

GAMAGARA LOCAL MUNICIPALITY



FINAL ANNUAL REPORT 2020/2021

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Vision

"TO BUILD A PROSPEROUS AND SUSTAINABLE COMMUNITIES"

Mission

By Providing universal, transparent access to quality and sustainable services, by promote social and economic development in a safe and healthy environment."

Values

As stipulated in section 195 of the Constitution:

Transparency

Accountability

Integrity

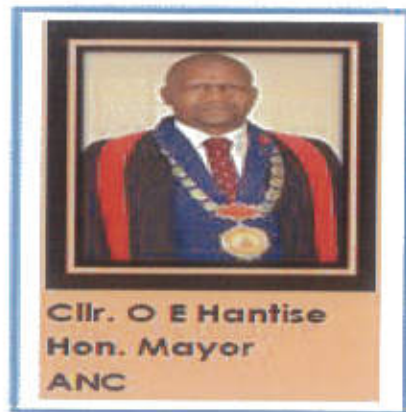
Responsiveness

Accessibility

Professionalism

Ethical

1.1. Mayor's Foreword



It is my honour to present the 2020/21 Annual report for Gamagara Local Municipality. Zooming into last year, there has been challenges faced but commitment saw us through, as it was through these efforts that we affirmed the institution as the institution of choice despite some challenges that we were confronted with throughout the year. As a collective team of individual leaders, we remained resolute and optimistic to deliver on our constitutional mandate.

We thus present to the Council, the custodian of the people of Gamagara, the whole population and our key stakeholders the 2020/21 final Annual Report. This report will be used as a tool to measure the institutional competence and performance,

capacity to provide sustainable service deliver, clean and transparent government and good governance. We are however mindful of the fact that there are quite a few number of interest groups in our society that we might have failed in the process as our focus was mainly on local municipality mandate which is the provision of basic services. However, we will continue to adhere to the needs of our people across all sectors within the limited resources at our disposal.

The Gamagara local municipality as the host of the largest iron ore and manganese belt in JTG- region enjoyed support from the mines doing business in our areas. Therefore, it is only through co-operation and collaboration with stakeholders that we can build a better future for our people and the municipality.

We thank all stakeholders and role-players who have contributed to this report. A special thanks to the council and administration of Gamagara Local Municipality led by the accounting officer for having served the community with excellence. Special thanks also goes to the community, which has been very patient with us in this challenging circumstances of service delivery in all our municipality .

The Gamagara Council has always been committed to its core business values and principles to deliver better services to all its residents as enshrined in the Constitution of the Republic of South Africa and further affirmed by the Municipal Systems and Structures Act and Municipal Finance Management Act.

As council, we have successfully completed the following projects that benefited largely our constituencies particularly our customers

Project implemented	Project description	Amount	Area (Ward)	Number of Jobs Created
WATER				
The development of three Khai Appel boreholes.	This project is funded and implemented by Khumani Mine and was completed in the 2020/2021 financial year.	R 8 mil	Kathu	21
The resealing of the existing 3ML reservoir, fencing and replacement of AC bulk pipeline in Olifantshoek.	The project was successfully completed in the 4 th quarter of 2020/21 financial year.	R 12 Mil	Olifantshoek	29
Construction of bulk link line from 6 boreholes to a 7ML reservoir in Olifantshoek	The Phase1 of the bulk water pipeline and equipping of six boreholes project to supply water to the 7ML reservoir in Olifantshoek was completed as a measure to alleviate water supply challenges in the area.	R14.5 Mil	Olifantshoek	20
Replacement of Asbestos (A/C) pipes to uPVC pipes in Kathu	Replacement of 700m asbestos pipe to uPVC, fire hydrant heads and water valves in Mapoteng & Kathu	R6.7 million.	Mapoteng & Kathu	28
Olifantshoek Water Reticulation & Groundwater Exploration Development	Study & exploration of underground water to be an alternative water source in Olifantshoek. (Specialist work and No local labour was appointed)	R 3,7 Mil	Olifantshoek	-

ELECTRICITY				
Electrification of 1000 stands	Eskom have electrified a total of 1000 stands within Dibeng during 2020/21 with funds from Department of Energy but experienced delays due to Covid-19. Completion of these electrification was completed in 2020/21 Financial year.		Dibeng	
Upgrading of streetlight in Kathu	Replacement of old Streetlights with new LED Type streetlights which ensured that own consumption of electricity gets reduced and also to increase the visibility on the roads that led to a decrease in crime. A total of 772 old Streetlights were replaced with Low Wattage LED Lights	R4.5 Million	Kathu	
Designs on the Olifantshoek substation and New feeder line	Department of Energy for Pre-Engineering and designs on the Olifantshoek substation and new 132KV Feeder (36km) line from Emil to the new 132/11KV 10MVA Substation.	R6.887 million	Olifantshoek	

PUBLIC PARTICIPATION:

The municipality's public participation programmes are well attended in the townships and have less attendance in towns.

- A good relationship exists between Council and the communities, however challenges do exist where sectoral interests tends to try and derail general service delivery processes
- The 2020/21 IDP and budget consultation process was successful except for the last round of roadshow in Olifantshoek where the community member interrupted the meeting.
- Though ward committees are averagely functional, their contribution to public participation is more individualistic than collective.

FUTURE ACTIONS:

Due to the expansion of mining activities in the Gamagara municipal jurisdiction, there is a high need for basic and bulk infrastructure, because the growth leads to increased job opportunities, the municipality has experienced a growth in migrant labour. Having no affordable accommodation, this has led to a growth in backyard dwelling, construction of hostels thus putting a strain on the infrastructure, which was not built to accommodate high volumes.

This situation calls upon the municipality, provincial and national government to plan appropriately together to guard against any unintended consequences. Key among the most pressing need is the upgrading of the existing infrastructure, especially, sewerage system, water network, electrical capacity and roads.

There is also a high need for affordable housing, rental stock as-well low cost housing. These prospects of growth should be harnessed for the benefit of all and should be used as tools for a modern human settlement development.

CONCLUSION:

Gamagara Local Municipality continues to strive for political stability and administrative excellence, and a stable and disciplined, hardworking administration is expected in the next business cycle.

Despite all the challenges mentioned above, we observed an improved audit outcome, moving from a qualification to a qualified audit outcome with fewer matters. The Municipality is financially distressed and we are working around the clock to implement our financial recovery plan to ensure our financial situation improved and therefore we urge our communities to pay for their services and request the unemployed and those qualifying for indigent services to come forth and register to increase our equitable share. I therefore, wish to thank council for their political leadership and administration and guidance during the finalisation of the Annual report.

Yours Sincerely



Hon Cllr. O E HANTISE
MAYOR

1.2. Municipal Manager's Overview



Amongst obvious challenges faced by our beloved country at large, Gamagara Local Municipality has tried its outmost best to strive for bettering the standard of living of its community. Entrenching good governance and accountability remained to be one of our key priority within the organisation.

Most of the plans did not go accordantly due to the Covid 19 pandemic. The pandemic decelerated service delivery as our municipality was directly affected several times resulting in the closing of main offices and even other working station so as to adhere to regulations stipulated. This also had a negative impact on the completion of major projects expected to enhance provision of basic services. Nevertheless, this did not discourage the municipality to run its daily expected mandate.

The municipality is still adapting to effective ways on how to track critical milestones and better the usage of tools that alert schedules through strengthening contract management and enhance consequence management so as to improve on key areas of service delivery.

Financial stability

Having stable finances is an integral aspect of long term sustainable development. The municipality continues to evaluate and monitor its financial status so as to receive an improved financial position. This is informed by constant and steadily decline on cash flow due to increasing water and electricity losses, not necessarily because of illegal connections but also the invent of Covid 19 which required free supply of water in the informal settlement.

During the financial year at hand, numerous initiatives were implemented so as to improve the finances at large, to mention a few:

- implementation and enforcement of MFMA circular 82 which deals with cost containment measures
- Circular 68 of the MFMA which gives advice about procedures to be followed when dealing with unauthorised, irregular or fruitless and wasteful expenditure is implemented with a very promising pace. Irregular, unauthorized and wasteful expenditure was reported on quarterly basis and investigations ran through MPAC.
- Execution of circular 64 of the MFMA which gives a briefing about revenue management. The municipality has a revenue enhancement strategy which improved from time to time to suit the situation at hand. One of the strategies included is data cleaning that will result in achieve

correct billing for all our services rendered to our community. The property owners are supposed to be charged correct property rates with reference to the amended Municipal property rates Act. Previously, the municipality used to reconcile the valuation roll with the system at the beginning of the process of valuation but to enhance revenue collection, this will also be performed monthly. Regular verification of data will be accomplished as well to ensure that all charges levied are within the stipulated norms. There has been an introduction of processes included in the performing completeness of revenue test for billing but will only be implemented thoroughly during the next financial year.

Legislation

This report is compiled and tabled in terms of Section 127(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

This final report includes the following documents:

- The municipality's Audited annual financial statements for the year under review in terms of section 126(1) of the MFMA.
- The Audited Annual performance report in terms of section 46 of the Municipal Systems Act.
- The Auditor General's audit report in terms of Sec 45(b) of the Municipal Systems Act.
- The Auditor General's report on financial statements in terms of section 126(3).

Audit opinion

Auditor General's opinion has been expressed as a qualification. The outcome was expressed on the 30th of November 2021. And all this was achieved through the hardwork and dedication from both council and administration.

Let me further take this platform to thank the Gamagara employess and council for always effortly adhering to the policies and regulations of public services which will one day pave our way to clean audit.

Yours most sincerely,



K P LESERWANE
MUNICIPAL MANAGER

1.3. MUNICIPAL BACKGROUND, FUNCTIONS, POPULATION AND ENVIRONMENT OVERVIEW

Brief Municipal Overview

The Gamagara Municipality serves an area of 2619 square kilometres, which is approximately 10% of the total John Taolo Gaetsewe District area. It is located in the North-Eastern sector of the Northern Cape on the N14 National Road between Upington and Vryburg.

It is approximately 200km north-east of Upington and 280km north-west of Kimberley. The municipal area consist of the following wards:

- WARD 1: Kathu
- WARD 2: Dibeng Township
- WARD 3: Diepkloof, Skerpdraai and Olifanthoek Town
- WARD 4: Ditleung and Welgelee
- WARD 5: Sesheng and Mapoteng
- WARD 6: Siyathemba, Rooisand and Smartietown
- WARD 7: Babatas, Dibeng Town and Bestwood



Kathu, 'the town under the trees', came into being because of Iscor's iron ore mining activity in the Kalahari. Municipal status was allocated to the town of Kathu in July 1979. Kathu is connected by rail (Dingleton Station) via Kimberley, as well as by road to all the main centres namely Johannesburg, Bloemfontein, Windhoek and Cape Town, and has an airport with a tarmac runway. The municipality originally consisted of 2 towns, namely Sesheng and Kathu.

Sesheng is located to the west of Kathu and was initially planned as a high density residential area for mine workers, without families of any social structure. It consists of group housing units that belong to the mine to the west, with small pockets of other houses to the west thereof.

Due to pressure from labour unions and Government policy on hostels, group homes are to be changed to single flat units for employees of the mine. The larger residential housing component of Sesheng is located nearer to Kathu in the form of single residential houses (Ext. 5).

Dibeng is located approximately 28km north west of Kathu alongside the R380 road in the Northern Cape Province. The settlement consists of two suburbs, namely Deben and Haakbosdraai. Dibeng started off as a small settlement on the banks of the Gamagara River, which provided water for the small town.

The locations of the residential areas are characterized by the river in the centre of town and the rocky lime stone outcrops directly east and west of the river. Dibeng consists entirely of single residential houses, but can be split into a low density area to the west and higher density houses to the east. Dibeng was given its name by the Tswana and means "first drinking place".

Dingleton developed in a linear form along the one side of the then main road between Upington and Kuruman. Dingleton consists almost totally of low density single residential houses. The town is surrounded by large mine activities and the resettlement of Dingleton residents is eminent due to expansions of mining activities in this direction.

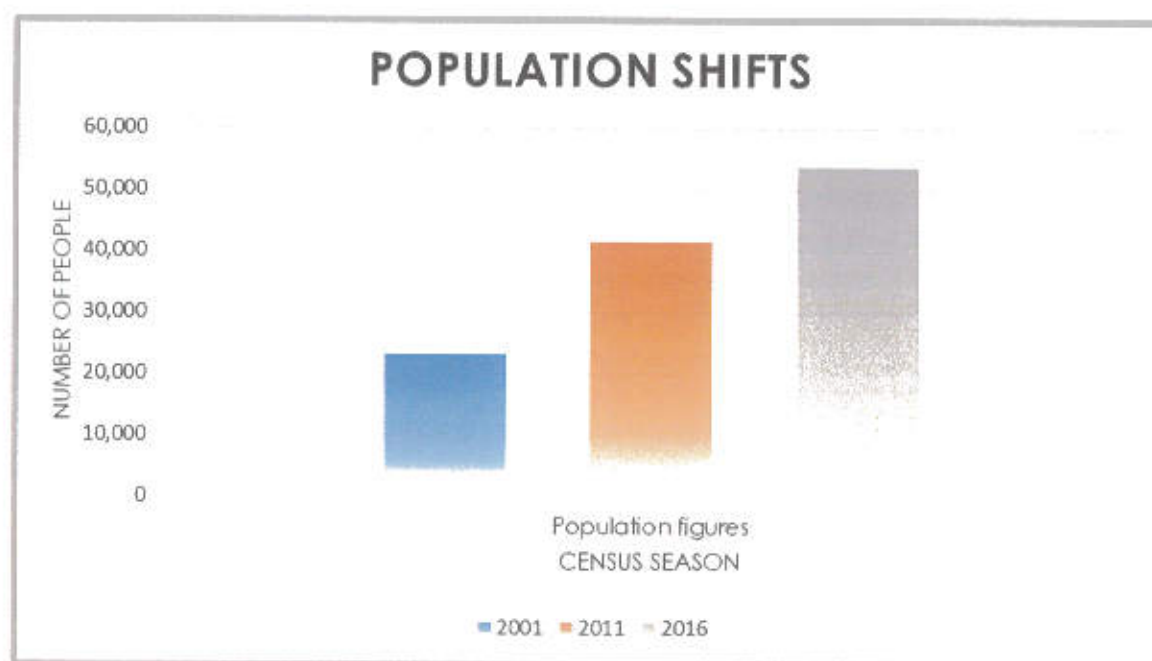
Olifantshoek is south-west of Kathu, south-west of Kuruman and north-east of Upington. With the amalgamation of municipalities in 2000 Olifantshoek Municipality became part of the Tsantsabane Local Municipality, until 2006 when it was amalgamated with the Gamagara Local Municipality. The town is a low/medium density residential area, but due to new developments which are underway it will in future become a high density residential area.

Gamagara Local Municipality forms part of the John Taolo Gaetsewe district area. The municipality is part of the region now commonly referred to as the Gamagara Mining Corridor which is experiencing a boom in mining activities.

The Gamagara Municipality has a high urbanisation rate of 97.6%, which is significantly higher than that of the District (24.9%). Dingleton has relocated to Kathu and thus no population study would indicate Dingleton rather Kathu will be indicative of both Dingleton and Kathu Community.

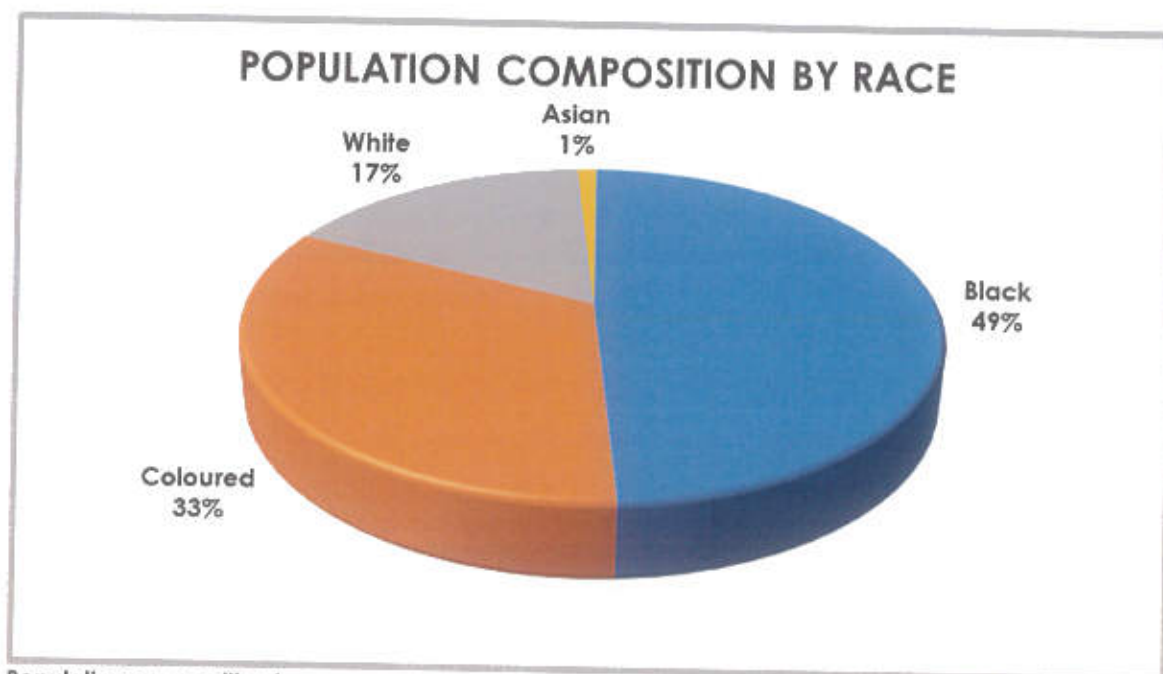
1.3.1. Population

Statistics of South Africa Community survey 2016 indicates that Gamagara Municipality has a total population of 53 656 as compared to 41,617 in 2011. Thus translating to a population increase of 22.48% (12,039 individuals) from 2011 to 2016. Population is growing at a rate of 6.68% per year. Population density (people per square kilometre) increased from 8.9 to 15.9. The Gamagara Municipality has a high urbanisation rate of 97.6%, which is significantly higher than that of the District (24.9%).

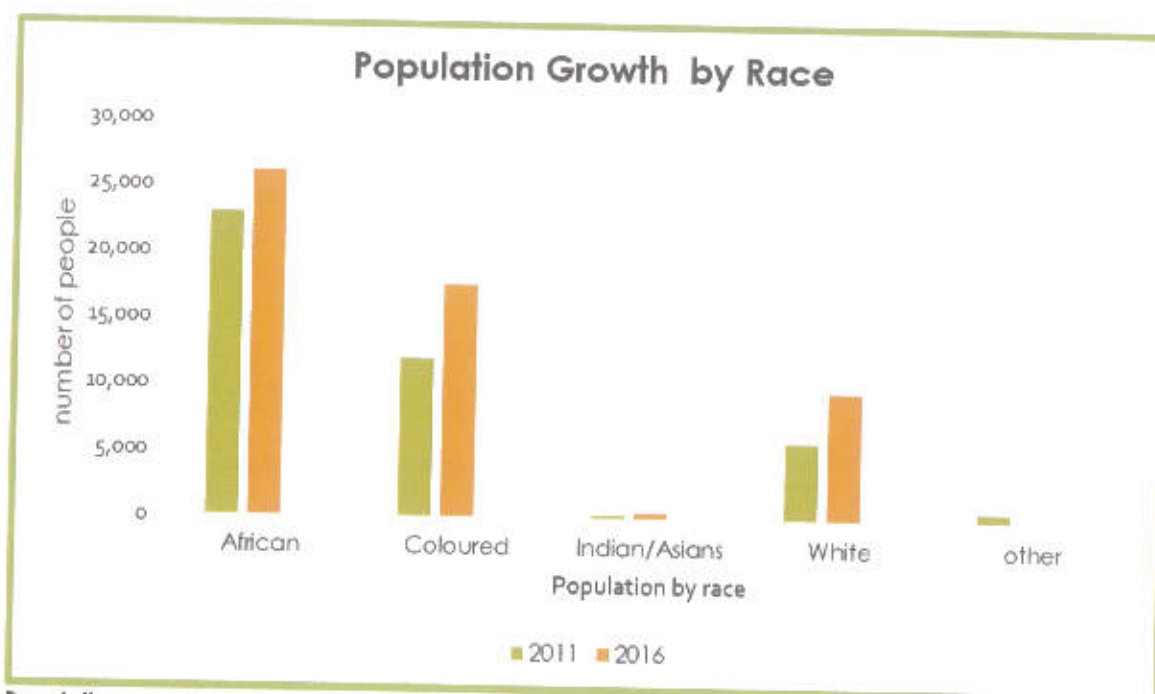


Population shifts

Gamagara Municipality composition is characterised by African, Coloured, Whites and Indian or Asian people. Population is comprised of 48, 6% African, 32, 6% Coloured, 18% Whites and 0, 82 % Indian/Asian. Population growth by race dynamics suggests that the coloured community experienced the highest growth in Gamagara at a growth rate of 31,7% followed by African community at 22% , Asian community grew by 9% and the white community grew least at 4,1%. Gender ratio was recorded at 120,1:100 male to females and mean age was 27 years as captured in census 2011(Statssa, 2011). The literacy level is low and only 24, 9 % have gone through matric and 3, 6% has through higher education. This explains the type of job-opportunities in the municipal area, i.e. mining and related industries.

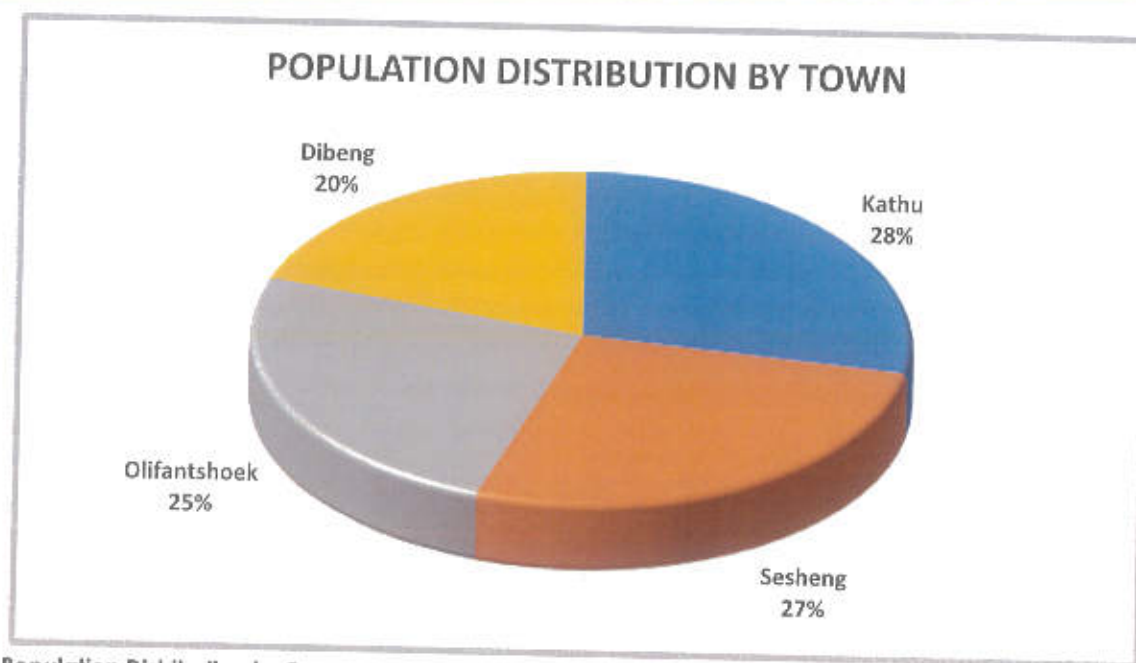


Population composition by race



Population growth by race

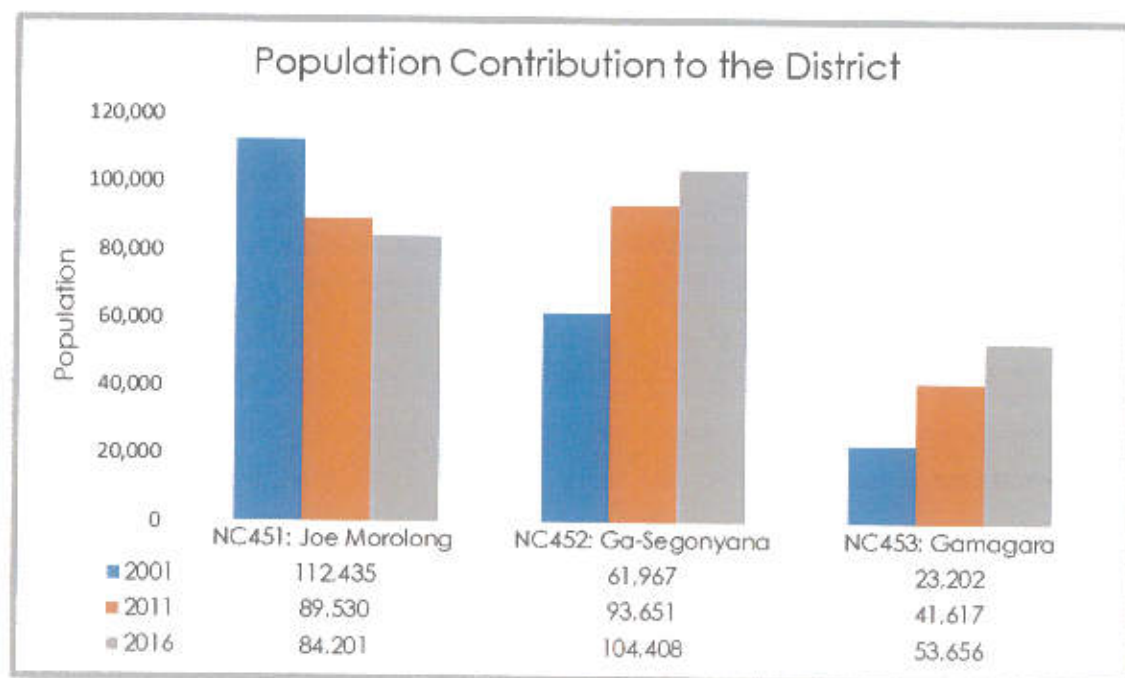
The most significant portion of Gamagara's population is resident in Kathu (27.7% or 11,511 individuals), followed by Sesheng (26.5% or 11,033 individuals), Olifantshoek (24.6% or 10,235 individuals), and Dibeng (18.9% or 7,848 individuals). Another 2.4% (991 individuals) of the Municipality's population is resident in the Gamagara Non-Urban (NU)8 area.



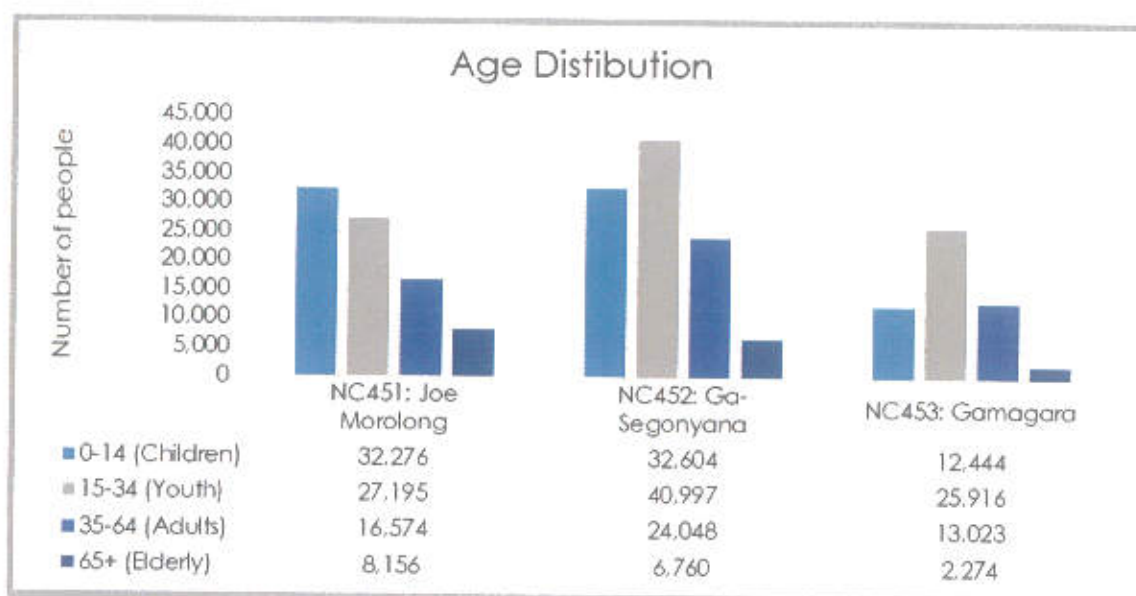
Population Distribution by Town

In terms of population growth, all the main places experienced a positive growth from 2001 to 2011 except the Gamagara NU mail place. Sesheng and Dibeng experienced the most significant growth rate of 125.7% and 95.9% respectively. In terms of numbers, the main place that experienced the most significant growth is Sishen (6,144 individuals) and Kathu (5,232 individuals). The Gamagara NU area covers 89.6% of the Gamagara Municipality's total geographical area. The second largest geographical area and largest urban area is Sishen, which covers 6.9% of the Municipality. Dependency ratio was 50.9% in 2001 and has now decreased to 39% in 2011. This can be attributed to more people being economically active.

When looking into the migration patterns and population growth in the district, one can deduce that Gaagara Local Municipality is the fastest and the high population growth in the district, standing at 22.48%. Ga-Segonyana Local Municipality has the second population growth of 9.86% while Joe Morolong Local Municipality is experiencing a negative growth of -7.5%. The analysis determines that most movement is in the age range of 14 – 45, who are actually migrating to Gamagara which are predominantly males and females move to Ga-Segonyana, this could be associated with the type of job-opportunities and the types thereof. the population depression in Joe Morolong is characterised by moving of the population within the age grouping of 14-45, of most female are found in Ga-Segonyana and most males are found in Gamagara.



Population Contribution to the District



Age distribution

In 2001 the Gamagara Municipality had a total population of 23 193 which grew to 41 618 in 2011. The total population of the Municipality increased 79% which means that the Municipality is growing at a calculated average growth rate of 5, 84% per annum. Population Density (people per square kilometer) increased from 8.9 to 15.9. The Gamagara Municipality has a high urbanisation rate of 97.6%, which is significantly higher than that of the District (24.9%).

As much as the mining provides employment in the area it also brought pressure on the development of the town. More people coming to the area seeking employment and putting pressure on the services and also hampering with proper planning. This was demonstrated by the population growth rate of 5, 84%. Gamagara had an unemployment rate of 17%.

In 2011 the total number of households resident in the Gamagara Municipality totalled 10,807, showing an increase of 62% from 2001 (4,124 households). The overall household growth and the CAGR (Compound Annual Growth Rate) household growth rates are both lower than that of the population growth rates, indicating that the population is growing faster than the number of households.

This is also evident when comparing the average household size of 2001 (3.5) with 2011 (3.9), which shows that the average size of households are increasing, this is however not the trend of the District which experienced a decrease in average household size during this period.

The increase in the average household size of the Municipality can be related to the significant increase in households staying in brick structures dwellings (3,030) and their household sizes averaging 4 persons.

Population has grown unrecorded in the area since 2011. This is due to census being conducted every ten years and the migration patterns in the area due to changing of contractors from the surrounding mines.

Natural Resources	
Major Natural Resource	Relevance to Community
Iron Ore	Employment and economic benefit
Manganese	Employment and economic benefit
	T 1.2.7

The mining developments has encouraged the in-migration of people into Gamagara either as job seekers, families of the employed or as employed people. These has impacted on the demographic patterns and the population growth in the area.

These demographic patterns. Proximity to the mining companies on the North-Eastern borders, bordering Gamagara and Joe Morolong is along the manganese belt has caused towns of Kathu, Sesheng and Dibeng to experience an influx of people either employed, seeking employment or family member of previously mentioned categories of people.

Where there is a lot of economic activity, the population tends to be greater as people migrate into areas where they can earn a living. The ability to earn a living therefore affects the level of skills in an area. In geographic areas where poverty is the norm, education levels and the level of skills are also normally low as such communities cannot afford to educate their offspring. Such are the discrepancies that the LED process seeks to iron out.

The population of Gamagara grew by 33% from 2007 to 2011, from 28,053 to approximately 42000. The municipality is mainly dominated by the African racial groups who make up 75.43%, followed by the White racial group (24.57%), with Afrikaans being the most spoken language (49.91%) and English (27.06%). The current trend indicates an increasing population growth in Gamagara Local Municipality.

The population of Gamagara is largely youth – 35 years and below (64.46%), and an economically active population 19, 54 (69.66%), and (3.97%) of population are pensioners. The majority of the population is of income generating age and therefore potential economic contributors, with the precondition that adequate employment opportunities are available.

1.3.2 Service delivery overview

The Constitution of South Africa mandates local government to ensure that people have access to basic services such as proper sanitation, clean or drinkable water, safe energy and waste removal.

According to StatSA, 2011 Gamagara Local Municipality achieved to provide basic services at:

- 99% households have access to water at RDP or above RDP level,
- 87,9% households have access to electricity at or above RDP level
- 91,5% households have access to sanitation at or above RDP level
- 100% households receive refuse removal services

However, backlogs that could not be officially verified were due to the dynamics and movements of people who settle illegally on land. These illegal land grabs

impact negatively on service delivery of water and sanitation, electricity and refuse removal in the areas such as Dibeng, Olifantshoek and Mapoteng/Sesheng.

Civil section

The Municipality is both the Water Service Authority and Water Service Provider in terms of the Water Services Act 1997, (Act 108 of 1997) and is responsible for the provision of water services to areas within its jurisdiction.

Water

Sources of water supply for the Municipality are dewatering from Kumba Mine, underground/borehole water and Vaal Gamagara Scheme bulk supplied through Sedibeng Water Board. Municipality though has shortage of water which is mainly affected by high consumption and high water losses. Operational measures such as direct supply of water to the network were implemented in order to alleviate the shortage water within the system.

Sedibeng Water Board was appointed as a Water Service Provider for the supply of water to the Olifantshoek area. In the past financial year, Sedibeng Water due to internal challenges was unable to provide adequate water to the Olifantshoek communities which resulted in the augmentation of water supply through water tankers.

The water quality is analysed on monthly basis and is proving to be well within the set parameters as prescribed by SANS 241.

Although the government prescribe the minimum level of service as 200m walking distance to a communal standpipe, Gamagara has more than 80% of the municipal residence with either yard or house connection for water.

A total number of 336 pre-paid water meters was successfully installed during the financial year. Shortage of materials and tools have hindered the fight against water losses as leakages are not timeously attended. Registered indigent households within the Municipality's supply area are entitled to 6 Kl of free basic water. A key challenge that is emerging is the high housing demand and the expansion of backyard dwellers which impacts negatively on the water network capacity.

SANITATION

Access to sanitation promotes health and dignity through the provision of safe disposal and treatment of human waste. Where sanitation systems are inadequate, the consequence can have extreme negative health effects.

Water borne sanitation, septic tank and Ventilated Improved Pit (VIP) toilets are types of technology currently used to safely dispose human waste into the municipality's waste water treatment works. VIP toilets are being used in some areas of Dibeng, Olifantshoek and Mapoteng settlements. The effluent from Kathu Wastewater Treatment Works is eventually used by Kumba Iron Ore mine for its mining processing. Sewage trucks in Dibeng and Olifantshoek towns are continuously collecting wastewater from households that uses septic tanks. The Kathu 6.5ML Wastewater Treatment Works is currently operating at its maximum capacity and there is a need for an expansion to accommodate new development.

ROADS AND STORMWATER

Municipality strive to provide roads that are safe and comfortable to use and delayed or lack of maintenance thereof can in the long run be hazardous and costly. The road network consists of roads that bituminous surfaced, block paved and gravel. The challenges facing roads and stormwater in the municipality is limited funding, excess water on sidewalks which compromises the integrity of surfaced roads and potholes. In January 2021, excessive flooding exacerbated the current poor condition of the road network and more budget is required before the next flooding. Despite limited budget, eradication of potholes remains a priority in the municipality.

ELECTRICAL SECTION

Gamagara LM is a NERSA licensed electricity supplier for all its areas except Dibeng as a whole and Olifantshoek (Ditloung, Skerpdraai and Diepkloof) which are all ESKOM supply area.

Projects are underway to capacitate electricity in Olifantshoek. Due to the growth experienced in all the towns, a need exist to upgrade all bulk services (Water reservoirs, electricity substations, wastewater treatment works) however the only limiting factor is funding. High voltage electricity maintenance in Kathu is now performed by the municipal staff.

1.4 Financial Health Overview

Gamagara local municipality billed R368 million in operating revenue against an adjusted budgeted operating revenue of R391 million representing an overall under billing of 6 % or 23 million. This under billing can be attributed mainly to the service charges which underbilled by R22 million and to a lesser extent due to property rates which failed to reach the target by R1 million. The drop in service charges as with the previous year was mainly as a result of water losses which directly affects water and sanitation revenue as their billing is linked to water consumption. This is what has prompted Council to opt to change the tariff structure to a basic charge for sanitation charges in 2021-22 to isolate the linkage and to improve overall revenues. The electricity, refuse and property rates revenues were well within the budgeted figures.

The financial health of the municipality continues to be hugely affected by low billing as a result of inaccurate data. There has been a revenue enhancement committee that has been set up to address data cleansing in order to ensure that all meters are read and correct accounts are distributed to the correct customer or address.

We also need to strengthen our account distribution system, i.e. electronic services (Emails and MMS statements) and compatibility to download statements from our website or smartphone app. The email mode of communication is also been set up. The business clients receive the account to email already.

The total operating expenditure amounted to R515 million against the projected operational expenditure of R524 million which represent an under expenditure of 2% or R9 million. The major operational expenditure by type were 1. Employee related costs which amounted to R189.9 million against a budget of R187 million representing a slight variance below 1%, 2. Depreciation and Asset Impairment which amounted to R60 million against a budget of R47 million representing an overspending of less than 28% or R13 million, 3. Bulk purchases amounting to R138 million against a budget of R140 million representing an underspending of less than 2% or R2 million and 4. General expenditure amounting to R91 million against a budget of R98 million which represent an underspending of 7 % or R7 million. The municipality closed the financial year with an operating surplus of R5 million against a budgeted surplus of 13 million. The total income including grant revenue amounted to R 515million against total expenditure of R510 million leading to a small surplus of R5 million against a budgeted surplus of R13 million. The municipality closed the financial year with a positive bank balance of R29 million, which includes cash backing of unspent conditional grants of R19 million which the municipality will be applying for rollover in line with the requirements of the Division of Revenue Act.

Our Capital Expenditure amounts to R63 million against a projected budget of R87 Million which represent an underspending of 27% or R24 million. This can mainly be attributable to delays due to disruptions to projects caused by the Covid 19 pandemic and lockdowns, which therefore caused procurement and construction delays. The following capital projects were implemented in the year under review; i.e.

1. Electrification of stands - Mapoteng – Sesheng amounting to R20.6 million,
2. Upgrading Bulk Electricity Supply – Olifantshoek amounting to R1.1 million,
3. Olifantshoek Groundwater Supply: Borehole Linkline development amounting to R17 million,
4. Refurbishment of existing 3ML Water Reservoir amounting to R6.9 million,
5. Replacement of Asbestos (A/C) pipes to uPVC pipes in Kathu amounting to R3.3 million.
6. Installation of Pre-Paid Water Meters amounting to R3 million
7. Construction of Sewer Network - Dibeng Phase 4 – R3.9 million
8. Dibeng Road Project – R1,2 million
9. Information and Communication Infrastructure (Billboards) – R1,2 million

Gross margins on trading services

Electricity

Gross surplus as a % of sales	=18 %
Net Surplus as a % of sales (Exc. capital grants)	=8%
Net Surplus as a % of sales (Exc. Equitable Share grant)	=8%

The municipality made a gross surplus after deduction of bulk purchases (Eskom) of 18 % but made an overall net surplus of 8% after inclusion of all costs associated with the provision of electricity services minus the government grants.

Water

Gross surplus as a % of sales	=83%
Net Surplus as a % of sales (Exc. capital grants)	=(27%)
Net Surplus as a % of sales (Exc. Equitable Share grant)	=(27%)

The municipality made a gross profit after deduction of bulk purchases (Sedibeng Water and Kumba Iron Ore) of 83% but made an overall loss of 27% after inclusion

of all costs associated with the provision of water services minus the government grants.

Sewer

Gross surplus as a % of sales	= 100%
Net Surplus as a % of sales (Exc. capital grants)	=(6%)
Net Surplus as a % of sales (Exc. Equitable Share grant)	=(6%)

The municipality made an overall loss of 6% after inclusion of all costs associated with the provision of sewer services minus the government grants. There is no direct costs of sales associated with the provision of the service.

Refuse

Gross surplus as a % of sales	= (36%)
Net Surplus as a % of sales (Exc. capital grants)	= (36%)
Net Surplus as a % of sales (Exc. Equitable Share grant)	= (36%)

The municipality made an overall loss of 36% after inclusion of all costs associated with the provision of refuse services minus the government grants.

Government Grants

The municipality received the following operational grants:

- Equitable Share of R47 million which was 100% spent,
- Financial Management Grant of R1,7 million which was fully spent,
- Expanded Public Works Programme (EPWP) of R1,5 million of which 100% was spent.

The following Capital Grants were received and spent as follows:

- Municipal Infrastructure Grant of R12.1 million of which R4.9 million was spent and R7,5 million remained unspent
- Integrated National Electrification Programme (INEP) of R20 million of which there was an opening unspent of R14,5 million and 25 million was spent representing an underspending of 27 % or R9.5 million and,

- Water Services Infrastructure Grant (WSIG) of R9.7 million was received during the year of which there was an opening balance of R18 million, R26 million was spent representing an underspending of 6 % or R1.8 million.

Non-Revenue and Technical Losses

Water Distribution losses

The municipality incurred distribution losses of 56 % as a result of leakages, by-passed meters and technical losses. We have already rolled out 90% of prepaid water meters through-out the municipality however a large percentage of the meters are by-passed.

In the process of doing a TID update on the electricity meters, a process of investigation and imposing a fine shall also be administered.

We are in the process of upgrading and installing devices on the smart meters in order to increase monitoring and to curb this problem.

Electricity Distribution losses

The municipality incurred distribution losses of 14 % as a results of tempered meters and technical losses. Council has put in a policy in place that is meant to promote prepaid electricity meters through-out the municipality. However there are still cases of meters being by-passed but not as much as with the water meters.

Collection Rate

The outstanding debtors amounts to R328 million of which 277 million is older than 90 days. The collection rate for the year under review was 65% against a projection of 95%. This has been the trend for the past three years since the migration to a new mSCOA system however efforts and plans are underway to clean up the data to ensure that we achieve the targeted 95% collection of the billed revenue.

The billing process is slowly improving and the financial position of the municipality is still under threat. The municipality is intensifying the following actions to address the cash flow constraints; 1. Smart metering, 2. Data cleansing, 3. Replacement of stuck meters and 4. Enforcement of the debt collection and credit control policy.

Creditors Analysis

The outstanding creditors amounts to R375 million. The bulk of these outstanding creditors is Eskom. Please refer to the Annual Financial Statements for a detail on outstanding creditors. The municipality is in the process of negotiating a debt repayments agreement with Eskom and is continuously servicing its other debt.

External loans

The municipality has external loans of R42.6 million with the Development Bank of South Africa **(DBSA)**

1.5. Organisational Development Overview

We started the financial year 2019/20 with a clear mandate from our community derived from the reviewed IDP and the budget. We had a duty to improve our institutional capacity in order to ensure that it is up to the task of implementing the SDBIP of the year under review.

The organizational structure map out clear functional roles and responsibilities and conforms to all pieces of legislation e.g. Employment Equity, Skills Development, etc. the municipality managed manage to advertise for all the critical positions and will therefore be filled in the next financial year.

1.6. Auditor General Report

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

The annual financial statements will be submitted on the 31st of August 2021 to the office of the Auditor General and the opinion will be recieved end of December 2021.

1.7. Statutory Annual Report Process

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	
2	Implementation and monitoring of approved Budget and IDP commences (in-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	December
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

Annual Report Process

It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to

compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The Annual Report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that Municipal Manager study this process flow and ensure that reports are submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA.

The Annual Report of a municipality must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later, as is currently the case. It is expected that effective management of performance will also result from this change.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance. The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24).

The annual report serves as the barometer for compliance and performance of the municipality against the goals it sets for itself in the IDP. It is an information tool that informs other stakeholders of the general organisational performance of the municipality. It assist to provide a view of areas that need improvement and those need to be strengthened.

CHAPTER 2: Governance

COMPONENT A : POLITICAL AND ADMINISTRATIVE GOVERNANCE

Introduction to Governance

A municipal council is empowered through the Constitution of the Republic of South Africa 1996 and rules to perform both legislative and executive functions. They focus on legislative, oversight and participatory roles. Section 156 of the Constitution states that a municipality has the executive authority in respect of, and has the right to administer (a) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matters assigned to it by national or provincial legislation.

2.1. Political Governance

The municipal council is responsible for political governance and is made up of elected councilors who are led by the mayor.

Gamagara Council is made up of 13 councilors, including 7 ward councilors and 6 proportional representation councilors. Council resolved to elect an executive committee (EXCO) comprised of 3 members of the elected Mayor is service in his role as the chairperson. EXCO is comprised of 2 presentative councilors from the African National Congress (ANC) and 1 representative from the Democratic Alliance (DA). Members of EXCO also occupies a role of serving as chairperson for established section 80 committees.

The table below indicates names of elected members of Council according to their political parties represented and representation in council committees.

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented
	FT/PT		
Cllr. Ophaketse Edwin Hantise	FT	Mayor	PR (ANC)
Cllr. Dineo Seetile	FT	Speaker	PR (ANC)
Cllr. Mhlopheki Frikkie Ngume	PT	Technical Service / LLF	PR (ANC)
Cllr. Anna Joyce Morwe	PT	Community Service	PR (DA)
Cllr. Gokallwe Joseph Esau	PT	LLF Member/ Strategic Service	PR (DA)
Cllr. Mpho Clementine Skeiman	PT	MPAC & Community Service & Strategic Service Portfolio	PR (EFF)

		Committee member	
Cllr. Hendrietta Du Plessis	PT	Technical ServiceMember	WARD 1 (DA)
Cllr. Neo Magagane	PT	LLF and Corporate Chairperson/ MPAC	WARD 5 (ANC)
Cllr. Henny Fourie	PT	Finance Member	WARD 7 (DA)
Cllr. Boitumelo Lekgadi	PT	Finance Chairperson/ MPAC/ LLF	WARD 4 (ANC)
Cllr. Charlotte Joseph	PT	Corporate Services/ MPAC	WARD 6 (DA)
Cllr. Monica Orpen	PT	Strategic Service Chairperson	WARD 3 (ANC)
Cllr. Abel Booysen	PT	Community / MPAC Chairperson	WARD 2 (ANC)

Municipal Public Accounts Committee (MPAC)

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998 a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

During the 2009 Association of Public Accounts Committee (APAC) Conference a resolution was taken stating that the Conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level.

Thus in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities establish MPACs. The focus of the MPAC is to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources. MPAC was established in terms of section 79 of the Municipal Structures Act, 117 of 1998. The municipality is having a functional Municipal Public Accounts Committee (MPAC).

For the year under review, MPAC did not sit accordingly which affected several oversight report, this was due poor attendance of members. It is therefore planned to address the issue with the office of the speaker for intervention.



Councillor O E Hantise (Mayor)

Political Party Representation:

African National Congress.

Municipal Portfolio: Chairperson of Budget and Treasury Portfolio
Chairperson of EXCO



Councillor D P Seetile (Speaker)

Political Party Representation: African National Congress.

Municipal Portfolio: Champion of Economic Development and the Member of Municipal Finance Committee



Councillor H Du Plessis

Political Party Representation: Democratic Alliance.

Municipal Portfolio: Member of Public Works and Basis Services Portfolio



Councilor A Booysen

Political Party Representation: African National Congress.

Municipal Portfolio: Chairperson of MPAC and Champion of Sports Arts and Culture



Councilor M Orpen

Councilor Political Party Representation:

African National Congress.

Municipal Portfolio: Member of Development and Town Planning Portfolio and Member of MPAC



Councilor B Lekgadi

Political Party Representation:

African National Congress

Municipal Portfolio: Member of the Budget and Treasury Portfolio, member of MPAC and LLF



Councilor C Joseph

Political Party Representation: Democratic Alliance

Municipal Portfolio: Chairperson of Development and Town Planning as well as Community Service Portfolio
Member of Corporate Service Portfolio



Councilor N Magagane

Political Party Representation:

African National Congress

Municipal Portfolio: Chairperson of Public Work and Basic Services and Corporate Service Portfolio and Champion of COGHSTA and Chair of LLF



Councilor F Nqume

Political Party Representation:

African National Congress.

Municipal Portfolio: Member of Public Works and Basic Service Portfolio and LLF member



Councilor A Morwe

Political Party Representation:

Democratic Alliance.

Municipal Portfolio: member of community service portfolio and MPAC



Councilor H Fourie

Political Party Representation:

Democratic Alliance.

Municipal Portfolio: Member of budget and treasury portfolio committee



Councilor M Skieman

Political Party Representation:

Economic Freedom Fighters.

Municipal Portfolio: member of community service portfolio and member of MPAC



Councillor J Esau

Political Party Representation:

Democratic Alliance

Municipal Portfolio: Member of Development and Town Planning Portfolio Committee and member of LLF

In the financial year under review, 100 percent of the Council decision were implemented and are reported on a monthly basis to Council. All the section 56 positions are planned to be filled as they are critical.

The Audit Committee

Due to contractual dispute between the municipality and the John Taolo Gaetsewe District Municipality, there were no Audit Committee established.

2.2. Administrative Governance

In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000 as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government.

Section 50 of the Municipal Systems Act 32 of 2000 as amended the Council in consultation with the Municipal Manager must appoint managers who are reporting directly to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each Director who reports directly to the Municipal Manager are delegated the

functions as may be deemed necessary by the Municipal Manager as powers delegated to him by Council and relevant legislation.

The administration of the municipality is led by the municipal manager, Mr. K P Leserwane. The municipality has six (6) departments, including the office of the municipal manager.

The Municipal Manager and Directors form the senior management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each directorate are managed by the Director in order to ensure that service delivery matters are handled speedily.

In general the administration is responsible for:

- **Implement** the lawful strategies, plans, policies, resolutions and bylaws of the municipal council and the policies and laws of other spheres of government;
- **Advise** the council and all political structures and political office bearers;
- **Develop** administrative/operational policies;
- **Manage**, operate and maintain the provision of services in a sustainable and equitable manner;
- **Administer** the affairs of the municipality;
- **Manage** the municipality's resources.

The head of administration, heads of departments and their functions are displayed in the table below:



Mr. Kgomodikae Protea Leserwane:
Municipal Manager.

The Municipal Manager as the head of administration and accounting officer is responsible to ensure that municipal services are administered in accordance with the objectives of local government as prescribed in Chapter 7 of the Constitution.



Mr. Nkarabang George Loeto
Acting Director Community Services

The head of Community Service department is responsible to render integrated community services to enhance community development in general and promote a clean and safe environment.



Mr. Aobakwe Makoku
Chief Financial Officer

The Chief Financial Officer is responsible to manage and provide financial services in order to ensure financial viability, compliance and reporting as prescribed by relevant legislation.



Mr. Lebogang Seetile
Director Corporate Services

The head of Corporate Service department is responsible to provide corporate services to the institution in support of efficient organizational and administrative processes



Mr. Kagiso Nick Ositang
Director Public Works and Basic services

The head of Public Works and Basic Services department is responsible to manage infrastructure services provisioning in order to ensure the rendering of sustainable and affordable services to the community.



Ms. Thato Rapelang
Director Development and Town Planning

The head of Economic Development and Planning department is responsible to manage the rendering of spatial and land use planning, human settlement, building control, Integrated development Plan and environmental management services.

COMPONENT B: INTER-GOVERNMENTAL RELATIONS

The Gamagara Local Municipality as a third sphere of government relates to the other spheres of Government and Organised Local Government Bodies through the Intergovernmental Policy Framework, communities as stakeholders in municipal affairs, participates through public participation mechanisms and processes in the decision making system of council.

Section 42 of the Constitution provides that all spheres of government must cooperate with one another in a mutual trust and good faith by establishing and providing for structures to promote intergovernmental relations.

The cooperation of all the spheres of government ensures the synergy and alignment of programmes and maximization of resources instead of working in silos which leads to the duplication of services and wasting of limited financial resources.

2.3. Intergovernmental Relations

Intergovernmental Relations is key to cooperate governance as it promotes collaboration between the different spheres of government in the provision of effective and efficient services. Through IGR, different government entities are able to work together to share information and ensure that the limited public resources are utilised optimally. Among others, Gamagara Local municipality engages in the following activities with other government entities and municipalities:

- o Planning and budgeting
- o Consultations and meetings as well as information sharing sessions
- o Dispute resolutions
- o Reporting
- o Monitoring and evaluation

Engagements in the activities listed above occurs through direct interaction of officials and forums established in the district and the province.

Examples of such forums are:

- o Mayors' Forum
- o Municipal Manager's Forum
- o Chief Financial Officer's Forum
- o IDP Forum
- o Intergovernmental Relations Coordinating Committee
- o SALGA

The municipality has fully participated in this forums during the 2018/19 financial year.

National Intergovernmental Structures

The Gamagara Local Municipality is a member of the local government body, SALGA (South African Local Government Association) both at Provincial and National Level. Elected Councilors are accordingly deployed into various working Committees of SALGA. Employees and Councilors participate in structures such as Pension Fund and Medical Aid bodies, wherein they ensure proper handling of the affairs affecting Council and its employees.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Babatas CPA - IDP Consultation Meeting	-	-	-	-	-	-
Kathu- IDP Consultation Meeting	24/11/2020	2	6	12		Consult on community issues
Diepkooft IDP Consultation Meeting	-	-	-	-		-
Ditloung IDP Consultation Meeting	03/12/2020	2	8	70		Consult on community issues
Dibeng- IDP Consultation Meeting	03/11/2020	2	3	147		Consult on community issues
Siyathemba- IDP Consultation Meeting	25/11/2020	2	4	25		Consult on community issues
Sesheng IDP Consultation Meeting	26/11/2020	2	5	103		Consult on community issues
IDP Steering Committee Meeting...	26/01/2021	4	6			Prioritization of community needs
IDP Steering Committee Meeting...	7/10/2021	1	6			Meeting did not convene due to poor attendance
IDP Rep Forum Meeting	26/01/2021	1	3	5 Stakeholders		Meeting did not convene due to poor attendance

IDP FORUM MEETING	REP	10/05/21		11				Meeting did not convene due to poor attendance
The second round of consultation was through the local radio station where the IDP was presented live due to covid 19 restrictions								
T 2.4.3								

Provincial Intergovernmental Structures

The Mayor and the Municipal Manager represents and participate in the Intergovernmental Relations (IGR) Coordinating Committee, where issues affecting the Province and the Municipalities are discussed.

District Intergovernmental Structures

The Mayor, Municipal Manager and relevant Heads of department's forms part of the John Taolo Gaetsewe District Intergovernmental forum. The role of the district intergovernmental forum is to strengthen municipalities with the implementation of IDP and Budget and it plays an oversight and supportive role to local municipalities.

COMPONENTS C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality continuously engage the public through regular public meetings and Imbizos. These meetings are used to inform the community about developments in the municipal area and to deal with issues raised by communities ranging from municipal services to government services in general. Ward councilors are also required to convene public meetings in their respective wards once a quarter to address issues relevant to their wards.

In strengthening accountability and public participation the Provincial Government has deployed Community Development Workers to our Municipality, to assist with dissemination of information and mobilisation of communities towards the programmes of Government.

2.4. Public Meetings

Communication, Participation and Forums

There are different platforms that the municipality uses, that is placing notices on the notice boards and in local newspapers and ward community meetings as well as the ward committees. The municipality has established a customer service desk, which should enable communities to directly contact the call center with their complaints and complements. It also extends its communication on social media platforms such as facebook (Gamagara Local Municipality) posting, twitter (Gamagara Local Municipality) messaging, and media interviews (via Radio).

The municipality has also consistently communicated with communities during the following processes:

- Compilation of IDP
- Compilation of Budget
- Drawing of by-laws
- Compilation of SDF and land use scheme

2.5. IDP Participation and Alignment

IDP Participation and Alignment Criteria*	
	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of Municipal Systems Act 2000	T 2.5.1

Ward Committees

Ward committees are an integral part of local government as they serve as instruments for community participation. The municipality has established ward committees in its seven wards. Each committee is made up of 10 members as required by regulations.

The ward committees have been supported through training and supply of stationery and as a result all the ward committees are functional.

An official based in the office of the Speaker has been given the responsibility of managing the operation of the ward committees.

COMPONENT D: CORPORATE GOVERNANCE

2.6. Risk Management

Risks are managed through the identification, quantification and mitigation in all municipal processes. All the identified risks are ranked in terms of priority and potential harm to the institution in the risk register, which is tabled in management meetings. A risk management committee has also been established to assist the municipality in the management of risks. The municipality has developed a risk management strategy which has been approved by council.

2.7. Anti-Corruption and Fraud

Fraud and corruption represent a significant impending risk to the assets of the municipality which can result in poor or no service delivery. Therefore, a fraud and Anti-corruption policy has been developed and implemented by the municipality to ensure that the municipality is free of fraud and corruption. Members of the community are encouraged to report fraudulent and corrupt activities at the presidential hotline and the Gamagara call center.

2.8. Supply Chain Management

The Supply Chain Management (SCM) aims at supporting the strategic decision of the municipality thereby ensuring an efficient service delivery to its internal and external clients and also to ensure that purchasing and procurement of goods and services is done according to the prescribed legislation and Gamagara Municipality's Supply Chain Management Policy.

The unit has a staff compliment of seven (7), including the Manager SCM and report directly to the Chief Financial Officer. The SCM policy has been adopted by council and is reviewed on an annual basis to include any new reforms issued by National Treasury.

CHALLENGES AND REMEDIAL ACTION TO IMPROVE PERFORMANCE

Challenges	Impact	Remedial Action
Lack of document management	Loss of documents which leads to limitation of scope during auditing	Storage facilities and a document management system must be availed
Lack of Contract & performance Management	<ul style="list-style-type: none"> • Possible over payment • Late termination of expired services 	<ul style="list-style-type: none"> • A contract management system to be implemented • A draft contract management policy submitted to council for approval
Non-adherence to procurement legislation / regulation	Growing irregular expenditure	Consequence management to be implemented

Success in the SCM

- Implementation of a electronic requisition management system (Collaborator)
- Formal quotations are now advertised for 7 days as per the SCM policy & regulation
- The SCM unit has compiled a risk management register

Establishment and functioning of BID committees

All legislated bid committees have been appoint in writing by the Accounting Officer. The municipality has further split the bid specification into technical and non-technical to ensure proper specification, especially for infrastructure projects. This was done in enable technical bids to be specified and evaluated by people with the relevant skills. Even though not legislated, the municipality has appointed a pre-evaluation committee to check and verify submitted compulsory requirements of tenders.

For the year under review, the table below depicts the number of items considered, approved or referred back.

BSC scheduled meetings: Total

Approved Specifications	4
Specifications Cancelled	0
Specifications Referred Back	1
No quorum Meetings	0

Bid Evaluation Committee

The BEC operates the same as the BSC above. The table below shows the number of meetings held, items considered, approved or referred back, etc.
The recommended items are then submitted to the BAC for consideration and approval.

BEC scheduled meeting: Total

Recommended for Adjudication	3
Meetings continuing (BEC)	0
No quorum Meetings	0

Bid Adjudication Committee

The Bid Adjudication Committee (BAC) meets as and when there is submission from the BEC.

BAC Scheduled meetings: Total

Meetings that were convened	5
Items Considered	3
Items referred back	0
Approved	4

Bids awarded by the Accounting Officer

Tender Number	Description	Date awarded	Contractor	Budget	Award Value	Period
GM2019/65	Construction of Dibeng sewer network, phase 4	03/09/2020	Thenga Holdings	R25 000 000	R23 769 887.63	
GM2020/07	Groundwater Supply In Olifanthsoek: Construction Of Bulk Link Line From 6 Boreholes To 7ml Reservoir: Phase 1	10/11/2020	Selenane Pty Ltd	R16 800 0000	R13 736 040.45	8 Months
GM2020/36	Provision of security services for a period of 3 years	26/02/2021	Madiali Security and Projects		R43 542 670.17	36 Months

2.9. Legal Compliance and Administration Services

The purpose of Legal Compliance and Administration Services is to provide legal and compliance services to the institution to facilitate proficient administrative practices and procedures.

2.9.1.By-Laws

The by-laws for Gamagara local Municipality as amended and/or updated by council will be promulgated in terms of section 11,12 and 13 of the local government;municipal systems Act , read with section 7 of rationalisation of local government affairs act. The by-laws will apply to the entire area with the Gamagara Municipality, thus binding to all residents. It should be noted that there were no by-laws introduced during 2020/21

2.10. Website

Gamagara Local municipality's website is used as an integral part of communication strategy to stakeholders and members of the public. The complies with all the requirements of section 75 of the MFMA. The council website address is www.gamagara.gov.za.

All Council's libraries have computers with free internet access through which the public has access to council's website and information at the following areas:

1. Kathu Main Office
2. Olifantshoek office and in the Welgelee township
3. Deben, and
4. At Municipal Youth Center

Municipal Website and Access

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	07/07/2021
All current budget-related policies	No	
The previous annual report (Year - 19/20)	Yes	
The annual report (Year - 20/21) published/to be published	Yes	After Council Approval
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year - 20/21) and resulting scorecards	No	
All service delivery agreements (Year - 20/21)	No	
All long-term borrowing contracts (Year - 20/21)	No	
All supply chain management contracts above a prescribed value (give value) for Year - 20/21	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year - 20/21 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year - 20/21	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year - 20/21	No	
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		T 2.10.1

1.11. Public Satisfaction on Municipal Services

Gamagara local municipality has introduced various platforms through which members of the public stakeholders and key partners are engaged on the delivery of municipal services. In terms of public participation, the following platforms are used to interact with the public;

- Municipal Call Centre operating 24 hours on a daily basis including weekends
- Ward Based Public Participation meeting convened by relevant Councillors
- IDP Roadshows convened by the Mayor and members of Council

- IDP Representative Forum meeting to engage relevant stakeholders
- Community Based meeting convened on issue based to be addressed
- Website to communicate statutory reports and other important notices
- Media Statements/Interviews/Reports through local newspapers and community radios station
- Social Media managed jointly with the Call Centre like Facebook page, WhatsApp, Twitter,
- MMS Statements for issuing of account and bulk SMSes for information and updates

CHAPTER 3: Service Delivery Performance Report

The Constitution of the Republic of South Africa, Schedule 4, Part B outlines the functions of the municipality and therefore define its responsibility towards members of the public.

Component A: Basic Services

The report serves to provide progress on basic service such as water, sanitation, electricity, solid waste management and housing services

3.1 WATER PROVISION

Gamagara Local Municipality is a Water Services Authority (WSA) and Water Services Provider (WSP) which means is responsible for the supply, operation and maintenance of water distribution including bulk storage reservoirs and elevated tanks, reticulation network system and the water treatment works (softener plant).

The municipality have three sources of water and that is the boreholes (i.e. Dibeng, Kathu and Sesheng/Mapoteng), secondly the dewatering from the mine (Kathu only), and thirdly bulk supply from Sedibeng Water Board (Olifantshoek area).

The demand of water within the Municipality is continuously increasing due to the influx of people from other areas who are trying to get closer to the mines.

Dibeng and Sesheng/Mapoteng Water Supply

The Municipality solely supplies Dibeng area through boreholes with chlorine dosing plant which disinfect water in the distribution system to remove harmful contaminants. The source of water is from aquifers which then abstracted through boreholes, transported to water reservoirs then distributed through the water reticulation network to the communities and businesses.

Olifantshoek Water Supply

The provision of bulk water in this area is solely provided by Sedibeng Water Board through Vaal Gamagara Water Scheme. It is then transported to municipal reservoirs then distributed through the water network to the community and businesses. There has been numerous intermittent water supply challenges due to the lack of bulk water supply by Sedibeng Water Board. However, the municipality provided intervention of providing portable water through water tankers. The construction of the water bulk pipeline and equipping of six boreholes project to supply water to the 7ML reservoir in

Olifantshoek was completed as a measure to alleviate water supply challenges in the area.

Kathu Water Supply

There are three systems of water supply, namely; boreholes, Kumba Mine Dewatering and Bulk Supply from Sedibeng Water Board. The three water sources mentioned above, water is transported to municipal reservoirs then distributed through the water network to the households.

Babafas Water Supply

The water is abstracted through the boreholes and transported through by a temporary water pipeline to the temporary storage tanks where individual households access (below 200m walking distance from their household). Permanent water infrastructure will be installed once the area is proclaimed.

Area	Household	Yard Connection	Stand Pipes
Olifantshoek	3952	2773	1179
Kathu	10323	10323	0
Sesheng/Mapoteng	2649	1384	1265
Dibeng	2830	2830	0
TOTALS =	19730	16836	2444

Table: Water Provision Per Household

Projects Implemented

Municipality have implemented the following projects in attempt to resolve basic services backlog:

The development of three Khai Appel boreholes.

This project is funded and implemented by Khumani Mine and was completed in the 2020/2021 financial year.

Planning for Sesheng Bulk Water Supply

The project is at planning stage to complete the Implementation Readiness Study (IRS) and was on hold due to lack of internal funding and will be budgeted in the next financial year. The project entails the construction of two storage reservoirs and one elevated tower to increase and compliment the water supply of both Sesheng and Mapoteng areas.

Provision of Services for 1265 sites in Mapoteng.

The project is a multi-year funded and implemented by CoGHSTA provincial government.

The resealing of the existing 3ML reservoir, fencing and replacement of AC bulk pipeline in Olifantshoek.

The project was successfully completed in the 4th quarter of 2020/21 financial year.

The replacement of AC pipes to uPVC in Kathu and Sesheng/Mapoteng

The project was successfully completed in the 4th quarter of 2020/21 financial year.

Dibeng bulk water augmentation and equipping of boreholes

The funding for this project was diverted to Olifantshoek boreholes project due to the dire needs of own water arising from that area. The project will be implemented in the outer financial years.

Construction of bulk link line from 6 boreholes to a 7ML reservoir in Olifantshoek

The Phase1 of the bulk water pipeline and equipping of six boreholes project to supply water to the 7ML reservoir in Olifantshoek was completed as a measure to alleviate water supply challenges in the area.

Challenges: Water Provision

The following challenges have been encountered during the financial year of 2020/21 on provision of water:

1. Rapid influx of people which increases the water demand
2. Poor workmanship by private developers not adhering to engineering standards resulting in pipe bursts and reduction of the infrastructure life span.
3. High water distribution losses due to ageing infrastructure and surge pressures to pipes
4. Shortage of material and vehicles to repair leaking pipes
5. Vandalism and stealing of water infrastructure assets (mostly cable theft)
6. Inconsistent supply of water to Olifantshoek area from Sedibeng Water Board

It should be noted that the municipality experienced illegal land grabs which put

Total Use of Water by Sector (cubic meters)						
	Agriculture	Forestry	Industrial	Domestic(m ³)	Unaccountable losses(m ³)	water
Year 2018/19	0	0	0	7 113 615	2 361 740	
Year 2019/20				6 746 949	1 918 131	
Year 2020/21				6 289 005	2 549 033	
				7 3.1.2		

pressure on provision of unplanned services for Water -Sanitation -Waste -Electricity.

Water Service Delivery Levels			
Households			
Description	Year 2018/19 Actual No.('000)	Year 2019/20 Actual No.('000)	Year 2020/21 Actual No.('000)
<u>Water:</u> (above minimal level)			
Piped water inside dwelling	18	12.874	12.874
Piped water inside yard (but not in dwelling)	6	16.836	16.836
Using public tap (within 200m from dwelling)	1	2.444	2.444
Other water supply (within 200m)		0	0
Minimum Service Level and Above sub-total	24	32.154	32.154
Minimum Service Level and Above Percentage		99%	99%
<u>Water:</u> (below min level)			
Using public tap (more than 200m from dwelling)			
Other water supply (more than 200m from dwelling)	1	2	2
No water supply			
Below Minimum Service Level sub-total	1	0	0
Below Minimum Service Level Percentage	2%	1%	1%
Total number of households*	26	34.154	34.154
* - To include informal settlements			73,1,3

It should be noted that however, the municipality experienced illegal land grabs which put pressure on provision of these unplanned services. Water -Sanitation -Waste -Electricity - High number of backyard dwellers also put a lot pressure on the internal infrastructure services.

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2018/19	18701	18701	1350
Year 2019/20	19730	19730	1160
Year 2020/21	19730	19730	1160
			73,1,5
* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute			
# 6,000 litres of potable water supplied per formal connection per month			

Employee: Water Services						
Job Level	Year - 18/19	Year 19/20	Year 20/21			
	Employee	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	22	22	21	20	1	5%
7 - 9	0	0	2	0	2	100%
10 - 12	13	13	13	13	0	0%
13 - 15	1	1	1	1	0	0%
16 - 18	1	1	1	1	0	0%
19 - 20	0	0	0	0	0	#DIV/0!
Total	19	37	38	35	3	8%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Table: Staff Compliment

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial contrains under COVID-19.

Financial Performance 2020/21: Water Services					
Details	R'000				
	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					-64%
	49,659,278	112,770,200	66,595,794	68,640,620	
Expenditure:					
Employees	14,469,670	13,703,779	14,499,467	14,496,955	5%
Repairs and Maintenance	523,598	1,469,335	1,629,835	1,285,302	-14%
Other	13,271,579	27,460,613	24,734,207	13,908,671	-97%
Total Operational Expenditure					-44%
	28,264,847	42,633,727	40,863,509	29,690,929	
Net Operational Expenditure					-80%
	21,394,431	70,136,473	25,732,285	38,949,691	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8

Capital Expenditure 2020/21: Water Services					
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15,000,000	31,898,555	26,179,626	-75%	
Replacement of Asbestos (A/C) pipes to uPVC pipes in Kathu &	-	3,735,174.00	3,363,920.95	#DIV/0!	
Refurbishment of existing 3ML Water Reservoir, fencing and r	-	7,640,088.00	6,967,468.78	#DIV/0!	
Installation of Pre-Paid Water Meters	-	3,710,000.00	3,033,424.00	#DIV/0!	
Connection of Jojo tanks	-	-	-	#DIV/0!	
Construction of water bulk lines (Olifantshoek)	-	16,813,293.00	12,814,811.85	#DIV/0!	
Water Tanker Trucks	-	-	-	#DIV/0!	
Water reticulation and exploration	15,000,000.00	-	-	100%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					73,119

3.2 SANITATION SERVICES

Gamagara Local Municipality is responsible to provide sanitation services to all the households in its jurisdiction area. The municipality has the following types of sanitation services; waterborne system, septic tank and VIP toilets system. Gamagara local municipality is currently operating three types of treatment works system namely; oxidation ponds in Olifantshoek, bio-filtration (anaerobic) in Dibeng and an activated sludge in Kathu.

All formal household in the municipality are serviced with not less than the basic level of service as described by sector departments. The municipal backlog is only in the new developments and the informal settlements where people have occupied land illegally. The municipality is intend to service all household in the municipal jurisdiction with a flush toilet; It is the intention of the municipality to service all household with a flushing toilet system, however the obstacles to achieve this are funding and the illegal grabbing of land.

The government grants only made provision for basic level of service whilst the municipality is providing a higher level above the government standard and is something the municipality is very proud of.

Area	Household	Flush Toilets	VIP	Septic Tanks
Ollifantshoek	3952	2291	462	329
Kathu	10323	8661	-	25
Mapoteng	2649	1883	611	3
Dibeng	2830	1608	1326	428
TOTALS =	20283	14443	2435	785

Table: Provision of Sanitation Service

Sanitation Service Delivery Levels			
*Households			
Description	2018/19	2019/20	2020/21
	No.	No.	No.
<u>Sanitation/sewerage:(above minimum level)</u>			
Flush toilet (connected to sewerage)	14672	14443	14443
Flush toilet (with septic tank)	3334	785	785
Chemical toilet	-	0	0
Pit toilet (ventilated)	-	2435	2435
Other toilet provisions (above min.service level)	-	-	-
Minimum Service Level and Above sub-total		17,663	17,663
Minimum Service Level and Above Percentage		87%	87%
<u>Sanitation/sewerage:(below minimum level)</u>			
Bucket toilet	-	0	0
Other toilet provisions (below min.service level)	150	0	0
No toilet provisions	250	1167	1167
Below Minimum Service Level sub-total			
Below Minimum Service Level Percentage		5,7%	5,7%
Total households	3,336	18406	20283
*Total number of households including informal settlements			73.2.3

Employees: Sanitation Services					
Job Level	Year 2019/20	Year 2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	31	39	30	9	23%
7 - 9	8	11	7	4	36%
10 - 12	3	6	2	4	67%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	43	57	40	17	30%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Table: Staff Complement

Projects Implemented

Olifantshoek 38 sites for sanitation services

This project is funded and implemented by Khumani mine and is at commissioning stage.

Construction of Dibeng Sewer Network – Phase 4

The project was scheduled to be implemented over two financial years and it encountered challenges at the implementation due non-performance of the appointed contractor. Subsequent to attempts to assist the contractor to meet his contractual requirements, the municipality was left with no option but terminate the contract. The project will be re-advertised for procurement of contractor services in the next financial year.

Challenges: Sanitation Services

- Foreign objects thrown on sewer lines result in complex blockages which result in overflow of sewage.
- Vandalism, break-ins and stealing of pumpstation electrical cables and pump items inconveniences the community and is costly for the municipality.
- Blockages due to oil and fats thrown by business on the sewer system.
- Shortage of staff and maintenance vehicles
- Shortage of tools and material store.

Financial Performance 2020/21: Sanitation Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					30%
Expenditure:	13,248,370	35,596,898	9,480,479	10,619,446	
Employees					238%
Repairs and Maintenance	15,164,937	6,884,934	16,100,972	16,362,119	
Other	1,194,720	418,000	109,000	96,746	23%
	10,881,312	8,490,110	10,725,892	10,260,241	121%
Total Operational Expenditure	27,240,969	15,793,044	26,935,864	26,719,106	169%
Net Operational Expenditure	-	-	-	-	-81%
	13,992,599	19,803,854	17,455,385	16,099,660	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.2.8

Capital Expenditure Year 2020/21: Sanitation Services					
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				59%	
	13,713,000	12,221,142	5,575,445		
Upgrading WWTW - Dibeng				100%	
	11,803,000	-	-		
Construction of Sewer Network - Dibeng Phase 4				#DIV/0!	
	-	12,221,142	5,575,445		
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.2.9

3.3 Roads and Storm Water Provision

Gamagara Local Municipality is responsible for provision of roads and storm water infrastructure in all the areas for the socio-economic development of its community. The municipality is also responsible for repairs and maintenance of different types of roads: surfaced, gravel, block paving and the stormwater infrastructure.

The objectives of roads and stormwater infrastructure are as follows:

1. To provide safe and quality infrastructure for all areas of Gamagara Local Municipality.
2. To provide stormwater channels in residential, industrial areas and schools
3. To provide a healthy and safe environment to our communities.

There is no formal stormwater system in Kathu, Sesheng/Mapoteng, Dibeng and Olifantshoek areas. The infrastructure for the stormwater in these areas was designed to use roads as part of the drainage system. No or limited drainage structures (culverts, inlets and outlets) were installed and no use of the stormwater plan whatsoever. The stormwater infrastructure in Olifantshoek is not effective due to poor maintenance and people are continuously dumping rubbles into the concrete stormwater channels.

The stormwater master plan funded by DBSA for all the areas of Gamagara was completed and the implementation of the recommendations of the master plan was not achieved due to budget constraints.

Table: Classes of roads and street infrastructure

Towns	Surfaced road(KM)		Block Paving(KM)		Gravel Road (km)	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Kathu	170,359	170,359	0,005	0,005	13,153	13,153
Mapoteng	27,377	27,377	0	0	2,797	2,797
Dibeng	3,752	3,752	0,140	1,960	45,334	45,334
Olifantshoek	13,145	13,145	0,138	0,138	33,872	33,872
Total	214,633	214,633	0,283	2,103	95,156	95,156

As of 2020/21 financial year, Gamagara local Municipality's road network was 311,749 km, which includes 214,633 of surfaced road and 1,960 km of Block Paving and 95,156 km of Gravel Road. The condition of roads is relatively good. However, due to lack of capital/funds to reseal roads conditions are slowly deteriorating.

The Municipality is continuously maintaining roads and stormwater channels, road edge breaks and potholes with its limited budget.

Projects Implemented

- **The Dibeng EPWP internal road project.**

The project planning only started in October 2019 and the implementation started in February 2020 and currently the project is divided into three phases, Phase 1 was completed, Phase 2 is at 63 % progress at the end 2020/21 financial year. The COVID -19 had a great impact on the project due delays in supply of material. The budget was not adequate to complete at the end of the financial year.

Challenges: Roads and Stormwater

- Shortage of equipment, vehicles and staff
- Budget constraints
- Dumping of solid waste on stormwater channels especially in Olifantshoek.

Employees: Road Services						
Job Level	Year -18/19	Year -19/20	Year - 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	14	14	21	14	7	67%
7 - 9	4	4	4	4	0	100%
10 - 12	0	0	3	0	3	0%
13 - 15	1	1	1	1	0	100%
16 - 18					0	#DIV/0!
19 - 20					0	#DIV/0!
Total	19	19	29	19	10	34%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.7.7

Table: Staff Compliment

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial constraints under COVID-19.

Financial Performance 2020/21: Road Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	1,055,000	1,261,795	0%
Expenditure:					
Employees	5,263,614	5,652,639	5,807,663	5,829,123	3%
Repairs and Maintenance	58,447	270,488	49,800	29,800	-808%
Other	97,658	10,878,884	10,678,966	582,777	-1767%
Total Operational Expenditure	5,419,719	16,802,011	16,536,449	6,441,700	-161%
Net Operational Expenditure	5,419,719	16,802,011	15,481,449	5,179,905	-224%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

Capital Expenditure Year 2020/21: Road Services					
					R' 000
Capital Projects	Year 2020/21				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget #DIV/0!	
Total All	-	1,286,517	1,257,970	#DIV/0!	
Dibeng Road Project	-	1,286,517	1,257,970	#DIV/0!	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.9

3.4. ELECTRICITY

The municipality is responsible to manage the operation and maintenance of the electricity distribution in 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.

Gamagara Municipality is licensed to purchase electricity from Eskom and then distribute the electricity via 11kV and low voltage electrical network. The Municipality have three bulk 11kV electricity supply points from Eskom namely: Kathu Main Substation; Kathu West Substation and Olifantshoek Substation. Dingleton Substation is been disconnected from the Eskom Network and town is demolish nobody stays there anymore. Although Dibeng and Olifantshoek is demarcated into the Gamagara Municipality municipal area; Eskom is licensed to distribute electricity in the whole Dibeng and Ditlounge in Olifantshoek.

Electrification remains a challenge due to continuous growth of informal settlements and lack of funding. Electrical infrastructure and electrification cannot be installed in informal settlements prior to township development. The Municipality cannot allow any developments in Olifantshoek and Dibeng due to shortage of electricity capacity from the Eskom Bulk intake point. Negotiations between Eskom; Department of Energy and the Municipality is on-going to resolve this problem.

Other major challenges regarding electricity are vandalism and copper theft; especially in Kathu and Olifantshoek area; that lead to equipment damage; electricity supply interruptions and possible fatalities to municipal employees and members of the public.

Highlights: Electricity

During 2020/21 total of 143 stands and 800 stands of the 1265 stands were also planned to be electrified and delayed due to Covid-19 pandemic lockdown period and delay from civil contractor f HDA will be completed during November 2021. The remaining 1122 stands will be electrified in future when funding becomes available.

The total cost for the electrification of the 143 stands and 800 Stands was over R 38M and funded by Department Energy. Application for future allocations have been submitted to Department Energy.

The Municipality also became part of a few selected Municipalities in the country that forms part of the EEDSM (Energy Efficiency Demand Side Management) programme funded by Department of Energy National that ensures that Municipal Infrastructure reduce their electricity consumption. A total of R 4.5M was allocated to the Municipality for the replacement of old Streetlights with new LED Type streetlights which ensured that own consumption of electricity gets reduced and also to increase the visibility on the roads that led to a decrease in crime. A total of 772 old Streetlights were replaced with Low Wattage LED Lights and more lights will be replaced in future as funds becomes available. Many positive feedbacks were received from communities regarding the lights that was replaced.

The electrical substation in Olifantshoek and feeder line from Eskom needs to be upgraded/replaced to accommodate future electrifications and growth within Olifantshoek. A total of R 6.887M was provided by Department of Energy for Pre-Engineering and designs on the Olifantshoek substation and new 132KV Feeder (36km) line from Emil to the new 132/11KV 10MVA Substation. More allocation (almost R 180M) is required for the construction of the feeder line and the substation and will be catered for in future funding.

Eskom have electrify a total of 1000 stands within Dibeng during 2020/21 with funds from Department of Energy but experienced delays due to Covid-19. Completion of these electrification was completed in 2020/21 Financial year.

Challenges: Electricity

Some households within the municipality are un-electrified due to lack of electrical capacity especially in Olifantshoek.

No of households not electrified:

Olifantshoek: 1500

Kathu: 1122 – Planned to be electrified in coming years as funds is available.

Kathu Ext 6-10: 5500 - These areas will be included in futures allocations of funds.

Other challenges also experienced by the Municipality are:

- Distribution losses
- Lack of vehicles
- Ageing infrastructure
- Shortage of High voltage electricians and electrical assistants
- Limited funding to maintain and improve the existing infrastructure
- Mushrooming of informal settlements and settlement in private lands
- Electricity theft and damaging of Municipal properties like streetlight poles.

Complaints: Electricity

Daily electricity complaints are received by the Municipal Call Centre which varies from households/businesses without electricity; faulty electricity meters; cable faults and even streetlights not working. The average amount of complaints received from Call Centre monthly is between 100 – 150 and are attended to on a daily basis with an average response time of between 1 - 3 hours; depending on the type of complaint.

Streetlight complaints are repaired within two days as only one streetlight attendant is available and responsible for the maintenance of about 4500 streetlights within the Municipal area.

Two electricians with assistants are standby daily; one in Kathu and one in Olifantshoek; to ensure that fast response are available after hours when complaints are received.

The electricity section received around 1000 complaints during 2020/21.

Daily maintenance were done; like replacement of meter boxes; etc. where customers are informed notified of the works and the expected time that the electricity will be down while the maintenance take place.

Customers: Electricity

Prepaid Customer

Type of Customer	Number
Residential	10 000
Commercial	300
Industrial	90
Agricultural	25
Munic	0
Total	10 415

Conventional Customer

Type of Customer	Number
Residential	1000
Commercial	220
Industrial	50
Agricultural	40
Munic	170
Total	1480

Total number of Municipal electricity customers is 11 895.

Administrative: Electricity

The electricity section received several plans for approval and rezoning during 2020/21 which are done daily and submitted to Strategic section. Applications for electricity increase are received and dealt with on an individual basis depending what the owner wants to do; and what the stand are rezoned for.

Employees: Electricity Services						
Job Level	Year - 18/19	Year- 19/20	Year- 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	23	3	13	4	9	69%
7 - 9	12	2	7	2	5	71%
10 - 12	22	5	20	5	15	75%
13 - 15	1	1	1	1	0	0%
16 - 18	1	1	1	1	0	0%
19 - 20	0	0	0	0	0	#DIV/0!
Total	59	12	42	13	29	69%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.3.6

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial constraints under COVID-19.

Financial Performance 2020/21: Electricity Services					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	174,140,698	209,608,070	206,896,756	188,391,351	-11%
Expenditure:					
Employees	9,963,486	7,771,267	9,786,056	10,035,865	23%
Repairs and Maintenance	1,189,100	1,580,882	1,018,182	826,086	-91%
Other	145,548,225	162,981,883	163,119,519	152,469,628	-7%
Total Operational Expenditure	156,700,811	172,334,032	173,923,757	163,331,579	-6%
Net Operational Expenditure	17,439,887	37,274,038	32,972,999	25,059,772	-49%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					73.3.7

Capital Expenditure Year 2020/21 Electricity Services					
					R' 000
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	42,500,000	44,568,740	28,348,324	33%	
Installation of Pre-Paid Electricity Meters	-	800,000	553,010	#DIV/0!	
Mini-Sub	-	1,150,000	1,026,250	#DIV/0!	
Upgrading Bulk Electricity Supply - OFH	18,000,000	6,871,254	1,110,075	94%	
Electrification of 1265 Stands - Mapoteng/Sesheng	20,000,000	30,628,961	20,725,831	-4%	
Energy Efficiency	4,500,000	5,118,525	4,933,159	-10%	
				#DIV/0!	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					73.3.8

3.4. Waste Management including Refuse Removal

Solid Waste Removal services are rendered to all the communities except Babatas Village and the farms which is a very small proportion of all the households in Gamagara. Solid waste removal is done once per week at households and is collected via street collection at each household. Business premises are services 3 x per week and Industrial premises 1 x week

Waste Generation volumes remain a challenges due to high consumer driven tendencies of residents in Gamagara and thus producing far more waste than the average household in the Northern Cape and many other provinces for that matter.

Both Landfill sites in Deben and Olifantshoek are licensed but the management thereof remain challenging due to high waste volumes and the high transport cost of recycled materials to the markets. The Waste Transfer Station in Kathu is also licensed.

Overall, given all the challenges regarding finances, equipment and personnel the Solid Waste Section is delivering a solid waste removal services of a high standard with minimal service interruptions.

During 2020 Gamagara Municipality won the Cleanest Town competition for the Northern Cape.

Attached is the Solid Waste data for both waste landfill sites for the past year to show the high volumes of waste that is handled every month.

WASTE VOLUMES HANDLED AT BOTH WASTE LANDFILL SITES M³ - 2020/2021

MONTHS	HOUSEHOLD REFUSE	COMMERCIAL REFUSE	BUILDING RUBBLE	GARDEN WASTE	RECYCLING PERCENTAGE
July	3117	1680	550	1582	26.6
August	3714	782	625	1511	14.8
September	3444	1243	946	1870	40.9
October	1724	895	741	1210	13.3
November	4529	2381	1462	2219	41.8
December	3228	1118	500	1360	41.9
January	2680	897	223	995	43.3
February	3041	777	870	1116	56.5
March	3711	754	665	1707	38.6
April	3054	1183	660	1454	47.9
May	3159	569	406	2462	43.3
June	3189	1804	297	1425	24.8
Total	61026	14083	7945	18911	36.1

Total m³ waste handled at both facilities for the year: 101 965m³.

This a increase of 26% in the volumes handled from the previous year and the recycling increased with 137% from 15.2% to 36.1% for the year.

Employees: Solid Waste Magement Services						
Job Level	Year - 18/19	Year - 19/20	Year-20/21			
	Employee s	Employee s	Posts	Employee s	Vacancies (fulltime equivalents)	Vacancie s (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	30	30	22	0	0	0%
7 - 9	11	11	8	0	0	0%
10 - 12	1	1	3	0	0	0%
13 - 15	1	1	2	0	0	0%
16 - 18	0	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	0	#DIV/0!
Total	43	43	51	0	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						
T3.4.5						

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial contrains under COVID-19.

Employees: Waste Disposal and Solid Waste Management						
Job Level	Year -18/19	Year-19/20	Year- 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3				0	0	#DIV/0!
4 - 6	6	6	76	39	37	49%
7 - 9	1	1	29	7	22	76%
10 - 12	0	0	7	1	6	86%
13 - 15			1	2	-1	-100%
16 - 18			0	0	0	#DIV/0!
19 - 20			0	0	0	#DIV/0!
Total	7	7	113	0	64	57%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.6

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial constraints under COVID-19. constrain.

Financial Performance 2020/21: Solid Waste Management Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	29,440,432	35,101,958	35,101,958	37,050,472	5%
Expenditure:					
Employees	18,778,213	18,627,920	23,184,184	24,896,626	25%
Repairs and Maintenance	-	65,000	-	-	#DIV/0!
Other	1,769,611	101,000	2,726,290	4,233,565	98%
Total Operational Expenditure	20,547,824	18,793,920	25,910,474	29,130,191	35%
Net Operational Expenditure	8,892,608	16,308,038	9,191,484	7,920,281	-106%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7

3.6. Housing

The municipality's Human Settlement section is responsible to provide human settlement administration and support service to address housing needs in the Gamagara area. Although the municipality is not a housing authority, the municipality continue to play an important part in the area of housing.

The municipality has developed a housing sector plan to guide all housing projects in the municipal area, but it is due for review.

THE FOLLOWING ARE CHALLENGES THAT ARE EXPERIENCED IN THE HOUSING SECTION:

- Illegal occupation of land;
- Disputes over the estate due to non-availability of title deed;
- Lack of services on available land which hampers development.
- Subsidy housing backlog;
- Expansion of informal settlement.

- Exploring other housing programs.

IN-HOUSE CHALLENGES AND SUGGESTED REMEDIAL ACTIONS

No permanent personnel:

Suggested remedial action:

This unit urgently needs a competent permanent staff who has been in the field of human settlement or capable of undertaking tasks and responsibilities related to human settlement.

No of transport for Unit:

Suggested remedial actions:

- to purchase a vehicle for the unit
- to have a council resolution for interns to be allowed to drive municipal vehicle

PROJECTS TO BE IMPLEMENTED

The following housing project planned

PROJECTS	PROGRESS	FUNDING
90 Infill projects 10 beneficiaries Deben 10 beneficiaries Diepkloof 70 beneficiaries Welgelee	<ul style="list-style-type: none"> • The business proposal was approved. • Consultants have been appointed. • Contractor has been appointed and has commenced on site; • The project is currently sitting on 11% and is two months behind planned schedule. • Currently 65 local general labours are employed and are divided between 9 subcontractors and the main contractor. 	SIOC R54 592 486.08
Kathu 1265	<ul style="list-style-type: none"> • 584 sites are ready to be occupied • Road construction will commence in the upcoming year. • Electricity poles have been installed in phase 1 • Roads still need to be constructed. • Civil Services have already been installed. 	COGHSTA and HDA R66 563 031.84

Kathu 5700	<ul style="list-style-type: none"> • Construction of internal civil services • No top structure planned for this financial year. • Installation of bulk and services to be funded in 2022/23 financial year. 	COGHSTA and G3T Consult R. Site Handover: 05 July 2019 Start Date: 01 August 2019 Completion date: 04 July 2022
Kathu 140 – Siyathemba project	<ul style="list-style-type: none"> • Business plan submitted to COGHSTA AND HDA. • No budget allocated this financial year and upcoming year. • Municipality and Kumba has donation agreement over land transfer of CRU 	COGHSTA AND HDA

PROGRESS REPORT IN PERCENTAGE FOR PROJECT

Mapoteng 1265

Percentage achieved 70%

	SEWER	WATER	Electricity
Back filling	50%	69%	-
Pipe laying	66%	95%	-

Kathu 5700

Percentage archived

Sewer (78 861 m)			Water (69 921 m)		Roads (68.1 km)	
Excavate 78 861m	Pipe Laid 78 861m	MH 1 344	Excavate 69 921m	Pipe Laid 69 921m	Roadbed 420 895m2	Wearing C 63 133m3
29 343m	24 144m	267	31 639m	22 189m	51 831m2	3 874m3
38.2%	31.4%	19.9%	45.3%	31.7%	12.3%	6.1%

Data Capturing: National Housing Needs Register

	Ward No	Questionnaires Completed	Captured on NHNR System	Backlog of Capturing	Applications for Deeds	Issued Deeds
	No.	No.	No.	No.	No.	No.
Kathu	1	281	211	74	145	0
Mapoteng	5	2050	1981	69	273	95
Babatas	7	0	0	0	0	0
Dibeng	2	0	0	0	400	41
Olifantshoek	3	0	0	0	200	17
Siyathemba	0	198	151	47	0	0
Total		2529	2343	190	1018	153

Beneficiaries who have been awarded Subsidy Houses will get the Title Deed from Department of Cooperative Governance, Human Settlement and Traditional Affairs, in collaboration with the Municipality.

Finance Linked Individual Subsidy Program (FLISP) FLISP

FLISP is specifically intended for the market segment whose income is inadequate to qualify for a home loan, but exceeds the maximum limit applicable to access Government's 'free basic house' subsidy scheme. This market segment, generally known as the 'affordable/gap' market, earns between R3 501 and R22 000 per month. Households in this segment, if buying a home for the first time, may apply for a FLISP subsidy.

CRITERIA USED FOR QUALIFYING:

- Have a pre-approved home loan from a South African lender
- Have a monthly household income of between R3 501 and R22 000
- Never have benefitted from Government housing subsidy scheme before
- Be a South African citizen or legal permanent resident
- Be at least 18 years old and competent to legally contract
- Married/divorced/co-habiting/single with financial dependents

Possible beneficiaries: 103

Challenge: None of the beneficiaries owns land

3.6.1 ALLOCATION COMMITTEE

An Allocation Committee must be established to administer all selection and allocation processes in terms of the legislative provisions and as proposed by set guidelines. The objective of these guidelines is to facilitate a fair, equitable, transparent, inclusive selection and housing subsidy application approval processes for all housing development projects undertaken through the IRDP and informal settlement upgrading projects.

There are **two dimensional approach**:

The first dimension pertains to the allocation of serviced stands to households that do not qualify for housing subsidies.

The second dimension pertains to the allocation of stands for housing subsidy beneficiaries who qualify for assistance to acquire a house from the variety of housing options available through the National Housing Programmes

Membership

The Allocation Committee must as a minimum comprise the following public sector officials **(May not include any political office bearer)**

- Two members from the Administration of the Municipality;
- Two members representing the Provincial/District Department COGHSTA;
- An additional member from the municipality and the Department

Employees: Housing Services						
Job Level	Year -18/19	Year-19/20	Year 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	0	#DIV/0!
10 - 12	1	1	4	0	4	100%
13 - 15	1	1	1	1	0	0%
16 - 18	0	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	0	#DIV/0!
Total	2	2	5	1	4	80%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T 3.5.4</p>						

The total numbers of employees for year 2020/2021 remains the same as of the previous reporting year and no new appointment has been made due to financial constraints under COVID-19.

Financial Performance 2020/21: Housing Services					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7327083	0	0	0	#DIV/0!
Expenditure:					
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	4320	4063	2370	0	#DIV/0!
Total Operational Expenditure	4320	4063	2370	0	#DIV/0!
Net Operational Expenditure	7322763	4063	2370	0	#DIV/0!
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.5.5

3.7. FREE BASIC SERVICES

Gamagara Local municipality is having a total of 873 people who have registered for indigent during 2020/2021 financial year from its population, down by 28% from past financial year 2019/2020. The decrease in this number is due to covid19 restriction and covid19 cases which have impacted the municipality progress of registering more indigent household. Requirements to qualify for indigent is that you must have an income of R4500 or less, be the owner of one house. The consumer who qualify will receive 50kwh electricity, 6kl water, 6kl and basic charge on sewer charge, 100% refuse and 100% on property rates. All the deceased houses are now eligible to qualify for indigent and municipality will assists this property to transfer the properties to nominated person.

Free Basic Services To Low Income Households										
	Number of households									
	Households earning less than R4500 per month									
	Total		Free Water	Basic	Free Sanitation	Basic	Free Electricity	Basic	Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year 2017/18	105,000	19,000	847	79%	12,000	63%	16,100	85%	9,000	47%
Year 2018/19			1010	100%	1010	100%	70%	1010	1010	100%
Year 2019/20			1222	100%	1222	100%	1222	100%	1222	100%
Year 2020/21			873	100%	873	100%	873	100%	873	100%
									T 3.6.3	

Gross Outstanding Debtors per service

Financial Year	Rates	Trading services			
		Electricity & Water	Sanitation & Refuse	Other	Total
		[R'000]			
2017/2018	R67 467	R150 742	R62 078	R6 355	R219 176
2018/2019	R110 608	R 153 678	R55 667	R27 912	347 865
2019/2020	R168 341	R180 195	R 46 523	R 28 339	R 423 398
%Growth year on year	52%	17%	-16%	1.5%	22%

(NB The amount excludes provision for impairment)

The gross outstanding service debtors in total increased with 22% due to low collection rate as the result of Covid and also considering the increases in tariffs and the newly implemented valuation roll.

The leading contributors to outstanding debt is property rates at 40% and Electricity at 23%. The property rates is mainly because of the newly implemented valuation roll

The effective implementation of Credit control Policy in areas where Eskom is a supplier (Deben and part of Olifantshoek) of electricity is playing a major role in escalation of services debtors. Council has approved the installation of prepaid water meters in those areas to assist in preventing the escalation of water debt.

Financial Performance Year 2020/21: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2019/20	2020/21			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	775,471	67,982	67,982	31,871	53%
Waste Water (Sanitation)	560,945	170,064	170,064	159,984	6%
Electricity	370,495	1,442	1,442	1,471	-2%
Waste Management (Solid Waste)	2,555,171	2,489,885	2,489,885	1,867,378	25%
Total	4,262,081	2,729,373	2,729,373	2,060,704	24%
					T 3.6.4

3.8 Component C: Economic Development and Planning

Town Planning, IDP and Building Control Services have been combined for reporting purposes.

Employees: Town Planning, IDP and Building Control Services						
Job Level	Year - 18/19	Year 19/20	Year - 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	0	#DIV/0!
7 - 9	1	1	1	1	0	0%
10 - 12	3	3	16	3	13	81%
13 - 15	2	2	6	2	4	67%
16 - 18	0	0	1	0	1	100%
19 - 20	0	0	0	0	0	#DIV/0!
Total	6	6	24	6	18	75%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Town Planning, IDP and Building Control Services have been combined for reporting purposes. And no appointment has been made for the year under review.

3.9. Town Planning and Building Control

Town planning section mostly deals with Spatial Planning and Land Use Management of Gamagara Local Municipality that aims to bring enhanced and coordinated developments that take into consideration the economic, social and environmental aspects into consideration.

OPPORTUNITIES

The section obtained funds from Anglo American/SIOC/Kumba in order to develop SPLUMA compliant Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS). The current SDF and LUMs are outdated and does not reflect the true reflection of the existing spatial developments. The Municipal SDF must be able to attract investors and direct municipal Planning hence it should be in line with the Municipal IDP. The projects initiated from 01 July 2019 with the project timeframe of one year ending June 2020. Due to the process interruption of Covid-19 the projects were not concluded. The projects were expected to be closed on the 31 January 2021, however, the project is partially closed as the SDF and LUM's was

approved during the council hosted on the 4th of June 2021. The gazetting of the two documents is expected to be done during 2021/2022 financial year.

The new 5700 Human Settlement Project serve also as an opportunity as it will assist in the provision of housing to limit the backlog of housing due to non-availability of municipal land.

CHALLENGES

The outdated SDF create shortfalls as it fails to coordinate and integrate developments in a well-established and sustainable manner as there are missing elements on the current SDF. There is a process initiated to develop Spatial Development Framework and Land Use Management Scheme. However the process has been interrupted by Lockdown due to Covid-19. The extension of project timeframe was been extended to 31 January 2020.

MUNICIPAL PLANNING TRIBUNAL

The District and Local Municipalities entered into an agreement to establish a District Municipal Tribunal. The District Municipality coordinated the establishment of the DMPT. Tribunal members were appointed in terms of the agreement. The term of office of the members came to an end on 30 September 2020.

The Covid 19 Pandemic and containment measures had and still have serious consequences for the continued adherence to and compliance with the Spatial Planning and Land Use Management Act. The Minister of Agriculture, Land Reform and Rural Development published directives that either extended or allowed for the extension of compliance deadlines in terms of the Act. This includes provision for the extension of the MPT terms of office, by municipal councils. The directives are published in Government Notice 431, of Government Gazette 4359, 7 August 2020. Unfortunately the involved local municipalities received the council resolutions after the term of office has lapsed.

Gamagara municipality does not have the Planning Tribunal as the District Municipal Tribunal Memorandum of Understanding lapsed on 20 September 2020. The DMPT has legally ceased to constitute, because the four municipalities are in a statutory contractual relationship. This contractual relationship required decisions from all municipalities, before the expiry of the term of office.

The fact that the DMPT has legally ceased to constitute leaves local municipalities including Gamagara Municipality in the predicament that they should ensure that a MPT is established to deal with applications. Due to the challenges of relying on other municipalities in terms of council resolutions, it was then recommended that

Gamagara establish its own Municipal Planning Tribunal as in terms of section 35 of Spatial Planning and Land Use Management Act, 16 of 2013.

Gamagara received council approval from the council to establish the Municipal Planning Tribunal on the 02 June 2021. The call for external nomination for MPT Members was published on the Kathu Gazette on 30th July 2021.

The municipality is unable to take decisions on the submitted completed Land Use Application within the prescribed time frames. The way forward in terms of the dealing current pending application will still be made in alignment with the Municipal Regulations.

Service Delivery Priorities		
Opportunities	Challenges	Measures taken to improve
Enforcement of Gamagara Land Use Scheme , 2003	Shortage of personnel	Report submitted regarding shortage of personnel in Town Planning Section.
Review of SDF and LUMS	South African Covid-19 Lockdown No enough personnel to handle and administer the process of the project	Town Planning Section obtained funds form Anglo American/SIOC/Kumba to review the SDF and LUMS. Spatial Development Framework and Land use Management Scheme were approved on the 04 June 2021

SERVICE STATISTICS FOR PLANNING

Development Planning and Building Control

Application for Land Use Development			
Details	Formulation of Township Applications		Built Environment
	2019/2020	2020/2021	2019/2020
	2020/2021		
Total (0)	Total (0)	Total (64)	Total (75)

Planning application received	No Township establishment in year 2019/2020	No Township establishment in year 2020/2021	1. Rezoning (15) 2. Consent use (2) 3. Subdivision (6) 4. consolidation (3) 5. Departure from the provision of Land Use Scheme (18) 6. Removal of Title deed restrictive condition (2) 7. Relaxation of building (14) 8. Closer of street (2) 9. Closer of Public Space (2)	1. Rezoning (31) 2. Consent use (6) 3. Subdivision (9) 4. consolidation (6) 5. Departure from the provision of Land Use Scheme (12) 6. Removal of Title deed restrictive condition (7) 7. Relaxation of building (3) 8. Closer of street (0) 9. Closer of Public Space (1)
determination made in year of receipt	2	2	4	4
Determination made in following year	Approximately (1)	Approximately (1)	Approximately (13)	Approximately (20)
Applications withdrawn	None	None	Rezoning (1) Subdivision (1) Consolidation (1) Removal of title deed restrictive condition (1)	Rezoning (1) Subdivision (0) Consolidation (0) Removal of title deed restrictive condition (0)
Applications outstanding at year end	None	None	13 application outstanding at year end.	24 application outstanding at year end.

ANNUAL GENERATED FUNDS

The town planning section annual generated funds is R 3 926 584.68.

Introduction to building control

The unit is responsible for Enforcing the National Building Regulations and Building Standards Act 103 of 1977 in order to promote uniformity in the law relating to the erection of buildings in the areas of jurisdiction of Gamagara Local Municipality by prescribing building standards and matters connected therewith.

Responsibilities of Building Control Officials:

1. To make recommendations to the local authority, regarding any plans, specifications, documents and information submitted to local authority in accordance prescribed Act.
2. Inspect the erection of a building and any activities in respect of which approval was granted.
3. Report to the local authority regarding non-compliance with any condition on which approval was granted.
4. Ensure that any instruction given in terms of this Act by the local authority in question be carried out.
5. Ensure that persons found to be guilty of non-compliance or in contraventions of this act are convicted (fines not exceeding R100 per day to a maximum of R4000 or imprisonment not exceeding 2years)

Service statistics for building control

Detail	2020/21
Summary	
Total Number of Applications	<u>259</u>
• Extension	73
• New Applications	135
• Occupational Certificate Issued	15
• Income generated financial year	R 1 944 065,03

Non-Residential Buildings Completed (NEW)

Financial year	Number of houses	Total construction area of houses	Estimated cost of houses
2020/2021	no.	m ²	R0,00
Office and banking space	1	1170	R 99 45,000
Industrial, warehouse, workshop space	3	6927.7	R588 854.50
School, creche and libraries	0	0	R 0.00
Other (Specify/Building type) boundary wall	1	77,01	R654 585
TOTAL	4	7004.71	R59540035

New Dwelling Houses Applications received:

Financial year	Number of houses	Total construction area of houses	Estimated cost of houses
2020/2021	no.	m ²	R0,00
Floor Area > 80m ² or > to 120m ²	0		
Floor Area > 120m ² or > to 180m ²	5	777.88	R 66 119.80
Floor Area = or > to 180m ²	40	13036.70	R110 811,933
TOTAL	45	13814.58	R110 878 052.8

New Dwelling Houses Applications received - Low Cost Houses - Subsidy Houses

Financial year	Number of houses	Total construction area of houses	Estimated cost of houses
2020/2021	no.	m ²	R0,00
Floor Area < or = to 40m ²	0		
Floor Area > 40m ² or < to 55m ²	90	4446	R24 453 000.00
TOTAL	90	4446	R24 453 000.00

Extension of Houses Applications received:

Financial year	Number of houses	Total construction area of houses	Estimated income generated
2020/2021	no.	m ²	
Floor Area < or = to 30m ²	14	233.4	R1 983 900,00
Floor Area > 30m ² or < to 80m ²	30	1441.39	R12 251 815,00
Floor Area > 80m ² or > to 120m ²	9	826.06	R 7 021 510,00
Floor Area > 120m ² or > to 180m ²	16	2351.07	R 19 984 095,00
Floor Area = or > to 180m ²	16	4476.1	R 38 046 850,00
TOTAL	85	9328.02	R78 288 170,00

Non-Residential Buildings Applications received (EXTENSIONS)

Financial year	Number of applications	Total construction area of houses	Estimated cost of houses
2020/2021	no.	m ²	R0,00
Filling stations	1	255	R2 167 500,00
Hotels and guest house	1	63	R535 500,00
Tavern and tuck shops	2	580	R4 930 000,00
Shop	1		
TOTAL	5	8	R7 633 000,00

Detail

2020/21

Summary

Total Number of Approvals

181

49

- Pending applications

- Proposed extension

45

Houses – H4

1

Guest house – H1

1

Library – A3

1

Sporting Recreational Facility – A2, A5

- New Applications

127

House – H4

4

Office, Warehouse, Service Industrial – B2, F3, G1, J3

2

Tavern/Pub – A1

Inspections conducted	Kathu	Dibeng	Olifantshoek
Pre - Site Inspection	220	3	70
Site clearance and Excavations			
Concrete Foundations and slab floors			
Superstructure and beam filling			
Roofing trusses and coverings			
Plumbing and drainage test			
Completion		1	
Occupancy Inspection	15		
TOTAL	235	4	70

Contraventions Inspected	Kathu	Dibeng	Olifantshoek
Illegal buildings inspected	133	1	
Noncompliance notices issued	55	1	
Fines paid for as-built buildings		0	
TOTAL			

CHALLENGES AND REMEDAL ACTIONS

- New developments are on the rise, both business and residential.
- Law Enforcement is critically required in other towns such as Mapoteng, Dibeng and Olifantshoek, where illegal constructions, encroachments and disputes arise.
- Consumer education is one of the critical issues that needs to be done across all towns, either by means of notice pamphlets, notices at different stations, municipal website and on our local newspapers.
- Training of our Ward councilors is important, Ward Administrators and ward committee members on different Acts such as NBR Act and SPLUMA Act so they help to minimize illegal activities onsite.

R'000					
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,866,812	1,811,455	1,942,160	5,485,473	67%
Expenditure:					
Employees	7,471,977	12,467,948	13,164,993	12,502,831	0%
Repairs and Maintenance	-	-	-	-	
Other	1,478,225	954,313	334,007	142,965	-568%
Total Operational Expenditure	8,950,201	13,422,261	13,499,000	12,645,796	-6%
Net Operational Expenditure	6,083,389	11,610,806	11,556,840	7,160,323	-62%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5

3.10. Local Economic Development (LED)

Economic activity within municipal boundaries is important as it shows the extent of human development and the living standards of communities. Although municipalities have no power to increase or decrease taxes in order to stimulate economic activity, there are few levers that local government authorities have control over to contribute to economic performance, including, among others, procurement of goods and services, job creation through expanded public works programmes as well as creating an enabling environment for small businesses.

The ability of households to pay for services such as water, electricity, sanitation, and refuse removal depends on income generated from economic activities. A slowdown in economic activity may result in job losses and inability of households to pay for services, leading to reduced municipal revenues. Data on macroeconomic performance, especially the information on sectoral growth and employment, is useful for municipalities' revenue and expenditure projections.

Mining plays an important role in the local economy with two of the World's largest Iron Ore and Manganese producing mines found in the District. An estimated value of more than 70% of employment comes from the Mining Sector. This estimate was based on Standardised data (Quantec Research, 2008). Finance & Business Services, Wholesale & Retail Trade, Transport, Communication and Community, Personal and Other Services also play an important role in the local economy.

KATHU INDUSTRIAL PARK

According to KIP the following proposals are very crucial with regard to industrial development in the municipality:

- Local Business Investment climate must be improved;
- Investing in Hard Strategic Infrastructure;
- Building skills and expertise through shaping private public partnerships;
- Encouragement of new enterprise;
- Promotion of inward investment;
- Sector Development; and
- Safety and environmental management.

Instead, LED has a very strong strategic character and it essentially involves the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all. It is therefore in essence not a "thing we do" but rather a "way we do things". Good practice in local economic development (LED) suggests that LED is a community activity whose success is closely linked to community cohesion and effective community economic governance. As such, LED in actual fact is not a municipal function and the implementation of this Strategy cannot simply be allocated to the municipality. Instead, the Constitution places an obligation upon communities to assume greater responsibility for LED. Herein lies one of the key requirements of a successful LED Strategy, namely to have a set of properly constituted structures in place that deal with the local economy, such as a properly functioning Business Chambers or pro-active Forums.

Economic Activity by Sector			
Sector	year 2018/19	year 2019/20	R '000
			Year 2020/21
Agric, forestry and fishing	3.2	3.6	4.2
Mining and quarrying	72.4	72	72.5
Manufacturing	3	1	1.5
Wholesale and retail trade	6.2	4	4.2
Finance, property, etc.	3.2	5	5.2
Govt, community and social services	6.3	10	10.0
Infrastructure services	10.4	6	6.1
Total	104.7	100	103.7
		T 3.11.2	

Total employment by sectors in Gamagara Local Municipality (NUMBERS)	
Agriculture	1,588
Mining	5,450
Manufacturing	1,150
Electricity	8,70
Construction	1,270
Trade	3,270
Transport	6,08
Finance	1,250
Community services	6,650
Households	1,130
Total	36,538

• Source: IHS Markit Regional eXplorer version 1990

This performance area entails the district strategic approach to LED by exploiting its economic comparative advantage in order to contribute to the growth and development of the region, province and national economy. Economic sectors which offer the district the comparative advantage provide opportunities for economic growth of which, if explored through forms of direct and/or fixed investment can result in job creation and poverty alleviation in the region. Facilitation, support and capacity building programmes to businesses is one of the most critical factors of this performance area.

Jobs Created during Year 2020/21 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Initiative A (2020/21)				
Hydroponics	5	5	0	Research
Initiative B (2020/21)				
Hydroponics	35	15	20	Research
Internship	33	23	10	contract ended
Hospitality	18	0	18	on going training
B. Ed	12	1	11	on going training
Nursing	5	0	5	on going training
Initiative C (2020/21)				
Skills Development	147	5	142	on going training
Women in mining	10	0	10	on going training
Furniture manufacturing	13	5	8	on going training
Waste Management	12	12	0	abundant site
Poultry	12	2	10	resignation
bricks manufacturing	55	25	20	resignation and death
Bee Hive	12	7	5	resignation
Tourism Youth Ambassador	2	1	1	Appointed
Green Feed Economy	147	0	147	on going training
				T.3.11.5

Key economic Opportunities and Potentials

- Construction of luxurious Entrepreneur Business Hub and envisage shopping mall at Deben
- Provide other areas with increased levels of economic activity throughout the entire municipality.
- Revitalization of potential areas in the Olifantshoek in terms of Tourism because they have dilapidated buildings that negatively affect investment.
- Construction of physical Markets and Service Facilities such as abattoirs, tanneries etc. to support rural development.
- Development of Mining supply park to establish a one-stop shop for all the mines around the municipality as well as the District.

- To establish markets for Farmers in other areas in order to ensure that the produce within rural finds consumers. The specifications of the market will be informed by the unique characteristics of the feeds and crops they produce.
- Establishment of a dry Logistics hub - One-stop site catering for all logistical requirements that includes a truck stop/inn

CHALLENGES

- Old strategies that need to be reviewed
- Lack of a shared conceptual understanding of what LED is;
- Lack of integration of sector plans as part of LED planning and implementation;
- Limited funding and financing for municipal LED programmes;
- Lack of an integrated approach in LED implementation;
- Uncoordinated project approach to developing local economies;
- Skills deficit, human resource challenges

Employees: Town Planning, IDP and Building Control Services						
Job Level	Year - 18/19	Year 19/20	Year - 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	0	#DIV/0!
7 - 9	1	1	1	1	0	0%
10 - 12	3	3	16	3	13	81%
13 - 15	2	2	6	2	4	67%
16 - 18	0	0	1	0	1	100%
19 - 20	0	0	0	0	0	#DIV/0!
Total	6	6	24	6	18	75%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.10.4

Town Planning, IDP and Building Control Services have been combined for reporting purposes. And no appointment has been made for the year under review.

Financial Performance 2020/21: Local Economic Development Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	1,336,740	2,559,344	1,463,884	1,469,257	-74%
Repairs and Maintenance	-	-	-	-	
Other	30,273	41,316	14,855	1,699	-2332%
Total Operational Expenditure	1,367,013	2,600,660	1,478,739	1,470,955	-77%
Net Operational Expenditure	1,367,013	2,600,660	1,478,739	1,470,955	-77%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3,11.9

Component D: Community and Social Services

The purpose of the department is responsible for rendering integrated community services to enhance community development in general and promote a clean and safe environment

3.11. Libraries, Archives, Museums, Galleries, Community Facilities, Others

Gamagara Local Municipality is providing library services in an agency basis for the Northern Cape department of Sports, Arts and Culture. The main objective is to provide and improve library infrastructure and services to our communities. Improve staff capacity in our libraries in order to respond to community knowledge and information. To promote reading and making libraries accessible to communities.

Library services is accessible to almost all the towns within Gamagara Local Municipality. Library Services are accessible weekdays. But since Covid 19 intervened, the libraries were closed per stipulated by regulations.

Employees: Libraries; Archives and Fleet Services						
Job Level	Year - 18/19	Year- 19/20	Year- 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0	#DIV/0!
4 – 6	12	12	20	12	8	40%
7 – 9	2	1	1	1	0	0%
10 – 12	3	4	6	4	2	33%
13 – 15	1	1	2	1	1	50%
16 – 18	0	0	0	0	0	#DIV/0!
19 – 20	0	0	0	0	0	#DIV/0!
Total	18	18	29	18	11	38%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						
						T 3.12.4

The number of employee for the year under review remains the same of the previous financial year.

Financial Performance 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
					R'000
Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	280,683	1,119,302	1,103,972	1,776	-62909%
Expenditure:					
Employees	5,346,962	4,631,029	4,554,846	4,520,091	-2%
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	87,312	688,046	166,671	19,107	-3501%
Total Operational Expenditure	5,434,275	5,319,075	4,721,517	4,539,197	-17%
Net Operational Expenditure	5,153,592	4,199,773	3,617,545	4,537,421	7%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.12.5

3.12. Cemeteries and Crematoriums

This section's main focus is to provide cemetery services to Gamagara Local municipality by ensuring that graves are readily available in well maintained cemeteries.

GAMAGARA LOCAL MUNICIPALITY HAS RESPONSIBILITY TO:

- ❖ Maintain and upgrade cemeteries' current system to ensure services to the communities.
- ❖ Ensure that cemeteries are well maintained.
- ❖ To continuously update and keep records of cemetery register.

There are currently 9 cemeteries in Gamagara Local Municipality, 5 active and 4 inactive. The municipality does not have any crematorium.

The main challenges faced are vandalism, theft of fences and cemetery administration. The municipality does not have resources to effectively deal with these issues due to lack of funds to deploy security in our cemeteries. Regular inspections are done to decrease the rate of vandalism and theft. Consultation is in progress to determine a suitable booking system and cemetery administration.

The cemetery registers are updated regularly. The cemeteries do not have staff that is allocated for them. We are using Parks employees to dig the graves and also CWP assisting in cleaning and maintaining cemeteries in Kathu, Olifantshoek and Dibeng.

COMMENT ON THE PERFORMANCE OF THE CEMETERIES.

The municipality's cemeteries are well managed and maintained even though vandalism and theft are increasingly problematic in some of the cemeteries. Training is in progress to improve the administration at the cemeteries further. The tariff to obtain graves for indigent funerals is guided by the tariffs policy.

CEMETERIES STATISTICS 2020/21

2020/21													
Grave site location	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APRI	MAY	JUNE	Total burials
Kathu	7	8	8	4	3	5	3	5	7	1	5	8	64
Olifantshoek	10	6	8	3	10	10	4	15	9	7	6	8	96
Deben	10	6	7	6	15	17	9	3	11	18	13	11	126
Total overall burials graves for all areas													286

INCOME GENERATED FROM CEMETERIES 2020/21

GRAVE SITE LOCATION	NUMBER OF BURIALS AND RESERVED GRAVES	INCOME
Olifantshoek, Kathu, Deben	286 and 19 reserved graves	R 58 441.00 Excl
Total amount of burial		R 67 207,15 Incl

Employees: Parks and Recreation, Cemeteries and Crematoriums						
Job Level	Year -18/19		Year-19/20	Year- 20/21		
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0	#DIV/0!
4 – 6	0	0	58	95	-37	-64%
7 – 9	0	0	8	8	0	0%
10 – 12	0	0	10		10	100%
13 – 15	0	0	1	1	0	0%
16 – 18	0	0	0	0	0	#DIV/0!
19 – 20	0	0	0	0	0	#DIV/0!
Total	0	0	77	104	-27	-35%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T 3.13.4</p>						

Cemeteries and Crematoriums Services are rendered through Parks and Recreation section refer to table and the number of employee has increased under the year of review due to the absorption of the EPWP contract workers.

Financial Performance 2020/21 Cemeteries and Crematoriums					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	30,997	41,800	67,907	62,422	33%
Expenditure:					
Employees	-	-	-	-	0%
Repairs and Maintenance	-	-	-	-	0%
Other	-	129,599	28,300	28,300	0%
Total Operational Expenditure	-	129,599	28,300	28,300	0%
Net Operational Expenditure	-30,997	87,799	-39,607	-34,122	357%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.13.5

3.13. Health Inspections

TJG District Municipality took over the whole function with all the associated responsibilities and Gamagara have cease to render Environmental Health Services.

Employees: Health Inspection and Etc						
Job Level	Year -18/19	Year-19/20	Year-20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0		0	0	0	#DIV/0!
4 - 6	0		0	0	0	#DIV/0!
7 - 9	0		0	0	0	#DIV/0!
10 - 12	0		0	0	0	#DIV/0!
13 - 15	1	1	1	1	0	0%
16 - 18	0		0	0	0	#DIV/0!
19 - 20	0		0	0	0	#DIV/0!
Total	1		1	0	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						
T 3.19.4						

Financial Performance 2020/21: Health Inspection and Etc					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,167	14,163	9,213	2,780	-409%
Expenditure:					
Employees					#DIV/0!
Repairs and Maintenance	-	-	70,000	22,437	100%
Other	-	-	475,000	441,833	100%
Total Operational Expenditure	-	-	545,000	464,270	100%
Net Operational Expenditure	-5,167	-14,163	535,787	461,490	103%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					73.19.5

3.14 Environmental Control

The main functions of this section comprise the following:

Inspection for compliance of submitted EIA's and approval and comments on EIA's. Inspections of residential, commercial and industrial premises which poses a risk of soil, air or water pollution.

Control and sampling of potable water sources and distribution and sewage effluent compliances with SANS 241 and National Standards. Advices Technical Services department of non-compliance issues and steps to be taken to rectify the non-compliance issues.

Building control – compliance of plans with SANS 204 for Energy efficiency and general environmental health control compliance which include ventilation, lighting, waste management, etc.

Unfortunately, for the financial year under review, Gamagara did not part take on the Greenest Town competition.

3.13 Traffic and Road Safety

The aim of the traffic and Security Services is to promote road safety, conducting school campaigns and public education, pro-active traffic policing, roadblocks and to ensure sound financial matters by collecting fine revenue. Gamagara Local municipality is rendering these services on an agency basis with the Northern Cape Department of Roads, Transport, safety and Liaison

Traffic service statistics

Details	2018/19	2019/20	2020/21
Number of road traffic accidents during the year	305	191	348
Number of by-law infringements attended	10	25	6
Number of traffic officers in the field on an average day	3	2	2
Number of traffic officers on duty on an average day	6	8	8

Traffic Violations Summonses Issued	2018/19	2019/20	2020/21
Section 56 Summonses	1041	1444	808
Speed	228	340	60
Other	30	55	105
Robot	30	37	30
Violation of Traffic law	45	46	51
Violation of traffic signs	65	21	31
TOTAL	1439	1943	1085

Total income from Traffic Court	2018/19	2019/20	2020/21
Ball Money	0	0	0
Admission of Guilt paid (Criminal)	0	0	0
Contempt of Court	0	0	0
Warrants of Arrest	275	169	332

Arrests (Driving under the influence of intoxicating liquor)	2018/19	2019/20	2020/21
Males	12	18	0
Females	3	2	0
Others	3	9	13
TOTAL	18	29	13
Escorts	45	55	32

	2018/19	2019/20	2020/21
Cases withdrawn by Senior Public Prosecutor as a result of	14	24	29
Representations	Court	Court	Court
Section 56 Summonses	11	mentioned	Mentioned
Section 431 Notices	0	0	0
Camera Cases	0	0	0
TOTAL	25	24	29

CHALLENGES

- The section critically understaffed insofar as law – enforcement officers is concerned;
- The lack of traffic uniform (officers not properly presentable);
- Speed apparatus not calibrated (cost containment issues appears to be the hiccup);
- The absence of 24/7 speed camera systems;

3.14. Disaster Management

The local municipality is responsible for co ordination in consultation with the John Taolo Gaetsewe District Municipality.

Financial Performance 2020/21: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	95,000	-	-	-	0%
Expenditure:					
Employees	859,514	7,276,984	12,321,441	12,621,965	42%
Repairs and Maintenance	-	2,000,000	1,397,885	-	0%
Other	8,706,940	-	228,000	1,277,252	100%
Total Operational Expenditure	9,566,454	9,276,984	13,947,326	13,899,218	33%
Net Operational Expenditure	9,471,454	9,276,984	13,947,326	13,899,218	33%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.22.5

3.15. Sports and Recreation

Introduction to Sports and Recreation

The Sport and Recreation section is responsible to establish a positive attitude in the community, towards sport and recreation and to encourage community involvement and interest in sport and recreation.

Main service delivery programmes includes:

- To ensure good sports administration and management
- To provide and ensure quality and good standard sport facilities of a high standard to encourage their use by the community

Employees: Sport, Recreation Facilities and Municipal buildings						
Job Level	Year - 18/19	Year - 19/20	Posts	Year - 20/21		
	Employees	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	No.	%
0 – 3					0	
4 – 6	8	32	19	32	-13	-68%
7 – 9	0	0	2	0	2	100%
10 – 12	0	1	4	1	3	75%
13 – 15	2	1	2	1	1	50%
16 – 18		0	0	0	0	#DIV/0!
19 – 20		0	0	0	0	#DIV/0!
Total	10	34	27	34	-7	-26%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.23.3</p>						

The total numbers of employees for year 2020/2021 has increased due to the absorption of the EPWP contract workers

Financial Performance 2020/21: Sport and Recreation					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,167,482	1,058,135	-	-	#DIV/0!
Expenditure:					
Employees	19,630,791	13,411,325	21,665,173	21,913,199	39%
Repairs and Maintenance	-	34,597	11,520	-	#DIV/0!
Other	251,134	2,946,803	4,058,632	48,766,889	94%
Total Operational Expenditure	19,881,925	16,392,725	25,735,325	70,680,087	77%
Net Operational Expenditure	18,714,443	15,334,590	25,735,325	70,680,087	78%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.23.4

3.16. Executive and council

Employees: The Executive and Council						
Job Level	Year - 18/19	Year- 19/20	Posts	Year 20/21		
	Employees	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	No.	%
0 - 3	0	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	0	#DIV/0!
7 - 9	6	4	4	4	0	0%
10 - 12	5	5	5	4	1	20%
13 - 15	3	1	1	1	0	0%
16 - 18	0	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	0	#DIV/0!
Total	14	10	10	9	1	10%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						
						T 3.24.4

The total numbers of employees for year 2020/21 is slightly different from the total number of the previous financial years due to overlapping positions within different sections of the municipality. The vacancy rate calculations is standing at zero percent because there were no funded positions during the financial year review due to budget constrain.

Financial Performance 2020/21: The Executive and Council					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					-17%
	63,869,961	85,695,898	83,400,452	73,493,932	
Expenditure:					
Employees					-309%
	2,673,968	9,837,113	4,144,905	2,406,242	
Repairs and Maintenance					#DIV/0!
	-	-	-	-	
Other					-98%
	15,673,137	29,063,624	17,205,153	14,657,431	
Total Operational Expenditure					-128%
	18,347,105	38,900,737	21,350,058	17,063,672	
Net Operational Expenditure					17%
	45,522,856	46,795,161	62,050,394	56,430,260	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.24.5

Capital Expenditure Year 2020/21: The Executive and Council					
					R' 000
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	1,223,874	1,223,874	#DIV/0!	
Information and Communication Infrastructure (Billboards)	-	1,223,874	1,223,874	#DIV/0!	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.24.6

3.17. Financial Services

Introduction to Financial Services

The departments is responsible for the administration of finance in accordance to MFMA and GRAP Standards.

Employees: Financial Services						
Job Level	Year -18/19	Year-19/20	Posts	Year 20/21		
	Employees	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	No.	%
0 – 3	1	1	0	0	0	#DIV/0!
4 – 6	3	3	29	11	18	62%
7 – 9	6	8	13	6	7	54%
10 – 12	7	15	10	11	-1	-10%
13 – 15	9	15	14	11	3	21%
16 – 18	11	21	2	2	0	0%
19 – 20	18	30	0	0	0	#DIV/0!
Total	55	93	68	41	27	40%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>						
						T 3.25.4

The total numbers of employees for year 20/21 is slightly different from the total number of the previous financial years due to overlapping positions within different sections of the municipality. The vacancy rate calculations is standing at zero percent because there were no funded positions during the financial year review due to budget constrain.

Financial Performance 2020/21 Financial Services					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					-35%
	121,045,361	171,067,217	128,668,276	126,613,368	
Expenditure:					
Employees					6%
	28,046,092	24,127,057	25,168,916	25,612,052	
Repairs and Maintenance					#DIV/0!
	-	-	-	-	
Other					27%
	42,730,230	45,310,243	51,273,538	62,281,559	
Total Operational Expenditure					21%
	70,776,322	69,437,300	76,442,454	87,893,612	
Net Operational Expenditure					-162%
	50,269,039	101,629,917	52,225,822	38,719,756	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

3.18. Human Resources Services

Employees: Human Resource Services						
Job Level	Year - 18/19	Year- 19/20	Year - 20/21			
	Employee s	Employee s	Posts	Employee s	Vacancies (fulltime equivalents)	Vacancie s (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3		0	0	0	0	#DIV/0!
4 - 6		0	0	0	0	#DIV/0!
7 - 9		0	0	0	0	#DIV/0!
10 - 12	6	6	11	7	4	36%
13 - 15	1	1	1	1	0	0%
16 - 18		0	0	0	0	#DIV/0!
19 - 20		0	0	0	0	#DIV/0!
Total	7	7	12	8	4	33%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.						
						T3.26.4

The total numbers of employees for year 2020/21 is slightly different from the total number of the previous financial years due to overlapping positions within different sections of the municipality. The vacancy rate calculations is standing at zero percent because there were no funded positions during the financial year review due to budget constrain.

Financial Performance 2020/21 Human Resource Services					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	1,365,998	15,866,533	4,112,385	6,750,619	-135%
Repairs and Maintenance					#DIV/0!
Other	2,629,407	4,115,508	2,633,961	2,125,445	-94%
Total Operational Expenditure	3,995,405	19,982,041	6,746,346	8,876,064	-125%
Net Operational Expenditure	3,995,405	19,982,041	6,746,346	8,876,064	-125%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.26.5

3.19. Information and Communication Technology

Employees: ICT Services						
Job Level	Year - 18/19	Year- 19/20	Year- 20/21			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3		0	0	0	0	#DIV/0!
4 - 6		0	0	0	0	#DIV/0!
7 - 9		0	0	0	0	#DIV/0!
10 - 12	1	2	4	4	0	0%
13 - 15	2	2	2	2	0	0%
16 - 18		0	0	0	0	#DIV/0!
19 - 20		0	0	0	0	#DIV/0!
Total	3	4	6	6	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

Financial Performance 2020/21: ICT Services					
Details	2019/20		2020/21		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	133,424	1,987,069	1,976,677	1,972,112	-1%
Repairs and Maintenance	-	-	150,000	77,343	100%
Other	3,015,455	4,618,387	2,061,295	1,903,818	-143%
Total Operational Expenditure	3,148,879	6,605,456	4,187,972	3,953,273	-67%
Net Operational Expenditure	3,148,879	6,605,456	4,187,972	3,953,273	-67%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.27.5

3.20. Annual Performance Report

The section is compiled as in accordance to the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2) as well as the MFMA Circular 11 of the annual reporting. It covers the performance information from 01 July 2020 to 30 June 2021 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review. It further reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2020/2021.

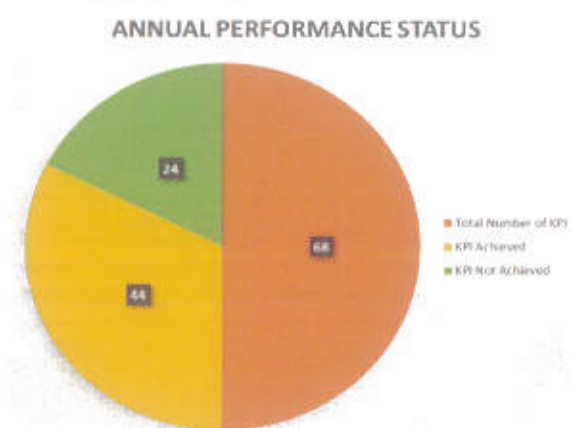
In line with the strategic priorities of local government, the municipality's performance for the 2020/ 2021 financial year has been arranged to the following Key Performance Areas (KPA):

- Basic Service Delivery and Infrastructure Investment ;
- Municipal financial viability
- Good governance and Public Participation
- Municipal transformation and Institutional Development
- Community safety, Development and Sustainable environment and
- Local Economic Development

The KPA's are divided into measurable and achievable Key Performance Indicators (KPI's) to ensure that the KPA's are achieved. 68 KPI's were identified and adopted as implementable. Only 44 (65%) of the KPI's were achieved and 24(35%) were not achieved.

3.20.1 General Depiction Performance Analysis

Over the year under review, GLM committed to a total of 68 targets. Of the 68 targets committed to, 44 were achieved and 24 were not achieved.



3.20.2 Performance Level of the Municipality

KEY PERFORMA NCE AREA	NO OF KPI	NO OF KPI ACHIEVED	NO OF KPI NOT ACHIEVED	KPI DEFERRED	% ACHIEVED 2019/20	% ACHIEVED 2020/21	% Variance
Basic Services and Infrastructure Investment	08	05	03	0	57%	63%	6% Improvement
Good Governance and Public Participation	18	14	04	0	82%	78%	4% Regression
Community Safety, Development and Sustainable Environment	08	06	02	0	33%	75%	42% Improvement
Municipal Financial Viability	18	09	09	0	61%	50%	11% Regression
Institutional Transformation	12	06	06	0	30%	50%	30% Improvement
Local Economic Development	04	04	0	0	66%	100%	34% Improvement
Total	68	44	24	0	55%	65%	10% Improvement

3.20.3 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The full analysis of the municipality's performance against its commitments set in the Service Delivery Budget Implementation Plan (SDBIP) for the 2020/21 financial year is presented in the table below.

DEPARTMENT: PUBLIC WORKS AND SERVICES													
NATIONAL KEY PERFORMANCE AREA: BASIC SERVICES AND INFRASTRUCTURE INVESTMENT													
STRATEGIC OBJECTIVE: IMPROVE LIFE FOR ALL THROUGH SUSTAINABLE INFRASTRUCTURE INVESTMENT AND DEVELOPMENT													
KPI No	IDP Programme	Ward	Key Performance Indicator	Baseline	Unit of Measurement	Budget	Output	Previous Year 01 st July 2019-30 June 2020	Overall Performance 01 st July 2020-30 June 2021		Reason for deviation	Remedial Action	POE'S
								Actual Performance 2019/20	Annual Projected Target 2020/21	Actual Performance 2020/21			
PW5001	Energy Efficiency (DSM)	All	% work done in implementing Energy Efficiency Demand System Management Plan by 30 June 2021	2019/20 work done	Percentage	R4,500 000.00	Energy Efficiency Demand System Management Plan Completed with Installation of 772 LED Streetlight Fittings	Achieved 4 Quarterly reports on the energy efficiency project	100% work done in implementing Energy Efficiency Demand System Management Plan by 30 June 2021	Achieved 100% work done in implementing Energy Efficiency Demand System Management Plan	Not Applicable	Not Applicable	Delivery Notes and Proof of Payment,

PWS002	Electrification of 1265 stands: Residential Development	All	% work done in Connecting 800 houses to electricity by 30 June 2021	2019/20 work done	Project Phases in Percentages	R 20 000 000.00	50% Work done MV Reticulation	Achieved 4 Quarterly reports on the Supply Cable for electrification of 1265 Stands	100% work done in Connecting 800 stands to electricity by 30 June 2021	Not Achieved 50% of Network Installation work done	Due to delays on Civil work	Speed up the work of the Civil Contractor. So that the Electrical work can be done	Project Progress reports,
PWS003	Upgrading of Bulk Electricity supply	All	% of work done in Upgrading of Bulk Electricity supply in Olifantshoek by 30 June 2021	New project	Project Phases in Percentage	R 23 000 000.00	5% Design work in Upgrading of Bulk Electricity supply in Olifantshoek	Not applicable in the previous Financial Year	50 % of work done in Upgrading of Bulk Electricity supply in Olifantshoek by 30 June 2021	Not Achieved	Due to outstanding Eskom account payment, the project is on hold	Settle Eskom account	Correspondence letter from Eskom
PWS004	Upgrade of Internal road	All	Number of meters of the work done in Upgrading of Internal Roads in Dibeng by 30 June 2021	1 km Completed	Project Phases in meters	R 1 029 000.00	880m of internal roads Upgraded in Dibeng	Achieved	880m of internal roads Upgraded in Dibeng by 30 June 2021	Achieved 880m of internal roads Upgraded in Dibeng	Not Applicable	Not Applicable	Project Progress reports

PWS005	Provision of alternative water source	Word 3 & 4	% of the work done in Refurbishment of 3ML water reservoir, fencing and replacement of asbestos bulk water pipeline in Olifantshoek by 30 June 2021	New Project	Project to be done in Phases	R 13 500 000.00	100% work done in Refurbishment of 3ML water reservoir, fencing and replacement of asbestos bulk water pipeline	Not applicable in the previous Financial Year	100 % Refurbishment of 3ML water reservoir, fencing and replacement of asbestos bulk water pipeline 30 June 2021	Achieved 100% work done in Refurbishment of 3ML water reservoir, fencing and replacement of asbestos bulk water pipeline	Not Applicable	Not Applicable	Advert, and Project Progress reports
PWS006	Provision of alternative water source	Word 1, 5 & 6	% of the work done in Replacement of Asbestos Pipe in Mapoteng and Kathu by 30 June 2021	New Project	Project to be done in Phases	R 6 200 000.00	100% Replacement of Asbestos Pipe in Mapoteng and Kathu	Not applicable in the previous Financial Year	100% Replacement of Asbestos Pipe in Mapoteng and Kathu by 30 June 2021	Achieved 100% Replacement of Asbestos Pipe in Mapoteng and Kathu	Not Applicable	Not Applicable	Project Progress reports, Close out report
PWS007	Provision of alternative water source	Word 3 & 4	% of the work done in construction of bulk water link line from 6 boreholes to 7ML reservoir in Olifantshoek by 30 June 2021	New Project	Project to be done in Phases (Phase 1) percentage	R 15 000 000.00	100 % work done on 6 boreholes to be connected in the bulk network to the water storage	Not applicable in the previous Financial Year	100 % work done on 6 boreholes to be connected in the bulk network to the water storage by the 30 June 2021	Achieved 100 % work done on 6 boreholes to be connected in the bulk network to the water storage	Not Applicable	Not Applicable	Appointment Letter and Project Progress reports

PWS006	Provision of alternative water source	Word 2	% of the work done in provision of full waterborne sanitation in Dlabeng for 797 stands by 08 Oct 2021	New project	Percentage	R 11 803 000.00	20% of the work done (Procurement Processes and appointment of the contractor	Not applicable in the previous Financial Year	100% Provision of full waterborne sanitation for 797 stands by 08 October 2021	Not Achieved	Contractor not performing, Municipality to terminate the Contract	Municipality terminated the Contract with Thenga Holdings (PTY) LTD	Advert, Appointment Letter, Termination Letter
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DEPARTMENT: COMMUNITY SERVICES													
NATIONAL KEY PERFORMANCE AREA: COMMUNITY SAFETY, DEVELOPMENT & SUSUTAINABLE ENIRONMENT													
STRATEGIC OBJECTIVE: TO FACILITATE THE DEVELOPMENT OF THE COMMUNITY PRO-ACTIVE IDENTIFICATION, PREVENTION, MITIGATION, FIRE AND DISASTER													
KPI No	IDP Programme	Ward	Key Performance Indicator	Baseline	Unit of Measurement	Budget	Output	Previous Year 01 st July 2019-30 June 2020	Overall Performance 01 st July 2020- 30 June 2021		Reason for deviation	Remedial Action	POE'S
								Actual Performance 2019/20	Annual Projected Target 2020/21	Actual Performance 2020/21			
CMS001	Water Samples	ALL	Number of monthly Water samples submitted for analysis	2019/20 water sample analysis	Number	OPEX	106 Water samples submitted for analysis	Achieved 168 Water samples submitted for analysis	72 water samples submitted for analysis	Achieved 106 Water samples submitted for analysis	Not applicable	Not applicable	Water samples analysis Report
CMS002	Sewage effluent samples	ALL	Number of monthly Sewage effluent samples submitted for analysis	2019/20 Sewage effluent samples	Number	OPEX	81 Sewage effluent samples submitted for analysis	Achieved 108 Sewage effluent samples submitted for analysis	72 Sewage effluent samples submitted for analysis	Achieved 81 Sewage effluent samples submitted for analysis	Not applicable	Not applicable	Sewage effluent samples analysis Report

CM5005	All		Number of Traffic Safety Awareness Programme at Schools by 30 June	New Indicator	Number	OPEX	Traffic Safety Awareness Programmes at Schools not conducted due to covid 19 pandemic	Not Achieved Traffic Safety Awareness Programme at Schools not conducted	4 Traffic Safety Awareness Programme at Schools by 30 June	Not Achieved Traffic Safety Awareness Programme at Schools not conducted	Traffic Safety Awareness Programme at Schools, could not be conducted due to covid 19	Determine alternative methods of outreach	Not applicable	Not applicable	Stop and approaches reports and checklist	Removal of solid waste Report
CM5004	All	Stop and approaches	Number of Stop and approaches conducted by 30 June	New Indicator	Number	OPEX	2323 Stop and approaches conducted	Achieved Stop and approaches conducted	144 Stop and approaches conducted by 30 June	Achieved Stop and approaches conducted	Not applicable	Not applicable	Not applicable	Not applicable	Stop and approaches reports and checklist	Removal of solid waste Report
CM5003	All	Removal of volume of solid waste	Number of quarterly reports on removal of volume of solid waste by 30 June	2019/20 removal of volume of solid waste reports	Number	OPEX	4 quarterly reports on removal of volume of solid waste	Achieved 4 quarterly reports on removal of volume of solid waste	4 quarterly reports on removal of volume of solid waste by 30 June	Achieved 4 quarterly reports on removal of volume of solid waste	Not applicable	Not applicable	Not applicable	Not applicable	Stop and approaches reports and checklist	Removal of solid waste Report

DEPARTMENT: CORPORATE SERVICES												
NATIONAL KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
STRATEGIC OBJECTIVE: TO PROMOTE GOOD GOVERNANCE THROUGH ENHANCED STAKEHOLDER PARTICIPATION												
KPI No	IDP Programme	Word	Key Performance Indicator	Baseline	Unit of Measurement	Budget	Output	Previous Year 01 st July 2019-30 June 2020 Actual Performance 2019/20	Overall Performance 01 st July 2020- 30 June 2021 Annual Projected Target 2020/21 Actual Performance 2020/21	Reason for deviation	Remedial Action	POE's
CS001	Council Meetings	All	Number of quarterly ordinary Council meetings held by 30 June	10 Council Meetings held	Number	OpEx	5 Council meetings and 1 Special Council meeting held	Achieved	4 quarterly ordinary Council meetings held by 30 June	Not applicable	Not applicable	Minutes and Attendance registers
CS002	Portfolio Meetings	All	100% of Portfolio Meetings for which secretariat support is provided by 30 June 2020	100% secretariat support provided	Percentage	OpEx	100% secretariat support provided 5 Portfolio meeting held	Achieved	100% of Portfolio Meetings for which secretariat support is provided by 30 June	Not applicable	Not applicable	Minutes and Attendance registers

CS003	MPAC Meetings	All	Percentage of MPAC Meetings for which secretariat support is provided by 30 June	100% secretariat support provided	Percentage	OPEX	100% secretariat support provided 4 MPAC meetings held	Achieved	100% of MPAC Meetings for which secretariat support is provided by 30 June	Achieved	100% of MPAC Meetings for which secretariat support is provided by 30 June	Not applicable	Not applicable	Minutes and Attendance registers
CS004	Management Meetings	All	Number of bi-monthly Management meetings held	11 Management Meetings	Number	OPEX	10 Management meetings held	Achieved	08 bi-monthly Management meetings held by 30 June	Achieved	10 Management meetings held	Not applicable	Not applicable	Minutes and Attendance registers
NATIONAL KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT														
STRATEGIC OBJECTIVE: TO PROVIDE AN EFFECTIVE AND EFFICIENT RESOURCES BY ALIGNING OUR INSTITUTIONAL ARRANGEMENT TO OUT STRATEGY IN ORDER TO DELIVER QUALITY SERVICES														
CS005	Organisational Structure	All	Council approved organisational structure reviewed annually by 30 June	2019/20 approved organisational structure	Date	OPEX	Reviewed Organisational Structure approved Council	Achieved	Council approved organisational structure reviewed annually by 30 June	Achieved	Council approved Reviewed organisational structure	Not applicable	Not applicable	Reviewed organisational structure and Council Resolution

CS010	Customer Care	All	Percentage of progress made on the implementation of integrated customer care by 30 June 2020	100%	Percentage	OPEX	100% of progress made on the implementation of integrated customer care	Achieved 100% progress made on the implementation of integrated customer care	Percentage of progress made on the implementation of integrated customer care by 30 June 2020	Achieved Percentage of progress made on the implementation of integrated customer care by 30 June 2020	Not applicable	Not applicable	Reports on progress made on the implementation of integrated customer care
CS009	Appointmer's made three highest levels of management	All	Percentage of appointments made in the three highest levels of management approved employment equity plan by 30 June 2020	100%	Percentage	OPEX	In the Two vacant positions Only one position of the CFO was filled	Not Achieved 50% made in the three highest levels of management approved employment equity plan	Percentage of appointments made in the three highest levels of management approved employment equity plan by 30 June 2020	Not Achieved Percentage of appointments made in the three highest levels of management approved employment equity plan by 30 June 2020	To finalise the appointment of the Director Community	Interview reports and attendance registers	
CS007	Budget Spent on Training	All	Percentage of budget spent implementing WSP by 30 June	2019/20 Budget	Percentage	OPEX	1% Percentage of budget spent on scheduled training	Not Achieved	1% Percentage of budget spent on scheduled training by 30 June	Achieved 1% Percentage of budget spent on scheduled training by 30 June	Not applicable for the quarter	Not applicable for the quarter	Not applicable for the quarter
CS006	Workplace Skills Plan	All	Annual reviewed WSP submitted to LGSETA by 30 April	2019/20 WSP	Date	OPEX	WSP Submitted to LGSETA	Achieved	Annual reviewed WSP submitted to LGSETA by 30 April	Achieved Annual reviewed WSP submitted to LGSETA by 30 April	Not applicable for the quarter	Not applicable for the quarter	Not applicable for the quarter

CS011	Health and Safety policy	All	Number of quarterly progress reports on the implementation of Health and Safety policy imperatives by 30 June	2019/20 Reports	Number	OPEX	0 quarterly progress reports on the implementation of Health and Safety policy imperatives	Not Achieved	4 quarterly progress reports on the implementation of Health and Safety policy imperatives by 30 June	Not Achieved 0 quarterly progress reports on the implementation of Health and Safety policy imperatives by 30 June	Lack of capacity in the unit	Prioritise building capacity in the OHS unit	Not applicable
CS012	Employment Equity Plan	All	Reviewed employment equity plan submitted by 31 May	2019/20 Employment Equity Plan	Date	OPEX	Reviewed employment equity plan submitted to Dept. of Labour	Not applicable for the quarter	Reviewed employment equity plan submitted by 31 May	Achieved Reviewed employment equity plan submitted by 31 May	Not applicable	Not applicable	Acknowledgment of Receipt
CS013	Municipal Website	All	Number of quarterly reports on the updating of information on the Municipal Website by 30 June	2019/20 Information uploaded	Number	OPEX	0 quarterly reports on the updating of information on the Municipal Website	Not Achieved	4 quarterly reports on the updating of information on the Municipal Website by 30 June	Not Achieved 0 quarterly reports on the updating of information on the Municipal Website by 30 June	ICT Steering Committee responsible for Coordination is not functional	Strengthen ICT Steering Committee in the next Financial Year	Not applicable
CS014		All	Number of progress reports on the developed ICT Master plan submitted by 30 June 2020	2019/20 ICT Master plan progress reports	Number	OPEX	0 progress reports on the developed ICT Master plan	Not Achieved	4 progress reports on the developed ICT Master plan submitted by 30 June 2020	Not Achieved 0 progress reports on the developed ICT Master plan submitted by 30 June 2020	Lack of capacity in the unit	Prioritise building capacity in the IT unit	Not applicable

CS015	HR Policies and Strategy	All	Development of Human Resource Strategy and Implementation Plan by 30 June	2019/20 Human Resource Strategy	Date	OPEX	Draft HR Strategy	Not applicable for the quarter	HR Strategy developed and approved by Council by 30 June	Not Achieved HR Strategy developed but not approved by Council	HR Strategy requires extensive consultation within the institution. Covid 19 hampered with the planned work	Determine alternative methods of outreach	Not applicable
CS016	Facility Management	All	Development of Facilities management and maintenance plan by 30 June	Not Applicable	Date	OPEX	Draft Facilities Maintenance plan	Not Achieved	Development of Facilities management and maintenance plan by 30 June	Not Achieved Development of Facilities management and maintenance plan by 30 June	Development of Maintenance plan for Facilities requires extensive consultation within the institution. Covid 19 hampered with the planned work	Determine alternative methods of outreach	Not applicable
CS017	Municipal Fleet	All	Number of quarterly reports on fleet maintenance by 30 June	Not Applicable	Percentage	OPEX	4 quarterly reports on fleet maintenance	Achieved quarterly report on fleet maintenance	4 quarterly reports on fleet maintenance by 30 June	Achieved 4 quarterly reports on fleet maintenance	Not applicable	Not applicable	Copy of report on fleet maintenance

DEVELOPMENT AND TOWN PLANNING											
NATIONAL KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
STRATEGIC OBJECTIVE: TO PROMOTE GOOD GOVERNANCE THROUGH ENHANCED STAKEHOLDER PARTICIPATION											
KPI No	ID# Programme	Word	Key Performance Indicator	Baseline	Unit of Measurement	Budget	Output	Previous Year 01 st July 2019-30 June 2020			POE's
								Actual Performance 2019/20	Annual Projected Target 2020/21	Actual Performance 2020/21	
ED001	Building Control By Law	All	Building control by-law developed by 30 June 2021	New indicator	Date	OPEX	Developed Building control by-law	Not Achieved	Building control by-law developed by 30 June 2021	Achieved	Reason for deviation Not applicable Remedial Action Not applicable Building control by-law
ED002	Building control progress reports	All	12 Monthly building control progress reports submitted by 30 June 2021	New indicator	Number of reports	OPEX	12 Monthly building control progress reports	Achieved 3 Monthly control reports	12 Monthly building control progress reports submitted by 30 June 2021	Achieved 12 Monthly building control progress reports	Monthly building control progress reports
ED003	Reports submitted to DMPT	All	Number of quarterly DMPT progress reports submitted to Local Municipalities by 30 June 2021 (DMPT APPLICATIONS)	2019/20 reports to DMPT	Number of reports	OPEX	DMPT progress reports submitted to Local Municipality	Achieved DMPT progress reports submitted to Local Municipality	4 quarterly DMPT progress reports submitted to Local Municipality by 30 June 2021	Achieved DMPT progress reports submitted to Local Municipality	Copy of DMPT progress reports

ED04	DMPT Agreement	All	DMPT Agreement reviewed by 30 June 2021	DMPT Agreement was reviewed however Council took a resolution to have its own DMPT	Not applicable in the previous Financial Year	DMPT Agreement reviewed by 30 June 2021	Achieved DMPT Agreement reviewed	Not applicable	Not applicable	DMPT Agreement reviewed
ED05	Spatial Development Framework	All	Spatial Development Framework developed by 30 June 2021	Spatial Development Framework reviewed and approved by Council	Achieved	Spatial Development Framework reviewed by 30 June 2021	Achieved Council Approved Spatial Development Framework	Not applicable	Not applicable	Spatial Development Framework
ED06	Town planning progress report	All	Number of quarterly town planning progress report submitted by 30 June 2021	4 quarterly progress report on town planning	Achieved	4 quarterly progress report on town planning by 30 June 2021	Achieved 4 quarterly progress report on town planning	Not applicable	Not applicable	Quarterly progress report on town planning
ED07	Land-use Management Scheme	All	Draft Land-use Management Scheme developed by 30 June	Draft Land-use Management Scheme	Not Achieved	Draft Land-use Management Scheme developed by 30 June	Achieved Draft Land-use Management Scheme	Not applicable for the quarter	Not applicable for the quarter	Draft Land-use Management Scheme
ED08	Reports submitted to DMPT	All	Number of quarterly DMPT progress reports submitted to Local Municipalities by 30 June 2021 (DMPT APPLICATIONS)	4 DMPT progress reports submitted to Local Municipality	Achieved DMPT progress reports submitted to Local Municipality	4 quarterly DMPT progress reports submitted to Local Municipality by 30 June 2021	Achieved 4 DMPT progress reports submitted to Local Municipality	Not applicable	Not applicable	Copy of DMPT progress reports

ED0009	IDP Steering Committee Meetings	All	Number of quarterly IDP Steering Committee meetings held by 30 June 2021	2019/20 IDP Steering Committee	Number of meetings	OPEX	1 IDP Steering Committee meetings held	Achieved	4 quarterly IDP Steering Committee meetings held by 30 June 2021	Not Achieved	Due to late approval of IDP and Budget Process Plan	Encourage full participation of all IDP Champions and enforce strict consequence management	Attendanc e Registers and Minutes of the Meetings
ED0010	Human Settlement Sector Plan	All	Number of quarterly IDP Rep Forum Meetings held by 30 June 2021	2019/20 IDP Rep Forum	Number of meetings	OPEX	0 IDP Rep Forum meetings held	Achieved	4 quarterly IDP Rep Forum meetings held by 30 June 2021	Not Achieved	Due to late approval of IDP and Budget Process Plan	Encourage full participation of all IDP Champions and enforce strict consequence management	Attendanc e Registers and Minutes of the Meetings
ED0011	IDP Process plan	All	Annual Council approved IDP Process plan by 31 Aug 2020	2019/20 IDP Process plan	Date of approval	OPEX	IDP Process plan was approved by Council in Dec 2020	Not Achieved	Annual Council approved IDP Process plan by 31 Aug 2020	Not Achieved	Due to late approval of IDP and Budget Process Plan	Encourage full participation of all IDP Champions and enforce strict consequence management	Copy of the Process Plan and Council Resolution

ED0012	IDP and Budget Roadshows	All	Number of IDP and Budget Roadshows annually held by 31 May 2021	2019/20 IDP/Budget Roadshow meetings	Date of adoption	2019/20 IDP/Budget Roadshow meetings	Number of meetings	OPEX	All 7 wards consulted through IDP and Budget Roadshows	Achieved	7 IDP and Budget Roadshows annually held by 31 May 2021	Achieved	Achieved	Not applicable	Not applicable	Attendance Registers and Minutes of the Meetings
ED0013	Draft IDP	All	Draft IDP annually adopted by Council by the 31 March 2021	2019/20 IDP annually adopted	Date of adoption	2019/20 IDP annually adopted	Date of adoption	OPEX	Draft IDP was adopted by Council by the 31 March 2021	Achieved	Draft IDP annually adopted by Council by the 31 March 2021	Achieved	Draft IDP was adopted by Council by the 31 March 2021	Not applicable	Not applicable	Draft IDP and Council Resolution
ED0014	Final IDP	All	Final IDP annually adopted by Council by 31 May 2021	2019/20 IDP annually adopted	Date of adoption	2019/20 IDP annually adopted	Date of adoption	OPEX	Council did not form a quorum on the legislated date. And was later adopted by June 2021	Achieved	Final IDP annually adopted by Council by 31 May 2021	Not Achieved	Final IDP was not adopted by Council by 31 May 2021	Not applicable	Not applicable	Final IDP and Council Resolution

DEVELOPMENT AND TOWN PLANNING												
NATIONAL KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT												
STRATEGIC OBJECTIVE: CREATE A CONDUCIVE ECONOMIC DEVELOPMENT IN THE MUNICIPALITY												
KPI No	IDP Programme	Ward	Key Performance Indicator	Baseline	Unit of Measurement	Output	Previous Year 01 st July 2019-30 June 2020	Annual Projected Target 2020/21	Actual Performance 2020/21	Reason for deviation	Remedial Action	POI's
							Actual Performance 2019/20					
ED0015	LED Strategy	All	LED Strategy annually reviewed by 31 May	LED Strategy	Date of review	LED Strategy annually reviewed by 31 May 2021	Not applicable in the previous Financial Year	LED Strategy annually reviewed by 31 May	Achieved LED Strategy annually reviewed	Not applicable	Not applicable	Copy of the reviewed LED Strategy
ED0016	LED Strategy Implementation reports	All	Number of quarterly LED Strategy Implementation monitoring reports submitted by 30 June	New Indicator	Number of reports	4 LED Strategy Implementation monitoring report by 30 June 2021	Achieved LED Strategy Implementation monitoring report	4 quarterly LED Strategy Implementation reports submitted by 30 June	Achieved 4 LED Strategy Implementation monitoring report	Not applicable	Not applicable	Copy of LED Strategy Implementation monitoring reports
ED0017	Commonage Management policy	All	Commonage Management policy annually reviewed by 31 May	New Indicator	Date of review	Commonage Management policy reviewed	Not applicable in the previous Financial Year	Commonage Management policy annually reviewed by 31 May	Achieved Commonage Management policy annually reviewed	Not applicable	Not applicable	Copy of reviewed Commonage Management policy

ED0018	Commonage tariff structure	All
Commonage tariff structure annually reviewed by 31 May		
New Indicator		Date of reviewed
OPFX		
Commonage tariff structure reviewed by 31 May 2021		
Not applicable in the previous financial Year		
Commonage tariff structure annually reviewed by 31 May		
Achieved		Commonage tariff structure reviewed
Not applicable		
Not applicable		
Not applicable		Copy of reviewed Commonage tariff structure

DEPARTMENT: FINANCIAL SERVICES														
NATIONAL KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY														
STRATEGIC OBJECTIVE: TO ENSURE THE FINANCIAL SUSTAINABILITY OF THE MUNICIPALITY IS IN ORDER AND TO ADHERE TO STATUTORY REQUIREMENTS														
F5001	Audit Action Plan	All	Annual Audit Action Plan approved by 31 Jan 2021	2019/20 Audit Action Plan	Date	OFEX	Output	Previous Year 01 st July 2019-30 June 2020		Overall Performance 01 st July 2020-30 June 2020 ¹		Reason for deviation	Remedial Action	POE'S
								Actual Performance 2019/20	Annual Projected Target 2020/21	Actual Performance 2020/21				
				Annual Audit Action Plan was not approved by the 31 Jan because Audit Finalised late to due extensions caused by Covid 19				Achieved	Annual Audit Action Plan approved by 31 Jan 2021	Not Achieved	Annual Audit Action Plan was not approved by 31 Jan 2021 ¹	Audit Finalised late to due extensions caused by Covid 19	Not applicable	Not applicable

FS002	Audit Action Plan Implementation	All	Number of bi-annual consolidated Audit Action Plan progress updates submitted by 30 June 2021	2019/20 progress report	Date	OPEX	2 bi-annual consolidated Audit Action Plan progress updated	Achieved	2 bi-annual consolidated Audit Action Plan progress by 30 June 2021	Achieved Audit Action Plan updated	Not applicable	Not applicable	Updated Audit Action Plan
FS003	Annual Financial Statements	All	Annual Financial Statements submitted to Auditor General by 31 Aug 2020	2019/20 Annual Financial Statements	Date	OPEX	Annual Financial Statements were not submitted to Auditor General on the 31 August 2020 due to extensions caused by Covid 19	Achieved	Annual Financial Statements submitted to Auditor General by 31 Aug 2020	Not Achieved Annual Financial Statements submitted to Auditor General on the 31 October	Submission date extended due to Covid 19	Not applicable	Acknowledgement of Receipt
FS004	Revenue Enhancement Strategy	All	Annual review Revenue enhancement strategy by 31 Sept 2020	2019/20 Strategy	Date	OPEX	Revenue enhancement strategy approved by Council	Achieved	Council approved revenue enhancement strategy by 30 Sept 2020	Achieved Council approved revenue enhancement strategy	Not applicable	Not applicable	Copy of the Strategy and Council Resolution

FS007	payment of trade creditors	All	Average number of days of payment of trade creditors from receipt of invoice by 30 June 2021	2019/20 reports	Date	OPEx	86% electricity meters read	Achieved	90% monthly electricity meters read by 30 June 2021	Not Achieved	86% electricity meters read	Meters not read due to Customers failing to give access to the properties and inaccessible meters	The municipality wrote letters to customers and explaining the consequence of not giving us access	Copy of the electricity meters read
FS006	Water meters read	All	Percentage of monthly water meters read by 30 June 2021	2019/20 reports	Percentage	OPEx	78% water meters read	Achieved	80% monthly water meters read by 30 June 2021	Not Achieved	78% water meters read	Meters not read due to Customers failing to give access to the properties and inaccessible meters	The municipality wrote letters to customers and explaining the consequence of not giving us access	Copy of the water meters read
FS005	Electricity meters read	All	Percentage monthly electricity meters read by 30 June 2021	2019/20 reports	Percentage	OPEx	86% electricity meters read	Achieved	90% monthly electricity meters read by 30 June 2021	Not Achieved	86% electricity meters read	Meters not read due to Customers failing to give access to the properties and inaccessible meters	The municipality wrote letters to customers and explaining the consequence of not giving us access	Copy of the electricity meters read

FS011	Payment of salaries	All	2019/20 reports	Date	OPEX	12 payments of salaries by the 25th of every month	Achieved	12 payments of salaries by the 25th of every month	Achieved	12 payments of salaries by the 25th of every month	Achieved	12 payments of salaries by the 25th of every month	None	None	Salary reports
FS010	Municipal financial reports	All	2019/20 reports	Number	OPEX	4 consolidated Quarterly Municipal financial reports (MFMA Section 52a reports) submitted to Council	Achieved	4 consolidated Quarterly Municipal financial reports (MFMA Section 52a reports) submitted to Council by 30 June 2020	Achieved	4 consolidated Quarterly Municipal financial reports (MFMA Section 52a reports) submitted to Council	Achieved	4 consolidated Quarterly Municipal financial reports (MFMA Section 52a reports) submitted to Council	None	None	Proof of submission of data strings
FS009	Section 71 reports	All	2019/20 reports	Number	OPEX	12 monthly Municipal financial reports (Section 71 reports) submitted to Council and NT	Achieved	12 monthly Municipal financial reports (Section 71 reports) submitted to Council and NT by 30 June 2021	Achieved	12 Monthly section 71 reports submitted to prescribed institutions	Achieved	12 Monthly section 71 reports submitted to prescribed institutions	None	None	Proof of submission of data strings
FS008	Revenue collected	All	2019/20 reports	Percentage	OPEX	18% increase in revenue collected in the first and second quarter of the financial year	Not Achieved	10% increase in revenue collected by 30 June 2021	Achieved	18% increase in revenue collected	Achieved	18% increase in revenue collected	None	None	Collection Rate Report

FS012	Key Schedule deadlines	All	Tabling of key Schedule deadlines to Council by 31 Aug 2020	2019/20 Key Schedule deadlines	Date	OPEX	Schedule adopted by council on the 05 th December 2020	Achieved	Council approved key schedule deadline by 31 Aug 2020	Not Achieved Key schedule deadline not approved by 31 Aug 2020	Covid 19 delayed lot of processes	Align all processes to MFMA calendar and follow guidelines regarding Covid 19 processes	Copy of approved key schedule deadline
FS013	Unauthorized, Irregular, Fruitless & Wasteful	All	Number of quarterly reports submitted to Council on Unauthorized, Irregular, Fruitless & Wasteful and section 34 expenditure by 30 June 2021	2019/20 Reports	Number	OPEX	Reports on Implementation of the Supply Chain Management policy were only submitted to Management	Achieved	4 quarterly reports on implementation of the Supply Chain Management policy submitted to the Executive Mayor and Council by 30 June 2021	Not Achieved quarterly reports on implementation of the Supply Chain Management policy not submitted to the Mayor and Council	The report was discussed at management, but was not submitted to council	The report will be submitted quarterly to council	Copy of the Reports on implementation of the Supply Chain Management policy
FS014	Assets verification	All	Annual Assets verification conducted by 30 June 2020	2019/20 Asset verification	Date	OPEX	Annual Assets verification conducted in March, April, May 2021	Achieved	Annual Assets verification conducted by 30 June 2020	Achieved Annual Assets verification conducted	Not applicable for the quarter	Not applicable for the quarter	Assets verification Report
FS015	Procurement Plan	All	Annual Procurement Plan developed by 30 June 2020	2019/20 Procurement Plan	Date	OPEX	Annual Procurement Plan developed and submitted to the Municipal Manager	Achieved	Annual Procurement Plan developed by 30 June 2020	Achieved Annual Procurement Plan developed	Not applicable for the quarter	Not applicable for the quarter	Copy of Annual Procurement Plan

FS016	Draft Budget	All	Draft Budget annually adopted by Council by 31 March 2021	2019/20 Draft Budget	Date	OPEx	Draft Budget was adopted by Council on the 31 March 2021	Not Achieved	Draft Budget annually adopted by Council by 31 March 2021	Achieved Draft Budget adopted by 31 March	Not applicable	Not applicable	Copy of the draft Budget
FS017	Final Budget	All	Final Budget annually adopted by Council by 31 May 2021	2019/20 Final Budget	Date	OPEx	Council did not form a quorum on the legislated date, Final Budget was later adopted by June 2021	Not Achieved	Final Budget annually adopted by Council by 31 May 2021	Not Achieved Final Budget was not adopted by Council by 31 May 2021	A quorum was not reached for the meeting of the 31 May.	Council should ensure that compliance matters are addressed.	Copy of the Final Budget
FS018	Free basic services	All	Number of quarterly reports on the residents receiving free basic services by 30 June 2021	2019/20 Reports	Number	OPEx	4 quarterly reports on the residents receiving free basic services by 30 June 2021	Achieved	4 quarterly reports on the residents receiving free basic services by 30 June 2021	Achieved 4 quarterly reports on the residents receiving free basic services	Not Applicable	Not Applicable	Copy of the report on the residents receiving free basic services

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Municipal Transformation and Organizational Development is linked to the National Key Performance indicator as required in terms of Local Government: Municipal Planning and Performance Management Regulations of 2001.

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE

In terms of Local Government: Municipal Systems Act number 32 of 2000, section 66, deals with staff establishment whereby an accounting officer is task with the responsibility, within a policy framework determined by council and subject to any applicable legislation, develop staff establishment and submit for approval, attach remuneration and working conditions to each post and mechanism for regular staff evaluation.

The municipality currently employs a total of 453 who individually and collectively is tasked with the mandate and directive to delivery service in order to meet the strategic objectives of the municipality.

The workforce profile is a well-balanced and diverse according to the population demographics of the municipality, province and national as guided by the Employment Equity plan of the municipality.

4.2.1 Employment Equity

The Employment Equity Act number 56 of 1998 states that affirmative action measures are 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 table below indicates the specific occupational levels according to race and the total numbers of staff.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	0	0	0	1	0	0	0	0	0	5
Senior management	13	2	0	1	2	1	0	1	1	0	21
Professionally qualified and experienced specialists and mid- management	7	2	0	2	6	3	0	2	0	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	44	8	0	5	19	8	0	3	0	0	87
Semi- skilled and discretionary decision making	69	13	0	0	27	10	0	0	0	0	119
Unskilled and defined decision making	95	13	0	0	78	9	0	0	0	0	195
TOTAL PERMANENT	232	38	0	8	133	31	0	4	1	0	447
Temporary employees	3	0	0	0	1	2	0	0	0	0	6
GRAND TOTAL	235	38	0	8	134	33	0	4	1	0	453

4.2.2 Vacancies Rate

The organizational structure of the municipality had a total of 599 positions provided for by 2020/21 and identified 99 vacancies needed to deliver critical service to the community. The vacancy rate is standing at 15.9 percent and most vacant position could not be filled due to cash flow challenges. The table below indicated the vacancies.

Employees						
Description	2018/19	2019/20	2020/21			
	Employees	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	No.	%
Water Services			39	38	1	2.56%
Sports Recreation Facilities and Municipality Buildings		53	27	34	-7	-25.93%
Electricity		26	42	13	29	69.05%
Solid Waste Management		47	32	51	0	0.00%
Housing		1	1	0	1	100.00%
Waste Disposal		42	81	29	2	2.47%

Roads		20	29	19	10	34.48%
Traffic Services			24	16	8	33.33%
IDP, Town Planning and Building Control	0	6	24	6	18	75.00%
Local Economic Development and Tourism		2	11	5	6	54.55%
Libraries, Archives and Fleet Management		13	29	18	11	37.93%
Health Inspection		1	1	1	0	0.00%
Financial Services	0	93	68	41	27	39.71%
ICT		3	6	5	0	0.00%
Senior Managers (excluding s57)		6	6	5	1	16.67%
Fixed Term Appointment (s56)		6	6	4	2	33.33%
Contract Workers		0	68	1	0	0.00%
Parks and Recreation, Cemeteries and Crematorium		0	78	105	-27	-34.62%
Executive and Council (Employee Political Office)		15	10	9	1	10.00%
Legal and Risk Management Compliance		1	5	1	4	80.00%
Human Resources	0	7	12	8	4	33.33%
Totals	0		599	409	91	15.19%

4.2.3 Turnover Rate

The turnover rate of the municipality is mainly contributed by the number of terminations as a result of retirement age and deaths.

4.3 MANAGING THE MUNICIPAL WORKFORCE

In terms of Local Government: Municipal Systems Act 32 of 2000, section 67 the municipality should ensure compliance with the development and adoption of appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. The municipal council approve and review Human Resource policies continuously for the purposes of managing municipal workforce.

4.3.1 Injuries

The table below indicates the number and costs of injuries for the year 2020/21 financial year.

Number and Cost of Injuries on Duty					
Type of Injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	20	2	10%	10	60
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	20	2	10%	4	60
					T 4.3.1

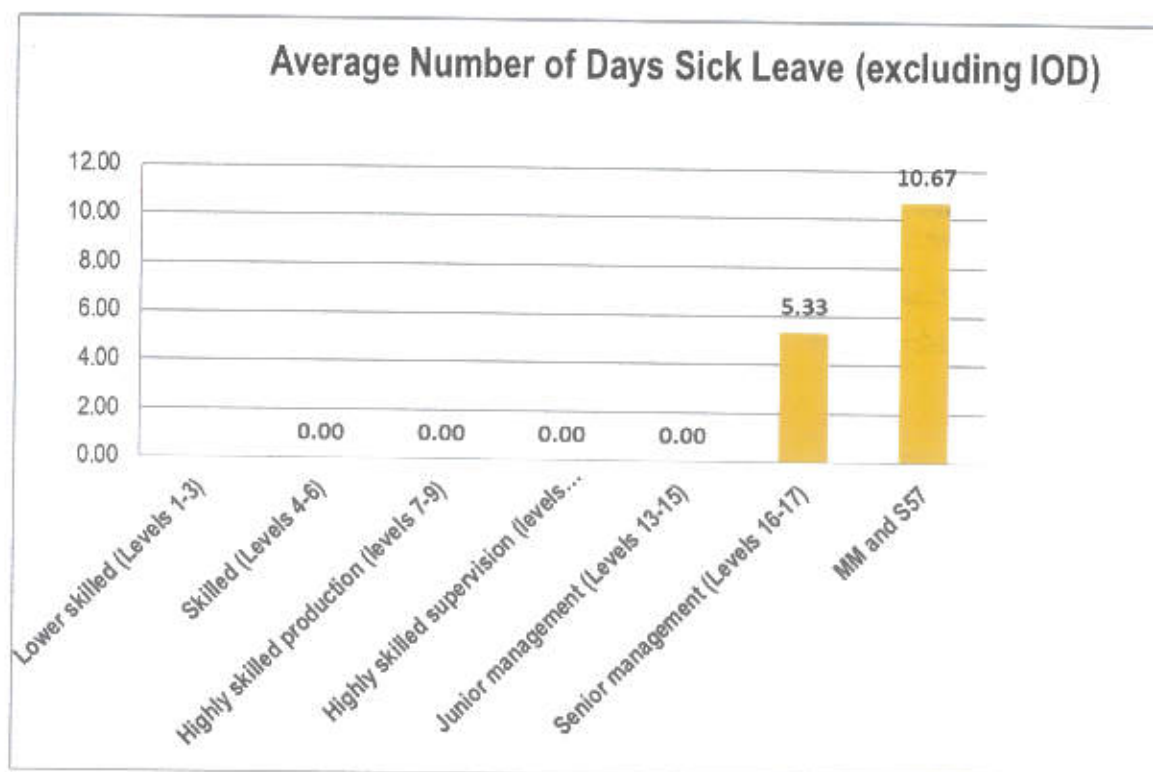
4.3.2 Sick Leave

Sick leave taken by employees during the financial year have an impact in terms of service delivery and it is costly to the municipality. The abuse of sick leave is identified and monitored through patterns for each individual employee and dealt with according to the labour relation policy and relevant regulations and legislation. The average number of sick leave days taken for 2020/21 financial year is standing at 5.74. The total costs is estimated at R853 194,00.

The table below indicated the number of days and costs of sick leave according to the different salary band:

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-3)	0		0	68		0
Skilled (Levels 4-6)	1457	0,1292% (2days)	155	195	8,72	734107,08
Highly skilled production (levels 7-9)	388	0,5154%(2days)	45	44	8,34	314111,12
Highly skilled supervision (levels 10-12)	269	1,4869% (4 days)	49	64	6,88	531421
Junior management (Levels 13-15)	185	2,7027% (1 days)	22	28	8,06	288278

Senior management (Levels 16-17)	16	0%	3	6	5.33	16748
MM and S57	32	6.25% (2days)	3	4	10.67	16748
Total	2347	1%	277	409	5.74	853194
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						



4.3.3 Human Resource Policies

Human resource policies are developed and reviewed by council for the purposes of managing municipal workforce in a standard and uniform approach and fair and consistent treatment of each individual employee.

The table below shows a list of available human resource policies currently in use.

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	0%	Reviewed due in March 22
2	Attraction and Retention	100%	0%	Reviewed due in March 22
3	Code of Conduct for employees	100%	0%	Reviewed due in March 22
4	Delegations, Authorisation & Responsibility	100%	0%	Reviewed due in March 22

5	Disciplinary Code and Procedures	100%	0%	Reviewed due in March 22
6	Essential Services	100%	0%	Reviewed due in March 22
7	Employee Assistance / Wellness	100%	0%	Reviewed due in March 22
8	Employment Equity	100%	0%	Reviewed due in March 22
9	Exit Management	100%	0%	Reviewed due in March 22
10	Grievance Procedures	100%	0%	Reviewed due in March 22
11	HIV/Aids	100%	0%	Reviewed due in March 22
12	Human Resource and Development	100%	0%	Reviewed due in March 22
13	Information Technology	100%	0%	Reviewed due in March 22
14	Job Evaluation	100%	0%	Reviewed due in March 22
15	Leave	100%	0%	Reviewed due in March 22
16	Occupational Health and Safety	100%	0%	Reviewed due in March 22
17	Official Housing	100%	0%	Reviewed due in March 22
18	Official Journeys	100%	0%	Reviewed due in March 22
19	Official transport to attend Funerals	100%	0%	Reviewed due in March 22
20	Official Working Hours and Overtime	100%	0%	Reviewed due in March 22
21	Organisational Rights	100%	0%	Reviewed due in March 22
22	Payroll Deductions	100%	0%	Reviewed due in March 22
23	Performance Management and Development	100%	0%	Reviewed due in March 22
24	Recruitment, Selection and Appointments	100%	0%	Reviewed due in March 22
25	Remuneration Scales and Allowances	100%	0%	Reviewed due in March 22
26	Resettlement	100%	0%	Reviewed due in March 22
27	Sexual Harassment	100%	0%	Reviewed due in March 22
28	Skills Development	100%	0%	Reviewed due in March 22
29	Smoking	100%	0%	Reviewed due in March 22
30	Special Skills	100%	0%	Reviewed due in March 22
31	Work Organisation	100%	0%	Reviewed due in March 22
32	Uniforms and Protective Clothing	100%	0%	Reviewed due in March 22
33	Other:	100%	0%	Reviewed due in March 22
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

4.3.4 Disciplinary Action Taken on Cases of Financial Misconduct

There is no reported cases of financial misconduct reported during 2020/21 financial year.

The table below shows cases of misconduct that led to employees being suspended during the 2020/21 financial year. Some of the cases overlap over financial years.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
General worker	Assault and refusal to obey lawful instructions.	18/03/2021	Disciplinary Hearing was instituted against the employee. Hearing completed and the employee received a final written warning	12/5/2021
General worker	Assault	30/06/2021	Disciplinary Hearing in progress	In progress

4.3 CAPACITATING THE MUNICIPAL WORKFORCE

In terms of Local Government: Municipal Systems Act number 32 of 2000, section 68 (1) a 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 and for this purpose, the human resource capacity of a municipality must comply with Skills Development Act number 81 of 1998 and the Skills Development Levies Act number 28 of 1999.

4.3.1 Skills Matrix

The municipality has been able to spend a total of R383 549.80 from the one (1) percent of the employee related costs budget earmarked for training and development by June 2021. The total expenditure translate to 31 percent excluding expenditure on bursaries for municipal employees. A total of R1 074 500.00 was allocated for employee bursaries and spent T851 291.71 (79 % by June 2022).

The table below indicates the number of employees who received training for 2020/21 financial year

Skills Matrix														
Management level	Gender	Employee s in post as at 30 June Year 2018/19 No.	Number of skilled employees required and actual as at 30 June 2021/22											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of 2017/18	Actual: End of 2018/19	Year 20/21 Target	Actual: End of Year -19/20	Actual: End of Year 20/21	Year 20/21	Actual: End of Year 19/20	Actual: End of Year 20/21	Year 20/21 Target	Actual: End of Year -19/20	Actual: End of Year 20/21	Year 20/21 Target
MM and s57	Female		5							0	1			1
	Male		5							1	2		1	2
Councillors, senior officials and managers	Female		2							3	3		3	3
	Male		3							4	4		4	4
Technicians and associate professionals	Female		4							2	2		2	2
	Male		8							8	9		8	9
Professionals	Female		8							6	6		6	6
	Male		6							2	2		2	2
Sub total	Female		19							11	12		11	12
	Male		22							15	17		15	17
Total		0	82	0	0	0	0	0	0	52	58	0	52	58
*Registered with professional Associate Body e.g. CA (SA)														

4.3.2 MFMA COMPETENCIES

In terms of section 83 and 107 of the MFMA, The Accounting Officer, senior manager, any Chief Finance Officer and all other financial officials of a municipality municipal entity must meet the prescribed financial management competency levels. Section 119 of the MFMA also requires the Accounting Officer and all other officials of the municipality involved in the implementation of the supply chain management policy to meet the prescribed minimum competency levels. National Treasury has prescribed such financial management competencies in Government Gazette number 493 of 15 June 2007.

There are municipal official who still have to complete the required unit standard. The main challenge emanates from the issuing of South African Qualifications Authority issuing of accredited certificate to individual employees. The municipality has on the other hand made provision within the budget for training of additional officials on the program related to this legislative requirement.

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated : Total of A and B	Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	1
Chief financial officer	1	0	1	0	1	1
Senior managers(s57)	4	0	4	0	4	4
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	1	0	1	1	0	0
TOTAL	8	0	8	1	6	6
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

4.3.3 Placement of Employees

A total of eleven (11) employees have been placed into new task grade levels during 2020/21 financial year.

The table below shows the number of employees whose salaries were adjusted during placement.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	1
	Male	1
Highly skilled supervision (Levels 9-12)	Female	1
	Male	3
Senior management (Levels 13-17)		3
	Male	2
MM and S 57	Female	0
	Male	0
Total		11
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		74.6.2

4.3.4 Contract to Incumbent Positions

The table below indicates a list of employees positions whose salary levels exceed the grade determined during the process of placement.

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Cashiers	4	T6	R228624, R223 404	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
Meter Readers	3	T5	R 186,180	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
Natis Clerk	3	T8	R271 344, R274 872, R292 296	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
Library Assistant	4	T6	R 223,404	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
Data Capturer	1	T8	R 322,764	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
Senior Worker	2	T4	R143280, R139140	During the migration from the old Salary system to the Job Evaluation Task System the employee salary was high than that of the Job Evaluation
				T 4.6.3

Chapter 5: Municipal Financial performance

Financial Summary						
Description	2019/20	2020/21			R' 000	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Variance Adjustments Budget
Financial Performance						
Property rates	117,576	167,690	124,304	122,997	26.65%	1.05%
Service charges	222,245	322,690	267,536	245,375	23.96%	8.28%
Investment revenue	509	314	314	346	-10.46%	-10.46%
Transfers recognised – operational	44,855	52,085	52,452	48,952	6.02%	6.67%
Other own revenue	57,659	58,411	52,275	26,961	53.84%	48.42%
Total Revenue (excluding capital transfers and contributions)	442,844	601,190	496,880	444,631	26.04%	10.52%
Employee costs	165,046	167,649	185,778	189,892	-13.27%	-2.21%
Remuneration of councillors	5,531	5,888	5,888	5,351	9.12%	9.12%
Debt impairment	{34,207}	10,968	11,915	{6,687}	160.97%	156.12%
Depreciation & asset impairment	52,284	44,769	47,695	65,574	-46.47%	-37.49%
Finance charges	29,996	27,936	19,955	20,209	27.66%	-1.28%
Materials and bulk purchases	127,373	142,294	140,013	142,918	-0.44%	-2.07%
Transfers and grants	–	–	–	–	#DIV/0!	#DIV/0!
Other expenditure	96,953	120,470	112,705	97,984	18.67%	13.06%
Total Expenditure	442,976	519,974	523,948	515,240	0.91%	1.66%
Surplus/(Deficit)	{132}	81,216	{27,067}	{70,609}	186.94%	-160.86%
Transfers recognised – capital	36,933	64,803	49,003	60,914	6.00%	-24.31%
Contributions recognised - capital & contributed assets	94,291	–	–	10,306	#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	131,092	146,019	21,936	611	99.58%	97.21%

Financial Performance of Operational Services

Description	R '000					
	2019/20	2020/21		2020/21 Variance		
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
Operating Cost						
Water	50,072	42,634	40,864	40,144	5.84%	1.76%
Waste Water (Sanitation)	26,166	15,793	26,936	26,719	-69.18%	0.80%
Electricity	156,701	172,334	173,924	163,332	5.22%	6.09%
Waste Management	32,713	18,794	25,910	25,871	-37.66%	0.15%
Housing	4	4	2	-	100.00%	100.00%
Component A: sub-total	265,655	249,559	267,636	256,065	-2.61%	4.32%
Waste Water (Stormwater Drainage)	-	-	-	-	#DIV/0!	#DIV/0!
Roads	14,474	16,802	16,536	15,709	6.50%	5.00%
Transport	11,182	8,767	8,426	8,326	5.03%	1.19%
Component B: sub-total	25,656	25,569	24,962	24,035	6.00%	3.72%
Planning					#DIV/0!	#DIV/0!
Local Economic Development					#DIV/0!	#DIV/0!
Component B: sub-total	-	-	-	-	#DIV/0!	#DIV/0!
Planning (Strategic & Regulatory)	7,427	13,389	13,479	13,767	-2.83%	-2.14%
Local Economic Development	1,367	2,601	1,479	1,456	44.00%	1.52%
Component C: sub-total	8,794	15,990	14,958	15,224	4.79%	-1.78%
Community & Social Services	24,171	25,631	29,382	38,648	-50.79%	-31.54%
Environmental Protection		-	-	-	#DIV/0!	#DIV/0!
Health	-	-	545	464	#DIV/0!	14.81%
Security and Safety		-	-	-	#DIV/0!	#DIV/0!
Sport and Recreation	21,591	16,393	25,735	25,427	-55.11%	1.20%
Corporate Policy Offices and Other	98,698	186,834	160,730	159,397	14.69%	0.83%
Component D: sub-total	144,461	228,857	216,392	223,936	2.15%	-3.49%
Total Expenditure	444,566	519,974	523,948	519,260	0.14%	0.89%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

Grant Performance

Description	R' 000					
	2019/20 Actual	Budget	2020/21 Adjustment s Budget	Actual	2020/21 Variance Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	43,559	48,142	49,084	47,442	1%	3%
Equitable share	37,163	41,942	47,384	45,742	-9%	3%
Finance Management Grnat (FMG)	1,770	1,700	1,700	1,700	0%	0%
Environmental	150	-	-	-	#DIV/0!	#DIV/0!
Municipal Disaster Relief Grant	95	-	-	-	#DIV/0!	#DIV/0!
Energy Efficiency and Demand Side Management Grant	4,381	4,500	-	-	100%	#DIV/0!
Provincial Government:	1,295	2,165	2,155	1,262	42%	41%
EPWP	1,017	1,055	1,055	1,262	-20%	-20%
Library	278	1,110	1,100	-	100%	100%
District Municipality:	-	-	-	-	#DIV/0!	#DIV/0!
[insert description]					#DIV/0!	#DIV/0!
					#DIV/0!	#DIV/0!
Other grant providers:	-	1,778	1,213	248	86%	80%
SETA		271	271	248	9%	9%
Mining Companies -Kumba SLP		1,507	942	-	100%	100%
Total Operating Transfers and Grants	44,855	52,085	52,452	48,952	6%	7%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

Repair and Maintenance Expenditure: 2020/21

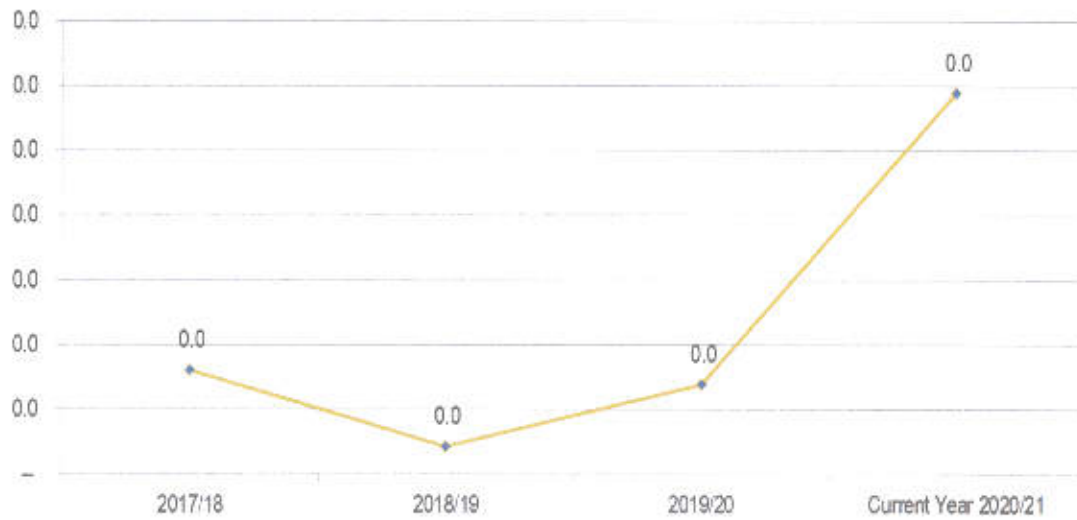
	R' 000			
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	10,843,577.00	11,588,577.00	9,291,199.99	14%
				75.3.4

	R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure					-5.8%	19.6%
	69	91	73		-5.8%	19.6%
	69	91	73			
Operating Expenditure					-20.6%	-19.6%
	520	524	627		-20.6%	-19.6%
	520	524	627			
Total expenditure					-20.6%	-19.6%
	520	524	627			
Water and sanitation					15.8%	27.4%
	58	68	49			
Electricity					7.7%	8.5%
	172	174	159			
Housing					100.0%	100.0%
	0	0	-			
Roads, Pavements, Bridges and storm water					61.7%	61.0%
	17	17	6			
Other					-51.3%	-55.1%
	272	266	412			
	69	91	73		-5.8%	19.6%
External Loans						
	-	-	-			
Internal contributions						14.5%
	-	2	2			
Grants and subsidies					12.1%	31.4%
	69	89	61			
Other						
	-	-	10			
	-	-	-			
External Loans						
	-	-	-			
Grants and subsidies						
	-	-	-			
Investments Redeemed						
	-	-	-			
Statutory Receipts (including VAT)						
	-	-	-			
Other Receipts						

	–	–	–		
	168	186	190	-13.3%	-2.2%
Salaries, wages and allowances	168	186	190	-13.3%	-2.2%
Cash and creditor payments	–	–	–		
Capital payments	–	–	–		
Investments made	–	–	–		
External loans repaid	–	–	–		
Statutory Payments (including VAT)	–	–	–		
Other payments	–	–	–		
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	168	124	123	26.7%	1.1%
Service charges	323	268	245	24.0%	8.3%
Other own revenue	58	52	27	53.8%	48.4%
	549	444	395	28.0%	11.0%
Employee related costs	168	186	195	-16.5%	-5.1%
Provision for working capital	–	–	–		
Repairs and maintenance	11	12	5	57.7%	60.5%
Bulk purchases	142	140	138	2.8%	1.2%
Other expenditure	120	113	37	69.2%	67.1%
	441	450	375	15.0%	16.6%
Service charges: Electricity	167	179	160	4.4%	10.7%
Grants & subsidies: Electricity	–	–	–		
Other revenue: Electricity	0	1	0	-14.5%	60.2%
	167	180	160	4.3%	11.0%
Employee related costs: Electricity	8	10	10	-23.8%	1.7%
Provision for working capital: Electricity	–	–	–		
Repairs and				67.5%	7.2%

maintenance: Electricity	10	4	3		
Bulk purchases: Electricity	128	133	132	-2.8%	0.8%
Other expenditure: Electricity	26	28	14	45.1%	48.6%
	172	174	159	7.7%	8.5%
Service charges: Water	85	44	37	56.6%	16.6%
Grants & subsidies: Water	–	–	–		
Other revenue: Water	1	1	1	-19.9%	-19.9%
	86	45	38	55.9%	15.9%
Employee related costs: Water	14	14	14	-5.9%	-0.1%
Provision for working capital: Water	–	–	–		
Repairs and maintenance: Water	5	5	5	-1.0%	1.1%
Bulk purchases: Water	14	7	6	54.1%	9.2%
Other expenditure: Water	10	15	4	60.5%	71.9%
	43	41	30	30.3%	27.3%
					Txxx

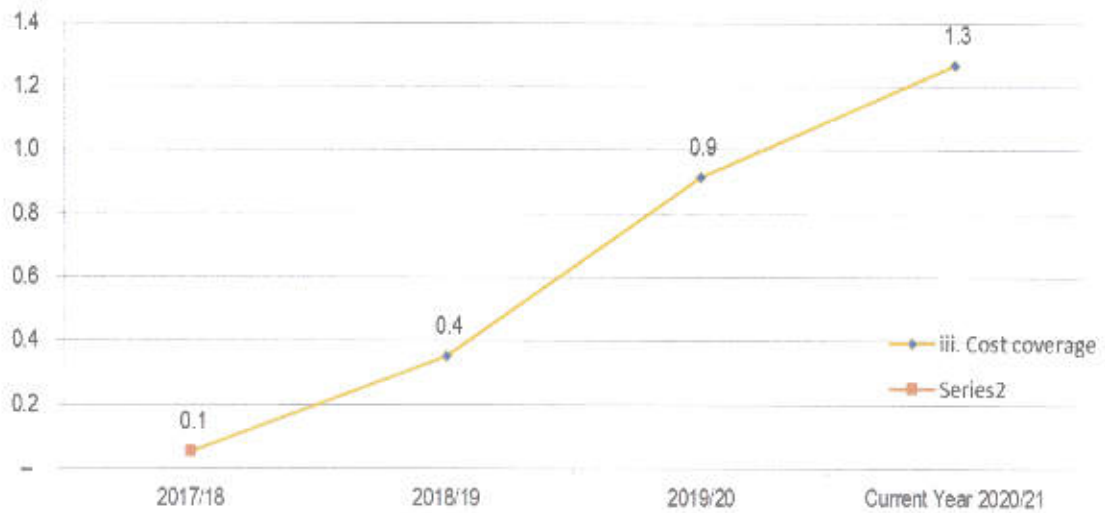
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

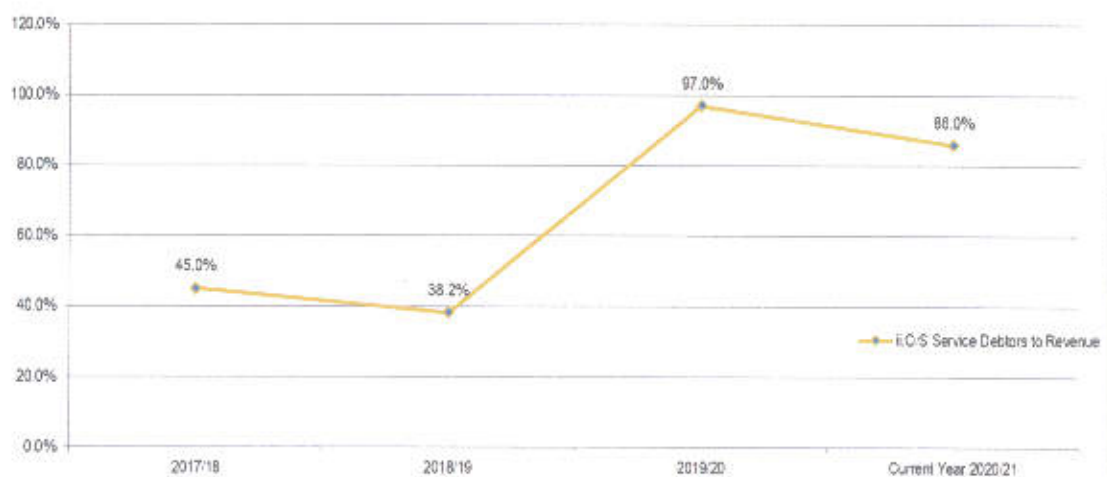
The municipality's liquidity ratio increased during the 2020/21 financial year, due to the in the decrease in current liabilities compared to the prior year.

Cost Coverage



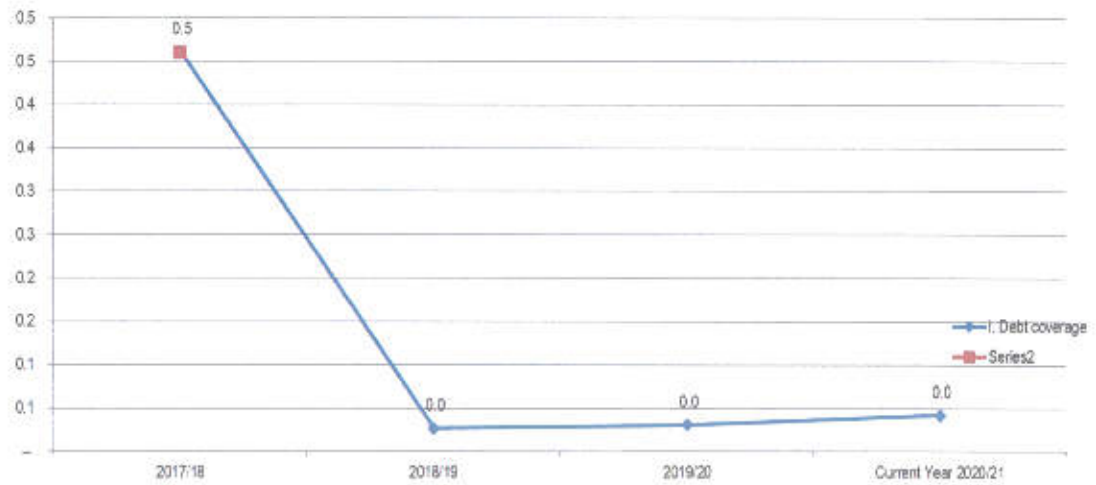
The municipality has seen a constant increase in the cost coverage ratio, which is as a result of the increase in cash available and a decrease in operational expenditure.

Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.
The debt coverage reduced by 8.2% from the prior year due to the increase in debtors of 25% compared to the lower increase in service revenue of 5% from the prior year.

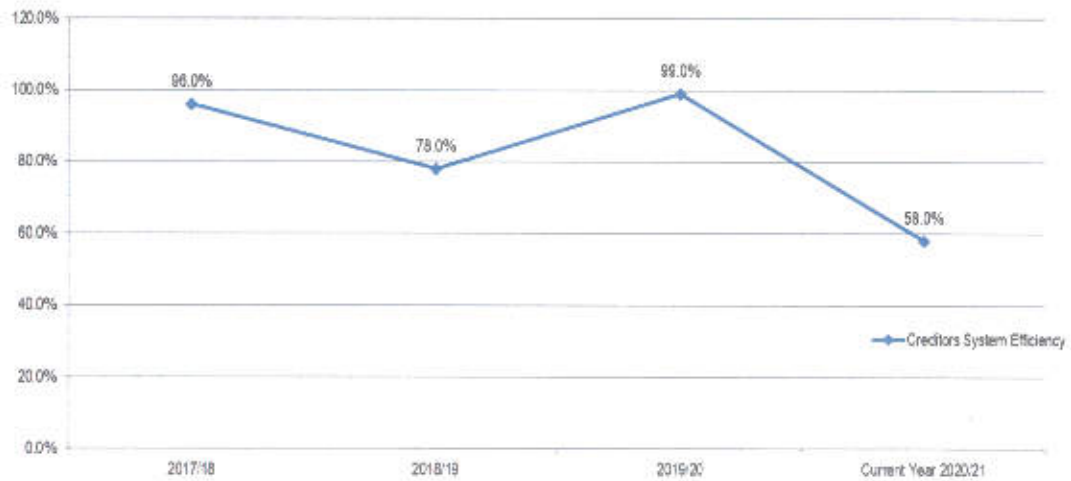
Debt Coverage



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

The municipality is unable to cover its short term debt without dependency on operational grants, this is a result in the increase in debtors, as more consumers owe the municipality which has a direct impact on the cashflow of the municipality and its ability to pay current debt.

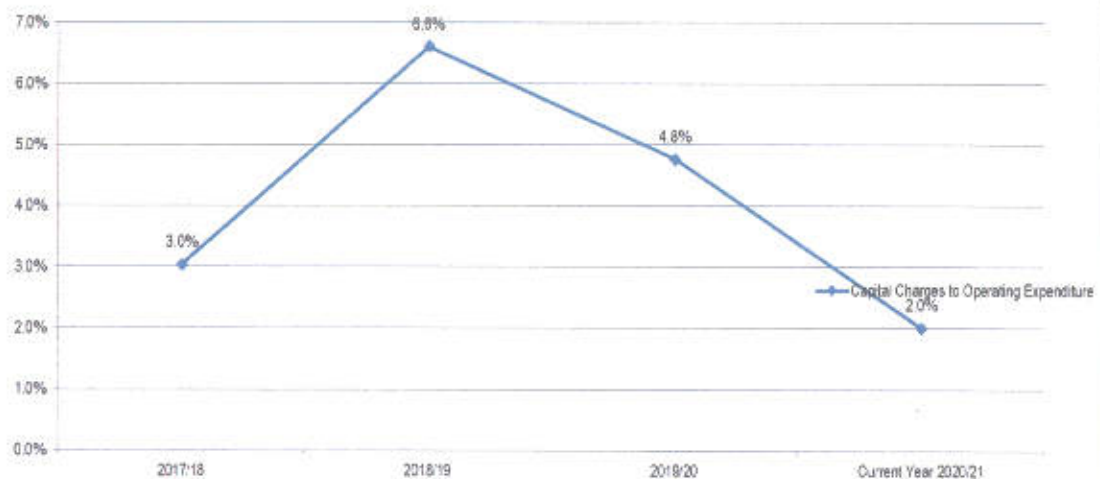
Creditors System Efficiency



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

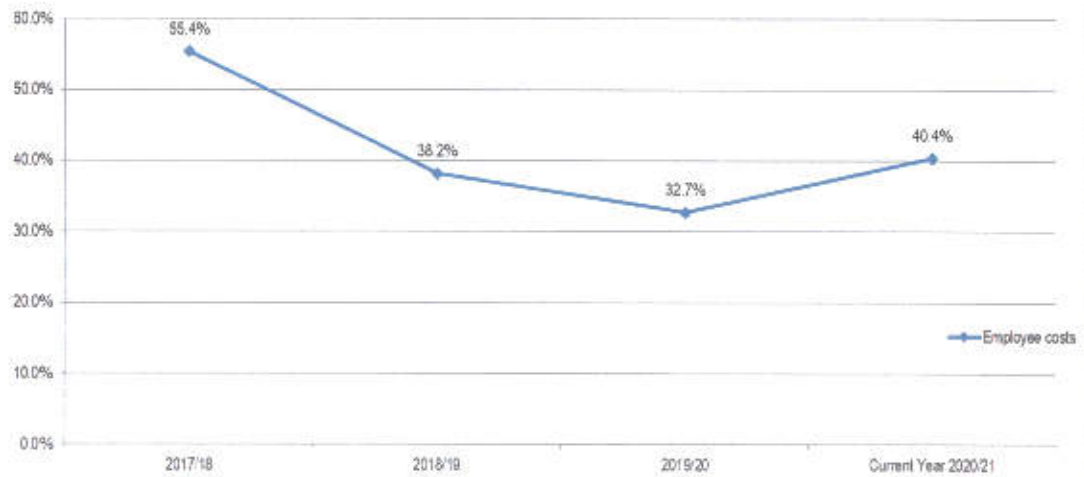
The creditor system efficiency decreased compared to the prior as a result of the decrease in creditors and the decrease in purchase incurred by the municipality.

Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. There was a 2.8% decrease in capital charges to operating expenditure ratio, as a result of the decrease in finance charges and the decrease in operating expenditure compared to the prior year.

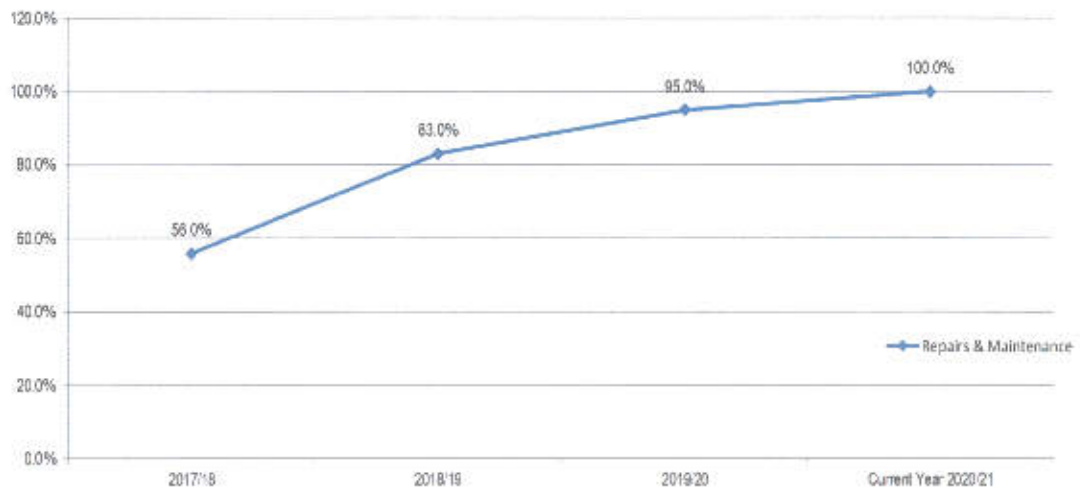
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

The employee cost ratio increased by 7.7% compared to the prior year, as a result of the increase in employee cost and the decrease in the total revenue.

Repairs & Maintenance



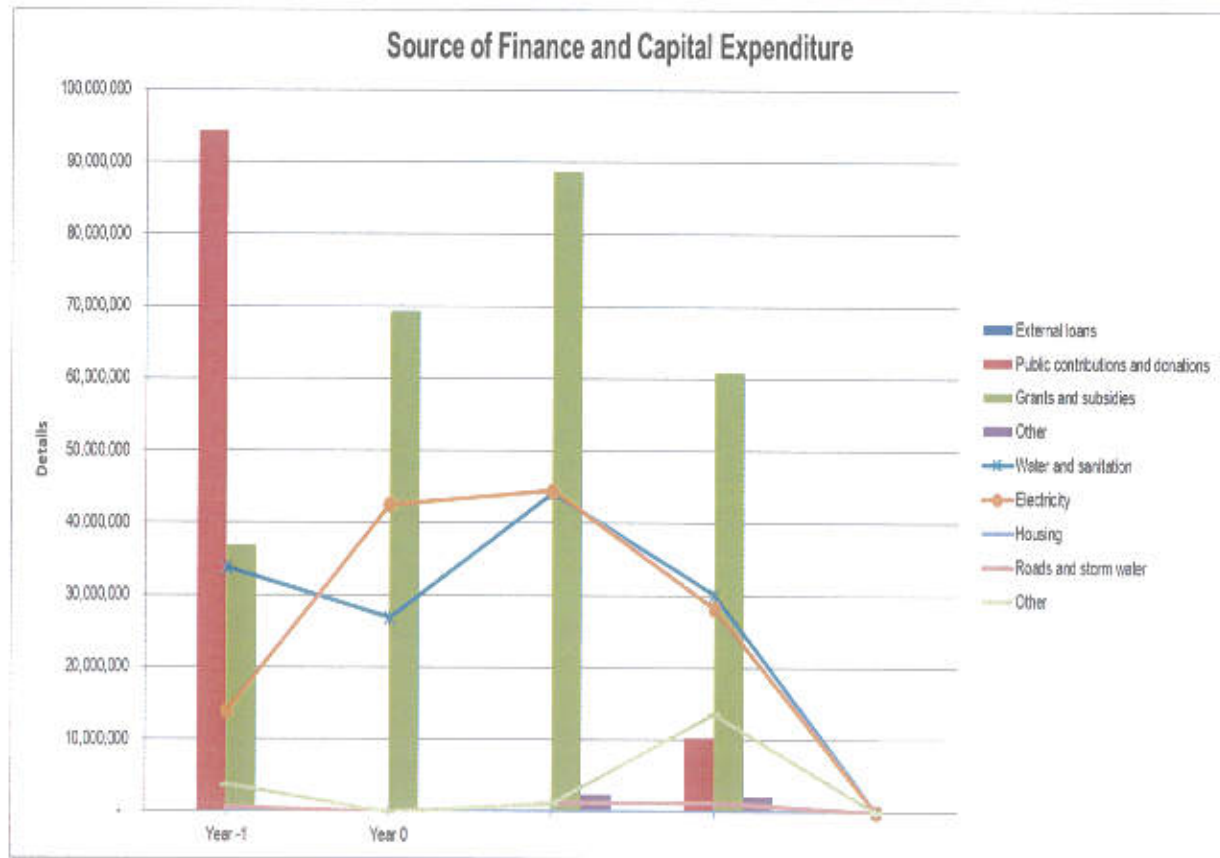
Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance

There was a decrease in repairs and maintenance as a result of cost containment in a effort to reduce expenditure and improve cash flow of the municipality

Capital Expenditure - Funding Sources: Year -2019/20 to Year 2020/21

R' 000

Details		Year -1	Year 0			
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)
Source of finance						Actual to OB Variance (%)
	External loans	-	-	-	-	#DIV/0!
	Public contributions and donations	94,290,889	-	-	10,306,173	#DIV/0!
	Grants and subsidies	36,933,086	69,303,000	88,764,954	60,914,314	28.08%
	Other	-	-	2,433,874	2,081,989	#DIV/0!
Total		131,223,975	69,303,000	91,198,828	73,302,476	#DIV/0!
Percentage of finance						
	External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	Public contributions and donations	71.9%	0.0%	0.0%	14.1%	#DIV/0!
	Grants and subsidies	28.1%	100.0%	97.3%	83.1%	#DIV/0!
	Other	0.0%	0.0%	2.7%	2.8%	#DIV/0!
Capital expenditure						
	Water and sanitation	33,796,014	26,803,000	44,119,697	30,115,878	64.61%
	Electricity	13,884,645	42,500,000	44,568,740	28,294,621	4.87%
	Housing	-	-	-	-	#DIV/0!
	Roads and storm water	594,316	-	1,286,517	1,257,970	#DIV/0!
	Other	3,724,683	-	1,223,674	13,634,007	#DIV/0!
Total		51,999,858	69,303,000	91,198,828	73,302,476	#DIV/0!
Percentage of expenditure						
	Water and sanitation	65.0%	38.7%	48.4%	41.1%	#DIV/0!
	Electricity	26.7%	61.3%	48.9%	38.6%	#DIV/0!
	Housing	0.0%	0.0%	0.0%	0.0%	#DIV/0!
	Roads and storm water	1.1%	0.0%	1.4%	1.7%	#DIV/0!
	Other	7.2%	0.0%	1.3%	18.6%	#DIV/0!
						T 5.6.1



Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 2020/21			Variance: Current Year 2020/21	
	R' 000				
	Original Budget	Adjusted Budget	Actual Expenditure	Original Variance (%)	Adjusted variance (%)
A - Electrification of 1265 Stands - Mapoteng/Sesheng	20,000,000	30,628,961	20,539,242	-3%	-53%
B - Construction of water bulk lines (Olifantshoek)	0	16,813,293	12,814,812	#DIV/0!	#DIV/0!
C - Construction of Sewer Network - Dibeng Phase 4	0	12,221,142	3,906,582	#DIV/0!	#DIV/0!
D - Refurbishment of existing 3ML Water Reservoir, fencing	0	7,640,088	6,967,469	#DIV/0!	#DIV/0!
E - Upgrading Bulk Electricity Supply - OFH	18,000,000	6,871,254	1,110,075	94%	62%
* Projects with the highest capital expenditure in Year 2020/21					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					

Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - C	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - D	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
Name of Project - E	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	

T 5.7.1

Municipal Infrastructure Grant (MIG)* Expenditure Year 2020/21 on Service backlogs						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation	11,803,000	12,221,142	3,906,582	67%	68%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	

				%	%	
				%	%	
Total				%	%	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T 5,8.3

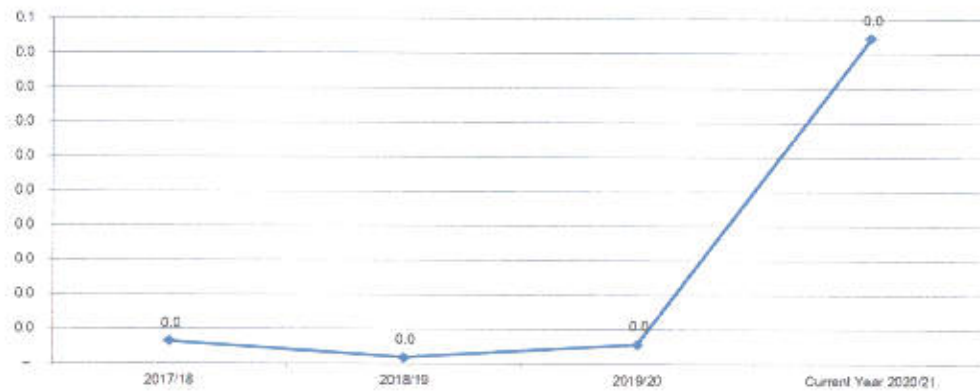
Cash Flow Outcomes				
				R'000
Description	Year -2019/20	Current: Year 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	347,979	460,514	290,944	347,417
Government - operating	44,855	47,585	52,452	107,442
Government - capital	68,815	69,303	53,503	
Interest	509	39,230	35,932	346
Dividends	-	-	-	-
Payments				
Suppliers and employees	(401,305)	(507,682)	(439,269)	(382,043)
Finance charges	(258)	(27,936)	(19,955)	(20,209)
Transfers and Grants	-			
NET CASH FROM/(USED) OPERATING ACTIVITIES	60,595	81,013	(26,393)	52,953
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	278	-	-	276
Decrease (Increase) in non-current debtors				
Decrease (Increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(32,217)	(69,303)	(91,199)	(63,501)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(31,939)	(69,303)	(91,199)	(63,226)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				

Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(4,587)	(2,262)	–	4,479
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4,587)	(2,262)	–	4,479
NET INCREASE/ (DECREASE) IN CASH HELD	24,068	9,448	(117,592)	(5,793)
Cash/cash equivalents at the year begin:	11,323	35,391	35,391	35,391
Cash/cash equivalents at the year end:	35,391	44,839	(82,201)	29,598
Source: MBRR A7				T.S.9.1

Actual Borrowings: Year -2018/19 to Year 2020/21

R' 000			
Instrument	Year - 2018/19	Year - 2019/20	Year 2020/21
Municipality			
Long-Term Loans (annuity/reducing balance)	34,280,534	38,189,957	42,669,409
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	34,280,534	38,189,957	42,669,409
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T.S.10.2

Liquidity Ratio

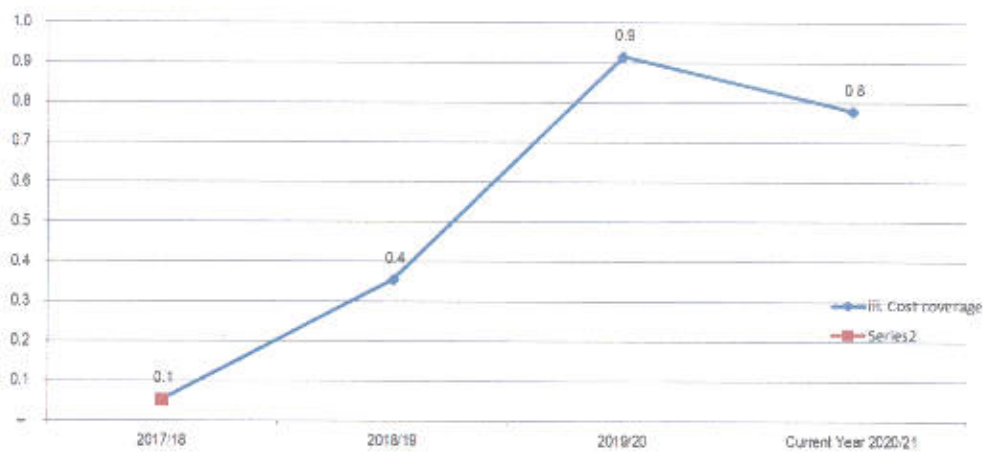


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

The municipality's liquidity ratio increased during the 2020/21 financial year, due to the decrease in current liabilities compared to the prior year.

Data used from: MBRR SAR

Cost Coverage

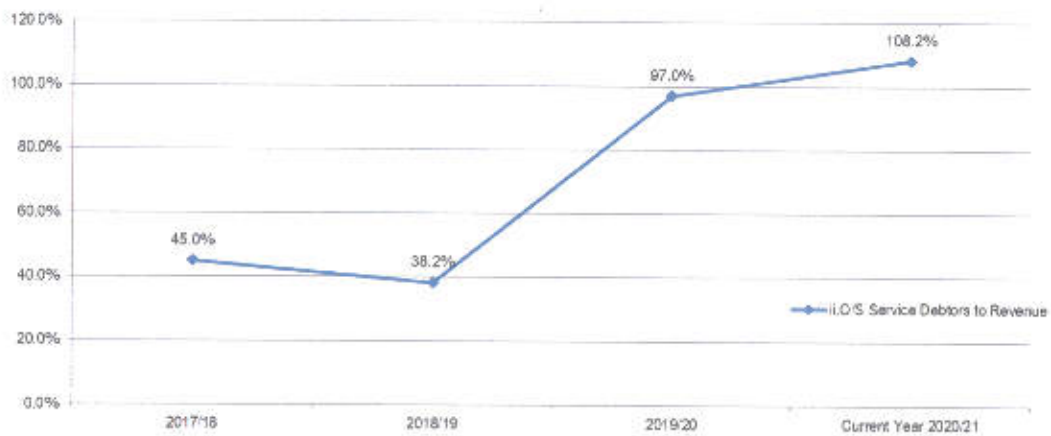


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

The municipality has seen a slight decrease in the cost coverage ratio compared to the prior year, which is as a result of the increase in operational expenditure and the slight decrease in cash and cash equivalents.

Data used from: MBRR SAR

Total Outstanding Service Debtors

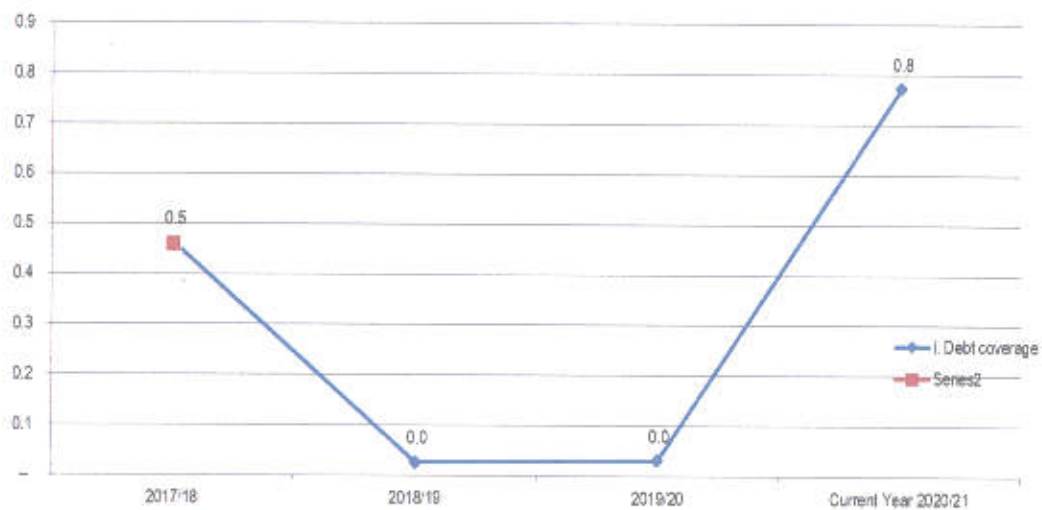


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

The debt coverage increased by 11.2% from the prior year due to the increase in receivables from exchange transactions as compared to the prior year.

Data used from MBRR SA8

Debt Coverage

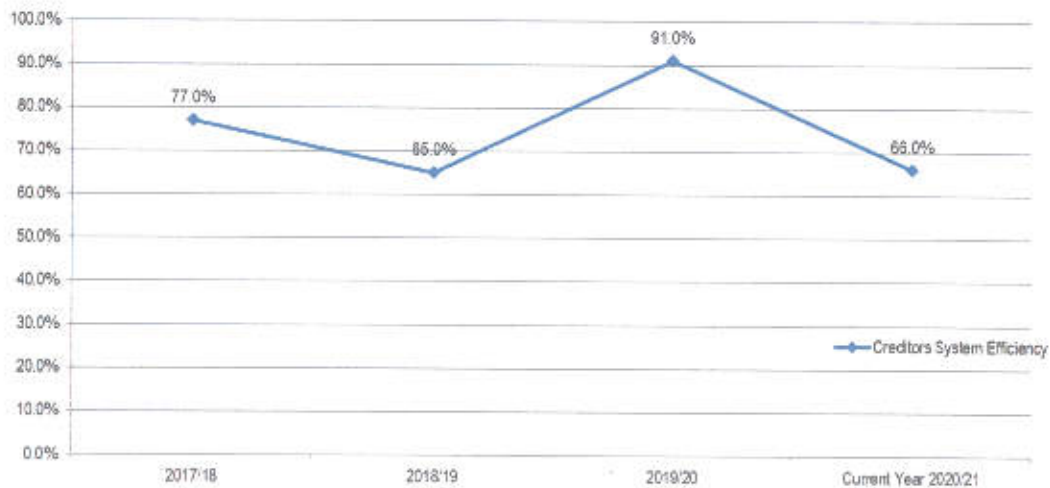


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality.

The municipality's debt coverage has increased, as the dependency on operational grants has been reduced due to the decrease in grant allocation and the increase in own revenue.

Data used from MBRR SA8

Creditors System Efficiency

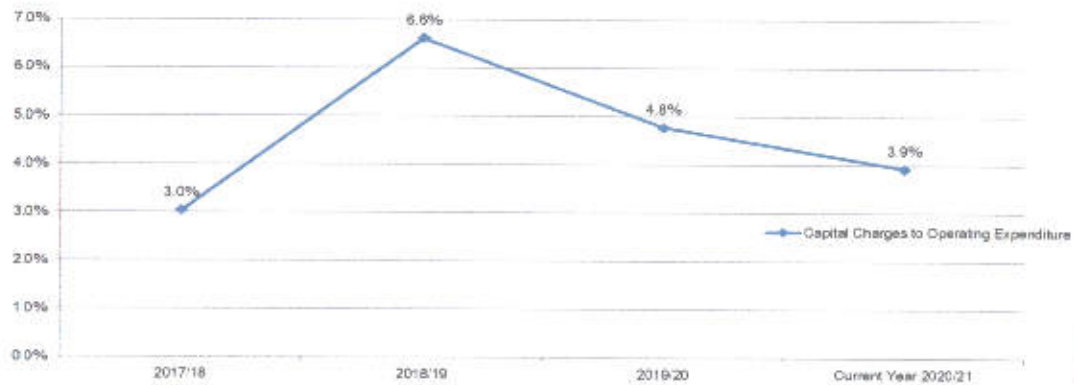


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases.

The creditor system efficiency increased with 13% compared to the prior as a result of the increase in creditors. There was however a slight decrease in credit purchases, however it was not enough to cover the increase on creditors in the current financial year under review.

Data used from MBRR SAB

Capital Charges to Operating Expenditure

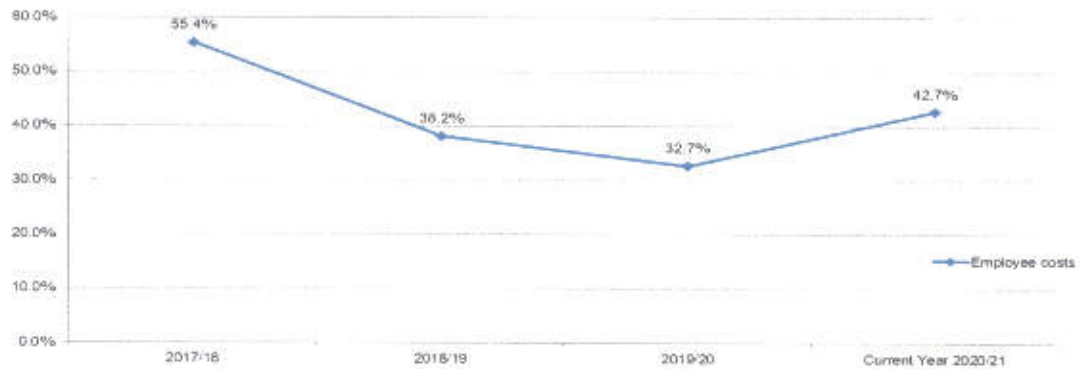


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

There was a 0.9% decrease in capital charges to operating expenditure ratio, as a result of the decrease in finance charges. There was a increase in operating expenditure compared to the prior year.

Data used from MBRR SAB

Employee Costs

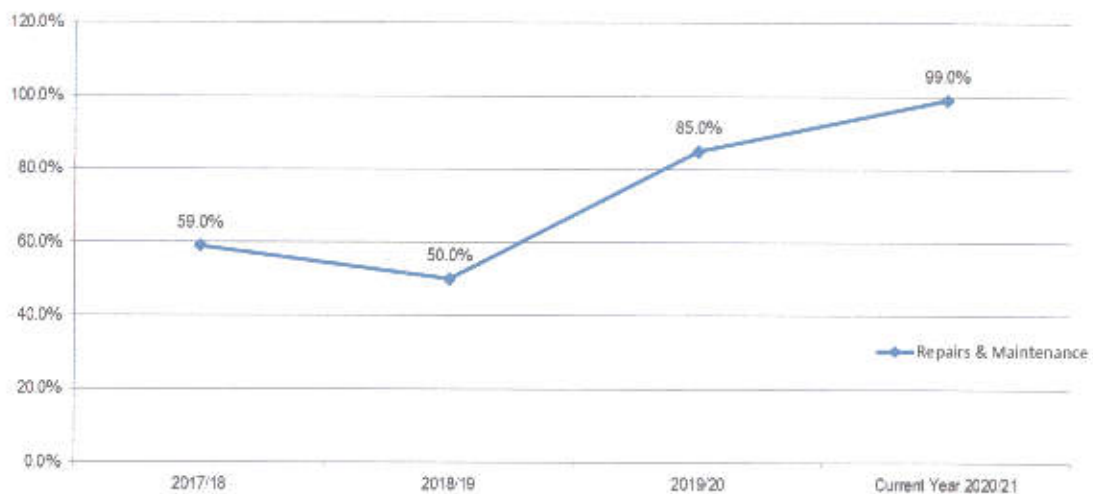


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

The employee cost ratio increased by 10% compared to the prior year, as a result of the increase in employee cost and the decrease in the total revenue.

Data used from MBRR SA8

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

There was a 25% increase in repairs and maintenance due to the need for repairs in the current financial year increasing considerably as a result of the condition of infrastructure assets in the municipality.

Data used from MBRR SA8

Auditor-General Report on Financial Performance: Year -2019/20

Audit Report Status*:	Qualified
Non-Compliance Issues	Remedial Action Taken
Financial statements not prepared in all material respects in accordance with the requirements of section 122(1) of MFMA.	Journals will be posted on a timely basis to avoid CaseWare journals
Payments not made within 30 days as per section 65(2) of MFMA.	Municipality is currently busy with the budget funding strategy which will also be accompanied by the revenue enhancement strategy to improve revenue and collection. There is a draft procedures manual that will address the internal control deficiency on the submission of invoices.
Steps not taken to prevent irregular, fruitless & wasteful and unauthorised expenditure, as per section 62(1)(d) of MFMA.	The municipality to appoint full support of the committee from administration side to cover backlog
Effective internal control for revenue was not in place, as per section 64(2)(f) of MFMA.	(1). Most of the accounts that were not billing for Refuse and Property rates have been corrected as at 30-04-21 (2). There is nothing much done on the replacement of meters.
Revenue due to the municipality was not calculated on a monthly basis as per section 64(2)(b) of MFMA.	(1). Most of the accounts that were not billing for Refuse and Property rates have been corrected as at 30-04-21 (2). Accruals for the non billing of Accounts is still working in Progress. It should be completed before the 15 June 2021. Rates and Refuse is completed (All Properties are billing and remaining services still outstanding. (3). To assist in the completeness assertions management has began preparing the Prepaid register which will be captured in Pheonix. This process may take a long time as this will go beyond the closing of the fiscal year 30 June 2021. The process of capturing will begin within a week.
Effective system of internal control for assets not in place as per section 63(2)(c) of MFMA	Management will ensure that they take all reasonable steps to ensure that the municipality has and maintains efficient internal control for movable assets.
Capital assets disposed of without the municipal council having an open meeting with the public as per section 14(2)(a) and 14(2)(b) of MFMA.	* Management will implement processes to ensure that council approves all disposals in terms of legislation. * Asset management Policy will be reviewed to be in line with legislation, which will assist to address this problem.
Some invitations for competitive bidding were not advertised for a required minimum period as per SCM regulation 22(1) and 22(2).	The irregular expenditure will be adjusted to include the non-compliance and the municipality will ensure that all panels must be advertised for 30 days by implementing a checklist before advertising
Some contracts made to bidders other than those recommended by bid evaluation committee without rectification by the accounting officer as per SCM regulation 25(5)(b)	A letter was drafted and submitted to the MM. The Procedure manual was ammended to cater for this in the future. Natharam already declared irregular.
Preference point system was not applied to some procurement of goods and services above R30 000 as per section 2(1)(a) PPPFA	A bid checklist will be developed to ensure compliance with relevant legislations
Some contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the PPPFA and its regulations.	A bid checklist will be developed to ensure compliance with relevant legislations
The performance of some contractors or providers was not monitored on a monthly basis as per section 116(2)(b) of MFMA	A performance management system outlining Key Performance Indicators will be developed for all projects and monitoring will be done on a monthly basis

Some of the bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content as per the 2017 preferential procurement regulation 8(2).	Local content to be included in the checklist at time of specification. The checklist has already been adjusted.
Unauthorised, fruitless & wasteful and irregular expenditure was not investigated as per section 32(2)(a) of MFMA	The risk register has been drafted and approved by Management. Board has been appointed for the current financial year.
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
	76.1.1

Auditor-General Report on Service Delivery Performance: Year 2020/21*	
Status of audit report**:	Qualified
Non-Compliance Issues	Remedial Action Taken
The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.	
Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	
Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14 429 554, as disclosed in note 54 to annual financial statements, in contravention of section 62(1)(d) of the MFMA.	
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R49 796 070, as disclosed in note 53 to the annual report, in contravention of section 62(1)(d) of the MFMA.	
Interest was not charged on all accounts in arrears, as required by section 64(2) of the MFMA.	
The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and organised, as required by municipal and performance management reg. 7(1).	
Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).	
Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.	
Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).	

Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).	
Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.	
The performance of some of the contracts or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.	
The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(b) of the MFMA.	
Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.	
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.	
Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	
Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	
<i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i>	
<i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i>	

The above table will be updated after the completion of the Audit Action Plan

Appendix

APPENDIX A

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cll Ophaketse Edwin Hanlise	FT	Executive Mayor	PR (ANC)	100%	
Cll Dineo Seetle	FT	Speaker	PR (ANC)	100%	0%
Mhlopheki Frikke Nqume	PT	Technical Service / LLF	PR (ANC)	100%	0%
Anna Joyce Morwe	PT	Community Service	PR (DA)	20%	80%
Gokallwe Joseph Esau	PT	LLF Member/ Strategic Service	PR (DA)	30%	70%
Mpho Clementine Skelman	PT	MPAC & Community Service & Strategic Service Portfolio Committee member	PR (EFF)	80%	20%
Andrietta Du Plessis	PT	Technical Service Member	WARD 1	70%	30%
Neo Magagane	PT	LLF and Corporate Chairperson/ MPAC	WARD 5	100%	0%
Henny Fourie	PT	Finance Member	WARD 7	20%	80%
Boitumelo Lekgadi	PT	Finance Chairperson/ MPAC/ LLF	WARD 4	90%	10%
Charlotte Joseph	PT	Corporate Services/ MPAC	WARD 6	60%	40%
Manica Orpen	PT	Strategic Service Chairperson	WARD 3	80%	20%
Abel Booysen	PT	Community / MPAC Chairperson	WARD 2	90%	10%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

APPENDIX B

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees	Purpose of Committee	
Non Technical Specification Committee	To develop general specification for procurement of goods and service	
Technical Specification Committee	To develop technical specification for procurement of goods and service	
Evaluation Committee	To evaluate bids for procurement of goods and service	
Adjudication Committee	To adjudicate bids for procurement of goods and service	
Local Labour Forum	Negotiating and/or consulting on matters of mutual concern pertaining to employer and employee	
IDP Steering Committee	To prioritise community issues raised during the community consultation/IDP road shows	
		T B

APPENDIX C

Third Tier Structure	
Directorate	Director/Manager (State title and name)
CORPORATE SERVICE	DIRECTOR - MR L SEETILE
DEVELOPMENT AND TOWN PLANNING	DIRECTOR - Miss T RAPELANG
COMMUNITY SERVICE	ACTING DIRECTOR MR G LOETO
PUBLIC WORKS AND BASIC SERVICE	DIRECTOR- MR K OSITANG
BUDGET AND TREASURY	DIRECTOR - MR A MAKOKU

APPENDIX J

Period 1 July 2020 to 30 June of Year 2021		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco	PD SEETILE	NONE
Councillor		
	Cll H DU PLESSIS	CONSULTANT SAACOSH
	Cll MC SKELMAN	NONE
	Cll O E HANTISE	GAMAGARA CLOSE CORPORATION
	Cll G J ESAU	NOT RECEIVED
	Cll BP LEKGADI	DIRECTOR LEKGADI CONSULTATION Ert at value of R5,000.00
	Cll AJ MORWE	NOT RECEIVED
	Cll A BOOYSEN	NONE
	Cll NS MAGAGANE	Director: Marara Construction- Cleaning Services, Royal Mmandi, Director of Marara Construction pay, ISHEPISO GENERAL CONSTRUCTION
	Cll CV JOSEPH	NONE
	Cll MF NQUME	KUMBA SHARES
	Cll MK ORPEN	NONE
	Cll R SEBEGO	MAPOTENG COMMUNITY FORUM
	Cll H J FOURIE	CENTRAL BRIDGE TRADING, BLESBOK 1 PROPERTIES, NCTS/MUTLA TRUST HOUSES X 2
Municipal Manager	KJ LESERWANE	OMPHIKEITSO DEVELOPMENT AND ENVIRONMENTAL PLANNERS CC
Chief Financial Officer	NM GROND	SANLAM SHARES
		NOT RECEIVED
	A MAKOKU	

Other S54(A) Officials		
	L SEETILE	KELEBOGILE TRUST- ERF 2043 KATHU
	KN OSITANG	HOUSE 1282 KATHU
	T RAPELANG	HOUSE 10 SUIDWESDORING KATHU.SITE 6326 SONOP STRAAT
	G LOETO	ERF 4112, ERF 2953, ERF 2023, SYDORING 1, BRAKDORING 18 - KATHU
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
T J		

Appendix capital M.1-2

Capital Expenditure - New Assets Programme*

Description		Year -1		Year 0			Planned Capital expenditure			R '000
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3		
<u>Capital expenditure by Asset Class</u>										
<u>Infrastructure – Total</u>		11,192	20,000	30,629	20,539	15,500	20,000	20,000	–	
Infrastructure: Road transport - Total		–	–		–	–	–	–	–	
Roads, Pavements & Bridges										
Storm water										
Infrastructure: Electricity - Total		11,192	20,000	30,629	20,539	12,500	20,000	20,000		
Generation										
Transmission & Reticulation		11,192,207	20,000,000	30,628,961	20,539,242	12,500,000	20,000,000	20,000,000	0	
Street Lighting										
Infrastructure: Water - Total		–	–		–	3,000	–	–	–	
Dams & Reservoirs										
Water purification										
Reticulation						3,000,000	0	0	0	
Infrastructure: Sanitation - Total		–	–		–	–	–	–	–	
Reticulation										
Sewerage purification										
Infrastructure: Other - Total		–	–		–	–	–	–	–	
Waste Management										

[illegible]

Computers - software & programming						900,000	0	0
Other (list sub-class)								
Total Capital Expenditure on new assets	11,192	20,000	30,629	20,539	21,585	20,130	20,008	
<u>Specialised vehicles</u>								
Refuse	-	-		-	-	-	-	
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009; Table SA34a)								
								T M, I

Capital Expenditure - Upgrade/Renewal Programme*

Description	Year -1 Actual	Original Budget	Adjustmen t Budget	Actual Expendit ure	Planned Capital expenditure			R '000
					FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
<u>Infrastructure - Total</u>								
Infrastructure: Road transport -Total	37,083	49,303	58,546	39,100	42,165	59,439	76,212	-
Roads, Pavements & Bridges	594	-	1,287	1,258	1,004	-	-	0
Storm water	594,316	0	1,286,517	1,257,970	1,004,000	0	0	0
Infrastructure: Electricity - Total	2,692	22,500	15,640	7,755	8,650	3,550	3,550	
Generation								
Transmission & Reticulation	2,692,438	22,500,000	15,639,779	7,755,379	8,650,000	3,550,000	3,550,000	

Heritage assetsBuildings
Other

Table continued next page

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*

Description	Year - 1 Actual	Original Budget	Adjustmen t Budget	Year 0 Actual Expendit ure	Planned Capital expenditure R '000		
					FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>							
Housing development	-	-		-	-	-	-
Other							
<u>Other assets</u>							
General vehicles	2,894	-	2,024	1,269	382	-	-
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment	2,834,878	0	2,023,874	1,268,517	382,115	0	0
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	58,840						
<u>Agricultural assets</u>							-

Details		Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
					Budget	Adjustments Budget	
Finance Management							
EPWP		1,700,000	1,700,000	1,700,000	0%	0%	
Sports & Recreation: Library		1,055,000	1,055,000	1,261,795	-20%	-20%	
Energy Efficiency and Demand Management		1,110,000	1,100,000	-	100%	100%	
WSIG		4,500,000	4,500,000	5,118,525	-14%	-14%	
INEP		15,000,000	9,700,000	26,299,217	-75%	-171%	
		38,000,000	23,000,000	25,004,003	34%	-9%	
Other Specify:							
Mining Companies - Kumba SLP		1,506,738	941,934	-	100%	100%	
SETA		271,215	271,215	248,077	9%	9%	
Total		63,142,953	42,268,149	59,631,618	6%	-41%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>							

Table A: Financial Summary

NC453_Gamagara Local Municipality - Table A1 Financial Summary													R' 000
Description	2017/18		2018/19		2019/20		Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Financial Performance													
Property rates	36,463		88,358		117,576		167,690	167,690	167,690	122,458	154,701	161,198	168,291
Service charges	143,022		230,011		225,087		322,690	322,690	322,690	235,678	298,888	311,441	325,144
Investment revenue	[0]		8		509		314	314	314	346	294	306	320
Transfers recognised - operational	45,964		37,497		134,941		47,585	52,085	52,085	51,034	49,912	52,969	55,793
Other own revenue	9,956		17,342		46,918		58,411	58,411	58,411	48,208	57,282	59,684	62,310
Total Revenue (excluding capital transfers and contributions)	235,405		373,217		525,030		596,690	601,190	601,190	457,724	561,077	585,598	611,859
Employee costs	130,337		142,474		171,796		167,439	167,439	167,439	184,904	181,655	189,294	197,569
Remuneration of councillors	5,109		6,129		5,531		5,888	5,888	5,888	5,509	5,641	5,878	6,137
Depreciation & asset impairment	45,074		45,418		51,876		44,769	44,769	44,769	43,721	49,631	51,865	54,199
Finance charges	12,636		27,936		24,666		27,936	27,936	27,936	9,942	18,998	15,780	16,474
Materials and bulk purchases	111,404		105,224		123,578		139,959	144,117	144,117	139,578	160,434	167,078	174,430
Transfers and grants	21		-		-		-	-	-	-	-	-	-
Other expenditure	111,251		95,426		139,749		120,107	120,107	120,107	98,778	122,120	122,898	125,212
Total Expenditure	415,832		422,609		517,195		506,097	510,255	510,255	482,431	538,480	552,793	574,021

Refuse:

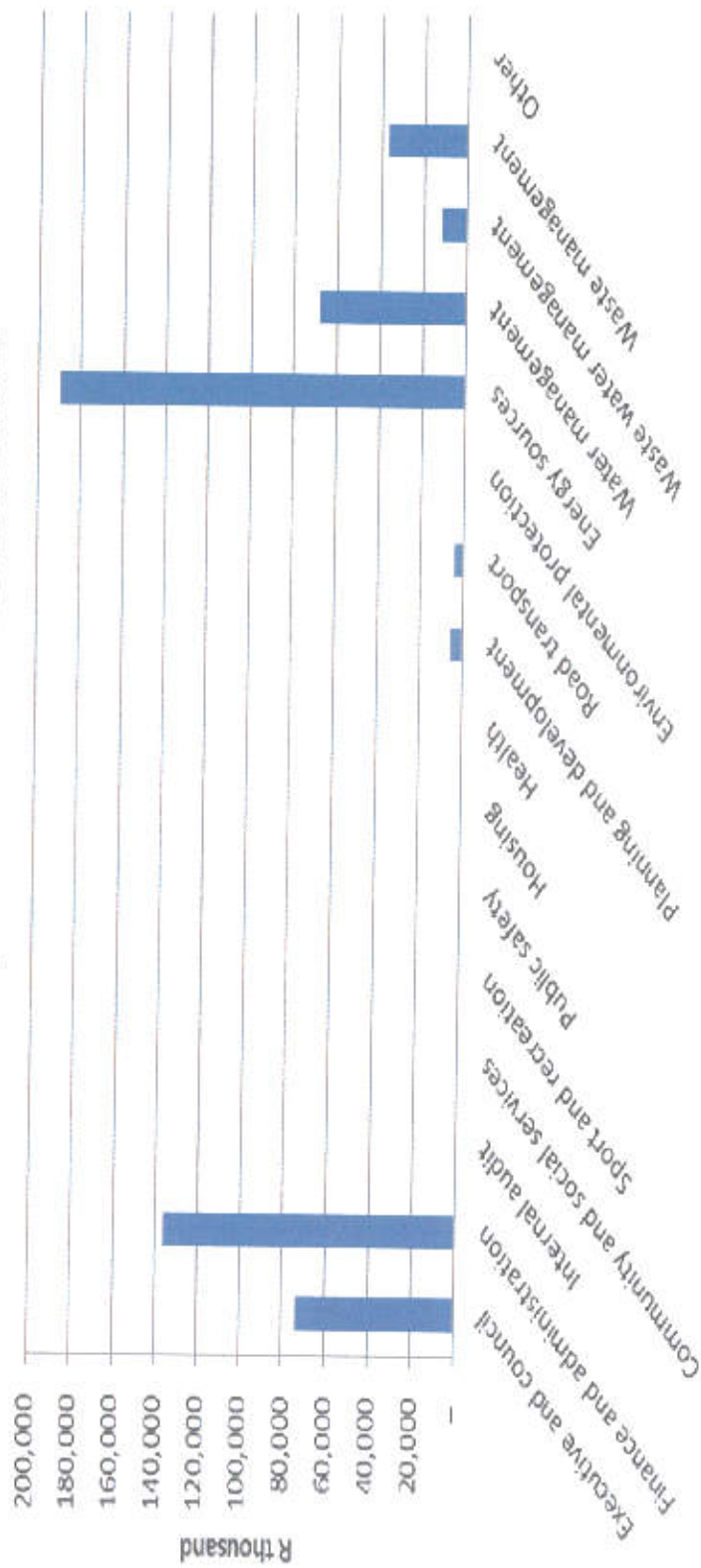
NC453 Gamagara - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	###	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional										
<i>Governance and administration</i>										
Executive and council		77,915	126,185	280,264	267,180	221,920	210,283	254,541	268,488	280,796
Finance and administration		24,976	33,402	74,758	85,696	83,400	73,494	75,843	82,269	86,475
Internal audit		52,939	92,782	205,506	181,484	138,520	136,789	178,698	186,219	194,321
<i>Community and public safety</i>										
Community and social services		25,427	36,288	1,574	37,321	1,172	64	1,252	54	57
Sport and recreation		1,801	385	407	1,161	1,172	64	1,252	54	57
Public safety		701	865	1,167	1,058	-	-	-	-	-
Housing		22,934	27,590	-	35,102	-	-	-	-	-
Health		(9)	7,448	-	-	-	-	-	-	-
<i>Economic and environmental services</i>										
Planning and development		7,863	7,464	4,971	3,517	4,716	9,100	4,776	3,927	4,099
Road transport		2,083	2,870	2,867	1,811	1,942	5,485	2,143	2,233	2,331
		5,735	4,569	2,099	1,691	2,765	3,612	2,632	1,692	1,766

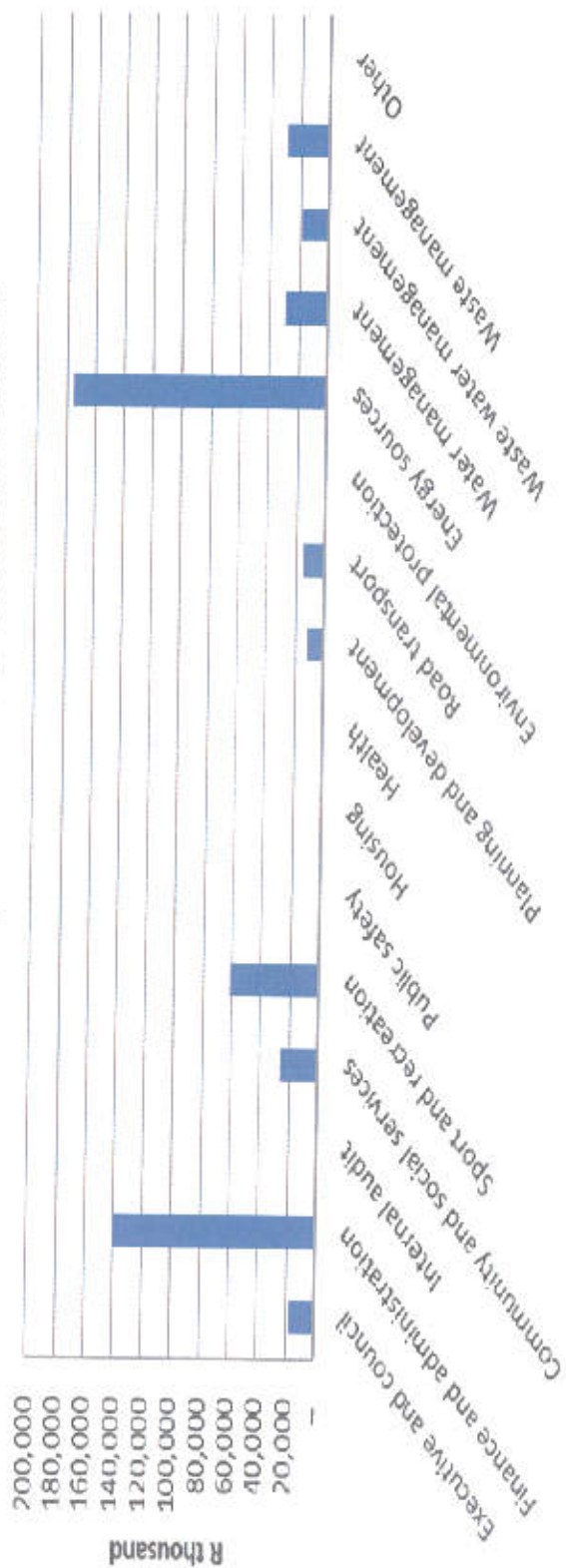
Environmental protection	46	25	5	14	9	3	2	2
Trading services								
Energy sources	176,648	237,711	267,484	357,975	318,075	307,340	345,219	387,037
Water management	125,825	170,525	174,800	209,608	206,897	189,787	189,402	200,164
Waste water management	45,316	52,889	49,995	112,770	66,596	68,641	86,816	114,974
Waste management	5,508	14,298	13,248	35,597	9,480	11,861	31,497	32,820
Other	-	-	29,440	-	35,102	37,050	37,504	39,079
	4	-	-	-	-	-	-	-
Total Revenue - Functional	2	407,648	554,294	665,993	545,883	526,786	605,788	659,506
		287,853						704,271
Expenditure - Functional	-							
Governance and administration								
Executive and council	111,012	123,977	208,452	185,879	159,507	157,659	173,476	176,961
Finance and administration	3,285	60,905	21,548	38,901	21,350	17,064	22,841	24,939
Internal audit	107,727	63,072	186,904	146,978	138,157	140,595	150,635	152,023
	-	-	-	-	-	-	-	-
Community and public safety								
Community and social services	63,029	78,517	43,932	64,076	59,439	88,248	60,926	62,964
Sport and recreation	20,763	21,010	24,083	23,149	26,948	26,428	33,143	34,006
Public safety	16,640	23,406	19,845	22,129	32,488	61,820	27,096	28,243
Housing	25,626	33,997	-	18,794	-	-	-	-
Health	-	104	4	4	2	-	686	715
	-	-	-	-	-	-	-	-
Economic and environmental services								
	61,404	31,740	30,723	39,258	37,368	27,030	47,764	49,804
								52,007

[illegible]

Revenue by Standard Classification



Expenditure by Standard Classification



NC453 Gomagara - Table A6 Budgeted Financial Position

[illegible]

Property, plant and equipment	# # #	951,102	1,083,955	1,151,861	1,144,559	1,277,213	1,277,213	995,766	1,045,884	1,095,134	1,149,685
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		1,044	1,176	839	808	471	471	849	839	797	757
Total non current assets		75	75	75	75	75	75	71	-	-	-
TOTAL ASSETS		1,158,440	1,291,440	1,447,411	1,351,677	1,572,396	1,572,396	1,204,981	1,341,317	1,390,525	1,445,036
		1,291,068	13,527,507	13,863,455	13,354,105	14,081,776	14,081,776	12,696,337	1,589,707	1,609,281	1,406,779
LIABILITIES											
Current liabilities	-										
Bank overdraft	# # #	-	-	-	-	-	-	-	-	-	-
Borrowing	# # #	12,927	21,589	34,281	21,589	34,281	34,281	19,214	26,096	(4,592)	(4,592)
Consumer deposits		6,404	6,008	5,958	5,959	6,195	6,195	6,018	3,468	3,815	3,815
Trade and other payables	# # #	410,957	12,544,609	12,575,664	12,719,504	12,704,200	12,704,200	11,574,749	272,837	184,159	(51,263)
Provisions		55,346	71,900	61,854	72,105	74,868	74,868	59,126	36,205	36,205	36,205
Total current liabilities		485,634	12,644,106	12,677,757	12,819,157	12,819,543	12,819,543	11,659,107	338,606	219,586	(15,836)
Non current liabilities											
Borrowing		22,128	14,961	3,909	14,961	7,819	7,819	11,969	-	(38,190)	(76,380)
Provisions		46,428	46,428	43,429	46,428	43,429	43,429	38,535	41,121	42,930	44,819
Total non current liabilities		68,556	61,389	47,338	61,389	51,248	51,248	50,504	41,121	4,740	(31,561)
TOTAL LIABILITIES		554,190	12,705,495	12,725,095	12,880,545	12,870,791	12,870,791	11,709,611	379,727	224,326	(47,396)

[illegible]

EPWP				865	1,017	1,055	1,055	1,117			
Library				348	278	1,110	1,110	-			
District Municipality:		-		-	-	-	-	-		-	-
Other grant providers:		-		-	-	1,778		-			
Mining Companies -Kumba SLP						1,507	1,213	833		-	-
SETA						271	942	585			
							271	248			
Total operating expenditure of Transfers and Grants:		28,558		35,992	44,855	52,085	52,452	51,034		-	-
Capital expenditure of Transfers and Grants											
National Government:		17,037		8,963	11,435	64,803	49,003	60,462		-	-
Municipal Infrastructure (MIG)		17,037		8,963	11,435	11,803	11,803	3,486			
Water Services Infrastructure Grant (WSIG)						15,000	9,700	26,299			
Integrated National Electrification Programme Grant (INEP)						38,000	23,000	25,004			
Energy Efficiency and Demand Side Management Grant						-	4,500	5,673			
Provincial Government:		-		-	-	-	-	-		-	-
District Municipality:		-		-	-	-	-	-		-	-

NC453 Gamagara - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	2019/20	2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	##									
Salary		3,544	763	574	-	-	3,565	3,771	3,930	4,102
Pension Contributions		172	-	-	42	42	160	193	201	210
Medical Aid Contributions		-	-	-	100	100	(2)	-	-	-
Motor vehicle allowance		-	420	376	1,260	1,260	1,188	224	233	243
Cell phone allowance		-	19	19	4,485	4,485	570	600	625	652
Housing allowance		-	-	-	-	-	-	-	-	-
Other benefits or allowances		1,394	-	96	-	-	27	854	890	929
In-kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		5,109	1,203	1,065	5,888	5,888	5,509	5,641	5,878	6,137
% increase	##		(76.5%)	(11.5%)	453.0%	-	(6.4%)	-	-	-
Senior Managers of the Municipality	##									
Basic Salaries and Wages										
Pension and UIF Contributions								4,532	4,722	4,930
Medical Aid Contributions								7	8	8
Over time								-	-	-
Performance bonus								-	-	-
								278	290	302

Motor Vehicle Allowance										1,529	1,593	1,663
Cellphone Allowance										120	125	130
Housing Allowances										-	-	-
Other benefits and allowances										1	1	1
Payments in lieu of leave										-	-	-
Long service awards										-	-	-
Post-retirement benefit obligations										-	-	-
Sub Total - Senior Managers of Municipality										6,466	6,738	7,034
% increase										-	-	-
Other Municipal Staff												
Basic Salaries and Wages	73,488	82,239	92,686	123,011	120,038	113,057	115,606	120,441	125,718			
Pension and UIF Contributions		635	604	18,463	17,966	18,575	21,340	22,237	23,215			
Medical Aid Contributions	21,032	7,584	10,420	9,228	10,448	11,197	9,260	9,649	10,073			
Overtime	13,120	12,228	14,925	2,148	14,039	14,538	285	297	310			
Performance Bonus		7,236	7,731	-	-	-	9,471	9,868	10,302			
Motor Vehicle Allowance	12,962	5,985	8,750	8,839	7,665	7,547	5,776	6,019	6,284			
Cellphone Allowance	6,103	2,007	411	517	1,100	1,090	354	369	385			
Housing Allowances	1,393	1,428	1,533	1,620	1,841	1,863	1,890	1,970	2,056			
Other benefits and allowances	4	4,129	3,762	2,767	8,586	13,376	8,132	8,504	8,847			
Payments in lieu of leave		(2,431)	7,714	342	1,058	1,678	711	741	773			
Long service awards	902	984	1,454	300	2,030	1,674	1,542	1,606	1,677			
Post-retirement benefit obligations	2,407	15,328	15,058	204	388	310	822	857	894			
Sub Total - Other Municipal Staff	131,411	137,352	165,046	167,43	185,159	184,904	175,189	182,556	190,535			

###

% Increase	###						9									
Total Parent Municipality		136,520	138,555	166,111	173,326	191,047	190,412	187,297	195,172	203,706						
TOTAL MANAGERS AND STAFF	(1) #	136,520	138,555	166,111	173,326	191,047	190,412	187,297	195,172	203,706						

CHAPTER 6:ANNUAL FINANCIAL STATEMENT

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021



Gamagara Local Municipality

Annual Financial Statements
for the year ended 30 June 2021

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

General Information

Mayoral committee

Executive Mayor

Councillors

Cllr. O.E. Hantise
Cllr. D.P. Seetile
Cllr. M.F. Nqume
Cllr. A.J. Morwe
Cllr. G.J. Esau (Resigned February 2021)
Cllr. M.C. Skeiman
Cllr. H. du Plessis
Cllr. A. Booysen
Cllr. M.K. Orpen
Cllr. B.P. Lekgadi
Cllr. N.S. Magagane
Cllr. C.V. Joseph
Cllr. H.J. Fourie
Cllr. B.I. Sebego (Appointed April 2021)

Grading of local authority

Grade 3

Chief Finance Officer (CFO)

Mr A. Makoku (Appointed January 2021)

Accounting Officer

K.P. Leserwane

Registered office

Civic Centre
Cnr Hendrik Van Eck & Frikkie Meyer Rd
Kathu
8446

Postal address

PO BOX 1001
Kathu
8446

Bankers

First National Bank
Standard Bank

Auditors

Auditor General South Africa

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Index

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

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Statement of Changes in Net Assets	8
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Statement of Comparison of Budget and Actual Amounts	10 - 15
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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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 2022 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 external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

K.P. Leserwane
Municipal Manager

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Certification of Remuneration of Councillors

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

KP LESERWANE

MUNICIPAL MANAGER

31 August 2021.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

K.P. Leserwane
Municipal Manager

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	4	1,280,479	744,548
Operating lease asset	5	14,671	35,307
Other trade receivables from exchange transactions	6	8,097,400	2,373,887
Receivables from non-exchange transactions	7&8	81,838,790	89,848,665
VAT receivable	9	31,843,616	23,642,422
Receivables from exchange transactions	10	175,606,128	175,693,046
Cash and cash equivalents	13	29,598,137	35,390,963
		328,279,221	327,728,838
Non-Current Assets			
Investment property	14	308,824,640	293,847,777
Property, plant and equipment	15	1,192,346,364	1,154,562,224
Intangible assets	16	534,746	838,953
Heritage assets	17	74,581	74,581
		1,501,780,331	1,449,323,535
Total Assets		1,830,059,552	1,777,052,373
Liabilities			
Current Liabilities			
Other financial liabilities	18	42,669,410	38,189,957
Payables from exchange transactions	19	444,634,048	389,132,836
Payables from non-exchange	20	45,599,149	51,284,177
Consumer deposits	21	5,914,379	5,706,428
Employee benefit obligation	22	2,227,000	2,236,000
Unspent conditional grants and receipts	23	21,361,219	34,982,329
Provisions	24	64,485,448	36,204,575
		626,890,653	557,736,302
Non-Current Liabilities			
Employee benefit obligation	22	52,285,000	41,121,000
Total Liabilities		679,175,653	598,857,302
Net Assets		1,150,883,899	1,178,195,071
Accumulated surplus		1,150,883,899	1,178,195,071
Total Net Assets		1,150,883,899	1,178,195,071

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	26	245,374,889	228,517,805
Rental of facilities and equipment	27	1,627,885	1,281,573
Interest received from exchange	28	11,885,769	-
Agency services	29	470,427	420,072
Other income	31	8,257,076	4,129,248
Interest received - Investment	46	346,302	508,818
Total revenue from exchange transactions		267,962,348	234,857,516
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	32	122,996,700	117,575,789
Licences and Permits (Non-exchange)		1,147,203	910,188
Interest received from non-exchange	28	2,681,815	-
Transfer revenue			
Government grants & subsidies	33	109,866,186	81,944,453
Public contributions and donations	34	10,306,173	94,134,106
Fines, Penalties and Forfeits	35	891,240	1,172,181
Total revenue from non-exchange transactions		247,889,317	295,736,717
Total revenue	25	515,851,665	530,594,233
Expenditure			
Employee related costs	36	(189,891,760)	(164,986,266)
Remuneration of councillors	37	(5,350,510)	(5,530,771)
Depreciation and amortisation	38	(60,192,113)	(50,093,030)
Reversal of impairments	39	(910,303)	(2,366,818)
Finance costs	40	(20,209,405)	(29,996,019)
Lease rentals on operating lease	41	(7,065,538)	(5,781,934)
Debt Impairment	42	18,628,516	82,695,772
Bad debts written off		(11,941,373)	(3,301,584)
Repairs & Maintenance		(4,581,641)	(5,029,685)
Bulk purchases	43	(138,336,062)	(127,372,696)
General Expenses	44	(90,918,213)	(87,832,323)
Total expenditure		(510,768,400)	(399,595,354)
Operating surplus		5,083,265	130,998,879
Loss on disposal of assets and liabilities		(378,908)	(3,180,793)
Fair value adjustments	45	14,976,863	1,470,508
Actuarial gains/losses	22	(6,542,553)	9,658,558
		8,055,402	7,948,273
Surplus for the year		13,138,667	138,947,152

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	957,194,389	957,194,389
Adjustments		
Prior year adjustments	82,053,530	82,053,530
Balance at 01 July 2019 as restated*	1,039,247,919	1,039,247,919
Changes in net assets		
Surplus for the year	138,947,152	138,947,152
Total changes	138,947,152	138,947,152
Opening balance as previously reported	1,178,195,071	1,178,195,071
Adjustments		
Correction of errors	(9,770,403)	(9,770,403)
Prior year adjustments	(30,679,436)	(30,679,436)
Restated* Balance at 01 July 2020 as restated*	1,137,745,232	1,137,745,232
Changes in net assets		
Surplus for the year	13,138,667	13,138,667
Total changes	13,138,667	13,138,667
Balance at 30 June 2021	1,150,883,899	1,150,883,899
Note(s)		

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		347,416,968	383,466,589
Grants		107,442,490	197,776,121
Interest income		346,302	508,818
		<u>455,205,760</u>	<u>581,751,528</u>
Payments			
Employee costs		(190,629,825)	(165,098,749)
Suppliers		(191,413,236)	(214,098,039)
Finance costs		(20,209,406)	(28,985,693)
		<u>(402,252,467)</u>	<u>(408,182,481)</u>
Net cash flows from operating activities	58	<u>52,953,293</u>	<u>173,569,047</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(63,501,373)	(73,302,476)
Proceeds from sale of property, plant and equipment	15	275,801	(146,087)
Purchase of investment property	14	-	(82,930,400)
Proceeds from sale of investment property	14	-	4,107,149
Net cash flows from investing activities		<u>(63,225,572)</u>	<u>(152,271,814)</u>
Cash flows from financing activities			
Movement of other financial liabilities		4,479,453	3,909,423
Finance lease payments		-	(1,138,247)
Net cash flows from financing activities		<u>4,479,453</u>	<u>2,771,176</u>
Net increase/(decrease) in cash and cash equivalents		<u>(5,792,826)</u>	<u>24,068,409</u>
Cash and cash equivalents at the beginning of the year		35,390,963	11,322,554
Cash and cash equivalents at the end of the year	13	<u>29,598,137</u>	<u>35,390,963</u>

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	316,638,739	(49,350,493)	267,288,246	245,374,889	(21,913,357)	1
Rental of facilities and equipment	1,465,411	(132,126)	1,333,285	1,627,885	294,600	2
Interest received (trading)	43,240,000	(7,621,518)	35,618,482	11,885,769	(23,732,713)	
Agency services	539,147	-	539,147	470,427	(68,720)	3
Other income - (rollup)	9,242,656	(4,660,745)	4,581,911	8,257,076	3,675,165	4
Interest received - investment	313,500	-	313,500	346,302	32,802	5
Total revenue from exchange transactions	371,439,453	(61,764,882)	309,674,571	267,962,348	(41,712,223)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	167,690,404	(43,386,450)	124,303,954	122,996,700	(1,307,254)	
Licences and Permits (Non-exchange)	1,115,684	(2,282)	1,113,402	1,147,203	33,801	
Surcharges and Taxes	-	-	-	2,681,815	2,681,815	

Transfer revenue

Government grants & subsidies	115,381,215	(14,868,000)	100,513,215	109,866,186	9,352,971	6
Public contributions and donations	1,506,738	(564,804)	941,934	10,306,173	9,364,239	7
Fines, Penalties and Forfeits	221,018	476,921	697,939	891,240	193,301	8

Total revenue from non-exchange transactions	285,915,059	(58,344,615)	227,570,444	247,889,317	20,318,873	
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Total revenue	657,354,512	(120,109,497)	537,245,015	515,851,665	(21,393,350)	
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Expenditure

Employee related costs	(169,360,801)	(17,749,460)	(187,110,261)	(189,891,760)	(2,781,499)	
Remuneration of councillors	(5,537,535)	(72,734)	(5,610,269)	(5,350,510)	259,759	9
Depreciation and amortisation	(44,768,720)	(2,926,429)	(47,695,149)	(60,192,113)	(12,496,964)	35
Impairment loss/ Reversal of impairments	-	-	-	(910,303)	(910,303)	
Finance costs	(27,936,489)	7,981,546	(19,954,943)	(20,209,405)	(254,462)	
Lease rentals on operating lease	(5,393,014)	1,290,000	(4,103,014)	(7,065,536)	(2,962,522)	10
Debt Impairment	-	-	-	18,628,516	18,628,516	11
Bad debts written off	(10,968,271)	(946,506)	(11,914,777)	(11,941,373)	(26,596)	
Repairs and maintenance	(16,593,225)	7,812,366	(8,780,859)	(4,581,641)	4,199,218	12
Bulk purchases	(142,294,193)	2,281,685	(140,012,508)	(138,336,062)	1,676,446	
General Expenses	(97,122,070)	(1,644,083)	(98,766,153)	(90,918,213)	7,847,940	13

Total expenditure	(519,974,318)	(3,973,615)	(523,947,933)	(510,768,400)	13,179,533	
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Operating surplus	137,380,194	(124,083,112)	13,297,082	5,083,265	(8,213,817)	
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Loss on disposal of assets and liabilities	8,638,484	-	8,638,484	(378,908)	(9,017,392)	14
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Fair value adjustments	-	-	-	14,976,863	14,976,863	
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Actuarial gains/losses	-	-	-	(6,542,553)	(6,542,553)	15
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Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	8,638,484	-	8,638,484	8,055,402	(583,082)	
Surplus before taxation	146,018,678	(124,083,112)	21,935,566	13,138,667	(8,796,899)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	146,018,678	(124,083,112)	21,935,566	13,138,667	(8,796,899)	
Reconciliation						

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	1,612,164	(149,868)	1,462,296	1,280,479	(181,817)	16
Operating lease asset	-	-	-	14,671	14,671	17
Other trade receivables from exchange transactions	-	-	-	8,097,400	8,097,400	18
Receivables from non-exchange transactions	43,275,307	(25,466,066)	17,809,241	81,838,790	64,029,549	19
VAT receivable	-	-	-	31,843,616	31,843,616	20
Consumer debtors	526,998,609	(207,747,156)	319,251,453	175,606,128	(143,645,325)	21
Cash and cash equivalents	13,661,078	(66,109,142)	(52,448,064)	29,598,137	82,046,201	22
	585,547,158	(299,472,232)	286,074,926	328,279,221	42,204,295	

Non-Current Assets

Investment property	206,199,584	88,401,573	294,601,157	308,824,640	14,223,483	23
Property, plant and equipment	1,111,192,612	38,563,768	1,149,756,380	1,192,346,364	42,589,984	24
Intangible assets	1,101,510	(262,557)	838,953	534,746	(304,207)	25
Heritage assets	74,581	(74,581)	-	74,581	74,581	26
	1,318,568,287	126,628,203	1,445,196,490	1,501,780,331	56,583,841	
Total Assets	1,904,115,445	(172,844,029)	1,731,271,416	1,830,059,552	98,788,136	

Liabilities

Current Liabilities

Other financial liabilities	2,261,712	35,928,245	38,189,957	42,669,410	4,479,453	27
Payables from exchange transactions	490,440,494	(39,907,048)	450,533,446	444,634,045	(5,899,401)	
Taxes and transfers payable (non-exchange)	-	-	-	45,599,149	45,599,149	28
Consumer deposits	3,746,185	(353,037)	3,393,148	5,914,379	2,521,231	29
Employee benefit obligation	-	-	-	2,227,000	2,227,000	30
Unspent conditional grants and receipts	-	-	-	21,361,219	21,361,219	31
Provisions	55,107,820	(18,938,551)	36,169,269	64,485,448	28,316,179	32
	551,556,211	(23,270,391)	528,285,820	626,890,650	98,604,830	

Non-Current Liabilities

Other financial liabilities	6,806,344	(6,806,344)	-	-	-	
Employee benefit obligation	-	-	-	52,285,000	52,285,000	33
Provisions	49,858,982	(6,501,982)	43,357,000	-	(43,357,000)	34
	56,665,326	(13,308,326)	43,357,000	52,285,000	8,928,000	
Total Liabilities	608,221,537	(36,578,717)	571,642,820	679,175,650	107,532,830	
Net Assets	1,295,893,908	(136,265,312)	1,159,628,596	1,150,883,902	(8,744,694)	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Reserves						
Accumulated surplus	1,295,893,908	(136,265,321)	1,159,628,587	1,150,883,900	(8,744,687)	

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

According to GRAP 24, an explanation is required for material variances. The Gamagara Local Municipality used a 5% variances as material.

1] The billing on service charges were lower than expected, mainly due to the under billing on water and electricity, which is mainly due to faulty or damaged meters.

2] The rental income was higher than expected due to the rental of community assets (e.g Halls) were higher than anticipated due to the high demand for the venues.

3] The agency services was lower than anticipated due to the impact of COVID-19, as traffic offices were affected by the closure of the economy as a result of the COVID-19 regulations.

4] Revenue is higher than anticipated, mainly due to the increase in building plan approvals during the financial year..

5] The interest on investments was higher than anticipated, as the municipality deposited more funds in the call accounts than expected during the year under review.

6] The WSIG, Energy Efficiency Grant and INEP rollovers were approved but was omitted from the revenue budget and only included in the expenditure budget..

7] There was an increase in donation in-kind due to unexpected asset donations received from the mine during the year under review.

8] There was an increase court fine revenue received during the year, due to the increase in successful court cases.

9] During the course of the financial year, one councillor resigned, and the position was vacant for one month. Councillors did not receive a increase during 2020/21, and during the budget process provision was made for a possible increase..

10] Due to the misalignment between GRAP and the mSCOA chart, the actuals for car rentals was split between lease rentals and car hire, however the total budget was posted against car hire under general expenditure.

11] The mSCOA chart does not make provision for debt impairment, therefore the municipality has only budgeted for bad debts written off.

12] Repairs and maintenance are done on a need to basis, therefore the actual expenditure was lower than the budgeted figure.

13] Due to the misalignment, car hire budget was included in general expenditure instead of lease rentals..

14] The municipality expected to make a gain from the sale of property, however due to the down turn in the economic situation of the community as a result of COVID-19, the municipality was unable to achieve this goal and made a loss on the disposal of assets.

15] Actuarial gains on employee related cost form part of the employee related budget as part of the mSCOA tree and was therefore not budgeted for as a gain/loss but as part of the employee related budget.

16] The anticipated inventory acquisition was lower than expected due to lockdown regulations (which meant employees either worked shift or worked from home on some occasions), which resulted in a decline in the acquisition of inventory.

17] The Treasury template for budgeting does not make provision for operating lease assets, therefore no provision was made for it in the budget.

18] The Treasury template for budgeting does not make trade receivables, but rather for receivables from other debtors which have been used for receivables from non-exchange transactions.

19] There was a higher than expected increase in receivables from residential and commercial property rates, due to the decline in payments received from these consumers.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

20]No provision made for VAT receivables on the budget template, therefore the budget was omitted. General input VAT has increased compared to the prior year which contributed to the municipality recognising a VAT receivable at the end of the financial year.

21]The municipality expected to have a higher debtors' balance, however due to the increase on the collection of waste services and the increased impairment for the current year on all services, there was a considerable decrease in the debtors' balance as at year end.

22]The municipality anticipated to have a negative bank balance during the financial year, but due to funds being deposited in call accounts for the accrual of interest on investments and due to the decrease in total expenditure the municipality closed off the year with a positive balance.

23]Due to the increase in the fair value of investment property, the total investment property was higher than the budgeted figure.

24]Due to the donation received from the mine on infrastructure assets, the actual balance on PPE was higher than anticipated.

25]Due to the reduction in the cost price of intangible assets, there was a reduction in the accumulated amortisation, which may be due to intangible assets which are still in used but have a lower amortisation value than previously recognised..

26]The budget on heritage assets was erroneously removed from the budget during the final adjustment budget, therefore there is a difference between the actual and budgeted amount as at the end of the financial year.

27]Due to the fact that DBSA obligation payments are not adhered to, the interest on the outstanding balance has increased more than anticipated.

28]No provision made on the budget template for taxes and transfers payable, therefore the item was not budgeted for.

29]During the year under review, there was a high increase on water consumer deposits, which is an indication of new customer accounts which were opened for water which can also be seen in the increase building plan approvals. .

30]The treasury budget template does not make provision for separate disclosure of employee benefits, therefore provisions and employee benefits are budgeted as one amount.

31]The municipality did not budget to have any unspent conditional grant, however due delays on projects there was a balance on conditional grants received.

32]The increase on the provision for landfill site rehabilitation was higher than expected due to factors set out in the Landfill site closure report and the fact that both the current and non-current portion was captured against current liabilities..

33]The municipality did not budget to have any unspent conditional grant, however due delays on projects there was a balance on conditional grants received.

34]Provisions are split between current and non-current portion of provision, however as per the AFS the total provision was recognised on current provision.

35) Depreciation recognised during the year was higher than expected due to increase in the landfill site which increased the depreciation which needed to be recognised and the purchases made during the yearNo provisio

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Figures in Rand	Note(s)	2021	2020
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1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables / 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 surplus 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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

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

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 24 - 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 22.

1.4 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.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 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.

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 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 15).

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Buildings		
• Improvements	Straight-line	5-100 years
Electrical Infrastructure		
• Electricity	Straight-line	3-55 years
• Landfill asset	Straight-line	10-20 years
• Roads & Paving	Straight-line	3-100 years
• Sanitation	Straight-line	7-55 years
• Sewerage	Straight-line	7-100 years
• Water	Straight-line	5-100 years
Community		
• Community facilities	Straight-line	5-60 years
• Recreational facilities	Straight-line	10-60 years
Other property, plant and equipment		
• Bins & containers	Straight-line	5-15 years
• Computer equipment	Straight-line	3-10 years
• Emergency equipment	Straight-line	3-10 years
• Furniture & fittings	Straight-line	3-15 years
• Motor vehicles	Straight-line	4-15 years
• Office equipment	Straight-line	3-15 years
• Plant and equipment	Straight-line	2-15 years
• Specialised vehicles	Straight-line	10-20 years
• Other assets	Straight-line	25-30 years

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

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

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

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

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 15).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 15).

1.6 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.

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.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-5 years

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.7 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

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

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

1.8 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.

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:

- 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.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

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

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

A financial asset is:

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

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.

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

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.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivables from exchange transactions
Receivables from non-exchange transactions
Trade receivables
Cash and cash equivalents

Category

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

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial liabilities
Payables from exchange transactions
Payables from non-exchange transactions
Employee benefit obligation

Category

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

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

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

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

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Gamagara Local Municipality

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1.8 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

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Accounting Policies

1.8 Financial instruments (continued)

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

Gamagara Local Municipality

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Accounting Policies

1.9 Statutory receivables (continued)

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Derecognition

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

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

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

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.10 Leases (continued)

Operating leases - lessee

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

1.11 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.12 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.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Useful life is either:

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

Identification

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

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

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

1.13 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

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

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Gamagara Local Municipality

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Accounting Policies

1.13 Employee benefits (continued)

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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.

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

Gamagara Local Municipality

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Accounting Policies

1.14 Provisions and contingencies (continued)

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 56.

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;
- 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 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.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

Gamagara Local Municipality

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Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

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

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

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

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Gamagara Local Municipality

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Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Borrowing costs

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

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

1.18 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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).

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 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 2020/07/01 to 2021/06/30.

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

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.

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.23 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.

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.24 Principal-agent arrangement

A principal-agent relationship is an arrangement where one person, the principal, relies on another person, the agent, to act on the principal's behalf.

The municipality as the agent acting on behalf of the principal recognises revenue based on the net amount retained (the amount billed to a customer less the amount paid to the supplier).

An entity that is the agent in a principal-agent arrangement shall disclose the following in the notes to the financial statements:

a description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include:

the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal;

the aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

1.25 Contingent Liabilities - Accounting Policy

The municipality's policy is not to recognise contingent liabilities in the annual financial statements, but to disclose them in the notes. A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or A present obligation that arises from past events but is not recognised because; 1) It is not probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation, or 2) The amount of the obligation can not be measured with sufficient reliability.

The municipality acknowledges that contingent liabilities can have a significant financial and economic impact to the municipality – by conferring certain rights or obligations that may be expected in the future. If the impact is not known, this could allow for financial difficulties for the municipality. Therefore ways are sought as much as possible to put measures in place to limit the impact of contingent liabilities – should these materialise.

In estimating the probable financial implications of contingent liabilities, where applicable the following is taken into account;

1. Maximum potential loss - This method values contingent liabilities at full face value.
2. Expected loss - This method tries to estimate the probability that the contingency will occur – and can be used when reliable data is available.
3. Use of market information if available
4. Opinion of experts such as legal practitioners

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

2. Changes in accounting policy

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

Interest on outstanding receivables

During the year, the municipality changed its accounting policy with respect to the treatment of Interest from outstanding receivables. The municipality started charging interest to outstanding receivables in the 2019/2020 financial year at 15.5% per annum.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2020 is as follows:

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2020 is as follows:

Statement of Financial Performance

Interest income

Previously stated

Adjustment

-	-
-	37,109,440
-	<u>37,109,440</u>

3. New standards and interpretations

3.1 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 2021 or later periods:

Standard/ Interpretation:

Effective date: Years beginning on or after

Expected impact:

- Directive 7 (revised): The Application of Deemed Cost

01 April 2021

Unlikely there will be a material impact

4. Inventories

Consumable stores
Water
Fuel (Diesel, Petrol)

905,954 524,592
97,534 160,084
276,991 59,872

1,280,479 744,548

Inventories recognised as an expense during the year

6,238,036 3,662,257

The cost of water production for the year amounted to R7.60 per kilolitre (2020: R8.05 per kilolitre). Raw water purchased from Sishen Iron Ore amounts to R0.06 per kilolitre.

No inventories have been pledged as collateral for Liabilities of the municipality.

5. Operating lease asset (accrual)

Current assets

14,671 35,307

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
6. Other trade receivables from exchange transactions		
Creditors with debit balances	36,830	619,724
Arrangements	8,060,570	1,754,163
	8,097,400	2,373,887
Arrangements		
Current (0 -30 days)	1,035,645	107,051
31 - 60 days	1,691,558	25,113
61 - 90 days	1,043,645	147,136
91 - 120 days	2,430,293	278,733
121 - 365 days	1,795,102	1,163,117
> 365 days	64,328	33,014
	8,060,571	1,754,164
7. Receivables from non-exchange transactions		
Arrangements	3,388,339	827,690
Other receivables from non-exchange revenue	977,644	3,234,834
Consumer debtors - Rates	8 77,472,807	85,786,141
	81,838,790	89,848,665
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Taxes	76,539,947	73,110,531
Fines	977,644	3,234,834
	77,517,591	76,345,365
Financial asset receivables included in receivables from non-exchange transactions above	4,321,199	13,503,300
Total receivables from non-exchange transactions	81,838,790	89,848,665
Statutory receivables general information		
Transaction(s) arising from statute		
The Municipal Property Rates Act is a national law that regulate the power of a municipality to value and rate immovable properties located within the boundaries of municipalities.		
Traffic fines arise from enforcement of traffic law violation in the municipal area and is governed by the The National Road Traffic Act 93 of 1996.		
Value added tax is as a result of Value-Added Tax Act 89 of 1991		
Reconciliation of provision for impairment for statutory receivables		
Opening balance	(21,055,403)	(35,915,755)
Unused amounts reversed	6,311,743	14,860,352
	(14,743,660)	(21,055,403)

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
7. Receivables from non-exchange transactions (continued)		
Arrangements		
Current (0 -30 days)	435,343	50,511
31 - 60 days	711,063	11,849
61 - 90 days	438,706	69,425
91 - 120 days	1,021,597	131,518
121 - 365 days	754,589	548,809
> 365 days	27,041	15,578
	3,388,339	827,690
8. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	94,975,410	94,290,064
Less: Allowance for impairment		
Consumer debtors - Rates	(17,502,603)	(8,503,923)
Net balance		
Consumer debtors - Rates	77,472,807	85,786,141
Statutory receivables included in consumer debtors above are as follows:		
Consumer debtors - Rates	76,539,947	73,110,531
Financial asset receivables included in consumer debtors above	932,860	12,675,610
Total consumer debtors	77,472,807	85,786,141
Property rates		
Current (0 -30 days)	(62,819)	(217)
31 - 60 days	9,148,888	9,517,681
61 - 90 days	3,578,998	4,895,854
91 - 120 days	3,697,380	4,442,561
121 - 365 days	17,385,954	26,807,871
> 365 days	43,724,406	40,122,391
	77,472,807	85,786,141

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
8. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Consumers and Other		
Current (0 -30 days)	(77,011)	(239)
31 - 60 days	11,073,421	10,251,676
61 - 90 days	4,282,525	5,255,352
91 - 120 days	4,441,144	4,758,095
121 - 365 days	20,732,599	28,716,404
> 365 days	52,121,500	43,297,170
	92,574,178	92,278,458
Less: Allowance for impairment	(17,042,195)	(8,322,498)
	75,531,983	83,955,960
Industrial/ commercial		
Current (0 -30 days)	-	-
31 - 60 days	36,735	61,585
61 - 90 days	17,911	32,716
91 - 120 days	11,270	34,011
121 - 365 days	38,185	145,832
> 365 days	114,400	132,001
	218,501	406,145
Less: Allowance for impairment	(41,895)	(36,630)
	176,606	369,515
National and provincial government		
Current (0 -30 days)	-	-
31 - 60 days	105,643	147,901
61 - 90 days	87,127	93,109
91 - 120 days	80,276	90,843
121 - 365 days	542,993	603,080
> 365 days	1,366,693	670,527
	2,182,732	1,605,460
Less: Allowance for impairment	(418,514)	(144,795)
	1,764,218	1,460,665
Total		
Current (0 -30 days)	(77,011)	(239)
31 - 60 days	11,215,799	10,461,162
61 - 90 days	4,387,563	5,381,177
91 - 120 days	4,532,690	4,882,949
121 - 365 days	21,313,777	29,465,317
> 365 days	53,602,593	44,099,699
	94,975,411	94,290,065
Less: Allowance for impairment	(17,502,604)	(8,503,922)
	77,472,807	85,786,143
Less: Allowance for impairment		
Current (0 -30 days)	14,192	22
31 - 60 days	(2,066,911)	(943,481)
61 - 90 days	(808,565)	(485,323)
91 - 120 days	(835,310)	(440,388)
121 - 365 days	(3,927,823)	(2,657,446)
> 365 days	(9,878,188)	(3,977,306)

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
8. Consumer debtors disclosure (continued)		
	(17,502,605)	(8,503,922)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(8,503,922)	(35,915,755)
Contributions to allowance	(8,998,683)	27,411,833
	(17,502,605)	(8,503,922)
<p>The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.</p> <p>In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.</p> <p>Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.</p>		
9. VAT receivable		
VAT	31,843,616	23,642,422
10. Receivables from exchange transactions		
Gross balances		
Electricity	62,161,683	26,054,568
Water	65,558,175	62,804,159
Waste water	14,797,267	17,835,530
Refuse	63,330,919	47,613,941
Other (specify)	3,807,810	37,874,431
	209,655,854	192,182,629
Less: Allowance for impairment		
Electricity	(9,301,377)	(1,585,227)
Water	(9,648,724)	(5,585,680)
Waste water	(2,726,923)	(1,608,569)
Refuse	(11,670,978)	(4,294,252)
Other (specify)	(701,724)	(3,415,855)
	(34,049,726)	(16,489,583)
Net balance		
Electricity	52,860,306	24,469,341
Water	55,909,451	57,218,479
Waste water	12,070,344	16,226,961
Refuse	51,659,941	43,319,689
Other (specify)	3,106,086	34,458,576
	175,606,128	175,693,046

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	11,689,071	5,911,193
31 - 60 days	8,661,153	2,760,321
61 - 90 days	4,788,368	(631,788)
91 - 120 days	5,778,382	309,033
121 - 365 days	7,850,802	(8,842,496)
> 365 days	14,092,530	24,963,078
	52,860,306	24,469,341
Water		
Current (0 -30 days)	13,199,318	870,453
31 - 60 days	2,006,131	2,605,955
61 - 90 days	701,052	1,254,794
91 - 120 days	873,855	1,525,056
121 - 365 days	3,050,589	5,454,401
> 365 days	36,078,506	45,507,820
	55,909,451	57,218,479
Waste water		
Current (0 -30 days)	(6,304)	(199)
31 - 60 days	997,086	1,034,324
61 - 90 days	302,983	458,533
91 - 120 days	185,685	446,658
121 - 365 days	1,129,942	1,749,085
> 365 days	9,460,952	12,538,560
	12,070,344	16,226,961
Refuse		
Current (0 -30 days)	(33,954)	(236)
31 - 60 days	11,580,501	2,350,751
61 - 90 days	1,303,659	1,487,274
91 - 120 days	1,155,577	1,310,835
121 - 365 days	6,934,994	8,462,334
> 365 days	30,719,164	29,708,731
	51,659,941	43,319,689
Other (specify)		
Current (0 -30 days)	-	(6,690)
31 - 60 days	151,077	3,114,635
61 - 90 days	72,347	3,279,983
91 - 120 days	70,165	3,114,042
121 - 365 days	791,843	23,099,466
> 365 days	2,020,653	1,857,141
	3,106,085	34,458,577

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	24,838,717	6,519,376
31 - 60 days	28,077,721	12,571,804
61 - 90 days	8,590,246	6,225,810
91 - 120 days	9,737,517	7,175,313
121 - 365 days	23,603,486	32,154,658
> 365 days	111,822,167	124,942,244
	<u>206,669,854</u>	<u>189,589,205</u>
Less: Allowance for impairment	(33,620,697)	(16,255,684)
	173,049,157	173,333,521
Industrial/ commercial		
Current (0 -30 days)	-	-
31 - 60 days	83,310	89,713
61 - 90 days	18,839	25,256
91 - 120 days	17,077	38,192
121 - 365 days	68,998	119,463
> 365 days	261,067	230,978
	<u>449,291</u>	<u>503,602</u>
Less: Allowance for impairment	(64,555)	(45,419)
	384,736	458,183
National and provincial government		
Current (0 -30 days)	-	-
31 - 60 days	520,514	380,736
61 - 90 days	178,807	177,517
91 - 120 days	130,809	156,842
121 - 365 days	549,439	614,895
> 365 days	1,157,137	759,833
	<u>2,536,706</u>	<u>2,089,823</u>
Less: Allowance for impairment	(364,477)	(188,479)
	2,172,229	1,901,344
Total		
Current (0 -30 days)	24,838,717	6,519,376
31 - 60 days	28,681,546	13,042,253
61 - 90 days	8,787,892	6,428,583
91 - 120 days	9,885,403	7,370,347
121 - 365 days	24,221,923	32,889,016
> 365 days	113,240,372	125,933,055
	<u>209,655,853</u>	<u>192,182,630</u>
Less: Allowance for impairment	(34,049,729)	(16,489,582)
	175,606,124	175,693,048

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Current (0 -30 days)	7,055	255,193
31 - 60 days	(3,960,810)	(1,176,267)
61 - 90 days	(1,213,574)	(579,787)
91 - 120 days	(1,365,136)	(664,724)
121 - 365 days	(6,547,150)	(2,966,226)
> 365 days	(20,970,111)	(11,357,772)
	(34,049,726)	(16,489,583)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(16,489,583)	(71,773,521)
Contributions to allowance	(17,560,143)	55,283,938
	(34,049,726)	(16,489,583)
Statutory receivables general information		
11. Statutory receivables		
Consumer debtors - Rates	77,472,807	85,786,141
VAT receivable	31,843,616	23,642,422
Traffic fines	549,800	293,768
	109,866,223	109,722,331
12. Interest receivable		
Interest receivable - Non-exchange transactions	15,705,750	10,289,988
Interest receivable - Exchange transactions	40,773,660	24,781,756
	56,479,410	35,071,744
13. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	24,337,842	35,199,263
Short-term deposits	5,260,295	191,700
	29,598,137	35,390,963

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

13. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
First National Bank Primary Account - Cheque - 536-6800-6069	18,038,063	34,477,511	8,695,392	18,396,363	34,477,511	8,695,392
First National Bank - Call Account - 613-6600-1025	5,063,760	(18)	63,615	5,063,760	(18)	63,615
First National Bank - Call Account - 620-1304-5861	2,209	2,209	2,207	2,209	2,209	2,207
First National Bank - Call Account - 623-8067-5193	69,695	68,441	65,883	69,695	68,441	65,883
First National Bank - Call Account - 623-3404-0748	52,567	52,435	51,462	52,567	52,435	51,462
First National Bank - Fixed Deposit - 710-2095-0327	72,063	68,632	63,831	72,063	68,632	63,831
Standard Bank - Current - 230-0456-8500	5,941,479	721,752	2,380,770	5,941,479	721,752	2,380,770
Total	29,239,836	35,390,962	11,323,160	29,598,136	35,390,962	11,323,160

14. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	308,824,640	-	308,824,640	293,847,777	-	293,847,777

Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Investment property	293,847,777	14,976,863	308,824,640

Reconciliation of investment property - 2020

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	212,807,779	82,930,400	(3,360,910)	1,470,508	293,847,777

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.

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Notes to the Annual Financial Statements

15. Property, plant and equipment

	2021		2020	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	104,179,015	-	104,179,015	104,179,015
Buildings	113,240,163	(50,766,883)	62,473,280	113,240,163
Plant and machinery	9,230,276	(4,343,134)	4,887,142	8,320,003
Furniture and fixtures	11,820,081	(9,540,234)	2,279,847	11,973,750
Motor vehicles	17,532,342	(7,447,118)	10,085,224	17,532,342
IT equipment	2,130,469	(1,470,902)	659,567	2,139,704
Electrical Infrastructure	339,384,247	(140,541,261)	198,842,986	310,023,608
Community	159,156,440	(54,192,010)	104,964,430	158,331,571
Roads infrastructure	537,749,678	(303,377,128)	234,372,550	537,614,836
Sanitation infrastructure	402,742,598	(192,072,233)	210,670,365	398,726,055
Water supply infrastructure	459,515,436	(244,312,021)	215,203,415	423,108,475
Solid waste infrastructure	90,488,161	(46,759,618)	43,728,543	64,023,713
Total	2,247,168,906	(1,054,822,542)	1,192,346,364	2,149,213,235
				(994,651,011)
				1,154,562,224

Notes to the Annual Financial Statements

15. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Opening Work In Progress	Additions/ Adjustments Work In Progress	Transfer-Out Work In Progress	Transfer-In Work In Progress	Change in provision of obligation	Depreciation	Impairment loss	Total
Land	104,179,015	-	-	-	-	-	-	-	-	-	104,179,015
Buildings	56,771,043	-	-	10,466,152	-	-	-	-	(4,763,915)	-	62,473,280
Plant and machinery	4,744,453	910,273	-	-	-	-	-	-	(767,584)	-	4,887,142
Furniture and fixtures	3,103,483	-	(19,387)	-	-	-	-	-	(795,735)	(8,514)	2,279,847
Motor vehicles	11,546,113	-	-	-	-	-	-	-	(1,460,889)	-	10,085,224
IT equipment	840,354	-	(8,529)	-	-	-	-	-	(172,258)	-	659,567
Electrical Infrastructure	161,489,430	1,014,000	-	16,272,102	28,346,640	-	-	-	(7,920,785)	(358,401)	198,842,986
Community	106,841,618	-	-	1,003,498	824,869	-	-	-	(3,705,555)	-	104,964,430
Roads infrastructure	241,513,299	-	(315,697)	2,421,300	1,257,969	-	-	-	(10,114,209)	(390,112)	234,372,550
Sanitation infrastructure	175,913,467	-	-	38,906,550	4,016,543	-	-	-	(8,101,329)	(64,866)	210,670,365
Water supply infrastructure	154,590,881	14,821,605	(6,441)	34,699,865	27,131,079	(5,530,721)	-	-	(10,394,350)	(108,503)	215,203,415
Solid waste infrastructure	29,024,315	-	(304,655)	235,286	-	-	-	26,769,103	(11,995,506)	-	43,728,543
	1,050,557,471	16,745,878	(654,709)	104,004,753	61,577,100	(5,530,721)	-	26,769,103	(60,192,115)	(930,396)	1,192,346,364

Gamagara Local Municipality

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15. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Opening Work In Progress	Additions/ Work In Progress	Transfer-Out Work In Progress	Transfer-In Work In Progress	Change in provision of obligation	Depreciation	Impairment loss	Total
Land	97,631,815	8,043,000	(1,495,800)	-	-	-	-	-	-	-	104,179,015
Buildings	60,647,451	-	(369)	10,466,152	-	-	-	-	(3,851,842)	(24,197)	67,237,195
Plant and machinery	5,013,334	340,639	-	-	-	-	-	-	(609,379)	(141)	4,744,453
Furniture and fixtures	3,738,031	81,006	(257)	-	-	-	-	-	(596,164)	(19,133)	3,103,483
Motor vehicles	8,475,644	3,500,000	-	-	-	-	-	-	(429,531)	-	11,546,113
IT equipment	902,988	195,631	-	-	-	-	-	-	(237,867)	(20,398)	840,354
Electrical infrastructure	135,188,849	781,535	(139,885)	29,138,079	20,542,306	(33,408,282)	33,408,282	-	(7,709,473)	(39,879)	177,761,532
Community	99,734,337	-	(226,355)	9,731,520	3,472,121	(12,200,143)	12,200,143	-	(4,852,623)	(13,884)	107,845,116
Roads infrastructure	254,666,540	-	(882,328)	1,826,984	594,316	-	-	-	(10,067,437)	(2,203,476)	243,934,599
Sanitation infrastructure	145,104,347	91,836	(19,289)	61,050,817	15,554,190	(37,698,457)	37,698,457	-	(6,961,884)	-	214,820,017
Water supply infrastructure	147,511,240	966,896	(270,423)	32,107,980	19,139,000	(16,547,114)	16,547,115	-	(10,118,239)	(45,709)	189,290,746
Solid waste infrastructure	47,780,571	-	-	235,286	-	-	-	(14,533,170)	(4,223,086)	-	29,259,601
	1,006,395,147	14,000,543	(3,034,706)	144,556,818	59,301,933	(99,853,996)	99,853,997	(14,533,170)	(49,757,525)	(2,366,817)	1,154,562,224

Pledged as security

The municipality did not pledge any of its assets as security.

Gamagara Local Municipality

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15. Property, plant and equipment (continued)

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

Projects were identified where construction or development has been halted either during the current or previous reporting period(s). These projects relate to internal funded projects and was halted due to financial constraints. These projects were all considered for impairment and it was concluded that assets are not impaired at this point in time and the projects will be continued when funds are available as most of these projects only incurred professional fees on the planning phase.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Upgrading of municipal offices in Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	501,376	501,376
Upgrading of internal roads in Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	744,554	744,554
Kathu 1600 Mixed Typology Development Contractor did not perform, terminated. COGHSTA to implement the project.	9,680,492	9,680,492
Sesheng Engineering Civil Services The project is being implemented by COGHSTA.	13,035,088	13,035,088
Electrical transmission Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	-	112,195
Construction of Dibeng Landfill site Control Room and Fencing Only the professional fees paid, the project has been terminated.	-	87,719
Construction of Control Room at Olifantshoek Landfill Site Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future	40,743	40,743
Construction of Control Room and Fencing at Kathu Transfer Station. Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future	106,823	106,823
Upgrading of 1km of Hans Coetzee road in Kathu The project is implemented by the Khumani Mine.	1,082,430	1,082,430
Kathu West 18ml reservoir and 3ml tower Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	2,389,000	2,389,000
Construction of 7ml reservoir and 1.7 elevated tower at Sesheng The IRS to be developed during the 21/22 financial year and submitted to the Department of Water and Sanitation for approval.	658,484	658,484
Upgrading of electrical switchgear in Industrial substation No budget. Project to continue in future when funds become available	322,150	322,150
Resealing of Olifantshoek reservoir and replacing of AC feeder and supply pipe No budget. Project to continue in future when funds become available	-	266,582
Development of Khai appel boreholes Phase 1 The project is implemented by Khumani Mine.	967,976	967,976

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15. Property, plant and equipment (continued)		
Electrification Kathu No budget. Project to continue in future when funds become available	-	1,141,839
Construction of control room at Olifantshoek [Only professional fees were paid due to lack of funding.]	69,369	69,369
Construction of ablution facility & fencing Olifantshoek Only professional fees were paid due to lack of funding.	214,915	214,915
Water Reticulation in Olifantshoek Phase 1 Project entails 2 stages 1. Ground water exploration- Completed 2. Second stage: The Contractor is experiencing serious challenges on Site , the Community constantly stops the construction activities, and this led him to stop completely until the two(2) subbies are appointed.	-	7,190,832
	29,813,400	38,612,567

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets	
Opening balance	92,299,819	1,003,498	10,466,152	235,286	10
Additions/capital expenditure	60,752,229	824,869	-	-	6
Transferred to completed items	(5,530,721)	(1,223,874)	-	-	(
	147,521,327	604,493	10,466,152	235,286	15

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets	
Opening balance	124,123,860	9,731,520	10,466,152	235,286	14
Additions/capital expenditure	55,829,812	3,472,121	-	-	5
	(87,653,853)	(12,200,143)	-	-	(9
	92,299,819	1,003,498	10,466,152	235,286	10

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	225,812	169,761
Infrastructure	4,472,977	9,249,535
	4,698,789	9,419,296

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.

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.

Gamagara Local Municipality

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16. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4,664,698	(4,129,952)	534,746	5,034,759	(4,195,806)	838,953

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	838,953	(304,207)	534,746

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software, other	1,174,458	(335,505)	838,953

17. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	74,581	-	74,581	74,581	-	74,581

Reconciliation of heritage assets 2021

	Opening balance	Total
Heritage assets	74,581	74,581

Reconciliation of heritage assets 2020

	Opening balance	Total
Heritage assets	74,581	74,581

Gamagara Local Municipality

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18. Other financial liabilities

At amortised cost

Annuity Loans - Current	42,669,410	38,189,957
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Annuity Loans are repaid over periods varying from 10 to 15 (2019: 10 to 15) years and at interest rates varying from 8.63% to 11.06% (2019: 8.63% to 11.06%) per annum. Annuity Loans are not secured.

Arrears interest is charged at 10.63% to 12.76% for unpaid instalment.

The fair value of Long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term liabilities.

Current liabilities

At amortised cost	42,669,410	38,189,957
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Contract number	Loan/Project number	Start date	Planned end date	Loan term	Interest rate
61000367	101796/1	01-07-2006	30-06-2021	15	8.63 %
61006899	12007530	01-07-2011	30-06-2021	10	9.56 %
61006937	12007596	01-07-2011	30-06-2021	10	11.06 %

As at 30 June 2021

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	42,669,410	-	-	-	42,669,410
Subtotal	42,669,410	-	-	-	42,669,410
	42,669,410	-	-	-	42,669,410

Maturity analysis

As at 30 June 2020

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	38,189,957	-	-	-	38,189,957
Subtotal	38,189,957	-	-	-	38,189,957
	38,189,957	-	-	-	38,189,957

Gamagara Local Municipality

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18. Other financial liabilities (continued)

Defaults and breaches

2021

	Loan 61000367	Loan 61006899	Loan 61006937	Total
Capital	11,386,777	6,313,088	7,735,491	25,435,356
Interest	6,827,770	4,243,954	6,162,329	17,234,053
	18,214,547	10,557,042	13,897,820	42,669,409

2020

	Loan 61000367	Loan 61006899	Loan 61006937	Total
Capital	8,708,578	4,804,077	5,839,162	19,351,817
Interest	5,073,380	3,143,437	4,537,782	12,754,599
Capital (incl. Cap Interest)	2,678,199	1,509,011	1,896,331	6,083,541
	16,460,157	9,456,525	12,273,275	38,189,957

The loans were not renegotiated and are due on 30 June 2021.

19. Payables from exchange transactions

Trade payables	350,265,169	303,495,323
Retentions payable	5,892,905	4,112,635
Accrued leave pay	21,318,683	18,787,330
Accrued bonus	5,233,181	4,281,893
Agency fees	49,703	49,703
Department of transport and Prodiba	25,354,933	22,056,232
Prepaid electricity	2,407,777	1,922,640
Payments received in advance	26,211,494	26,330,520
Employee Control account	7,900,203	8,096,560
	444,634,048	389,132,836

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality had a payment arrangement in place with ESKOM at year end, this arrangement was not settled in full during July 2020.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

20. Payables from non-exchange

Payment Received In Advance	11,873,970	12,918,474
Unspent grant payable to National Treasury	19,292,050	19,292,050
Unallocated Deposits	14,433,129	19,073,653
	45,599,149	51,284,177

Staff leave and bonus accrues to the staff of the municipality on an annual basis, subject to certain conditions.

No credit period exists for payables from non-exchange transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

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20. Payables from non-exchange (continued)

The municipality did not default on the payment of its creditors. No terms for payment have been renegotiated by the municipality.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

21. Consumer deposits

Sundry deposits - rentals	6,398	2,238,289
Electricity & water	5,907,981	3,468,139
	5,914,379	5,706,428

22. Employee benefit obligations

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded - Post Employment Medical Aid	(40,945,000)	(33,718,000)
Present value of the defined benefit obligation-wholly unfunded - Long Service Awards	(13,567,000)	(9,639,000)
	(54,512,000)	(43,357,000)
Non-current liabilities	(52,285,000)	(41,121,000)
Current liabilities	(2,227,000)	(2,236,000)
	(54,512,000)	(43,357,000)

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 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 as at 30 June 2021	352	349
New Entries	99	15
Exits	(16)	(12)
	435	352

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

Opening balance	9,639,000	10,880,310
Current service cost	925,000	1,072,251
Interest cost	658,000	831,346
Benefits paid	(1,547,077)	(1,175,895)
Actuarial loss	3,892,077	(1,969,012)
	13,567,000	9,639,000

Gamagara Local Municipality

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Figures in Rand	2021	2020
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22. Employee benefit obligations (continued)

The amounts recognised in the statement of financial performance

Current service cost	925,000	1,072,251
Interest cost	658,000	831,346
Actuarial (gains) losses	3,892,077	(1,969,012)
Settlement	(1,547,077)	(1,175,895)
	3,928,000	(1,241,310)

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

Assumptions used at the reporting date:

Discount rates used	9.27 %	7.34 %
Average retirement age	62	62

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:

	One percentage point increase	One percentage point decrease
General earnings inflation rate	1,696,000	1,479,000
Discount rate	1,566,000	1,600,000

The history of experienced adjustments is as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	13,567,000	9,639,000	10,880,000	9,418,000	8,805,000
Surplus (deficit)	(13,567,000)	(9,639,000)	(10,880,000)	(9,418,000)	(8,805,000)
Experience adjustments on plan liabilities	3,880,077	(1,543,012)	325,722	155,233	514,742

Post employment medical aid subsidy

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

In-service (employee) members	362	287
In-service (employee) non-members	73	65
Continuation (retiree and widow) members	17	16
	452	368

Unfunded liability

In-service (employee) members	29,654,000	23,543,000
In-service (employee) non-members	1,266,000	879,000
Continuation (retiree and widow) members	10,025,000	9,296,000
	40,945,000	33,718,000

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22. Employee benefit obligations (continued)

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

Opening balance	33,718,000	36,716,960
Current service cost	1,832,000	2,017,524
Interest cost	3,613,000	3,488,845
Benefits paid	(868,476)	(815,783)
Actuarial loss	2,650,476	(7,689,546)
	40,945,000	33,718,000

Net expense recognised in the statement of financial performance

Current service cost	1,832,000	2,017,524
Interest cost	3,613,000	3,488,845
Actuarial (gains) losses	2,650,476	(7,689,546)
Settlement	(868,476)	(815,783)
	7,227,000	(2,998,960)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.37 %	10.85 %
Health care cost inflation rate	6.98 %	6.85 %
Average retirement age	62	62

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:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	6,488,000	4,617,000
Discount rate	4,953,000	6,045,000

The history of experienced adjustments is as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	40,945,000	33,718,000	36,717,000	37,010,000	36,499,000
Surplus (deficit)	(40,945,000)	(33,718,000)	(37,717,000)	(37,010,000)	(36,499,000)
Experience adjustments on plan liabilities	963,000	546,000	(793,000)	(1,110,000)	(2,222,000)

Impact of COVID-19

Post employment medical aid benefit liability

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is much uncertainty as to how it will affect mortality in the medium to long term and what effect treatments and/ or vaccine will have.

Gamagara Local Municipality

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22. Employee benefit obligations (continued)

The sensitivities in tables above may be used to understand the potential impacts on the liability (and expenses) of, for an example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in the expected longevity ("1 yr" in the tables).

Once any long-term impact of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

Long service award liability

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/ or vaccines will have.

The sensitivities in tables above may be used to understand the potential impacts on the liability (and expenses) of, for an example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impact of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

23. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	7,583,574	418,143
Integrated National Electrification Programme Grant (INEP)	9,496,211	14,500,214
EPWP	24,722	231,517
Equitable share - COVID 19	1,642,000	-
Provisional: Library	725,373	725,373
Energy Efficiency and Demand Side Management Grant (EEDSM)	-	618,525
Water Service Infrastructure Grant (WSIG)	1,889,339	18,488,557
	21,361,219	34,982,329

Movement during the year

Balance at the beginning of the year	34,982,329	14,456,948
Additions during the year	48,613,000	76,262,000
Income recognition during the year	(62,644,455)	(44,379,671)
Rollover not approved transferred to payables	410,345	(11,356,948)
	21,361,219	34,982,329

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.

Gamagara Local Municipality

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24. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Olifantshoek	3,632,845	-	121,430	1,425,418	5,179,693
Rehabilitation of Landfill Sites - Deben	32,571,730	-	1,390,340	25,343,685	59,305,755
	36,204,575	-	1,511,770	26,769,103	64,485,448

Reconciliation of provisions - 2020

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Olifantshoek	6,168,666	-	101,378	(2,637,199)	3,632,845
Rehabilitation of Landfill Sites - Deben	43,558,757	-	908,944	(11,895,971)	32,571,730
	49,727,423	-	1,010,322	(14,533,170)	36,204,575

The municipality has an obligation to rehabilitate landfill sites.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 5.25% (1 years) and 10.51% (19 years).

The valuation of the landfill site provision was done by JPCE Specialist Consulting Engineers, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the professional valuator on the project was W. Meyers (B. Eng.), with extensive experience and expertise relevant for this type of work.

Environmental rehabilitation provision

Council operates two disposal sites. In terms of the Environmental Conservation Act (Act No 73 of 1989), the municipality is responsible to perform a rehabilitation of the land upon closure of the landfill site.

Key assumptions

Description	Deben	Olifantshoek
Total Site Area	108 924m ²	18 964m ²
Estimated site closure date	2030	2040
Remaining site life (from 2020) (years)	9 years	19 years
Net present value calculations based on the Government Bond Yield Rates for 10-years and 20-years respectively as discount rates (as at 30 June 2021)	8.88%	10.51%

Gamagara Local Municipality

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25. Revenue

	2021	2020
Service charges	245,374,889	228,517,805
Rental of facilities and equipment	1,627,885	1,281,573
Interest received (trading)	11,885,769	-
Agency services	470,427	420,072
Other income - (rollup)	8,257,076	4,129,248
Interest received - investment	346,302	508,818
Property rates	122,996,700	117,575,789
Surcharges and Taxes	2,681,815	-
Government grants & subsidies	109,866,186	81,944,453
Public contributions and donations	10,306,173	94,134,106
Fines, Penalties and Forfeits	891,240	1,172,181
	514,704,462	529,684,045

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	245,374,889	228,517,805
Rental of facilities and equipment	1,627,885	1,281,573
Interest received (trading)	11,885,769	-
Agency services	470,427	420,072
Other income - (rollup)	8,257,076	4,129,248
Interest received - investment	346,302	508,818
	267,962,348	234,857,516

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	122,996,700	117,575,789
Licences or permits	1,147,203	910,188
Surcharges and Taxes	2,681,815	-
Transfer revenue		
Government grants & subsidies	109,866,186	81,944,453
Public contributions and donations	10,306,173	94,134,106
Fines, Penalties and Forfeits	891,240	1,172,181
	247,889,317	295,736,717

26. Service charges

Sale of electricity	159,577,727	152,454,119
Sale of water	36,904,463	27,352,864
Solid waste	37,050,472	35,924,042
Sewerage and sanitation charges	11,842,227	12,786,780
	245,374,889	228,517,805

27. Rental of facilities and equipment

Premises		
Premises	1,622,711	1,274,777
Facilities and equipment		
Rental of facilities	5,174	6,796
	1,627,885	1,281,573

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand	2021	2020
28. Interest		
Interest exchange	11,885,769	-
Interest non-exchange	2,681,815	-
	14,567,584	-
29. Agency services		
Water and Sanitation	470,427	420,072
30. Other revenue		
Other income - (rollup)	8,257,076	4,129,248
31. Other income		
Cemetery fees	62,422	30,998
Collection charges	1,917,925	949,657
Building plan approval	5,186,329	2,974,633
Photocopies	614	1,864
Tender documents	43	-
Insurance Refund	395,459	-
Reconnection fees	330,753	172,096
Ancillary charges	363,531	-
	8,257,076	4,129,248
32. Property rates		
Rates received		
Property rates income	125,356,978	120,186,622
Less: Income forgone	(2,360,278)	(2,610,833)
	122,996,700	117,575,789

Gamagara Local Municipality

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Figures in Rand	2021	2020
32. Property rates (continued)		
Valuations		
Residential	6,707,211,535	6,696,597,910
State owned	84,395,400	77,217,100
Municipal farms	84,498,000	84,398,359
Small holdings	92,370,000	102,450,000
Industrial	159,148,500	168,924,500
Business	1,154,277,112	994,871,700
Agriculture	1,360,143,000	1,449,026,000
Public service infrastructure	16,739,006	84,093,006
Public benefit organisation	9,526,000	3,376,000
Church	86,871,948	82,658,868
Education	363,233,000	375,364,864
Vacant stands	12,161,384	59,516,100
Mining	405,678,100	476,218,100
Existing farms without dwellings	162,527,000	164,073,000
Municipal	528,173,301	439,618,608
	11,226,953,286	11,258,404,115

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A fixed rate is applied to property valuations according to different categories as per the tariff schedules to determine assessment rates. Rebates of R15 000 on the property valuation are granted to residential property owners.

Gamagara Local Municipality

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33. Government grants and subsidies

Operating grants

Equitable share	45,742,000	37,163,000
National: Financial Management Grant	1,700,000	1,770,000
Provincial: Department of Public Works: EPWP Programme	1,261,795	1,017,482
Provincial: Library	-	277,627
National Department: Environmental	-	150,000
Municipal Disaster Relief Grant	-	95,000
Education, Training and Development Practices- SETA	248,077	156,783
	48,951,872	40,629,892

Capital grants

National: Municipal Infrastructure Grant (MIG)	4,492,569	11,434,857
National: Department of Minerals & Energy (INEP)	25,004,003	15,886,785
Energy Efficiency Demand Side Management Grant	5,118,525	4,381,475
Water Service Infrastructure Grant (WSIG)	26,299,217	9,611,444
	60,914,314	41,314,561
	109,866,186	81,944,453

Equitable Share

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

All registered indigents receive a monthly subsidy of R647.79 - (2020: R591.14 -), which is funded from the grant.

National: Financial Management Grant (FMG)

Current-year receipts	1,700,000	1,770,000
Conditions met - transferred to revenue	(1,700,000)	(1,770,000)
	-	-

The Financial Management Grant (FMG) was allocated to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	418,143	-
Current-year receipts	11,658,000	11,853,000
Conditions met - transferred to revenue	(4,910,712)	(11,434,857)
Other	418,143	-
	7,583,574	418,143

The Municipal Infrastructure Grant (MIG) was allocated to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

National: Department of Mineral & Energy (INEP)

Balance unspent at beginning of year	14,500,214	1,701,995
Current-year receipts	20,000,000	30,387,000
Conditions met - transferred to revenue	(25,004,003)	(15,886,785)
Other	-	(1,701,996)
	9,496,211	14,500,214

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33. Government grants and subsidies (continued)

The grant was allocated to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Provincial: Department of Public Works: EPWP Programme

Balance unspent at beginning of year	231,517	369,575
Current-year receipts	1,055,000	1,249,000
Conditions met - transferred to revenue	(1,261,795)	(1,017,483)
Rollover not approved- transferred to payables	-	(369,575)
	24,722	231,517

The Expanded Public Works Programme was allocated to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic roads and rural roads; basic services infrastructure, including water and sanitation reticulation(excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.

Equitable share - COVID 19

Current-year receipts	5,442,000	-
Conditions met - transferred to revenue	(3,800,000)	-
	1,642,000	-

This was an allocation to the municipality for COVID 19.

Provincial: Library

Balance unspent at beginning of year	725,373	654,835
Current-year receipts	-	1,003,000
Conditions met - transferred to revenue	-	(277,627)
Rollover not approved- transferred to payables	-	(654,835)
	725,373	725,373

Conditions still to be met - remain liabilities (see note 23).

The Provincial Library Grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Energy Efficiency and Demand Side Management (EEDSM)

Balance unspent at beginning of year	618,525	-
Current-year receipts	4,500,000	5,000,000
Conditions met - transferred to revenue	(5,118,525)	(4,381,475)
	-	618,525

The Energy Efficiency and Demand Side Management grant was allocated to provide subsidies to municipalities to implement efficiency and demand side management initiatives with in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Gamagara Local Municipality

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Figures in Rand	2021	2020
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33. Government grants and subsidies (continued)

Education, Training and Development Practices- SETA

Current-year receipts	248,077	156,783
Conditions met - transferred to revenue	(248,077)	(156,783)
	-	-

In terms of Skills Levy Act of 1999, LGSETA pay s a mandatory grant which is 20% of 1% the municipality pays to the South African Revenue Service for Skill Development.

Water Service Infrastructure Grant (WSIG)

Balance unspent at beginning of year	18,488,557	11,730,543
Current-year receipts	9,700,000	25,000,000
Conditions met - transferred to revenue	(26,299,218)	(9,611,444)
Other	-	(8,630,542)
	1,889,339	18,488,557

Conditions still to be met - remain liabilities (see note 23).

The Water Service Infrastructure Grant was allocated to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance to sustainability of services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in effected municipalities.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act ... of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming three (3) financial years.

34. Public contributions and donations

Public contributions and donations	10,308,173	94,134,106
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35. Fines, Penalties and Forfeits

Building Fines	156,590	1,172,181
Court Traffic Fines	734,650	-
	891,240	1,172,181

Gamagara Local Municipality

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Figures in Rand	2021	2020
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36. Employee related costs

Basic	107,385,378	91,554,366
Contributions to Bargaining Council	52,876	233,148
Medical aid - company contributions	11,435,355	10,300,995
UIF	783,055	604,369
SDL	1,342,894	1,106,430
Leave pay provision charge	4,755,124	7,713,599
Current Service Costs (Medical & Long Service Award)	341,447	-
Defined contribution plans	17,740,672	15,116,692
Travel, motor car, accommodation, subsistence and other allowances	9,240,265	8,749,990
Overtime payments	14,653,492	14,924,855
Long-service awards	1,702,836	1,453,657
13th Cheques	9,379,791	7,730,608
Acting allowances	1,889,071	1,131,710
Housing benefits and allowances	1,891,717	1,532,617
Standby Allowance	6,748,125	2,422,099
Group life insurance	182,359	463
Cellular and Telephone	367,303	410,668
	189,891,760	164,986,266

Remuneration of Municipal Manager - KJ Leserwane

Annual Remuneration	864,242	1,001,290
Performance Bonuses	120,034	120,034
Travel Allowance	576,162	558,522
Cellphone Allowance	19,200	19,200
Other	246,071	-
	1,825,709	1,699,046

Remuneration of Chief Finance Officer - A Makoku

Annual Remuneration	275,280	-
Travel Allowance	181,120	-
Cellphone Allowance	12,000	-
	468,400	-

Mr A. Makoku was appointed in January 2021.

Remuneration of the Director: Corporate Services - L Seetile

Annual Remuneration	541,243	574,024
Performance Bonuses	75,173	95,783
Travel Allowance	360,829	375,723
Cellphone Allowance	19,200	19,200
Acting Allowance	89,722	-
	1,086,167	1,064,730

Remuneration of the Director: Infrastructure - KN Ositang

Annual Remuneration	541,243	574,024
Performance Bonuses	75,173	95,784
Travel Allowance	360,829	375,723
Cellphone Allowance	19,200	19,200
	996,445	1,064,731

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36. Remuneration of councillors (continued)

Remuneration of the Director: Development and Town Planning - TP Rapelang

Annual Remuneration	541,243	472,113
Performance Bonuses	75,173	30,015
Travel Allowance	360,829	310,102
Cellphone Allowance	19,200	17,600
	996,445	829,830

Remuneration of the Acting Director: Community Services - GN Loeto

Annual Remuneration	812,520	764,724
Performance Bonuses	67,710	63,727
Travel Allowance	177,901	167,437
Cellphone Allowance	9,990	9,990
Acting Allowance	101,565	87,625
Other	138,902	217,982
	1,308,588	1,311,485

Mr G.N Loeto has been acting since May 2018 to date.

Remuneration of Acting Chief Finance Officer - S Letshabo

Annual Remuneration	396,744	248,936
Performance Bonuses	66,124	-
Travel Allowance	88,951	55,812
Cellphone Allowance	4,995	3,330
Acting Allowance	49,593	-
Other	5,787	-
	612,194	308,078

Mr K.S. Letshabo acted for the period, March 2020 to December 2020.

37. Remuneration of councillors

Councillors	3,582,217	3,673,092
Company Contributions to UIF, Medical and Pension Funds	720	56,592
Other Allowances (Cellular Phones, Housing, Transport, etc.)	1,767,573	1,801,087
	5,350,510	5,530,771

In-kind benefits

The Councillor occupying the position of the Mayor of the municipality serve in a full-time capacity. He is provided with office, accommodation and secretarial support at the expense of the municipality in order to enable him to perform his official duties.

The Mayor has use of a Council owned vehicle for official duties.

38. Depreciation and amortisation

Property, plant and equipment	60,192,113	49,757,525
Intangible assets	-	335,505
	60,192,113	50,093,030

Gamagara Local Municipality

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Notes to the Annual Financial Statements

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39. Impairment of assets		
Impairments		
Property, plant and equipment	910,303	2,366,818
The main classes of assets affected by impairment losses are:		
Infrastructure		
Furniture and office equipment		
The main classes of assets affected by reversals of impairment losses are:		
Infrastructure		
The main events and circumstances that led to the recognition of these impairment losses are as follows:		
Condition assessment of assets		
The main events and circumstances that led to the reversals of these impairment losses are as follows:		
Disposal of assets		
40. Finance costs		
Non-current borrowings	4,479,453	4,061,392
Interest on convertible instruments	-	1,010,322
Trade and other payables	9,947,182	20,604,114
Current borrowings	4,271,000	-
Service concession arrangements	-	4,320,191
Landfill site	1,511,770	-
	20,209,405	29,996,019
41. Lease rentals on operating lease		
Equipment		
Contractual amounts	7,065,536	5,781,934
42. Debt impairment		
Contributions to debt impairment provision	(18,628,516)	(82,695,772)
43. Bulk purchases		
Electricity - Eskom	131,969,274	119,004,372
Water	6,366,788	8,368,324
	138,336,062	127,372,696

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Figures in Rand	2021	2020
44. General expenses		
Advertising	381,585	41,160
Auditors remuneration	4,624,188	4,347,640
Bank charges	1,049,612	868,197
Cleaning	475,901	-
Computer expenses	219,830	399,691
Consulting and professional fees	33,771,856	24,982,073
Consumables	7,118,416	4,241,338
Legal expenses	783,043	1,394,066
Entertainment	925	13,415
Hire	1,260,720	-
Insurance	2,158,854	2,301,735
IT expenses	1,074,340	2,530,682
Motor vehicle expenses	849,626	831,515
Town planning services	-	225,000
Fuel and oil	3,634,256	3,600,735
Printing and stationery	456,919	1,328,251
Gardening services	-	2,520
Protective clothing	978,415	1,264,475
Security (Guarding of municipal property)	8,736,556	7,232,709
Software expenses	122,052	49,800
Subscriptions and membership fees	1,856,637	1,820,043
Telephone and communication	7,506,605	8,598,301
Training	746,700	541,767
Subsistence and Travelling	716,020	2,123,297
Catering services	37,426	35,180
Prepared electricity services	6,359,965	5,517,727
Meter management services	1,652,517	2,005,909
Fire protection services	1,206,051	8,349,777
Sundries	3,139,198	3,185,320
	90,918,213	87,832,323
45. Fair value adjustments		
Investment property (Fair value model)	14,976,863	1,470,508
46. Investment revenue		
Interest revenue		
Bank	346,302	508,818
47. Auditors' remuneration		
Fees	4,624,188	4,347,640

Gamagara Local Municipality

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48. Related parties

Relationships	Ward	Surname	Initials
Councillor	1	Seetile	DP
Councillor	1	Morwe	AJ
Councillor	1	Skeiman	MC
Councillor	2	Esau	GJ
Councillor	3	Nqume	MF
Mayor		Hantise	OE
Councillor	Proportional	du Plessis	H
Councillor	Proportional	Booyesen	A
Councillor	Proportional	Orpen	MK
Councillor	Proportional	Lekgadi	BP
Councillor	Proportional	Magagane	NS
Councillor	Proportional	Joseph	CV
Councillor	Proportional	Fourie	HJ
Director:			
Municipal Manager		Leserwane	KP
Chief Financial Officer		Makoku	A
Acting Chief Financial Officer		Letshabo	S
Director: Corporate Services		Seetile	L
Director: Technical		Ositang	KN
Acting Director: Community Services		Loeto	G
Director: Development and Town Planning		Rapelang	TP

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Saphire Dawn	(7,691)	(49,194)
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Contracted Supplier

	Name of Spouse	Organ of State	Position held	2021	2020
Saphire Dawn	Chris Engelbrecht	Gamagara Local Municipality	Millwright	27,391	42,777
Moyahi & Associates	Kelebogile Pamela Moyahi	Department of Safety and Liason	Assistant of Director	737,546	1,186,261
				764,937	1,229,038

Services rendered to related parties

Year ended 30 June 2021

	Rates charges	Service charges	Sundry charges	Outstanding balances
Councillors	116,747	29,366	38,170	184,282
Section 57 Personnel	12,249	1,632	15,844	29,723
	128,996	30,998	54,014	214,005

Councillors

	Rates charges	Service charges	Sundry charges	Outstanding balances
Executive Mayor: O.E. Hantise	-	12,929	3,807	16,735
Councillor: Ward 1: D.P. Seetile	-	570	-	570
Councillor: Ward 1: A.J. Morwe	-	-	-	-
Councillor: Ward 1: M.C. Skeiman	-	-	-	-
Councillor: Ward 1: G.J. Esau	-	-	-	-

Gamagara Local Municipality

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48. Related parties (continued)

Councillor: Ward 1: M.F. Nqume	-	-	-	-
Councillor: PR: H. du Plessis	-	-	-	-
Councillor: PR: A. Booysen	491	6,299	2,073	8,863
Councillor: PR: M.K. Orpen	4,837	-	840	5,676
Councillor: PR: B.P. Lekgadi	-	-	-	-
Councillor: PR: N.S. Magagane	-	-	-	-
Councillor: PR: C.V. Joseph	661	-	-	661
Councillor: PR: H.J. Fourie	110,758	9,568	31,450	151,777
	116,747	29,366	38,170	184,282

Section 57 Personnel

	Rates charges	Service charges	Sundry charges	Outstanding balances
Municipal Manager: K.P. Leserwane	-	-	(115)	(115)
Chief Financial Officer: A. Makoku	-	-	20,167	20,167
Director Corporate Services: L. Seetile	-	-	-	-
Director Infrastructure: K.N. Ositang	1,623	285	-	1,907
Director Development and Town Planning: T.P. Rapelang	2,135	1,347	176	3,657
Acting Chief Financial Officer: K.S. Letshabo	-	-	(2)	(2)
Acting Director: Community Services	8,491	-	(4,382)	4,109
	12,249	1,632	15,844	29,723

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48. Related parties (continued)

Services rendered to related parties

Year ended 30 June 2020

Councillors

Section 57 Personnel

Rates charges	Service charges	Sundry charges	Outstanding balances
181,059	52,848	30,011	263,918
13,181	23,004	23,004	45,057
194,240	75,852	53,015	308,975

Councillors

Executive Mayor: O.E. Hantise

Councillor: Ward 1: D.P. Seetile

Councillor: Ward 1: A.J. Morwe

Councillor: Ward 1: M.C. Skeiman

Councillor: Ward 1: G.J. Esau

Councillor: Ward 1: M.F. Nqume

Councillor: PR: H. du Plessis

Councillor: PR: A. Booysen

Councillor: PR: M.K. Orpen

Councillor: PR: B.P. Lekgadi

Councillor: PR: N.S. Magagane

Councillor: PR: C.V. Joseph

Councillor: PR: H.J. Fourie

Rates charges	Service charges	Sundry charges	Outstanding balances
-	12,871	1,897	14,768
-	5,690	191	5,881
894	17,766	2,293	20,953
-	-	-	-
-	-	-	-
-	-	-	-
(4,124)	259	-	(3,865)
-	-	-	-
-	186	2,974	3,160
-	-	-	-
-	-	-	-
6,355	-	-	6,355
177,934	16,076	22,656	216,666
181,059	52,848	30,011	263,918

Section 57 Personnel

Municipal Manager: K.P. Leserwane

Chief Financial Officer: N.M. Grond

Director Corporate Services: L. Seetile

Director Infrastructure: K.N. Ositang

Director Development and Town Planning: T.P. Rapelang

Rates charges	Service charges	Sundry charges	Outstanding balances
-	4,252	-	4,252
-	1,360	22,066	23,426
1,150	-	22	1,172
1,475	248	-	1,723
4,770	3,012	435	8,217
5,786	-	481	6,267
13,181	8,872	23,004	45,057

Gamagara Local Municipality

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48. Related parties (continued)

Remuneration of management

Councillors/Mayoral committee members

2021

Name	Basic salary	Other short-term employee benefits	Total
O.E. Hantise	675,995	259,615	935,610
A.J. Morwe	204,323	112,508	316,831
M.C. Skeiman	213,927	112,508	326,435
G.J. Esau	145,820	75,005	220,825
M.F. Nqume	204,323	112,508	316,831
D.P. Seetile	540,796	216,572	757,368
H. du Plessis	213,927	112,508	326,435
A. Booysen	274,540	131,805	406,345
M.K. Orpen	204,323	112,508	316,831
B.P. Lekgadi	204,323	112,508	316,831
N.S. Magagane	282,844	134,448	417,292
C.V. Joseph	282,844	134,448	417,292
H.J. Fourie	213,927	112,508	326,435
B.I. Sebego	51,081	28,127	79,208
	3,712,993	1,767,576	5,480,569

2020

Name	Basic salary	Other short-term employee benefits	Total
O.E. Hantise	653,311	250,674	903,985
A.J. Morwe	265,327	128,173	393,500
M.C. Skeiman	206,749	109,678	316,427
G.J. Esau	206,749	109,678	316,427
M.F. Nqume	265,327	128,173	393,500
D.P. Seetile	522,650	209,419	732,069
H. du Plessis	206,749	109,678	316,427
A. Booysen	265,327	128,173	393,500
M.K. Orpen	265,327	128,173	393,500
B.P. Lekgadi	265,327	128,173	393,500
N.S. Magagane	273,353	130,707	404,060
C.V. Joseph	273,353	130,707	404,060
H.J. Fourie	206,749	109,678	316,427
	3,876,298	1,801,084	5,677,382

Additional information

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

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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2020

48. Related parties (continued)

Management class: Executive management

2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Acting allowances	Total
KP Leserwane	864,242	120,034	841,433	-	1,825,709
A Makoku	275,280	-	193,120	-	468,400
L Seetile	541,243	75,173	380,029	89,722	1,086,167
KN Ositang	541,243	75,173	380,029	-	996,445
TP Rapelang	541,243	75,173	380,029	-	996,445
S Letshabo	396,744	66,124	99,733	49,593	612,194
G Loeto	812,520	67,710	394,503	33,855	1,308,588
	3,972,515	479,387	2,668,876	173,170	7,293,948

2020

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Acting allowances	Total
KP Leserwane	1,001,290	120,034	577,722	-	1,699,046
NM Grond	449,443	110,884	375,236	-	935,563
L Seetile	574,024	95,783	394,923	44,861	1,109,591
KN Ositang	574,024	95,784	394,923	-	1,064,731
TP Rapelang	472,113	30,015	327,702	-	829,830
S Letshabo	248,936	20,259	59,142	23,338	351,675
G Loeto	764,724	63,727	395,409	87,625	1,311,485
	4,084,554	536,486	2,525,057	155,824	7,301,921

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand

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49. Prior period errors

Statement of Financial Position

Figures in Rand

Note(s)

Previously
reported

Adjustment

Re-
classification

Restated

Re

Assets

Current Assets

Inventories	4	861,668	(117,120)	-	744,548
Operating lease asset	5	35,307	-	-	35,307
Other trade receivables from exchange transactions	6&8	619,724	1,754,163	-	2,373,887
Receivables from non-exchange transactions	7&8	75,569,180	14,279,485	-	89,848,665
VAT receivable	9	23,275,980	366,442	-	23,642,422
Receivables from exchange transactions	10	177,657,826	(1,964,780)	-	175,693,046
Cash and cash equivalents	13	35,390,963	-	-	35,390,963
		313,410,648	14,318,190	-	327,728,838

Non-Current Assets

Investment property	14	294,594,017	(746,240)	-	293,847,777
Property, plant and equipment	15	1,153,006,238	1,555,986	-	1,154,562,224
Intangible assets	16	838,953	-	-	838,953
Heritage assets	17	74,581	-	-	74,581
		1,448,513,789	809,746	-	1,449,323,535

Total Assets

		1,761,924,437	15,127,936	-	1,777,052,373
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Liabilities

Current Liabilities

Other financial liabilities	18	38,189,957	-	-	38,189,957
Payables from exchange transactions	19	396,597,705	(7,464,869)	-	389,132,836
Payables from non-exchange	20	38,461,773	12,822,404	-	51,284,177
Consumer deposits	21	5,706,428	-	-	5,706,428
Employee benefit obligation	22	2,236,000	-	-	2,236,000
Unspent conditional grants and receipts	23	34,982,329	-	-	34,982,329
Provisions	24	36,204,575	-	-	36,204,575
		552,378,767	5,357,535	-	557,736,302

Non-Current Liabilities

Employee benefit obligation	22	41,121,000	-	-	41,121,000
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Total Liabilities

		593,499,767	5,357,535	-	598,857,302
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Net Assets

		1,168,424,670	9,770,401	-	1,178,195,071
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Accumulated surplus		1,168,424,672	9,770,399	-	1,178,195,071
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Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

49. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Ré
Revenue						
Revenue from exchange transactions						
Service charges	26	222,245,407	6,272,398	-	228,517,805	
Rental of facilities and equipment	27	1,281,573	-	-	1,281,573	
Agency services		420,072	-	-	420,072	
Other income	31	4,017,335	111,913	-	4,129,248	
Interest received - investment	46	508,818	-	-	508,818	
Total revenue from exchange transactions		254,694,800	(19,837,284)	-	234,857,516	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	32	117,575,789	-	-	117,575,789	
Licences and Permits (Non-exchange)		2,529,813	(1,619,625)	-	910,188	
Transfer revenue						
Government grants & subsidies	33	81,787,670	156,783	-	81,944,453	
Public contributions and donations	34	94,290,889	(156,783)	-	94,134,106	
Fines, Penalties and Forfeits		1,172,181	-	-	1,172,181	
Total revenue from non-exchange transactions		308,244,187	(12,507,470)	-	295,736,717	
Total revenue	25	562,938,987	(32,344,754)	-	530,594,233	
Expenditure						
Employee related costs	36	(165,045,986)	59,720	-	(164,986,266)	
Remuneration of councillors	37	(5,530,771)	-	-	(5,530,771)	
Depreciation and amortisation	38	(49,917,319)	(175,711)	-	(50,093,030)	
Impairment loss/ Reversal of impairments	39	(2,366,818)	-	-	(2,366,818)	
Finance costs	40	(29,996,049)	30	-	(29,996,019)	
Lease rentals on operating lease		(5,781,934)	-	-	(5,781,934)	
Debt Impairment	42	37,508,431	45,187,341	-	82,695,772	
Bad debts written off	42	(3,301,584)	-	-	(3,301,584)	
Repairs and maintenance		(3,679,862)	(1,349,823)	-	(5,029,685)	
Bulk purchases	43	(127,372,696)	-	-	(127,372,696)	
Transfers and Subsidies		-	-	-	-	
General Expenses	44	(90,671,925)	2,839,602	-	(87,832,323)	
Total expenditure		(446,156,513)	46,561,159	-	(399,595,354)	
Operating surplus		116,782,474	14,216,405	-	130,998,879	
Loss on disposal of assets and liabilities		(3,180,793)	-	-	(3,180,793)	
Fair value adjustments	45	1,470,508	-	-	1,470,508	
Actuarial gains/losses	22	9,658,558	-	-	9,658,558	
		7,948,273	-	-	7,948,273	
Surplus for the year		124,730,747	14,216,405	-	138,947,152	

[1] Remapping of R776,184 from various votes

[2] Restatement of VAT receivable accruing from other restatements R366,442

[3] Remappings and Restatements amounting to R5,088,771

[4] Remappings of votes meant to be in Payables from non exchange R96,070

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand

Note(s)

2021

2020
Restated*

49. Prior period errors (continued)

[5] Reclassification of other receivables R2,239,267

[6] Non Billing accounts corrected and billed retrospectively R5,906,206. R172,096 reclassified

[7] Reclassification of accounts from other income votes R111,913

[8] Moved from grants and Subsidies R156,783

[9] Moved from Payables R1,619,625

[10] Remapping of Employees votes R59,720.

[11] Remapping from General Expenditure R1,466,329.29

[12] Provisions was adjusted by R- which relates to restatement of provision for Landfill site which was restated as a result of the municipality being issued with a licence for the dumping of waste.

[13] Remapping and Restatement of Prepaid Electricity Services

[14] Remapping of Inventory votes and Restatement of Inventory. The movement is R117,120.48

[15] Fruitless and Wasteful expenditure was restated to include items that were excluded from the previous register and excluding items that were accounted for in the incorrect financial year.

[16] Irregular expenditure was restated to recognise items that were previously excluded from the register and to remove items that were recognised in the incorrect period. Items that had been recognised inclusive of VAT were corrected.

[17] Property plant and equipment was resated due to new found assets

[29] Reclassification of actuarial gains from employee costs to other reportable items R 59,720.

[22] Depreciation was adjusted by R(175,711) due to correction of depreciation calculation.

[28] Debt impairment was adjusted by R45,187,341 due to change in methodology of impairment.

[26] General expenses was adjusted by R4,972,599 which relates mainly to reclassification of misallocated expenses.

[27] Finance lease obligation was adjusted by R1,123,465 to correct prior period errors on amortisation schedules.

50. Going concern

Management considered the following matters relating to the Going Concern:

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account.

During 2020 the Council adopted the 2020/2021 to 2023/24 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash backed status before it is ultimately approved by Council.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
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50. Going concern (continued)

As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

The following indicators have a negative outlook on the going concern of the municipality:

- Current liabilities exceed current assets by R (298,611,432)
- Creditors days in 2021 are (318) and in 2020 are (324)
- Debtors days in 2021 are 239 and in 2020 are 255

The municipality owns Eskom R329 845 418 and Sedibeng Water R970 214 at year end.

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution

Under the DORA Act (Division of Revenue Bill - Bill Published In Government Gazette No. 43025 of 17 February 2020) the municipality has been allocated the following funds for the years 2020/21 to 2022/23.

	2020/21	2021/2022	2022/2023	Total
Finance Management Grant (FMG)	1,700,000	2,000,000	2,200,000	5,900,000
Expanded Public Works Program (EPWP)	1,055,000	-	-	1,055,000
Municipal Infrastructure Grant (MIG)	11,803,000	12,441,000	12,908,000	37,152,000
Energy Efficiency and Demand Side Management	5,000,000	3,000,000	-	8,000,000
Integrated National Electrification Programme Grant (INEP)	43,000,000	24,139,000	20,000,000	87,139,000
Water Service Infrastructure Grant (WSIG)	15,000,000	15,000,000	25,000,000	55,000,000
Regional Bulk Infrastructure Grant (RBIG)	-	79,804,000	129,073,000	208,877,000
Equitable Share	41,942,000	47,584,000	53,688,000	143,214,000
	119,500,000	183,968,000	242,869,000	546,337,000

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.

In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years. There was an outbreak of COVID-19 which was declared an epidemic by the World Health Organisation and following that, the South Africa Government declared it as such. In spite of the COVID-19 outbreak, the municipality will continue as a going concern as it is part of the institutions that supply critical services to the communities it serves. The President of South Africa also pledged support for all institutions that supply critical services and a fund has also been set up to support these institutions. The municipality has also received their grants (Equitable share) and they will continue to receive grants in the foreseeable future.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

51. Unauthorised expenditure

Opening balance as previously reported	583,340,333	578,550,946
Opening balance as restated	583,340,333	578,550,946
Add: Unauthorised Expenditure - current year	49,796,070	4,789,387
Closing balance	633,136,403	583,340,333

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
51. Deviation from supply chain management regulations (continued)			
The over expenditure incurred by municipal departments during the year is attributable to the following categories:			
Non-cash		49,796,070	4,789,387
Analysed as follows: non-cash			
Depreciation and amortisation		45,245,658	4,789,387
Bad debts		4,550,412	-
		49,796,070	4,789,387
52. Fruitless and wasteful expenditure			
Opening balance as previously reported		56,929,954	32,265,229
Opening balance as restated		56,929,954	32,265,229
Add: Fruitless and Wasteful Expenditure - current year		-	24,664,725
Closing balance		56,929,954	56,929,954
The Fruitless and wasteful expenditure is mainly made up of interest for late payment of Eskom bulk account, Development Bank of Southern Africa and the South African Revenue Services.			
53. Irregular expenditure			
Opening balance as previously reported		624,700,661	523,885,820
Correction of prior period error		-	(14,368,666)
Opening balance as restated		624,700,661	509,517,154
Add: Irregular Expenditure - current year		108,600,010	115,183,507
Less: Amount written off by council- prior years		(444,555,778)	-
Less: Amount written off by council - current year		(25,542,403)	-
Closing balance		263,202,490	624,700,661
Incidents/cases identified in the current year include those listed below:			
Competitive bidding not invited		14,673,900	-
Three written quotations not invited		74,102	-
Non-compliance with legislation on contracts/Non-compliance with procurement processes		93,852,007	115,183,507
		108,600,009	115,183,507
54. Additional disclosure in terms of Municipal Finance Management Act			
Contributions to organised local government - SALGA			
Current year subscription / fee		1,623,368	1,820,043
Audit fees			
Current year subscription / fee		4,624,188	4,261,637
Amount paid - current year		(4,620,546)	(4,251,435)
		3,642	10,202

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	2,214,866	22,610,450
Current year subscription / fee	29,041,099	25,351,317
Amount paid - current year	(29,041,099)	(25,351,317)
Amount paid - previous years	-	(20,398,222)
	2,214,866	2,212,228

Pension and Medical Aid Deductions

Opening balance	3,253,260	3,020,282
Current year subscription / fee	45,840,162	38,909,025
Amount paid - current year	(44,809,856)	(38,676,047)
	4,283,566	3,253,260

VAT

VAT receivable	31,843,616	23,642,422
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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Note(s)

2021

2020
Restated*

54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Electricity

		Lost Units	Value
30 June 2021	Unaccounted Electricity Losses	15,092,681	18,262,144
30 June 2020	Unaccounted Electricity Losses	17,517,820	19,801,640

Electricity Losses occur due to technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections).

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:

System Input Volume	106,356,633	103,895,686
Billed Consumption	(91,263,952)	(86,377,866)
Distribution Loss	15,092,681	17,517,820

Percentage Distribution Loss	14.19 %	10.14 %
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Loss (R):	18,262,144	19,801,640
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Water

	Lost Units	Value
30 June 2021	Unaccounted Water Losses	3,231,995
30 June 2020	Unaccounted Water Losses	2,517,416
	Adjustment	-
	Restated 30 June 2020	2,517,416
		17,080,094

Water Losses occur due to leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections.

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

Opening Balance Water Stock	346,603	308,325
System Input Volume	7,794,586	5,893,970
Billed Consumption	(4,858,438)	(2,176,239)
Closing Balance Water Stock	(308,325)	(24,546)
Distribution Loss	2,974,426	2,897,688

Opening Balance Water Stock	36,536	29,372
System Input Volume	5,768,130	5,403,240
Billed Consumption	(2,540,569)	(2,878,660)
Closing Balance Water Stock	(32,102)	(36,536)
Distribution Loss	3,231,995	2,517,416

Percentage Distribution Loss	56.03 %	46.59 %
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* See Note 2 & 49

Gamagara Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
54. Additional disclosure in terms of Municipal Finance Management Act (continued)			
Loss		18,562,735	17,080,094

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
O.E. Hantise	1,048	15,687	16,735
D.P. Seetile	570	-	570
A. Booysen	346	8,518	8,864
M.K. Orpen	187	5,489	5,676
C.V. Joseph	661	-	661
H.J. Fourie	15,145	137,854	152,999
	17,957	167,548	185,505

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Hantise OE	997	13,771	14,768
Seetile PD	2,111	4,942	7,053
Du Plessis SP	1,818	-	1,818
Fourie HJ	60,755	155,911	216,666
	65,681	174,624	240,305

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

* See Note 2 & 49

Gamagara Local Municipality
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

55. 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.

SUPPLIER	CONTRACT/ SERVICE RENDERED	EXTERNAL PAYMENT REFERENCE	DESCRIPTION OF INCIDENT	DISCOVERY DATE	AMOUNT VAT INC.	AMOUNT VAT EXCL.
ADAPT IT	Provision of Municipal Financial Reporting software(Caseware) compliant with mSCOA	10,697	Deviation was approved by the accounting officer to acquire the services of Adapt IT to provide a software(Caseware) for mSCOA financial reporting. Adapt IT is the Sole provider of the caseware software in Africa.	08/09/2020	171,376.45	149,023.00
BOBCAT EQUIPMENT SOUTH AFRICA	Mechanical services	13,066	Deviation was approved service of the Bobcat Backhoe Loader. The machine is an original equipment manufacturer, as a result the repairs must be done by Bobcat Kathu office. The vehicle is essential for service delivery.	14/05/2021	14,599.34	12,695.08
BOBCAT EQUIPMENT SOUTH AFRICA	Mechanical services	12,743	Deviation was approved service of the Bobcat Backhoe Loader. The machine is an original equipment manufacturer, as a result the repairs must be done by Bobcat Kathu office. The vehicle is essential for service delivery.	12/04/2021	8,480.03	7,373.94

Gamagara Local Municipality
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Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)

Bothabo Trading Enterprise	Rental of Sewer Trucks	11,938	Deviation for the drain suction in Dibeng and Olifanshoek, the municipality's sewage trucks could not be used as their roadworthy disc license has expired and the testing center in Olifanshoek is not registered on the CSD and the one in Kuruman is not complied therefore the truck could not go for roadworthy test. The delays has caused backlog for drain suction, due to the situation at hand a service provider had to be sourced on an emergency basis as Bothabo is the only Service provider that could quickly assist with 2 sewage trucks in our area and also to avoid riots from the community & sewage overflow.	02/02/2021	112,700.00	98,000.00
C T HYDRAULICS (NQOBA)	Repair the compactor	11,783	Deviation for repair of waste management compactor used for waste removal in Kathu, the compactor urgently needed to be repaired, therefore the municipality could not wait for the SCM processes to be completed hence CT Hydraulics was requested to assist repair the compactor.	26/01/2021	63,232.87	54,985.10
DENMO MINING AND SUPPLIES	Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas	11,030	Deviation was approved by the accounting officer to acquire the services of Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas on an emergency basis	24/09/2020	38,320.18	38,320.18
DENMO MINING AND SUPPLIES	Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas	10,768	Deviation was approved by the accounting officer to acquire the services of Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas on an emergency basis	31/10/2020	34,067.34	34,067.34
DENMO MINING AND SUPPLIES	Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas	11,780	Deviation was approved by the accounting officer to acquire the services of Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas on an emergency basis	10/01/2021	22,714.98	22,714.98
DYNAMIC DECISIONS	Repair of Vacuum Pump of Sewer Truck	13,106	Deviation for the repair of vacuum pump for olifanshoek sewage truck on a strip and quote work	31/05/2021	26,439.66	22,991.01

* See Note 2 & 49

Gamagara Local Municipality

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Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)

KHARA HAIS MINING SOLUTIONS	Provision of water truck	10,843	Deviation was approved by the accounting officer to acquire the rental of a water truck on an emergency basis to provide water to the 4 communities in Gamagara Local municipality.	31/10/2020	89,100.00	89,100.00
KULEVA PROJECTS	Supply and delivery	11,310	Deviation was approved by the accounting officer to urgently acquire a service provider for the installation of Desk screens, partitioning of offices and installation of windows in the Accounting officer's office to provided for ventilation	31/12/2020	778,840.00	778,840.00
KULEVA PROJECTS	Rental of Water trucks for Olifantshoek water crisis	13,100	Deviation was approved by the accounting officer to acquire the services of water trucks to supply water to Olifantshoek to mitigate the water crisis caused by the failure of Sedibeng Water to supply water to the community of Olifantshoek	01/06/2021	595,200.00	595,200.00
KURARA FM RADIO STATION	Radio presentation of the public participation for Budget and IDP	12,852	Deviation was approved by Accounting Officer to acquire the services of the local radio station for a presentation and interview to present the 2021/2022 IDP and Budget to public for comments and inputs. Kurara is the only local radio station the John Taolo Gaetsewe Region.	31/05/2021	16,800.00	16,800.00
LETLHOGONOL OLARONA BUSINESS ENTERPRISE RISE	Thermal fogging and cold ULV Disinfection for buildings, Equipment and outside areas	10,993	Deviation was approved by the accounting officer to acquire the services of Lethogonololara Busine Enterprise Thermal fogging and cold ULV Disinfection for municipal facilities at Pask Stores, Machinery and Equipment, Equipment and outside areas on an emergency basis	31/10/2020	32,889.76	32,889.76
LETLHOGONOL OLARONA BUSINESS ENTERPRISE RISE	Deep cleansing and disinfecting of buildings	13,058	Deviation was approved by the accounting officer for the emergency disinfecting of the Traffic offices due to Covid positive case.	05/03/2021	4,992.50	4,992.50
LETLHOGONOL OLARONA BUSINESS ENTERPRISE RISE	Deep cleansing and disinfecting of buildings	13,058	Deviation was approved by the accounting officer for the emergency disinfecting of Dibeng Municipal Offices	05/03/2021	2,954.00	2,954.00

Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)

LIZAYA	Replacement of level gauge pipe of the vacuum pump	11,550	Deviation for the replacement of level gauge pipe of the vacuum pump for sewage truck CLN 294 NC. The level gauge pipe is leaking because the glass pipe broke while the team was busy working, the supplier was requested urgently to assist install the new pipe.	14/12/2020	2,742.00	2,742.00
LYNX TYRES	Repair flat tyre and replace a tube for fire truck	11,015	Deviation for repair flat tyre and replace a tube for fire truck for NP16685 as the truck was surrounded by fire in the veld on N14 towards Olifantshoek as it got a puncture in the veld while stopping the fire, LYNX Tyres was urgently requested to assist.	16/10/2020	2,204.96	1,917.36
LYNX TYRES	Repair flat tyre and replace a tube for fire truck	10,814	Deviation - urgency for flat tyre for the Kathu fire station (Man Truck) at the veld fire at D3344 farm, got a puncture in the veld while stopping the fire to spread and needed to be repaired urgently as the fire was surrounded by fire, LYNX Tyres was called to repair the tyre.	15/09/2020	2,015.00	1,752.17
MOHINA SOLUTIONS	Deep cleansing and disinfecting of buildings	10,537	Deviation was approved by the accounting officer to acquire the services of Mohina Solutions for deep cleansing and disinfection of municipal buildings on an emergency basis	11/07/2020	227,536.70	197,858.00
MULTI SPILLAGE CONTROL & CONTRACTS	Civil maintenance Services	13,076	Deviation for the replacement of Sand filter media at Kathu water treatment on an emergency as the Municipality cannot supply untreated water to the community.	01/06/2021	342,378.09	297,720.08
MULTI SPILLAGE CONTROL & CONTRACTS	Civil maintenance Services	13,186	Deviation for Supply and installation of Manhole rings and cover on the line from G26 to G28 pump station behind AHA Hotel on an emergency as they were the only one to submit the quotation at per request.	18/02/2021	33,180.38	28,852.50
OLIFANTSHOEK TESTING STATION	Vehicle testing	10,973	Deviation was approved by the accounting officer to acquire the services of the Olifantshoek Testing station as it is the only operation testing station in the Gamagara jurisdiction. The municipal testing station is not operational.	31/10/2020	5,060.00	5,060.00

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Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)

OLIFANTSHOE K TESTING STATION	Vehicle testing	11,238	Deviation was approved by the accounting officer to acquire the services of th Olifantshoek Testing station as it is the only operation testing station in the Gamagara jurisdiction. The municipal testing station is not operational.	12/11/2020	1,380.00	1,380.00
OLIFANTSHOE K TESTING STATION	Vehicle testing	12,539	Deviation was approved by the accounting officer to acquire the services of th Olifantshoek Testing station as it is the only operation testing station in the Gamagara jurisdiction. The municipal testing station is not operational.	12/04/2021	1,380.00	1,380.00
PALESTA VISION TRADING	Rental of Water trucks for Olifantshoek water crisis	13,128	Deviation was approved by the accounting officer to acquire the services of water trucks to supply water to Olifantshoek to mitigate the water crisis caused by the failure of Sedibeng Water to supply water to the community of Olifantshoek	01/06/2021	135,000.00	135,000.00
PALESTA VISION TRADING	Rental of Water trucks for Olifantshoek water crisis	13,099	Deviation was approved by the accounting officer to acquire the services of water trucks to supply water to Olifantshoek to mitigate the water crisis caused by the failure of Sedibeng Water to supply water to the community of Olifantshoek	01/06/2021	76,500.00	76,500.00
PALESTA VISION TRADING	Rental of Water trucks for Olifantshoek water crisis	13,079	Deviation was approved by the accounting officer to acquire the services of water trucks to supply water to Olifantshoek to mitigate the water crisis caused by the failure of Sedibeng Water to supply water to the community of Olifantshoek	01/06/2021	36,400.00	36,400.00
RISANNAH BUSINESS ENTERPRISE	Supply, delivery and installation	11,311	Deviation was approved by the accounting officer for the supply, delivery and installation of palisades at the Eastern Reservoir. The municipality has suffered numerous loss of municipal property due to theft and uncontrolled access to the water treatment works. The work had to be done on an emergency basis to that municipal property is secured.	27/10/2020	196,500.00	196,500.00
SINESINEGUGU	Mechanical services	12,570	Deviation for the repair for the tow and repair of Toyota Hilux BVV 366 NC due to strip and quote process.	26/04/2021	5,210.00	5,210.00

Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)					
SINESINEGUGU	Mechanical services	12,570	Deviation for the supply and replacement of the ignition lock with keys for Nissan bakkie BZF 229 NC due to strip and quote process.	26/04/2021	4,000.00
STRONG PEST (Deep cleansing and disinfecting of buildings	12,990	Deviation was approved by the accounting officer for the emergency disinfecting of Kathu Municipal Offices	07/06/2021	11,200.00
STRONG PEST (Deep cleansing and disinfecting of buildings	13,189	Deviation was approved by the accounting officer for the emergency disinfecting of Kathu Municipal Offices(Finance Ground and first floor)	22/06/2021	1,650.00
SUID AFRIKAAN	Licence renewals	10,738	Deviation was approved by the accounting officer for the payment of municipal vehicle licences. Post Office is the only authorised authority through which licences can be paid	31/10/2020	160,364.90
SUID AFRIKAAN	Licence renewals	11,963	Deviation was approved by the accounting officer for the payment of municipal vehicle licences. Post Office is the only authorised authority through which licences can be paid	26/02/2021	94,116.00
SUID AFRIKAAN	Licence renewals	11,028	Deviation was approved by the accounting officer for the payment of municipal vehicle licences. Post Office is the only authorised authority through which licences can be paid	22/10/2020	72,204.00
SUID AFRIKAAN	Licence renewals	11,237	Deviation was approved by the accounting officer for the payment of municipal vehicle licences. Post Office is the only authorised authority through which licences can be paid	11/11/2020	5,514.00
THE AFRICAN TI	Rental of Water trucks for Olifantshoek water crisis	13,219	Deviation was approved by the accounting officer to acquire the services of water trucks to supply water to Olifantshoek to mitigate the water crisis caused by the failure of Sedibeng Water to supply water to the community of Olifantshoek	01/06/2021	78,300.00
WILL-TECH	Civil maintenance Services	12,302	Deviation for the replacement of Vacuum Pump for sewage truck on an emergency due to the supplier being based in Kathu and specialises in Vacuum Pumps and hydraulic work also to prevent blacklog of drains for the paid residents and further spillage of sewer on the streets.	11/03/2021	56,210.15

Gamagara Local Municipality

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55. Deviation from supply chain management regulations (continued)

WILL-TECH	Civil maintenance Services	11,764	Deviation from procurement processes, The repair of vacuum pump for Dibeng sewage truck, the truck broke while the team was busy working, it has a challenge of a vacuum pump that has no serial numbers and this makes it difficult for other service providers to give us a quotation or assess it for repairs. The only service provider that has worked on the pump is Willtech NC (PTY)LTD and the truck was taken to them for assessment and for repair costs on the vacuum pump.	21/10/2020	38,040.79	33,078.95
WILL-TECH	Civil maintenance Services	12,301	Deviation for the replacement of hydraulic oil pipe on the high pressure truck on an emergency due to the supplier being based in Kathu and specialises in Vacuum Pumps and hydraulic work also to prevent sewer flowing on the streets.	12/02/2021	21,684.95	18,856.48
WILL-TECH	Civil maintenance Services	12,943	Only two quotation could be obtained for the repair of PTO pumps.	11/05/2021	16,425.45	14,283.00
WILL-TECH	Maintenance services	12,413	Deviation was approved for the emergency repair of the Municipal High pressure Truck. The truck is essential for the unblocking of manholes and cleaning of sumps in Gamagara. The truck is unable to function due to the leakage in the hydraulic pipes. The services of WILL-TECH were requested to repair the hydraulic pipes in order to continue with service delivery.	20/11/2020	7,489.08	6,512.24
ZANRAY TRUST	Fuel	11,033	Deviation was approved by the Accounting officer to acquire a service provider for the supply of fuel on an emergency basis. Engen, which is an approved supplier in the National Treasury Transversal Contract had informed the municipality that there is a shortage of fuel and that they will not be able to fulfill the orders GLM had already placed.	13/07/2020	32,316.85	32,316.85
ZANRAY TRUST	Fuel	10,515	Deviation was approved by the Accounting officer to acquire a service provider for the supply of fuel on an emergency basis. Engen, which is an approved supplier in the National Treasury Transversal Contract had informed the municipality that there is a shortage of fuel and that they will not be able to fulfill the orders GLM had already placed.	18/07/2020	50,102.35	50,102.35

* See Note 2 & 49

Notes to the Annual Financial Statements

55. Deviation from supply chain management regulations (continued)

-	-	-	-	3,751,916.78	3,587,927.92
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Gamagara Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
56. Contingencies		
Contingent liabilities incurred relating to interests in other entities		
Curro Holdings [1]	120,000	100,000
Resilient Properties [2]	500,000	500,000
Imatu obo Muzaza [3]	1,000,000	1,000,000
Samwu obo Dorfling [4]	120,000	120,000
Dorfling CH & A [5]	-	100,000
Case No: 2667/18 Amadwala Constuction Trading 363 CC [6]	4,555,824	4,000,000
De Almeida [7]	100,000	-
Minister of Water and Sanitation [8]	100,000	100,000
Rural Metro Emergency Management Services (57/201800554) [9]	4,425,175	4,425,175
	10,920,999	10,345,175

[1] 1. Curro Holdings brought an urgent application interdicting the Municipality from disconnecting the electricity. A dispute in terms of the Credit Control and Debt Collecting Policy. The Municipal Attorneys drafted a response to opposing the dispute in order to protect the interest of the Municipality herein regarding the outstanding account and monies due by Curro to the Municipality. This is a pending High Court matter..

[2] Resilient Properties brought an application for various relief prejudicial towards the Municipality. Peyper Attorneys issued a counter application of which steps are still to be taken. Peyper Attorneys were appointed to act on behalf of the Municipality and the matter is pending High Court matter.

[3] Imatu obo Mazaza, This is an ongoing matter for various electricians who launched an statement of case in the Labour Court for equal work for equal pay. this is however not equal work for equal pay and the Municipality had to oppose the matter. The response has been filed and it is now a matter still pending at the Labour Court.

[4] Samwu abo Dorfling, This is a Labour court application matter in relation to the averments of demotion of the applicant. The matter is still pending

[5] Dorfling CH & A issued an application in the Labour Court in order to render certain powers, which powers was taken away by the Provincial Department. It was necessary to appoint Peyper Attorneys to act on behalf of the Municipality. The matter is partly completed and ruled in four of the municipality.

[6] Claim for services rendered by the plaintiff in the sum of R3 400 000. Matter is defended and parties are exchanging pleadings. Estimate of R4 555 824 includes claim amount and possible litigation.

[7] De Almeida, An application was launched to interdict the Municipality from disconnecting the electricity supply pending the review of the Municipality's decision. This is still a pending litigation.

[8] Minister of Water & Sanitation issued summons against the Municipality and Peyper Attorneys were appointed to act on behalf of the Municipality. Currently the Minister brought an application for an irregular step which is been opposed by Peyper Attorneys on behalf of the Municipality and they have filed the necessary answering affidavit thereto.

[9] Rural Metro Emergency Managent Services(57/201800554)/2 is a claim for services rendered in the sum of R4,425,174,66. cannot be estimated as client indicated they intend to settle the matter.

57. Principal-agent arrangement

Revenue received for agency activities

Agency Service - third party	470,427	420,072
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Reconciliation of movement of funds between principal and agent

* See Note 2 & 49

Gamagara Local Municipality

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57. Principal-agent arrangement (continued)

2021

Department of Transport

Total principal-agent arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
3,903,472	-	-	470,427

2020

Department of Transport

Total principal-agent arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
3,917,267	-	-	420,072

The municipality is a party to a principal-agent arrangement. Judgement is applied in assessing whether the municipality is the principal or agent. The agreement requires the municipality to perform all the registering and testing function on behalf of the Northern Cape Department of Transport which consist of motor vehicle registration and licensing, driving license test center functions and vehicle test station functions. The municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department. The total agency compensation received is reflected as agency services revenue on the face of the statement of financial performance. There has not been any significant changes to the arrangement during the current financial year

There was no remittance of any resources during the period as the municipality does not have custodianship of resources held on behalf of the Department of Transport

There are no risks that are transferred from the Department of Transport to the Municipality as the municipality does not have custodianship over the resources held on behalf of the principal (Department of Transport).

There are no liabilities incurred on behalf of the Department of Transport that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

Carrying value of resources held on behalf of the Principal

Cash and cash equivalents held on behalf of the Department of transport and Prodiba	25,354,933	22,056,232
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* See Note 2 & 49

Gamagara Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
58. Cash generated from operations		
Surplus	13,138,667	138,947,152
Adjustments for:		
Depreciation and amortisation	60,496,322	50,093,030
Gain on sale of assets and liabilities	378,908	3,180,793
Fair value adjustments	(14,976,863)	(1,470,508)
Impairment deficit	930,396	2,366,818
Debt impairment	(18,628,516)	(82,695,772)
Bad debts written off	11,941,373	3,301,584
Movements in operating lease assets and accruals	20,636	-
Movements in retirement benefit assets and liabilities	11,155,000	(4,240,270)
Movements in provisions	28,280,873	(13,522,848)
Other non-cash items		
Change in provision obligation	(26,769,103)	14,533,170
Donated assets	(9,290,884)	-
Property, plant and equipment	(295,448)	173,819,671
Cash and bank	-	430,452
Intangible assets	-	335,505
Landfill asset	-	1,230,615
Receivables	(38,697,715)	43,556,133
General expenses	-	1,160,370
Unallocated deposits	-	(120,324)
Retention	(4,112,635)	(3,691,462)
Landfill provision	-	(10,666,747)
Investment property	-	(1,470,508)
Revenue	-	(111,502,950)
VAT	2,594,061	245,306
Payables	61,887	(5,241,030)
Inventory	-	(117,120)
Deposits	-	(2,222,921)
Changes in working capital:		
Inventories	(535,931)	867,616
Other trade receivables from exchange transactions	2,286,362	(28,859,188)
Consumer debtors	6,774,062	3,633,498
Payables from exchange transactions	55,501,222	57,558,883
VAT	(8,201,194)	(29,887,383)
Taxes and transfers payable (non-exchange)	(5,685,028)	(46,036,288)
Unspent conditional grants and receipts	(13,621,110)	20,525,381
Consumer deposits	207,951	(471,611)
	52,953,293	173,569,047

59. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Trade receivables	8,097,400	8,097,400
Receivables from non-exchange transactions	81,838,790	81,838,790
Receivables from exchange transactions	175,606,128	175,606,128
Cash and cash equivalents	29,598,137	29,598,137
	295,140,455	295,140,455

Financial liabilities

* See Note 2 & 49

Gamagara Local Municipality

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59. Financial instruments disclosure (continued)

	At amortised cost	At cost	Total
Other financial liabilities	42,669,410	-	42,669,410
Payables from exchange transactions	444,634,048	-	444,634,048
Payables from non-exchange	-	45,599,149	45,599,149
	487,303,458	45,599,149	532,902,607

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	619,724	619,724
Receivables from non-exchange transactions	75,569,180	75,569,180
Receivables from exchange transactions	177,657,826	177,657,826
Cash and cash equivalents	35,390,963	35,390,963
	289,237,693	289,237,693

Financial liabilities

	At amortised cost	At cost	Total
Other financial liabilities	38,189,957	-	38,189,957
Trade and other payables from exchange transactions	396,597,706	-	396,597,706
Payables (non-exchange)	-	38,461,773	38,461,773
	434,787,663	38,461,773	473,249,436

60. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Infrastructure	25,505,464	20,274,058
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Total capital commitments

Already contracted for but not provided for	25,505,464	20,274,058
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Authorised operational expenditure

This committed expenditure relates to infrastructure projects and are grant funded.

The commitments are exclusive of VAT.

* See Note 2 & 49

Gamagara Local Municipality

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61. Risk management

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. 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 evaluates credit risk relating to these 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 group of customers, taking into account their financial position, past experience and other factors.

Credit risk arises from cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Receivables from exchange	175,606,128	175,693,046
Receivables from non-exchange transactions	81,838,790	89,848,665
Cash and cash equivalents	29,598,137	35,390,963

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the municipality 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.

62. 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 are delivered in various municipal departments, which for reporting purposes are allocated to a standardised 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 is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

* See Note 2 & 49

Gamagara Local Municipality

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62. Segment information (continued)

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

Energy sources

Environmental protection

Executive and council

Finance and administration

Planning and development

Road transport

Sport and recreation

Waste water management

Waste management

Water management

Goods and/or services

This segment consists of all services for energy supply to the community

This segment consists of environmental services such as planning & development, environmental protection and roads & storm water

This segment consists of services such as executive services, support services to the executive and finance & administration services

Provision of financial and administrative services to other segments of the municipality

Provision of planning and development including policy and procedures. Co-ordination work relating to the preparation of the Annual Development Programme and its review

Construction and maintenance of roads and infrastructure owned by the municipality

Provision of advancement of participation in sport and recreation, Fast-tracking the revival of sport, Talent identification and optimization of talent, Empowerment programmes

This segment consists of services for the management of waste water in the municipal area.

This segment consists of services for the management of refuse in the municipal area.

This segment consists of services for the management of water, refuse in the municipal area.

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Annual Financial Statements for the year ended 30 June 2021

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62. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administrative	Road transport	Sport and recreation	Waste water management	Waste management	Water management	Total
Revenue											
Revenue from non-exchange transactions											
Property rates	-	-	2,372	-	121,857,994	1,136,334	-	-	-	-	122,996,700
Government grants and subsidies	897	30,969,761	-	45,276,061	2,532,901	184,850	1,116,612	-	-	29,785,104	109,866,186
Licences and permits	-	-	-	-	-	1,147,203	-	-	-	-	1,147,203
Interest received from non-exchange transactions	-	-	-	-	2,681,815	-	-	-	-	-	2,681,815
Public contributions and donations	-	-	-	-	10,306,173	-	-	-	-	-	10,306,173
Fines, penalties and forfeits	-	-	-	-	-	891,240	-	-	-	-	891,240
Revenue from exchange transactions											
Renting of services	-	157,546,948	-	-	280,445	-	-	10,619,448	43,321,613	33,606,435	245,374,889
Rental of facilities and equipment	-	-	-	759,607	868,278	-	-	-	-	-	1,627,885
Interest received	-	-	-	11,885,769	-	-	-	-	-	-	11,885,769
Agency fees	-	-	-	-	-	470,427	-	-	-	-	470,427
Interest received - investment	-	-	-	-	346,302	-	-	-	-	-	346,302
Other income	63,301	243,568	410	395,459	482,414	-	-	-	-	1,010,839	8,257,076
Total segment revenue	64,198	188,760,277	2,782	58,316,896	139,356,322	3,830,054	1,116,612	10,619,448	43,321,613	64,402,378	515,851,665

Gamagara Local Municipality

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	Community and social services	Energy sources	Environmental protection	Executive and council administration	Finance and Planning and administration	Road transport	Sport and recreation	Waste water management	Waste management	Water	Total	
62. Segment information (continued)												
Expenditure												
Employee costs	(18,849,292)	(9,636,176)	-	(4,661,167)	(53,300,069)	(14,609,787)	(13,889,783)	(21,571,732)	(16,199,601)	(22,714,295)	(14,459,858)	189,891,760
Remuneration of councillors	-	-	-	(5,350,510)	-	-	-	-	-	-	-	(5,350,510)
Depreciation, amortisation and impairment	-	(7,251,091)	-	-	(6,834,635)	-	(9,259,107)	(3,438,834)	(7,428,065)	-	(30,452,382)	(64,664,114)
Finance costs	-	(9,573,109)	-	(284,399)	(10,351,897)	-	-	-	-	-	-	(20,209,405)
Bulk purchases	-	(132,970,344)	-	-	-	-	-	-	-	(5,365,718)	(138,336,062)	-
Repairs and maintenance	(923,185)	(1,057,458)	-	-	(979,932)	-	(42,633)	(11,520)	(953,488)	-	(613,425)	(4,581,641)
General expenses	(8,708,663)	(1,668,716)	(464,270)	(10,472,619)	(56,514,462)	(876,697)	(757,962)	(238,014)	(1,453,738)	(2,721,795)	(7,419,670)	(91,296,606)
Loss on disposal of assets and liabilities	-	-	-	-	(378,908)	-	-	-	-	-	-	(378,908)
Fair value adjustments	-	-	-	-	14,976,863	-	-	-	-	-	-	14,976,863
Actuarial gains/losses	-	-	-	-	(6,542,553)	-	-	-	-	-	-	(6,542,553)
Impairment loss	-	-	-	-	(910,303)	-	-	-	-	-	-	(910,303)
Total segment expenditure	(28,481,140)	(162,156,894)	(464,270)	(20,768,695)	(120,835,896)	(15,486,484)	(23,949,485)	(25,260,100)	(26,034,892)	(25,436,090)	(58,311,053)	507,184,999

Measurement of segment surplus or deficit, assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed

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62. Segment information (continued)

The nature and effect of any asymmetrical allocations to reportable segments

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

CHAPTER 7: AUDIT REPORT

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Gamagara local municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Gamagara local municipality set out on pages X to X, which comprise the statement of financial position as at 30 June 2021, the 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 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 Gamagra local municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality recognised items that did not meet the definition of Buildings in accordance with GRAP 17, Property, plant and equipment. Community assets were incorrectly classified as Buildings, due to sufficient year end verifications that was not performed. Consequently, Community assets included in Buildings as disclosed in note 15 to the financial statements was overstated by R6 666 616 and accumulated surplus was overstated by the same amount. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Irregular expenditure

4. The municipality did not include all irregular expenditure in the financial statements, as required by section 125(2)(d)(i) of the MFMA. This was due to payments made in contravention of the supply chain management requirements. I was unable to determine the full extent of the understatement for the current and prior year as it was impractical to so do. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure included in the notes to the financial statements. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R263 202 490 (2020: R624 700 661) in note 54 to the financial statements.

Context for the opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
6. 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.
7. 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

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
9. I draw attention to note 51 to the financial statements, which indicates that the municipality is currently paying long outstanding creditors not within 30 days, whilst receivables are collected after 30 days. As stated in note 51, these events or conditions, 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

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

11. As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Uncertainty relating to the future outcome of exceptional litigation

12. With reference to note 57 to the financial statements, the municipality is the defendant and claimant in several litigation actions. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Underspending of the conditional grant

13. As disclosed in the note 23 of the annual financial statements, the municipality materially underspent the Municipal Infrastructure Grant by R7 583 574 and the Integrated National Electrification Programme Grant (INEP) by R9 496 211.

Material losses - Electricity

14. As disclosed in note 55 to the financial statements, material electricity losses of R 18 262 144 (2019/20: R 19 801 640) was incurred, which represents 14.19% (2019/20: 10.14%) of total electricity purchased.

Material losses – Water

15. As disclosed in note 55 to the financial statements, material water losses of R 18 562 735 (2019/20: R17 080 094) was incurred, which represents 53.03% (2019/20: 46.5% of water purchased.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

18. 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 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.
19. 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.

Auditor-general's responsibilities for the audit of the financial statements

20. 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.
21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
23. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
24. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
<i>KPA 1 – Basic services and infrastructure investment</i>	x – x

25. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
26. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

KPA 1 - Basic services and infrastructure investment

27. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicator is well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators. There was also no clear and logical link on how these indicators will contribute to achieving the planned

outcome or will measure the actual service delivery and the planned output to which they relate.

Indicator description	Planned outcomes	Reported achievement
PWS005 - % of the work done in refurbishment of 3ML water reservoir, fencing and replacement of asbestos bulk water pipeline in Olifantshoek by 30 June 2021	100%	100%
PWS006 - % of work done in replacement of asbestos pipe in Mapoteng and Kathu by 30 June 2020	100%	100%
PWS007 - % of the work done in construction of bulk water link line from 6 boreholes to 7 ML reservoir in Olifantshoek by 30 June 2021	100%	100%
PWS008 - % of the work done in provision of full waterborne sanitation in Dibeng for 797 stands by 08 October 2021	100%	Not achieved

Other matter

28. I draw attention to the matter below.

Achievement of planned targets

29. Refer to the annual performance report on pages X to X for information on the achievement of planned targets for the year of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 27 of this report.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the [type of auditee]'s compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

Annual financial statements, performance reports and annual reports

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, receivables and Irregular expenditure 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.

Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular

expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by not following the correct procurement processes.

- 33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R14 429 554, 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 interest on overdue accounts.
- 34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R49 796 070, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on the votes.

Revenue management

- 35. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Strategic planning and performance management

- 36. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and organised, as required by municipal planning and performance management reg 7(1).

Procurement and contract management

- 37. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
- 38. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Groundwater supply in Olifantshoek: Construction of bulk line from 6 boreholes to 7 ML reservoir: Phase 1.
- 39. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).
- 40. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).
- 41. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.

42. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
43. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.
44. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.

Consequence management

45. 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.
46. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
47. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

48. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
49. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
50. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
51. 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

52. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, [the findings on the performance report and the findings on compliance with legislation included in this report.
53. Leadership did not exercise oversight responsibility regarding financial, performance reporting, compliance and related internal controls. Leadership did not establish sufficient monitoring controls to ensure that internal policies and procedures are implemented and corrective action is taken to ensure the objectivity of fair presentation and corrective action of matter identified is conducted. Furthermore, the accounting officer did not ensure that compliance with the applicable legislation and standards are complied with, as non-compliance issues were identified
54. The municipality did not perform adequate reconciliations during the period under review. Leadership did not adequately review and monitor compliance with applicable laws and regulations.
55. Controls were not developed to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives. The municipality did not have an internal audit function for the year under review. The municipality did not have an audit committee for the year under review.

Auditor General

Kimberley

30 November 2021



Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected [objectives/development priorities] and on the municipality's compliance with respect to the selected subject matters.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the [name of the auditee] to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

GAMAGARA LOCAL MUNICIPALITY



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