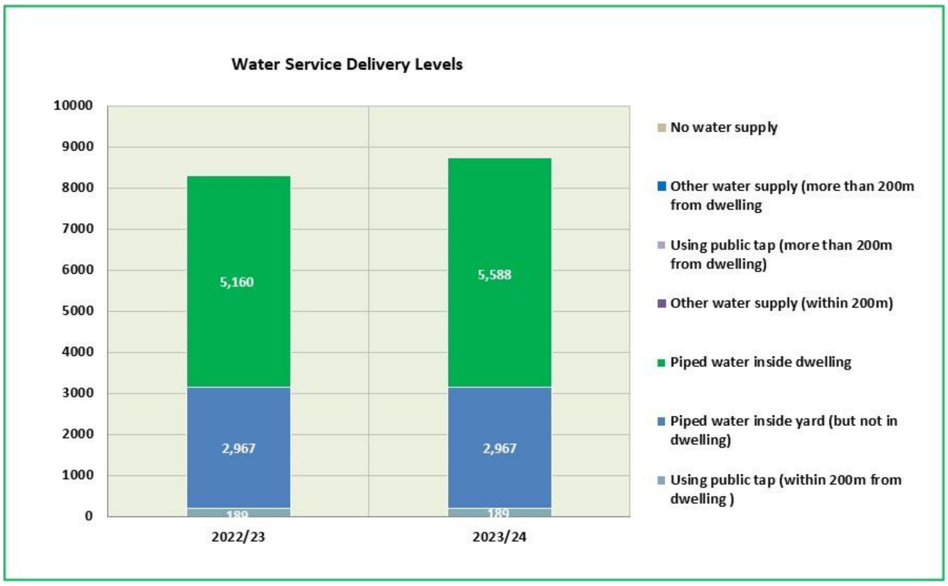
Table 57: Water Services Challenges

3.3.3 Service Delivery Levels: Water Services

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

Households		
Description	**2022/23**	**2023/24**
Water: **(above min level)**		
Piped water inside dwelling	5 160	5 588
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
Minimum Service Level and Above sub-total	**8 316**	**8 744**
Minimum Service Level and Above Percentage	**100**	**100**
Water: **(below min level)**		
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
Below Minimum Service Level sub-total	**0**	**0**
Below Minimum Service Level Percentage	**0**	**0**
Total number of households	**8 316**	**8 744**
Include informal settlements		

Table 58: 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	9	2	18.2
4 - 6	6	4	2	33.4
7 - 9	5	1	4	80.0
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	**23**	**15**	**8**	**34.8%**
As at 30 June 2024				

Table 59: Employees: Water Services

3.3.5 Capital: Water Services

The following table indicates the capital expenditure for this division:

Capital Projects	2023/24 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Development of 12 Boreholes in De Aar Northern Scheme	89 902	0	18 109	71 793	89 902

Table 60: 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 the Water Services Infrastructure Grant (WSIG).

There is still the challenge of the Urine Diversion System (UDS) toilets in Hanover and converting it to full waterborne sewerage. We plan to address this with Ward project funds.

3.4.2 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.
Manual method of unblocking sewer in all three towns – no machinery.	Procure a Hydrojet (Vacuum sewer unblocking) is budgeted for F2024/2025.

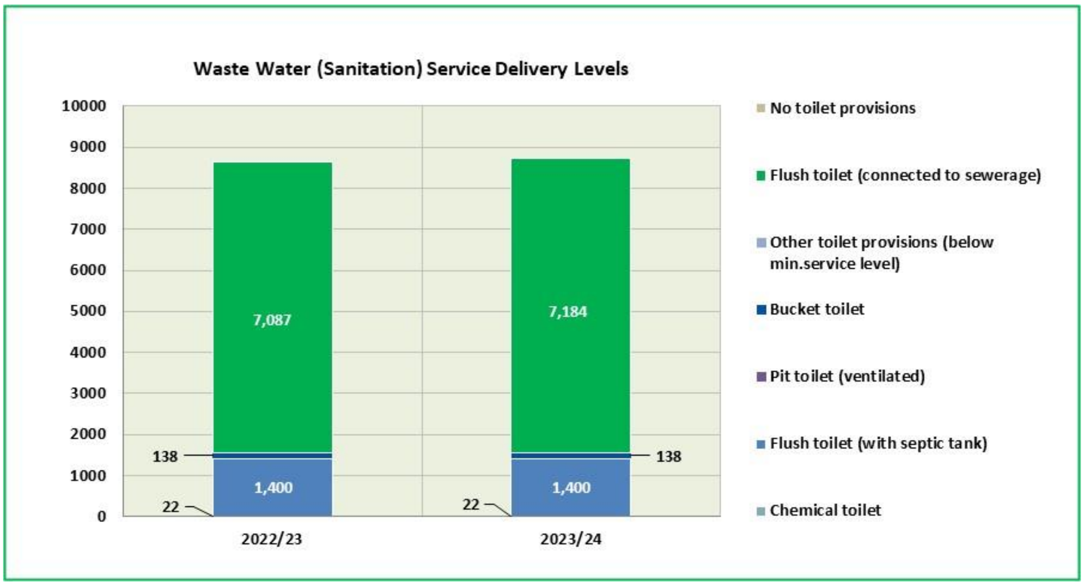
Table 61: Waste Water (Sanitation) Provision Challenges

3.4.3 Service Delivery Levels: Waste Water (Sanitation) Provision

The table below specifies the different sanitation service delivery levels per households for the financial years 2022/23 and 2023/24 in the areas in which the Municipality is responsible for the delivery of the service:

Households		
Description	**2022/23**	**2023/24**
***Sanitation/sewerage:* (above minimum level)**		
Flush toilet (connected to sewerage)	7 087	7 184
Flush toilet (with septic tank)	1 400	1 400
Chemical toilet	22	22
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	2	2
Minimum Service Level and Above sub-total	**8 511**	**8 608**
Minimum Service Level and Above Percentage	**98.40**	**98.40**
***Sanitation/sewerage:* (below minimum level)**		
Bucket toilet	138	138
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level sub-total	**138**	**138**
Below Minimum Service Level Percentage	**1.60**	**1.60**
Total households	**8 649**	**8 746**
Including informal settlements		

Table 62: Waste Water (Sanitation) Provision Service Delivery Levels



*Graph 3: **Waste Water Service Delivery Levels***

3.4.4 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	15	15	0	0
4 - 6	5	5	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	**23**	**22**	**1**	**4.4**
As at 30 June 2024				

Table 63: Employees Waste Water (Sanitation) Provision

3.4.5 Capital: Waste Water (Sanitation) Provision

There were no capital projects in the 2023/24 financial year.

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.

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
Installation of High mast lights	More lighting in the areas. This minimises crime and a to a certain extent, vandalism.
Installation of LED lights in office buildings and streetlights	Saving on electricity consumption.

Table 64: Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
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.

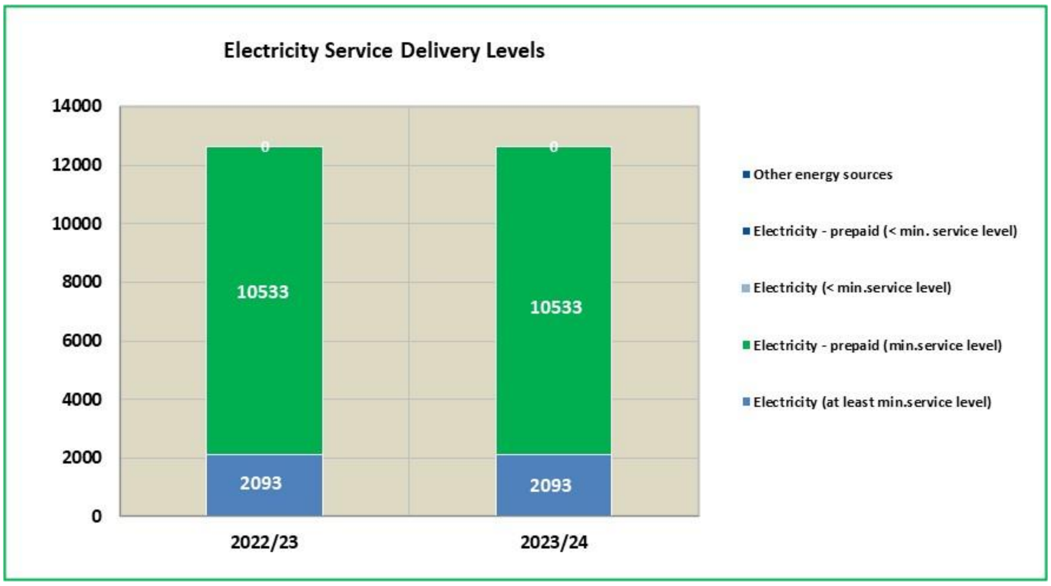
Table 65: Electricity Challenges

3.5.4 Service Delivery Levels: Electricity

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

Households		
Description	**2022/23**	**2023/24**
Energy: **(above minimum level)**		
Electricity (at least min. service level)	2 093	2 093
Electricity - prepaid (min. service level)	10 533	10 533
Minimum Service Level and Above sub-total	**12 626**	**12 626**
Minimum Service Level and Above Percentage	**100**	**100**
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 66: 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	4	7	63.6
4 - 6	10	6	4	40.0
7 - 9	4	3	1	25.0
10 - 12	8	4	4	50.0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	**34**	**18**	**16**	**47.1%**
As at 30 June 2024				

Table 67: Employees: Electricity Services

3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2023/24 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Highmast light Phase 1	10 272	10 272	10 272	0	24 010
De Aar Electrification of houses Phase 2	3 850	3 250	2 400	1 450	3 250

Table 68: 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
Waste Management Service Intervals maintained	To keep the municipal fleet in good condition.
Partnership with PETCO	Recycling is highly considered in the municipality and PETCO being a major role player in the industry, we believed that we can do more in terms of recycling by encouraging the local communities to minimise the waste that goes to the landfill sites.

Highlights	Description
Sustainable Weekly Refuse Schedule including the informal human settlements (Nkanini, Noodkamp and Gatvol)	Municipality ensured that weekly schedule was followed to the latter including public holidays to certify that the next day is not compromised.
Appointment of additional personnel to cover the additional residential areas such as De Aar 353 project	Due to the fact that we lost valuable personnel through retirement, resignation and death, we had to replace them to guarantee work continues with minimal disruptions.
Appointment of Traffic Warden	One of the challenges for the previous financial year was the lack of by-laws implementation. Three (3) Traffic Wardens were appointed in that effect to warrant law enforcement.
Timeous response to complaints by the residents	One aspect of improvement was to introduce a complaints register for the section, by virtue of the register we could track progress on the received complaints.
Strengthening of partnership with Community Works Program	We worked hand in hand with CWP Participants to close the gap which for the longest time existed. Positive results of a good working relationship emanated from an extensive ground that was accounted for between the Municipality and CWP.
Appointment of the Mayor as the Waste Management Champion	On a monthly basis the appointment of the mayor has yielded some positive results for the programs which we collaborated with other sector department to avoid operating in silos.
Managed to spend 90% of the allocated budget for the section (Waste Management.	Available budget was spent on waste management especially of the municipal fleet to certify that service delivery is render to each an every household.
Assisted re-claimers with their recycling bundles	Sorting of waste that landed at the landfill sites needed to be separated so that interested recycling companies can buy them back from the re-claimers.

Table 69: Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Lack of service providers to repair compactors and sewer trucks	Convince the local service providers to work with the Municipality as the issue of payment was addressed.
Non-existence of buy back centres in the Municipal jurisdiction	Engage the local recyclers to establish the buy-back centre as they already got a link through PETCO.
Inadequate infrastructure and resources and the need for waste segregation	Purchase efficient heavy vehicles that will assist the Municipality with the effective daily refuse removal and sewer trucks that will be able to cover an additional litres.
Air Pollution	Make the landfill sites more secured to stop the burning of waste and manage plastic pollution.

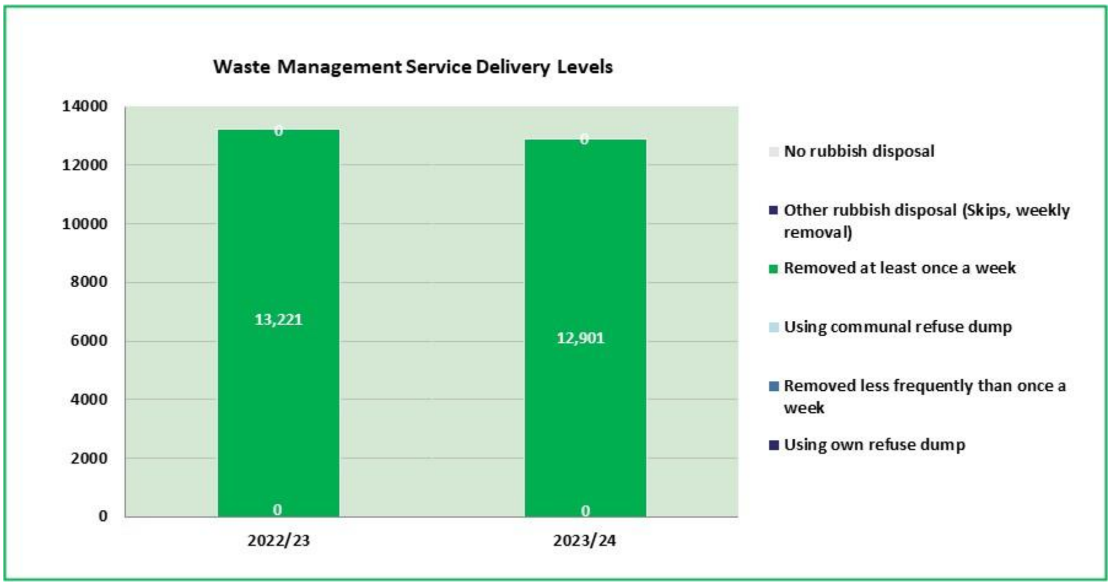
Table 70: Waste Management Challenges

3.6.4 Service Delivery Levels: Waste Management

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

Description	Households	
	2022/23	2023/24
Solid Waste Removal: **(Minimum level)**		
Removed at least once a week	13 221	12 901
Minimum Service Level and Above sub-total	**13 221**	**12 901**
Minimum Service Level and Above percentage	**100**	**100**
Solid Waste Removal: **(Below minimum level)**		
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	**13 221**	**12 901**

Table 71: 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	41	28	40.4
4 - 6	17	11	6	35.3
7 - 9	4	2	2	50.0%
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	**90**	**54**	**36**	**40.0%**
As at 30 June 2024				

Table 72: Employees: Waste Management

3.7 Housing

3.7.1 Introduction to Housing

The Emthanjeni Housing Unit invested significant time and capacity in rethinking and restructuring its delivery methodology and strategic plan. The result has been a fundamental shift from the historic approach of targeting individual areas of housing need to one in which full and meaningful integration is central. This paradigm shift began in 2010, when the Council and the Northern Cape provincial government (COGHSTA) embarked on a project to eradicate the entire backlog within the towns of De Aar, Hanover and Britstown.

Apart from having shifted the Housing Unit focus from mere housing provision to comprehensive human settlement development and management, this integrated approach has also resulted in key strategic development.

This supports the building of safe households and communities, the most vulnerable through access to service and infrastructure, promotes and fosters social inclusion as well as providing for social and economic opportunities. Undertaking a focused programme to improve home-ownership, creditworthiness levels among the residents of the greater Emthanjeni Local Municipality. Focused communication to adjust and manage of stakeholders expectations, this Housing Unit not only aims to create a more holistic approach within the Municipality itself, but also to integrate the division efforts with those of other areas within the municipal boundaries, therefore the MHSP is aligned with Emthanjeni IDP. Although we have the following projects planned for the Emthanjeni LM, much more needs to be done in order to source funding to address the housing needs of ELM. The following projects will be implemented during the period 2022/2023 till 2025/2026:

- Electrification of 153 houses at the De Aar 2386 housing project, in total it will be 345 houses which is already approved.
- Construction of 240 houses for 2024/2025 in De Aar, is in progress
- Funding is also avail for the construction of 50 houses in Britstown.

In terms f Section 9 (1) of the National Housing Act 107 of 1997, every Municipality must, as part of their Integrated Development Plan process, take all reasonable and necessary steps to ensure that the inhabitant within its area of jurisdiction have access to adequate housing on a progressive basis by setting housing delivery goals, identifying suitable land for housing development in its area of jurisdiction.

Housing need:

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

Subsidy	5 129
Gap	250
Total	5 379

Table 73: Housing Needs

3.7.2 Highlights: Housing

The table below specifies the highlights for the year:

Highlights	Description
Sites in Britstown	848 Sites in Britstown were serviced.
Construction of 240 houses in De Aar	After a very slow progress the project has picked up its speed and beneficiaries has started to occupy their houses.
Funding avail for 153 houses (Electrification)	Project depended on the completion of 240 houses.
Funding avail for construction of 50 houses in Britstown	Project is underway as Coghsta already appointed the contractor.

Table 74: Highlights: Housing

3.7.3 Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
Slow progress of construction 240 houses	Continuous engagements with Coghsta are arranged to attend to issues as raised on site and PSC meetings.
Accreditation for level 2 is taking too long for final verdict	Engagement with Provincial and National Office will be embarked on to ensure the Municipality gains level 2 accreditation.
Lack of funding or alocation for top structures	Submit a business Plan to Coghsta.

Table 75: 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
2022/23	13 141	12 652	96%
2023/24	13 141	12 734	98%

Table 76: Households with Access to Basic Housing

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
2023/24	5 129	19.2

Table 77: Housing Waiting List

Financial year	Number of houses built	Number of sites serviced
2021/22	128	2 413
2022/23	70	2 413 (De Aar 1 400, Britstown 848, Hanover 165)
2023/24	82	2 413

Table 78: 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	7	6	1	14.3
7 - 9	0	0	0	0
10 - 12	1	0	1	100.0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**9**	**7**	**2**	**22.3%**
As at 30 June 2024				

Table 79: 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	1	1	0	0
4 - 6	6	4	2	33.4
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	**8**	**6**	**2**	**25.0**
As at 30 June 2024				

Table 80: 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	1	1	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	**5**	**5**	**0**	**0**
As at 30 June 2024				

Table 81: 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	2	2	50.0
7 - 9	1	1	0	0
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**8**	**6**	**2**	**25.0**
As at 30 June 2024				

Table 82: 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.

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	Total no of HH	Number of households							
		Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2022/23	12 810	3 360	26.23%	3 360	26.23%	3 360	26.23%	3 360	26.23%
2023/24	12 810	3 099	24.19%	3 099	24.19%	3 099	24.19%	3 099	24.19%

Table 83: 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 R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2022/23	3 360	50.00	2 991	8 859	50.00	7 867	591	50.00	526
2023/24	3 099	50.00	3 217	9 120	50.00	9 467	591	50.00	613

Table 84: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	R value per HH	Value R'000
2022/23	3 360	137.47	5 543	9 450	137.47	15 589
2023/24	3 099	144.34	5 378	9 711	144.34	16 820

Table 85: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	R value per HH	Value R'000
2022/23	3 360	236.36	9 530	9 450	236.36	26 803
2023/24	3 099	248.14	9 228	9 450	248.14	28 139

Table 86: 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 R'000	No. of HH	R value per HH	Value R'000
2022/23	3 360	1 (once)	5 942	9 450	147.36	16 711
2023/24	3 099	154.73	5 754	9 450	154.73	17 546

Table 87: 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
Pothole Maintenance.	Annual Routine Road Maintenance.

Table 88: 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 heavy trucks passing into town.	Improve aging road infrastructure.
The Municipality does not have a grader internally.	Hire a grader to re-gravel the gravel roads.

Table 89: 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
2022/23	114.47	0	0	114.47
2023/24	114.47	0	0	114.47

Table 90: 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
2022/23	91.40	0	0	0	91.40
2023/24	91.40	0	0	0	91.40

Table 91: Tarred Road Infrastructure

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		
2022/23	0	0	244
2023/24	0	0	244
The cost for maintenance includes stormwater			

Table 92: 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	7	10	58.9
7 - 9	3	3	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	**41**	**31**	**10**	**24.4**
As at 30 June 2024				

Table 93: Employees: Roads

3.10.6 Capital: Roads

The following table indicates the capital expenditure for this division:

Capital Projects	2023/24 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Pothole Maintenance	950	0	950	0	950

Table 94: 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 95: Waste Water (Stormwater) Highlights

3.11.2 Challenges: Waste Water (Stormwater)

The table below specifies the challenges for the year:

Description	Actions to address
Dumping of litter in all stormwater canals, channels and catchpits.	Budget for control.

Table 96: 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
2022/23	0	0	6.28
2023/24	0	0	6.28

Table 97: 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	0	3	100.0
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**	**0**	**3**	**100.0**
As at 30 June 2024				

Table 98: 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 Department of Environment, Agriculture, Rural Development and Land Reform is currently assisting the Municipality with developing a new SDF. The project is currently on phase 5.

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
Land Use applications	21 Land Use applications were approved for the financial year

Table 99: Planning Highlights

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	
	2022/23	2023/24	2022/23	2023/24
Planning application received	0	0	21	23
Determination made in year of receipt	0	0	19	21
Determination made in following year	0	0	0	0
Applications withdrawn	0	0	2	0
Applications closed	0	0	18	21
Applications outstanding at year end	0	0	3	2
Awaiting DEA&DP decision	0	0	0	0

Table 100: Applications for Land Use Development

Type of service	2022/23	2023/24
Building plans application processed	25	48
Total surface (m^2)	4 887.37	6 978.86
Approximate value	R24 371 012.66	R3 655 658.98
New residential dwellings	10	9
Residential extensions	6	18
New Business buildings	5	1
Business extensions	1	2
Land use applications processed	19	

Table 101: 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	0	0	0	0
10 - 12	2	1	1	50.0%
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**3**	**2**	**1**	**33.4**
As at 30 June 2024				

Table 102: 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
Review of LED Strategy	MISA committed to provide Technical Assistance 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.
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	Rose Park Shopping Centre is complete and operational.

Highlights	Description
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 SCM process needed to be followed to start with implementation.
De Aar Taxi Rank Development(Checkers Mall Development)	Disposal process of De Aar Taxi Rank to the applicant through the Supply Chain Management Process.

Table 103: LED Highlights

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.	• 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 SMME's by the Municipality	Funding required to provide support to SMMEs.
Outdated lease agreements for beehives and LED leases.	Process of renewal of lease agreements should be fast-tracked to prevent further loss of income.
No lease agreements for / permits for street vendors / permits for street vendors	• Fats-track process of issuing lease agreements and permits to street vendors. • Develop policy to regulate operations of street vendors.

Table 104: Challenges LED

3.13.3 Job Creation: EPWP

Details	Full Time Equivalent (FTE's) created through EPWP projects
	No.
2022/23	149
2023/24	42

Table 105: Job Creation Through EPWP Projects

3.13.4 Employees: LED

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	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**1**	**1**	**0**	**0**
As at 30 June 2024				

Table 106: Employees: LED

3.13.5 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.

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 107: 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 form the Department Economic Development and Tourism to update the Tourism Strategy of Emthanjeni LM.

Table 108: 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	Customer services workshop conducted on 24 October 2023 by DSAC.
Maintenance of Buildings	Phandulwazi, Libra, WN Scheefers, and Phandulwazi Libraries has been maintained to ensure that the facilities are in order.
Fumigation of Libraries	To address health and safety issues at all Libraries of the Municipality.
Libra Library 50 Year Celebrations	Relevant stakeholders embraced the festivities.

Table 109: Libraries Highlights

3.14.3 Challenges: Libraries

The table below specifies the challenges for the year:

Description	Actions to address
Security	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.
Unfunded positions	Engage management for the funding of Librarian Aids to assist with the daily operations of the libraries.

Table 110: Libraries Challenges

3.14.4 Service Statistics for Libraries

The table below specifies the service statistics for the year:

Service statistic	2022/23	2023/24
Number of libraries	5	5
Library members	6 104	7 280
Books circulated	21 080	21 228
Exhibitions held	15	18
Internet users	4 293	4 520
New library service points or Wheelie Wagons	0	0
Children programs	12	15
Visits by school groups	20	25
Book group meetings for adults	3	10

Table 111: 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	10	5	5	50.0
4 - 6	7	4	3	42.9
7 - 9	7	6	1	14.3
10 - 12	1	0	1	100.0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**25**	**15**	**10**	**66.7**
As at 30 June 2024				

Table 112: 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 113: Emthanjeni Cemeteries

3.15.1 Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Introduction of a burial application form in Britstown and Hanover	An application form was introduced to improve control.
Stopping of grave reservations	Reservation of graves was stopped due to space management.
Meeting with funeral undertakers	Better management and sharing of information.
Acceptable level of service	Service was restored throughout the year with minimal complaints.
Purchase of the JCB	The Municipality submitted a business Plan to Department of Environment, Forest and fishers. Business Plan was approved and the JCB was delivered to the Municipality to assist with various tasks including the digging of the graves.

Table 114: Cemeteries Highlights

3.15.2 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Management systems of cemeteries require improvement	Need to improve the administrative processes through the introduction of additional forms and to have regular meetings with affected parties.
Continued vandalism, breaking of graves, theft of fencing and stray animal invasion of cemeteries.	Submit a business Plan that will also assist us financially to address the financial constraints of the Municipality. Proper fencing is required to reduce the level of vandalism and theft at the cemeteries.
Quality of service provided (Tombstones) certain funeral undertakers.	Meetings with undertakers were conducted to address the issue to address poor service or workmanship.
Hard rock surfaces at Caroluspoort and Burgerville cemeteries	Purchase a jackhammer.
Shortage of personnel	Appointment of personnel so that they can be able to maintain the cemeteries.

Table 115: Cemeteries Challenges

3.15.3 Service Statistics for Cemeteries

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

Type of service	2022/23	2023/24
Burials	630	712

Table 116: 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
Driving Licence Testing Centre kept it's grading of A grade.	Motorcycle test track was refurbished and was found complaint.
Motor registration and licencing fees were closed and banked on time to avoid keeping cash in the station.	Standard of operations requires that the closer is done before or on 15h00 daily and cash be deposited daily.
Law enforcement complaints are attended in good follow up within the required timeframes	Complaints to be attended within 15min and follow up to be provided as per the Standard of operation.
Equipment maintained and calibrated	To ensure that all equipment at the Testing Station and Drivers and Learners Testing Centre are always in operation mode.
Appointment of 3 Peace Officers	By-law enforcements is key that they are implemented to ensure compliance.

Table 117: Traffic Services Highlights

3.16.3 Challenges: Traffic Services

The table below specifies the challenges for the year:

Description	Actions to address
Vehicle fleet is in poor state of repair	Need new vehicles to perform duties.
Shortage of qualified officers	Officers be trained as examiners for driver's licences and vehicles.
Failure to meet the targets on roadblocks	Ensure that sufficient fleet is procure or hired to strengthen the section to meet its targets.

Table 118: Traffic Services Challenges

3.16.4 Service Statistics for Traffic Services

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

Details	2022/23	2023/24
Number of road traffic accidents during the year	282	349
Number of by-law infringements attended	26	36
Number of Traffic officers in the field on an average day	5	3
Number of Traffic officers on duty on an average day	10	8
Animals impounded	0	0
Motor vehicle licenses processed	6238	6454
Learner driver licenses processed	3673	4280
R-value of fines collected	278700	27175
Roadblocks held	23	18
Complaints attended to by Traffic Officers	20	28

Table 119: 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	5	0	0

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 - 6	4	2	2	50.0
7 - 9	8	4	4	50.0
10 - 12	4	2	2	50.0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**22**	**14**	**8**	**36.4**
As at 30 June 2024				

Table 120: 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	4	1	20.0
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	**5**	**4**	**1**	**20.0**
As at 30 June 2024				

Table 121: 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
New equipment	One firefighting trailer received from Pixley Ka Seme District Municipality.
Training	Training received in wildland fires from Forestry College.
Decrease in fire call outs	Only had 35 fire calls to the previous year of 228.

Table 122: 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
Equipment	Need new fire equipment and apparatus.

Table 123: 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	2022/23	2023/24
Total fires attended in the year	93	35
Average turnout time - urban areas	12 min	12 min
Average turnout time - rural areas	±30 min	±30 min
Reservists and volunteers trained	18	16

Table 124: 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	Construction is complete and stadium was handed over.

Table 125: 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.
Funding for the upgrade of the new tartar track for De Aar West.	The DCAS to provide additional funding for the project.
Vandalism of Sport and Recreation infrastructure.	Employ more aggressive security to guard the facilities. By so doing, this will also improve the employment rate within the municipal area.

Table 126: 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	2022/23	2023/24
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

Type of service	2022/23	2023/24
Sport fields		
Number of wards with sport fields	6	6
R-value collected from utilization of sport fields	R21 580.50	R40 000.00 (estimate)
Sport halls		
Number of wards with sport halls	1	1
Number of sport associations utilizing sport halls	1	1
R-value collected from rental of sport halls	0	0

Table 127: 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	18	1	5.3
4 - 6	2	2	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	**23**	**22**	**1**	**4.4**
As at 30 June 2024				

Table 128: 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	10	4	28.6
4 - 6	1	0	1	100.0
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	0	0	0	0
Total	**16**	**11**	**5**	**31.3**
As at 30 June 2024				

Table 129: Employees: Sport and Recreation

3.18.6 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	2023/24 R'000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of Nonzwakazi Sport Ground	2 180	2 180	1 780	400	1 780

Table 130: 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.
Functional 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 131: 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.	The renovation of the offices at uLwazi FM is almost complete. Officials are expected to move to Nonzwakazi by August 2024.
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 132: 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	1	0	0

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	5	5	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**12**	**12**	**0**	**0**
As at 30 June 2024				

Table 133: Employees: Office of the Mayor

3.20 Office of Municipal Manager

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	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	**2**	**2**	**0**	**0**
As at 30 June 2024				

Table 134: 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
Adoption of Human Resources Policies	Human Resources Policies are adopted by council within timeframes.
Review of Organisational Structure	Organisational Structure was also reviewed and adopted.

Table 135: Corporate Services: Administration Highlights

3.21.2 Challenges: Corporate Services: Administration

The table below specifies the challenges for the year:

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 generating for the municipality.
Manual Registry filing system	Procurement and implementation of an electronic filing system
Filling of vacant Senior Manager positions (Chief Financial Officer and Senior Manager Corporate Services)	Filling of vacant Senior Manager Positions to be prioritised.

Table 136: 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	14	12	2	14.3
4 - 6	6	5	1	16.7
7 - 9	1	1	0	0
10 - 12	5	4	1	20.0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	1	0	1	100.0
Total	**28**	**23**	**5**	**10.8**
As at 30 June 2024				

Table 137: 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 WSP/ATR 2023/24 & 2024/25 was submitted timeously on 30 April 2023.	With continuous support of the Employer and the other stakeholders the WSP was submitted on time.

Table 138: Human Resources Highlights

3.22.3 Challenges: Human Resources

The table below specify the challenge for the year:

Description	Actions to address
Recruitment process of current advertised vacancies is very slow.	Recruitment and selection policy to be revisited.
Leave Management	That Supervisors and employees to be inducted on leave management on a continuous basis.

Table 139: 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	0	0	0	0
7 - 9	1	1	0	0
10 - 12	2	1	1	50.0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**3**	**2**	**1**	**33.4**
As at 30 June 2024				

Table 140: 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	- 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	Four (4) IDP Steering Committee meetings have been held to monitor and evaluate implementation of the IDP and Budget processes.
Review of outdated Spatial Development Framework(SDF)	Council approved the Spatial Development Framework.

Table 141: 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 the division 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.
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 142: 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	1	0	1	100.0
10 - 12	2	1	1	50.0
13 - 15	2	1	1	50.0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	**5**	**2**	**3**	**60.0**
As at 30 June 2024				

Table 143: 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. 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 has installed a inverter system during the 2023/2024 financial year.	The main reason the municipality installed a inverter system was to provides backup power during outages preventing disruptions to business operations and to continue service delivery to community.
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.

Table 144: 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 20th 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.
Municipalities financial system being offline.	The Municipality had informed consumers about the financial system being offline. The municipality has encouraged the consumers to keep paying their municipal accounts via cash deposits at the bank.

Table 145: 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	25.0
4 - 6	26	22	4	15.4
7 - 9	5	5	0	0
10 - 12	5	3	2	40.0
13 - 15	0	0	0	0
16 - 18	2	1	1	50.0
19 - 20	1	0	1	100.0
Total	**42**	**35**	**9**	**21.5**
As at 30 June 2024				

Table 146: Employees: Financial Services

3.25 PROCUREMENT SERVICES

3.25.1 Highlights: Procurement Services

The table below specifies the highlights for the year:

Highlights	Description
Centralization of Procurement	Most of the procurement is centralized in the municipality and this is something we are happy with and slowly the departments are starting to respond well.

Table 147: Procurement Services Highlights

3.25.2 Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of staff	To be assisted with intern while waiting to reconfigure the organogram.

Table 148: Procurement Services Challenges

3.25.3 Service Statistics for Procurement Services

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

Description	2022/23	2023/24
Requests processed	766	726
Orders processed	703	684
Requests cancelled or referred back	14	0
Extensions	0	0
Bids received (number of documents)	11	26
Bids awarded	2	9
Bids awarded ≤ R200 000	13	
Appeals registered	0	0
Successful Appeals	0	0

Table 149: Service Statistics for Procurement Division

3.25.4 Total Awards Made

A total of **9** bids of an estimated value of **R 51 612 659,13** (excluding term tenders or tenders where rates are applicable) were awarded during 2023/24.

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 **0** bids during 2023/24.

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 bids of an estimated value of **R51 612 659.13** (excluding term tenders or tenders where rates are applicable).

Bid number	Title of bid	Directorate	Successful Bidder	Value of bid awarded
T2/2024	EEDSM	Infrastructure	Mokeri Technology Solutions	R 5 000 000.00
T3/2024	Highmast Lights	Infrastructure	Capital Power	R 20 054 044.68
T4/2024	Premix	Infrastructure/Community	G3 Group	R 2 360 455.50
T5/2024	22_11KV Substation No3 Refurbishment	Infrastructure	Capital Power	R 4 974 740.27
T6/2024	Premix	Infrastructure	G3 Group	Term Tender rates applicable
T7/2024	Electrification of 153 Housing Units	Infrastructure	Capital Power	R 2 682 985.49
T8/2024	Water Equipment	Infrastructure	Bruin O (Pty) Ltd	R 1 693 470.54
T9/2024	Paving Bricks	Infrastructure	Servipix 72CC	R 966 000.00
T10/2024	MSCOA	Finance	CCG Systems	R 13 880 962.65

Table 150: Awards made by Accounting Officer

3.25.7 Details of Deviations for Procurement Services

The following table provides a summary of deviations approved for 2023/24:

Type of deviation	Number of deviations	Value of deviations R	Number of deviations	Value of deviations R
	2022/23		2023/24	
Clause 36(1)(a)(i)- Emergency	5	402 520.10	13	590 886.26
Clause 36(1)(a)(ii)- Sole Supplier	76	2 772 391.93	59	1 576 993.22
Clause 36(1)(a)(iii)- Unique arts	0	0	0	0
Clause 36(1)(a)(v)- Impractical/impossible	0	0	0	0

Table 151: Statistics of Deviations from the SCM Policy

Component G: Service Delivery Priorities For 2024/25

The main development and service delivery priorities for 2024/25 forms part of the Municipality's Top Layer SDBIP for 2024/25 and are indicated in the table below:

3.26 Development and Service Delivery Priorities for 2024/25

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 2025 for support with fire brigade services	MOU reviewed and signed by 30 June 2025	All	1
TL11	Review the disaster management plan that includes contingency plans and submit to Council by 30 June 2025	Disaster management plan reviewed and submitted to Council by 30 June 2025	All	1
TL13	Submit a business plan to potential funders for the upgrading of the Fire Brigade by 30 June 2025	Business plan submitted by 30 June 2025	All	1

Table 152: 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 2025	Number of indigent households receiving free basic services as at 30 June 2025	All	3 300

Table 153: 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 2025	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 2025 [(Actual total training expenditure/total personnel budget)x100]	% of the personnel budget spent on training by 30 June 2025	All	0.10%
TL4	Review the EEP and submit to the Portfolio Committee by 30 June 2025	EEP reviewed and submitted to the Portfolio Committee by 30 June 2025	All	1
TL5	Limit vacancy rate to 20% of budgeted posts by 30 June 2025 [(Number of funded posts vacant divided by budgeted funded posts)x100)	[(Number of funded posts vacant divided by budgeted funded posts)x100)	All	20%
TL9	Review the organogram and submit to Council by 30 June 2025	Reviewed organogram submitted to Council by 30 June 2025	All	1

Table 154: 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 2025 (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 2025	All	45%
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%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2025 ((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	3
TL23	Submit the annual financial statements to the Auditor-General by 31 August 2024	Statements submitted to the AG by 31 August 2024	All	1
TL24	Achievement of a payment percentage of 55% by 30 June 2025 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	Payment % achieved	All	55%
TL25	Prepare and submit the adjustments budget to Council by the 28 February 2025	Adjustments budget submitted by 28 February 2025	All	1
TL26	Prepare and submit the draft budget to Council by 31 March 2025	Draft budget submitted by 31 March 2025	All	1
TL27	Prepare and submit the final budget to Council by 31 May 2025	Final budget submitted by 31 May 2025	All	1

Table 155: 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 2025/26 and submit to the Audit Committee by 30 June 2025	RBAP for 2025/26 submitted to the Audit Committee by 30 June 2025	All	1
TL6	Review the Risk Committee and sent appointment letters to members by 31 March 2025	Risk Committee reviewed and appointment letters sent to members by 31 March 2025	All	1
TL7	Complete the annual risk assessment and submit to the Risk Committee by 30 June 2025	Risk assessment completed and submit to the Risk Committee by 30 June 2025	All	1
TL8	Review the Communication Strategy and submit to Council by 30 June 2025	Reviewed Communication Strategy submitted to Council by 30 June 2025	All	1

Table 156: 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 2025 (Person days / FTE (230 days))	Number of FTE's created	All	50

Table 157: 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 2025	Human Settlement Plan reviewed and submitted to Council by 30 June 2025	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 2025	Number of properties which are billed for water or have pre paid meters as at 30 June 2025	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 2025	Number of properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2025	All	10 000
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 2025	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 2025	Number of properties which are billed for refuse removal as at 30 June 2025	All	7 200
TL19	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2025 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% of capital budget spent by 30 June 2025	All	95%
TL29	Limit unaccounted for water to 17% by 30 June 2025 [(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 2025	All	17%
TL30	Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	95%
TL31	Limit % electricity unaccounted for to 10% by 30 June 2025 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100]	% of electricity unaccounted for at 30 June 2025	All	10%
TL32	Compile maintenance plans for 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 2025	Number of plans submitted to Municipal Manager by 30 June 2025	All	3
TL33	95% of approved budget spent by 30 June 2025 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	All	95%
TL34	95% of approved budget spent by 30 June 2025 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	All	95%

Int. Ref	KPI	Unit of Measurement	Ward	Annual Target
TL35	95% of approved budget spent by 30 June 2025 to pave streets in the municipal area {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	5	95%
TL36	95% of approved budget spent by 30 June 2025 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%
TL37	95% of approved budget spent by 30 June 2025 for the refurbishment of Substation A {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	2	95%

Table 158: 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
	2022/23	2023/24
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	1	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.14	0.10

Table 159: National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Municipality currently employs **318** with an approved organogram of **429** 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	0	0	0	0	0	0	0

Table 160: 2023/24 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
0	0	n/a	1	0	No	0	0	n/a

Table 161: 2023/24 EE Targets/Actual by Gender Classification

Employment Equity: Total Positions Filled

Description	African	Coloured	Indian	White	Total
Number for positions filled	5	3	0	0	8

Table 162: Employment Equity: Total Positions Filled

Specific Occupational Categories - Race

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

Occupational	Male				Female				Total
Levels	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	2	0	0	0	**8**
Professionally qualified and experienced specialists and mid- management	2	2	0	0	2	0	0	0	**6**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	14	10	0	1	4	1	0	0	**30**
Semi-skilled and discretionary decision making	16	18	0	0	26	24	0	0	**84**
Unskilled and defined decision making	65	70	0	0	28	17	0	0	**180**
Total permanent	**101**	**103**	**0**	**2**	**63**	**42**	**0**	**0**	**311**
Non- permanent employees	1	0	0	0	4	2	0	0	**7**
Total	**102**	**103**	**0**	**2**	**67**	**44**	**0**	**0**	**318**

Table 163: Occupational Categories

4.2.2 Vacancy Rate

The approved organogram for the Municipality has **429** positions for the 2023/24 financial year. The actual permanent positions filled are **311**. Therefore, **118** positions were vacant at the end of 2023/24 resulting in a vacancy rate of 27.5% 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	8	2
Professionals and Middle management	6	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	30	7
Semi - skilled	84	48
Unskilled and defined decision making	180	54
Total	**311**	**118**
PER FUNCTIONAL LEVEL		
Per Department	**Filled**	**Vacant**
Office of the Municipal Manager	2	2
Corporate Services	43	22

PER POST LEVEL		
Financial Services	35	13
Community Services	140	49
Infrastructure Services	91	26
Total	**311**	**118**

Table 164: 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 increase from 7.16% in 2022/23 to **19.49%** in 2023/24.

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
2022/23	363	46	26	7.16%
2023/24	318	9	62	19.49%

Table 165: 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 2022/23 and 2023/24:

Directorates	2022/23	2023/24
Office of the Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Infrastructure Services	4	0
Community Services	0	1
Total	**4**	**1**

Table 166: 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 table below indicates the total number sick leave days taken within the different directorates:

Department	2022/23	2023/24
Office of the Municipal Manager	25	21
Corporate Services	725	168
Financial Services	553	278
Infrastructure Services	1 221	743
Community Services	1 750	838
Total	**4 274**	**2 048**

Table 167: 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	23 May 2024
Bereavement Policy	23 May 2024
Bursary Policy (Study Aid Policy)	25 June 2015
Cell Phone	21 January 2012
Chronic Illness Policy	29 November 2010
Dress Code Policy	23 May 2024
Education, Training and Development Policy	23 May 2024
Employee Health and Wellness Policy	23 May 2024
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
Language	9 August 2008
Legal Aid Policy for Councillors and Employees	23 May 2024
Nepotism Policy	29 November 2010

Approved policies	
Name of policy	**Date approved/ revised**
Overtime Policy	12 March 2020
Private Work	29 November 2010
Recruitment Policy	23 May 2024
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)	23 May 2024
Succession Planning and Career Pathing Policy	23 May 2024
Substance Abuse	23 May 2024
Task Job Evaluation Policy	23 May 2024
Uniform Protective Clothing	25 September 2015
Unpaid Leave	25 September 2015
Whistle Blowing Policy	23 May 2024
Occupational Health and Safety Policy	23 May 2024
Acting Policy	23 May 2024
Leave Policy	23 May 2024
Performance Management Policy	23 May 2024
Employee Attraction Policy	23 May 2024
Vehicle Policy	29 May 2023
Human Resource Development Plan	23 May 2024
Telecommunications Policy	23 May 2024

Table 168: 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	1	0
	Male	2	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	3
	Male	10	1
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	9	0
Elementary occupations	Female	9	0
	Male	15	0
Sub total	**Female**	**47**	**5**
	Male	**71**	**3**
Total		118	**8**

Table 169: 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	2
	Male	2
Professionals	Female	0
	Male	0
Technicians and associate professionals	Female	0
	Male	0
Clerks	Female	3
	Male	1
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**	**5**
	Male	**3**
Total		**8**

Table 170: 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	0	0	0	0
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	**6**	**6**	**6**	**6**

Table 171: 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		
2022/23	103 426	317 753	32.55%
2023/24	105 386	337 190	31.25%

Table 172: Personnel Expenditure

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

Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Salary	3 881	3 761	3 761	3 800
Pension Contributions	0	0	0	0
Medical Aid Contributions	0	0	0	0
Motor vehicle allowance	1 287	1 278	1 278	1 269
Cell phone allowance	687	636	636	651
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	**5 855**	**5 675**	**5 675**	**5 720**
Senior Managers of the Municipality				
Salary	2 162	3 325	3 325	1 723
Pension Contributions	475	476	476	9
Medical Aid Contributions	0	168	168	0
Motor vehicle allowance	580	887	887	798
Cell phone allowance	150	213	213	174
Housing allowance	0	0	0	0
Performance Bonus	695	71	71	0
Other benefits or allowances	271	307	307	726
In-kind benefits	0	0	0	0
Sub Total	**4 333**	**5 447**	**5 447**	**3 430**
Other Municipal Staff				
Basic Salaries and Wages	66 112	76 431	76 427	67 346

Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Pension Contributions	11 828	15 886	15 953	12 968
Medical Aid Contributions	2 143	2 519	2 519	1 981
Motor vehicle allowance	1 446	1 554	1 287	1 365
Cell phone allowance	216	236	236	246
Housing allowance	200	192	192	218
Overtime	3 509	1 708	1 708	5 470
Other benefits or allowances	6 504	6 844	7 158	12362
Sub Total	**91 958**	**105 370**	**105 480**	**101 956**
Total	**96 291**	**110 817**	**110 926**	**105 386**

Table 173: Personnel Expenditure

CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2023/24 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 2023/24 financial year:

The table below shows a summary of performance against budgets:

Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Financial Performance						
Property rates	44,921	44,419	44,419	46,150	3.75	3.75
Service charges	166,855	189,830	186,298	186,300	-1.89	0.00
Investment revenue	2,707	1,520	1,520	3,727	59.22	59.22
Transfers recognised - operational	60,036	64,335	64,605	61,383	-4.81	-5.25
Other own revenue	19,944	16,225	11,366	21,101	23.11	46.14
Total Revenue (excluding capital transfers and contributions)	**294,463**	**316,330**	**308,208**	**318,662**	**0.73**	**3.28**
Employee costs	96,291	110,816	110,926	105,386	-5.15	-5.26
Remuneration of councillors	5,856	5,675	5,675	5,720	0.78	0.78
Depreciation & asset impairment	53,619	218	20,907	53,757	99.60	61.11
Finance charges	22,767	874	874	20,366	95.71	95.71
Materials and bulk purchases	76,843	94,068	94,068	94,084	0.02	0.02
Transfers and grants	0	0	0	0	0.00	0.00
Other expenditure	59,458	122,165	295,538	57,876	-111.08	-410.64
Total Expenditure	**314,834**	**333,816**	**527,988**	**337,190**	**1.00**	**-56.59**
Surplus/(Deficit)	**(20,371)**	**(17,486)**	**(219,781)**	**(18,528)**	**5.62**	**-1086.22**
Transfers recognised - capital	20,319	39,421	38,590	36,138	-9.09	-6.79
Contributions recognised - capital & contributed assets	0	0	0	0	0.00	0.00
Surplus/(Deficit) after capital transfers & contributions	**(52)**	**21,935**	**(181,191)**	**17,610**	**-24.56**	**1128.91**
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	20,319	39,113	38,244	36,138	-8.23	-5.83
Public contributions & donations	0	0	0	0	0.00	0.00
Borrowing	3,098	13,000	13,000	8,326	-56.13	-56.13

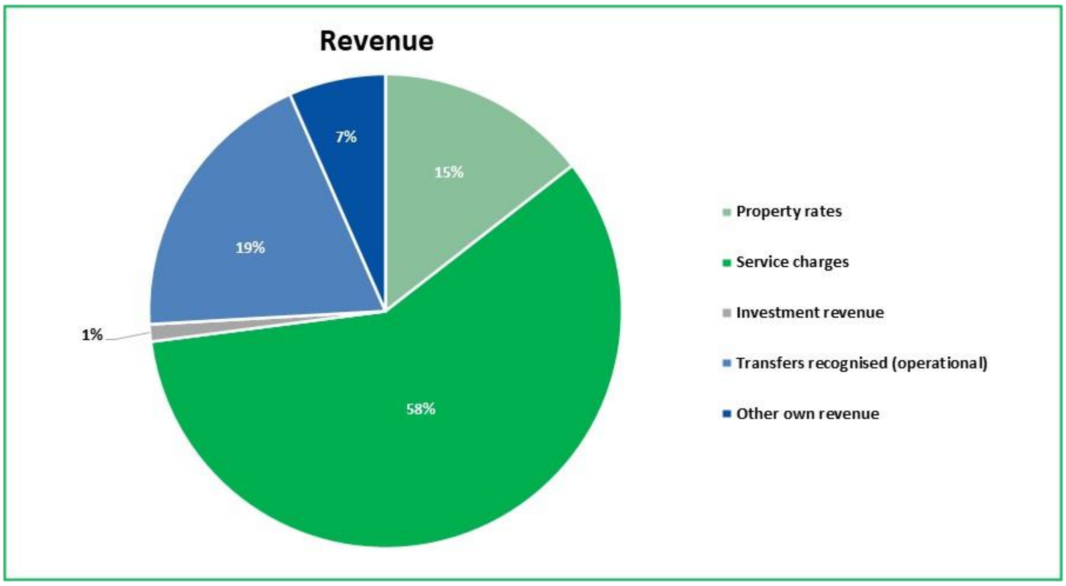
Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Internally generated funds	0	8,545	15,121	0	0.00	0.00
Total sources of capital funds	**23,417**	**60,658**	**66,365**	**44,464**	**-36.42**	**-49.26**
Financial position						
Total current assets	125,023	103,938	2,138,370	248,995	58.26	-758.80
Total non-current assets	810,067	2,484,418	3,992,335	804,190	-208.93	-396.44
Total current liabilities	259,663	54,865	2,767,173	392,895	86.04	-604.30
Total non-current liabilities	108,447	0	78,094	113,563	100.00	31.23
Community wealth/Equity	566,980	2,533,492	3,285,438	546,726	-363.39	-500.93
Cash flows						
Net cash from (used) operating	28,827	52,516	100,248	34,225	-53.44	-192.90
Net cash from (used) investing	(19,226)	(47,658)	(61,431)	(41,268)	-15.48	-48.86
Net cash from (used) financing	1,321	0	0	5,138	100.00	100.00
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	18,819	0	0	26,237	100.00	100.00
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	**18,819**	**0**	**0**	**26,237**	**100.00**	**100.00**
Asset management						
Asset register summary (WDV)	2,275,153	2,452,572	3,960,537	0	0.00	0.00
Depreciation & asset impairment	1,482,485	10,359	10,359	0	0.00	0.00
Renewal of Existing Assets	0	5,575	6,697	0	0.00	0.00
Repairs and Maintenance	1,244	100	290	0	0.00	0.00
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 174: Financial Performance

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2022/23	316,526	314,782	(1,744)	-1	312,258	262,345	(49,913)	-16
2023/24	308,208	354,800	46,592	15	527,988	337,190	(190,798)	-36

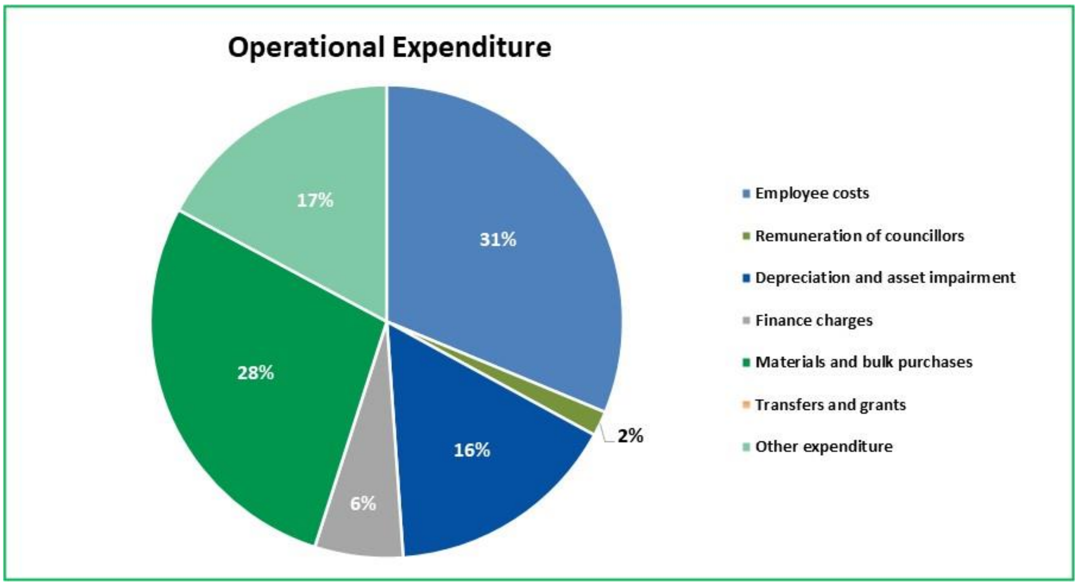
Table 175: Performance Against Budgets

The following graph indicates the various types of revenue items in the municipal budget for 2023/24



Graph 6: ***Revenue***

The following graph indicates the various types of expenditure items in the municipal budget for 2023/24



Graph 7: ***Operating Expenditure***

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Office of the Mayor	306	556	556	0	-100.00	-100.00
Vote 2 - Municipal Manager	0	0	0	0	0.00	0.00
Vote 3 - Corporate Services	2,316	421	691	658	36.08	-4.96
Vote 4 - Finance Service	71,108	48,452	48,452	27,813	-74.21	-74.21
Vote 5 - Infrastructure Service	249,429	285,943	284,821	304,456	6.08	6.45
Vote 6 - Community and Social Services	2,986	11,024	11,525	30,885	64.30	62.68
Total Revenue by Vote	**326,145**	**346,396**	**346,044**	**363,811**	**4.79**	**4.88**

Table 176: Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2023/24 financial year:

Description	2022/23	2023/24			2023/24 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					
Property rates	44,921	44,419	44,419	46,150	3.75	3.75
Property rates - penalties & collection charges	0	0	0	0	0.00	0.00
Service Charges - electricity revenue	91,489	130,411	126,879	109,100	-19.53	-16.30
Service Charges - water revenue	51,383	37,599	37,599	49,629	24.24	24.24
Service Charges - sanitation revenue	15,977	14,542	14,542	18,230	20.23	20.23
Service Charges - refuse revenue	8,006	7,278	7,278	9,342	22.09	22.09
Service Charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	1,558	524	525	656	20.01	19.94
Interest earned - external investments	2,707	1,520	1,520	3,727	59.22	59.22
Interest earned - outstanding debtors	14,781	3,562	4,043	11,890	70.04	66.00
Dividends received	0	0	0	0	0.00	0.00
Fines	692	189	114	408	53.70	72.07
Licenses and permits	400	1,637	1,638	455	-259.53	-259.55
Agency services	0	0	0	0	0.00	0.00
Transfers recognised - operational	80,355	64,335	64,605	61,383	-4.81	-5.25
Other revenue	2,513	6,201	9,279	0	0.00	0.00
Gains on disposal of PPE	126	4,112	(4,232)	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	**314,907**	**316,331**	**308,209**	**310,970**	**-1.72**	**0.89**

Table 177: Revenue by Source

5.2 Grants

5.2.1 Grant Performance

The table below indicates the Grant performance for the 2023/24 financial year:

The Municipality had a total amount of **R97,521 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	2022/23	2023/24			2023/24 Variance	
	Actual	Budget	Adjust-ments Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
National Government:	**77,430**	**85,931**	**85,018**	**79,790**	**-7.70**	**-6.55**
Local Government Equitable Share	55,218	59,609	59,609	57,856	-3.03	-3.03
Finance Management Grant	1,850	1,850	1,850	1,848	-0.13	-0.13
EPWP Incentive	1,073	1,043	1,043	665	-56.84	-56.84
Municipal Infrastructure Grant	17,289	13,654	12,741	12,294	-11.06	-3.64
Integrated National Electrification Program	2,000	4,775	4,775	2,203	-116.79	-116.79
Energy Efficiency and Demand Management Grant	0	5,000	5,000	4,924	-1.53	-1.53
Provincial Government:	**3,158**	**16,875**	**16,957**	**17,731**	**4.83**	**4.37**
Housing Accreditation	200	200	200	0	-100.00	-100.00
Sport, Arts and Culture (Library Grant)	1,000	0	0	1,014	100.00	100.00
Water Service Infrastructure Grant	1,958	16,675	16,757	16,717	0.25	-0.24
Total Operating Transfers and Grants	**80,588**	**102,806**	**101,975**	**97,521**	**-5.42**	**-4.57**

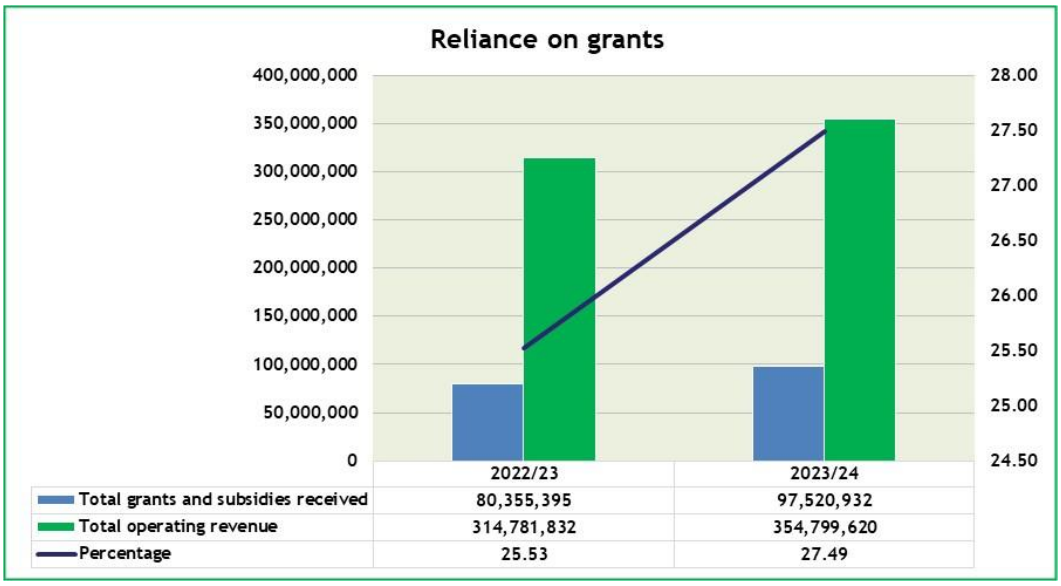
Table 178: Grant Performance

5.2.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2022/23	80,355	314,782	25.53
2023/24	97,521	354,800	27.49

Table 179: Reliance on Grants

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



Graph 8: ***Reliance on Grants***

5.3 Asset Management

5.3.1 Treatment of the Three Largest Assets

Three Largest Assets		
Asset 1		
Name	**LANDFILL SITE: DE AAR**	
Description	Solid waste	
Asset Type	Infrastructure Asset	
Key Staff Involved	Community Services Personnel	
Staff Responsibilities	Ensure that refuse are disposed of in correct manner	
Asset Value as at	**2022/23 R million**	**2023/24 R million**
	22,806	22,600
Capital Implications	N/A	
Future Purpose of Asset	Ensure that landfill site is appropriately rehabilitated	
Describe Key Issues	N/A	
Policies in Place to Manage Asset	Asset Management Policy	
Asset 2		
Name	**DE AAR EAST RESERVOIR**	
Description	Reservoir	
Asset Type	Infrastructure Asset	
Key Staff Involved	Infrastructure Directorate Personnel	
Staff Responsibilities	Ensure a fully functional reservoir in order to provide quality water to the community	
Asset Value as at	**2022/23 R million**	**2023/24 R million**
	9,699	9,507
Capital Implications	Ongoing Maintenance	
Future Purpose of Asset	Storage and Regulation of Water Supply	
Describe Key Issues	Provision of Quality Water to the Community of De Aar	
Policies in Place to Manage Asset	Asset Management Policy	
Asset 3		
Name	**STORMWATER CHANNEL**	

Three Largest Assets		
Description	Storm water	
Asset Type	Infrastructure Asset: Storm water	
Key Staff Involved	Infrastructure Directorate Personnel	
Staff Responsibilities	Ensure that the stormwater Channel does not become blocked.	
Asset Value as at	**2022/23 R million**	**2023/24 R million**
	6,018	5,895
Capital Implications	Ongoing Maintenance	
Future Purpose of Asset	To channel excess water away from the community in times of heavy rain/flood.	
Describe Key Issues	Protection for the community to channel water into a drainage system.	
Policies in Place to Manage Asset	Asset Management Policy	

Table 180: Treatment of the Three Largest Assets

5.3.2 Repairs and Maintenance

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	1,244	100	290	72	-300.44

Table 181: Repairs & Maintenance

5.4 Financial Ratios

5.4.1 Liquidity Ratio

Description	Basis of calculation	2022/23	2023/24
Current Ratio	Current assets/current liabilities	0.48	0.63
Liquidity Ratio	Monetary assets/current liabilities	0.11	0.07

Table 182: 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.

5.4.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	2022/23	2023/24
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))	0.5	30
Total Outstanding Service Debtors to Revenue	(Total outstanding service debtors minus provision for bad debt)/ (revenue received for services)	173.00%	30%
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grants))	174.00%	40%

Table 183: 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.

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.

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.

5.4.3 Employee costs

Description	Basis of calculation	2022/23	2023/24
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.%	33%

Table 184: 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%.

5.4.4 Repairs & Maintenance

Description	Basis of calculation	2022/23	2023/24
Repairs and Maintenance	R&M (Total Revenue excluding capital revenue)	0.00000421339%	0.000000227263%

Table 185: Repairs & Maintenance

The ratio gives an indication of the total percentage paid on repairs and maintenance of operating revenue. The national norm is at least 8%.

Component B: Spending Against Capital Budget

5.5 Sources of Finance

5.5.1 Capital Expenditure: New Asset Programme

The table below indicates the capital expenditure by new asset programme for the 2023/24 financial year:

Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2024/25	2025/26	2026/27
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	**19,470**	**36,496**	**41,496**	**32,947**	**0**	**0**	**0**
Infrastructure: Road transport - Total	**1,073**	**0**	**0**	**0**	**0**	**0**	**0**
Roads, Pavements & Bridges	1,073	0	0	0	0	0	0
Storm water	0	0	0	0	0	0	0
Infrastructure: Electricity - Total	**2,020**	**13,721**	**18,721**	**12,304**	**0**	**0**	**0**
Generation	0	0	0	0	0	0	0
Transmission & Reticulation	20	13,721	18,721	12,304	0	0	0
Street Lighting	2,000	0	0	0	0	0	0
Infrastructure: Water - Total	**789**	**16,675**	**16,675**	**17,330**	**0**	**0**	**0**
Dams & Reservoirs	789	16,675	16,675	17,330	0	0	0
Water purification	0	0	0	0	0	0	0
Reticulation	0	0	0	0	0	0	0
Infrastructure: Sanitation - Total	**7,832**	**2,500**	**2,500**	**0**	**0**	**0**	**0**
Reticulation	7,832	2,500	2,500	0	0	0	0
Sewerage purification	0	0	0	0	0	0	0
Infrastructure: Other - Total	**7,756**	**3,600**	**3,600**	**3,313**	**0**	**0**	**0**
Waste Management	7,756	0	0	0	0	0	0
Transportation	0	0	0	0	0	0	0
Gas	0	0	0	0	0	0	0
Other - Waste Water	0	3,600	3,600	3,313	0	0	0
Community - Total	**6,096**	**0**	**0**	**0**	**0**	**0**	**0**
Parks & gardens	0	0	0	0	0	0	0
Sports fields& stadia	6,096	0	0	0	0	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

Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expendi-ture	2024/25	2025/26	2026/27
R'000							
Social rental housing	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Capital expenditure by Asset Class	**323**	**195**	**193**	**373**	**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**	**0**	**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	15	0	22	0	0	0	0
Furniture and other office equipment	136	130	130	23	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
Other	172	65	41	350	0	0	0
Agricultural assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Biological assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Intangibles	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Computers - software & programming	0	0	0	0	0	0	0
Total Capital Expenditure on new assets	**25,889**	**36,691**	**41,689**	**33,320**	**0**	**0**	**0**
Specialised vehicles	**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 186: Capital Expenditure: New Asset Programme

5.5.2 Capital Expenditure: Funding Sources

The table below indicates the capital expenditure by funding source for the 2023/24 financial year:

Details	2022/23	2023/24				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
External loans	13,000	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	20,319	39,113	(869)	36,138	-102.22	-4258.55
Own funding	0	8,545	6,576	0	-23.04	-100.00
Total	**33,319**	**47,658**	**5,707**	**36,138**	**-735.11**	**-31.88**
Percentage of Finance						
External loans	39	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	61	82	-15	100	-118.55	-756.71
Own funding	0	18	115	0	542.67	-100.00
Capital Expenditure						
Description	R'000				%	
Water and sanitation	8,621	20,925	21,325	17,330	1.91	-18.73
Electricity	2,000	21,146	26,146	17,575	23.65	-32.78
Housing	0	0	0	0	0.00	0.00
Roads and Stormwater	1,073	0	0	0	0.00	0.00
Other	0	0	750	0	0.00	0.00
Total	**11,694**	**42,071**	**48,221**	**34,905**	**12.75**	**-20.53**
Percentage of Expenditure						
Water and sanitation	74	50	44	50	-11.09	12.27
Electricity	17	50	54	50	7.88	-7.14
Housing	0	0	0	0	0.00	0.00
Roads and stormwater	9	0	0	0	0.00	0.00
Other	0	0	2	0	0.00	0.00

Table 187: Capital Expenditure by Funding Source

5.5.3 Capital Spending on Largest Capital Projects

Name of Project	2023/24				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Supply and installation of high mast for Emthanjeni	12,971	12,971	12,294	(0.01)	(0.01)
Development of Northern Scheme Boreholes	16,675	16,675	18,109	0.01	0.01
Electrification of 153 Units in De Aar East Housing	4,775	4,775	2,203	(0.12)	(0.12)
Retrofitting of lights to LED (Streetlights and Municipal Office Building lights)	5,000	5,000	4,924	(0.00)	(0.00)

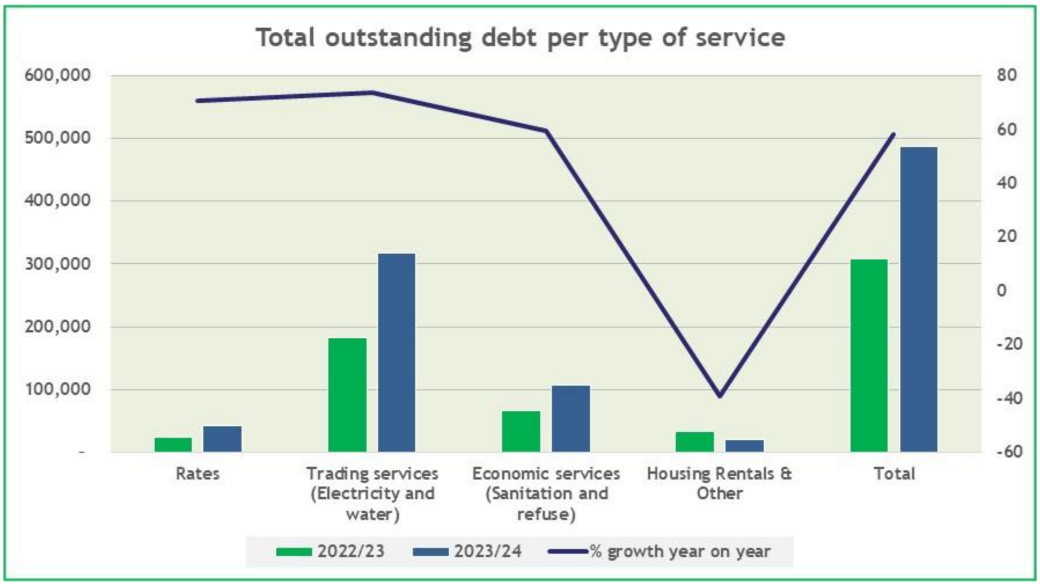
Table 188: Capital Spending on Largest Capital Projects

Component C: Debtors, Borrowing And Investments

5.6 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services (Electricity and Water)	Economic services (Sanitation and Refuse)	Housing rentals	Other	Total
	R'000					
2022/23	24,608	182,986	66,722	2,938	30,881	308,135
2023/24	41,960	318,089	106,325	0	20,649	487,023
Difference	17,352	135,103	39,602	(2,938)	(10,231)	178,888
% growth year on year	71	74	59	-100	-33	58
Note: Figures exclude provision for bad debt						

Table 189: Gross Outstanding Debtors per Service

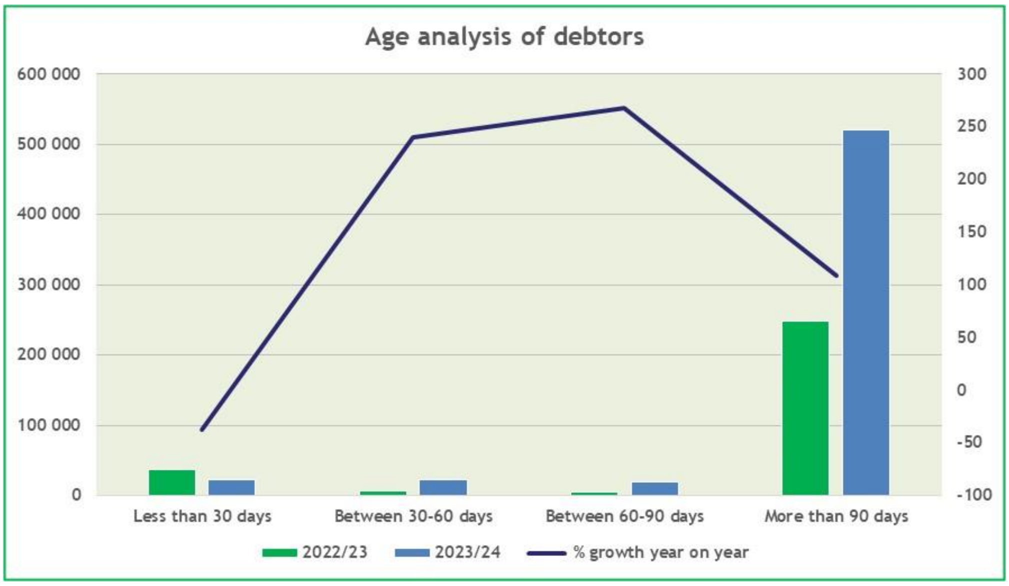


Graph 9: ***Outstanding Debt per type of Services***

5.7 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				
2022/23	36,349	6,760	5,303	248,747	297,158
2023/24	22,699	23,005	19,536	519,801	585,040
Difference	(13,650)	16,245	14,233	271,054	287,882
% growth year on year	-38	240	268	109	97
Note: Figures exclude provision for bad debt.					

Table 190: Service Debtor Age Analysis



Graph 10: ***Age Analysis of Debtors***

5.8 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.

5.8.1 Borrowings

Instrument	2022/23	2023/24
	R'000	
Long-Term Loans (non-annuity)	13,000	13,000
Total	**13,000**	**13,000**

Table 191: Actual Borrowings

5.8.2 Investments

Investment type	2022/23	2023/24
	R'000	
Deposits - Bank	37,000	38,316
Total	**37,000**	**38,316**

Table 192: Municipal Investments

CHAPTER 6

Component A: Auditor-General Opinion 2021/22

6.1 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	
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.

Main issues raised	Corrective steps implemented/ to be implemented
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 193: AG Report on Financial Performance 2022/23

Component B: Auditor-General Opinion 2023/24

6.2 Auditor-General Report 2023/24

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
Trade and other payables from exchange transactions	
Auditor was unable to obtain sufficient appropriate audit evidence for trade and other payables included in payables from exchange.	The municipality is working towards the implementation of regular/monthly supplier reconciliations to ensure that amounts recorded in the control accounts is accurate and complete
The municipality did not account for trade payables in accordance with GRAP 1	The municipality has acquired a financial system that will assist the management in ensuring that figures of the suppliers control accounts as being updated in the supplier accounts are also filtering through to the sub-ledgers to ensure that the amount reported on the age-analysis agrees to that reported in the sub-ledger.
The municipality did not account for trade payables in accordance with GRAP 1, Presentation of financial statements, as material differences were identified, resulting in trade payables not being measured at the fair value of the consideration paid or payable, as required by the standard.	
Trade and other payables from non-exchange transactions	
Auditor was unable to obtain sufficient appropriate audit evidence for trade and other payables.	The municipality has acquired a financial system that will assist the management in ensuring that figures of the suppliers control accounts as being updated in the supplier accounts are also filtering through to the sub-ledgers to ensure that the amount reported on the age-analysis agrees to that reported in the sub-ledger. Thus, allows for monthly reconciliation to be conducted on the age analysis and sub-ledgers, also for individual supplier accounts.
Receivables from non-exchange transactions	
Auditor was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange Transactions.	Management will investigate the differences identified by the auditor through review of the whole population and possibly where the issue emanates from legacy transaction that management has no control over and no other means to support the figure will then consult with provincial treasury for further intervention to assist in resolving these issues.
Receivables from exchange transactions	
Auditor was unable to obtain sufficient appropriate audit evidence for receivables from exchange Transactions.	Management will investigate the differences identified by the auditor through review of the whole population and possibly where the issue emanates from legacy transaction that management has no control over and no other means to support the figure will then consult with provincial treasury for further intervention to assist in resolving these issues.
Provision for impairment of receivables from non-exchange transactions	
Insufficient supporting documents in order to support the amounts disclosed in the AFS for provision for impairment included in receivables from non-exchange transactions.	Management will ensure that GRAP 104, financial instruments is applied when calculating the provision for impairment on receivables from non-exchange and exchange transactions and align the municipalities policy to GRAP 104 for implementation on the reporting on financial statements. Management will also, ensure that a detailed transaction investigation is conducted on debtor's accounts when reconciling to the valuation report to ensure completeness of billing reports, ensure
During 2023, the provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, Financial Instruments.	

<table>
<tr><th>Main issues raised</th><th>Corrective steps implemented/ to be implemented</th></tr>
<tr><td></td><td>that the debtors are categorised correctly on the system to allow for accurate data to be used when computing the provision for impairment on debtors.</td></tr>
<tr><td colspan="2">Provision for impairment of receivables from exchange transactions</td></tr>
<tr><td>Auditor found insufficient documents for provision for impairment included in receivables from non-exchange transactions due to the status of the accounting records for impairment, stated at R288 740 144 in note 6 to the financial statements.</td><td>Management will ensure that GRAP 104, financial instruments is applied when calculating the provision for impairment on receivables from non-exchange and exchange transactions and align the municipalities policy to GRAP 104 for implementation on the reporting on financial statements.
Management will also, ensure that a detailed transaction investigation is conducted on debtor's accounts when reconciling to the valuation report to ensure completeness of billing reports, ensure that the debtors are categorised correctly on the system to allow for accurate data to be used when computing the provision for impairment on debtors</td></tr>
<tr><td colspan="2">Service charges</td></tr>
<tr><td>Auditor was unable to obtain sufficient appropriate audit evidence for sale of service.</td><td rowspan="3">Management has changed the financial system in which they report, and data is being verified on import to the system. Errors identified in the data by the auditors are being investigated and corrected on the system. The customer data is being verified to the valuation roll to ensure completeness of billing and accuracy in terms of classification.
The customers are also being verified to the indigent listing to ensure that rebates are affected correctly to the correct customer.
Tariffs billed to the customers are verified to the council approved tariff list to ensure and where errors in calculating the amount to be billed are identified a correction is made.</td></tr>
<tr><td>Revenue from exchange transactions – Service charges not recognized In accordance with GRAP 9.</td></tr>
<tr><td>The municipality did not account for revenue from service charges in accordance with GRAP 9,
Revenue from exchange transactions, as the municipality did not account for all revenue from services charges, as the municipality did not maintain adequate and complete records for all services rendered to customers.</td></tr>
<tr><td colspan="2">Interest Earned — Exchange Transactions</td></tr>
<tr><td>Receivables from exchange transactions – Insufficient evidence obtained to support disclosed amounts.</td><td rowspan="2">Management has changed the financial system in which they report, and data is being verified on import to the system. Errors identified in the data by the auditors are being investigated and corrected on the system. The customer data is being verified to the valuation roll to ensure completeness of billing and accuracy in terms of classification.
Management will ensure that the interest is billed on customers as per the municipality's policy and that interest earned is reflected accurately on the financial statements for both exchange transaction and non-exchange transactions.
Tariffs billed to the customers are verified to the council approved tariff list to ensure and where errors in calculating the amount to be billed are identified a correction is made.</td></tr>
<tr><td>The municipality did not account for interest earned from exchange transactions in accordance with GRAP 1, Presentation of financial statements, as the municipality did not account for all interest earned from exchange transactions, as the municipality did not maintain adequate and complete records for all interest charged to customers was unable to determine the full extent of the understatement of interest and its related receivables from exchange transactions, as it was impracticable to do so.</td></tr>
<tr><td colspan="2">Interest Earned — Non-exchange</td></tr>
<tr><td>Auditor was unable to obtain sufficient appropriate audit evidence for interest earned — non-exchange transactions included in property rates due to a lack of proper record keeping and reconciliation of control accounts.</td><td rowspan="2">Management has changed the financial system in which they report, and data is being verified on import to the system. Errors identified in the data by the auditors are being investigated and corrected on the system. The customer data is being verified to the valuation roll to ensure completeness of billing and accuracy in terms of classification.
Management will ensure that the interest is billed on customers as per the municipality's policy and that interest earned is reflected accurately on the financial statements for both exchange transaction and non-exchange transactions.
Tariffs billed to the customers are verified to the council approved tariff list to ensure and where errors in calculating the amount to be billed are identified a correction is made.</td></tr>
<tr><td>The municipality did not account for revenue from interest earned — non-exchange in accordance with GRAP 23, Revenue from non-exchange transactions, as the municipality did not account for all revenue from interest earned — non-exchange transactions, as the municipality did not maintain adequate and complete records for all interest earned — nonexchange. | was unable to determine the full extent of the understatement of interest and its related receivables from exchange transactions, as it was impracticable to do so.</td></tr>
<tr><td colspan="2">Finance costs</td></tr>
<tr><td>Finance Cost – insufficient evidence obtained to support disclosed amounts.</td><td>Management will revisit the population of its creditors listing for completeness and ensure that all interest incurred is disclosed in the financial statements based on the invoices and statements received from suppliers.</td></tr>
</table>

Main issues raised	Corrective steps implemented/ to be implemented
Segment Reporting	
The municipality did not account for segment reporting in accordance with GRAP 18, Segment Reporting in the current year, material differences were identified as the municipality did not have adequate systems for the disclosure of segment reporting. | was unable to determine the full extent of the segment reporting disclosure during the financial year as it was impracticable to do so.	Management will ensure that GRAP 18 is read with an understanding of the disclosure items that need to be included in the municipalities financial statements as well as ensuring the applicable of the standard to the municipalities based on its operations and National Treasury guidelines.
Contingent liabilities	
The municipality did not have adequate systems in place to account for contingent liabilities in accordance with GRAP 19, Provisions, Contingent Liabilities and Contingent Assets in the current year, as the policies and procedures of the municipality did not adequately cover the qualitative and quantitative factors used to determine the best estimate required to settle the obligations. Consequently, contingent liabilities disclosed on note 47 to the annual financial statements were overstated in the current year. | could not determine the full extent of the overstatement of contingent liabilities as it was impractical to do so.	Management will liaise with the municipalities attorneys to get an understanding of the methodology used to do the estimated contingencies to be disclosed in the AFS. This methodology will be made available to the auditors as part of the audit file for verification.
Cashflow statement	
The municipality did not account for the cashflow statement in accordance with GRAP 2, Cashflow statements in the current year, as the municipality did not have adequate systems to spilt the interest payable/accrued and paid/received for the disclosure of the cashflow statement. I was unable to determine the full extent of the cashflow statement disclosure during the financial year as it was impracticable to do so.	Management will ensure that there are set parameters within the financial system that will give an accurate amount of the actual interest amount is paid/received from customers. That amount will then be included in the cashflow statement supported by reports that show the total amount allocated from payments to the outstanding interest amount disclosed in the
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]	
An achievement of 20% was reported against a target of 17%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.	Management will ensure that the APR is reviewed thoroughly before it is submitted for audit. Management will ensure that achievements are reported as indicated in the POE's and that the POE's that support the APR are availed to the auditors for verification of the input data to the report.
Missing indicator	
In terms of the MFMA, the municipality is responsible for basic service delivery. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The municipality did not provide a reason for this. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermine transparency and accountability for the delivery of the mandate.	Management will review the planning documents to ensure that all basic service delivery as the municipality's core mandate is adequately planned for and reported on the APR for transparency and accountability by the municipality.
Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	
The reported measures taken to improve performance against the underachieved target of 95%, did not agree to the audit evidence. The audit evidence indicated the measures to be information was provided as at year end as per their corrective action and not DWS is assisting with checking the root cause for water quality, although chlorine has been procured and treatment as has been conducted there are still failures detected. A thorough study has been carried out by DWS as assistance as reported in the annual performance report. Consequently, the reported measures are not reliable for helping to understand the actions taken by the municipality to address performance gaps and to assess the effectiveness of strategies to improve future performance against the target	The municipality is striving to report on the quality of water accurately in terms of SANS 241 requirements with supporting information from DWS.

Table 194: AG Report on Financial Performance 2023/24

LIST OF ABBREVIATIONS

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

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Annexure A: Financial Statements

EMTHANJENI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).
Jurisdiction	Emthanjeni Municipality is a Local Municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)
Mayoral committee	
Executive Mayor	G.L. Nkumbi
Councillors	MN Mackay
	M. Mvenya
	F.C.S. Swanepoel S.W. Makhandula J.T. Brandt G.K. Engelbrencht L.E. Andrews J.M. Fortuin P.P. Mhauli P.N. Bushula R. Smith B. Swanepoel R.H. Adams- Beukes M.S.T. Booysen M.C. Kivedo G.L. Nkumbi
Speaker	M.C. Kivedo
Chief Finance Officer (CFO)	SN Jordan (Acting)
Accounting Officer	D.H. Molaole
Registered office	45 Dr. Pixley-ka-Seme Drive De Aar 7000
Postal address	P.O.Box 42 De Aar 7000
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa
Attorneys	Calteaux & Partners Van Zyl Attorneys

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements haveset out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

D.H. Molaole
Accounting Officer

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	24,476,051	25,516,538
Receivables from non-exchange transactions	4	41,975,259	24,608,223
Taxes	5	-	27,177,722
Receivables from Exchange Transactions	6	167,866,893	19,579,365
Cash and cash equivalents	7	26,236,800	28,141,098
		260,555,003	**125,022,946**
Non-Current Assets			
Investment property	8	8,767,885	8,767,885
Property, plant and equipment	9	788,529,151	794,408,214
Intangible assets	10	16,912	20,582
Heritage assets	11	6,833,773	6,833,773
Investments	12	42,149	36,358
		804,189,870	**810,066,812**
Total Assets		**1,064,744,873**	**935,089,758**
Liabilities			
Current Liabilities			
Borrowings	13	2,434,249	1,046,232
Payables from exchange transactions	14	339,052,076	223,330,722
Payables from non-exchange	15	11,577,786	11,577,785
VAT payable	16	13,177,722	-
Consumer deposits	17	3,026,958	2,928,191
Employee benefit obligation	18	14,506,919	13,058,372
Unspent conditional grants and receipts	19	7,689,122	7,721,422
		391,464,832	**259,662,724**
Non-Current Liabilities			
Borrowings	13	5,801,986	2,051,838
Employee benefit obligation	18	23,285,001	22,609,001
Provisions	20	84,476,496	83,786,528
		113,563,483	**108,447,367**
Total Liabilities		**505,028,315**	**368,110,091**
Net Assets		**559,716,558**	**566,979,667**
Capital Replacement	21	2,252,793	2,252,793
Accumulated surplus		557,463,767	564,726,870
Total Net Assets		**559,716,560**	**566,979,663**

* See Note 49

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	179,715,242	166,854,719
Operational revenue	24	1,187,613	2,038,156
Rental of facilities and equipment	25	750,258	1,557,874
Interest Earned - Exchange Transactions	26	11,889,797	6,968,819
Licences and permits	28	455,427	400,134
Interest Earned - External Investments	27	3,727,148	2,706,597
Total revenue from exchange transactions		**197,725,485**	**180,526,299**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	32	64,200,240	44,921,419
Interest earned from non-exchange	29	5,540,671	7,812,568
Transfer revenue			
Government grants & subsidies	33	99,273,932	80,355,395
Fines, Penalties and Forfeits	30	408,200	691,646
Provincial Service-in-kind	34	963,714	474,505
Total revenue from non-exchange transactions		**170,386,757**	**134,255,533**
Total revenue	22	**368,112,242**	**314,781,832**
Expenditure			
Employee related costs	35	(105,943,778)	(96,291,071)
Remuneration of councillors	36	(5,720,012)	(5,855,587)
Depreciation and amortisation	37	(53,756,898)	(53,619,095)
Finance costs	38	(20,365,754)	(22,766,959)
Fines written off	39	-	(7,508,954)
Bulk purchases	40	(94,084,280)	(76,843,125)
Contracted services	41	(20,801,182)	(14,354,256)
Inventory Consumed	3	(11,640,903)	(4,553,702)
General Expenses	42	(25,434,389)	(33,040,897)
Total expenditure		**(337,747,196)**	**(314,833,646)**
Operating surplus (deficit)		**30,365,046**	**(51,814)**
Gains/(Loss) on Sale of Fixed Assets		-	(125,500)
Fair value adjustments		5,791	4,480
Actuarial gains/losses	18	877,000	2,936,759
Reversal of Impairment Loss/(Impairment Loss) on Receivables	31	(39,755,252)	(126,288,150)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	12,879
		(38,872,461)	**(123,459,532)**
Deficit for the year		**(8,507,415)**	**(123,511,346)**

The accounting policies on pages 13 to 29 and the notes on pages 30 to 86 form an integral part of the annual financial statements.

* See Note 49

Statement of Changes in Net Assets

Figures in Rand	Capital Replacement	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	**2,252,793**	**688,238,216**	**690,491,009**
Changes in net assets			
Surplus for the year	-	(123,511,346)	(123,511,346)
Total changes	-	(123,511,346)	(123,511,346)
Restated* Balance at 01 July 2023	**2,252,793**	**565,971,182**	**568,223,975**
Changes in net assets			
Surplus for the year	-	(8,507,415)	(8,507,415)
Total changes	-	(8,507,415)	(8,507,415)
Balance at 30 June 2024	**2,252,793**	**557,463,767**	**559,716,560**
Note(s)	21		

* See Note 49

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxes		40,355,444	(7,067,695)
Cash receipts from customers		33,071,965	147,763,679
Grants		99,241,632	73,063,000
Interest received from investments		3,727,148	2,706,597
Interest earned - outstanding debtors		17,430,468	14,781,386
		193,826,657	231,246,967
Payments			
Suppliers		(30,417,650)	(95,437,585)
Employee Costs		(105,702,171)	(87,363,617)
Finance costs		(23,481,401)	(12,550,705)
Taxes		-	(7,067,695)
		(159,601,222)	(202,419,602)
Net cash flows from operating activities	44	**34,225,435**	**28,827,365**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(41,267,898)	(19,215,025)
Purchase of intangible assets	10	-	(11,415)
Net cash flows from investing activities		**(41,267,898)**	**(19,226,440)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,138,165	1,508,370
Repayment of borrowings		-	(186,937)
Net cash flows from financing activities		**5,138,165**	**1,321,433**
Net increase/(decrease) in cash and cash equivalents		**(1,904,298)**	**10,922,358**
Cash and cash equivalents at the beginning of the year		28,141,098	7,896,708
Restatement of prior year Cash and cash equivalents		-	9,322,032
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**26,236,800**	**28,141,098**

* See Note 49

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	189,830,000	(3,532,000)	**186,298,000**	179,715,242	**(6,582,758)**	Note 54
Operational revenue	1,457,000	24,000	**1,481,000**	-	**(1,481,000)**	Note 54
Royalty income	1,156,300	24,008	**1,180,308**	1,187,613	**7,305**	
Rental of facilities and equipment	525,000	-	**525,000**	750,258	**225,258**	Note 54
Interest received exchange	3,562,000	481,000	**4,043,000**	11,889,797	**7,846,797**	Note 54
Licences and permits	1,638,000	-	**1,638,000**	455,427	**(1,182,573)**	Note 54
Interest received - investment	1,520,000	-	**1,520,000**	3,727,148	**2,207,148**	Note 54
Total revenue from exchange transactions	**199,688,300**	**(3,002,992)**	**196,685,308**	**197,725,485**	**1,040,177**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	44,419,000	-	**44,419,000**	64,200,240	**19,781,240**	Note 54
Surcharges and Taxes	-	3,393,000	**3,393,000**	-	**(3,393,000)**	Note 54
Interest, Dividends and Rent on Land	-	450,000	**450,000**	5,540,671	**5,090,671**	
Transfer revenue						
Government grants & subsidies	102,806,000	(643,000)	**102,163,000**	99,273,932	**(2,889,068)**	Note 54
Fines, Penalties and Forfeits	189,000	(75,000)	**114,000**	408,200	**294,200**	Note 54
Interest - non exchange	450,000	-	**450,000**	-	**(450,000)**	Note 54
Provincial Service In Kind	-	-	-	963,714	**963,714**	Note 54
Total revenue from non-exchange transactions	**147,864,000**	**3,125,000**	**150,989,000**	**170,386,757**	**19,397,757**	
Total revenue	**347,552,300**	**122,008**	**347,674,308**	**368,112,242**	**20,437,934**	
Expenditure						
Employee related costs	(110,816,000)	(110,000)	**(110,926,000)**	(105,943,778)	**4,982,222**	Note 54
Remuneration of councillors	(5,675,000)	-	**(5,675,000)**	(5,720,012)	**(45,012)**	Note 54
Depreciation and amortisation	(218,000)	(20,690,000)	**(20,908,000)**	(53,756,898)	**(32,848,898)**	Note 54
Impairment loss/ Reversal of impairments	-	(156,124,000)	**(156,124,000)**	(39,755,252)	**116,368,748**	Note 54
Finance costs	(1,845,000)	971,000	**(874,000)**	(20,365,754)	**(19,491,754)**	Note 54
Bad debts written off	(13,017,000)	-	**(13,017,000)**	-	**13,017,000**	Note 54
Bulk purchases	(94,068,000)	-	**(94,068,000)**	(94,084,280)	**(16,280)**	Note 54
Contracted Services	(22,668,000)	(2,239,000)	**(24,907,000)**	(20,801,182)	**4,105,818**	Note 54
Inventory consumed	(62,142,000)	(7,493,000)	**(69,635,000)**	(11,640,903)	**57,994,097**	Note 54
General Expenses	(23,365,000)	(8,490,000)	**(31,855,000)**	(25,434,389)	**6,420,611**	Note 54
Total expenditure	**(333,814,000)**	**(194,175,000)**	**(527,989,000)**	**(377,502,448)**	**150,486,552**	
Operating deficit	**13,738,300**	**(194,052,992)**	**(180,314,692)**	**(9,390,206)**	**170,924,486**	
Gain on disposal of assets and liabilities	4,112,000	(8,346,000)	**(4,234,000)**	-	**4,234,000**	Note 54
Fair value adjustments	-	-	-	5,791	**5,791**	Note 54
Actuarial gains/losses	-	-	-	877,000	**877,000**	Note 54

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Other gains	4,293,000	(339,000)	**3,954,000**	-	**(3,954,000)**	Note 54
	8,405,000	**(8,685,000)**	**(280,000)**	**882,791**	**1,162,791**	
Surplus	**22,143,300**	**(202,737,992)**	**(180,594,692)**	**(8,507,415)**	**172,087,277**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**22,143,300**	**(202,737,992)**	**(180,594,692)**	**(8,507,415)**	**172,087,277**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	66,004,341	7,738,102	**73,742,443**	24,476,051	**(49,266,392)**	Note 54
Operating lease asset	-	1,959	**1,959**	-	**(1,959)**	Note 54
Receivables from non-exchange transactions	1,372,760	(954,220)	**418,540**	41,975,259	**41,556,719**	Note 54
VAT receivable	46,031,902	17,576,456	**63,608,358**	27,177,722	**(36,430,636)**	Note 54
Receivables from non-exchange transactions	74,444,905	1,144,186,831	**1,218,631,736**	167,866,893	**(1,050,764,843)**	Note 54
Other current assets	-	917,700,868	**917,700,868**	-	**(917,700,868)**	Note 54
Cash and cash equivalents	(83,916,089)	(51,817,376)	**(135,733,465)**	26,236,800	**161,970,265**	Note 54
	103,937,819	**2,034,432,620**	**2,138,370,439**	**287,732,725**	**(1,850,637,714)**	
Non-Current Assets						
Investment property	-	5,280,989	**5,280,989**	8,767,885	**3,486,896**	Note 54
Property, plant and equipment	2,484,418,474	1,362,985,219	**3,847,403,693**	788,529,151	**(3,058,874,542)**	Note 54
Intangible assets	-	139,650,318	**139,650,318**	16,912	**(139,633,406)**	Note 54
Heritage assets	-	-	**-**	6,833,773	**6,833,773**	Note 54
Investments	-	-	**-**	42,149	**42,149**	Note 54
	2,484,418,474	**1,507,916,526**	**3,992,335,000**	**804,189,870**	**(3,188,145,130)**	
Total Assets	**2,588,356,293**	**3,542,349,146**	**6,130,705,439**	**1,091,922,595**	**(5,038,782,844)**	
Liabilities						
Current Liabilities						
Borrowings	-	(15,977,527)	**(15,977,527)**	2,434,249	**18,411,776**	Note 54
Payables from exchange transactions	(26,092,870)	(2,258,229,923)	**(2,284,322,793)**	339,052,076	**2,623,374,869**	Note 54
Payables from non exchange transactions	-	(29,474,729)	**(29,474,729)**	11,577,786	**41,052,515**	Note 54
VAT payable	(28,771,829)	(398,872,087)	**(427,643,916)**	-	**427,643,916**	Note 54
Consumer deposits	-	(849,459)	**(849,459)**	3,026,958	**3,876,417**	Note 54
Employee benefit obligation	-	-	**-**	14,506,919	**14,506,919**	Note 54
Unspent conditional grants and receipts	-	-	**-**	7,689,122	**7,689,122**	Note 54
Other current liabilities	-	(7,440,000)	**(7,440,000)**	-	**7,440,000**	Note 54
Bank overdraft	-	(1,464,964)	**(1,464,964)**	-	**1,464,964**	Note 54
	(54,864,699)	**(2,712,308,689)**	**(2,767,173,388)**	**378,287,110**	**3,145,460,498**	
Non-Current Liabilities						
Borrowings	-	(650,000)	**(650,000)**	5,801,986	**6,451,986**	Note 54
Employee benefit obligation	-	-	**-**	23,285,001	**23,285,001**	Note 54
Provisions	-	(54,755,529)	**(54,755,529)**	84,476,496	**139,232,025**	Note 54
Other non current liabilities	-	(22,688,241)	**(22,688,241)**	-	**22,688,241**	Note 54
	-	**(78,093,770)**	**(78,093,770)**	**113,563,483**	**191,657,253**	
Total Liabilities	**(54,864,699)**	**(2,790,402,459)**	**(2,845,267,158)**	**491,850,593**	**3,337,117,751**	
Net Assets	**2,643,220,992**	**6,332,751,605**	**8,975,972,597**	**600,072,002**	**(8,375,900,595)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Capital Replacement	-	-	-	2,252,793	**2,252,793**	
Reserves						
Accumulated surplus	2,643,220,992	6,332,751,605	**8,975,972,597**	557,463,767	**(8,418,508,830)**	
Total Net Assets	**2,643,220,992**	**6,332,751,605**	**8,975,972,597**	**559,716,560**	**(8,416,256,037)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	38,936,817	-	**38,936,817**	64,200,240	**25,263,423**	
Service charges	131,558,361	3,395,512	**134,953,873**	179,715,242	**44,761,369**	
Other revenue	4,103,429	(128,477)	**3,974,952**	2,801,498	**(1,173,454)**	
Interest income	1,520,000	-	**1,520,000**	21,157,616	**19,637,616**	
Taxes	-	-	-	40,355,444	**40,355,444**	
Transfers and Subsidies	102,806,000	(561,300)	**102,244,700**	99,241,632	**(3,003,068)**	
Movement in debtors with credit balances	-	-	-	(8,333,965)	**(8,333,965)**	
Movement in consumer deposits.	-	-	-	98,767	**98,767**	
Movement in receivables	-	-	-	(205,409,816)	**(205,409,816)**	
	278,924,607	**2,705,735**	**281,630,342**	**193,826,658**	**(87,803,684)**	
Payments						
Suppliers and employees	(327,652,718)	(53,351,780)	**(381,004,498)**	(136,119,822)	**244,884,676**	Note 54
Finance costs	(3,788,084)	2,914,421	**(873,663)**	(23,481,401)	**(22,607,738)**	Note 54
	(331,440,802)	**(50,437,359)**	**(381,878,161)**	**(159,601,223)**	**222,276,938**	
Net cash flows from operating activities	**(52,516,195)**	**(47,731,624)**	**(100,247,819)**	**34,225,435**	**134,473,254**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(47,658,187)	(13,772,675)	**(61,430,862)**	(41,267,898)	**20,162,964**	Note 54
Cash flows from financing activities						
Proceeds from borrowings	-	-	-	5,138,165	**5,138,165**	
Net increase/(decrease) in cash and cash equivalents	(100,174,382)	(61,504,299)	**(161,678,681)**	(1,904,298)	**154,636,218**	Note 54
Cash and cash equivalents at the beginning of the year	16,368,900	52,999	**16,421,899**	28,141,098	**11,719,199**	Note 54
Cash and cash equivalents at the end of the year	**(83,805,482)**	**(61,451,300)**	**(145,256,782)**	**26,236,800**	**166,355,417**	

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management’s estimates.

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [significant financial difficulties of the debtor and default or delinquency in payments or all debt outstanding for more than 360 days] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand together with economic factors such as exchange rates inflation & interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

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

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

1.3 Investment property (continued)

Fair value

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

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

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

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

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

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

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

1.4 Intangible assets

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

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

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

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

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

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

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.5 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

1.5 Heritage assets (continued)

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

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

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

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

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

1.6 Financial instruments

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

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

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

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

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

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

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

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

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

A financial asset is:
- cash;
- a residual interest of another entity; or

1.6 Financial instruments (continued)

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

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

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

1.7 Leases

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

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

Finance leases - lessor

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

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

Finance leases - lessee

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

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

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

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

1.8 Inventories

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

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

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

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

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.8 Inventories (continued)

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

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

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

1.11 Impairment of non-cash-generating assets

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

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.12 Capital Replacement

An equity instrument is any contract that evidences a residual interest in the assets of an Municipality after deducting all of its liabilities.

1.13 Employee benefits

Short-term employee benefits

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Discount rate

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

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

1.14 Provisions and contingencies

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

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

1.14 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the Municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

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

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

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

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

1.14 Provisions and contingencies (continued)

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

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

1.18 Interest Earned - External Investments

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

1.19 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

1.19 Borrowing costs (continued)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the Municipality, and the costs can be measured reliably. The Municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the Municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- To the extent that the Municipality borrows funds specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period, less any investment income on the temporary investment of those borrowings.
- To the extent that an Municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Municipality that are outstanding during the period. However, the Municipality excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.8, 1.10 and 1.11. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the Municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the Municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Recognition

1.20 Accounting by principals and agents (continued)

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

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

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

Significant Accounting Policies

1.26 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

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

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

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

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

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

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

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

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

Where the Municipality is exempt from the disclosures in accordance with the above, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.28 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

• GRAP 2023 Improvements to the Standards of GRAP 2023	Date to be determined bythe Minister of Finance	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Date to be determined bythe Minister of Finance	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	Date to be determined bythe Minister of Finance	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	Date to be determined bythe Minister of Finance	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	Date to be determined bythe Minister of Finance	Unlikely there will be a material impact

3. Inventories

Consumables - Stationary and material	1,374,827	2,438,776
Water	40,058	16,596
Land	23,061,166	23,061,166
	24,476,051	**25,516,538**

3.1 Inventories recognised as an expense during the year

Consumables - Stationary and material	493,808	1,172,894
Materials and Supplies	11,147,095	3,380,808
	11,640,903	**4,553,702**

The cost of water production for the year amounted to R1.27 per kilolitre (2023: R1.27 per kilolitre)

4. Receivables from non-exchange transactions

Fines	(502,360)	125,590
Sundry debtors	-	10,553,059
Rates	42,477,619	13,929,573
	41,975,259	**24,608,222**

Rates		
Current (0 - 30 days)	6,121,418	6,658,771
31 - 60 days	2,843,129	1,639,697
61- 90 days	2,690,706	1,569,334
+ 90 days	135,943,184	94,220,299
	147,598,437	**104,088,101**
	-	-

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	90,660,888	179,499,212
Provision for impairment	14,962,290	(88,838,324)
	105,623,178	**90,660,888**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

5. VAT receivable

VAT	-	27,177,722

6. Receivables from Exchange Transactions

Gross balances		
Electricity	124,359,645	68,261,628
Water	193,729,014	114,723,951
Waste Management	40,845,337	23,060,334
Property rentals	-	2,938,180
Waste water management	65,479,163	43,661,852
Town commonage	-	5,569,436
Other receivables	32,193,878	25,311,166
	456,607,037	**283,526,547**
Less: Allowance for impairment		
Provision for Debt impairment (Other receivables)	(288,740,144)	(263,947,182)
Net balance		
Net Receivables from Exchange	167,866,893	19,579,365
Total Net Receivables from Exchange Transactions	**167,866,893**	**19,579,365**

Electricity		
Current (0 -30 days)	18,870,806	19,270,273
31 - 60 days	9,160,942	3,041,544
61 - 90 days	8,030,173	2,115,750
91 - 120 days	7,703,320	43,834,061
121 - 365 days	5,068,381	-
> 365 days	75,526,022	-
	124,359,644	**68,261,628**

Water		
Current (0 -30 days)	13,845,716	10,813,573
31 - 60 days	4,255,197	2,065,599
61 - 90 days	6,959,245	1,588,739
91 - 120 days	168,668,855	100,256,039
	193,729,013	**114,723,950**

Waste management		
Current (0 -30 days)	2,379,074	1,908,048
31 - 60 days	1,133,546	521,044
61 - 90 days	1,087,157	505,633
91 - 120 days	994,717	20,125,610
121 - 365 days	991,829	-
> 365 days	34,259,015	-
	40,845,338	**23,060,335**

Property rentals		
Current (0 -30 days)	-	355,746
31 - 60 days	-	59,162
61 - 90 days	-	43,702
91 - 120 days	-	2,479,569
	-	**2,938,179**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Receivables from Exchange Transactions (continued)

Waste water management		
Current (0 -30 days)	4,354,441	3,760,437
31 - 60 days	2,076,525	1,010,038
61 - 90 days	1,998,866	991,948
+ 90 days	1,796,316	37,899,429
121 - 365 days	1,815,406	-
> 365 days	53,437,609	-
	65,479,163	**43,661,852**

Town commonage		
Current (0 -30 days)	-	118,811
31 - 60 days	-	39,604
61 - 90 days	-	39,604
+ 90 days	-	5,371,417
	-	**5,569,436**

Other (specify)		
Current (0 -30 days)	132,353	122,097
31 - 60 days	66,177	22,671
61 - 90 days	66,157	17,348
+ 90 days	12,763,591	38,780,766
121 - 365 days	12,092,181	-
	25,120,459	**38,942,883**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(263,947,182)	(147,634,125)
Contributions to provision	(24,792,962)	(105,985,067)
VAT on provison	-	(10,327,990)
	(288,740,144)	**(263,947,182)**

Figures in Rand	2024	2023

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances	26,236,800	28,141,098

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2024	Bank statement balances 30 June 2023	Bank statement balances 30 June 2022	Cash book balances 30 June 2024	Cash book balances 30 June 2023	Cash book balances 30 June 2022
ABSA bank overdraft (primary account) - 185 0000 0081	312,168	4,296,608	1,490,383	312,168	4,296,607	(16,558,310)
ABSA bank - (current account) - 4061 685 162	10,633	10,633	3,583	10,633	10,633	3,088,112
ABSA bank - (current account) - 4081 497 012	577	577	294,547	577	577	681,948
Standard bank - (current account) - 2803 50007	64,882	64,882	36,807	64,882	64,882	37,046
ABSA Bank Limited - De Aar Branch - Fixed deposit - 2062 198 906	12,755,745	11,626,784	10,866,153	12,755,745	11,626,784	10,866,153
Nedbank Ltd - De Aar Branch - Call account - 03/7662022900/000001	193,444	178,491	167,182	193,444	178,491	167,182
Standard Bank of SA Limited - De Aar Branch - Call account- 388910356-002	5,821,518	5,359,631	29,629	5,821,518	5,359,631	29,629
First National Bank - De Aar Branch - Call account - 62755965583	361,933	333,807	312,502	361,933	333,807	312,502
Absa Bank Limited - De Aar Branch - Call deposit - 9325381089	1,104,003	1,028,866	974,059	1,104,003	1,028,866	974,059
Absa Bank Limited - De Aar Branch - Call deposit - 9357761647	5,611,897	5,240,820	8,291,408	5,611,897	5,240,820	8,291,408
Total	**26,236,800**	**28,141,099**	**22,466,253**	**26,236,800**	**28,141,098**	**7,889,729**

8. Investment property

	2024 Cost / Valuation	2024 Accumulated depreciation and accumulated impairment	2024 Carrying value	2023 Cost / Valuation	2023 Accumulated depreciation and accumulated impairment	2023 Carrying value
Investment property	8,767,885	-	8,767,885	8,767,885	-	8,767,885

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	8,767,885	8,767,885

Reconciliation of investment property - 2023

	Opening balance	Total
Investment property	8,767,885	8,767,885

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	18,367,872	-	18,367,872	18,367,872	-	18,367,872
Buildings	47,205,362	(33,986,993)	13,218,369	47,205,363	(33,101,453)	14,103,910
Plant and machinery	6,195,106	(5,809,859)	385,247	6,193,336	(5,583,425)	609,911
Furniture and fixtures	9,258,818	(8,336,594)	922,224	9,231,221	(7,929,140)	1,302,081
IT equipment	2,881,362	(2,404,292)	477,070	2,550,180	(2,236,161)	314,019
Infrastructure	2,089,954,795	(1,399,058,797)	690,895,998	2,036,259,136	(1,343,255,520)	693,003,616
Community assets	146,145,470	(85,794,296)	60,351,174	144,599,985	(82,937,768)	61,662,217
Transport assets	10,728,849	(6,817,652)	3,911,197	10,728,849	(5,684,261)	5,044,588
Total	**2,330,737,634**	**(1,542,208,483)**	**788,529,151**	**2,275,135,942**	**(1,480,727,728)**	**794,408,214**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Other movements	Depreciation	Total
Land	18,367,872	-	-	-	18,367,872
Buildings	14,103,910	-	-	(885,541)	13,218,369
Plant and machinery	609,911	30,520	(37,432)	(217,752)	385,247
Furniture and office equipment	1,302,081	62,310	6,319	(448,486)	922,224
Computer equipment	314,019	334,500	(2,583)	(168,866)	477,070
Infrastructure	693,003,616	45,936,698	(761)	(48,043,555)	690,895,998
Community assets	61,662,217	1,545,485	-	(2,856,528)	60,351,174
Transport assets	5,044,588	-	(891)	(1,132,500)	3,911,197
	794,408,214	**47,909,513**	**(35,348)**	**(53,753,228)**	**788,529,151**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Land	18,367,872	-	-	18,367,872
Buildings	14,992,451	-	(888,541)	14,103,910
Plant and machinery	645,066	171,685	(206,840)	609,911
Furniture and office equipment	1,603,280	136,110	(437,309)	1,302,081
Computer equipment	435,050	15,114	(136,145)	314,019
Infrastructure	720,368,968	20,551,407	(47,916,759)	693,003,616
Community assets	58,404,291	6,096,246	(2,838,320)	61,662,217
Transport assets	6,204,010	-	(1,159,422)	5,044,588
	821,020,988	**26,970,562**	**(53,583,336)**	**794,408,214**

Pledged as security

No Property, plant and equipment was pledged as security.

Figures in Rand	2024	2023

9. Property, plant and equipment (continued)

Contractual commitments for acquisition of Property, Plant and Equipment

	2024	2023
Approved and contracted for:		
Infrastructure	73,326,775	89,432,017

	2024	2023
This expenditure will be finance from:		
Government Grants	73,326,775	89,432,017

Property, plant and equipment in the process of being constructed or developed

	2024	2023
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	55,428,489	16,318,806
Community Assets	-	6,096,246
	55,428,489	**22,415,052**

	2024	2023
Property, Plant and Equipment where construction or development has been halted:		
Roads	2,091,646	3,606,596
Storm Water	1,514,954	-
Electricity	1,042,990	1,710,143
Water Supply	5,463,598	5,463,598
	10,113,188	**10,780,337**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	16,318,807	6,096,246	22,415,053
Additions/capital expenditure	39,295,083	1,545,486	40,840,569
Transferred to completed items	(185,400)	(7,641,732)	(7,827,132)
	55,428,490	**-**	**55,428,490**

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	15,311,497	-	15,311,497
Additions/capital expenditure	4,155,164	6,096,246	10,251,410
Transferred to completed items	(3,147,854)	-	(3,147,854)
	16,318,807	**6,096,246**	**22,415,053**

Expenditure incurred to repair and maintain property, plant and equipment

	2024	2023
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	2,192,212	1,243,907

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,239,084	(2,222,172)	16,912	2,239,084	(2,218,502)	20,582

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	20,582	(3,670)	16,912

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	12,754	11,415	(3,587)	20,582

Pledged as security

No intangible assets were pleddged as security.

Other information

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 are no intangible assets pledged as security for liabilities.

Figures in Rand	2024	2023

11. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	6,833,773	-	6,833,773	6,833,773	-	6,833,773

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	6,833,773	6,833,773

Reconciliation of heritage assets 2023

	Opening balance	Disposals	Total
Historical monuments	6,959,273	(125,500)	6,833,773

There are no restrictions on the on title of Heritage assets and disposal thereoff.

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

12. Investments

	2024	2023
Listed shares	42,149	36,358
Non-current assets		
Listed shares	42,149	36,358

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.

13. Other financial liabilities

	2024	2023
At amortised cost		
ABSA Bank Limited 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.	8,236,235	3,098,070

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

13. Other financial liabilities (continued)

Non-current liabilities		
At amortised cost	5,801,986	2,051,838
Current liabilities		
At amortised cost	2,434,249	1,046,232

14. Payables from exchange transactions

Trade payables	299,946,410	193,426,005
Payments received in advanced	21,563,297	6,585,038
Sundry deposits	5,720,012	22,447,198
Sundry creditors	3,572,145	184,801
Salary control	5,038,850	206,492
Retentions	3,211,362	481,188
	339,052,076	**223,330,722**

15. Payables from Non-exchange

Payments received in advance	-	1,538,618
Other creditors	11,577,786	10,039,167
	11,577,786	**11,577,785**

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 values.

16. VAT payable

VAT Control	13,177,722	-

17. Consumer deposits

Electricity	107,656	50,803
Regional services levies	(1,500)	-
Water	2,920,802	2,877,388
	3,026,958	**2,928,191**

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

Figures in Rand	2024	2023

18. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Non Current Employee Benefit Obligation		
Opening Balance	(24,779,000)	(25,443,000)
Current service cost	(1,007,000)	(1,026,000)
Interest cost	(2,836,000)	(2,708,000)
Expected benefits vesting	2,170,000	1,461,241
Acturial Loss/ (Gain)	877,000	2,936,759
Transfer of Current Portion from Non Current Portion	2,290,000	2,170,000
Heading		
Current Employee Benefit Obligation		
Performance Bonuses	(434,386)	(482,912)
Staff Bonuses	(2,933,596)	(2,663,022)
Staff Leave	(8,848,938)	(7,742,439)
Current Portion of Non-Current Provisions	(2,290,000)	(2,170,000)
	(37,791,920)	**(35,667,373)**

Non-current liabilities	(23,285,001)	(22,609,001)
Current liabilities	(14,506,919)	(13,058,372)
	(37,791,920)	**(35,667,373)**

Changes in the present value of the defined benefit obligation are as follows:

Present value of unfunded obligation at the beggining of the year	24,015,153	25,443,000
Acturial gain/ (loss)	(830,000)	(2,936,759)
Contributions for the year	1,007,000	1,026,000
Net expense recognised in the statement of financial performance	434,385	482,912
	24,626,538	**24,015,153**

Performance Bonuses

Opening Balance	482,912	801,489
Contribution to current portion	(48,527)	373,864
Prior period adjustment	-	2,507
Expenditure incurred	-	(694,948)
	434,385	**482,912**

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.

Staff Bonuses

Opening Balance	2,663,022	2,794,160
Contribution to current portion	270,574	166,509
Prior Period adjustment	-	(297,647)
	2,933,596	**2,663,022**

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.

Staff Leave

Opening balance	7,742,439	8,634,692
Contribution to current portion	1,106,499	92,029

Figures in Rand	2024	2023

18. Employee benefit obligations (continued)

Prior period adjustment	-	(984,282)
	8,848,938	**7,742,439**

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.

The Municipality provides post-employment medical aid benefits upon retiirement to some retirees. The entitlement to post-employment medical aid benefits is vased on special resolution by the coucil, or the terms of employment prevailing at the time the employees retired. The Municipality operates an unfunded defined benefit plan for these qualifying individuals. No other post-retirement benefit are provided to these individuals. The actuarial valuation of the present value the obligation at 30 June 2024 was carried out by Arch Actuarial Consulting. The present value of the obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

Assumptions used at the reporting date for Medical Aid Benefit:

Rate of Interest		
Discount rate	11.98%	12.20%
Health Care Cost Inflation Rate	7.50%	7.82%
CPI Inflation rate	6.00%	5.75%
Net Effective Discount Rate	4.17%	4.07%

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2022 by Mr. C Weiss. Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Long service award

The members of the long service award are made up as follows:

Eligible employees	326	311
New Entries	15	-
	341	**311**

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	4,690,000	5,402,000
Expected benefits vesting	(944,000)	(254,860)
Acturial loss/(gains)	(47,000)	(588,140)
Current service cost	528,000	533,000
Interest cost	573,000	542,000
Total Provison 30 June 2024	5,744,000	5,634,000
Less: Transfer of Current portion from Non-current portion	(945,000)	(944,000)
Non-current balance 30 June 2024	**4,799,000**	**4,690,000**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	528,000	533,000
Interest cost	573,000	542,000
Actuarial (gains) losses	(47,000)	(588,140)
Expected benefits vesting	(944,000)	(254,860)
	110,000	**232,000**

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Figures in Rand	2024	2023

18. Employee benefit obligations (continued)

	2024	2023
Discount rate	10.75%	11.08 %
CPI inflation rate	4.94 %	4.48 %
General earning inflation rate	5.94 %	6.47 %
Net discount	4.54 %	4.33 %
Average retirement age	62	62

Pre-retirement mortality SA85-90

The basis used to determine the overall expected rate of return on assets is as follows:

A discount rate of 10.75% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield index-linked yield is 5.06%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024. The duration of the total liability was estimated to be 9.25 years curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 4.00%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2024. The duration of the total liability was estimated to be 7.25 years.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

	2024	2023	2022	2021	2020
Defined benefit obligation	5,744,000	5,634,000	5,402,000	5,087,000	4,871,000
Surplus (deficit)	(5,744,000)	(5,634,000)	(5,402,000)	(5,087,000)	(4,871,000)
Experience adjustments on plan Liabilities	7,000	6,000	32,000	(21,000)	55,476

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		479000	2263000	2742000	
Medical aid contributions inflation rate	+1%	587000	2551000	3138000	14%
	-1%	396000	2023000	2419000	-12%
Discount rate	+1%	404000	2200000	2604000	-5%
	-1%	578000	2333000	2911000	6%
Post-employment mortality	+1yr	468000	2193000	2661000	-3%
	-1yr	492000	2333000	2825000	3%
Average retirement age	-1yr	530000	2339000	2869000	5%
Membership continuation	-10%	420000	2164000	2584000	-6%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2025

Assumption	Change	Current service cost	Interest cost	Total	% Change
Central assumptions		465000	2297000	2762000	
Medical aid contribution inflation rate	+1%	566000	2583000	3149000	14%
	-1%	388000	2058000	3149000	-11%
Discount rate	+1%	394000	2242000	2636000	-5%
	-1%	557000	2358000	2915000	6%
Post-employment mortality	+1 yr	456000	2225000	2681000	-3%
	-1 yr	476000	2370000	2846000	3

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

18. Employee benefit obligations (continued)

Average retirement age	-1 yr	523000	2378000	2901000	5%
Membership continuation	-10%	406000	2196000	2602000	-6%

Post employment medical aid subsidy

The members of the post-employment health care benefit plan are made up as follows:

	2024	2023
In-service (employee) members	49	62
In-service (employee) non-members	262	264
Contination (retiree and widow) members	30	29
	341	**355**

Movements in the present value of the defined benefit obligations were as follows:

	2024	2023
Opening balance	17,919,000	20,041,000
Current service cost	479,000	493,000
Interest cost	2,263,000	2,166,000
Expected benefits vesting	(1,226,000)	(1,206,381)
Acturial loss/Gain	(830,000)	(2,348,619)
Total Provision at 30 June 2024	19,831,000	19,145,000
Less: Transfer of Current portion from Non-current portion	(1,345,000)	(1,226,000)
Total non-current at 30 June 2024	**18,486,000**	**17,919,000**

The amounts recognised in the Statement of Financial Performance are as follows:

	2024	2023
Current service cost	479,000	493,000
Interest cost	2,263,000	2,166,000
Actuarial (gains) losses	(830,000)	(2,348,619)
Expected Benefits vesting	(1,226,000)	(1,206,381)
	686,000	**(896,000)**

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

	2024	2023
Discount rates used	11.98 %	12.20 %
Health care cost inflation rate	7.50 %	7.82 %
Net-of health-care-cost-inflation discount rate	4.17 %	4.06 %
Proportion with a spouse dependant at retirement	60.00 %	60.00 %
Continuation of membership at retirement	75.00 %	75.00 %
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	5.00 %	5.00 %
CPI Inflation	7.5%	6.5%
Average retirement age	62	62
	-	-

Mortality during employment SA 85-90:

The basis used to determine the overall expected rate of return on assets is as follows

A discount rate of 11.98% per annum has been used. The corresponding index-linked yield at this term is 5.17%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 38 June 2024.

Figures in Rand	2024	2023

18. Employee benefit obligations (continued)

These rates were calculated by using a liability-weighted average of the yields for the two components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

<u>**Health Care Cost Inflation Rate**</u>:
This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilization patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.5% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.0%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.17% which derives from ((1+11.98%)/(1+7.5%))-1.

The expected inflation assumption of 6.0% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (5.17%) and those of fixed interest bonds (11.98%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+11.98%-0.50%)/(1+5.17%))-1.

The next contribution increase was assumed to occur with effect from 1 January 2025.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

	2024	2023	2022	2021	2020
Defined benefit obligation	19,831,000	19,145,000	20,041,000	22,000,000	18,462,000
Surplus (deficit)	(19,831,000)	(19,145,000)	(20,041,000)	(22,000,000)	(18,462,000)
Experience adjustments on plan liabilities	(590,000)	301,000	(2,535,000)	873,000	(564,000)

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Department of Education	1,232,100	1,232,100
Energy Efficiency	75,532	-
Intergrated National Electrification	1,122,358	-
LG SETA	86,631	-
Local Government Financial Management	2,336	-
Municipal Infrastructure Grant	5,113,925	6,419,677
Library grant	56,240	27,716
Water services infrastructure grant	-	41,929
	7,689,122	**7,721,422**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Figures in Rand	2024	2023

20. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Increase/ (Decrease) due discounting	Increase/ (Decrease) due to remeasurement	Total
Provision for Landfill Sites	83,786,528	6,641,615	(5,951,647)	84,476,496

Reconciliation of provisions - 2023

	Opening Balance	Increase/ (Decrease) due discounting	Increase/ (Decrease) due to remeasurement	Total
Provision for Landfill Sites	68,643,370	7,387,606	7,755,552	83,786,528

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)	1,612,25	925,410	13,941,417
Site Clearance and Preparation (R2.95/m²)	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
	11,533,825	**6,620,242**	**99,734,751**

Discount Rate Used	2024 %	2023 %
	12.000%	12.000%
	12.000%	12.000%
	10.510%	10.510%

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 licensing and rehabilitation costs of R84 476 496 (2023: R83 786 527) 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 2023 to June 2024.

Other assumptions:

	Britstown	**Hanover**	**De Aar**
Licence type	Class B/G:C:B-	Class B/G:C:B-	Class B/G:C:B-
Area (m²)	15,008	7,295	168,447
Unit cost (R/m2)	1,034	1,318	717
Environmental Authorisation (Closure Licence) (Rand)	441,773	441,773	441,773
Technical ROD (Rand)	223,900	223,900	223,900
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor 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

Figures in Rand		2024	2023

20. Provisions (continued)

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		
Britstown - estimated (2038/39)	16,212,157	15,512,170
Hanover - estimated (2038/39)	10,056,404	9,614,153
De Aar - estimated (2032/33)	126,299,280	120,799,902
	152,567,841	**145,926,225**

21. Capital Replacement

Reserves		
Capital Replacement Reserve	2,252,793	2,252,793

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

22. Revenue

Service charges	179,715,242	166,854,719
Royalty income	1,187,613	2,038,156
Rental of facilities and equipment	750,258	1,557,874
Interest earned from exchange	11,889,797	6,968,819
Licences and permits	455,427	400,134
Interest received - investment	3,727,148	2,706,597
Property rates	64,200,240	44,921,419
Interest earned from non-exchange	5,540,671	7,812,568
Government grants & subsidies	99,273,932	80,355,395
Fines, Penalties and Forfeits	408,200	691,646
Provincial Service In Kind	963,714	474,505
	368,112,242	**314,781,832**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	179,715,242	166,854,719
Royalty income	1,187,613	2,038,156
Rental of facilities and equipment	750,258	1,557,874
Interest earned from exchange	11,889,797	6,968,819
Licences and permits	455,427	400,134
Interest received - investment	3,727,148	2,706,597
	197,725,485	**180,526,299**

The amount included in revenue arising from non-exchange transactions is as follows:		
Revenue from non-exchange		
Property rates	64,200,240	44,921,419
Interest earned from non-exchange	5,540,671	7,812,568
Transfer revenue		
Government grants & subsidies	99,273,932	80,355,395
Fines, Penalties and Forfeits	408,200	691,646
Provincial Service In Kind	963,714	474,505
	170,386,757	**134,255,533**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Service charges

Sale of electricity	97,058,841	91,488,685
Sale of water	55,084,187	51,383,240
Solid waste	27,572,214	23,982,794
	179,715,242	**166,854,719**

24. Operational revenue

Sale of Goods	954,518	1,009,419
Valuation Services	7,605	4,986
Cemetery and Burial	208,162	422,646
Sundry Income	11,033	516,067
Building Plan Approval	6,295	85,038
	1,187,613	**2,038,156**

25. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	53,619	1,310,878
Rental of equipment	696,639	246,996
	750,258	**1,557,874**

26. Interest Earned - Exchange Transactions

Exchange transactions	11,889,797	6,968,819

The above interest relates to interest earned by the municipality on exchange transactions

27. Interest earned external investments

Interest revenue		
Bank	325,615	173,162
Investments	3,401,533	2,533,435
	3,727,148	**2,706,597**

28. Licences and permits

Licences and permits	455,427	400,134

29. Interest from non-exchange receivables

Property rates	5,540,671	7,812,568

30. Fines, Penalties and Forfeits

Penalties for consumers	-	14,022
Traffic fines	408,200	677,624
	408,200	**691,646**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Reversal of Impairment Loss/(Impairment Loss) on Receivables

Receivables from non-exchange	-	26,561,489
Receivables from exchange	39,755,252	99,726,661
Total	**39,755,252**	**126,288,150**

32. Property rates

Rates received

Property rates	68,432,549	52,679,849
Less: Income forgone	(4,232,309)	(7,758,430)
	64,200,240	**44,921,419**

Valuations

Business and Commercial Property	686,520,000	686,520,000
Formal and Informal Settlements	2,740,876,000	2,740,876,000
Industrial Property	16,954,000	16,954,000
Municipal Properties	1,765,000	1,765,000
Public Service Infrastructure Properties	25,986,000	25,986,000
Residential Properties	1,597,578,000	1,597,578,000
State-owned Properties	357,921,000	357,921,000
Multiple Purposes	638,213,000	638,213,000
Other Categories	84,186,000	84,186,000
	6,149,999,000	**6,149,999,000**

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 2022. 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.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Government grants & subsidies

Operating grants		
Provincial: Sport, Arts and Culture (Library Grant)	1,014,476	1,000,000
National: Financial Management Grant	1,847,664	1,850,000
National Equitable Share	59,609,000	55,218,000
National: Expanded Public Works Programme Integrated Grant	665,000	1,768,305
Housing	-	200,000
	63,136,140	**60,036,305**
Capital grants		
National: Municipal Infrastructure Grant	12,293,753	16,361,019
National: Water Services Infrastructure Grant	16,716,929	1,958,071
National: Energy Efficiency and Demand Management Grant	4,924,468	2,000,000
National Electrification Programme Grant	2,202,642	-
	36,137,792	**20,319,090**
	99,273,932	**80,355,395**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Unconditional grants received	59,609,000	55,418,000
Conditional grants received	39,664,932	24,937,395
	99,273,932	**80,355,395**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The equitable share is a financial allocation from National Treasury in the form of an unconditional grant that enables municipalities to provide basic services to poor households, and to enable municipalities with limited own resources to afford basic administrative and governance capacity and perform core municipal functions.

LGSETA

Current-year receipts	86,631	-

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

Municipal Infrastructure Grant

Balance unspent at beginning of year	6,419,677	9,680,696
Grants received	12,741,000	19,000,000
Deducted from equitable share	-	(5,900,000)
Transfers	(12,293,752)	(16,361,019)
	6,866,925	**6,419,677**

Conditions still to be met - remain liabilities (see note 19).

Department of Education

Balance unspent at beginning of year	1,232,100	1,232,100

Figures in Rand	2024	2023

33. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 19).

National: Equitable Share

Current-year receipts	-	(55,218,000)
Conditions met - transferred to revenue	-	55,218,000
	-	-

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.

National: Financial Management Grant

Current-year receipts	-	1,850,000
	-	(1,850,000)
	-	-

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)

Provincial: Housing Accreditation

Current-year receipts	-	200,000
Conditions met - transferred to revenue	-	(200,000)
	-	-

The grant was utilised for COVID expenditure.

National: Expanded Public Works Programme

Balance unspent at beginning of year	-	1,038,872
Current-year receipts	-	1,073,000
Transfers to equitable share	-	(343,567)
Conditions met - Operating	-	(1,582,905)
Conditions met - Capital	-	(185,400)
	-	-

This grant was used for the upgrading of Roads facilities.

Library grant

Balance unspent at beginning of year	27,716	27,716
Current-year receipts	1,043,000	1,000,000
Conditions met - transferred to revenue	(1,014,476)	(1,000,000)
	56,240	**27,716**

Conditions still to be met - remain liabilities (see note 19).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Government grants & subsidies (continued)

Provide explanations of conditions still to be met and other relevant information.

Local Government Financial Management Grant

Current-year receipts	1,850,000	-
Conditions met - transferred to revenue	(1,847,664)	-
	2,336	**-**

Conditions still to be met - remain liabilities (see note 19).

Water Services Infrastructure Grant

Current-year receipts	16,675,000	-
Conditions met - transferred to revenue	(18,109,103)	-
Other	(318,897)	-
	(1,753,000)	**-**

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

National: Integrated National Electrification Grant

Balance unspent at beginning of year	-	38,754
Transfers to equitable share	-	(38,754)
	-	**-**

This grant was allocated for the construction and upgrading of electricity networks within the municipal boundaries.

Expanded Public Works Propramme

Current-year receipts	665,000	-
Conditions met - transferred to revenue	(665,000)	-
	-	**-**

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

Water Services Infrastructure

Balance unspent at beginning of year	41,929	2,967,315
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	(41,929)	(4,925,386)
	-	**41,929**

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

Energy Efficiency Grant

Balance unspent at beginning of year	-	28,364
Current-year receipts	5,000,000	2,000,000

Figures in Rand	2024	2023

33. Government grants & subsidies (continued)

Conditions met - transferred to revenue	(4,924,468)	(2,028,364)
	75,532	**-**

Conditions still to be met - remain liabilities (see note 19).

Integrated National Electrification Programme

Balance unspent at beginning of year	-	38,754
Current-year receipts	3,325,000	-
Conditions met - transferred to revenue	(2,202,642)	(38,754)
	1,122,358	**-**

Conditions still to be met - remain liabilities (see note 19).

34. Provincial Service-in-kind

Employee related costs paid for by national treasury	963,714	474,505

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

35. Employee related costs

Acting allowances	697,161	25,106
Bargaining council	43,563	39,463
Basic	69,068,558	68,273,767
Staff bonus	457,223	(295,140)
Bonus	5,666,602	5,037,658
Car allowance	2,147,422	2,026,133
Cell phone allowance	420,081	359,517
Current Service Cost	(2,170,000)	-
Current Service Cost - Long service awards	-	533,000
Current Service Cost - Medical	1,007,000	538,657
Group insurance	56,432	38,794
Housing benefits and allowances	217,548	199,500
Long-service awards	477,022	-
Medical aid - company contributions	1,981,149	2,142,892
Other allowance	4,982,253	535,503
Overtime	-	3,508,746
Payments in lieu of leave	5,469,923	1,243,448
Pension and UIF contributions	12,977,025	12,303,301
Staff leave	1,106,499	(984,282)
Standby allowances	1,322,520	765,008
Motor Vehicle Allowance	15,797	-
	105,943,778	**96,291,071**

Remuneration of the Municipal Manager - I Visser (July to December 2022)

Basic Salary	-	412,826
Bonus	-	57,366
Cellphone allowance	-	30,000
Pension and UIF contributions	-	80,283
Motor Vehicle Allowance	-	87,960
Other benefits and allowances	-	138,036
Payments in lieu of leave	-	158,130
Performance Bonus	-	180,050
	-	**1,144,651**

Remuneration of the Chief Financial Officer - MF Manuel

Basic Salary	-	224,025
Bonus	-	43,560
Pension and UIF contributions	-	564
Motor Vehicle Allowance	-	51,174
Other benefits and allowances	-	254
Payments in lieu of leave	-	157,714
Performance Bonus	-	165,024
	-	**642,314**

Remuneration of Municipal Manager: Mr DH Molaole

Basic Salary	585,607	48,801
Motor Vehicle Allowance	492,000	41,000
Cellphone allowance	60,000	5,000
Contributions to UIF	2,125	177
Other benefits and allowances(Skills, Rural & Social)	119,430	8,991
	1,259,162	**103,969**

Figures in Rand	2024	2023

35. Employee related costs (continued)

Mr DH Molaole was appointed on the 1st of June 2023

Remuneration of Senior Manager: Community Services- Mr HM Joka

Basic Salary	525,990	512,502
Bonus	-	42,973
Motor Vehicle Allowance	159,120	153,940
Perfomance Bonus	-	120,260
Cellphone Allowance	36,000	40,000
Contributions to UIF	2,125	-
Pensions and UIF Contributions	-	141,021
Other benefits and allowances (Skills, Rural & Social)	243,589	-
	966,824	**1,010,696**

Remuneration of Senior Manager: Technical Services- Ms. L Thiso

Basic Salary	540,000	524,000
Bonus	-	45,000
Motor Vehicle Allowance	146,880	129,443
Performance bonus	-	94,490
Cellphone allowance	36,000	36,000
Contributions to UIF	2,125	-
Pension and UIF contributions	-	124,226
Other benefits and allowances(Skills, Rural, Medi & Pens)	229,604	-
	954,609	**953,159**

Remuneration of Director: Corporate Services - TW Msengana

Basic Salary	-	439,083
Bonus	-	36,625
Cell Phone Allowance	-	33,000
Motor Vehicle Allowance	-	116,500
Other benefits and allowances	-	121,389
Acting Allowance	-	2,838
Payments in lieu of leave	-	124,232
Pension and UIF contributions	-	129,427
Performance Bonus	-	135,124
	-	**1,138,218**

SM: Technical Services

Basic Salary	71,584	-
Back Pay	71,584	-
Cellphone allowance	6,000	-
Contributions to UIF	177	-
	149,345	**-**

Acting allowance Mr L Govu (Mr Govu was not an employee of the municipality therefore received full salary for the position)

Acting CFO - Ms SN Jordan

Rural Allowance	88,477	-
Celphone Allowance	36,000	-
Contributions (UIF, Skills & Social)	2,595	-
	127,072	**-**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

35. Employee related costs (continued)

Mr S ST Felix (Acting Director:Cooperate services

Acting Allowance	44,631	-

36. Remuneration of councillors

Annual Remuneration	3,799,688	3,881,352
Telephone Allowance	651,200	687,200
Travelling	1,269,124	1,287,035
	5,720,012	**5,855,587**

Figures in Rand	2024	2023

36. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Remuneration of Councillor - MC Kivedo		
Annual Remuneration	498,149	513,998
Telephone Allowance	44,400	46,800
Travelling	166,500	165,647
	709,049	**726,445**

Remuneration of Councillor - LE Andrews		
Annual Remuneration	260,534	265,936
Telephone Allowance	44,400	46,800
Travelling	86,845	86,634
	391,779	**399,370**

Remuneration of Councillor - PP Mhaluali		
Annual Remuneration	197,058	200,971
Telephone Allowance	44,400	46,800
Travelling	65,686	65,526
	307,144	**313,297**

Remuneration of Councillor - PN Bushula		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Remuneration of Councillor - JM Fortuin		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,686	65,526
	307,144	**311,608**

Remuneration of Councillor - JT Brandt		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,686	65,526
	307,144	**311,608**

Remuneration of Councillor - MN Mackay		
Annual Remuneration	252,891	256,384
Telephone Allowance	44,400	46,800
Travelling	86,845	85,793
	384,136	**388,977**

Remuneration of Councillor - FCS Swanepoel		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Figures in Rand	2024	2023

36. Remuneration of councillors (continued)

Remuneration of Councillor - RH Adams Beukes		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Remuneration of Councillor - SW Makhandula (Resigned - February 2024)		
Annual Remuneration	131,372	199,282
Telephone Allowance	29,600	46,800
Travelling	43,792	65,528
	204,764	**311,610**

Remuneration of Councillor - B Swanepoel		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Remuneration of Councillor - RS Smith		
Annual Remuneration	260,534	264,247
Telephone Allowance	44,400	46,800
Travelling	86,844	86,633
	391,778	**397,680**

Remuneration of Councillor - GL Nkumbi		
Annual Remuneration	622,686	634,897
Telephone Allowance	44,400	46,800
Travelling	207,562	207,058
	874,648	**888,755**

Remuneration of Councillor - GK Engelbrencht		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Remuneration of Councillor - MST Booysen		
Annual Remuneration	197,058	199,282
Telephone Allowance	44,400	46,800
Travelling	65,688	65,528
	307,146	**311,610**

Remuneration of Councillor - SJ Hoffman		
Annual Remuneration	-	1,689

Remuneration of Councillor - L Billie		
Annual Remuneration	-	2,565

Remuneration of Councillor - MO Maramba		
Annual Remuneration	-	1,689

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Remuneration of councillors (continued)

Remuneration of Councillor - SP Wales		
Annual Remuneration	-	1,689

Remuneration of Councillor - HJ Rust		
Annual Remuneration	-	1,689

Remuneration of Councillor - CJ Louw		
Annual Remuneration	-	2,716

Remuneration of Councillor - NP Mkontwana		
Annual Remuneration	-	2,716

Remuneration of Councillor - RR Faul		
Annual Remuneration	-	1,689

Remuneration of Councillor - WJ du Plessis		
Annual Remuneration	-	1,689

Remuneration of Councillor - PD van Wyk		
Annual Remuneration	-	1,689

37. Depreciation and amortisation

Property, plant and equipment	53,753,228	53,615,508
Intangible assets	3,670	3,587
	53,756,898	**53,619,095**

38. Finance costs

Borrowings	259,883	58,330
Non-current Employee Benefits	2,836,000	2,708,813
Non-current Provisions	(5,951,647)	7,359,073
Overdue creditors	23,221,518	12,640,743
	20,365,754	**22,766,959**

39. Fines written off

Irrecoverable fines	-	7,508,954

40. Bulk purchases

Electricity - Eskom	94,084,280	76,843,125

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

41. Contracted services

Outsourced Services		
Business and Advisory	1,740,160	376,200
Catering Services	-	68,667
Internal Auditors	-	488,437
Litter Picking and Street Cleaning	-	50,174
Meter Management	317,863	-
Medical Services Medical Health Services & Support	130,061	-
Personnel and Labour	-	289,953
Professional Staff	-	224,689
Security Services	6,381,222	1,542,289
Drivers Licence Cards	-	141,489
Consultants and Professional Services		
Business and Advisory	7,631,482	7,156,967
Infrastructure and Planning: Civil & Electrical	-	56,639
Laboratory Services	-	3,723
Legal Cost: Legal Advice and Litigation	832,788	1,456,762
Contractors		
Building	-	240,616
Distribution of Electricity by Others:Network Charges	1,291,373	962,051
Maintenance of Buildings and Facilities	61,916	-
Maintenance of Equipment	90,733	-
Maintenance of Unspecified Assets	2,039,563	1,003,290
Medical Services	-	72,100
Prepaid Electricity Vendors	284,021	58,995
Traffic Fines Management	-	100,000
Employee wellness	-	61,215
	20,801,182	**14,354,256**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

42. Operational Costs

Advertising	35,892	179,962
Auditors remuneration	3,497,028	4,097,557
Bank charges	315,455	440,603
Commission paid	-	20,000
Conferences and seminars	25,087	4,999
Decommisioning costs	-	75,820
Electricity - Operational commission	-	283,109
Electricity - Eskom connection fees	4,574,009	10,711,123
Entertainment	185,164	62,975
Fuel and oil	5,760,968	2,474,684
Hire	108,918	111,312
IT expenses	897,642	646,038
Insurance	1,589,676	1,133,006
Motor vehicle expenses	19,276	-
Postage and courier	5,100	594
Printing and stationery	267,184	25,513
Repairs and maintenance	72,420	-
SDL	92,616	799,568
Servitudes and Land Surveys	-	25,974
Subscriptions and membership fees	1,500,732	1,892,883
Telephone and fax	2,537,014	1,724,117
Travel - local	2,592,958	1,433,585
Uniforms	1,064,061	47,414
Utilities	293,189	6,794,264
Water Resource Management Charges	-	55,797
	25,434,389	**33,040,897**

43. Auditors' remuneration

Audit expense	3,497,028	4,097,557

Figures in Rand	2024	2023

44. Cash generated from operations

Deficit	(8,507,415)	(126,435,443)
Adjustments for:		
Depreciation and amortisation	53,756,898	55,404,886
Gain on sale of assets and liabilities	-	125,500
Fair value adjustments	(5,791)	3,587
Actuarial gains/loss	(877,000)	-
Impairment deficit	39,755,252	126,288,150
Bad debts written off	-	7,508,954
Contribution from/to provisions - Non-Current Employee Benefits - finance cost	-	7,387,605
Movements in retirement benefit assets and liabilities	1,673,000	-
Movements in provisions	689,968	-
Contribution from/to provisions - Non-Current Employee Benefits - finance cost	-	(2,936,759)
Contribution from/to - Current Employee Benefits	-	(415,000)
Addition non cash landfill site	(6,641,615)	3,355
Other non-cash on Property, Plant and Equipment	35,348	-
Other non-cash item	1,244,310	-
Inventory losses or write-downs	-	(12,879)
Contribution to employee benefits – current - expenditure incurred	1,328,546	352,454
Contribution from/to employee benefits - non-current - expenditure incurred	-	1,026,000
Contribution from/to - Non-Current Employee Benefits	-	(1,461,241)
Contribution from/to provisions - Non-Current Employee Benefits - finance cost	-	2,708,000
Changes in working capital:		
Inventories	1,040,487	(22,797)
Trade receivables	-	(87,531,701)
Consumer debtors	(173,080,490)	-
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(32,329,326)	(6,117,051)
Payables from exchange transactions	115,721,352	67,202,400
Increase/ (Decrease) in Taxes	40,355,444	(7,067,695)
Unspent conditional grants and receipts	(32,300)	(7,292,395)
Consumer deposits	98,767	-
Increase / (Decrease) in Consumer Deposits	-	109,435
	34,225,435	**28,827,365**

45. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	167,866,893	167,866,893
Other receivables from non-exchange transactions	41,975,259	41,975,259
Cash and cash equivalents	26,236,800	26,236,800
	236,078,952	**236,078,952**

Financial liabilities

	At amortised cost	Total
Borrowings	5,801,986	5,801,986
Trade and other payables from exchange transactions	339,052,076	339,052,076
Consumer deposits	3,028,458	3,028,458
	347,882,520	**347,882,520**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

45. Financial instruments disclosure (continued)

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	19,579,365	19,579,365
Other receivables from non-exchange transactions	24,608,223	24,608,223
Cash and cash equivalents	28,141,098	28,141,098
	72,328,686	**72,328,686**

Financial liabilities

	At amortised cost	Total
Borrowings	2,434,249	2,434,249
Trade and other payables from exchange transactions	223,330,722	223,330,722
Consumer deposits	2,928,191	2,928,191
	228,693,162	**228,693,162**

46. Commitments

Authorised capital expenditure

	2024	2023
Capital commitments		
• Infrastructure	73,326,775	89,432,017
Total capital commitments		
Already contracted for but not provided for	73,326,775	89,432,017

Total commitments

	2024	2023
Total commitments		
Authorised capital expenditure	73,326,775	89,432,017

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Figures in Rand	2024	2023

47. Contingencies

Contigent Liabilities

The Applicants (CJ Du Plessis & Others) issued Notice of Motion - compel application in terms of which they requested that the Municipality be complelled to consider and decide upon the Applicant's objection made ito. section 50(1)(c) of the MPRA. Pleadings have been exchanged and the application is still pending.
Settlement eminent. Settlement does not settle the proceedings instituted in the High Court for the recovery of arrear property rates.
The legal counsel estimate legal costs to be R500 000 to finalize proceedings.

There is a 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 certainity.
The lawsuit is ongoing.
The settlement cannot be quantified at this stage.

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.
The lawsuit is ongoing.
The settlement cannot be quantified.

	2024	2023
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
Emthanjeni/ Lubacon Civils The law suit is on going. Third parties have instituted litigation against the Municipality (and have cited the Municipality as a Defendant/Respondent). The Municipality is currently in a legal dispute for the outstanding debt.	9,249,173	-

Emthanjeni/ Hamsa Cosulting

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

47. Contingencies (continued)

The lawsuit is on going. Litigation is in relation to the supply of solar streetlights. The matter will be heard in court in the year 2025. As at 30 June 2024 the litigation was still underway and therefore the outcome was still uncertain.	1,637,734	-

Contingent assets

There are current open files (in the following matters) in which the Municipality instituted litigation as the Plaintiff/Applicant:

Louis Charles Marais Testamentêre Trust/Emthanjeni

Servitude of aqueduct, compensation payable in terms of court order	2,100	-

Blaauwkrantz Boerdery CC/Emthanjeni

Servitude of aqueduct, compensation payable in terms of court order	19,500	-

JCM Venter/Emthanjeni

Servitude of aqueduct, compensation payable in terms of court order	26,250	-

Fusion Guarantees (Pty) Ltd/Emthanjeni

The lawsuit is ongoing. Claim in favor of the municipality.	1,329,326	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

48. Related parties

Relationships

Accounting Officer	Refer to accounting officers' report note
Councillors	G.L Nkumbi
	L.E. Andrews
	M.C Kivedo
	F.C Swanepoel
	M.N Mackay
	S.W Makandula
	T.J Brandt
	J.M Fortuin
	P.P Mhlauli
	R.H Adams-Beukes
	B. Swanepoel
	P.N Bushula
	M.S.T Booysen

Councillors and/or management of the municipality had relationships with business during the financial period as indicated below:

Outstanding municipal account as at 30 June 2024

Councillors	30-Jun-24	30-Jun-23
NKUMBI G L	39 146,00	12 062,61
ANDREWS L E	25 674,00	10 227,15
KIVEDO M C	43 540,00	18 580,97
SWANEPOEL F C	4 882,00	1 739,14
MACKAY M N	14 823,00	650,92
MAKANDULA S W	19 209,00	45 160,71
BRANDT T J	37 094,00	17 736,41
FORTUIN J M	27 880,00	25 758,26
MHLAULI P P	13 946,00	7 961,09
ADAMS-BEUKES R H	76 516,00	48 896,91
SWANEPOEL B	18 674,00	11 596,43
BUSHULA P N	94 567,00	69 066,53
BOOYSEN M S T	6 422,00	2 007,93

Outstanding municipal account as at 30 June 2024		30 June 24	30 June 23
Municipal Manager and Section 57 Employees			
DH Molaole	Muncipal Manager	-	-
HM Joka	Director: Community services	130,200.00	102,518
L Thiso	Director: Infrastructure and Technical Services	-	-

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.

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	7,145,233
Bruin O (Pty) Ltd	Director is not an official of the municipality	2,443,154

Figures in Rand	2024	2023

48. Related parties (continued)

30 June 2024	Amount	Interest
Ncedis 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
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 (Acting 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
MOSHU 1640 MININGCOMPANY	-	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

Municipal Supply Chain Regulations 45 - Awards to close family members of persons in the service of the state

30 June 2023	Amount	Interest
Ncedis Bakery Primary Co-Operative	-	PP Mhlauli
Jupiter Construction and Enterprise	-	J.Fourtuin (councillor) is a director
Ziyeka Security and Training Company	-	J.Fourtuin (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
Enthanjeni 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
Van Zyl Booysen Institution	-	M Booysen (councillor) is a director
Afire Skies Solutions	-	S Jordan (Acting CFO) is a director
Dirathata	-	L Thiso (Director: Infractructure) is a director
Moshu 1640 Mining	-	D Molaole (Municipal Manager) is a director

Figures in Rand		2024	2023

48. Related parties (continued)

The Rise of the Umpire	-	H. Joka (Director: Community Services)
Phimola Keledi Burial	-	D Molaole (Municipal Manager) is a director

Remuneration of management

Management class: Councillors

49. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	R
Assets						
Current Assets						
Inventories	3	25,516,538	-	-	25,516,538	[4]
Trade receivables		-	-	-	-	
Receivables from non-exchange transactions	4	24,608,223	-	-	24,608,223	[2]
Taxes	5	27,177,722	-	-	27,177,722	[2.2]
Receivables from exchange transactions	6	19,579,365	-	-	19,579,365	[3]
Cash and cash equivalents	7	18,819,066	9,322,032	-	28,141,098	
		115,700,914	**9,322,032**	**-**	**125,022,946**	
Non-Current Assets						
Investment property	8	8,767,885	-	-	8,767,885	
Property, plant and equipment	9	792,668,396	1,739,818	-	794,408,214	[5]
Intangible assets	10	20,582	-	-	20,582	
Heritage assets	11	6,833,773	-	-	6,833,773	
Investments	12	31,878	4,480	-	36,358	
		808,322,514	**1,744,298**	**-**	**810,066,812**	
Total Assets		**924,023,428**	**11,066,330**	**-**	**935,089,758**	
Liabilities						
Current Liabilities						
Borrowings	13	182,591	863,641	-	1,046,232	[1]
Payables from exchange transactions	14	206,772,412	16,558,310	-	223,330,722	[1.1]
Payables from non-exchange	15	11,577,785	-	-	11,577,785	[]
Consumer deposits	17	2,928,191	-	-	2,928,191	[7]
Employee benefit obligation	18	14,337,794	(1,279,422)	-	13,058,372	
Unspent conditional grants and receipts	19	7,721,422	-	-	7,721,422	
		243,520,195	**16,142,529**	**-**	**259,662,724**	
Non-Current Liabilities						
Borrowings	13	1,832,723	219,115	-	2,051,838	
Employee benefit obligation	18	22,609,001	-	-	22,609,001	
Provisions	20	83,786,528	-	-	83,786,528	
		108,228,252	**219,115**	**-**	**108,447,367**	
Total Liabilities		**351,748,447**	**16,361,644**	**-**	**368,110,091**	
Net Assets		**572,274,981**	**(5,295,314)**	**-**	**566,979,667**	
Capital Replacement	21	2,252,793	-	-	2,252,793	
Accumulated surplus		570,022,185	(5,295,315)	-	564,726,870	[1.2]
Total Net Assets		**572,274,978**	**(5,295,315)**	**-**	**566,979,663**	

49. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Re
Revenue						
Revenue from exchange transactions						
Service charges	23	166,854,719	-	-	166,854,719	[15]
Operational revenue		2,038,156	-	-	2,038,156	
Rental of facilities and equipment	25	1,557,874	-	-	1,557,874	
Interest received on Investment		6,968,819	-	-	6,968,819	
Agency services		-	-	-	-	
Licences and permits		400,134	-	-	400,134	[8]
Interest on investments	27	2,706,597	-	-	2,706,597	[7.1]
Total revenue from exchange transactions		**180,526,299**	**-**	**-**	**180,526,299**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	32	44,921,419	-	-	44,921,419	[15.2]
Licences and Permits (Non-exchange)		-	-	-	-	[8]
Interest on outstanding receivables		-	-	-	-	
Interest earned from non-exchange		7,812,568	-	-	7,812,568	
Transfer revenue						
Government grants & subsidies	33	-	80,355,395	-	80,355,395	
Government grants and subsidies capital		19,554,490	(19,554,490)	-	-	
Government grants and subsidies capital		60,800,905	(60,800,905)	-	-	
Fines, Penalties and Forfeits		691,646	-	-	691,646	[10]
Provincial service in kind		474,505	-	-	474,505	
Total revenue from non-exchange transactions		**134,255,533**	**-**	**-**	**134,255,533**	
Total revenue	22	**314,781,832**	**-**	**-**	**314,781,832**	
Expenditure						
Employee related costs	35	(97,570,493)	1,279,422	-	(96,291,071)	[11]
Remuneration of councillors	36	(5,855,587)	-	-	(5,855,587)	[12]
		-	-	-	-	
Depreciation and amortisation	37	(55,408,473)	1,789,378	-	(53,619,095)	[9]
Impairment loss/ Reversal of impairments	31	(126,288,149)	(1)	-	(126,288,150)	
Finance costs	38	(22,617,777)	(149,182)	-	(22,766,959)	[16]
Lease rentals on operating lease		(111,313)	-	111,313	-	
Fines written off		(7,508,954)	-	-	(7,508,954)	[17]
Bulk purchases	40	(87,554,248)	10,711,123	-	(76,843,125)	
Contracted services	41	(14,354,255)	(1)	-	(14,354,256)	[18]
Transfers and Subsidies		-	-	-	-	
Inventory consumed		(4,553,702)	-	-	(4,553,702)	
Operational costs	42	(22,218,462)	(10,711,122)	(111,313)	(33,040,897)	[14]
Total expenditure		**(444,041,413)**	**2,919,617**	**-**	**(441,121,796)**	
Operating deficit		**(129,259,581)**	**2,919,617**	**-**	**(126,339,964)**	
Gain/(Loss) on sale of Fixed assets		(125,500)	-	-	(125,500)	
Fair value adjustments		-	4,480	-	4,480	
Actuarial losses	18	2,936,759	-	-	2,936,759	
Inventories losses/write-downs		12,879	-	-	12,879	
		2,824,138	**4,480**	**-**	**2,828,618**	

* See Note 49

49. Prior period errors (continued)

Deficit for the year	**(126,435,443)**	**2,924,097**	**-**	**(123,511,346)**

Amounts included in disclosures

Audit fees remuneration opening balance	3,023,924	19,261	-	3,043,186
Audit fees remuneration current year charge	4,037,778	757,986	-	4,795,764
Audit fees remuneration amount paid current year	(1,013,853)	(1,103,211)	-	(2,117,064)
Audit fees remuneration amount paid previous year	(3,023,925)	338,314	-	(2,685,610)
Irregular Expenditure identified by Auditor General	2,146,874	(63,467)	-	2,083,407
.	-	-	-	-
	5,170,798	**(51,117)**	**-**	**5,119,683**

Cash and bank was restated as a result of errors on unreconciled items

Operating leases was restated as a result of expenditure that was reclassified to operational expenditure due to the nature of the transactions

Accumulated surplus was restated as a result of the net changes in the statement of financial position and performance

Bulk purchases was restated as a result of expenditure for small accounts that was incorrectly accounted for under bulk purchases.

Government grants and subsidies- Capital and Government grants and subsidies- Operating were reclassified to Government grants and subsidies and reported as the nature of the transactions is the same.

Auditors remuneration disclosure was restated to align the balances to the supplier statement.

Investments were restated to account for the fair value adjustment that was not accounted for in the prior year.

Employee benefit obligation was restated as a result of errors noted on the recalculations for Staff bonus, Performance bonus and Staff leave.

Property, plant and equipment was restated as a result of depreciation not accounted for correctly in prior year

Borrowings were restated as a result of balances that were not reconciling to the loan statement

Payables were restated as a result of the errors noted on Cash and bank.

Employee related costs was restated as a result of errors noted on the recalculations for Staff bonus, Performance bonus and Staff leave

Depreciation expense was restated as a result of depreciation not accounted for correctly in prior year.

Finance costs was restated as a result of interest that was not accounted for in the prior yea

Operational costs were restated as a result of the reclassification on the Operating lease amount error and the adjustment on operational expenditure that was incorrectly accounted for as Bulk purchases

Fair value adjustment were restated to account for the fair value adjustment that was not accounted for in the prior year

Figures in Rand	2024	2023

50. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years
Trade and other payables	339,052,076	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years
Trade and other payables	223,330,722	-

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial instrument	2024	2023
Trade Receivables from exchange transactions	167,866,893	19,579,365

Market risk

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

50. Risk management (continued)

Interest rate risk

The entity's interest rate risk arises from long-term borrowings. Borrowings arises at fixed rates, which expose the Municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk.

During 2024 and 2023, the entity's borrowings at variable rate were denominated in the Rand.
The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies

Financial Instruments Categories

Financial Assets 2024/2023	At Fair Value through Surplus/Deficit 2024	At Amortised Cost 2024	At Fair Value Through Surplus/deficit 2023	At Amortised Cost 2023
Receivables from exchange	-	167,866,893	-	19,579,365
Cash and Cash Equivalents	-	26,236,800	-	28,141,098

Financial Liabilities 2024/2023	At Fair Value through Surplus/Deficit 2024	At Amortised Cost 2024	At Fair Value Through Surplus/deficit 2023	At Amortised Cost 2023
Payables from exchange	-	339,052,076	-	223,330,722
Finance Lease obligations	-	5,801,986	-	2,051,838

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position either as available-for-sale or at fair value through surplus or deficit.
The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

51. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

52. Events after the reporting date

There were no events after the reporting date.

53. Unauthorised expenditure

	2024	2023
Opening balance as previously reported	230,117,261	72,182,012
Unauthorised expenditure current year - operational	116,630,126	157,707,095
Unauthorised expenditure current year - capital	-	228,154
Closing balance	**346,747,387**	**230,117,261**

Unauthorised expenditure can be summarised as follow:

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

53. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Actual vs Budgeted spending (no disciplinary steps/ proceedings)	116,630,126	157,707,095

Disciplinary steps taken/criminal proceedings

No disciplinary steps were taken/ criminal proceedings taken

54. Fruitless and wasteful expenditure

Opening balance as previously reported	16,381,523	4,639,872
Add: Fruitless and wasteful expenditure identified - current	23,186,541	11,741,651
Fruitless and wateful expenditure awaiting condonement	**39,568,064**	**16,381,523**

Fruitless and wasteful expenditure is presented inclusive of VAT

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand		2024	2023

54. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest paid on creditors overdue accounts	None	-	3,005
Eskom - interest paid	None	21,132,053	10,774,182
Inzalo - EMS interest charges	None	1,799,565	354,792
Auditor General - Overdue charges	None	245,576	609,672
		9,347	-
		23,186,541	**11,741,651**

55. Irregular expenditure

Reconcilliation of irregular expenditure.

Opening balance as previously reported	35,056,849	26,464,223
Add: Irregular expenditure - current	3,300,332	2,122,820
Add: Irregular expenditure - prior period	-	4,386,399
Amounts identified by the AGSA	-	2,083,407
Closing balance	**38,357,181**	**35,056,849**

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.

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand		2024	2023

55. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
208/2019- SCM proses not followed	None	-	27,140,394
208/2019- SCM proses not followed	None	-	192,557
2019/2020 - Valid or no contracts in place for service providers	None	-	7,372,853
2019/2020 - Irregularities resulting from Bid Adjudication committee not being properly constituted	None	-	43,975,506
2020/2021 - Valid/no contracts in place for service providers & non-compliance SCM regulations	None	-	9,628,128
2021/2022 - Quotation process not followed	None	-	198,750
2021/2022 - Contracts/Suppliers identified in previous financial years as irregular	None	-	2,420,552
2021/2022 - Irregular identified by the Auditor-General	None	-	690,863
2022/2023 - Quotation process not followed	None	-	967,973
2022/2023 - Contracts/Suppliers identified in previous financial years as irregular	None	-	1,154,845
2022/2023 - Irregular identified by the Auditor-General	None	-	2,146,874
2021/2022 - Irregular identified by the Auditor-General	None	-	4,386,399
		-	**100,275,694**

* See Note 49

Figures in Rand	2024	2023

56. Additional disclosure in terms of Municipal Finance Management Act

Material losses

			-	-
Electricity distribution losses			-	-
Units purchased (Kwh)			55 655 4088	46 282 580
Units sold (Kwh)			-53 408 998	-43 145 332
Units lost during distribution (Kwh)			3 145 090	3 137 248
Percentage lost during distribution			5,56%	6,78%
Units lost during distribution (ZAR)			9,054,689	8,988,426
			9,054,689	**8,988,426**
Water distribution losses	-	-	-	-
Units purchased (Kl)			3 659 945	3 144 943
Units sold (Kl)			-2 579 382	-2 823 054
Units lost during distribution (Kl)			1 080 563	321 889
Percentage lost during distribution			29,5%	10,23%
Units lost during distribution (ZAR)			1,372,315	408,799
			1,372,315	**408,799**

Audit fees

Opening balance	3,036,276	3,043,187
Current year subscription / fee	4,410,323	4,795,764
Amount paid - current year	(3,907,717)	(2,117,065)
Amount paid - previous years	(2,145,594)	(2,685,610)
	1,393,288	**3,036,276**

VAT

VAT receivable	-	27,177,722

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

57. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	8,236,235	3,098,070

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

* See Note 49

Figures in Rand	2024	2023

58. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

30 JUNE 2024	-	Type of Deviation	-	-	-
	Amount	Single Supplier	Impossible	Impractical	Emergency
Jul-23	-	-	-	-	4,672.22
Aug-23	199,167.12	11,042.55	-	-	-
Sep-23	11,042.55	5,772.00	-	152,175.00	7,065.80
Oct-23	165,012.80	45,591.24	-	-	49,072.34
Nov-23	112,798.45	47,684.15	-	51,622.48	3,599.00
Dec-23	115,406.57	24,964.08	-	195,000.00	107,247.00
Jan-24	512,739.27	-	-	-	-
Feb-24	-	-	-	23,789.00	21,354.81
Mar-24	487,058.48	5,550.00	-	-	-
Apr-24	18,508.00	35,179.56	-	-	-
May-24	112,121.17	89,437.00	-	-	-
Jun-24	322,489.38	5,893.80	-	-	-
-	-	271,114.38	-	422,586.48	193,011.17

30 JUNE 2023	-	Type of Deviation	-	-	-
	Amount	Single Supplier	Impossible	Impractical	Emergency
Jul-22	-	-	-	-	-
Aug-22	-	-	-	-	-
Sep-22	-	-	-	-	-
Oct-22	-	-	-	-	-
Nov-22	-	-	-	-	-
Dec-22	-	-	-	-	-
Jan-23	-	-	-	-	54,947.00
Feb-23	-	-	-	-	83,281.00
Mar-23	-	-	-	-	-
Apr-23	-	-	-	-	-
May-23	-	366,350.00	-	-	-
Jun-23	-	1,633,649.00	-	-	-
	-	1,999,999.00	-	-	138,228.00

Figures in Rand	2024	2023

59. Budget differences

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

Difference between final budget and actual

Item	Reason for Difference
Service charges	Reduced collection rate
Operational revenue	Operational revenue Due to a decrease in the sale of goods.
Rental of facilities and equipment	Due to non-use of investment property due to lack of maintenance
Interest received exchange	Due to reduction in customers settling their account this caused an increase in interest charged to clients
Property rates	Due to annual escalation of property rates
Remuneration of councillor	The item was under budgeted for
Finance costs	Due to financial constraints, the municipality was unable to settle creditors timeously.
Bad debts written off	No debts were written off
Bulk purchases	Due to increment in electricity tariffs and increase billing during the winter period.
Contracted Services	Increased repairs and maintenance
Operational cost	Due to reduction in miscellaneous expenditure and more focus on repairs and maintenance
Actuarial gains/losses	Gains identified in provision of employee benefits
Provision for landfill	There was a positive change in the provision of land fill sites.
Inventories	The municipality had budgeted to procure materials in order to effect repairs and maintenance
Receivables from non-exchange transactions	The line item was under budgeted

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

60. Principal Agency Agreements

Commission - Syntell	1,083,812	916,821

The municipality paid 2.70% commission plus bank cost which range between 1% to 1.75% , all VAT incuded,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 4 year period which is due to lapse on 31 March 2025.

No assets were given to Syntell in terms of the Principal - Agency agreement that the municipality has with Syntell.

The contract was extended and there was no changes in the significant terms and conditions from the prior year.

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.

Compensation received for agency activities		
Commission - Provincial Department of Transport and Public Works	-	171,456

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

61. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality.These services aredelivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area(guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments isused by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes..

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	**Goods and/or services**
Community and Social Services	Provision of public safety, an acceptable standard of Social Services, Emergency Services, Environmental and Health Services, Community Safety and Road Traffic Management
Corporate Services	This segment is responsible for the Strategic Management of the Department Corporate,Community and Development Services to ensure the achievement of the Department's strategicobjectives and its developmental and Service delivery obligations.
Finance Services	Provision of financial and administrative services to other segments of the municipality
Infrastructure Services	Construction and maintenance of roads and infrastructure owned by the municipality
Mayor and Council	This segment is responsible for the political oversight of the municipality's functions, programmes and the management of the administration
Municipal Manager	This segment is responsible for the establishment and maintenance of a strategic management system for the municipality as a whole to ensure the achievement of the municipality`s strategic objectives and its developmental and service delivery obligations.

Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and Social Services	Corporate Services	Finance Services	Infrastructure Services	Mayor and Council	Municipal Manager, Town Secretary and Chief Executive	Total
Revenue							
Service charges	179,715,242	-	-	-	-	-	179,715,242
Operational revenue	213,972	-	973,418	-	223	-	1,187,613
Rental of facilities and equipment	750,258	-	-	-	-	-	750,258
Interest Earned - Exchange Transactions	7,447,576	-	4,442,220	-	-	-	11,889,796
License and permits	455,427	-	-	-	-	-	455,427
Interest on investment	-	-	3,727,148	-	-	-	3,727,148
Property rates	31,407,021	-	32,793,219	-	-	-	64,200,240
Interest earned from non-exchange	-	-	5,540,671	-	-	-	5,540,671
Government grants & subsidies	84,467,514	-	1,847,664	12,958,753	-	-	99,273,931
Fines, Penalties and Forfeits	408,200	-	-	-	-	-	408,200
Provincial Service-in-kind	-	-	963,714	-	-	-	963,714
Total segment revenue	**304,865,210**	**-**	**50,288,054**	**12,958,753**	**223**	**-**	**368,112,240**
Entity's revenue							**368,112,240**

Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

	Community and Social Services	Corporate Services	Finance Services	Infrastructure Services	Mayor and Council	Municipal Manager, Town Secretary and Chief Executive	Total
Expenditure							
Employee related costs	12,937,628	2,147,422	82,516,408	5,884,150	477,022	1,981,149	105,943,779
Remuneration of councillors	-	-	-	-	5,720,012	-	5,720,012
Depreciation and Amortisation	3,997,742	-	-	47,916,759	1,668,835	-	53,583,336
Finance costs	-	-	20,365,754	-	-	-	20,365,754
Inventory consumed	2,883,665	-	1,329,700	7,410,636	13,069	3,833	11,640,903
General expenses	6,406,826	420,534	7,421,581	6,550,760	4,565,061	141,115	25,505,877
Contracted Services	3,349,940	2,723,160	12,178,979	1,244,998	1,304,106	-	20,801,183
Bulk purchases	94,084,280	-	-	-	-	-	94,084,280
Acturial gains/ losses	-	-	(877,000)	-	-	-	(877,000)
Fail value adjustment	-	-	(5,791)	-	-	-	(5,791)
Total segment expenditure	**123,660,081**	**5,291,116**	**122,929,631**	**69,007,303**	**13,748,105**	**2,126,097**	**336,762,333**
Total segmental surplus/(deficit)							**31,349,907**
Assets							
Inventories	23,101,224	-	1,374,827	-	-	-	24,476,051
Receivables from non-exchange transactions	42,121,736	-	-	-	-	-	42,121,736
Receivables from Exchange Transactions	189,087,754	-	-	-	18,389,564	-	207,477,318
Cash and cash equivalents	-	-	26,236,800	-	-	-	26,236,800
Investment property	-	-	8,767,885	-	-	-	8,767,885
Property, plant and equipment	78,719,046	-	14,931,430	690,895,998	3,911,197	-	788,457,671
Intangible assets	-	-	16,912	-	-	-	16,912
Heritage assets	-	-	6,833,773	-	-	-	6,833,773
Investments	-	-	42,148	-	-	-	42,148
Total segment assets	**333,029,760**	**-**	**58,203,775**	**690,895,998**	**22,300,761**	**-**	**1,104,430,294**
Total assets as per Statement of financial Position							**1,104,430,294**

* See Note 49

Figures in Rand

61. Segment information (continued)

	Community and Social Services	Corporate Services	Finance Services	Infrastructure Services	Mayor and Council	Municipal Manager, Town Secretary and Chief Executive	Total
Liabilities							
Borrowings	-	-	8,496,302	-	-	-	8,496,302
Payables from exchange transactions	132,534,548	2,147,422	115,881,597	160,026	81,028,986	-	331,752,579
Payables from non-exchange	-	-	17,715,577	447,247	-	-	18,162,824
VAT payable	-	-	13,177,722	-	-	-	13,177,722
Consumer deposits	-	-	3,026,958	-	-	-	3,026,958
Employee benefit obligation	-	-	37,791,920	-	-	-	37,791,920
Unspent conditional grants and receipts	2,617,125	-	-	5,071,996	-	-	7,689,121
Provisions	-	-	-	84,476,496	-	-	84,476,496
Total segment liabilities	**135,151,673**	**2,147,422**	**196,090,076**	**90,155,765**	**81,028,986**	**-**	**504,573,922**
Capital replacement							2,252,793
Accumulated surplus							597,603,579
Total liabilities as per Statement of financial Position							**1,104,430,294**

2023

	Community and Social Services	Corporate Services	Finance Services	Infrastructure Services	Mayor and Council	Municipal Manager	Total

Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

Revenue							
Service charges	166,854,719	-	-	-	-	-	166,854,719
Operational revenue	934,886	-	671,580	-	431,690	-	2,038,156
Rental of facilities and equipment	1,557,874	-	-	-	-	-	1,557,874
Interest Earned - Exchange Transactions	6,968,818	-	-	-	-	-	6,968,818
Licences and permits	-	-	400,134	-	-	-	400,134
Interest Earned - External Investments	-	-	2,706,597	-	-	-	2,706,597
Property rates	2,965,185	-	41,956,234	-	-	-	44,921,419
Interest earned from non-exchange	-	-	7,812,568	-	-	-	7,812,568
Government grants & subsidies	59,376,071	-	2,850,000	18,129,324	-	-	80,355,395
Fines, penalties and forfeits	647,512	-	-	44,134	-	-	691,646
Provincial Service and Kind	-	-	474,505	-	-	-	474,505
Total segment revenue	**239,305,065**	**-**	**56,871,618**	**18,173,458**	**431,690**	**-**	**314,781,831**
Entity's revenue							**314,781,831**
Expenditure							
Employee related costs	72,364,490	1,916,796	-	7,314,735	14,695,050	-	96,291,071
Remuneration of councilors	-	-	-	5,855,587	-	-	5,855,587
Depreciation,amortisationand impairment loss	18,823,075	-	-	22,130,947	12,665,073	-	53,619,095
Finance costs	2,708,813	-	20,058,145	-	-	-	22,766,958
Fines written off	-	-	7,508,954	-	-	-	7,508,954
Inventories write down	(12,879)	-	-	-	-	-	(12,879)
Contracted services	2,947,000	12,432	9,348,927	32,030	1,525,429	488,437	14,354,255
Inventory conumed	3,510,165	-	-	1,043,536	-	-	4,553,701
General expenses	41,518,919	-	-	135,040	1,320,742	118,723	43,093,424
Gain/ (Loss) on Sale of Fixed Assets	-	-	-	125,500	-	-	125,500
Bulk Purchases	66,790,598	-	-	-	-	-	66,790,598
Acturial gains/(Losses)	-	-	(2,936,759)	-	-	-	(2,936,759)
Fair value adjustment	-	-	(4,480)	-	-	-	(4,480)
Reversal of Impairment Loss/ (Impairment Loss) on Receivables	-	-	126,288,150	-	-	-	126,288,150
Total segment expenditure	**208,650,181**	**1,929,228**	**160,262,937**	**36,637,375**	**30,206,294**	**607,160**	**438,293,175**
Total segmental surplus/(deficit)							**(123,511,344)**

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand

61. Segment information (continued)

	Community and Social Services	Corporate Services	Finance Services	Infrastructure Services	Mayor and Council	Municipal Manager	Total
Assets							
Inventories	23,077,762	-	2,438,776	-	-	-	25,516,538
Receivables from non-exchange transactions	-	-	24,608,223	-	-	-	24,608,223
Taxes	-	-	27,177,722	-	-	-	27,177,722
Receivables from Exchange Transactions	31,047,807	-	(43,317,253)	-	31,848,811	-	19,579,365
Cash and cash equivalents	-	-	28,141,098	-	-	-	28,141,098
Investment property	-	-	8,767,885	-	-	-	8,767,885
Property, plant and equipment	80,030,089	-	16,329,921	693,003,616	5,044,588	-	794,408,214
Intangible assets	-	-	20,582	-	-	-	20,582
Heritage assets	-	-	6,833,773	-	-	-	6,833,773
Investments	-	-	36,358	-	-	-	36,358
Total segment assets	**134,155,658**	**-**	**71,037,085**	**693,003,616**	**36,893,399**	**-**	**935,089,758**
Total assets as per Statement of financial Position							**935,089,758**
Liabilities							
Borrowings - current	-	-	1,046,232	-	-	-	1,046,232
Payables from exchange transactions	-	-	223,330,722	-	-	-	223,330,722
Payables from non-exchange	-	-	-	-	11,577,785	-	11,577,785
Consumer deposits	-	-	2,928,191	-	-	-	2,928,191
Employee benefit obligation -current	-	-	13,058,372	-	-	-	13,058,372
Unspent conditional grants and receipts	-	-	7,721,422	-	-	-	7,721,422
Borrowings - Non current	-	-	2,051,838	-	-	-	2,051,838
Employee benefit obligation - Non current	-	-	22,609,001	-	-	-	22,609,001
Provisions	-	-	83,786,528	-	-	-	83,786,528
Total segment liabilities	**-**	**-**	**356,532,306**	**-**	**11,577,785**	**-**	**368,110,091**
Capital replacement							2,252,793
Accumulated surplus							564,726,874
Total liabilities as per Statement of financial Position							**935,089,758**

* See Note 49

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

62. Inventory consumed

Consumables - Stationery and material	278,369	1,172,894
Materials and Supplies	11,362,534	3,380,808
	11,640,903	**4,553,702**

* See Note 49

Annexure B: Report of the Auditor-General

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 xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, 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 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Trade and other payables from exchange transactions

3. 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. I was unable to confirm trade and other payables from exchange transactions by alternative means and whether any adjustments were necessary to the prior period errors disclosed note 49 in the financial statements. Consequently, I was unable to determine whether any further adjustments to trade and other payables and prior period error note stated at R299 946 410 (2023: R223 330 722) in note 14 and R16 558 310 in note 49 to the financial statements were necessary.

4. The municipality did not account for trade payables in accordance with GRAP 1, Presentation of financial statements, as statements did not agree to the age analysis resulting in trade payables not being measured at the fair value of the consideration paid or payable, as required by the standard. Consequently, trade payables and expenditure were overstated by R4 993 025. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

5.The municipality did not account for trade payables in accordance with GRAP 1, *Presentation of financial statements,* as material differences were identified, resulting in trade payables not being measured at the fair value of the consideration paid or payable, as required by the standard. Consequently, trade payables were understated by R7 977 464. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

6.In addition, the municipality did not account for payments received in advance in accordance with GRAP 1, *Presentation of financial statements,* as payments received in advance were duplicated, resulting in payments received in advance not being measured at the fair value of the consideration paid or payable, as required by the standard. Consequently, payments received from advance was overstated by R 6 585 038 and receivables from exchange transactions understated by R6 585 038. There was an impact on the deficit for the period and on the accumulated surplus.

Trade and other payables from non-exchange transactions

7.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 from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments to trade and other payables from non-exchange transactions stated at R11 557 786 (2023: R11 557 786) in note 15 to the financial statements were necessary.

Receivables from non-exchange transactions

8.I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any further adjustments to receivables from non-exchange transactions stated at R41 960 138 in note 4 to the financial statements were necessary.

9.During 2023, 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

10.I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any further adjustments to receivables from exchange transactions stated at R445 062 537 in note 6 to the financial statements were necessary.

11.During 2023, 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 6 to the financial statements were necessary.

Provision for impairment of receivables from non-exchange transactions

12. I was unable to obtain sufficient appropriate audit evidence for provision for impairment included in receivables from non-exchange transactions due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I was unable to confirm allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to allowance for impairment, stated at R105 623 178 in note 4 to the financial statements.

13. During 2023, 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.

Provision for impairment of receivables from exchange transactions

14. I was unable to obtain sufficient appropriate audit evidence for provision for impairment included in receivables from non-exchange transactions due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I was unable to confirm allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to allowance for impairment, stated at R288 740 144 in note 6 to the financial statements.

15. During 2023, 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.

Service charges

16. I was unable to obtain sufficient appropriate audit evidence for sale of service charges due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these by alternative means. Consequently, I was unable to determine whether any further adjustments to service charged stated at R186 300 477 in note 23 to the financial statements were necessary.

17. In addition the municipality did not account for revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions,* as differences were identified when recalculating the amount billed to the customers for services rendered, resulting in revenue from the service charges not being measured at the fair value of the consideration received or receivable, as required by the standard. Consequently, revenue from service charges was overstated by R186 300 477, receivables from exchange transactions was overstated by

R186 300 477. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

18. The municipality did not account for revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality did not account for all revenue from services charges, as the municipality did not maintain adequate and complete records for all services rendered to customers. I was unable to determine the full extent of the understatement of service charges, stated at R186 300 477 in note 23, related receivables from exchange transactions stated at R124 359 645 in note 6 to the financial statements, as it was impracticable to do so.

19. During 2023, 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.

Interest Earned – Exchange Transactions

20. I was unable to obtain sufficient appropriate audit evidence for interest earned – exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these by alternative means. Consequently, I was unable to determine whether any further adjustments to interest earned – exchange transactions at R11 889 797 in note 26 to the financial statements were necessary.

21. The municipality did not account for interest earned from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*, as the municipality did not account for all interest earned from exchange transactions, as the municipality did not maintain adequate and complete records for all interest charged to customers. I was unable to determine the full extent of the understatement of interest and its related receivables from exchange transactions, as it was impracticable to do so.

Interest Earned – Non-exchange

22. I was unable to obtain sufficient appropriate audit evidence for interest earned – non-exchange transactions included in property rates due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these by alternative means. Consequently, I was unable to determine whether any further adjustments to interest earned – non exchange at R5 540 671 in note 29 to the financial statements were necessary.

23. The municipality did not account for revenue from interest earned – non-exchange in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality did not account for all revenue from interest earned – non-exchange transactions, as the municipality did not maintain adequate and complete records for all interest earned – non-exchange. I was unable to determine the full extent of the understatement of interest and its related receivables from exchange transactions, as it was impracticable to do so.

Bulk purchases

24.During 2023, 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. I was unable to confirm bulk purchases by alternative means and whether any adjustments were necessary to the prior period errors disclosed note 49 in the financial statements. Consequently, I was unable to determine whether any further adjustments to bulk purchases and prior period error note stated at R87 554 248 in note 36 and R10 711 123 in note 49 to the financial statements were necessary.

Finance costs

25.During 2023, 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

26.During 2023, I was unable to obtain sufficient appropriate audit evidence for fines written off, as supporting evidence was not provided. Consequently, I was unable to determine whether any adjustments fines written off at R7 508 954 in the financial statements were necessary.

Segment Reporting

27.The municipality did not account for segment reporting in accordance with GRAP 18, *Segment Reporting* in the current year, material differences were identified as the municipality did not have adequate systems for the disclosure of segment reporting. I was unable to determine the full extent of the segment reporting disclosure during the financial year as it was impracticable to do so.

Contingent liabilities

28.The municipality did not have adequate systems in place to account for contingent liabilities in accordance with GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets* in the current year, as the policies and procedures of the municipality did not adequately cover the qualitative and quantitative factors used to determine the best estimate required to settle the obligations. Consequently, contingent liabilities disclosed on note 47 to the annual financial statements were overstated in the current year. I could not determine the full extent of the overstatement of contingent liabilities as it was impractical to do so.

Cashflow statement

29.The municipality did not account for the cashflow statement in accordance with GRAP 2, *Cashflow statements* in the current year, as the municipality did not have adequate systems to spilt the interest payable/accrued and paid/received for the disclosure of the cashflow statement. I was unable to determine the full extent of the cashflow statement disclosure during the financial year as it was impracticable to do so.

Context for opinion

30.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.

31.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.

32.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

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

34.I draw attention to note 51 to the financial statements, which indicates that:

- The municipality incurred a deficit of R19 557 993 for the year
- The average debtors' payment days decreased from 1042 to 904 days
- Receivables from exchange and non-exchange transactions are almost fully impaired. It is unlikely that these debtors will repay their debts

35.These events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

36.I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

37.As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material losses – Water

38.As disclosed in note 56 to the financial statements, material water losses of R1 372 315 (2023: R408 799) were incurred, which represent 29.5% (2023: 10.23%) of total water purchased.

These losses occur due to, inter alia, leakages, the tampering of meters and illegal water connections.

Material losses – Electricity

39.As disclosed in note 47 to the financial statements, material electricity losses of R9 054 689 (2023: R8 988 426) were incurred, which represent 5.56% (2023: 6.78%) of total electricity purchased. These losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering and under-charging.

Other matters

40.I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

41.In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

42.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.

43.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

44.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.

45.A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page [page number of the annexure to the auditor's report], forms part of our auditor's report.

Report on the annual performance report

46.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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

47.I selected the following material performance indicators related to Provision of access to all basic services rendered to residents within the available resource presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Review the Human Settlement Plan & submit to Council by 30 June 2024
- 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 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 formal properties connected to municipal waste water sanitation/sewerage network for sewerage service, irrespective of number of water closets (toilet) and billed for the service as at 30 June 2024
- Number of formal properties for which refuse is removed once per week and billed for the service as at 30 June 2024
- 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) x 100}
- Limit unaccounted for water to 25% by 30 June 2024 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) x 100]
- Achieve a 90% water quality quarterly as per SANS 241 requirements for all water sampling points
- Limit % electricity unaccounted for to 20 % by 30 June 2024 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100]
- 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

- 95% of approved budget spent for the development of 12 boreholes in De Aar (Northern Scheme) {(Actual expenditure divided by the total approved budget) x 100}10% 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) x 100}

- 95% of approved budget spent by 31 December 2023 for the upgrading of the Nonzwakazi Sports Ground {(Actual expenditure divided by the total approved budget) x 100}

- 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}

- 95% of approved budget 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}

- 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}

- 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}

48.I selected the following material performance indicators related to Contribute to the development and protection of the rights and needs of all residents with particular focus on the poor presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Provide free basic services to indigent household as at 30 June 2024

49.I evaluated the reported performance information for the selected material performance indicators 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.

50.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

- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

- 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 presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

51. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

52. The material findings on the reported performance information for the selected material indicators are as follows:

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]

53. An achievement of 20% was reported against a target of 17%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Missing indicator

54. In terms of the MFMA, the municipality is responsible for basic service delivery. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The municipality did not provide a reason for this. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermine transparency and accountability for the delivery of the mandate.

Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points

55. The reported measures taken to improve performance against the underachieved target of 95%, did not agree to the audit evidence. The audit evidence indicated the measures to be information was provided as at year end as per their corrective action and not DWS is assisting with checking the root cause for water quality, although chlorine has been procured and treatment as has been conducted there are still failures detected. A thorough study has been carried out by DWS as assistance as reported in the annual performance report. Consequently, the reported measures are not reliable for helping to understand the actions taken by the municipality to address performance gaps and to assess the effectiveness of strategies to improve future performance against the target.

Other matters

56.I draw attention to the matters below.

Achievement of planned targets

57.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.

58.The tables that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages [xx to xx].

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

Targets achieved: 80%

Budget spent: R41 089 566

Key service delivery indicator not achieved	Planned target	Reported achievement
Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	95%	20%
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}	95%	0%
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}	95%	68%
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	4	0

Material misstatements

59.I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Provision of access to all basic services rendered to residents within the available resources. Management did not correct the misstatement and I reported material findings in this regard.

Report on compliance with legislation

60.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.

61. 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.

62. 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.

Annual financial statements, performance reports and annual reports

63. 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 non-current assets, liabilities, revenue 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 and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

64. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements due to lack of record keeping.

65. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.

66. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

Expenditure management

67. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

68. Reasonable steps were not taken to prevent irregular expenditure amounting to R23 109 635 as disclosed in note 55 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM prescripts.

69. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R23 425 797, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payments to creditors.

70. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R116 630 126, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

71. 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.

72. All instances of irregular and fruitless and wasteful 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.

Revenue management

73. An effective system of internal control for debtors and revenues was not in place, as required by section 64(2)(f) of the MFMA.

74. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

75. Accounts for municipal tax and charges for municipal services and service charges were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.

76. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Human resource management

77. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Other information in the annual report

78. 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.

79. 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.

80. 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.

81. 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

82. 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.

83. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

84. Review and monitor compliance with applicable laws and regulations.

85. There were numerous instances where information was not submitted timeously for audit purposes. The municipality should 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.

86. Implement controls over daily and monthly processing and reconciling of transactions.

87. Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

88. 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.

89. Develop and monitor the implementation of action plans to address internal control deficiencies.

90. Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

91. Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

92. Establish an IT governance framework that supports and enables the business, delivers value and improves performance.

Material irregularities

93. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report 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

94. Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2)(a) of the MFMA. In 2019, fraudulent payments were flagged by the bank relating to payment details that did not agree to that of the creditor. It was then confirmed that a former employee had changed the banking details of a supplier to his own. The municipality did not have an effective system of expenditure control to identify the fraudulent payments which resulted in a material financial loss of R1 501 024.

95. The accounting officer was notified of the material irregularity on 24 November 2021. The following actions had been taken by the accounting officer to address the material irregularity:

- Internal audit were tasked to investigate the flagged transactions and in February 2021 the matter was reported to the South African Police Service (SAPS) for criminal investigation and possible recovery of the losses.
- The matter was referred to the Directorate for Priority Crime Investigation (Hawks) who identified various fraudulent payments which were used to quantify the loss.
- 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 resigned subsequently and at the time of the prior year report the appointment of new members had not yet concluded.
- Subsequent to the issuing of the notification, internal controls were designed and implemented in expenditure management. The controls included the verification of supplier banking details before payments are made.

96. I followed-up on these actions during the current audit. It was noted that a conclusion was reached that recovery from the responsible official was not possible. In addition all officials involved in the payment process at the time the fraudulent payments were made were no longer employed at the municipality. The internal controls designed were also confirmed to be effective. It was therefore concluded that the accounting officer has taken appropriate action to resolve the material irregularity.

Eskom accounts not paid within 30 days

97. 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.

98.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 should 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.

99.On 01 November 2023 I followed up on the progress of the material irregularity and on 16 November the accounting officer provided feedback. The municipality had not complied with the payment arrangement and had not made significant progress in terms of lowering the total amount owed to Eskom. The interest for the current year increased in comparison to the interest paid in the prior year.

100.I notified the accounting officer on 4 November 2024 of the following recommendations, which should be implemented by 31 May 2025:

(1) Appropriate action should be taken to finalise and commence with the implementation of the revenue enhancement plan to address the financial problems of the municipality that are preventing the Municipality from paying Eskom within 30 days, as required by MFMA section 65(2)(e). The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategy to:

(a) Implement the revenue enhancement interventions with the intention to increase the collection of revenue;

(b) Efficiently manage the available resources of the municipality to optimise and reduce costs; and

(c) Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

Use of consultants

101.The MFMA section 62(a) states that 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 resources of the municipality are used effectively, efficiently and economically.

102.The Municipal Cost Containment Regulation, 2019 section 5(5)(f) requires that when consultants are appointed, the accounting officer must develop a consultancy reduction plan to reduce reliance on consultants.

103.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. The municipality did not have a consultancy reduction plan as required by the Municipal Cost Containment Regulation and there is a history of steps not being taken to develop internal capacity. This is likely to result in a material financial loss if steps are not taken to reduce reliance on consultants.

104.The accounting officer was notified of the material irregularity on 13 September 2023. The accounting officer instituted an investigation into the matter and the investigation was completed on 18 November 2023. The following actions had been planned by the accounting officer to address the material irregularity:

- The municipality had created a vacancy of a finance official who will be responsible for preparation of the annual financial statement.
- Officials would regularly attend GRAP training offered by Provincial Treasury and the current consultants would transfer skills to the identified officials.
- The municipality was preparing a consultant reduction plan which would be adopted by council by May 2024.

105.On 10 September 2024, I followed up on the progress of the material irregularity and on the 11 October 2024 the accounting officer provided feedback. The following was confirmed:

- Five municipal officials attended training on Municipal Standard Chart of Accounts (MSCOA) understanding and application. The program assists officials in understanding the purpose and reporting on MSCOA standards and its impact on the financial system.
- The municipality adopted a consultant reduction plan in December 2023 however support was not provided to confirm implementation of the plan.
- The vacancy created has not yet been filled.
- The municipality has not made significant progress in terms of lowering the total amount paid to consultants.

106.I determined that the accounting officer is not taking appropriation to resolve the MI.

107.I notified the accounting officer on 06 December 2024 of the following recommendations, which should have been implemented by 31 May 2025:

- The non-compliance should be investigated to determine the root causes and if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
- Disciplinary proceedings, should commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- Appropriate action should be taken to enhance, finalise and commence with the implementation of the consultancy reduction plan, so that reliance on consultants are reduced, as required by the Municipal Cost Containment Regulation 5(5)(f). The consultancy reduction plan should be enhanced to include the following:

(a) Implementation of penalties for non-performance in line with the signed service level agreement.

(b) Address poor record keeping at the municipality to ensure that information is properly filed and maintained, so that it can be provided to the consultants for the compilation of the annual financial statements.

Auditor-General

Auditor General

Kimberley

06 December 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence