



2022/2023

# Annual Report

vol 1

31 July 2023

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

**a. Vision:**

“To be a leading category B Municipality in the country.”

**Mission:**

To provide quality and sustainable basic services to our community, cost-effectively, in a manner that supports growth and development within our Municipality.

**b. Key Policy Developments:**

We managed to pass through new key policies, which are: Rates Policy, Supply Chain Management Policy, PMS Policy, Indigent and Pauper Policy, Way Leave Policy, Cash Management, Assets Management Policy, Virement Policy, Cost Containment Policy, Cash Management Policy, Clearance Policy, Debt Impairment Policy, Funding and Reserves Policy, Indigent Policy, Borrowings Policy, Subsistence and Traveling Policy, Credit Control and Debt collection policy, Budget Policy, Tariff Policy, Fleet Management Policy, Overtime, Leave Policy, Acting Allowance Policy, Transfer and Secondment Policy, Recruitment and Selection Policy aimed at keeping abreast with the new developments.

**c. Key Service Delivery Improvements:**

In this reporting year 2022/2023, we managed to successfully implement the following infrastructure projects;

- Upgrading of 6th street from gravel to block paving in Wolmaransstad Ext 10
- Upgrading of gravel road to block paving in 8th avenue in Tswelelang Ext 5 (Chris Hani)
- Rehabilitation of Tswelelang collapsed road sections.
- Rehabilitation of Hester/ Leboya Street in Kgakala
- Purchase Solid Waste Removal Truck
- Refurbishment of Kgakala Community Hall
- Refurbishment of Lebaleng Community Hall

**d. Public Participation.**

As the leadership, our duty is to hold ourselves responsible to the people by demonstrating good governance & public participation hence we managed to set ward committees in all the wards, and we developed ward improvement plan as well. We crafted new Integrated

Development Plan (IDP) for the next five years and we hope to deliver on all our promises to the people of Maquassi-Hills

**e. Local Economic Development:**

The municipality continued to support economic development initiatives, SMMEs development and tourism. The municipality adopted a reviewed Local Economic Development strategy in order to enhance economic development in different sectors. Construction of hawkker stalls was completed which its intention is to assist SMME to have a strategic area where they can run their business. In addition to that, the municipality completed the construction of youth centre, which will serve as one stop centre for young people to acquire knowledge and training with regard to economic development. EPWP continues to be one of the strategic job creation initiative wherein people are skilled and exposed to workplace.

**f. Institutional development and financial viability**

We are in the process of appointing three Senior Managers for the positions of: Chief Financial Officer, Director Community Services and Director Corporate Services.

Revenue collection is still low as per the set norms and standards, we are hoping to do better in this area as we are going to enforce our credit control measures by restricting supply to defaulting customers. We started to process of collecting outstanding debts from Municipal Officials and Councillors. We continue to perform in the expenditure of grants which is almost 100%.

**g. Agreements / Partnerships:**

We are in agreement with national treasury to use their consultants for the drafting of the Annual Financial Statements.

**h. Conclusion:**

In the financial year under review, we obtained a disclaimer of Audit opinion from the Auditor General; however, we have registered significant progress in bettering our financial performance and reporting. In the following financial year, we will do our best to improve the current financial status. We will be working closely with administration to improve the situation.

Signed by: \_\_\_\_\_  
Mayor



T 1.0.1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### **MUNICIPAL MANAGER'S OVERVIEW**

The annual report is prepared in accordance with Section 127 of the MFMA, Section 46 of the Municipal Systems Act: 32 of 2000, Municipal Planning, and Performance Management regulation of 2001. For all intents and purposes the Annual Report completes the IDP planning cycle. It provides a retrospective view on what has been planned in the IDP and gives expression to the activities and projects that were implemented through the budget and subsequent adjustments. It also serves as a yardstick against the SDBIP, to ascertain if administration has been able to achieve the targets for all the indicators that were selected in the 2022/2023 financial year.

The annual performance is 58% across all Key Performance Areas, slightly lower than last year due to cashflow problems.

The municipality applied for National Treasury's Debt Relief, and we are hoping for a positive outcome. Our responsibility will be to adhere to the terms and conditions of the Debt Relief program, in a tenaciously consistent manner. The scheme will assist the municipality to move to a state where we are able to have a funded budget, as we will be servicing our main creditors, which is Eskom and the Water Board.

The municipality will fast track the filling of vacant positions and the implementation of the Job evaluation report. Together with COGTA NW, the municipality will roll out skills audit programme to assist with institutional development through capacity building in the workforce that we have.

We would like to applaud the efforts of our political principals who worked hard to hold us accountable through their oversight initiatives. Let me also take off my hat to the hard-working officials of the municipality. We are hoping to improve significantly in all areas where we are lacking, so that we improve service delivery to our people.

I thank you.

Municipal Manager  
Mrs. N.J Mbonani

*T 1.1.1*

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

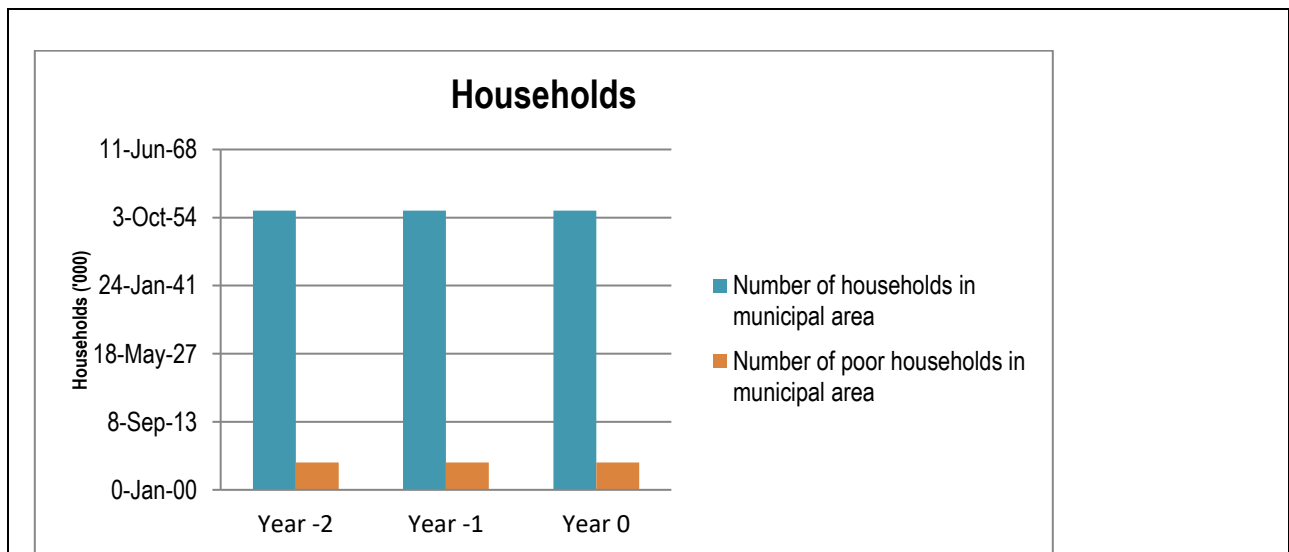
Our data is sourced in-house, from Government Departments and we also use secondary information from Institutions like Stats SA and private service providers.

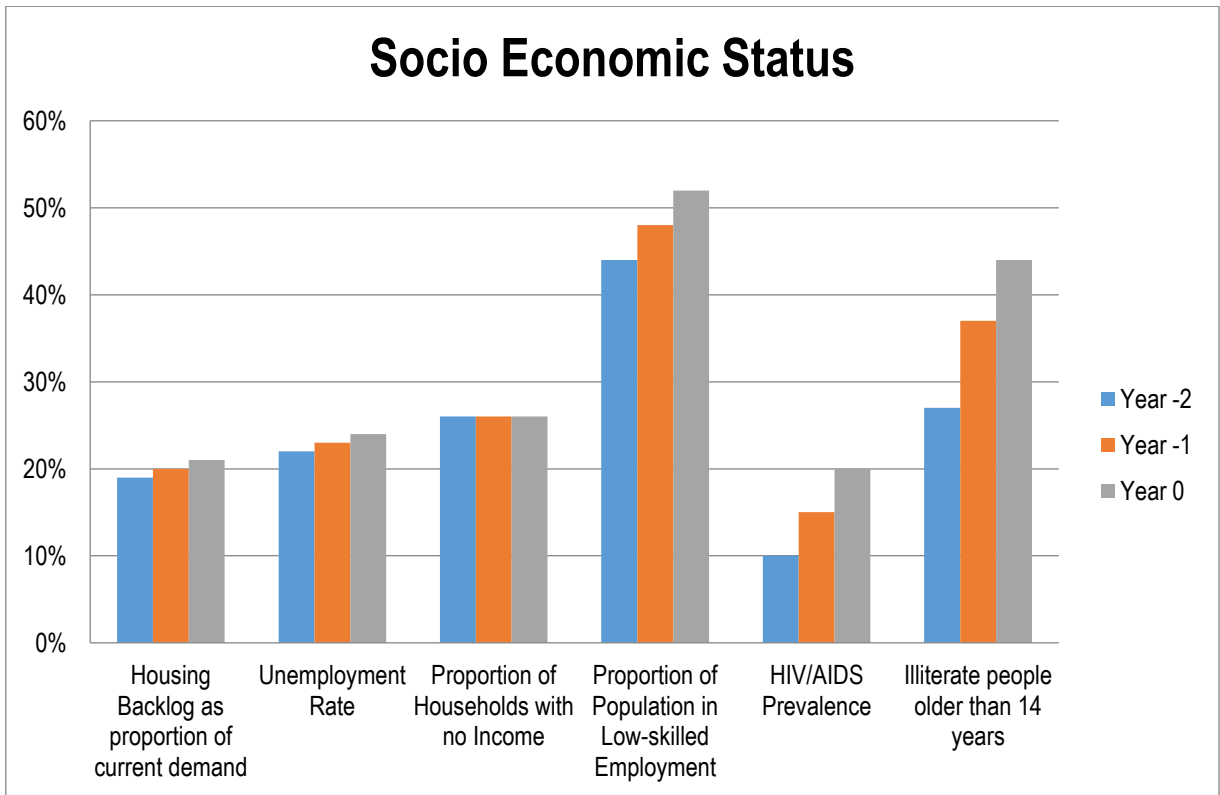
T 1.2.1

Population Details									
Age	Population '000								
	Year 2017/18			Year 2018/19			Year 2019/20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 – 4	4949	4794	9743	4949	4794	9743	4949	4794	9743
Age: 5 – 9	4407	4297	8704	4407	4297	8704	4407	4297	8704
Age: 10 – 19	7114	7005	14119	7114	7005	14119	7114	7005	14119
Age: 20 – 29	12844	7146	19990	12844	7146	19990	12844	7146	19990
Age: 30 – 39	5180	5091	10271	5180	5091	10271	5180	5091	10271
Age: 40 – 49	4005	4175	8180	4005	4175	8180	4005	4175	8180
Age: 50 – 59	3155	3138	6293	3155	3138	6293	3155	3138	6293
Age: 60 – 69	1716	1915	3631	1716	1915	3631	1716	1915	3631
Age: 70+	1009	1503	2512	1009	1503	2512	1009	1503	2512

Source: Statistics SA (based on census 2011)

T 1.2.2





<b>Overview of Neighbourhoods within 'Name of Municipality'</b>		
<b>Settlement Type</b>	<b>Households</b>	<b>Population</b>
<b>Towns</b>		
Wolmaransstad	841	2944
Makwassie	568	1988
Leeudringstad	441	1551
Witpoort	91	319
Sub-Total	1941	6802
<b>Townships</b>		
Lebaleng	3142	10998
Tswelelang	7665	26828
Kgakala	2740	9590
Rulaganyang	348	1218
Sub-Total	13895	48634
<b>Rural settlements</b>		
boskuil	312	1092
oersonskraal	133	466
kareepan	52	182
Sub-Total	497	1740
<b>Informal settlements</b>		
Sub-Total	0	0
Total	16333	57176
<i>T 1.2.6</i>		

<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
Rivers and Streams	irrigation and recreation purposes
Witpoort Dam	recreation and drinking hole for animals
<i>T 1.2.7</i>	

**COMMENT ON BACKGROUND DATA:**

Our annual population growth is at 1,19% as per Stats SA. The Municipality completed township establishments in Wolmaransstad Ext 19 to deal with the growing demand for settlement.

*T 1.2.8*

### 1.3. SERVICE DELIVERY OVERVIEW

**SERVICE DELIVERY INTRODUCTION**

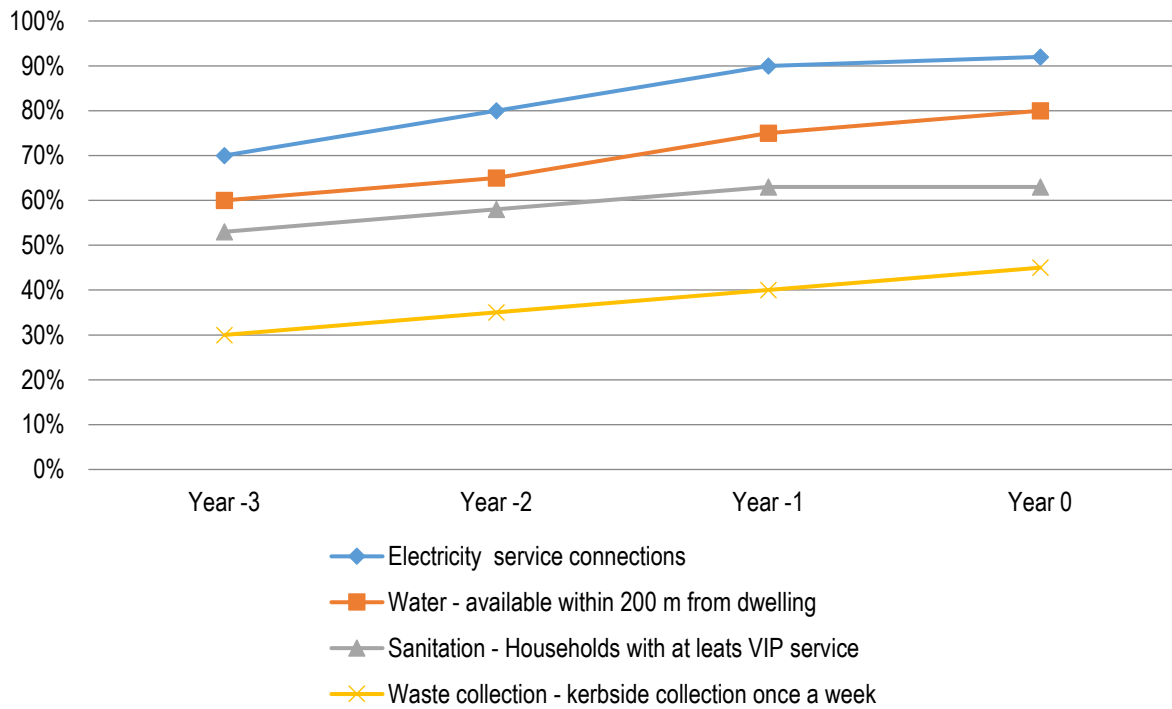
Maquassi Hills Local Municipality is a category B municipality and is responsible to fulfil the following executive obligations: water reticulation, electricity reticulation, roads, and storm water, refuse removal, sanitation, and recreation, during this fiscal year there were capital projects rolled out which aimed at fulfilling the latter executive obligations. The projects will be detailed in various Capital projects in this report.

*T 1.3.1*

Proportion of Households with minimum level of Basic services				
	Year - 3	Year -2	Year 1	Year 0
Electricity service connections	80%	90%	92%	92%
Water - available within 200 m from dwelling	65%	75%	80%	80%
Sanitation - Households with at least VIP service	58%	63%	63%	62%
Waste collection - kerbside collection once a week	35%	40%	45%	43%



## Proportion of households with access to basic services



T1.3.2

### COMMENT ON ACCESS TO BASIC SERVICES:

Our communities have access to basic services in both formal and informal settlements. We provided temporary arrangements for water and sanitation in all our informal settlements. The indigent households are encouraged to apply for relief. We have registered 4175 beneficiaries in our indigent campaign, we hope to have more beneficiaries in the following financial year.

T 1.3.3

## 1.4. FINANCIAL HEALTH OVERVIEW

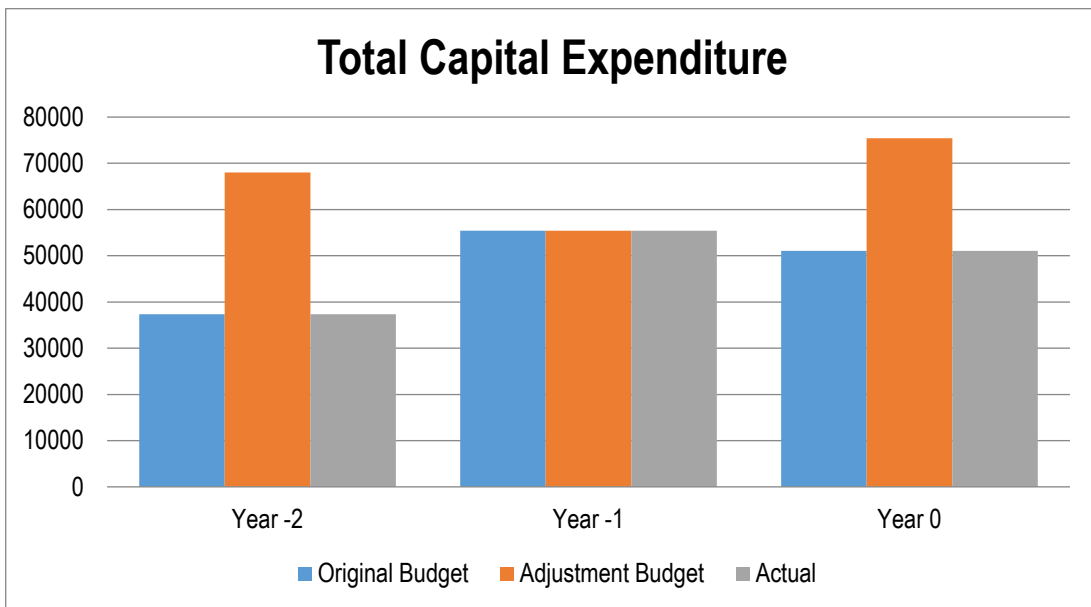
### FINANCIAL OVERVIEW

Our bulk services accounts still pose a serious financial strain but we applied for Debt Relief to ease the burden of our biggest creditors which is Eskom and the Water Board. We manage to stay financially afloat with the assistance of grants and equitable share, however, we still maintain our 100% expenditure on MIG allocation.

Financial Overview: Year 2022/23			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:	<b>613 509</b>	<b>652 808</b>	<b>771 242</b>
Grants	226 855	228 330	234 136
Taxes, Levies and tariffs	230 230	278 752	242 471
Other	156 424	145 726	294 635
Sub Total	<b>613 509</b>	<b>652 808</b>	<b>771 242</b>
Less: Expenditure	<b>426 948</b>	<b>449 997</b>	<b>838 537</b>
Net Total*	<b>186 561</b>	<b>202 811</b>	<b>-67 295</b>
<i>* Note: surplus/(deficit)</i>			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	23
Repairs & Maintenance	16
Finance Charges & Impairment	26
T 1.4.3	

Total Capital Expenditure: Year 2020/21 to Year 2022/23			
R'000			
Detail	Year 2020/21	Year 21/22	Year 22/23
Original Budget	37 363	55 413	51 022
Adjustment Budget	68 035	55 413	75 409
Original Budget	37 363	55 413	51 022
T 1.4.4			



T 1.4.5

#### COMMENT ON CAPITAL EXPENDITURE:

We maintain our 100% expenditure on MIG allocation and our capital projects were successfully completed.

T 1.4.5.1

### 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

#### ORGANISATIONAL DEVELOPMENT PERFORMANCE

In relation to organisational development, the municipal institutional transformation component largely comprises of key performance areas such as training and development, employment equity, recruitment and selection/ manpower planning, policies and occupational health and safety

T 1.5.1

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 2022/23 (CURRENT YEAR)

Unfortunately we obtained a disclaimer Audit Opinion for the 2022/23 Financial Year.

*T 1.6.1*

## 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	July
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 2022/23 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	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

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COMMENT ON THE ANNUAL REPORT PROCESS:

The 2022/23 Annual report was generated from the work done by the Municipality from the 1<sup>st</sup> July 2022 to the end of June 2023. Information was sourced from all directorates after the end of the financial year. The work of the Auditor General, the post audit action plan, Annual financial statement and the Annual performance form part of this document. After approval of the Auditor General then the document can be tabled before the Maquassi Hills council and members of the public will be invited.

*T 1.7.1.1*

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Municipal council is well in place with a duly adopted schedule of council meetings. All council committees are functional; however, we still need to establish the Risk committee for the Municipality. We are currently using shared internal Audit with the Dr Kenneth Kaunda District Municipality. The newly establish MPAC have shown great signs of improvement and in the beginning of the next financial year, they will table all the outstanding oversight reports.

*T 2.0.1*

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

All resolutions from the Municipal council are implemented by administration and we use the Resolution register to track implementation.

*T 2.1.0*

### 2.1 POLITICAL GOVERNANCE

#### INTRODUCTION TO POLITICAL GOVERNANCE

We have adopted schedules for portfolio committees, Executive committee, and the council meetings and for the year under review all meetings.

*T 2.1.1*

## **POLITICAL STRUCTURE**

### **MAYOR**

Cllr. M. Feliti



### **SPEAKER**

Cllr. S. Nkatlo



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

Cllr. M. Feliti

Cllr. Malebatsane

Cllr. R Moletsane

Cllr. N Monewang

*T 2.1.1*



### COUNCILLORS

The municipality is a category B municipality with 22 Councillors, 13 ANC, 2 DA and 4 EFF, 1 F4SD, 1 FF+, 1 SAPA. Our Executive committee consists of 4 Members with Mayor as the political head and the Speaker as the Head of Council. We have 4 Portfolio committees, i.e., Corporate, Engineering, Finance and Community services.

*T 2.1.2*

### POLITICAL DECISION-TAKING

The decision-making process starts with management taking decisions that resided within its mandate. Portfolio committee then consider the issues, send them to the Executive committee and send them to council for approval.

*T 2.1.*

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager accounts for all the resolution as he forms part of the meeting of management, Portfolio, Exco and Council where he gives advice.

*T 2.2.1*

**TOP ADMINISTRATIVE STRUCTURE  
TIER 1**

**MUNICIPAL MANAGER**

**Mrs N.J Mbonani**

**DIRECTOR: FINANCE**

**Mr. J. Mogoemang**

**DIRECTOR: ENGINEERING  
SERVICES**

**Mr. N Mwase**

**ACTING DIRECTOR CORPORATE  
SERVICES**

**Mr. TL Mokoto**

**DIRECTOR: Community Services**

**Mr V. Nicodemus**

T2.2.2

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality is part of various Intergovernmental Relations Forums, such as Premier Coordinating Committee, MM Forum, District IGR and CFO Forum.

*T 2.3.0*

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## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality is part of various Intergovernmental Relations Forums, such as Premier Coordinating Committee, MM Forum, District IGR and CFO Forum.

*T 2.3.1*

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality is part of different provincial intergovernmental forums. These ranges from political and administration forum. In terms of the political we have Premier Coordination Committee and for administration we have MM, CFO, HR/LR, and SDF Forums. These forums are important because there is a constant networking and learning of best practices from other counterparts.

*T 2.3.2*

### DISTRICT INTERGOVERNMENTAL STRUCTURES

District SDF Forum, Corporate Director Forum, District HR Forum, District CFO Forum and Internal Audit. The interventions are very helpful in that there is a sharing of best practices.

*T 2.3.3*

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Community participation is normally done by the Speaker, the Mayor and ward Councillors during the process of developing IDP/ Budget and other normal community meetings. Communities are called to make inputs on issues relating to services and tariffs.

*T 2.4.0*

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The mechanism used to enhance community participation are Mayoral Consultative meetings and ward meetings. The municipal website is fully functional ([www.maguassihills.co.za](http://www.maguassihills.co.za)).

*T 2.4.1*

### WARD COMMITTEES

Ward committees coordinate ward meetings and do ward profiling. They are also categorized into different social aspects, .i.e., health, education and sports.

*T 2.4.2*

<b>Public Meetings</b>						
<b>Nature and purpose of meeting</b>	<b>Date of events</b>	<b>Number of Participating Municipal Councillors</b>	<b>Number of Participating Municipal Administrators</b>	<b>Number of Community members attending</b>	<b>Issue addressed (Yes/No)</b>	<b>Dates and manner of feedback given to community</b>
IDP/Budget consultative meeting. <b>Ward1</b>	26/07/2022	1	5	163	Yes	Public meetings.
	17/08/2022	1	6	150		
	15/09/2022	1	1	144		
	15/11/2022	1	2	239		
	16/11/2022	1	8	159		
	23/01/2023	1	5	112		
	12/04/2023	1	2	98		
	13/06/2023	1	3	120		
IDP/Budget consultative meeting. <b>Ward2</b>	02/08/2022	1	2	84	Yes	Public meetings
	08/09/2022	1	4	116		
	23/11/2022	1	5	176		
	29/03/2023	1	3	73		
	24/04/2023	1	2	24		
	21/06/2023	1	4	103		
IDP/Budget consultative meeting. <b>Ward3</b>	13/07/2022	1	4	83	Yes	Public meetings
	14/07/2022	1	2	23		
	24/08/2022	1	2	105		
	02/09/2022	1	5	71		
	20/09/2022	1	2	69		
	23/11/2022	1	3	99		
	25/10/2022	1	1	128		
	24/01/2023	1	4	78		
	14/02/2023	1	1	65		
14/03/2023	1	1	86			
IDP/Budget consultative meeting. <b>Ward4</b>	21/06/2022	1	2	45	Yes	Public meetings.
	12/07/2022	1	4	182		
	20/08/2022	1	3	107		
	14/09/2022	1	5	107		
	25/10/2022	1	1	96		
	21/11/2022	1	3	172		
	24/11/2022	1	2	85		
	02/03/2023	1	5	196		
IDP/Budget consultative meeting. <b>Ward5</b>	20/07/2022	1	2	154	Yes	Public meetings
	11/08/2022	1	5	46		
	24/08/2022	1	4	82		
	07/02/2023	1	3	91		
	30/03/2023	1	3	91		

	15/05/2023	1	2	62		
	22/06/2023	1	4	110		
IDP/Budget consultative meeting. <b>Ward6</b>	08/11/2022	1	3	251	Yes	Public meetings
	23/11/2022	1	6	95		
	08/02/2023	1	2	89		
	15/05/2023	1	4	232		
	15/11/2022	1	2	26		
IDP/Budget consultative meeting. <b>Ward7</b>	10/04/2023	1	3	96	Yes	Public meetings.
	01/02/2023	1	5	123		
	11/05/2023	1	4	136		
IDP/Budget consultative meeting. <b>Ward8</b>	21/07/2022	1	5	25	Yes	Public meetings
	24/07/2022	1	3	30		
	28/07/2022	1	2	13		
	09/08/2022	1	3	12		
	15/11/2022	1	2	26		
	24/11/2022	1	4	23		
	21/11/2022	1	2	37		
	27/03/2023	1	3	47		
	05/05/2023	1	1	55		
IDP/Budget consultative meeting. <b>Ward9</b>	19/07/2022	1	2	61	Yes	Public meetings
	23/08/2022	1	4	58		
	20/10/2022	1	3	101		
	15/11/2022	1	6	93		
	02/01/2023	1	4	54		
	06/01/2023	1	2	96		
	18/01/2023	1	3	121		
	20/01/2023	1	1	167		
	15/03/2023	1	4	93		
	16/03/2023	1	2	93		
	15/06/2023	1	3	76		
	20/06/2023	1	1	26		
	21/06/2023	1	2	168		
IDP/Budget consultative meeting. <b>Ward10</b>	19/07/2022	1	5	48	Yes	Public meetings
	09/08/2022	1	2	67		
	17/08/2022	1	4	21		
	19/11/2022	1	3	71		
	21/11/2022	1	6	153		
	06/12/2022	1	4	40		
	15/01/2023	1	2	143		
	18/01/2023	1	3	84		
	24/02/2023	1	2	156		
	22/03/2023	1	3	92		
	14/06/2023	1	3	275		
	15/06/2023	1	1	118		

IDP/Budget consultative meeting. <b>Ward 11</b>	10/06/2022	1	2	73	Yes	Public meetings
	13/07/2022	1	4	39		
	08/08/2022	1	3	118		
	01/09/2022	1	4	66		
	20/10/2022	1	1	98		
	24/11/2022	1	5	126		
	12/12/2022	1	1	131		
	17/01/2023	1	2	266		
	23/01/2023	1	6	194		
	28/03/2023	1	4	107		
08/06/2023	1	2	130			
<i>T</i>						
2.4.3						

**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:**

The municipality benefits in such a way that it is able to understand the needs analysis and enables them to plan in accordance with the needs of the people. The community on the other hand is able to understand and interact with the municipal expectation and have first-hand information that will enable them to have meaningful contributions towards their own development.

*T 2.4.3.1*

## 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?	Yes
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
Were the indicators communicated to the public?	No
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of Municipal Systems Act 2000	
<i>T 2.5.1</i>	

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

The Municipality is cooperating with other spheres of Government through the Intergovernmental Relations Forum, at the District, Mayors' IGR Forum, MM's Forum, CFO's Forum and the District IGR Forum. The Municipality cooperates fairly well with sister Departments in various matters of concern to the Municipality in developmental areas. The support provided by both the Province and National spheres of Government is always accepted. Our Municipality is assisted on a shared service basis with its internal audit function by Dr Kenneth Kaunda District Municipality.

*T 2.6.0*

## 2.6 RISK MANAGEMENT

### RISK MANAGEMENT

The Risk Management Officer resigned, we are in the process of filling the vacant positions. We utilising officials who are in the acting positions to fulfil the duties of a Risk Management Officer.

*T 2.6.1*

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

We have Fraud prevention and Whistleblowing policy, Anti-Corruption policy as well as Fraud prevention Plan in place.

*T 2.7.1*



## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management activities are governed by various pieces of legislation which among others include PPPFA, MFMA, BBBEE, Municipal Supply Chain Management Policy, Regulations and CIDB Act. Compliance to the Acts is of outmost importance in order to ensure that the municipality has a procurement system that is fair, transparent, effective and economical.

T 2.8.1

## 2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
0	0	0	0	no	No
*Note: See MSA section 13.					T 2.9.1

### COMMENT ON BY-LAWS:

No By-Laws passed in the year this reporting year.

T 2.9.1.1

## 2.10 WEBSITES

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	no	-
All current budget-related policies	no	-
The previous annual report (Year -1)	yes	
The annual report (Year 0) published/to be published	yes	After tabling
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	no	-
All service delivery agreements (Year 0)	No	-
All long-term borrowing contracts (Year 0)	No	-
All supply chain management contracts above a prescribed value (give value) for Year 0	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 0 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 0	no	-
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	no	-
<p><i>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.</i></p>		

T 2.10.1

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Our website is fully functional but not all compliance information as prescribed by the law are uploaded and available on [www.maquassihills.co.za](http://www.maquassihills.co.za)

T 2.10.1.1

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

**PUBLIC SATISFCATION LEVELS**

No public satisfaction surveys were undertaken during the year under review.

*T 2.11.1*

<b>Satisfaction Surveys Undertaken during: Year -1 and Year 0</b>				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
<b>Satisfaction with:</b>				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				

*\* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory*

*T 2.11.2*

Concerning T 2.11.2:

No public satisfaction surveys were undertaken during the year under review.

*T 2.11.2.1*

**COMMENT ON SATISFACTION LEVELS:**

No public satisfaction surveys were undertaken during the year under review 2.11.2.2

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

### INTRODUCTION

We are honouring our obligations on service delivery in terms of Section 152, of the Constitution of the Republic of South Africa 1996. In terms of the IDP and the strategic objectives of the Maquassi Hills Local Municipality, certain issues are set out to be achieved during the financial year.

*T 3.0.1*

### COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

### INTRODUCTION TO BASIC SERVICES

As per the constitutional mandate the Municipality is providing all basic services ranging from water, sanitation, electricity and waste management, roads and those who can't afford all these services, are granted free basic services that is 6kl water and 50kwh electricity per month once they are registered as Indigents.

*T 3.1.0*

### 3.1. WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

*Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005*

Municipality strives to meet the basic water demand by all consumers as much as possible. These are applicable to both formal and informal settlement. The Municipality notes that the current water demand is unrealistically high due to the high water losses in the system and population growth. The Water Loss is still estimated at approximately 40%.

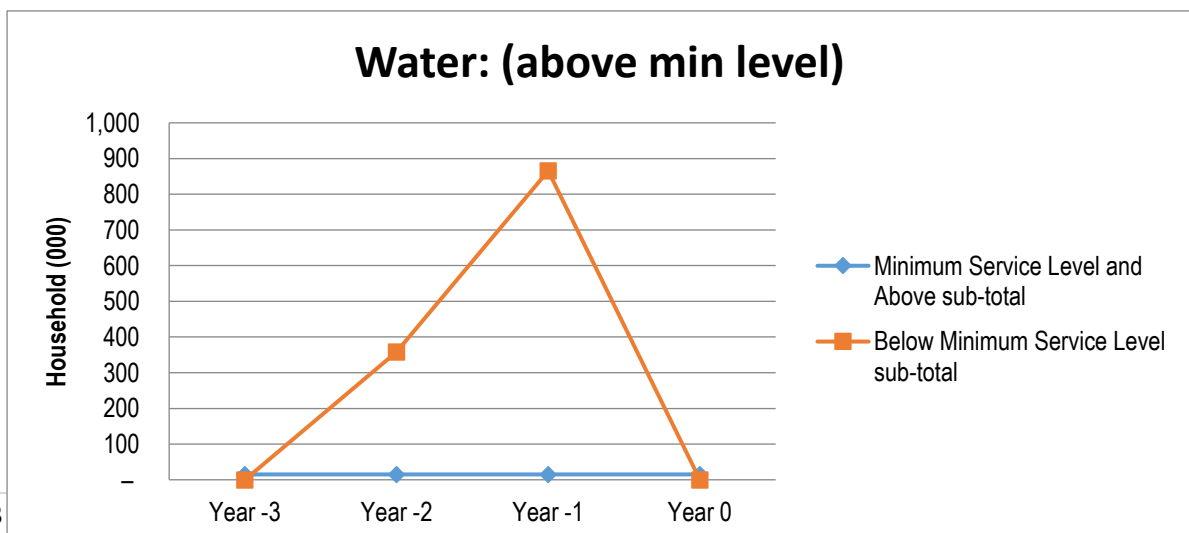
The pipeline between Buisfontein and Tsweleng reservoirs is not adequate hence the Municipality cannot meet the current demand especially in Tsweleng and Lebaleng.

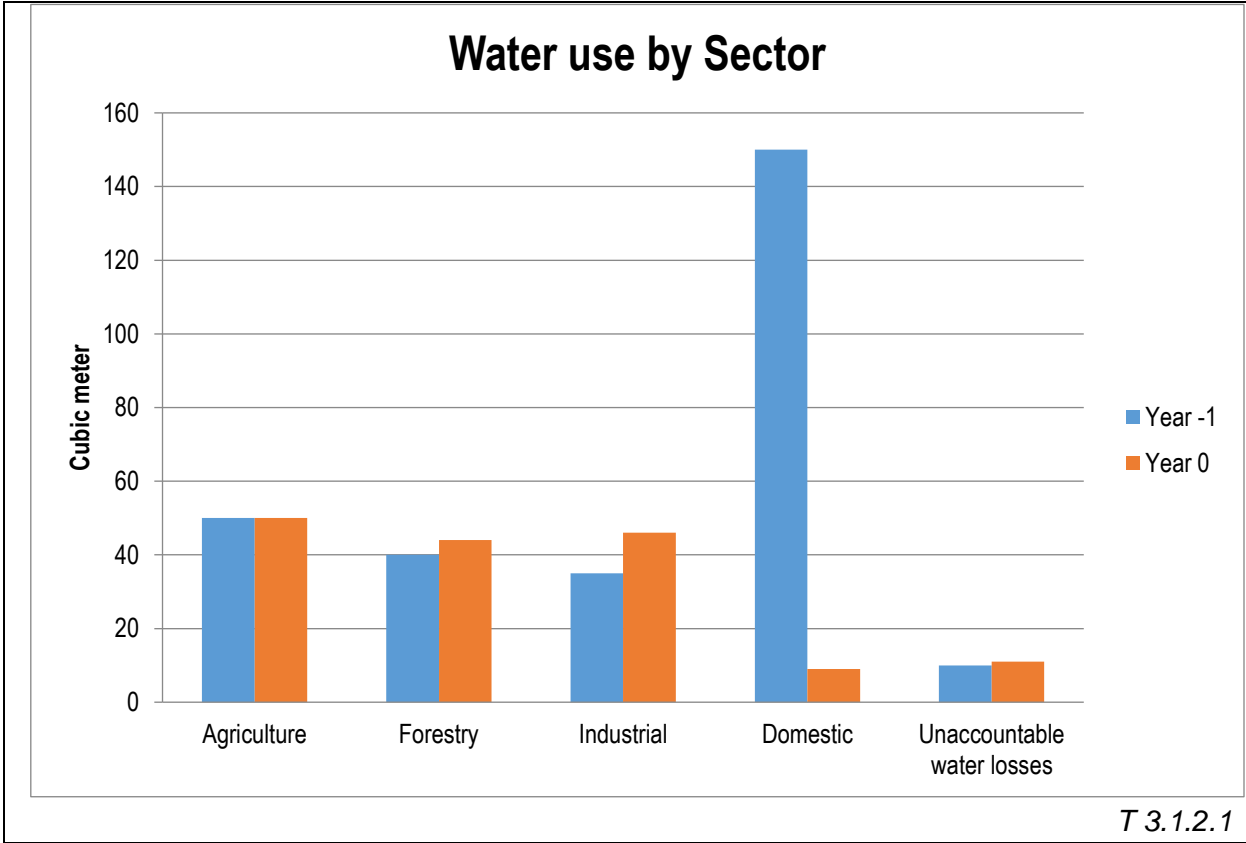
T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11

T 3.1.2

Data for household service targets is sourced from table A10





**COMMENT ON WATER USE BY SECTOR:**

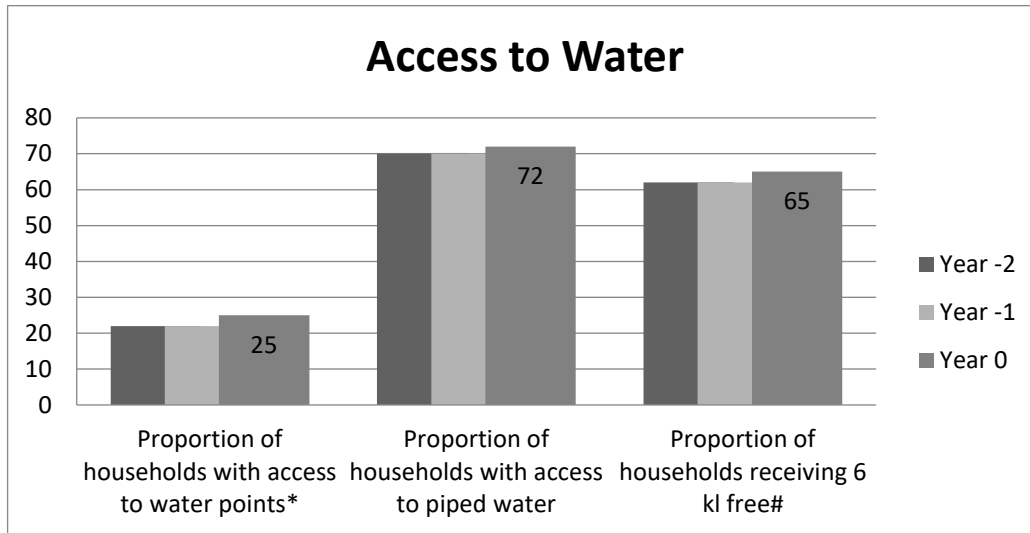
Forestry, Industrial and Agricultural Sectors rely mainly on Borehole water and our water caters for household use.

A bulk of water is used for domestic use by the community. Farming is the second highest consumer of the municipal water.

*T 3.1.2.2*

Water Service Delivery Levels					Households	
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Actual		
	No.	No.	No.	No.		
<b>Water: (above min level)</b>						
Piped water inside dwelling	2 635	2 649	2 655	3 155		
Piped water inside yard (but not in dwelling)	14 377	14 337	14 323	13 969		
Using public tap (within 200m from dwelling )			5 80	5 80		
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>						
<i>Minimum Service Level and Above Percentage</i>						
<b>Water: (below min level)</b>						
Using public tap (more than 200m from dwelling)	-	-	-	-		
Other water supply (more than 200m from dwelling)	-	-	-	-		
No water supply	-	-	-	-		
<i>Below Minimum Service Level sub-total</i>						
<i>Below Minimum Service Level Percentage</i>						
<b>Total number of households*</b>						
<i>No water supply below minimum level</i>				<i>T 3.1.3</i>		

Households - Water Service Delivery Levels below the minimum							Households	
Description	Year -3	Year -2	Year -1	Year 0				
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual		
	No.	No.	No.	No.	No.	No.		
<b>Formal Settlements</b>								
Total households	100,000	100,000	100,000	100,000	100,000	100,000		
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000		
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%		
<b>Informal Settlements</b>								
Total households	100,000	100,000	100,000	100,000	100,000	100,000		
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000		
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%		
							<i>T 3.1.4</i>	



Use data below to populate graph

**Access To Water**

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 -2	22	70	62
Year -1	22	70	62
Year 0	25	72	65
<i>T 3.1.5</i>			

*\* 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*

<i>T 3.1.5</i>
----------------



All households have access to water supply, using piped water lines and portable water for informal and new settlements. No water supply below minimum service level

T 3.1.6

<b>Financial Performance Year 2022/23: Water Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	118 387	98 257	98 257	152 037	-53 780
Expenditure:					
Employees	11 924	12 219	12 219	12 018	201
Repairs and Maintenance	657	3 000	3 000	4 244	-1 244
Other	17 588	61 879	61 879	70 214	7 933
<b>Total Operational Expenditure</b>	30 169	77 098	77 098	86 476	-9 378
<b>Net Operational Expenditure</b>	88 218	21 159	21 159	65 561	44 402
<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>					<i>T 3.1.8</i>

Capital Expenditure Year : 22/23 Water Services					
R' 000					
Capital Projects	Year 22/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
PUMPING MAINS IN LEBALENG EXT.3	6 004	6 004	3 537	2 467	
AUGMENTATION OF BULK WATER SUPPLY IN MAK	17 700	17 700	67 538	-49 838	
					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

T 3.1.10

### 3.2 WASTEWATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION PROVISION

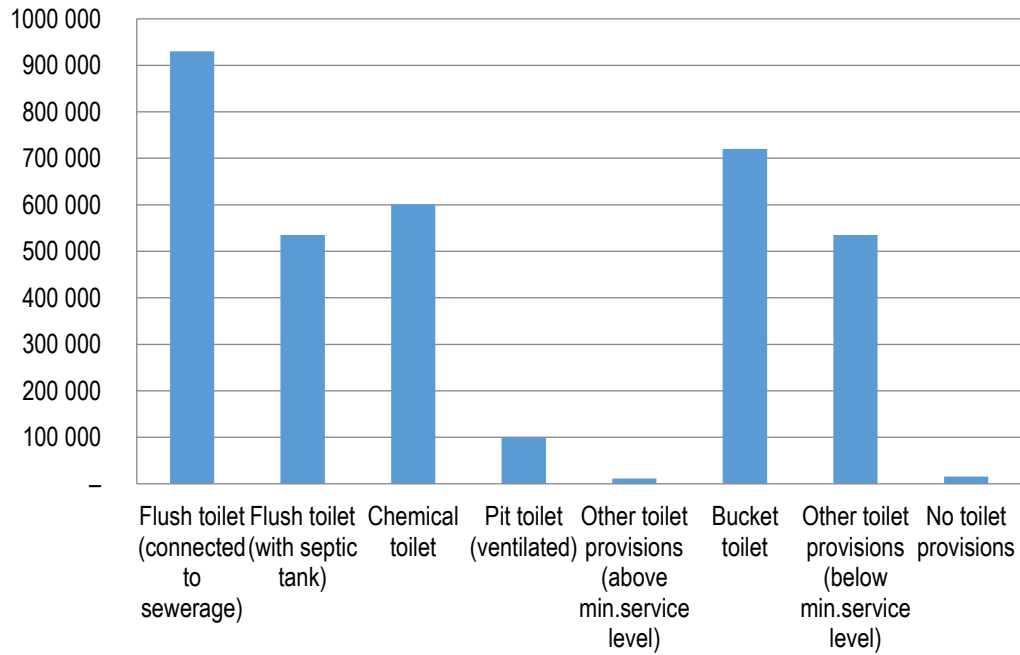
The Municipality is still struggling to keep up with sewer blockages due to the following factors:

- i. There is insufficient water supply to the townships hence sewage stays in the sewers longer than normal and this results in build-ups that eventually harden and create back-ups in the system.
- ii. Most of the sewer blockage material recovered comprised of non-flushable wipes that were not designed to be flushed and should not have been disposed of via the sewerage systems.
- iii. Lack of vehicles to tow the Sewer-jets donated to Municipality by the Provincial government

The Municipality is considering procuring the necessary fleet through the Government garage approach.

T 3.2.1

### Sanitation/Sewerage (above minimum level): Year 0



T 3.2.2

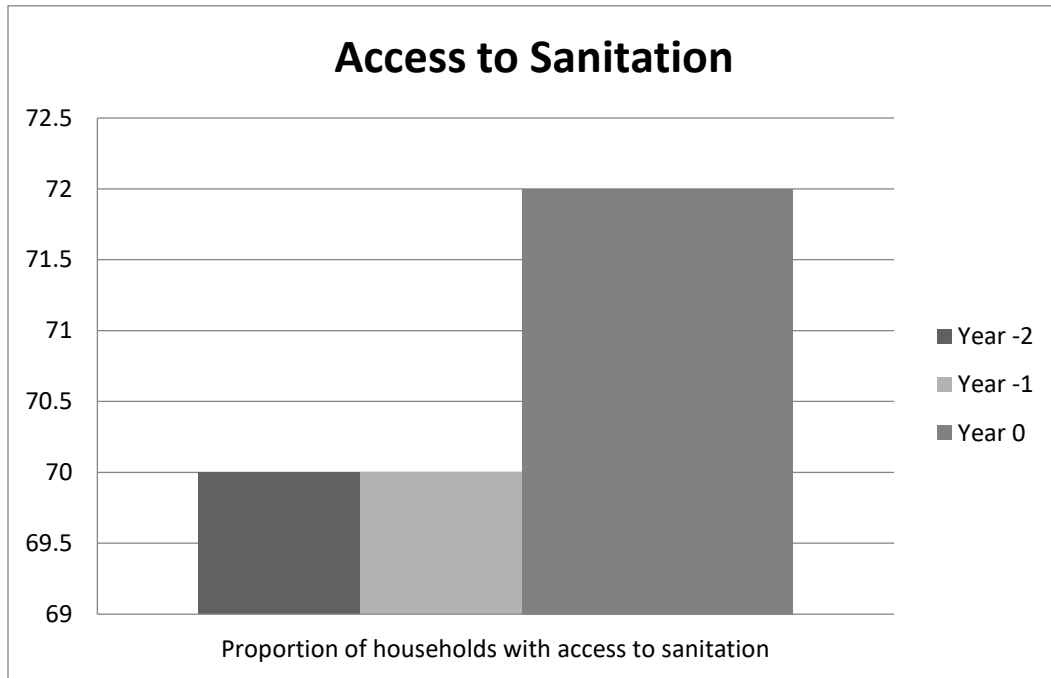
#### Sanitation Service Delivery Levels

Description	*Households			
	Year -3 Outcome	Year -2 Outcome	Year -1 Outcome	Year 0 Actual

	No.	No.	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2,325	2,236	1,851	2,178
<i>Minimum Service Level and Above Percentage</i>	68.9%	59.9%	55.5%	63.1%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1,047	1,498	1,485	1,271
<i>Below Minimum Service Level Percentage</i>	31.1%	40.1%	44.5%	36.9%
<b>Total households</b>	<b>3,372</b>	<b>3,734</b>	<b>3,336</b>	<b>3,449</b>
<b>*Total number of households including informal settlements</b>				<b>T 3.2.3</b>

Households - Sanitation Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.

<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						<i>T 3.2.4</i>



<b>Access To Sanitation</b>	
<b>Access to Sanitation</b>	
	<b>Proportion of households with access to sanitation</b>
Year -2	70
Year -1	70
Year 0	72
	T 3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3		
		Target	Actual	Target		Actual	Target	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
<b>Service Objective</b>										
<b>Provision of toilets within standard</b>	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	4 200 additional HHs	2500 additional HHs	5000 additional HHs	5 500 additional HHs	1 500 additional HHs	5 500	5 500	3000	
									T 3.2.6	



<b>Employees: Sanitation Services</b>					
<b>Job Level</b>	<b>Year -1</b>	<b>Year 0</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>

*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 3.2.7

<b>Capital Expenditure Year 2022/23: Sanitation Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Sewer outfall project					

No Capital Projects for the year under review

T 3.2.9

#### COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Due to lack of Operation and Maintenance Plans and Masterplans, the maintenance is carried out on a purely reactive basis. We acted on complaints received by the Municipality from the community. The Municipality was struggling to keep up with the unblocking of sewers due to the fact that only one sewer cleaning jetting equipment was earmarked for the whole Municipality which is in excess of 20 000 stands.

T 3.2.10

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

The Maquassi Hills Local municipality is a licence holder of the following areas:  
Wolmaransstad, Leeudoringstad, Makwassie and the rural areas of Boskuil and Oersonskraal.  
In all these areas the Municipality installed prepaid electricity meters using a service provider.

The fact that the township where most of the residents live is an Eskom Licence area is a great disadvantage for the Municipality in terms of the potential revenue collection. On the other hand, it may be a blessing in disguise in that if it were to fall under the Municipality, it would be a tall order to operate and maintain the infrastructure due to lack of capacity of both the plant/ equipment and human capital.

Due to aged underground infrastructure especially in Wolmaransstad town, there are spontaneous cable faults that are experienced from time to time and it normally catches the Municipality by surprise. The condition Assessment of all electrical infrastructure and proposed intervention plans that costed can save the Municipality a lot of pain. We are in the process of developing the Municipal Electricity Masterplan.

Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min.service level)	2571	2571	2571	2571
Electricity - prepaid (min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	2571	2571	2571	2571
<i>Minimum Service Level and Above Percentage</i>	100.0%	100.0%	100.0%	100.0%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	0.0%
<b>Total number of households</b>	2571	2571	2571	2571
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum				
Description	Households			
	Year -3	Year 2020/21	Year 2021/22	Year 2022/23

	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>	N/a	N/a	N/a	N/a	N/a	N/a
Total households Households below minimum service level Proportion of households below minimum service level						
<b>Informal Settlements</b>	N/a	N/a	N/a	N/a	N/a	N/a
Total households Households totals below minimum service level Proportion of households totals below minimum service level						
<b>No electricity below minimum service levels</b>						T 3.3.4

Electricity Service Policy Taken From IDP									
Service Objective	Outline Service Targets	Year 2019/20		Year 2020/21			Year 1	Year3	
		Target	Actual	Target		Actual	Target		
Service indicators (i)	(iii)	x Previous year (iii)	(iv)	Previous year (v)	Current year (vi)	(vii)	Current year (viii)	Current year (viii)	x Following year (x)
Service Objective									
To improve access to basic service	Number of cable faults fixed	20	80	20	50	50	50	50	20

	Number of damaged bulbs replaced	1000	491	1000	1000	486	1000	1000	1000
T 3.3.5									

Employees: Electricity Services					
Job Level	Year 2020/21	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	0	2	0	0%
4 - 6	2	0	2	0	0%
7 - 9	0	1	0	1	100%
10 - 12	1	1	1	1	100%
13 - 15	0	0	0	0	0%
16 - 18	8	0	8	0	0%
19 - 20	0	0	0	0	0%
Total	13	2	13	2	28%
T 3.3.6					

Financial Performance Year 2022/23: Electricity Services					
R'000					
Details	Year 21/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	95 912	74 877	74 877	72 849	2 028

Expenditure:					
Employees	4 499	6 031	6 031	5 121	910
Repairs and Maintenance	5 480	2 500	2 500	2 082	418
Other	99 401	71 709	71 709	94 032	-19 667
Total Operational Expenditure	109 380	80 240	80 240	101 235	-20 995
Net Operational Expenditure	-13 468	-5 363	-5 363	-28 386	-18 967
					T 3.3.7

Capital Expenditure Year 2022/23: Electricity Services					
Year 2022/2023					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
4 HIGH MAST LIGHTS IN BOSKUIL	1 364	1 364	856	508	1 364
3.3.8					T

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The division continues to suffer due to aged Service Delivery fleet. and needless to say the performance is badly affected due to vehicles going in and out of the workshop. We are in the process of procuring yellow fleet. This will assist to improve the service delivery.

Despite all these achievements the Municipality continues to suffer outages due to old delapidated cables especially in the towns. So there will be a need to undertake assessments of electricity infrastructure assets and cost the remedial actions for future interventions.

T 3.3.9

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

**INTRODUCTION TO WASTE MANAGEMENT**

We have a weekly programme of waste collection for businesses, residential, government departments and illegal dumping sites.

*T 3.4.1*

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	2021/22	Year 2022/23	Households		
	Actual	Actual	Actual	Year 2022/23		
	No.			Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households		28 612	28 612			
Households below minimum service level		16 833	16 833			
Proportion of households below minimum service level		58%	58%			
<b>Informal Settlements</b>						
Total households		1100	1100			
Households totals below minimum service level		1100	1 100			
Proportion of households totals below minimum service level		100%	100%			
						<i>T 3.4.3</i>



Waste Management Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2021/22		Year 2022/23			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
Fencing of 1 landfill site	Fencing of 1 landfill site	0	0	0	0		0	1	2
To Procure refuse truck for refuse removal in all Municipal areas.	2 refuse removal trucks procured for all Municipal areas.	0	0	0	2	2	0	0	0
T 3.4.4									

Employees: Solid Waste Management Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	100%
4 - 6	2	2	2	0	100%
7 - 9	1	1	1	0	100%
10 - 12	6	6	6	0	100%
13 - 15	5	5	4	1	90
16 - 18	17	22	17	5	80%
19 - 20	0	0	0	0	0%
Total	31	36	30	6	75%
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
T3.4.6 Not Applicable					

Financial Performance Year 2022/2023: Solid Waste Management Services					
					R'000
Details	Year 2021/2022	Year 2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	27 180	19 550	19 550	37 002	-17 452
Expenditure:					
Employees	8 099	9 576	9 576	10 892	-1 316
Repairs and Maintenance	298	400	400	487	-87
Other	97	1 410	1 410	92	1 318
<b>Total Operational Expenditure</b>	8 494	11 386	11 386	11 471	-85
<b>Net Operational Expenditure</b>	18 686	8 164	8 164	25 531	17 367
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are 023 calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
					T 3.4.8

Capital Expenditure Year 2022/23: Waste Management Services					
					R' 000
Capital Projects	Year 2022/23				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
					T 3.4.9

**COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:**

The overall performance is sitting at 58%. This is due to high number of households without refuse bins and also the ageing fleet which is always under repair.

*T 3.4.10*

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING.

This function is performed by the Department of Local Government and Human Settlement.

*T 3.5.1*

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021/22	15 000	13 000	87%
2022/23	18 106	16 406	83%
			<i>T3.5.2</i>

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2021/22		Year 2022/23			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
<b>Construction of RDP houses in Lebaleng ext 6</b>	713 RDP HOUSES IN LEBALENG EXT 6	713	0	621	0	under construction	0	0	108
<b>Construction of 298 RDP houses in Rulaganyang ext 2</b>	298 Residenti	0	0	298	0	under construction	0	0	0
installation of outstanding services in Lebaleng ext 6		0	0	92		under construction	0	0	1600
<b>Installation of outstanding services in Wolmarasstad ext 17</b>	266 Residential sites	0	0	266	266	under construction	0	0	558
The Department of Local Government and Human Settlement is currently doing this function with the municipality assisting in terms of township establishment, identification of beneficiaries, allocation of sites and development of business plans for funding.									T3.5.3

Employees: Housing Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	100%
4 - 6	1	1	1	0	100%
7 - 9	3	3	3	0	100%
10 - 12	0	2	0	2	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	6	8	6	2	75%
					T

3.5.4

Financial Performance Year 2022/2023: Housing Services					
					R'000
Details	Year - 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	195	0	0	1 026	1 026
Expenditure:					
Employees	3 098	3 602	3 602	3 251	351
Repairs and Maintenance	0	0	0	0	0
Other	44	174	174	287	-113
<b>Total Operational Expenditure</b>	3 142	3 776	3 776	3 538	238
<b>Net Operational Expenditure</b>	-2 947	3 776	3 776	-2 512	788
<i>Service performed by Province.</i>					
					T 3.5.5

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**

This function of implementing capital projects is performed by the Department of Local Government and Human Settlement and the municipality is performing administrative function. T 3.5.7

**3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT**

**INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

The municipality has an Indigent Register and Policy. We provide Free Basic Services to all households whose monthly gross income is less than R3 500.00 and in addition those households which have RDP Houses. Community members are urged to register through ward committees and the use of Ward Councillors who also have to assist identify qualifying households and help process Indigent registration. We currently have 4175 beneficiaries in our indigent register.

T 3.6.1

**HOUSING SERVICES.**

This function is performed by the Department of Local Government and Human Settlement.

T 3.6.2



	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	16,784	2,200	2,200	100%	2,200	100%	1,995	91%	2,200	100%
Year -1	16,784	3,500	518	15%	518	15%	518	15%	518	15%
Year 0	21 324	4 540	4 540	20%	4 540	20%	4 540	20%	4 540	20%
T 3.6.3										

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)								
Service Objective									
<b>Provision of alternative support to low income households that do not receive all Free Basic Services</b>	Low income households (LIHs) who do not receive all the free basic services but <u>do</u> receive alternative support (Total number of LIHs not in receipt of free basic services)	0	0	0	0	0	0	0	0
Number of Indigent beneficiaries registered in all Municipal areas.	10 000 Indigent Beneficiaries registered in all Municipal areas	10 000	4 175	4 175	10 000	4 635	10 000	10 000	15 000
T 3.6.5									

#### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality has an Indigent Register and Policy. We provide Free Basic Services to all households whose monthly gross income is less than R3 500.00. The municipality is still looking for ways and means of extending Free Basic Services to rural areas, in the form of Alternative Energy.

T 3.6.6

### COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

#### INTRODUCTION TO ROAD TRANSPORT

The Municipality implements road infrastructure upgrades in the historically disadvantaged utilizing the Municipal Infrastructure Grant (MIG). Due to low revenue collection most of the roads in the former white towns are dilapidated, fraught with manholes.

The main challenge is that the stormwater is drained on surface and due to insufficient drainage slopes the stormwater percolates these roads weakening the underlying layers resulting in potholes.

The Municipality sought assistance from the Department of Public Works from time to time to assist with the maintenance of roads.

The Department of Transport implemented a Rural Roads Asset Management System (RRAMS) which seeks to capture condition assessments of gravel and surfaced roads and propose remedial actions that are costed. This is a step in the right direction in developing a Roads Master Plan.

T 3.6.7

### 3.7 ROADS

#### INTRODUCTION TO ROADS.

The Asset Management Plan was done in 2010 and it shows the following backlog in terms of Roads and Storm water:

Wolmaransstad – 31.km

Tswelelang – 17.2km

Makwassie (including Lebaleng) – 33.7km

Leeudoringstad (including Kgakala) – 9.0km

Witpoort (including Rulaganyang) – 10.3km

However, the rate at which the Municipality is taking in upgrading these gravel roads to either tar or paved blocks it will not achieve the eradication of these gravel roads in the next 30 years.

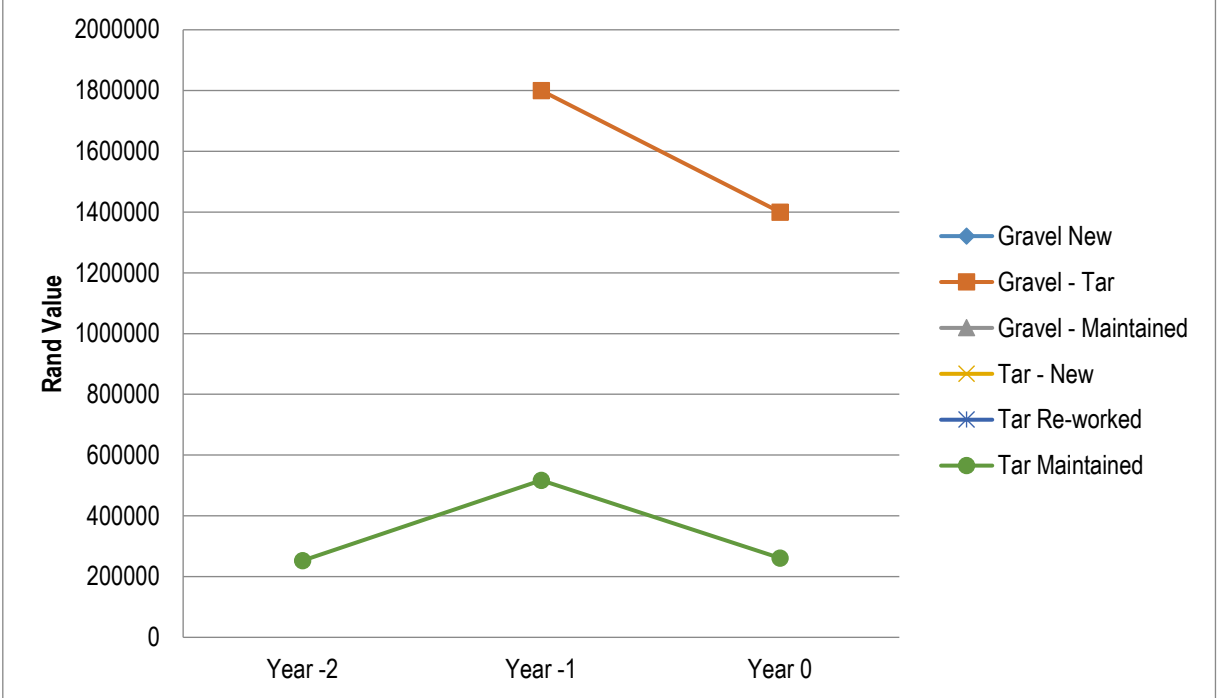
T 3.7.1

Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2018/19	114km	0	0	1.5km	
2019/20	114km	0	0	1.5km	
2020/21	205.31	0	0	10km	
2022/23	156km	0	0	7km	
					T 3.7.2

Tarred Road Infrastructure						Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	
2018/19	114	0	0	0	2	
2018/19	114	0	0	0	2	
2020/21	135.3	0	0	0	1	
2022/23	256	1km	10km	0	10	
						T3.7.3

Cost of Construction/Maintenance							R' 000
Year	Gravel			Tar			
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained	
2018/19	0	0	1.4 km	0	0	1.4 km	
2019/2020	0	0	2 km	0	0	2 km	
2020/21	0	0	10km	0	0	10km	
2021/22	0	0	10km	0	0	8km	
						T 3.7.4	

# Road Infrastructure costs



T 3.7.4.1

Road Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
Rehabilitation of Hester/ Leboya street in Kgakala	800m Rehabilitation of Hester/ Leboya street in Kgakala	0	0	0m	800m	800m	800m	800m	0m
Rehabilitation of Tswelelang collapsed road sections	450m Rehabilitation of Tswelelang collapsed road sections	0	0	0m	450m	450m	450m	450m	0m
Upgrading of Roads and Stormwater in Taxi Route from Piet Retief Street to Maitemogelo Comprehensive School	Upgrading of Roads and Stormwater in Taxi Route from Piet Retief Street to Maitemogelo Comprehensive School	1400km	1400m	0m	0m	0m	0m	0m	0m
Construction of Flood mitigating structures in Tswelelang ext 4 (Chris Hani)	400m Construction of Flood mitigating structures in Tswelelang ext 4 (Chris Hani)	0m	0m	0m	400m	400m	0m	0m	0m
Upgrading of Tshesane drive, Maditjane, Sejake and Kadi streets from gravel to block paving in Lebaleng	1400m Upgrading of Tshesane drive, Maditjane, Sejake and Kadi streets from gravel to block paving in Lebaleng	0	0	900m	400m	900m	400m	0m	0m
									T 3.7.6

Employees: Road Services					
Job Level	Year 2020/21	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0
4 - 6	0	3	3	0	0
7 - 9	2	8	6	0	0
10 - 12	8	15	7	0	0
13 - 15	6	15	9	0	0
16 - 18	10	21	11	0	0
19 - 20	12	30	18	0	0
Total	38	93	55	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. T3.7.7

Financial Performance Year 2022/23: Road Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	89	7 281	7 281	60	7 761
Expenditure:					
Employees	3 062	6 244	6 244	4 062	2 182
Repairs and Maintenance	6 412	2 843	2 843	2 544	299
Other	391	1 854	1 854	-886	2 740
<b>Total Operational Expenditure</b>	9 865	10 941	10 941	5 720	5 221
<b>Net Operational Expenditure</b>	-9 776	-3 660	-3 660	-5 660	2 540

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 2022/2023: Road Services					
					R' 000
Capital Projects	Year 2022/23				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
HESTER/LEBOYA STREET IN KGAKALA	5 284	5 284	5 786	-502	
TSWELELANG COLLAPSED ROAD SECTIONS	3 700	3 700	2 151	1 549	
TAXI ROUTE FROM PIET RETIEF STREET	6 030	6 030	5 257	773	
FLOOD AND SEWAGE STATION IN CHRIS HANI	850	850	959	-109	
RAMOTSE AND KALA STREETS IN KGAKALA	509	509	443	66	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

T 3.7.9

**COMMENT ON THE PERFORMANCE OF ROADS OVERALL:**

The Municipality does not have financial surplus hence cannot fund projects from internal coffers. They heavily rely on conditional grants. This has a negative impact on roads in the urban areas as they cannot be refurbished or upgraded. Some of them have collapsed to such an extent that pothole patching would be a waste of money.

National Treasury has given Municipalities a go ahead to implement operations and maintenance projects as long as they are captured in the Rural Roads Asset Management Systems (RRAMS). This is a positive step taking into consideration that the Municipality budgets for Road maintenance on annual basis, however due to low revenue collection these plans are never implemented.

T 3.7.10



### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

Traffic Department is in for vehicle roadworthy tests, licensing and traffic management only but no Municipal bus services.

T 3.8.1

Municipal Bus Service Data					
Details	Year -1	Year 0		Year 1	
	Actual No.	Estimate No.	Actual No.	Estimate No.	
1	Passenger journeys	0	0	0	0
2	Seats available for all journeys	0	0	0	0
3	Average Unused Bus Capacity for all journeys	0	0	0	0
4	Size of bus fleet at year end	0	0	0	0
5	Average number of Buses off the road at any one time	0	0	0	0
6	Proportion of the fleet off road road at any one time	0	0	0	0
7	No. of Bus journeys scheduled	0	0	0	0
8	No. of journeys cancelled	0	0	0	0
9	Proportion of journeys cancelled	0	0	0	0
<b>Not applicable to Maquassi-Hills Municipalty</b>					<b>T 3.8.2</b>

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

The stormwater upgrades are normally done simultaneously as the Roads upgrades.

It is to be noted that Makwassie/ Lebaleng area has a very flat terrain and so it is a big challenge to drain stormwater effectively. There will always be incidents of flooding from time to time.

Unfortunately we do not have a stormwater management plan. The RRAMS excluded the stormwater portion which is an anomaly taking into consideration these items normally go together.

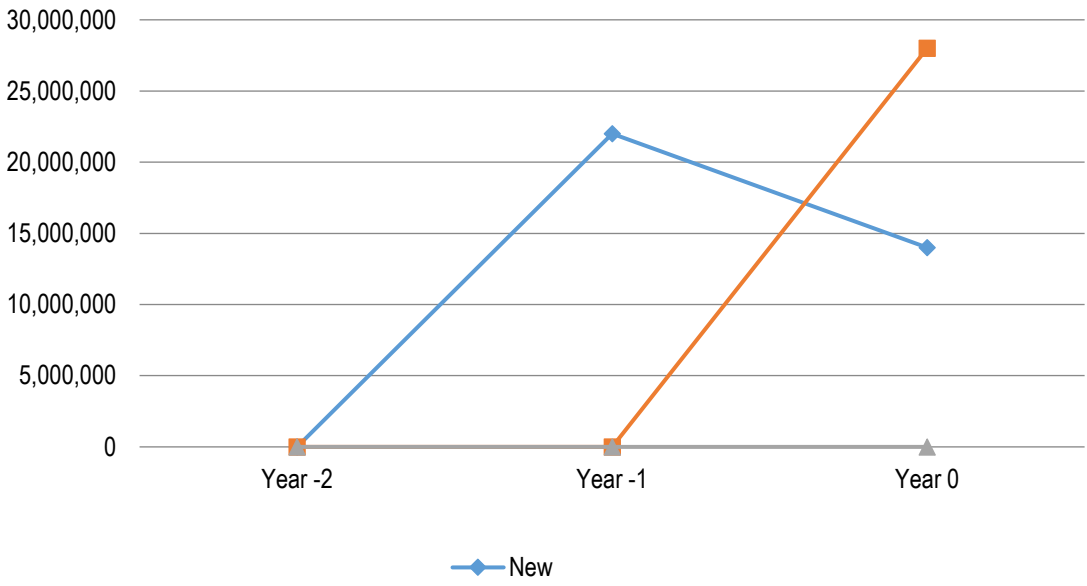
The main challenge we have in terms of stormwater drainage is that the main outlets are blocked due to community throwing refuse into the stormwater channels.

T 3.9.1

Storm water Infrastructure				Kilometres
Year	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2018/19	1.38 km	0.68 m	0.7m	1.38km
2019/20	0	0	0	0
2020/21	500m	0	500m	0
2022/23	1.38 km	280 m	280m	1.38km
				T 3.9.2

Cost of Construction/Maintenance				R' 000
Year	Storm water Measures			
	New	Upgraded	Maintained	
2018/19	R 3.8m/ metre	R 2.0 million/ metre	R 0.4m/ metre	
2019/20	0	0	0	
2020/21	500m	500m	0	
2022/23	R 6.3million/ 280metre	R 6.3 million/280 metre	R 0.4m/ metre	
				T 3.9.3

# Stormwater infrastructure costs



T 3.9.4

Stormwater Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
Construction of Flood mitigating structures in Tsweleng ext 4 (Chris Hani)	280m Construction of Flood mitigating structures in Tsweleng ext 4 (Chris Hani)	0	0	0	280m	280m	0m	0m	0
									T 3.9.5

Employees: Storm water Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	0	1	0	0%
4 – 6	1	0	1	1	0%
7 – 9	0	0	0	0	0
10 – 12	1	1	1	1	100%
13 – 15	0	0	0	0	0
16 – 18	9	0	9	9	0%
19 – 20	0	0	0	0	0
Total	11	1	11	11	8%

T 3.9.6

Financial Performance Year 2022/23: Storm water Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0

As reflected in roads section since the financial expenditure is combined as roads and storm water

T 3.9.7

Capital Expenditure Year 2022/23: Storm water Services					
					R' 000
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Construction of Flood mitigating structures in Tsweleng ext 4 (Chris Hani)	R6 305 697,80	-	6 305 697,80	-	R 6 305 697,80
					T 3.9.8

**COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:**

The performance of the storm water drainage in different parts of the municipality.

**Tsweleng Township**

The design of the surfaced roads is such that storm water drains in the centre of the road and there is no underground drainage. Consequently either water stands in the road increasing the incidence of accidents or flooding of houses is the order of the day.

**Wolmaransstad extensions**

Refuse is dumped in the storm water channels resulting in flooding especially in extension 13 outlying areas.

There are no 5-year targets now because of lack of storm water Masterplan.

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality has Local Economic Department which deals with planning regarding opportunities and challenges in the fields of economic development. Amongst other opportunities there is small scale mining, farming and tourism.

T 3.10

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

We don't have a fully-fledged unit for planning but most of the planning work is done through Cooperate services, LED and IDP sections.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year 2015/16	Year 2016/17	Year 2017/18	Year 2018/19	Year 19/20	Year 2020/21
Planning application received	3	3	131	114	76	84
Determination made in year of receipt	3	3	131	130	70	75
Determination made in following year	0	1	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	1	1	0	0	0	0
T 3.10.2						



Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2019/20		Year 2020/21			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective 0</b>									
	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0
<b>None at this stage</b>									T 3.10.3

Employees: Planning Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
Planning in relation to Land Use Management is done by service providers.					T 3.10.4

Financial Performance Year 2022/23: Planning Services					
					R'000
Details	Year 2019/20	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
No unit in place					T 3.10.5

Capital Expenditure Year 2022/23: Planning Services					
R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0		
Project A	0	0	0		0
Project B	0	0	0		0
Project C	0	0	0		0
Project D	0	0	0		0
Total project: no capital expenditure					T 3.10.6

**COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:**

No capital project.

T 3.10.7

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

The Constitution of the Republic of South Act 108 of 1996 mandates local government to promote Social and Economic Development of communities, this Developmental mandate is also outlined further in the White paper on Local Government of 1998 which introduces a notion of developmental local government and it also identifies Local Economic Development as one of the critical outcomes and key performance area (KPA) for the sphere of Government. It further defines this role as a 'central responsibility (for municipalities) to work together with local communities to find sustainable ways to meet their needs to improve the quality of their lives.

To achieve the above-mentioned developmental mandate, Maquassi Hills Local Municipality has established the Entrepreneurial Development Centre which is mandated to assist the community with enterprise development, Feasibility, and business plan development, facilitate skills development services, linking bankable opportunities with potential funders, and linkages to procurement opportunities amongst others.

T 3.11.1

Economic Activity by Sector			
	R '000		
Sector	Year 2020/21	Year 2021/22	2022/23
Agric, forestry and fishing	7	6	4
Mining and quarrying	2	2	2
Manufacturing	4	3	1
Wholesale and retail trade	11	9	8
Finance, property, etc.	8	7	5
Govt, community and social services	22	23	20
Infrastructure services	8	8	10
Total	62	58	54

T 3.11.2

Economic Employment by Sector			
Sector	Year 2 No.	Year -1 No.	Jobs
			Year 2022/23 No.
Agric, forestry and fishing	1250	1100	800
Mining and quarrying	400	200	100
Manufacturing	650	400	50
Wholesale and retail trade	4800	4600	4000
Finance, property, etc.	2200	1900	1500
Govt, community and social services	4000	3800	3600
Infrastructure services	3000	2800	2600
Total	16 300	14800	14150

T 3.11.3

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

Unemployment remains a serious concern for South Africa as a whole as well as for Maquassi Hills Local municipality. In responding to the challenge of unemployment, the Municipality came up with the following programmes, Community Works Programme (CWP) and Extended Public Works Programmes (EPWP). And through Municipal Infrastructure Grant, the municipality has created job opportunities for communities.

T 3.11.4

Jobs Created during Year 0 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.	
Total (all initiatives)				
Year -2	0	0	0	Project reports
Year -1	0	0	0	Project reports
Year 0	0	0	0	Project reports
A				Project reports
Initiative B (OTHER GOVERNMENT INITIATIVES (Year 0)	0	0	0	Government reports
Initiative C PRIVATE SECTOR INITIATIVE (Year 0)	0	0	0	Project reports

T 3.11.5

<b>Job creation through EPWP* projects</b>		
	<b>EPWP Projects</b>	<b>Jobs created through EPWP projects</b>
<b>Details</b>	<b>No.</b>	<b>No.</b>
Year 2020/2021	1	84
Year 2021/2022	1	242
Year 2022/2023	1	218
* - <i>Extended Public Works Programme</i>		T 3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2021/2022		Year 2022/2023			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
To hold LED Meetings	4 meetings	4	4	4	4	4	4	4	4
To create job opportunities through EPWP	128 jobs	160	158	128	128	218	160	128	128
To create job opportunities through municipal initiatives	100	100	88	100	100	28	100	100	100
To develop Witpoort Dam Resort Amenities	Development of Gateway to Opportunity Database	0	0	1	1	1	0	0	0
									T 3.11.7

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

*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 3.11.8*



Employees: Local Economic Development Services					
Job Level	Year 2022/23	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0
4 - 6	1	1	1	1	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	2	2	2	2	0
					T 3.11.8

Financial Performance Year 2022/23 Local Economic Development Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	138	0	0	633	633
Expenditure:					
Employees	1 175	1 069	1 069	1 233	-164
Repairs and Maintenance	0	0	0	0	0
Other	16	340	340	407	67
<b>Total Operational Expenditure</b>	1 191	1 409	1 409	1 640	-231
<b>Net Operational Expenditure</b>	-1 053	1 409	1 409	-1 007	402
					T 3.11.9

Capital Expenditure Year 2022/23: Economic Development Services					
R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital projects for the year under review.					
T 3.11.10					

**COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

The outbreak of the Covid 19 pandemic and load shedding negatively impacted the economic development and growth of South Africa. As a result, Maquassi Hills Local Municipality experienced very low economic growth and the unemployment rate increased. The Expanded Public Works Programme (EPWP), the Community Works Programme (CWP) and the Municipal infrastructure Projects were municipality's safety net that made it possible for the municipality to create job opportunities for community members to support and sustain themselves and their families.

LED department has managed to create temporary job opportunities through EPWP, CWP and MIG Projects. We have also managed to assist SMME's with the following:

- \* Skills Development
- \* Enterprise Development
- \* Linkages to funding opportunities.

Due to financial constraints of the municipality LED does not have provision for Capital Projects and that makes it difficult for the department to create more opportunities for the community of Maquassi Hills.

T 3.11.11

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## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Maquassi Hills Local Municipality is responsible for library services, community halls and cemeteries. Our main function is to manage and maintain all the libraries, community halls and cemeteries to ensure that our communities have access to decent community facilities and also to provide such services where they are needed. We receive funding in a form of grants on an annual basis for Library services.

*T 3.1. 2*

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### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

NOT APPLICABLE

*T3.12.1*

#### SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

NOT APPLICABLE

*T 3.12.2*

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2020		Year 2021/22			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To maintain community libraries	6 community libraries maintained.	6	6	6	6	6	6	6	7
									T 3.12.3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0

T 3.12.4

Financial Performance Year 2021/22: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	792	1 771	1 771	487	1 284
Expenditure:					
Employees	499	0	0	354	354
Repairs and Maintenance	0	0	0	0	0
Other	2 058	5 055	5 055	6 134	-1 079
<b>Total Operational Expenditure</b>	2 557	5 055	5 055	6 488	-1 433
<b>Net Operational Expenditure</b>	-1 765	-3 284	-3 284	-6 001	-149
<b>Not Applicable.</b>					

T 3.12.5

Capital Expenditure Year 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
No projects for the year under review.					

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

We only have Libraries and the rest don't apply. There was no capital project for the year under review  
T 3.12.7

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### 3.13 CEMETORIES AND CREMATORIUMS

#### INTRODUCTION TO CEMETERIES & CREMATORIUMS

This function is performed by the municipality by providing land and space for burials, further to maintain the said cemeteries.

T 3.13.1

#### SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS.

The following are statistics of the number of graves that were sold in different units,  
Wolmaransstad/Tswelelang= 269  
Leeudoringstad/Kgakala= 178  
Witpoort/Rulaganyang= 49  
Makwassie/Lebaleng= 120

T 3.13.2

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2021/22		Year 2022/23		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
General maintenance of cemeteries – fencing and gates.	Maintain 7 cemeteries in Maquassi-Hills.	7	7	7	8	8	7	7	7
<b>Fencing of two Cemeteries</b>	<b>Fencing of the Cemeteries</b>	0	0	0	2	2	20	1	1
New cemetery in Kgakala		0	0	0	1	1	1	1	2
									T 3.13.3



Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	1	1	1	0	0
10 - 12	1	1	1	1	0
13 - 15	0	0	0	0	0
16 - 18	1	4	1	3	75%
19 - 20	0	0	0	0	0
Total	3	6	3	3	50%

T 3.13.4

Financial Performance Year 2022/23: Cemeteries and Crematoriums						R'000
Details	Year 2021/22	Year 2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0	0	190	-190	
Expenditure:						
Employees	1 348	1 348	1 348	1 056	292	
Repairs and Maintenance	125	65	65	3	62	
Other	25	15	15	9	6	
<b>Total Operational Expenditure</b>	1 498	1 428	1 428	1 068	370	
<b>Net Operational Expenditure</b>	1 498	1 428	1 428	-876	-180	

T 3.13.5

Capital Expenditure Year 2022/23: Cemeteries and Crematoriums					
					R' 000
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<b>No Capital Project for 2022/23</b>					<i>T 3.13.6</i>

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:  
 We need to properly fence all our cemeteries as the animals are destroying graves and tombstones.

*T 3.13.7*

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### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES
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Not applicable
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<i>T 3.14.1</i>
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SERVICE STATISTICS FOR CHILD CARE
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Not applicable
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<i>T 3.14.2</i>
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Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
NOT APPLICABLE TO THE MUNICIPALITY									
									T 3.14.3

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION	
NOT APPLICABLE	T 3.14

### 3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL	
This function is performed by the District Municipality and not Maquassi-Hills Local Municipality	
	T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL	
NOT AVAILABLE.	T 3.15.2

Pollution Control Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
<b>Not Applicable.</b>									

T 3.15.3

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	0	0	0	0	0
<i>Not applicable</i>					
T 3.15.4					

**Financial Performance Year 0: Pollution Control**

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0
<b>Not applicable</b>					<i>T 3.15.5</i>



Capital Expenditure Year 0: Pollution Control					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0		
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<b>No capital project for pollution control.</b>					<i>T 3.15.6</i>

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

NO CAPITAL PROJECTS.

T 3.15.7

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

NOT APPLICABLE..

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

NO APPLICABLE

T 3.16.2

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)								
Service Objective									
Not Applicable.									
T 3.16.3									

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
Not Applicable					
T 3.16.4					

Financial Performance Year 0: Bio-Diversity; Landscape and Other					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0

Not Applicable.

T 3.16.5

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<b>Not applicable</b>					

T 3.16.6

### 3.21 FIRE

#### INTRODUCTION TO FIRE SERVICES

Fire services is a challenge in relation to manpower. The Dr Kenneth Kaunda District Municipality is assisting with recruitment of personnel for this division.

*T 3.21.1*

Employees: Fire Services					
Job Level	Year 2019/20	Year 2020/21			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	0	0	0	0	0
Other Fire Officers	0	0	0	0	0
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
. Note: The District municipality is responsible for this function. T 3.21.4					

Financial Performance Year 2022/23: Traffic and fire Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	4 414	21 450	21 450	11 976	9 490
Expenditure:					
Employees	9 320	11 558	11 558	10 387	1 171
Repairs and Maintenance	22	100	12	12	88
Other	5 481				
<b>Total Operational Expenditure</b>	14 823	23 225	23 225	16 164	7 061
<b>Net Operational Expenditure</b>	-10 409	-1 775	-1 775	-4 188	2 429
					T 3.21.5

Capital Expenditure Year 2022/23: Traffic and Fire Services					
					R' 000
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Project A : GENERATOR	250	0	0	250	250
Project B : SPEED CAMERA	1 500	0	0	1 500	1 500
					T3.21.6

<p>COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL: Not applicable</p> <p style="text-align: right;">T 3.21.7</p>
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3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL,  
CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL,  
CONTROL OF PUBLIC NUISANCES, ETC  
This function is performed by the Dr Kenneth Kaunda District Municipality.

*T 3.22.1*

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND  
CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Not available

*T 3.22.2*

Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Disaster management is the function of the District Municipality</b>									

T 3.22.3

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:  
This function is performed by the Dr Kenneth Kaunda District Municipality

T 3.22.7

### COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### INTRODUCTION TO SPORT AND RECREATION

Not Applicable

T 3.23

### 3.23 SPORT AND RECREATION

#### SERVICE STATISTICS FOR SPORT AND RECREATION

Not Applicable

T 3.23.1

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

None	INTRODUCTION TO CORPORATE POLICY OFFICES, etc.	<i>T 3.24</i>
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### 3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The municipality is a category B municipality which is a collective type. It consists of Mayor, Speaker, Council and Exco Portfolio Committees. The Mayor is the political head who presides over Exco and the Speaker is the Chairperson of Council and presides over Council meetings

*T 3.24.1*

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

*T 3.24.2*

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2020		Year 2022/23			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
-	0	0	0	0	0	0	0	0	0
-									
-	0	0	0	0	0	0	0	0	0
-									
-	0	0	0	0	0	0	0	0	
Not Applicable. Not included in the IDP at the moment.									

T 3.24.3

Employees: The Executive and Council					
Job Level	Year 2022/23	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
	22	22	22	0	0%
Total	22	22	22	0	0%
T 3.24.4					

Financial Performance Year 2022/2023: The Executive and Council					
					R'000
Details	Year - 21/22	Year 22/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	158 446	143 543	143 543	59 948	83 595
Expenditure:					
Employees	6 143	6 454	6 454	2 184	4 270
Repairs and Maintenance	0	0	0	0	0
Other	177 780	188 798	188 798	-130	188 928
<b>Total Operational Expenditure</b>	183 923	195 252	195 252	2 054	193 198
<b>Net Operational Expenditure</b>	-25 477	-51 709	-51 709	57 894	-109 603
T 3.24.5					

Capital Expenditure Year 2022/23: The Executive and Council						R' 000
Capital Projects	Year 2022/23					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0		
Project A	0	0	0	0	0	
Project B	0	0	0	0	0	
Project C	0	0	0	0	0	
Project D	0	0	0	0	0	
<b>No Capital projects this year.</b>						
					T 3.24.6	

**COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL**  
 Most of the executive and council meetings held according to the adopted schedule and Resolutions were fully implemented. T 3.24.7

### 3.25 FINANCIAL SERVICES

**INTRODUCTION FINANCIAL SERVICES**  
 Our Financial Services comprise of Budget and Treasury, Supply Chain, Revenue division, Asset Management and Expenditure division and all these sections are fully functional. T 3.25.1



Debt Recovery							
Details of the types of account raised and recovered	R' 000						
	Year 2020/2021		Year 2021/22			Year 2022/23	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse							
Other							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							<i>T 3.25.2</i>

Concerning T 3.25.2

The average payment rate has been around 45% during this year and we are currently reviewing and strengthening our strategies to address this challenge. We are part of the municipalities currently receiving assistance from COGTA on Revenue through MSIG.

Financial Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
<b>To have a clean unqualified audit.</b>	Unqualified Audit report.	Unqualified Report	Disclaimer.	Qualification	Disclaimer	Qualified.	Disclaimer.	disclaimer	Unqualified.
<b>Increase Revenue collection.</b>	Increase collection to 90%	65%	45%	70%	70%	45%	45%	40%	40%
<b>Implement SCM policy</b>	100% implementation of SCM policy.	100%	80%	100%	80%	80%	80%	100%	70%
T 3.25.3									

Employees : Financial Services					
Job Level	Year 2019/20	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	7	5	5	71%
4 - 6	8	9	8	0	0%
7 - 9	13	18	13	4	22%
10 - 12	5	8	5	2	25%
13 - 15	0	0	0	0	0%
16 - 18	9	16	9	6	37%
19 - 20	0	0	0	0	0%
Total	40	58	40	17	29%

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 3.25.4

Financial Performance Year 2022/23: Financial Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	79 689	194 090	194 090	103 152	90 938
Expenditure:					
Employees	18 044	21 850	21 850	20 360	1 490
Repairs and Maintenance	19	105	105	61	44
Other	160 450	31 264	31 264	142 437	108 105
<b>Total Operational Expenditure</b>	178 513	53 219	53 219	162 858	-109 639
<b>Net Operational Expenditure</b>	-98 824	140 871	140 871	-59 706	-18 701

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 3.25.5

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COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The department has not been doing well in general and amongst the others it had challenges in relation to Budgeting (Not Cash Backed), Revenue Collection is still low, Supply Chain Management (High UIF Expenditure) by way of Effective SOPs, Internal Controls, Timely Filling of Critical Posts and Intensifying Capacity Building.

T 3.25.6

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### 3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Division is part of the Corporate Services. Its functions entail recruitment, training and development, occupational health and safety, manpower planning, personnel administration, employment equity and labour relations.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

T 3.26.2

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2020/21		Year 2022/23			Year 1	Year 3	
		Target	Actual	Target	Actual	Actual	Target	Actual	Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
To Review the Employment Equity Plan	Reviewed and credible EEP by June	Reviewed and credible EEP .	Not achieved	Not achieved	Not achieved	Not achieved	Reviewed and credible EEP.	Not achieved	Review EEP
To Develop Skills Development Plan	Adopted and submitted plan.	Adopted and submitted plan by June	WSP submitted to LGSETA	WSP submitted to LGSETA	WSP submitted to LGSETA	WSP submitted to LGSETA	Adopted and submitted plan	WSP submitted to LGSETA	Adopt and submit
Provide Training opportunities	65 employees and 22 councillors trained.	39 employee and 22 councillors trained.	39	60	80	80	39 employee and 21 councillors trained.	40	55
To improve the level of discipline	Reduced labour disputes.	Reduced labour disputes.	5 grievances						-
	50 Employees trained by on Collective Agreements on Disciplinary matters	50 trained employees on collective agreement of disciplinary codes and procedures	Not achieved	Not achieved	Not achieved	50 Employees trained by on Collective Agreements on Disciplinary Codes.	50 trained employees on collective agreement of disciplinary codes and procedures	Not achieved	To train 45 employees.
To promote sound labour relations	sound labour relations	6 LLF meetings	3 LLF meetings	2 LLF meetings	6 LLF Meetings	2 LLF Meetings	6 LLF meetings.	2 LLF meetings	6 meetings
To fill all sec 56 manager positions	6 posts filled.	4 positions of senior managers be filled.	Not achieved.	Not achieved	position of senior manager community services be filled	position of senior manager community services not filled	position of senior manager community services be filled	3 positions of senior managers were filled	To fill vacant posts

T 3.26.3

Employees: Human Resource Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	0	1	100%
4 - 6	2	2	2	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	4	4	3	0	100%

T3.26.4

Financial Performance Year 2022/23: Human Resource Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	354	1 458	1 458	814	644
Expenditure:					
Employees	15 421	15 251	15 251	12 167	3 084
Repairs and Maintenance	4 156	6 280	6 280	8 712	-2 432
Other	35 880	11 730	11 730	18 767	869
<b>Total Operational Expenditure</b>	55 457	33 261	33 261	39 646	-6 385
<b>Net Operational Expenditure</b>	-55 103	-31 803	-31 803	-38 832	-5 741

*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

Capital Expenditure Year 2022/23: Financial Services					
					R' 000
Capital Projects	Year 2022/23				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Sports facility Ext 13	10 000	10 000	495	9 505	10 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:  
 Human resource Department is fully functional as it is capable of fulfilling its mandate and responsibilities for total personnel capacity development, retention and attraction of skilled human capital.

T 3.26.

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

No full-fledged ICT Unit. T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

Not applicable. T 3.27.2

ICT Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective 0									
Not Applicable									
T 3.27.3									



Employees: ICT Services					
Job Level	Year 2021/22	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0
<b>Not Applicable</b>					
T3.27.4					

Financial Performance Year 2022/23: ICT Services						R'000
Details	Year 2021/22	Year 2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0	0	0	0	
Expenditure:						
Employees	0	0	0	0	0	
Repairs and Maintenance	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total Operational Expenditure</b>	0	0	0	0	0	
<b>Net Operational Expenditure</b>	0	0	0	0	0	
<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						

Capital Expenditure Year 2022/23: ICT Services					
R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.27.6

**COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:**  
 ICT unit to be established in the next financial year.

T3.27.7

### 3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

**INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

ONLY SUPPLY CHAIN MANGEMENT UNIT IS IN PLACE.

T3.28.1

**SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES.**

n/a

T 3.28.2

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective 0</b>									
Not Applicable									

T 3.28.3

# Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year 2022/23	Year			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0

T 3.28.4

Financial Performance Year 2022/23: Property; Legal; Risk Management and Procurement Services

R'000

Details	Year 2021/2022	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	0	0	0	0	0

T 3.28.5

Capital Expenditure Year 2022/23: Property; Legal; Risk Management and Procurement Services						R' 000
Capital Projects	Year 2022/23				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All						
Project A	0	0	0	0	0	
Project B	0	0	0	0	0	
Project C	0	0	0	0	0	
Project D	0	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.28.6

**COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:**

NOT APPLICABLE

T 3.28.7

## ORGANISATIONAL PERFORMANCE FOR 2022/2023

Basic Services and Infrastructure Development.												
Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved/not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
BSD 01	To improve the status of Roads and storm water	Length of surfaced road rehabilitated in Hester and Leboya street in Kgakala.	840 metres	600 metres surfaced road rehabilitated in Hester and Leboya street in Kgakala. by June 2023	600 m	Achieved	0	N/A	R5 284 000	R5 284 000	N/A	Progress Reports certified by Engineer/ Completion Certificate and photographic evidence.  Certificate that is signed by ward committee member
BSD 02	To improve the status of Roads.	Length of surfaced road rehabilitated in Tswelelang Collapsed Section.	450 metres	700 metres surfaced road rehabilitated in Tswelelang Collapsed Section by June 2023	425,15 m	Achieved	0	N/A	R3 700 000	R 3 700 000	N/A	Progress Reports certified by Engineer Completion Certificates.
BSD 03	To ensure access to full-waterborne	Length of heavy-duty sewer outfall pipe constructed in Lebaleng ext.6	250metres	Construction of 300m of 250mm heavy duty sewer outfall pipe in Lebaleng ext. 6 by June 2023.	0	Not Achieved	300m of 250mm	Collapsible soils encountered and high water table in the last	R1 958 186	R 1 958 186	Evaluate Variation Order and recommend the justifiable	Progress Reports certified by Engineer Completion Certificates.

	Sanitation							200 metres delaying the project			portion and submit to Relevant Stakeholders for approval	
								Contractor offsite awaiting approval of Variation order and extension of time				
BSD 04	To improve the status of storm water	Length of concrete storm water channel constructed in Tsweleng ext. 4 (Chris Hani) Wolmaransstad	700 metres	280m of concrete storm water channel constructed in ext.10 by June 2023	0	Not Achieved	280m	The tender closed on the 22 <sup>nd</sup> of September, and no one was responsive.	R1 373 983	R 0	Municipality to re-advertise the tender.	Progress Reports certified by Engineer Completion Certificates.
BSD 05	To improve the status of Roads and storm water	Length of road and Storm water upgraded from gravel to block paving from Piet Retief Street to Maitemogelo Comprehensive School in	5km	400 metres of gravel road upgraded from gravel to block paving and storm water from Piet Retief Street to Maitemogelo comprehensive school by June 2023	400 metres	Not Achieved	300 m	Due to the delayed appointment of BID committees the contractor was only appointed end of November 2022 and commence	R5 000 000	R 0	Bid Committees to be constituted prior to each Financial Year in line with the procurement plan.	Progress Reports certified by Engineer/ Completion Certificate.



		Wolmaransstad						d in January 2023				
BSD 06	To ensure access to full-waterborne Sanitation	Construction of Raw Sewage Pumping station and pumping mains in Rulaganyang ext. 2	29 km	Construction of 1 raw sewage pumping station mains in Rulaganyang by June 2023	0	Not Achieved	1	The implementation Plan was changed to align to the construction of RDP houses in the area	R 4 900 000	R 0	The planning between Dept. Human Settlement and Municipality to be integrated	Progress Reports certified by Engineer/ Completion Certificate.
BSD 07	Improved access to basic electricity services	Number of High Mast Lights installed in Boskuil and Oersonskraal villages	5 high mast lights	Installation of 2 High Mast lights in Boskuil and Oersonskraal villages by June 2023	4	Over-achieved	2	Due to cancelation of other projects, an additional R 613 590 was allocated to this project during budget adjustment.	R 750 000	R 0	Municipality cannot budget for unforeseen circumstances	Reports and attendance register.
BSD 08	To improve the status of Roads and storm water	Length of road Upgraded from gravel to block paving in Ramotse and Kala Streets in Kgakala	29 km	200 metres of gravel road upgraded from gravel to block paving in Ramotse and Kala Street in Kgakala by June 2023	0	Not Achieved	200 metres	Municipality appointed BID committees late.	R1 370 000	R 0	Management to comply with approved procurement plan	Report and attendance register.

BSD 09	To improve status of roads and storm water	Length of road upgraded from gravel to block paving in Tshesane drive, Maditjane, Sejake and Kadi streets in Lebaleng.	29 km	200 metres of road upgraded from gravel to block paving in Tshesane drive, Maditjane, Sejake and Kadi streets in Lebaleng by June 2023.	930 m	Achieved	730m	The Budget was adjusted from R1.5m to R 6.7m and target from 200m to 930m	R 1 500 000	R 0	N/A	Report & attendance register.
BSD 10	To ensure compliance of the quality of effluent in terms of Department of Water and Sanitation Standards	Number of refurbishment Wastewater Treatment Plant in Wolmaransstad	New KPI	1 Wastewater Treatment Plan refurbished in Wolmaransstad by June 2023.	0	Not Achieved	1	Due to the budget constraint the plant could not be completed.	R 10 000 000	R 1 210 169,49	Target to be set based on available Budget.	Progress Reports certified by Engineer/ Completion Certificate & photographic evidence
BSD 11	To ensure sustainable supply of water.	Number of boreholes refurbished in Lebaleng Ext 3	New KPI	2 boreholes refurbished in Lebaleng Ext 3 by June 2023.	2	Achieved	0	N/A	R 2 300 000	R 163 728,81	N/A	Progress Reports certified by Engineer/ Completion Certificate.
BSD 12	To ensure sustainable	Number of 5 mega litre reservoir	New KPI	One 5 mega litre reservoir constructed in	1	Achieved	0	N/A	R 17 700 000	R 8 004 689,36	N/A	Progress Reports certified by Engineer/

	le supply of water.	constructed in Buisfontein		Buisfontein by June 2023								Completion Certificate.
BSD 13	To ensure sustainable supply of water	Number of water pipe leakages fixed in all Municipal areas.	4 000	1 000 water pipe leakages fixed in all Municipal areas by June 2023.	2 483	Achieved	1 483	The Municipality was installing taps at Kgakala EXT 6 and found most of house connection were leaking.	OPEX	R 668 153	N/A	Daily and monthly reports, listing and attendance register
BSD 14	To ensure basic sanitation services.	Number of sewer blockages fixed in all Municipal areas.	6 000	1 600 sewer blockages fixed in all Municipal areas by June 2023.	2 405	Achieved	805	Due to lack of bulk water supply to towns, Municipality experience lots of sewer blockages also foreign matter in the sewer system	OPEX	R 202 269	Municipality is currently implementing a bulk water project.  Campaign to educate residents about	Report and attendance register.

											sewer network	
BSD 15	To improve access to basic electricity services	Number of damaged bulbs on the streetlights replaced in all Municipal areas	1 010	260 damaged bulbs on the streetlights replaced in all Municipal areas by June 2023.	443	Achieved	183	N/A	R 500 000-00	R 50 000	N/A	Report and attendance register.
BSD 16	To improve access to basic electricity services	Number of High mast lights bulbs replaced in all Municipal areas	New KPI	17 High Mast Lights to be maintained in all Municipal towns by June 2023	43	Achieved	26	Municipality appointed BID committee's late	R 500 000-00	R 0	N/A	Report and attendance register.
BSD 17	To improve efficiency of electricity supply	Number of cable faults identified and fixed in Municipal areas	61	12 cable faults identified and fixed in Municipal areas by June 2023.	107	Achieved	95	Due to old, dilapidated electricity infrastructure and on-going rainfall the Municipality experienced lots of Cable faults than unplanned	OPEX	R 400 000	N/A	Report and attendance register.
BSD 18	To ensure basic	Percentage of households with access to	86%	To keep Households with access to basic level of water at	86%	Achieved	0	N/A	N/A	N/A	N/A	Daily and monthly reports, listing and attendance register.

	water supply.	basic level of water.		52.86% % by June 2023.								
BSD 19	To ensure basic sanitation services.	Percentage of households with access to basic level of Sanitation.	87%	To keep Households with access to basic level of sanitation at 60, 69% by June 2023.	87%	Achieved	0	N/A	N/A	N/A	N/A	Daily and monthly reports, listing and attendance register
BSD 20	To ensure basic electricity services.	Percentage of households with access to basic level of electricity.	87%	To keep Households with access to basic level of electricity at 4% by June 2023.	87%	Achieved	0	N/A	N/A	N/A	N/A	Daily and monthly reports, listing and attendance register.

## Community Services

Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved/ not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
BSD 21	Rand value income collected from Vehicle registrations and licensing renewals	Rand value income collected from Vehicle registrations and licensing renewals.	R10 025 740.51	R 12 600 000.00 Income collected from Vehicle registrations and licensing renewals by June 2023.	R 12 105 637,28	Not Achieved	R 494 362,72	This section mostly affected by loadshedding there is no backup system.	R 12 600 000.00	N/A	Management should FastTrack procurement of a backup system.	ENATIS reconciliations as well as bank statements.
BSD 22	Rand value income collected from drivers and learner licenses	Rand value income collected from drivers and learner licenses.	R 550 749	R 1 426 320.00 Income collected from drivers and learner licenses by June 2023.	R 836 724,60	Not Achieved	R 589 596	This section mostly affected by loadshedding there is no backup system.	R 1 426 320.00	N/A	Management should FastTrack procurement of a backup system.	ENATIS reconciliations as well as bank statements
BSD 23	Rand value income collected from outstanding traffic fines	Rand value income collected from outstanding traffic fines.	R2 841 110	R 2 000 000. 00 collected from outstanding traffic fines of July 2020 to June 2023 by the end of June 2023.	R 871 476	Not Achieved	R 1 128 524	No back office to process traffic fines.	R 2 000 000. 00	N/A	Appointment of service provider for backup office.	ENATIS reconciliations as well as bank statements
BSD 24	Rand value income collected from vehicle	Rand value income collected from vehicle	New KPI	R 767 000 income collected from vehicle	R 296 712	Not Achieved	R 470 288	This section mostly affected by loadshedding	R 767 000	N/A	Management should FastTrack procurement	ENATIS reconciliations as well as

	testing road worthiness.	roadworthy testing at the Wolmaransstad vehicle testing station.		roadworthy testing at the Wolmaransstad vehicle testing station by June 2023.				there is no backup system.			of a backup system.	bank statements
BSD 25	To procure two-way communication system	Number of two-way communication system procured	New KPI	1 Procurement of two-way communication system procured by June 2023.	0	Not Achieved	1	Procurement process not followed correctly	R 300 000,00	N/A	SCM to capacitated officials on procurement procedure.	Report order and invoice
BSD 26	To procure backup generator for Wolmaransstad TLC	Number of Backup generator to be procured for traffic department in Wolmaransstad TLC.	New KPI	1 Backup generator procured for Wolmaransstad TLC by September 2023	0	Not Achieved	1	Procurement process not followed correctly	R 250 000-00	N/A	SCM to capacitated officials on procurement procedure.	Report order and invoice
BSD 27	To procure Speed camera for Traffic law enforcement	Number of Speed cameras procured for Traffic law enforcement in all Municipal towns.	New KPI	1 Speed camera for Traffic law enforcement in all Municipal towns procured by September 2023.	0	Not Achieved	1	Procurement process not followed correctly	R1 500 000.	N/A	SCM to capacitated officials on procurement procedure.	Report order and invoice
BSD 28	To construct sports facility for community use.	Number of Sports Facility constructed in Wolmaransstad Ext 13.	New KPI	1 Sports facility constructed in Wolmaransstad Ext 13 by June 2023.	Still under construction	Not Achieved	0	Municipality appointed BID committee's late, therefore projects started 6 months late.	R 4 850 175	N/A	Management to comply with approved procurement plan	Report from Engineers. Completion certificate. Tender advertisement.

												Ward community members to certify.
BSD 29	To establish new Cemeteries.	Number of new cemeteries to be established in Kgakala.	New KPI	1 New cemetery established in Kgakala by June 2023.	1	Achieved	0	N/A	R 500 000-00	N/A	N/A	Completion report
BSD 30	To secure landfill sites	Number of Landfill sites fenced, ablution facilities constructed, and Signage installed for Leeudoringstad and Wolmaransstad .	New KPI	2 Landfill sites fenced, ablution facilities constructed, and Signage installed for Leeudoringstad and Wolmaransstad by June 2023	0	Not Achieved	2	Service provider appointed in June 2023 and will complete in August 2023	R1 500 000,00	N/A	Contractor to complete the outstanding work in August 2023 (2 cemeteries)	Progress Report, Completion certificate and Photographic evidence
BSD 31	To install CCTV security camera system at the pound.	Number of installation of CCTV security camera system for the pound in Wolmaransstad .	New KPI	1 Installation of CCTV security camera system for the pound in Wolmaransstad by June 2023.	0	Not Achieved	1	Due to cash-flow problems we could not procure.	R165 000,00	N/A	To be budgeted for in the next financial year.	Report, order, invoice, and photographic evidence.
BSD 32	To install Internet services in Libraries	Installation of internet services in all Municipal Libraries.	New KPI	Installation of internet services in 5 Municipal	0	Not Achieved	1	Due to cash-flow problems we could not procure.	R120 000,00	N/A	To be budgeted for in the next financial year.	Procurement documentation.



				Libraries by March 2023								
BSD 33	To ensure basic solid waste removal.	The percentage of households with access to basic level of solid waste removal	New KPI	To keep Households with access to basic level of solid waste removal  At 62.24% by June 2023.	55%	Not Achieved	7%	Due to limited refuse trucks, we could not attain the set target and most of households in new established townships do not have refuse bins	OPEX	OPEX	Procure new refuse trucks and refuse bins	Dairy, daily and monthly reports, listing and attendance register.
BSD 34	To secure cemeteries	Number of cemeteries fenced in Makwassie, Wolmaransstad and Leeudoringstad	New KPI	3 cemeteries fenced in Makwassie, Wolmaransstad and Leeudoringstad by June 2023	1	Not Achieved	2	Service provider was appointed in June 2023 and will complete the outstanding work in August 2023 (2 cemeteries)	R 2 500 000,00	R 1 500 000	Contractor to complete the outstanding work in August 2023 (2 cemeteries)	Progress Report, Completion certificate and Photographic evidence.

### Financial Viability

Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved/not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
FV 01	To improve credit control	Implementation of credit control measure  Reduction in debt book.	Long outstanding Debtors, which are more than 365 Days.	Reduced debt book by June 2023  (R24 Million)		Not Achieved		Old debt not recoverable still on debtor book  Lack of personnel and equipment to perform correct credit control by disconnecting services.  Not restricting water for indigents	R200 000	0	Old debt to be written off by council.  Get the necessary equipment for disconnecting services.  Restriction of water meters	Age Analysis of Debtors
FV 02	To improve Billing system	Data cleansing Accurate and efficient Billing.	Accurate Municipal Accounts	Accurate and efficient Billing by June 2023		Not Achieved		Stuck meters and faulty meters and wrong data some meter readers do not read meters	R600 000	0	Faulty and stuck meters be replaced.  And meter readers be disciplined to start reading the meters correct and on time.	25 000 consumer Accounts updated by June 2021.

											Technical must communicate with Revenue when a meter is replaced.	
FV 03	To ensure compliance with GRAP.	GRAP compliance	GRAP Compliance AFS	Compliance with Chapter 2 of the MBRR throughout 2022/23.		Not Achieved		Some findings will be done with finalisation of the AFS and some after engagement with the AG	R3 500 000	R1 871 711.50	Reduction if a number of paragraphs received	Audit Report
FV 04	To better Audit outcome.	Effective controls & Sustainable PAAP, Improved Audit outcome.	Recurring Audit Findings	100% of Audit Findings are addressed BY June 2023	90%	Not Achieved	10%	Some findings will be done with finalisation of the AFS and some after engagement with the AG	N/A	N/A	Reduction if a number of paragraphs received	Audit Report
FV 05	To improve indigent management system.	Number of households earning less than R1 100.00 registered as indigent beneficiaries in all Municipal	Indigent Register	10 000 household earning R1100 registered as Indigent Beneficiaries in all Municipal areas by June 2023.	4 309	Not Achieved	5 691	No campaigns were held.  Only walk in registration were done	R3 198 130	R528 145.60	Campaigns must be held but safety of our personnel must be priorities due to previously assaults	Indigent Register

FV 06	Electricity Distribution Losses	Keep Energy Losses below 10% Benchmark of NERSA.	12	10% Energy loss kept June 2023		Not Achieved		Illegal Connections and network challenges	N/A	N/A	Conduct meter audit and maintenance of the network.  Replacement of conventional meters with SMART Prepaid Meters.	Section 71 Report
FV 07	Water Distribution losses	Reduce Water Losses to be less than 20% Benchmark of Other Municipalities	12	20% Water loss kept throughout 22/23		Not Achieved		Non-submission of invoices even after multiple requests from the Water Board to be able to calculate the loss on water.	N/A	N/A	Corrective measures will be through the intervention from senior management to engage with Magalies/Bloum with regards to outstanding invoices	Section 71 Report
FV 08	To timely produce budgets in line with the National Treasury Guidelines and Regulations	Develop and monitor processes to ensure timely preparation, adoption, and publication Budget.	Compliance with MBRR Regulation 18 and 26.	Adoption of 22/23 Budget 30 days before implementation.	1	Achieved	0	N/A	N/A	N/A	N/A	Advertisement of approved budgets and tariffs
FV 09	To ensure compliance with MBRR	Compliance with MFMA and MBRR	Compliance with MBRR Regulation 18 and 26.	Compliance with MFMA and MBRR	1	Achieved	0	N/A	N/A	N/A	N/A	Advertisement of approved

				throughout 21/22.								budget and tariffs.
FV 10	To reduce irregular, fruitless, wasteful, and unauthorised Expenditure.	Reduce irregular, fruitless, wasteful, and unauthorised Expenditure.	4	50% reduction of UIFW expenditure by June 2023.	0	Not Achieved	100%	Failure of MPAC to conduct investigations, Non-adherence to MFMA and SCM Legislation	R650 000	R 0	Capacitate MPAC and Strengthen Compliance with Legislation, including Circular 68 and 111	AFS and Council Resolution on condoning
FV 11	Procurement Plan.	Development and implementation of procurement plan	1	Procurement plan By June 2023.	1	Achieved	0	N/A	N/A	N/A	N/A	Council Resolution on the adoption of the procurement plan
FV 12	Development of Policies and By Laws	Development of and Review of Finance Related Polices and By Laws	1	16 Finance Related Policies and By-Laws developed and reviewed by June 2022.	16	Achieved	0	N/A	N/A	N/A	N/A	Council Resolution on the adoption of the Policies
FV13	Capital expenditure to total expenditure.	Percentage of the Municipality's capital budget actually spent on capital projects.	12	100% Spending on capital projects by June 2022	100%	Achieved	0	N/A	N/A	N/A	N/A	Expenditure Report

FV1 4	Improve revenue collection and liquidity position	Implementation of credit control measures	2	Ratio of 2 by June 2022	0	Not Achieved	20	Our collection needs to be improved in order to reduce the debt impairment	N/A	N/A	Our collection needs to be improved to reduce the debt impairment	Debt Coverage Ratio Calculation
FV1 5	Effective Management of Insurance claims	Preparation on Monthly Reports	12	12 Monthly Reports by June 2023	1	Achieved	N/A	N/A	N/A	N/A	N/A	Monthly Insurance Portfolio/Report

LOCAL ECONOMIC DEVELOPMENT												
Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved/ not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
LED 01	To hold LED Forums.	Number of LED meeting held.	4 meeting	4 meetings by June 2023.	4	Achieved	N/A	N/A	OPEX	N/A	N/A	Minutes. Attendance registers. Agenda.
LED 02	To create Job Opportunities Through EPWP.	Number of jobs created through EPWP Programme.	106 jobs.	128 jobs created through EPWP Programme by June 2023.	218	Achieved	90	EPWP Coordinator appointed extra participants to assist municipal employees to clean the streets in town	R1 000 000 (EPWP)		EPWP Coordinator must stick to agreed programme of recruitment.	Attendance registers. Contracts.

LED 03	To create job Opportunities through Municipal Initiatives.	Number of Jobs created through Municipal initiatives.	73 jobs	100 Jobs created through Municipal initiatives by June 2023.	28	Not Achieved	72	Other MIG projects are still under SMC procurement processes	R31 782 000 (MIG)		PMU and SCM to fast tract procurement processes.	Attendance registers. Contracts.
LED 04	To design and develop a Gateway to Opportunity Electronical Database Application (APP)	Development of Gateway to Opportunity Database	New KPI	1 Gateway to Opportunity Electronic database Application by June 2023.	1	Achieved	N/A	N/A	R 250 000		N/A	Electronic Application

**MUNICIPAL TRANSFORMATION**

Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved / not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
MTOD01	To fill posts as per approved staff establishment.	Number of municipal employees appointed.		20 employees appointed for the Municipality by June 2023.	21	Achieved	1	Late appointment of staff for Public Office Bearers	R 0	0		Appointment Letter/Employment contracts
MTOD02	To fill posts as per Employment Equity Plan.	Number of people from employment equity target groups employed in	1	Two (2) People from employment equity target groups employed in the highest management	1	Not Achieved	1	Late appointment of the	N/A	N/A	Recruitment process to be fast tracked to fill critical	Appointment Letter/Employment contracts.



		the highest management levels.		levels by June 2023.				substantive MM			post including employment of people from equity target groups.	Employment equity plan.
MTOD03	To fill Posts as per Employment Equity Plan.	Percentage of the municipality's budget spent on implementing workplace skills plan.	0	1% of the municipality's budget spent on implementing workplace skills plan by April 2023.	1	Achieved	0	N/A	OPEX	N/A	N/A	Expenditure reports
MTOD04	To Submit Employment Equity Report	Employment Equity Report submission by the Municipality.	New KPI	Employment Equity Report electronic submission by the Municipality by March 2023.	1	Achieved	0	N/A	OPEX	N/A	N/A	Employment Equity Report

MTOD05	To develop HR plan and Strategy.	HR plan and Strategy.	New KPI	HR plan and Strategy developed by June 2023.	1	Achieved	0	N/A	OPEX	N/A	N/A	HR plan and Strategy.
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MTOD 06	To capacitate officials through training	Number of employees trained	10	20 employees trained by June 2023	0	Not Achieved	20	Due to budget constraints.	N/A	N/A	To be budgeted for in the next financial year.	attendance registers and approved communication for nomination
MTOD 07	To capacitate officials through training	Number of councillors trained	10	22 councillors trained by June 2023.	0	Not Achieved	22	Due to budget constraints.	N/A	N/A	To be budgeted for in the next financial year.	Attendance registers and approved communication for nomination
MTOD 08	To contribute 1% of Skills development to LGSETA	Percentage of skills development levy contributed to LGSETA.	1% of the Basic salary bill.	1% of skills development levy contributed to LGSETA by June 2022.	1%	Achieved	0	N/A	N/A	N/A	N/A	EMP 201 reports
MTOD 09	To have internship programme for graduates.	Number of graduate interns recruited for the Municipality.	New KPI	5 Graduate interns recruited for the Municipality by June 2022.	3	Not Achieved	2	We already appointed in the last financial year for 2-year contract.	N/A	N/A	2 resigned and were replaced.	Appointment letters.

MTOD 10	To hold Labour Relations Forum meetings	Number of labour relations meetings held.	4	4 Labour relations meetings held by June 2023.	4	Achieved	0	N/A	N/A	N/A	N/A	minutes and attendance register
MTOD 11	To conduct individual performance reviews	Number of individual Performance review conducted.	0	2 individual Performance reviews conducted by June 2023.	0	Not Achieved	2	Late appointment of the substantive MM	N/A	N/A	MM appointed	Performance Reports
MTOD 12	To develop and maintain and the 2022/2027 Valuation Roll with Supplementary Entries	Develop a master valuation roll with supplementary entries.	Valuation Reconciliation	Master valuation roll developed with 100% of all supplementary valuation rolls by June 2023.	1	Achieved	0	N/A	N/A	N/A	N/A	Supplementary Valuation Roll

GOOD GOVERNANCE and PUBLIC PARTICIPATION.												
Ref	Strategic Objective	KPI	Baseline	Annual Target	Annual Achievement	Target Achieved/not	Variance	Reason for Variance	Budget	ETD	Corrective Measures	Portfolio of Evidence
GGP P01	To submit AFS on time	Submit the Annual Financial Statement to Auditor General.	1	Annual Financial Statement submitted to Auditor General by August 2022.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Acknowledgement letter of submission of AFS
GGP P02	To submit Annual Performance Report on time	Submit the Annual Performance Report to Auditor General.	1	Annual Performance Report submitted to Auditor General by August 2022.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Acknowledgement letter of submission of the APR
GGP P03	To submit Annual Report in time.	Annual Report to Council.	1	Table Annual Report of 21/22FY to Council.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Council Resolution

GGP P04	To conduct Oversight Report.	Number of Oversight Reports submitted to Council.	0	All outstanding oversight reports tabled in council by June 2023.	0	Not achieved	N/A	N/A	OPEX	N/A	N/A	Oversight Report.
GGP P05	To hold Council Meetings as per approved Schedule	Number of council meetings convened.	11	4 normal council meetings held by June 2023.	4	Achieved	N/A	N/A	OPEX	N/A	N/A	Council Resolution register. Attendance register. Minutes. Agenda
GGP P 06	To hold Section 80 Meetings.	Number of Section 80 Meetings held.	3	4 Section 80 Meetings held by June 2023	4	Achieved	N/A	N/A	OPEX	N/A	N/A	Minutes & Resolution Register. Attendance register. Agenda.
GGP P07	To hold Ward Committee meetings.	Number of ward committee meetings held.	99	132 ward Committee meetings held by June 2023	132	Achieved	N/A	N/A	OPEX	N/A	N/A	Ward Committee Reports. Attendance register. Agenda.
GGP P08	To hold IDP meetings.	Number of IDP and budget meetings held in 11 wards.	2	11 IDP & budget meetings held in 11 wards by June 2023.	11	Achieved	N/A	N/A	OPEX	N/A	N/A	Attendance Register & Minutes Agenda
GGP P 09	To improve public participation in	Number of wards public meetings held.	17	44 wards public meetings held by June 2023	44	Achieved	N/A	N/A	OPEX	N/A	N/A	Minutes. Reports. Attendance register. Agenda.

	government matters											
GGP P10	To ensure adoption of IDP.	Number of reviewed IDP	1	Reviewed IDP by June 2023.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Attendance Register & Minutes Agenda
GGP P11	To ensure adoption of BUDGET.	Number of budget Schedule of Activities prepared.	1	1 budget Schedule of Activities prepared by March 2023	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Budget & Council Resolution.
GGP P12	To draft PMS Policy & framework.	Number of PMS Policy Framework revised.	1	1 PMS Policy Framework revised council by May 2023.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Revised PMS Policy Framework
GGP P13	To hold workshops for Municipal officials and councillors	Number of workshops conducted for Municipal officials and councillors.	2	1 workshop conducted for Municipal officials and councillor by June 2023.	2	Achieved	1	N/A	OPEX	N/A	N/A	Attendance Register
GGP P 14	To have the SDBIP approved by the Mayor as legislated.	Submission of the SDBIP to the mayor, for approval within 28 days after the adoption	New KPI	SDBIP approved by the Mayor within 28 days after the adoption of the annual budget by July 2023.	1	Achieved	N/A	N/A	OPEX	N/A	N/A	Approved SDBIP for 2022/2023.
GGP P 15	To have Performance Agreements signed by	Number of performance agreements signed by	New KPI	5 Performance agreements signed by Senior	5	Achieved	N/A	N/A	OPEX	N/A	N/A	Performance Agreements.

	senior managers	Senior managers.		managers by July 2022								
GGP P 16	To have Performance Audit Committee.	Number of Audit Committee meetings held..	1	4 Performance Audit Committee meetings held by June 2023.	4	Achieved	N/A	N/A	OPEX	N/A	N/A	Report, minutes, and attendance registers.
GGP P 17	To procure vehicle for the Speaker of council.	Number of Vehicles procured the Speaker of Council.	New KPI	1 Vehicle Procured for the Speaker of council by June 2023.	1	Achieved	0	N/A	R 300 000,00	R 300 000,00	N/A	Procurement Documents.
GGP P 18	To procure PA system for Public Participation	Number of PA system procured for the public participation in Speaker's Office	New KPI	1 PA system procured by June 2023.	1	Achieved	0	N/A	R 21 000	R 21 000	N/A	Procurement Documents.
GGP P 19	To procure plastic chairs and portable tables for public participation	Number of plastic chairs and tables procured for public participation in Speakers Office.	New KPI	200 plastic chairs and 5 tables procured for public participation in speaker's Office by June 2023.	200	Achieved	0	N/A	R40 000,00	R40 000,00	N/A	Procurement Documents.
GGP P 20	To procure portable generator for public participation.	Number of portable generators procured for public participation	New KPI	1 portable generator procured for public participation in	1	Achieved	0	N/A	R25 000,00	R25 000,00	N/A	Procurement Documents.

		in Speaker's office.		speaker's office by June 2023.								
GGP P 21	To procure outdoor PA system for public participation.	Number of outdoor PA systems procured for public participation in Speaker's Office.	New KPI	1 outdoor PA system procured for public participation in Speaker's office by June 2023.	1	Achieved	0	N/A	R30 000,00	R30 000,00	N/A	Procurement Documents.

KPA 22/23	Number of KPI's	Planned KPI's to be achieved in 22/23	Achieved	Not achieved	Percentage
Basic Services and Infrastructure	20	20	14	06	70%
Community Services	14	14	01	13	07%
Municipal Financial viability	15	15	06	09	40%
Local Economic Development	04	04	03	01	75%
Municipal Transformation	11	11	07	04	63%
Good Governance and Public Participation	18	18	17	01	94%
<b>Total</b>	<b>82</b>	<b>82</b>	<b>48</b>	<b>34</b>	<b>58%</b>



**Organisational Performance Scorecard.**

No.	Strategic Focus Area (IDP)	Key Performance Indicator	Baseline (Previous years actual)	Demand	Backlog	Annual Target (Year)	Status (Achieved/Not Achieved)	Measures taken to improve performance	Performance Monitoring Quality Assurance comment	Management Response	Internal Audit Comment	Portfolio of Evidence
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Information provided in the tables above.



## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

Organisational development and institutional transformation constitute of the following core functions: manpower planning, selection and recruitment, training and development, personnel management, occupational health and safety, labour relations, employment equity and employee wellness.

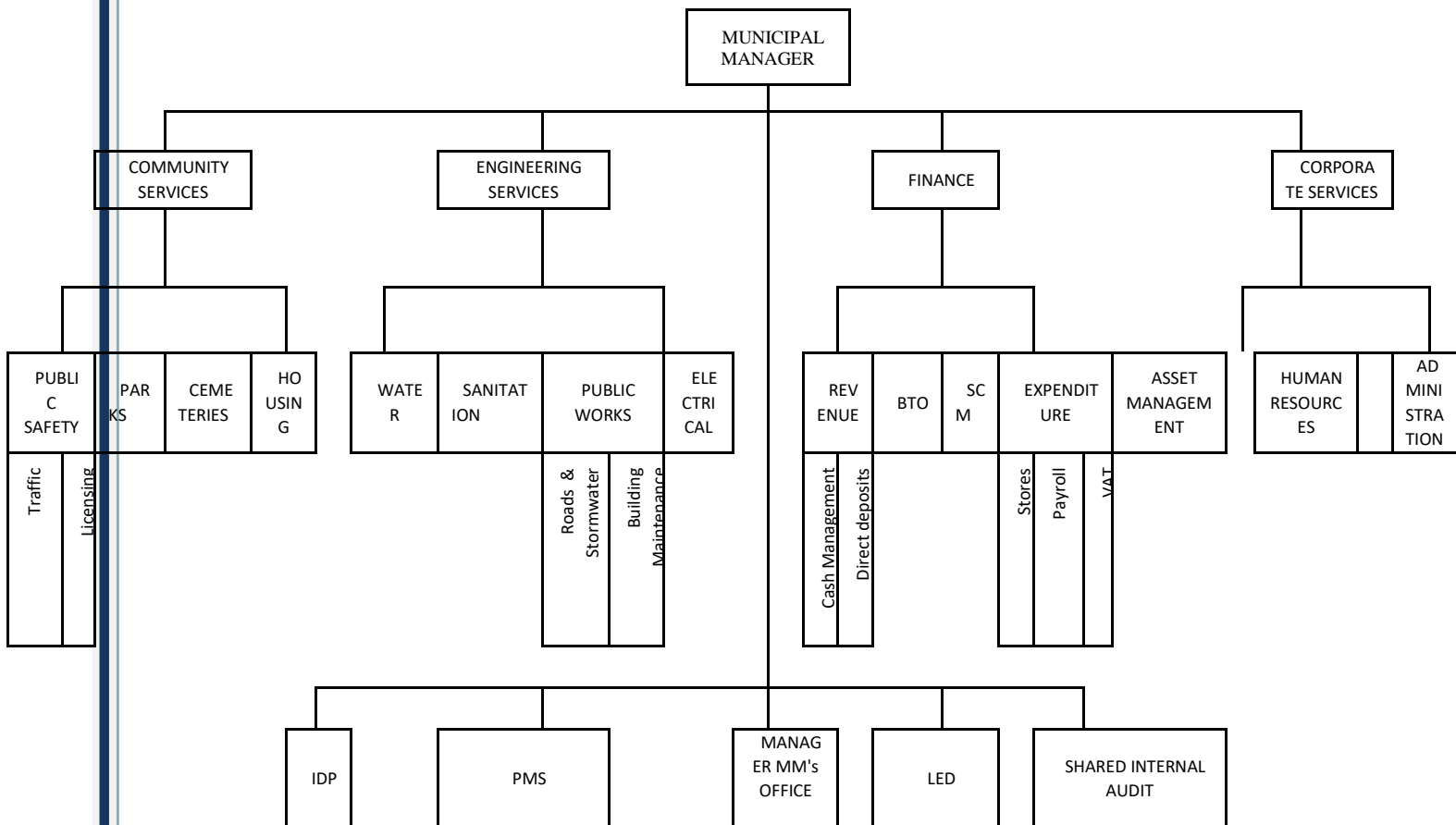
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### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### ORGANISATIONAL STRUCTURE

The main structure of Maquassi Hills Local Municipality consists of the Municipal Manager, and four departments, namely Corporate Services, Engineering, Finance and Community Services.



#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 2022/2023	Year 2022/2023			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	27	38	27	11	29 %
Waste Water (Sanitation)	28	37	28	9	24 %
Electricity	9	13	9	4	31 %
Waste Management	36	55	36	19	35 %
Housing	7	7	7	0	0 %
Waste Water (Stormwater Drainage)	10	20	10	10	50%
Roads	0	0	0	0	0%
Transport	0	0	0	0	0%
Planning	0	0	0	0	0%
Local Economic Development	2	2	2	0	0 %
Planning (Strategic & Regulatory)	0	0	0	0	0 %
Local Economic Development	-	-	-	-	%
Community & Social Services	0	0	0	0	0 %
Environmental Protection	0	0	0	0	0%
Health	1	1	1	0	0 %
Security and Safety	21	27	21	6	%
Sport and Recreation	0	0	0	0	0%
Corporate Policy Offices and Other	102	135	102	33	24 %
<b>Totals</b>	<b>243</b>	<b>335</b>	<b>243</b>	<b>92</b>	<b>27%</b>

*Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.*

T 4.1.1

Vacancy rate			
Designation:	Total Approved Posts	Vacancies ( Total time that vacancy exist using full time equivalents	Vacancies ( as a proportion of total posts in each category
Municipal Manager	1	0	0
CFO	1	0	0

Other section 57 excluding finance posts	3	0	0
Other section 57 ( finance posts)	0	0	0
Police officers	0	0	0
Fire fighters	0	0	0
Senior management levels 01--03 (excluding finance posts)	16	0	0
Senior management levels 01-03 (finance posts)	7	0	0
Highly skilled levels 4-6 (excluding finance posts)	55	0	0
Highly skilled levels 4-6 (finance posts)	8	0	0
<b>TOTAL</b>	<b>91</b>	<b>0</b>	<b>0</b>
Note:			
			T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year 2016/17	50	12	24%
Year 2017/18	50	10	20%
Year 2022/23	23	13	56%

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*\* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*

T 4.1.3

**COMMENT ON VACANCIES AND TURNOVER:**

Security and safety workers includes all workers at Public safety. Roads and storm water employees are classified under one section

4.1.4

**COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

**INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

We developed relevant and administratively sound policies such as Employment Policy, Skills Development etc. Our daily workforce management is guided by all these policies mentioned in table below.

T 4.2.0

## 4.2 POLICIES

HR Policies and Plans			
Name of policy/ plan	Completed	Reviewed	Date adopted by council or comment on failure to adopt
Affirmative action	0	Not reviewed	N/A
Attraction and retention	0	Not reviewed	N/A
Code of conduct for employees	100%	Not reviewed	Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2023 and the municipal systems act
Delegation, authorisation and responsibilities	100%	adopted	
Disciplinary procedures	100%	In place	Regulated by the SALGC Collective agreement on disciplinary procedures and codes – 2023
Essential services	n/a	Not reviewed	
Employee wellness assistance	0%	Not reviewed	Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2012
Employment Equity Plan	100%	not reviewed	10-08-2011, the Director General of Department of Labour recommended that it be reviewed
Exit management	0%	0%	
Grievance procedure	100%	Not reviewed	Regulated by the SALGC Collective agreement on disciplinary procedures and codes- 2012
HIV/AIDS	100%	0%	30 April 2002
Humana Resources Training and Development	100%	reviewed	
Information Technology	0%	0%	N/A
Job Evaluation	100%		2012
Leave	100%	Re-viewed	2023
Occupational Health and Safety	100%	0%	
Official Housing	100%	100%	Included rental of municipal housing stock
Official journeys	0%	0%	Uses S& T Policy to address thst
Official transport to attend funerals	0%	0%	n/a
Official working Hours and overtime	100%	reviewed	
Organisational rights	100%	0%	Regulated by the SALGC Collective agreement on organisational rights 2005
Payroll deductions	0%	0%	N/A
Performance Management Systems			
Employment policy	100%	100%	Adopted – 2023
Remuneration scales and allowances	100%	0%	Regulated by SALGBC and its determined annually
Resettlement	0%	0%	N/A
Sexual harassment	100%	0%	30 April 2002
Skills development	100%	0%	21-01-3013
Workplace Smoking	100%	0%	30 – 04 - 2004
Special skills	0%	0%	N/A

Work organisation	0%	0%	N/A
Dress code	100%	draft	To be adopted
Other ( allowances), internet and cell phone, travel allowance, acting allowance	100%	0%	N/A
<b>COMMENT:</b> Many policies have been developed in order to avoid inconsistencies in dealing with day to day operational matters. Workshops are often held with Councillors before they adopt the policy which gives them added knowledge on municipal information and operations and assisting them in enhancing their oversight role			

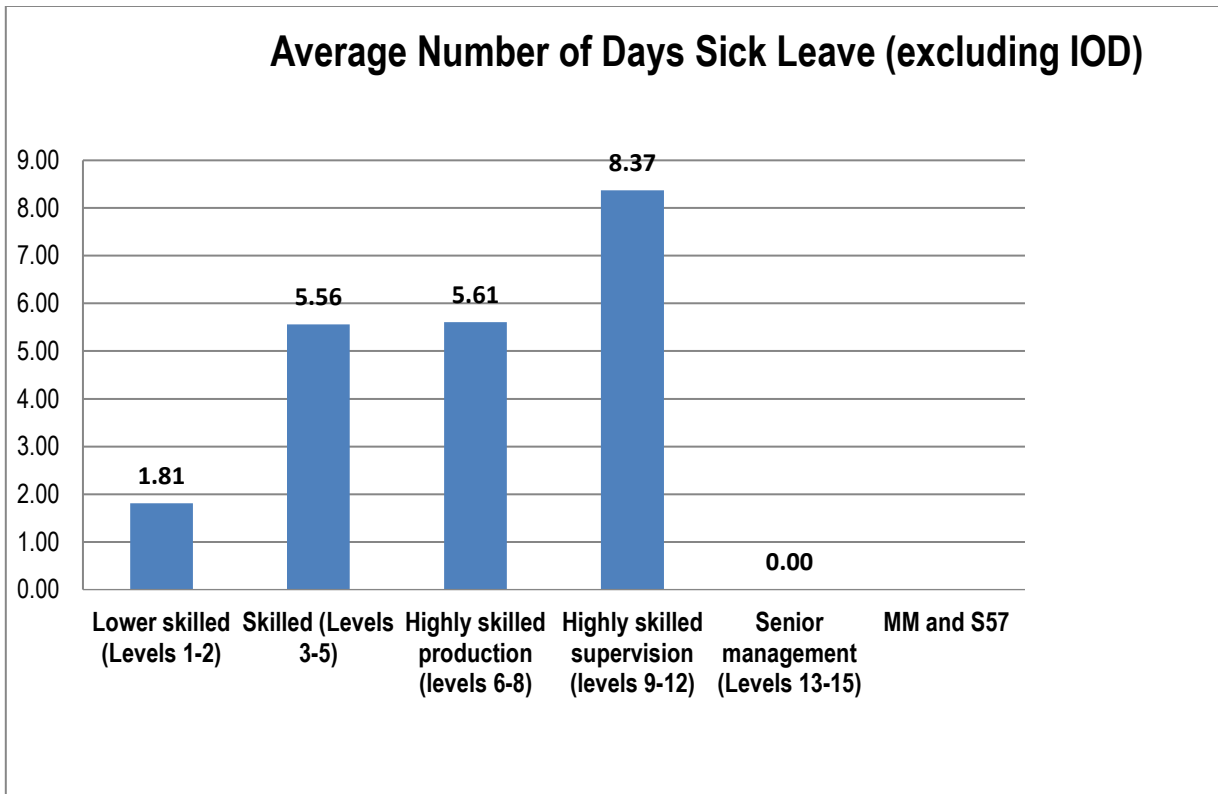
**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

Policies are in place but we need to review other obsolete Human resource policies.  
T 4.2.1.1

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

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
Semi-Skilled	106	5%	24	109	0.96	n/a
Highly skilled production (levels 4-6)	189	5%	21	46	4.1	n/a
Highly skilled supervision (levels 7-10)	149	5%	19	58	2.57	n/a
Senior management (Levels 1-3)	61	5%	4	17	4.1	n/a
MM and S57	0	0%	0	1	0	n/a
<b>Total</b>	<b>505</b>	<b>4%</b>	<b>59</b>	<b>234</b>	<b>3.83</b>	<b>0</b>
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

T 4.3.2



T 4.3.

**COMMENT ON INJURY AND SICK LEAVE:**  
 Even though there was no any injury case recorded, employees who regularly take sick leave are not monitored by the municipal doctor but their records are kept and maintained

T 4.3.4

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
SCM Manager	Fraud and Corruption	2022	Chairperson of disciplinary hearing recused himself.	Pending

T 4.3.5



Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Assets Accountant	Fraud and corruption	Suspended and taken for disciplinary hearing	Respondent resigned
			T 4.3.6

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**  
The municipality is trying by all means to conclude the cases on time, however delays are from both parties due to unforeseen circumstances.

T 4.3.

#### 4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	none	none	None	None
	Male	none	none	None	None
Skilled (Levels 3-5)	Female				
	Male	none	none	None	None
Highly skilled production (levels 6-8)	Female				
	Male	none	none	None	None
Highly skilled supervision (levels 9-12)	Female				
	Male	none	none	None	None
Senior management (Levels 13-15)	Female				
	Male	none	none	None	None
MM and S57	Female	none	none	None	None
	Male				
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>No performance bonus were rewarded only mandatory Annual bonus.</b>					

T 4.4.1

**COMMENT ON PERFORMANCE REWARDS:**

Performance bonus not awarded in this financial year.

*T 4.4.1.1*

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

**INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

We need to ensure that all our employees are fully capacitated for the type of Job that they are doing so that they can be efficient and effective in their respective deployment.

*T 4.5.0*

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	SKILLS MATRIX						TOTAL
	Gender	Employees in the post as at June 2021	Learnerships	Skills programmes and other short courses	Other forms of training		
MM and S 57	F	0	0	0	0	0	0
	M	0	1	0	0	0	1
Councillors , senior managers and managers	F	0	0	0	0	0	0
	M	0	1	0	0	0	1
Technicians and associate professionals	F	0	1	1	1	1	3
	M	30	0	0	0	0	0
Professional	F	0	5	0	0	0	5
	M	0	4	0	0	0	4
Sub Total	F	0	0	0	0	1	1
	M	0	0	0	0	16	16
<b>TOTAL</b>		<b>0</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>31</b>

T 4.5.1

## Financial Competency Development: Progress Report

Designation	Total number of officials employed by municipality	Total number of officials employed by municipal entities	Consolidated: Total A and B	Consolidated: Competency assessment completed for A and B (REGULATION 14 (4) (b) and (d))	Consolidated: Total number of officials whose performance agreements comply with regulation 16 (4) (f)	Consolidated: Total number of officials that meet prescribed competency level (Regulation (14))
Financial Officials	0	0	0	0	0	0
Accounting Officer	0	0	0	0	0	0
Chief Finance Officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial official	0	0	0	0	0	0
Supply Chain Management officials	0	0	0	0	0	0
Head of supply chain units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>Due to the fact that Council sent most of its officials for competency regulations courses during previous years, during the year under review council sent 6 Councillors for MFMA Level 6</p>						
T 4.5.2						

**Skills Development Expenditure**

R'000

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	3			0	0	0	0	0	0
	Male	3			0	0	0	0	0	0
Professionals	Female		0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Sub total	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>6</b>							<b>0</b>	<b>0</b>
									%*	*R
										T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The municipality adopts WSP as required by Skills Development Act but the implementation part is more often frustrated by lack of internal funding, training in silos and late approvals of applications by LGSETA. In most cases variance is caused by lack of internal funding to complement budget.

*T 4.5.*

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The importance of managing workforce expenditure is to ensure that whoever is recruited is will bring value for money and recruitment should be based on approval of the establishment and the budget.

*T 4.6.0*

## 4.6 EMPLOYEE EXPENDITURE

Source: MBRR SA22

*T 4.6.1*

### COMMENT ON WORKFORCE EXPENDITURE:

For the past two financial years are workforce expenditure has been a little bit higher than the norm, between 30 and 40 % due to our expenditure on overtime and standby but for the current financial year we have significantly reduced expenditure on overtime.

*T 4.6.1.1*

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	-
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	None
Highly skilled production (Levels 6-8)	Female	None
	Male	None
Highly skilled supervision (Levels 9-12)	Female	None
	Male	None
Senior management (Levels 13-16)	Female	None
	Male	None
MM and S 57	Female	-
	Male	none
Total		0

**COMMENT: NO employee salary where increased due to the upgrading of the position as the process of job evolution is yet to start** T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
No employee's salary level exceed grading, as job evaluation is yet to start. <span style="float: right;">T 4.6.3</span>				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
none	none	none	none	N/A
none	none	none	none	N/A
none	none	none	none	N/A
none	none	none	none	N/A
none	none	none	none	N/A
<b>No employee was appointed in the position which is not approved in the structure as it is not in line with MSA</b> <span style="float: right;">T 4.6.4</span>				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Not applicable T 4.6.5

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## DISCLOSURES OF FINANCIAL INTERESTS

There is always reluctance or unwillingness to disclose as the forms are consistently forwarded to affected staff and councillors but some councillors completed their financial disclosures.

*T 4.6.6*



## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

We had developed our tariffs in line with the guidelines from National Treasury in so far as the Bulk Service providers increases were concerned and the anticipated CPIX. The application of cross subsidisation of other services by other more economical services also played a part to some degree. We did however face financial constraints, which would result is us not being able to meet all our financial obligations, due to the fact that we are having a customer base of mainly indigent consumers and even from the business points of view, we do not have so many well established business in our locality.

We are in the process of reducing the use of external service providers. The service level agreements with service providers includes skills transfer, that will ensure internal capacity.

*T 5.0.1*

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

For comments refer to table T5.1.1

*T 5.1.0*

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## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R-thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-		-
Service charges	217,873	255,390	253,701	12,801	219,372	253,701	(34,330)	-14%	253,701
Investment revenue	187	653	210	27	274	210	64	30%	210
Transfers and subsidies	-	-	-	-	-	-	-		-
Other own revenue	279,909	279,113	317,484	27,161	336,484	317,484	19,000	6%	317,484
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>497,968</b>	<b>535,157</b>	<b>571,395</b>	<b>39,989</b>	<b>556,130</b>	<b>571,395</b>	<b>(15,265)</b>	<b>-3%</b>	<b>571,395</b>
Employee costs	-	-	-	-	-	-	-		-
Remuneration of Councillors	91,167	118,479	120,155	9,766	99,013	120,155	(21,142)	-18%	120,155
Depreciation & asset impairment	281,163	128,245	128,245	-	-	128,245	(128,245)	-100%	128,245
Finance charges	43,941	52,299	52,299	-	-	52,299	(52,299)	-100%	52,299
Inventory consumed and bulk purchases	90,222	70,080	70,080	7,553	65,962	70,080	(4,118)	-6%	70,080
Transfers and subsidies	32,846	17,743	28,253	8,766	23,544	28,253	(4,709)	-17%	28,253
Other expenditure	(833,895)	(885,249)	(936,030)	(103,519)	(814,265)	(936,030)	121,764	-13%	(936,030)
<b>Total Expenditure</b>	<b>(294,556)</b>	<b>(498,403)</b>	<b>(536,998)</b>	<b>(77,433)</b>	<b>(625,746)</b>	<b>(536,998)</b>	<b>(88,748)</b>	<b>17%</b>	<b>(536,998)</b>
<b>Surplus/(Deficit)</b>	<b>792,524</b>	<b>1,033,559</b>	<b>1,108,394</b>	<b>117,422</b>	<b>1,181,876</b>	<b>1,108,394</b>	<b>73,483</b>	<b>7%</b>	<b>1,108,394</b>
Surplus/(Deficit)	(126,884)	41,340	46,272	(28,776)	290,840	46,272	244,568	529%	46,272
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) & Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	33,448	61,862	62,848	-	30,000	62,848	(32,848)	-52%	62,848
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>699,088</b>	<b>1,136,762</b>	<b>1,217,514</b>	<b>88,646</b>	<b>1,502,716</b>	<b>1,217,514</b>	<b>285,203</b>	<b>23%</b>	<b>1,217,514</b>

Share of surplus/ (deficit) of associate	(93,436)	103,202	109,120	(28,776)	320,840	109,120	211,720	194%	109,120
<b>Surplus/ (Deficit) for the year</b>	<b>605,651</b>	<b>1,239,964</b>	<b>1,326,634</b>	<b>59,871</b>	<b>1,823,556</b>	<b>1,326,634</b>	<b>496,923</b>	<b>37%</b>	<b>1,326,634</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	-	-	-	-	-	-	-		-
Capital transfers recognised	-	120	53	-	-	53	(53)	-100%	53
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	-	-	-	-	-	-	-		-
<b>Total sources of capital funds</b>	<b>-</b>	<b>120</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>(53)</b>	<b>-100%</b>	<b>53</b>
<b><u>Financial position</u></b>									
Total current assets	3,379	61,455	61,455		2,702				61,455
Total non current assets	-	-	-		-				-
Total current liabilities	63,848	22,167	22,167		63,848				22,167
Total non current liabilities	33,458	34,627	34,627		33,458				34,627
Community wealth/Equity	<b>365</b>	<b>365</b>	<b>365</b>		<b>365</b>				<b>365</b>
<b><u>Cash flows</u></b>									
Net cash from (used) operating	-	-	-	-	-	-	-		-
Net cash from (used) investing	(20,861)	(51,022)	(73,475)	(7,858)	(58,091)	(73,475)	(15,384)	21%	(73,475)
Net cash from (used) financing	(32,847)	-	-	-	-	-	-		-
<b>Cash/cash equivalents at the month/year end</b>	<b>21,986</b>	<b>(72,558)</b>	<b>(72,558)</b>	<b>(22,981)</b>	<b>12,882</b>	<b>(72,558)</b>	<b>(85,440)</b>	<b>118%</b>	<b>12,882</b>

Debtors & creditors analysis	Budget Year 2022/23	0	0	0	0	0	0	0	Total
<b><u>R thousands</u></b>									
Other	70	53	75	54	40	35	318	2,879	3,524
<b><u>R thousands</u></b>									
Total Creditors	46,033	-	-	5,074	10,495	138	11,756	27,254	100,750

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1*

T5.1.1

**Financial Performance of Operational Services**

**R '000**

Description	Ref	2021/22	Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>R thousands</b>	1								
<b>Revenue - Functional</b>									
<b>Governance and administration</b>		<b>225,658</b>	<b>312,609</b>	<b>359,425</b>	<b>4,302</b>	<b>246,802</b>	<b>359,425</b>	<b>(112,623)</b>	<b>-31%</b>
Executive and council		225,658	312,609	359,425	4,302	246,802	359,425	(112,623)	-31%
Finance and administration		-	-	-	-	-	-	-	
Internal audit		-	-	-	-	-	-	-	
<b>Community and public safety</b>		<b>1,249</b>	<b>1,822</b>	<b>1,866</b>	<b>101</b>	<b>2,145</b>	<b>1,866</b>	<b>280</b>	<b>15%</b>
Community and social services		1,249	1,822	1,866	101	2,145	1,866	280	15%
Sport and recreation		-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		<b>46,003</b>	<b>60,297</b>	<b>61,066</b>	<b>13,800</b>	<b>45,960</b>	<b>61,066</b>	<b>(15,106)</b>	<b>-25%</b>
Planning and development		46,003	60,297	61,066	13,800	45,960	61,066	(15,106)	-25%
Road transport		-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	
<b>Trading services</b>		<b>285,060</b>	<b>238,780</b>	<b>231,438</b>	<b>23,374</b>	<b>310,494</b>	<b>231,438</b>	<b>79,056</b>	<b>34%</b>
Energy sources		285,060	238,780	231,438	23,374	310,494	231,438	79,056	34%
Water management		-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	
<b>Other</b>	4	-	-	-	-	-	-	-	
<b>Total Revenue - Functional</b>	2	<b>557,969</b>	<b>613,508</b>	<b>653,794</b>	<b>41,577</b>	<b>605,401</b>	<b>653,794</b>	<b>(48,393)</b>	<b>-7%</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>		<b>449,498</b>	<b>293,978</b>	<b>310,850</b>	<b>19,846</b>	<b>106,066</b>	<b>310,850</b>	<b>(204,784)</b>	<b>-66%</b>
Executive and council		444,934	287,525	302,815	19,468	101,983	302,815	(200,831)	-66%
Finance and administration		4,564	6,453	8,035	378	4,083	8,035	(3,952)	-49%
Internal audit		-	-	-	-	-	-	-	

<b>Community and public safety</b>		<b>6,378</b>	<b>13,039</b>	<b>18,883</b>	<b>7,634</b>	<b>14,018</b>	<b>18,883</b>	(4,865)	-26%
Community and social services		6,378	13,039	18,883	7,634	14,018	18,883	(4,865)	-26%
Sport and recreation		-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		<b>23,890</b>	<b>29,980</b>	<b>39,080</b>	<b>(2,593)</b>	<b>25,721</b>	<b>39,080</b>	(13,359)	-34%
Planning and development		23,890	29,980	39,080	(2,593)	25,721	39,080	(13,359)	-34%
Road transport		-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	
<b>Trading services</b>		<b>176,204</b>	<b>179,762</b>	<b>183,897</b>	<b>45,844</b>	<b>142,839</b>	<b>183,897</b>	(41,058)	-22%
Energy sources		176,204	179,762	183,897	45,844	142,839	183,897	(41,058)	-22%
Water management		-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>655,970</b>	<b>516,760</b>	<b>552,709</b>	<b>70,731</b>	<b>288,644</b>	<b>552,709</b>	<b>(264,065)</b>	<b>-48%</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(98,001)</b>	<b>96,749</b>	<b>101,085</b>	<b>(29,153)</b>	<b>316,757</b>	<b>101,085</b>	<b>215,672</b>	<b>213%</b>

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

#### COMMENT ON FINANCIAL PERFORMANCE:

The majority of variances which have gone beyond 10% particularly those that are cash related due to cash flow challenges. Our average payment rate for services for the entire year was 45%.

T5.1.3

## 5.2 GRANTS

Grant Performance						
R' 000						
Description	Year 2020/21	Year 21/22			Year 21/22 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>238 941</b>	<b>159 404</b>	<b>159 404</b>	<b>159 404</b>	<b>100</b>	<b>100</b>
Equitable share	238 941	159 404	159 404	159 404	100	100
Municipal Systems Improvement						
Department of Water Affairs	0	0	0	0	0	0
Levy replacement						
Other transfers/grants [social services]						
Fire Brigade Grant						
Water Service infrastructure grant						
Municipal Infrastructure Grant	20 696	30 936	52 125	42 583	100	82
Water service infrastructure grant	0	12 300	16 004	12 912	100	81
Finance Management Grant						
<b>Provincial Government:</b>						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [social services]	0					
Library Grant	0	120	53	0	100	100
<b>District Municipality:</b>						
<i>Dr Kenneth Kaunda District Municipality</i>						
<b>Other grant providers:</b>						
<i>[insert description]</i>						
<b>Total Operating Transfers and Grants</b>	<b>259 637</b>	<b>184 635</b>	<b>209 461</b>	<b>64 761</b>	<b>100</b>	<b>69</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>Full list of provincial and national grants available from published gazettes.</i>						

T 5.2.1

### COMMENT ON OPERATING TRANSFERS AND GRANTS:

The unspent portion of grants was off set against some of the grants hence there was a variance at the end of the financial year. An amount of R4 511 000 was withheld during the year by National Treasury which was a repayment of the previous unspent portion of the Municipal Infrastructure Grant.



Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 2021/22	Actual Grant Year 2022/23	Year Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals : NONE</b>						
A - "Project 1"	none	none	none	none	None	None
A - "Project 2"	none	none	none	none	None	None
B - "Project 1"	none	none	none	none	None	None
B - "Project 2"	none	none	none	none	None	None
<b>Foreign Governments/Development Aid Agencies : NONE</b>						
A - "Project 1"	none	None	none	none	None	None
A - "Project 2"	none	none	none	none	None	None
B - "Project 1"	none	none	none	none	None	None
B - "Project 2"	none	none	none	none	None	None
<b>Private Sector / Organisations : NONE</b>						
A - "Project 1"	none	None	none	none	None	None
A - "Project 2"	none	None	none	none	None	None
B - "Project 1"	none	None	none	none	None	None
B - "Project 2"	none	None	none	none	None	None
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

**COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:**

No other conditional grants and grants were received for other sources.

T 5.2.4

### 5.3 ASSET MANAGEMENT

**INTRODUCTION TO ASSET MANAGEMENT**

We have an approved Supply Chain Management Policy which guides the procurement of Assets. Asset Details such as description, classification, useful life, location, supplier, and cost price are captured on the Capitalisation of Asset Form. Asset Manager is doing monthly Asset

reconciliation. Verification of Assets is done once in a financial year by the Asset Management Unit. A unique Barcode is used to identify our Assets.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2022/23				
<b>Asset 1/</b>				
Name	Number of 5 mega litre reservoir constructed in Buisfontein			
Description	Water			
Asset Type	Water infrastructure			
Key Staff Involved	Nico Morris			
Staff Responsibilities	Check progress on the project.			
Asset Value	Year 2019/2020	Year 2020/2021	Year 2021/2022	Year 2022/23
				17 700 000
Capital Implications	Grant funding			
Future Purpose of Asset	Sustainable provision of bulk water			
Describe Key Issues	Construction of reservoir			
Policies in Place to Manage Asset	Asset Management Policy			
<b>Asset 2</b>				
Name	Number of refurbishment Wastewater Treatment Plant in Wolmaransstad			
Description	Wastewater treatment plant upgraded			
Asset Type	Sewer infrastructure			
Key Staff Involved	Mr Nico Morris			
Staff Responsibilities	Check progress on the project.			
Asset Value	Year 2019/2020	Year 2020/21	Year 21/22	Year 22/23
				10 000 000
Capital Implications	Grant Funding			
Future Purpose of Asset	Provision of sustainable sewer reticulation			
Describe Key Issues	Revamping of wastewater treatment plant to meet the set standard			
Policies in Place to Manage Asset	Asset Management Policy			
<b>Asset 3</b>				
Name	Length of surfaced road rehabilitated in Hester and Leboya street in Kgakala.			
Description	Paving of gravel road			
Asset Type	Road infrastructure			
Key Staff Involved	Mr Nico Morris			
Staff Responsibilities	Check progress on the project.			
Asset Value	Year 2019/2020	Year 2020/21	Year 21/22	Year 22/23
				5 284 000
Capital Implications	MIG Funding			
Future Purpose of Asset	Upgrading of gravel roads to block paving			
Describe Key Issues	Paving of gravel road			
Policies in Place to Manage Asset	Asset Management Policy			

**COMMENT ON ASSET MANAGEMENT:**

MIG Reports and physical inspection confirm the existence of the projects mentioned in T5.3.2 and the said projects are captured in the Capitalisation of Assets Form.

T 5.3.3

**Repair and Maintenance Expenditure: Year 2022/23**

R' 000

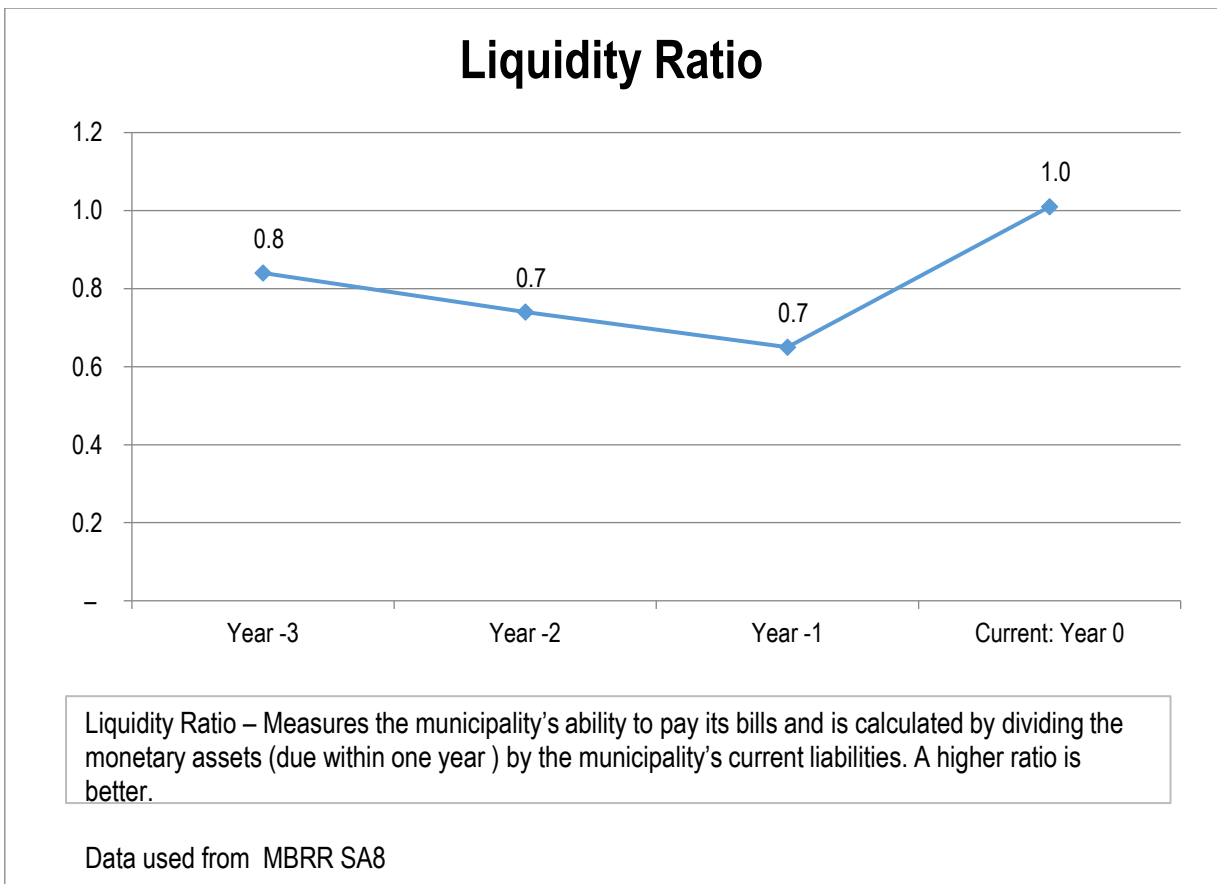
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs & Maintenance	16 033	16 033	15 131	902
				T 5.3.4

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

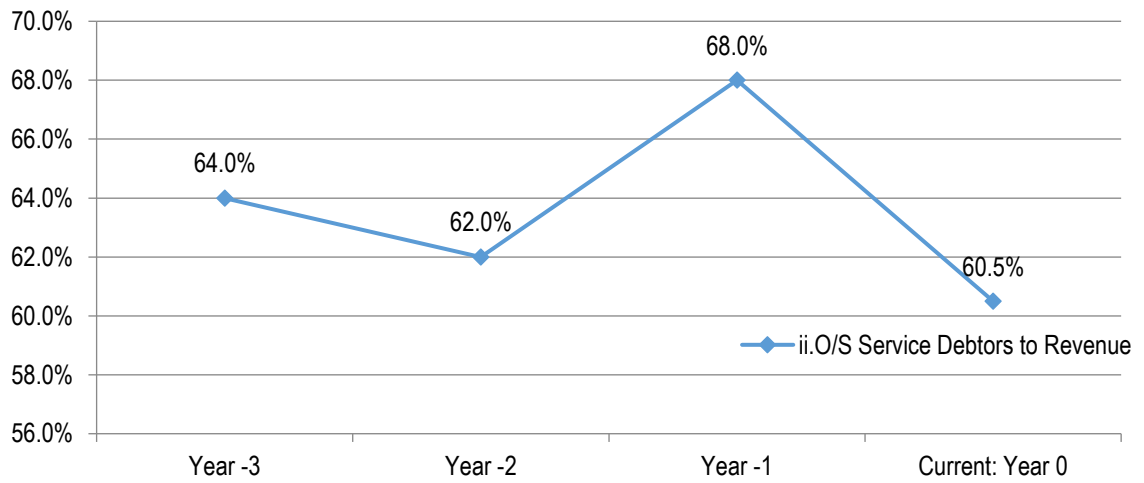
Our infrastructure is very old and as a result requires more maintenance. We still need more funds as the failure of the municipality to repair and maintain, caused water and sometimes electricity losses which affects our revenue as well.

T 5.3.4.1

#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATOR

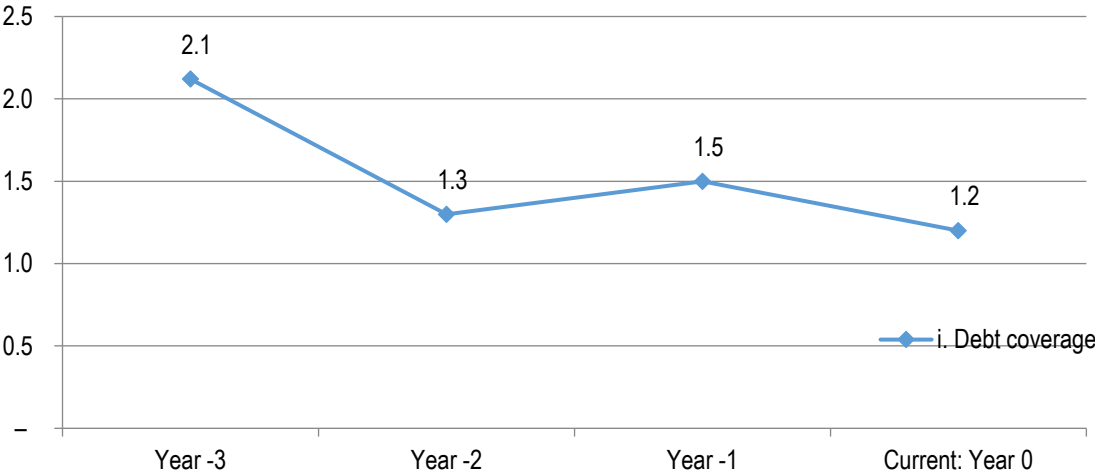


## Total Outstanding Service Debtors



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.

# Debt Coverage

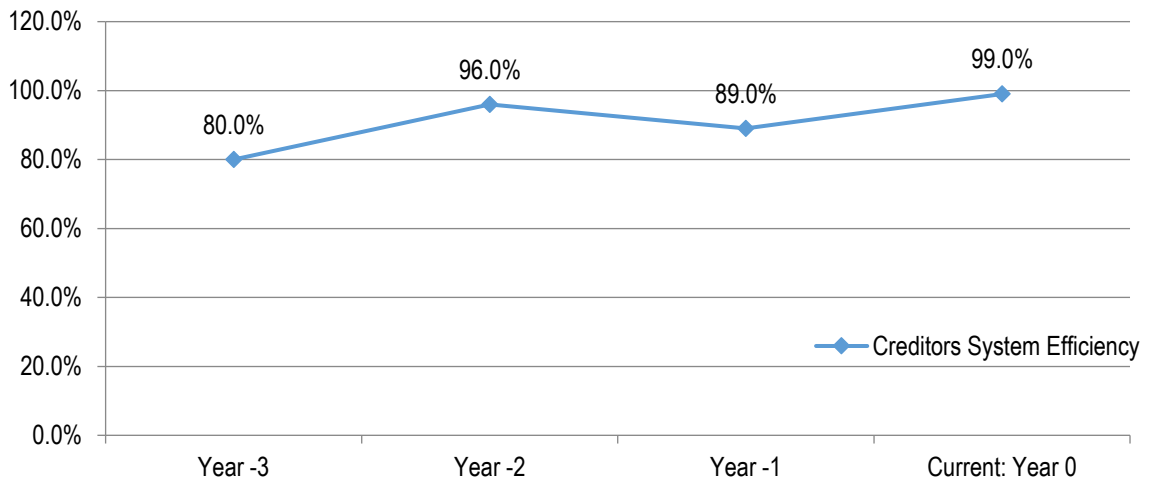


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

## Creditors System Efficiency

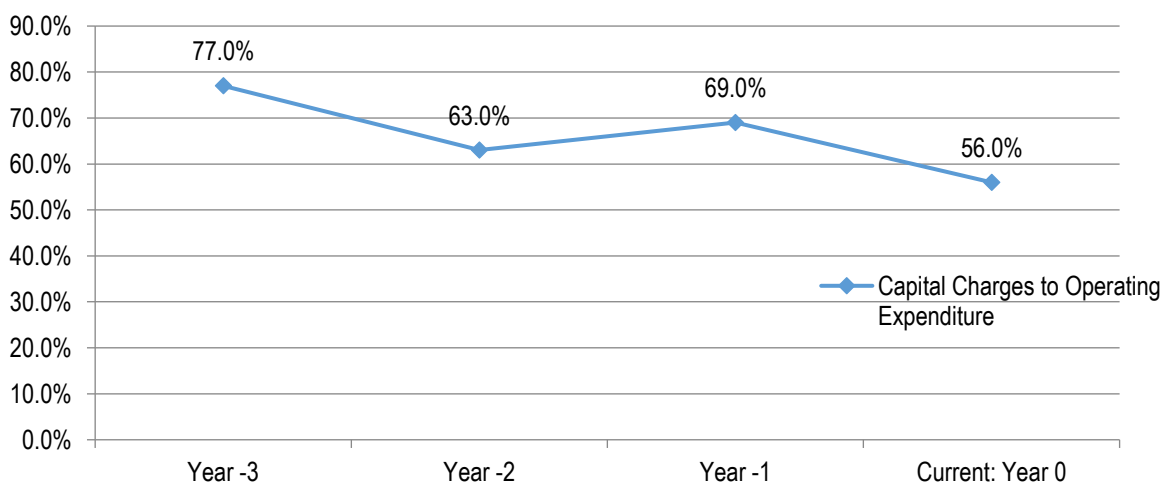


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

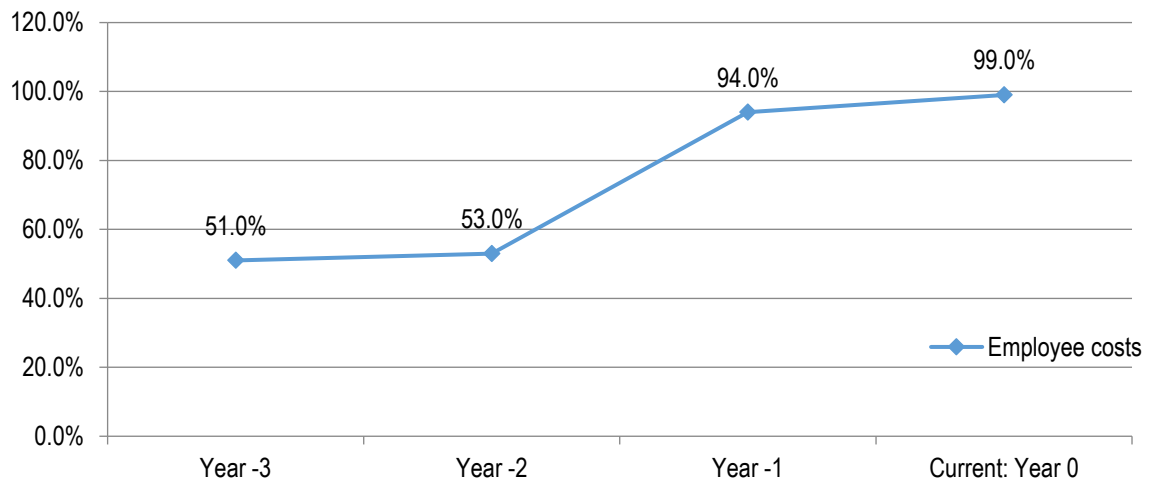
## Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

## Employee Costs

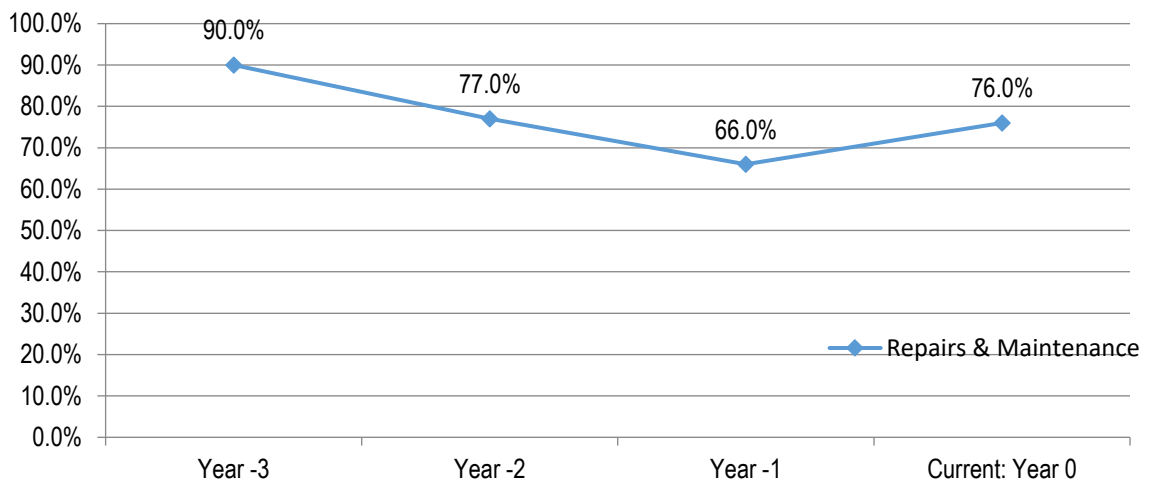


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

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.

Data used from MBRR SA8

*T 5.4.8*

### COMMENT ON FINANCIAL RATIOS:

The municipality has not been in a sound financial position, since our payment and debt collection success rate has been 45% on average monthly and most of the time we could not attend to many of our financial obligations as required by law. This has also affected our spending pattern on maintenance and repairs which if not attended to accordingly, would result in poor service delivery.

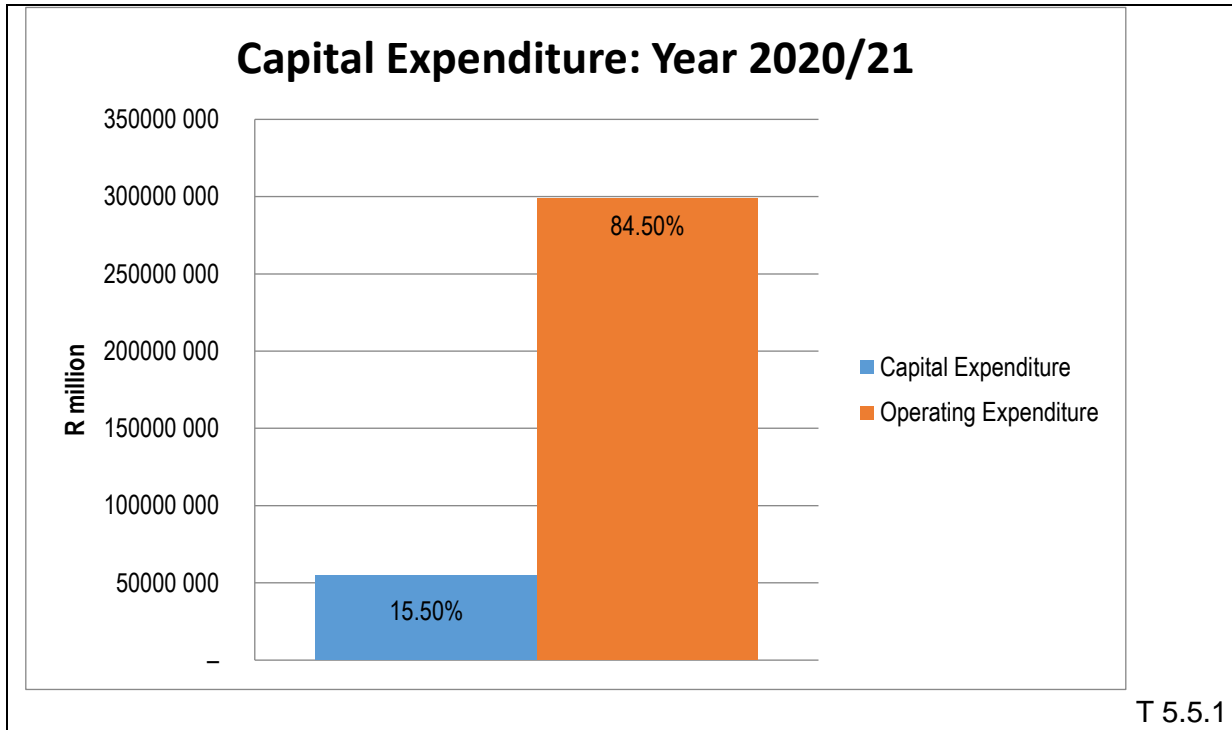
*T 5.4.9*

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

#### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

*T 5.5.0*

## 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2021/22 to 2022/23							
R' 000							
Details		Year 2021/22	Year 2022/23				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>							
	External loans	-	-	-	-	-	-
	Public contributions and donations	-	-	-	-	-	-
	Grants and subsidies	20 861	43 356	68 183	55 496	12 140	12 687
	Other	165	7 666	7 226	2 595	0	0
<b>Total</b>		<b>20 861</b>	<b>51 022</b>	<b>75 409</b>	<b>58 091</b>	<b>12 140</b>	<b>12 687</b>
<i>Percentage of finance</i>							
	External loans	-	-	-	-	-	-
	Public contributions and donations	-	-	-	-	-	--
	Grants and subsidies						
	Other						
<b>Capital expenditure</b>							
	Water and sanitation	20 828	21 358	40 330	32 365		
	Electricity	0	750	1 364	1 069	-319	295
	Library	0	620	553	0	620	553
	Roads and storm water	33	20 589	25 446	19 250	1 339	6 196
	Other	0	7 705	7 716	5 407	2 278	5 643
<b>Total</b>		<b>20 861</b>	<b>51 022</b>	<b>75 409</b>	<b>58 091</b>	<b>12 140</b>	<b>12 687</b>

T 5.6.1

### COMMENT ON SOURCES OF FUNDING:

We rely heavily on grants for funding of our capital projects, but some small projects are internally funded.

T 5.6.1.1

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2022/23			Variance: Current Year 2022/23	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Refurbishment of wastewater treatment plant in Wolmaransstad	10 000 000	0	10 000 000	0	0
Upgrading of roads and stormwater in Taxi Route from Piet Retief Street to Maitemogelo Comprehensive School	6 029642,03	0	6029642,03	0	0
Upgrading of Tshesane Drive, Maditjane, Sejake and Kadi street from gravel to blocks paving in Lebaleng	6712227,00	0	6712227,00	0	0
Rehabilitation of Hester and Leboya street in Kgakala	5285000,00	0	5285000,00	0	0
Rehabilitation of Tswelelang collapsed road section	2726832,34	0	2726832,34	0	0
<b>Name of Project - A</b>	Refurbishment of wastewater treatment plant in Wolmaransstad				
Objective of Project	Mechanical and electrical equipment needs to be replaced as it has been refurbished numerous of times before and it's advised to replace all the equipment to ensure another 20 years of operation and to reduce the monthly electrical bill due to the much higher efficiency of the new equipment and also improve the process and ensuring good quality final effluent.				
Delays	None				
Future Challenges	Municipality should budget for solar system and disconnect the plant from the grid				
Anticipated citizen benefits	20 500 households				
<b>Name of Project - B</b>	Upgrading of roads and stormwater in Taxi Route from Piet Retief Street to Maitemogelo Comprehensive School				

Objective of Project	Upgrading of 1.4km roads and stormwater in Taxi Route from Piet Retief Street to Maitemogelo Comprehensive School
Delays	None
Future Challenges	Municipality should budget for stormwater pipe
Anticipated citizen benefits	1.4km of paved roads
<b>Name of Project - C</b>	Upgrading of Tshesane Drive, Maditjane, Sejake and Kadi street from gravel to blocks paving in Lebaleng
Objective of Project	Upgrading of 1.3km Tshesane Drive, Maditjane, Sejake and Kadi street from gravel to blocks paving in Lebaleng
Delays	None
Future Challenges	Municipality should budget for stormwater pipe
Anticipated citizen benefits	1.3km of paved roads
<b>Name of Project - D</b>	Rehabilitation of Hester and Leboya street in Kgakala
Objective of Project	Rehabilitation of 850m of Hester and Leboya street in Kgakala
Delays	None
Future Challenges	Municipality should budget for stormwater pipe
Anticipated citizen benefits	850m of roads rehabilitated
<b>Name of Project - E</b>	Rehabilitation of Tswelelang collapsed streets
Objective of Project	Rehabilitation of 859m of Tswelelang collapsed streets
Delays	None
Future Challenges	Municipality should budget for stormwater
Anticipated citizen benefits	859 of roads rehabilitated

T 5.7.1

**COMMENT ON CAPITAL PROJECTS:**

The variance between the original budget, Adjustment and Actual budget were as result of further funding that was anticipated and eventually received. It is imperative that projects be implemented on time, more so when funds are available to avoid roll-overs and at times withdrawals or even reduction of future funding of such projects by Treasury and other relevant departments.

T 5.7.1.1

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Department of Human Settlement is installing bulk infrastructure in all new establishments to ensure that there is access to basic services.

T 5.8.1

Service Backlogs as at 30 June Year 2023				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	20505	96%	1500	12.76%
Sanitation	20505	96%	1500	12.76%
Electricity	20505	97.4%	1500	12.76%
Waste management	20505	78.5%	1500	12.76%
Housing	20505	97.4%	1500	12.76%

*% HHs are the service above/below minimum standard as a proportion of total HHs.  
'Housing' refers to \* formal and \*\* informal settlements.*

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 2022/23 on Service backlogs					R' 000
Details	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
			Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>	0	R 21 603 7011,37	-	-	-
<i>Roads</i>					
<i>Storm water</i>					
<b>Infrastructure – Electricity</b>	-	-	-	-	-
<i>Generation</i>					
<i>Transmission &amp; Reticulation</i>					
<i>Street Lighting</i>					
<b>Infrastructure – Water</b>					
<i>Dams &amp; Reservoirs</i>					
<i>Water purification</i>					
<i>Reticulation</i>					
<b>Infrastructure - Sanitation</b>					
<i>Reticulation</i>					
<i>Sewerage purification</i>					
<b>Infrastructure – Other</b>		-	-	-	
<i>Waste Management</i>					
<i>Transportation</i>					
<i>Gas</i>					
<b>Other Specify:</b>					
<b>Total</b>					

T 5.8.3

COMMENT ON BACKLOGS:
Over past financial year the Municipality displayed 100% implementation of funds spending through infrastructural projects such the surfacing gravel roads with block paving to help mitigate the backlog on the surfacing of roads.

T 5.8.4

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT.

Cash can come from both internal and external sources, and the Statement of Cash Flow helps the municipality and communities separate and observe the differences and extent of the cash inflows and outflows. Internal, as opposed to external cash sources, provide the municipality with successful attributes and assurances that include:

- 1) Preventing and monitoring municipal debt
- 2) Preventing unnecessary expenditures from interest and wasteful and fruitless expenditures.
- 3) Ensuring timely investment and cash available for investment opportunities as when they arise.
- 4) Ensuring timely payment of expenses and bulk purchases to allow service delivery to run.
- 5) and most importantly – ensuring a level of regular municipal income without relying on cash borrowing or external funding.

Effectively managing and monitoring cash flows serves many purposes. The most significant reason is to provide communities, stakeholders and managers insight into municipality's cash position.

Our approaches range from data cleansing to enhance accurate billing, implementation of credit control policies, debt recovery, managing distribution losses and cost containment mechanisms.

T 5

## 5.9 CASH FLOW

### Cash flow Outcomes

Description	R e f	Budget Year 2022/23											
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
R thousands	1	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome
<b><u>Cash Receipts By Source</u></b>													
Property rates		1,344	2,710	1,712	1,537	1,676	1,970	1,158	1,439	1,894	1,357	1,563	(18,361)
Service charges - electricity revenue		3,657	3,933	4,996	3,751	2,484	4,322	4,478	2,514	5,533	2,807	3,432	15,648
Service charges - water revenue		641	842	583	546	516	671	631	720	1,303	760	841	33,665
Service charges - sanitation revenue		449	511	448	426	435	465	355	386	487	390	521	14,771
Service charges - refuse		210	246	209	192	185	208	164	172	229	186	210	5,987
Rental of facilities and equipment		–	28	15	(3)	39	26	34	29	28	22	30	437
Interest earned - external investments		–	–	–	–	–	–	–	–	–	–	–	49,751



Interest earned - outstanding debtors													-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	9,665
Licences and permits	6	3	6	3	12	2	-	2	15	7	9		15,885
Agency services													-
Transfers and Subsidies - Operational	-	3,486	-	-	-	695	-	463	-	-	-	-	195,706
Other revenue	89,837	4,230	6,422	25,392	2,369	191,713	17,954	9,016	54,073	63,969	121,364		(229,357)
<b>Cash Receipts by Source</b>	<b>96,143</b>	<b>15,989</b>	<b>14,391</b>	<b>31,844</b>	<b>7,717</b>	<b>200,073</b>	<b>24,775</b>	<b>14,740</b>	<b>63,562</b>	<b>69,497</b>	<b>127,970</b>		<b>93,798</b>
<b>Other Cash Flows by Source</b>													-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	2,350	-	-		28,580
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-		243
Proceeds on Disposal of Fixed and Intangible Assets													-
Short term loans													-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables													-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-		-
<b>Total Cash Receipts by Source</b>	<b>96,143</b>	<b>15,989</b>	<b>14,391</b>	<b>31,844</b>	<b>7,717</b>	<b>200,073</b>	<b>24,775</b>	<b>14,740</b>	<b>65,912</b>	<b>69,497</b>	<b>127,970</b>		<b>122,621</b>
<b>Cash Payments by Type</b>													-
Employee related costs	(8,107)	(8,609)	(8,880)	(9,059)	(9,350)	(2,839)	(702)	(10,215)	(9,341)	18,244	11,844		318,319
Remuneration of councillors													-
Interest paid													-

Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	60,421
Acquisitions - water & other inventory	4,088	1,480	728	-	-	-	-	-	-	-	-	89,698
Contracted services												-
Grants and subsidies paid - other municipalities												-
Grants and subsidies paid - other												-
General expenses	14,993	29,801	12,620	10,910	6,906	42,558	17,980	10,644	35,432	41,933	33,031	186,297
<b>Cash Payments by Type</b>	<b>10,974</b>	<b>22,672</b>	<b>4,468</b>	<b>1,851</b>	<b>(2,444)</b>	<b>39,719</b>	<b>17,278</b>	<b>429</b>	<b>26,091</b>	<b>60,177</b>	<b>44,875</b>	<b>654,735</b>
<b>Other Cash Flows/Payments by Type</b>												-
Capital assets	2,634	543	5,703	4,925	3,446	8,809	3,162	4,673	6,105	6,397	3,836	23,242
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	22	-	-	-	101	-	-	167	-	(290)
<b>Total Cash Payments by Type</b>	<b>13,608</b>	<b>23,215</b>	<b>10,193</b>	<b>6,776</b>	<b>1,002</b>	<b>48,529</b>	<b>20,541</b>	<b>5,102</b>	<b>32,196</b>	<b>66,741</b>	<b>48,711</b>	<b>677,687</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>82,535</b>	<b>(7,226)</b>	<b>4,198</b>	<b>25,068</b>	<b>6,715</b>	<b>151,544</b>	<b>4,234</b>	<b>9,638</b>	<b>33,716</b>	<b>2,756</b>	<b>79,259</b>	<b>(555,066)</b>
Cash/cash equivalents at the month/year beginning:	12,882	95,417	88,191	92,389	117,456	124,171	275,715	279,949	289,588	323,304	326,060	405,319
Cash/cash equivalents at the month/year end:	95,417	88,191	92,389	117,456	124,171	275,715	279,949	289,588	323,304	326,060	405,319	(149,748)
<i>Source: MBRR A7</i>											<i>T 5.9.1</i>	

#### COMMENT ON CASH FLOW OUTCOMES:

We experience serious cash flow problem because our collection rate is still low and household debt is not getting better and it contributes to high rate of non-payment. We are still unable to pay our creditors in time due to this cash flow problem. We have adopted Revenue Strategies but due to poor implementation it did not yield the results.

T 5.9.1.1

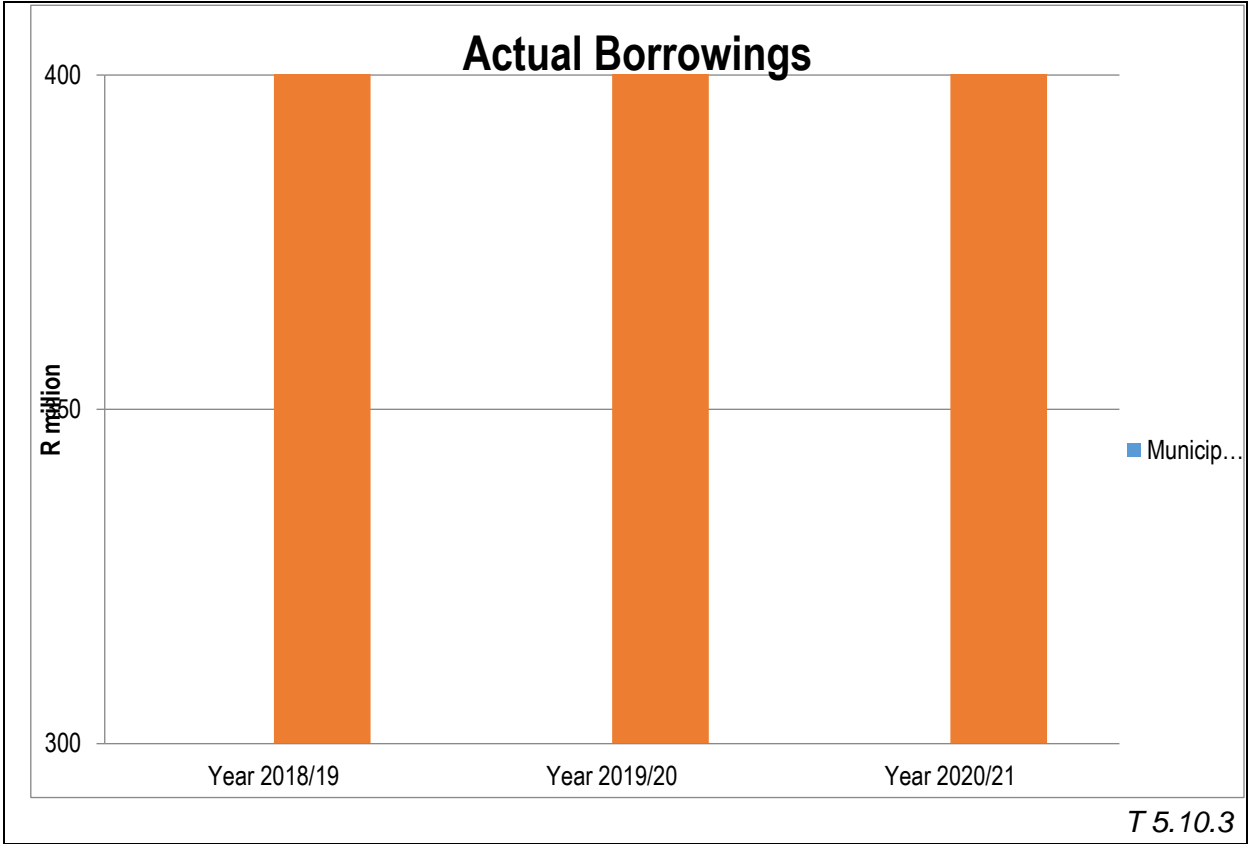
## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The aspect of borrowing is of great relevance to us although not ideal in the sense that in an event we have run out of cash and options to quickly generate it, as the last resort we would consider borrowing. On the other hand, in an event we have surplus cash which will not be utilised in a short space of time, investment will be an ideal option to us.

*T 5.*

Actual Borrowings: Year 2020/21 to Year 202/23			
			R' 000
Instrument	Year 2018/2019	Year 2019/20	Year 2020/21
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	N/A	N/A	N/A
Long-Term Loans (non-annuity)	38 051 496	77 854 392	75 095 068
<b>Municipality Total</b>			
<b>Municipal Entities</b>	N/A	N/A	N/A
<b>Entities Total</b>	N/A	N/A	N/A
			<i>T 5.10.2</i>



Municipal and Entity Investments			
Investment* type	Year 2020/21	Year 2021//22	Year 2022/23
	Actual	Actual	Actual
	R' 000		
<b><u>Municipality</u></b>	N/A	N/A	N/A
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	N/A	N/A	N/A
<b><u>Municipal Entities</u></b>	N/A	N/A	N/A
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
<b>Entities sub-total</b>	N/A	N/A	N/A
<b>Consolidated total:</b>	N/A	N/A	N/A
<b>Not Applicable</b>			T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

Borrowings will only be considered as a last resort in an event there is not sufficient cash available and means to generate it at that moment. The investment would only be appropriate in an event we have sufficient cash which we would not be using in a short space of time.

*T 5.10.5*

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Not applicable

*T 5.11.1*

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management was adopted by council to fully comply with the SCM Regulations expressed under National Treasury general notice 868, Gazette no.27635. The SCM Policy is in place and is regularly being updated.

*T 5.12.1*

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The financial of the Municipality are 100% GRAP Compliant.

*T 5.13.1*

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

- Annual Financial Statements (2022/23) are reported on in volume II of this Annual Report. Annual Performance Report 2022/23 was submitted during August 2022 together with the Annual Financial Statements and audited during the period September to December 2023. The production of reports was done during the year on a quarterly basis and annually.

T 6.0.1

### COMPONENT A: AUDITOR-GENERAL OPINION YEAR 2022/23 (CURRENT YEAR)

#### 6.2 AUDITOR GENERAL REPORT YEAR 2022/23

<b>Auditor-General Report on Financial Performance Year 2021/22</b>	
<b>Status of audit report</b>	Disclaimer
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No succession plan policy in place	Item send to council for succession plan to be adopted by council
No risk management committee in place	Risk management committee appointed, risk officer appointed
SCM- rates and taxes account not submitted	Review of valuation committees done
BBBEE incorrectly calculated	Review of the valuation committee done
Oversight report not adopted by council	Oversight report to be sent to council for adoption
Expenditure (Repairs and Maintenance) 30 days compliance	Municipality to improve their cash flow situation
No reward and retention policy in place	Item to be sent to council for reward and retention policy
Performance monitoring and minimum competency assessments for finance officials at middle management and supply chain officials	This item is still being reviewed by portfolio committees
Going concern assumption not disclosed appropriately in note 35.	Proper Review of AFS to be done in time and internal committee to be given sufficient time to review the AFS

Non-compliance issue (No investigations of UIF and No fraud prevention plan in place)	MPAC to table the oversight report and prepare the item for council
Financial Statements not submitted within the required period	Financial statements to be prepared in time, previously it was due to covid pandemic
	T 6.2.1

Auditor-General Report on Service Delivery Performance Year 2021/22	
<b>Status of audit report</b>	Disclaimer
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
There is no performance systems for municipal official other than senior managers	Management will cascade performance to Divisional heads in the next financial year.
	T 6.2.2

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2022/23 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT YEAR 2022/23

Auditor-General Report on Financial Performance Year 2022/23	
<b>Status of audit report</b>	Disclaimer
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Reasonable steps were not taken to prevent irregular , fruitless and wasteful expenditure and unauthorized expenditure as required by section 62(1)(d)	Municipality have requested the auditor general's guidance in addressing the same, the municipality is also working on improvement of cash-flow to be able to avoid interest penalties
An ineffective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of MFMA	As part of our action plan we have embarked on fixing all system issues with the service provider, we have already set fixed dates for the same in February so that all this issues are resolved when we do interim financial statements
Investment policy not adopted by council as required by section 13(2) of the MFMA and section 3(1)(a) of Municipal investment regulation	Investment policy will be submitted to council for evaluation an adoption as part of the audit action plan
Oversight report not adopted by council	Oversight report to be sent to council for adoption
	T 6.2.1



**Auditor-General Report on Service Delivery Performance Year 2022/23**

<b>Status of audit report</b>	Disclaimer
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
There is no performance systems for municipal official other than senior managers	Management will cascade performance to Divisional heads in the next financial year.
	T 6.2.2

**Report of the auditor-general to the North West Provincial Legislature  
and the council on the Maquassi Hills Local Municipality**

**Report on the audit of the financial statements**

**Disclaimer of opinion**

1. I was engaged to audit the financial statements of the Maquassi Hills Local Municipality set out on pages 254 to 336 , which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

**Basis for disclaimer of opinion**

**Receivables from exchange transactions**

3. I was unable to obtain sufficient appropriate audit evidence for the receivables from exchange transactions due to the status of accounting records. I was unable to confirm these receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustment relating to receivables from exchange transactions of R45 040 961 (2022: R56 604 231) and interest charged on trade and other receivables of R111 109 236 (2022: R73 979 803) included interest income as disclosed in note 25 to the financial statements were necessary.

**Receivables from non-exchange transactions**

4. I was unable to obtain sufficient appropriate audit evidence for the receivables from non-exchange transactions due to the status of accounting records. I was unable to confirm these receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustment relating to receivables from non-exchange transactions of R53 465 449 (2022: R46 430 957) and interest on property rates of R16 436 035 (2022: R11 589 644) as disclosed in note 26 to the financial statements were necessary.

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### Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for debtors with credit balances transactions included in trade payables had been properly accounted for, due to the status of the accounting records. I was unable to confirm by alternative means. Consequently, I was unable to determine whether any further adjustment relating to debtors with credit balances of

R12 937 497 included in payables from exchange transactions as disclosed in note 6 to the financial statements was necessary.

### Cash and cash equivalents

6. The municipality made payments to suppliers that were not correctly accounted for in accordance with GRAP 1, *Presentation of financial statements*. This was due to unreconciled differences identified between the payments recorded in the accounting records and bank statements. Consequently, cash and cash equivalents was overstated by R12 660 069 and amount payables from exchange transactions was overstated by the same.

### VAT receivable

7. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for the VAT receivables, due to the status of the accounting records and non-submission of information in support of these amounts. I was unable to confirm the VAT receivables by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT payable of R5 492 130 (2022: R7 292 080) as disclosed in note 12 to the financial statements was necessary.

### Service charges

8. I was unable to obtain sufficient appropriate audit evidence for service charges relating to the sale of electricity and water due to the status of accounting records. The sale of water as estimates on water made for an extended period without actual meter readings being taken and were not supported by adequate methodology and policy. Furthermore, I was unable to obtain sufficient appropriate audit evidence that some of the properties included on the valuation roll were billed for all service charges. I was unable to confirm these service charges by alternative means. Consequently, I was unable to determine whether any further adjustment relating to service charges of R170 559 777 (2022: R181 692 146) as disclosed in note 19 to the financial statements was necessary.



### Property rates

9. The municipality did not correctly recognise revenue in accordance with GRAP 23, *Revenue from non-exchange transactions* as property rates were calculated using incorrect rates resulting in the overstatement of property rates with R14 157 962 and receivables from non-exchange transactions overstated with the same amount. In addition, I was unable to obtain sufficient appropriate audit evidence that some of the properties included on the valuation roll were billed for property rates. I was unable to confirm these property rates by alternative means. Consequently, I was unable to determine whether any further adjustment relating to property rates of R69 863 403 (2022: R51 401 648) as disclosed in note 26 to the financial statements was necessary. This was also an impact on the accumulated surplus.

### Debt impairment

10. I was unable to obtain sufficient appropriate audit evidence for debt impairment as the inputs to the calculation of allowance for impairment could not be substantiated by supporting audit evidence. I was unable to confirm these debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment relating to debt impairment transactions of R273 593 384 (2022: R190 130 181) in note 35 to the financial statements.

### Bulk purchases

11. During 2022, I was unable to obtain sufficient appropriate audit evidence for bulk purchases due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all water transactions and could not reconcile the transactions and events to the financial statements. I was unable to confirm bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bulk purchases stated at R52 111 593 in note 37 to the financial statements.

### General expenses

12. The municipality did not correctly classify expenditure based on the nature of the expenditure as required by GRAP 1, *Presentation of financial statements*, resulting in consumables included under general expense being overstated and contracted services being understated by R8 945 301.

### Bad debts written off

13. During 2022, I was unable to obtain sufficient appropriate audit evidence for bad debts written off of R51 370 144 due to the status of the accounting records. I could not confirm this bad debts written off by alternative means.

### Contracted services

14. The municipality did not correctly recognise expenditure on an accrual basis as required by GRAP 1, *Presentation of financial statements*. Consequently contracted services as disclosed in note 38 and trade payables included in payables from exchange transactions as disclosed in note 6 to the financial statements was understated by R17 430 347 (2022: R8 930 743).





### Prior year adjustments

15. The municipality did not correctly disclose all adjustments made relating to prior period errors in note 45 to the financial statements as required by GRAP 3, *Accounting policies, estimates and errors*. The nature of the correction for financial statement items affected were also not disclosed under prior period error note. I have not included the omitted information in this auditor's report as it was impracticable to do so.

### Irregular expenditure

16. The irregular expenditure incurred during the current financial year under audit and the related information on irregular expenditure was not included in the notes to the financial statements, as required by section 125(2)(d) of the Municipal Finance Management Act (MFMA). Expenditure was incurred in contravention of the supply chain management (SCM) requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control to disclose irregular expenditure and did not keep proper records. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to irregular expenditure of R507 711 495 (2022: R485 950 064) as disclosed in note 51 to the financial statements was necessary.

### Net cash flows from operating activities and net cash flows from investing activities

17. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities for the current and previous year. I was unable to determine the full extent of the errors as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to net cash flows from operating activities of R 233 362 152 (2022: R 54 872 171) as presented in the cash flow statement and disclosed in note 39 and net cash flows from investing activities of R 232 407 366 (2022: R 54 872 171) to the financial statements.

### Segment reporting

18. The municipality did not prepare segment reporting in accordance with GRAP 18, *Segment reporting*. This is due to municipality not making minimum disclosures for segments requiring the disclosure in the financial statement. As result, segment report disclosed in note 54 to the financial statement is misstated.

### Statement of changes in net assets

19. The municipality did not correctly calculate statement of changes in net assets in accordance with GRAP 1, *Presentation of financial statements*. This is due to unexplained differences in identified the statement of changes in net assets presented in the financial statements for the current and previous year. I was unable to determine the full extent of the errors as it was

impracticable to do so

#### **Distribution losses**

20. The municipality did not fully disclose material losses for water and electricity reflected in the note 37 to the financial statements, as required by section 125(2)(d)(i) of the MFMA. This is due to municipality not being able to reliably calculate these losses. Consequently, I was unable to determine the full extent of the omission for both current and prior year as it was impracticable to do so.

#### **Unauthorised expenditure**

21. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of the accounting records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to unauthorised expenditure of R1 068 897 537 (2022: R1 044 936 628) as disclosed in note 49 to the financial statements was necessary.

#### **Material uncertainty relating to going concern**

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

23. Note 47 to the financial statements indicates that the municipality incurred a net loss of R71 173 686 during the year ended 30 June 2023 and, as of that date, the municipality's current liabilities exceeded its current assets by R434 525 802. The municipality owed Eskom R36 952 135 (2022: R51 215 028) and the water board R284 035 857 (2022: R266 110 904) as at 30 June 2023, which was long overdue. These events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

#### **Emphasis of matter**

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

#### **Fruitless and wasteful expenditure**

26. As disclosed in note 50 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R7 831 540, due to payments not being made within 30 days resulting in interest being charged on overdue accounts



## Responsibilities of the auditor-general for the audit of the financial statements

27. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
28. 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 the 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

### Report on the audit of the annual performance report

29. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
30. I selected the following KPA presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected KPA that measure the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	Purpose.
Basic services and infrastructure development	131 to 141	The key performance area relates to a core function, it relates to outputs of significant importance and relates to provision of service delivery which is the key mandate of the municipality.

31. I was engaged to evaluate the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives. My objective was to perform procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.



32. The material findings on the reported performance information for the selected KPA are as follows:

**BSD01 - Length of surfaced road rehabilitated in Hester/Leboya in Kgakala**

33. A target of 800m included in the approved Service Delivery & Budget Implementation Plan (SDBIP), However, a target of 600m was reported in the annual performance report

**BSD 05 -Length of road and storm water upgraded from gravel to block paving from Piet Retief Street to Maitemogelo comprehensives school in Wolmaranstad**

34. A target of 700m included in the approved annual performance plan. However, a target of 400m was reported in the annual performance report.

**BSD 12 - Construction of a reservoir in Buisfontein**

35. An achievement of 1 was reported against a target of 1. However, the audit evidence showed the actual achievement to be only 0. Consequently, the target was not achieved.

**Various indicators**

36. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
BSD 13 - Number of water pipe leakages fixed in all municipal areas	1000	2483
BSD 14 - Number of sewer blockages fixed in all municipal areas	1600	2405
BSD 15 - Number of damaged bulbs on the streetlights replaced in all municipal areas	260	443
BSD 16 - Number of high mast lights bulbs replaced in all municipal areas	17	43
BSD 17 - Number of cable faults identified and fixed in all municipal areas	12	107

**Various indicators**

37. I could not determine whether the achievements reported against the targets of were correct, as there were no processes to consistently measure and report on achievements against planned indicators. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator	Target	Reported achievement
BSD 18 - Percentage of households with access to basic level of water	52,86%	86%
BSD 19 - Percentage of households with access to basic level of sanitation	60,69%	87%
BSD 20 - Percentage of households with access to basic level of electricity	4,00%	87%



## Other matter

38. I draw attention to the matter below.

### Achievement of planned targets

39. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

40. The municipality plays a key role in delivering services to South Africans. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 131 to 156.



## Basic service delivery

<i>Targets achieved: 70%</i>		
<i>Budget spent: 38%</i>		
<b>Key service delivery indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
BSD 02- Length of surfaced road rehabilitated in Tsweleng collapsed section	700 metres surfaced road rehabilitated in Tsweleng collapsed Section by June 2023	425,15m
BSD 03- Length of heavy duty sewer outfall pipe constructed in Lebaleng ext. 6	Construction of 300m of 250mm heavy duty sewer outfall pipe in Lebaleng ext. 6 by June 2023	0
BSD 04 -Length of concrete storm water channel constructed in Tsweleng ext.4 (Chris Hani) Wolmaranstad	280m of concrete storm water channel constructed in ext 10 by June 2023	0
BSD 06 - Construction of Raw Sewage Pumping station and pumping mains in Rulaganyang ext. 2	Construction of 1 raw sewage pumping station mains in Rulaganyang by June 2023	0
BSD 08 -Length of road upgraded from gravel to block paving in Ramotse and Kala Street	200 metres of road upgraded from gravel to block paving in Ramotse and Kala Street by Kgakala by June 2023	0
BSD 10 - Number of refurbishment Wastewater Treatment Plant in Wolmaranstad	1 Wastewater Treatment Plant in Wolmaranstad by June 2023	0



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### Material misstatements

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services and infrastructure development. Management did not correct all misstatements and I reported material findings in this regard.

### Report on compliance with legislation

42. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
43. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
44. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently

detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

45. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### **Financial statements, performance and annual report**

46. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
47. The council failed to adopt an oversight report containing the council's comments on the 2021/22 annual report, as required by section 129(1) of the MFMA.

#### **Revenue management**

48. An effective system of internal control for revenue was not in place, as required by section 64(2) (f) of the MFMA.
49. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
50. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

#### **Asset management**

51. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Expenditure management**

52. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1) (d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for disclaimer opinion paragraph. The majority of the disclosed unauthorised expenditure was caused by the overspending of the main division of a vote.
53. Money owed by the municipality was not always paid within 30 days as required by section 65(2) (e) of the MFMA.



54. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors, accounted for payments made, as required by section 65(2)(b) of the MFMA.

55. 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 disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance to supply chain management laws and regulations.

56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the municipality not paying suppliers within 30 days, resulting in interest being charged on the overdue accounts.

#### **Consequence management**

57. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

58. Irregular expenditure and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### **Human resource management**

59. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

60. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

#### **Procurement and management**

61. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

62. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.

63. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.





64. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43. Similar non-compliance was also reported in the prior year.
65. 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). Similar non-compliance was also reported in the prior year.
66. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.
67. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

#### **Strategic planning and performance management**

68. The IDP did not reflect the financial plan as required by sections 26 (h) of the MSA and municipal planning and performance management regulation 2(3)(a)
69. The performance management system and related controls were inadequate as the PMS management system was not always adhered to and properly managed, as required by municipal planning and performance management regulation 7(1).

#### **Internal control deficiencies**

70. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
71. Leadership failure to adequately monitor the implementation of action plans and continuous lack of consequence management for poor performance resulted in repeat findings that could have been prevented. Leadership failed to exercise oversight as decisive actions to address risks relating to complete and accurate financial and performance reporting and related internal controls were not taken.
72. Management did not monitor and review financial and performance reporting, compliance with laws and regulations and internal controls. Despite the use of consultants to compile the financial statements, these financial statements were of poor quality as they contained numerous errors that could have been prevented had adequate reviews been performed.



73. The audit committee and internal audit unit were functional during the year under review. However, these structures had limited impact in the financial and performance reporting, compliance with laws and regulations as well as the internal control environment. The municipality did not address the deficiencies and implement recommendations identified by the internal audit and audit committee.

74. The Municipal Public Accounts Committee (MPAC) did not fulfil its oversight responsibilities as investigations relating to unauthorised, irregular, fruitless and wasteful expenditure were not conducted.

### Material irregularities

75. In accordance with the PAA and the material irregularity regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

### Status of previously reported material irregularities

#### Full and proper records not kept relating to its financial affairs: Going concern, payables and bulk purchases

76. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of material uncertainty relating to going concern, payables and bulk purchases, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

77. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations. This, in turn, is likely to have a negative impact on the mandate.

78. The accounting officer was notified of the material irregularity on 11 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The Accounting officer planned the following to address the material irregularity:

- Instituted an investigation on 1 October 2021 into the matter to be conducted by internal audit. The findings of the investigation and the recommendations was planned to be communicated with the office of the auditor-general on 31 December 2021.
- Prepared an action plan by 18 May 2021 to address the lack of full and proper records.
- Prepared a financial recovery plan by 31 August 2021
- To implement the action and financial recovery plans by 30 June 2022.



79. The municipality has an electronic filing system (Orbit system) and is in the process of activating it and acquiring assistance from either Dr KK District Municipality or the relevant service provider to train officials on the usage of this filing system. The municipality is planning to conduct training of the system (Orbit System) in July 2023.
80. The municipality has been placed under discretionary provincial intervention in terms of Section 137 of the MFMA to assist the municipality with the preparation and implementation of financial recovery plan (FRP), which commenced in August 2022 and it is expected to be completed in September 2026. The assessment of the municipality's financial state was finalised in May 2023. The financial plan has been implemented however the progress has been slow.
81. On the bulk purchases and payables, the municipality has assigned the divisional head of water and sanitation to accompany the officials of Sedibeng Water when they go to take readings. The purpose of the exercise is for the municipality to keep its own record of readings and reconcile it to the monthly invoices of the service provider to confirm their accuracy. The municipality is currently taking water readings with the service provider and have developed a register to record the same and sign it off.
82. However, based on the submissions received from the municipality since the notification of the material irregularity, it has not fully addressed the matters as committed above. This resulted in investigations relating to the matter of the material irregularity by internal audit not being conducted, an inadequate action plan to address the lack of full and proper records and a financial recovery plan that has not yet been fully implemented. The plans made to address the material irregularity have not yet been adequately addressed.
83. The accounting officer has not taken appropriate action to address this MI. I am determining the most suitable action to take.

#### Other reports

84. In addition to the investigations relating to material irregularity, I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

#### Investigations

85. An investigation by an independent forensic investigator into yellow and white fleets purchased by the municipality was commissioned by the then accounting officer. This investigation commenced in July 2017 and had not been finalised at the reporting date.





86. Two separate independent forensic investigators were appointed during the previous years to investigate irregular, fruitless, and wasteful expenditure incurred in prior years. These investigations had not been finalised at reporting date.
87. An investigation was initiated by Presidential Proclamation during the 2014-15 financial year and was conducted by the Special Investigations Unit (SIU) into allegations on SCM irregularities. The investigation had not been finalised at the reporting date.
88. An investigation by the Hawks into allegations of SCM irregularities was initiated during the 2014-15 financial year by the then accounting officer. This investigation had not been finalised at the reporting date.

Auditor General

Rustenburg

30 December 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2020/21:  
Unfortunately, we regressed to a disclaimer Audit opinion as expressed by the Auditor General.  
*T 6.2.4*

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) .....31 August 2023  
*T 6.2.*

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.

<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.

<b>Service Delivery Budget Implementation Plan</b>	<p>Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ul style="list-style-type: none"> <li><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></li> <li><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></li> </ul>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
				100	-
RANGAKA MOLETSANE	FT	EXECUTIVE COMMITTEE	ANC	100	-
MZWANDILE FELITI	FT	EXECUTIVE COMMITTEE	ANC	100	-
SABOENG SARAH NKATLO	FT	SPEAKER	ANC	100	-
TSHIRELETSO MALEBETSANE	FT	EXECUTIVE COMMITTEE	EFF	90	10
SABI MONEWANG	FT	EXECUTIVE COMMITTEE	ANC	40	60
DAVID MODISADIFE	PT	LOCAL LABOUR FORUM	ANC	90	10
KGOTSO LESHOMO	PT	LOCAL LABOUR FORUM	ANC	100	-
RANGAKA MOLETSANE	PT	COMMUNITY SERVICE AND ENGINEERING PORTFOLIO	ANC	100	-
G.J VAN ZYL	PT	COMMUNITY SERVICE AND ENGINEERING PORTFOLIO	DA	60	40
MOJALEFA MOTHIBI	PT	COMMUNITY SERVICE AND ENGINEERING PORTFOLIO	ANC	100	-
PULENYANA RAMPAI	PT	COMMUNITY SERVICE AND ENGINEERING PORTFOLIO	ANC	100	-
MPHO HLONGWANE	PT	MPAC	ANC	100	-
KGOTSO LESHOMO	PT	MPAC	ANC	100	-
PULENYANA RAMPAI	FT	MPAC	ANC	100	-
KGOPANE MALEHO	PT	MPAC	ANC	90	10
LENTIKILE	PT	MPAC	ANC	100	-

MEDUPE					
G.J MULLER	PT	MPAC	DA	70	30
DIMAKATSO SERAPE	PT	MPAC	EFF	100	-
GEORGINAH MALEPE	PT	MPAC	F4SD	90	10
RANGAKA MOLETSANE	PT	FINANCE & CORPORATE PORTFOLIO	ANC	100	-
DAVID MODISADIFE	PT	FINANCE & CORPORATE PORTFOLIO	ANC	90	10
LEHLOHONOLO METOA	PT	FINANCE & CORPORATE PORTFOLIO	ANC	40	60
J.U SWART	PT	FINANCE & CORPORATE PORTFOLIO	VF+	90	10
PULENYANA RAMPAI	PT	DEVELOPMENT & PLANNING PORTFOLIO	EFF	100	-
SELLO MORAKA	PT		SAPA	60	40
MAPULE MOTAUNG			EFF	90	10

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Concerning T A  
Attendance of Council meetings is satisfactory.

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## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
EXECUTIVE COMMITTEE	TO RECEIVE REPORTS FROM COMMITTEES AND RECOMMEND TO COUNCIL
MPAC	PERFORMS AN OVERSIGHT FUNCTION OF BEHALF OF COUNCIL
WARD COMMITTEE	ADVISE WARD CLLRS ,IDENTIFYING NEEDS ,RECIEVING COMPLAINTS FROM RESIDENTS
SECTION 79 COMMITTEES	INTERACTS WITH MUNICIPAL MANAGEMENT AND STAFF
RULES COMMITTEE	IMPLEMENT CODE OF CONDUCT TO COUNCILLORS
<i>T B</i>	



## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Divisional Head : Mr. Jerry Molutsi
Corporate Services	Divisional Head : Mr Vincent Motlashuping
Engineering	Divisional Head : Mr Nico Morris
Community Services	Divisional Head : Mr Vincent Sebekedi.
	<i>TC</i>

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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## APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
WARD 01	MPHO HLONGWANE	YES	12	12	8
WARD 02	KGOPANE MALEHO	YES	12	12	6
WARD 03	SABI MONEWANG	YES	12	12	10
WARD 04	MOJALEFA MOTHIBI	YES	12	12	8
WARD 05	QEDILE MOLOSI	YES	12	12	7
WARD 06	LENTIKILE MEDUPE	YES	12	12	5
WARD 07	PULENYANE RAMPAI	YES	12	12	3
WARD 08	KGOTSO LESHOMO	YES	12	12	6
WARD 09	DAVID MODISADIFE	YES	12	12	13
WARD 10	RANGAKA MOLETSANE	YES	12	12	13
WARD 11	ROBERT MOSHOLI	YES	12	12	11
					<i>TE</i>

## APPENDIX F – WARD INFORMATION

Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	11 km of Bulk Water supply pipeline installed between Buisfontein and Tswelelang reservoir by June 2021. (ward 3)	October 2021	In progress	R 40 383 252.45
2	380 m of Collapsed surfaced road sections rehabilitated in Tswelelang (ward 3) June 2021	Nov 2020	Contractor pulled out	R1 012 275.14
3	410 m of gravel road upgraded to block paving in Tati street, Kgakala (ward 7) by June 2021.	October 2020	May 20021	R 3 321 996.54
4	500m Concrete storm water Channel constructed in Wolmaransstad ext. 13 - Phase 2 (ward10) by June 2021.	August 2019	March 2021	R 943 195
5	500 m of surface road rehabilitated in Kalane Street, Lebaleng by June 2021	November 2020	March 2021	R 1 654 929.12
				<i>T F.1</i>

5Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households without minimum service delivery	none	none	none	none	N/A
Total Households*	497	497	497	497	
Shortfall in Housing units	N/A				
<i>*Including informal settlements</i>					<i>T F.2</i>

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
1	Construction of 5mL reservoir	100%
2	Refurbishment of wastewater treatment plant	100%
3	Upgrading of gravel roads to block pavement	100%
4	Installation of 5 high mast lights	100%
		<i>T F.3</i>

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE  
YEAR 2022/23

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
April 2023	The Audit Committee recommended that the OHS Report and Skills Development report be part of the HR reports	Yes
April 2023	All policies be updated.	Yes
April 2023	All outstanding Oversight report be tabled to Council.	Yes
		T G

**APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS (assessment of external service providers apr)**

Long Term Contracts (20 Largest Contracts Entered into during Year 2020/21)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Khuwait Group	Vehicles mechanical Services	July 2021	May 2024	Service provider.	As & when required.
Kuaho Attorneys	Legal Services	July 2021	May 2024	Service provider	As & when required
Kgomo Attorneys	Legal Services	July 2021	May 2024	Service provider	As & when required
Leepile Attorneys	Legal Services	July 2021	May 2024	Service provider	As & when required
Eagilwe Property valuator	Property Evaluation Services	July 2021	May 2024	Service provider	As & when required
Korone Engineers	Consulting Engineering	July 2021	May 2024	Service provider	As & when required
NEP Consulting Engineers	Consulting Engineering	July 2021	May 2024	Service provider	As & when required
KWENDE electricity	Mainataince of electrical network	July 2021	May 2024	Service provider	As & when required
King & Associates	Consulting Engineering	July 2021	May 2024	Service provider	As & when required
Tsela Tsweu	Consulting Engineering	July 2021	May 2024	Service provider	As & when required
Kwende Electrical Supply	Supply of electrical equipment	July 2021	May 2024	Service provider	As & when and required.

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Public Private Partnerships Entered into during Year 2022/23					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2015/2016
None	none	none	none	none	none
<b>No Public Private Partnership in this Financial Year.</b>					<i>TH.2</i>

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose  (i)	(a) Service Indicators	Year 0		Year 1			Year 2	Year 3	
	(b) Service Targets  (ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>None</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>	<i>none</i>
									<i>T /</i>



## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

<b>Disclosures of Financial Interests</b>		
<b>Period 1 July to 30 June of Year 0 (Current Year)</b>		
<b>Position</b>	<b>Name</b>	<b>Description of Financial interests* (Nil / Or details)</b>
<b>Mayor</b>	M Feliti	Nil
<b>Member of Exco</b>	T. Malebatsane	Nil
	N. Monewang	Nil
	R. Moletsane	Nil
		Nil
<b>Councillor</b>	P. Maleho	Nil
	M. Mothibi	Nil
	Q. Molutsi	Nil
	P. Rampai	Nil
	K. Leshomo	Nil
	D. Modisadife	Nil
	R. Mosholi	Nil
	L. Metoa	Nil
	G. Muller	Nil
	J.Swartz	Nil
	D. Van Zyl	Nil
	L. Medupe	Nil
	H. Serape	Nil
	S.Moraka	Nil
	G. Malepe	Nil
	H. Motaung	Nil
	S. Nkatlo	Nil
		Nil
<b>Municipal Manager</b>	Mrs. N.J Mbonani	Nil
<b>Chief Financial Officer</b>	Mr J. Mogoemang	Nil
<b>Acting Directors</b>	Mr T.L Mokoto Mr. M Tladi	Nil
	Mr N. Mwase (Director : Engineering)	Nil
<b>Other S57 Officials</b>		
T J		

### Appendix K : Revenue Collection Performance by Vote and by Source

Vote Description	2021/22	Budget Year 2022/23					
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	Full Year Forecast
<b>Revenue by Vote</b>	1						
Vote 01 - Municipal Manager		156,605	160,948	163,877	(4)	159,787	163,877
Vote 02 - Finance		68,987	151,146	194,090	4,129	85,571	194,090
Vote 03 - Corporate Services		201	515	1,458	168	1,648	1,458
Vote 04 - Community Services		31,957	39,762	42,866	16,972	49,999	42,866
Vote 05 - Infrastructure		300,219	261,138	251,503	20,312	308,396	251,503
Vote 06 -		-	-	-	-	-	-
Vote 07 -		-	-	-	-	-	-
Vote 08 -		-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>557,969</b>	<b>613,508</b>	<b>653,794</b>	<b>41,577</b>	<b>605,401</b>	<b>653,794</b>
<b>Expenditure by Vote</b>	1						
Vote 01 - Municipal Manager		300,140	222,762	219,389	4,910	32,128	219,389
Vote 02 - Finance		107,317	39,141	53,219	7,808	44,005	53,219
Vote 03 - Corporate Services		38,755	28,437	33,261	6,987	27,333	33,261
Vote 04 - Community Services		27,467	38,068	53,494	4,030	37,584	53,494
Vote 05 - Infrastructure		177,726	181,899	185,311	46,618	143,511	185,311
Vote 06 -		-	-	-	-	-	-
Vote 07 -		-	-	-	-	-	-
Vote 08 -		-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-

Expenditure by Vote	1						
Total Expenditure by Vote	2	651,405	510,306	544,674	70,353	284,561	544,674
Surplus/ (Deficit) for the year	2	(93,436)	103,202	109,120	(28,776)	320,840	109,120
T K.1							

## APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		51,335	63,099	71,814	2,035	67,902	71,814	(3,913)	-5%	71,814
Service charges - electricity revenue		67,742	74,877	74,877	5,421	63,997	74,877	(10,880)	-15%	74,877
Service charges - water revenue		68,148	85,292	68,257	2,191	49,246	68,257	(19,011)	-28%	68,257
Service charges - sanitation revenue		30,646	32,122	38,753	3,153	38,227	38,753	(526)	-1%	38,753
Service charges - refuse revenue		15,147	16,490	19,551	1,589	19,271	19,551	(279)	-1%	19,551
Rental of facilities and equipment		187	653	210	27	274	210	64	30%	210
Interest earned - external investments		623	790	790	151	216	790	(574)	-73%	790
Interest earned - outstanding debtors		85,569	84,241	121,137	12,928	127,545	121,137	6,409	5%	121,137
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		3,518	5,500	5,500	-	45	5,500	(5,455)	-99%	5,500
Licences and permits		4,121	15,950	15,950	13,807	13,871	15,950	(2,079)	-13%	15,950
Agency services								-		
Transfers and subsidies		184,755	164,993	166,467	160	193,789	166,467	27,322	16%	166,467
Other revenue		1,322	7,640	7,640	115	1,017	7,640	(6,623)	-87%	7,640
Gains		11,406	-	-	-	-	-	-		-

		524,521	551,646	590,946	41,577	575,401	590,946	(15,545)	-3%	590,946
<b>Total Revenue (excluding capital transfers and contributions)</b>										

### APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>									%	
<b>RECEIPTS:</b>	1,2									
-										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>184,604</b>	<b>163,994</b>	<b>164,078</b>	<b>-</b>	<b>191,186</b>	<b>164,078</b>	<b>27,108</b>	<b>16.5%</b>	<b>164,078</b>
Equitable Share		143,541	159,404	159,404	-	159,404	159,404	-	0.0%	159,404
Expanded Public Works Programme										
Integrated Grant		1,386	1,544	1,544	-	-	1,544	(1,544)	-100.0%	1,544
Local Government Financial Management Grant		3,100	2,320	2,820	-	-	2,820	(2,820)	-100.0%	2,820
Municipal Disaster Relief Grant		-	-	-	-	-	-	-		-
Municipal Infrastructure Grant		36,577	726	310	-	31,782	310	31,472	10152.3%	310
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Other transfers and grants [insert description]										
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>151</b>	<b>999</b>	<b>2,389</b>	<b>160</b>	<b>2,603</b>	<b>2,389</b>	<b>214</b>	<b>8.9%</b>	<b>2,389</b>
Local Government Water and Related Service SETA		151	-	1,444	160	1,604	1,444	160	11.1%	1,444
National Library South Africa		-	999	946	-	999	946	53	5.6%	946
<b>Total Operating Transfers and Grants</b>	5	<b>184,755</b>	<b>164,993</b>	<b>166,467</b>	<b>160</b>	<b>193,789</b>	<b>166,467</b>	<b>27,322</b>	<b>16.4%</b>	<b>166,467</b>

## APPENDIX M: CAPITAL EXPENDITURE – NEW AND UPGRADE / RENEWAL PROGRAMME

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
-									13.2%	
<b>Infrastructure</b>		<b>20,696</b>	<b>35,836</b>	<b>56,475</b>	<b>7,231</b>	<b>49,013</b>	<b>56,475</b>	<b>7,462</b>		<b>56,475</b>
Roads Infrastructure		-	-	-	-	-	-	-		-
<i>Roads</i>		-	-	-	-	-	-	-		-
<i>Road Structures</i>										
<i>Road Furniture</i>										
<i>Capital Spares</i>										
Storm water Infrastructure		(132)	18,228	23,085	5,402	19,226	23,085	3,859	16.7%	23,085
<i>Drainage Collection</i>										
<i>Storm water Conveyance</i>		(132)	18,228	23,085	5,402	19,226	23,085	3,859	16.7%	23,085
<i>Attenuation</i>										
Electrical Infrastructure		-	750	1,364	447	1,069	1,364	294	21.6%	1,364
<i>Power Plants</i>										
<i>HV Substations</i>		-	-	-	-	-	-	-		-
<i>HV Switching Station</i>										
<i>HV Transmission Conductors</i>										
<i>MV Substations</i>										
<i>MV Switching Stations</i>										
<i>MV Networks</i>		-	750	1,364	447	1,069	1,364	294	21.6%	1,364
<i>LV Networks</i>										
<i>Capital Spares</i>		-	-	-	-	-	-	-		-
Water Supply Infrastructure		20,828	-	17,700	-	16,127	17,700	1,573	8.9%	17,700
<i>Dams and Weirs</i>										
<i>Boreholes</i>		-	-	-	-	-	-	-		-
<i>Reservoirs</i>										
<i>Pump Stations</i>										
<i>Water Treatment Works</i>										
<i>Bulk Mains</i>		20,828	-	17,700	-	16,127	17,700	1,573	8.9%	17,700
<i>Distribution</i>										
<i>Distribution Points</i>		-	-	-	-	-	-	-		-

PRV Stations										
Capital Spares	-	-	-	-	-	-	-	-		-
Sanitation Infrastructure	-	16,858	14,326	1,382	12,591	14,326	1,736	12.1%		14,326
Pump Station										
Reticulation	-	-	-	-	(232)	-	232	#DIV/0!		-
Waste Water Treatment Works	-	16,858	14,326	1,382	12,823	14,326	1,503	10.5%		14,326
Outfall Sewers	-	-	-	-	-	-	-			-
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure	-	-	-	-	-	-	-			-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure	-	-	-	-	-	-	-			-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure	-	-	-	-	-	-	-			-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure	-	-	-	-	-	-	-			-
Data Centres										
Core Layers										
Distribution Layers										

<i>Capital Spares</i>							-		
<b>Community Assets</b>	-	6,400	6,850	-	3,833	6,850	3,017	44.0%	6,850
Community Facilities	-	6,400	6,850	-	3,833	6,850	3,017	44.0%	6,850
<i>Halls</i>							-		
<i>Centres</i>	-	6,400	6,850	-	3,833	6,850	3,017	44.0%	6,850
<i>Crèches</i>							-		
<i>Clinics/Care Centres</i>							-		
<i>Fire/Ambulance Stations</i>							-		
<i>Testing Stations</i>	-	-	-	-	-	-	-		-
<i>Museums</i>							-		
<i>Galleries</i>							-		
<i>Theatres</i>							-		
<i>Libraries</i>	-	-	-	-	-	-	-		-
<i>Cemeteries/Crematoria</i>							-		
<i>Police</i>							-		
<i>Parks</i>							-		
<i>Public Open Space</i>	-	-	-	-	-	-	-		-
<i>Nature Reserves</i>							-		
<i>Public Ablution Facilities</i>							-		
<i>Markets</i>							-		
<i>Stalls</i>	-	-	-	-	-	-	-		-
<i>Abattoirs</i>							-		
<i>Airports</i>							-		
<i>Taxi Ranks/Bus Terminals</i>							-		
<i>Capital Spares</i>							-		
Sport and Recreation Facilities	-	-	-	-	-	-	-		-
<i>Indoor Facilities</i>							-		
<i>Outdoor Facilities</i>							-		
<i>Capital Spares</i>							-		
<b>Heritage assets</b>	-	-	-	-	-	-	-		-
Monuments							-		
Historic Buildings							-		
Works of Art							-		
Conservation Areas							-		
Other Heritage							-		

<b><u>Investment properties</u></b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>							-		
<i>Unimproved Property</i>							-		
<b><u>Other assets</u></b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>	-	-	-	-	-	-	-	-	-
<i>Pay/Enquiry Points</i>							-		
<i>Building Plan Offices</i>							-		
<i>Workshops</i>							-		
<i>Yards</i>							-		
<i>Stores</i>							-		
<i>Laboratories</i>							-		
<i>Training Centres</i>							-		
<i>Manufacturing Plant</i>							-		
<i>Depots</i>							-		
<i>Capital Spares</i>							-		
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>							-		
<i>Social Housing</i>							-		
<i>Capital Spares</i>							-		
<b><u>Biological or Cultivated Assets</u></b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets							-		
<b><u>Intangible Assets</u></b>	-	-	-	-	-	-	-	-	-
Servitudes							-		
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>							-		
<i>Effluent Licenses</i>							-		
<i>Solid Waste Licenses</i>							-		
<i>Computer Software and Applications</i>							-		
<i>Load Settlement Software Applications</i>							-		
<i>Unspecified</i>							-		



<b>Computer Equipment</b>		-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	<b>585</b>	<b>518</b>	-	-	<b>518</b>	<b>518</b>	100.0 %
Furniture and Office Equipment		-	585	518	-	-	518	518	100.0 %
<b>Machinery and Equipment</b>		-	<b>1,750</b>	<b>1,750</b>	-	-	<b>1,750</b>	<b>1,750</b>	100.0 %
Machinery and Equipment		-	1,750	1,750	-	-	1,750	1,750	100.0 %
<b>Transport Assets</b>		-	<b>2,060</b>	<b>1,845</b>	-	<b>575</b>	<b>1,845</b>	<b>1,270</b>	68.9%
Transport Assets		-	2,060	1,845	-	575	1,845	1,270	68.9%
<b>Land</b>		-	-	-	-	-	-	-	-
Land								-	
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals								-	
<b>Total Capital Expenditure on new assets</b>	1	<b>20,696</b>	<b>46,631</b>	<b>67,439</b>	<b>7,231</b>	<b>53,421</b>	<b>67,439</b>	<b>14,018</b>	<b>20.8%</b>

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>	1								%	
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	2,300	6,004	-	3,148	6,004	2,856	47.6%	6,004
Roads Infrastructure		-	-	-	-	-	-	-		-
Roads								-		
Road Structures								-		
Road Furniture								-		
Capital Spares								-		
Storm water Infrastructure		-	-	-	-	-	-	-		-
Drainage Collection								-		
Storm water								-		
Conveyance								-		
Attenuation								-		
Electrical Infrastructure		-	-	-	-	-	-	-		-
Power Plants								-		
HV Substations								-		
HV Switching Station								-		
HV Transmission Conductors								-		
MV Substations								-		
MV Switching Stations								-		
MV Networks								-		
LV Networks								-		
Capital Spares								-		
Water Supply Infrastructure		-	2,300	6,004	-	3,148	6,004	2,856	47.6%	6,004
Dams and Weirs								-		
Boreholes								-		
Reservoirs								-		
Pump Stations								-		
Water Treatment Works								-		
Bulk Mains								-		
Distribution		-	2,300	6,004	-	3,148	6,004	2,856	47.6%	6,004
Distribution Points								-		
PRV Stations								-		
Capital Spares								-		
Sanitation Infrastructure		-	-	-	-	-	-	-		-
Pump Station								-		
Reticulation								-		
Waste Water Treatment Works								-		
Outfall Sewers								-		
Toilet Facilities								-		
Capital Spares								-		

Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
<i>Landfill Sites</i>							-		
<i>Waste Transfer Stations</i>							-		
<i>Waste Processing Facilities</i>							-		
<i>Waste Drop-off Points</i>							-		
<i>Waste Separation Facilities</i>							-		
<i>Electricity Generation Facilities</i>							-		
<i>Capital Spares</i>							-		
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<i>Rail Lines</i>							-		
<i>Rail Structures</i>							-		
<i>Rail Furniture</i>							-		
<i>Drainage Collection</i>							-		
<i>Storm water Conveyance</i>							-		
<i>Attenuation</i>							-		
<i>MV Substations</i>							-		
<i>LV Networks</i>							-		
<i>Capital Spares</i>							-		
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
<i>Sand Pumps</i>							-		
<i>Piers</i>							-		
<i>Revetments</i>							-		
<i>Promenades</i>							-		
<i>Capital Spares</i>							-		
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>							-		
<i>Core Layers</i>							-		
<i>Distribution Layers</i>							-		
<i>Capital Spares</i>							-		
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
<i>Halls</i>							-		
<i>Centres</i>							-		
<i>Crèches</i>							-		
<i>Clinics/Care Centres</i>							-		
<i>Fire/Ambulance Stations</i>							-		
<i>Testing Stations</i>							-		
<i>Museums</i>							-		
<i>Galleries</i>							-		
<i>Theatres</i>							-		
<i>Libraries</i>							-		
Cemeteries/Crematoria							-		
<i>Police</i>							-		

<i>Purls</i>								-		
<i>Public Open Space</i>								-		
<i>Nature Reserves</i>								-		
<i>Public Ablution Facilities</i>								-		
<i>Markets</i>								-		
<i>Stalls</i>								-		
<i>Abattoirs</i>								-		
<i>Airports</i>								-		
<i>Taxi Ranks/Bus Terminals</i>								-		
<i>Capital Spares</i>								-		
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-	-
<i>Indoor Facilities</i>								-		
<i>Outdoor Facilities</i>								-		
<i>Capital Spares</i>								-		
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-	-
<i>Monuments</i>								-		
<i>Historic Buildings</i>								-		
<i>Works of Art</i>								-		
<i>Conservation Areas</i>								-		
<i>Other Heritage</i>								-		
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>								-		
<i>Unimproved Property</i>								-		
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>								-		
<i>Unimproved Property</i>								-		
<b>Other assets</b>	-	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>								-		
<i>Pay/Enquiry Points</i>								-		
<i>Building Plan Offices</i>								-		
<i>Workshops</i>								-		
<i>Yards</i>								-		
<i>Stores</i>								-		
<i>Laboratories</i>								-		
<i>Training Centres</i>								-		
<i>Manufacturing Plant</i>								-		
<i>Depots</i>								-		
<i>Capital Spares</i>								-		
<i>Housing</i>	-	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>								-		
<i>Social Housing</i>								-		
<i>Capital Spares</i>								-		

<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-
Biological or Cultivated Assets								-	
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-
Servitudes								-	
Licences and Rights		-	-	-	-	-	-	-	-
<i>Water Rights</i>								-	
<i>Effluent Licenses</i>								-	
<i>Solid Waste Licenses</i>								-	
<i>Computer Software and Applications</i>								-	
<i>Load Settlement Software Applications</i>								-	
<i>Unspecified</i>								-	
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-
Computer Equipment								-	
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-
Furniture and Office Equipment								-	
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-
Machinery and Equipment								-	
<b>Transport Assets</b>		-	-	-	-	-	-	-	-
Transport Assets								-	
<b>Land</b>		-	-	-	-	-	-	-	-
Land								-	
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals								-	
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	2,300	6,004	-	3,148	6,004	2,856	47.6%
									6,004

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2022/23

Capital Programme by Project: Year 2020/21					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Refuse removal</b>					
"Project A" Procurement of refuse removal truck	R1.8m	-	R1.8m	-	-
"Project B"					
<b>Stormwater</b>	R 3m	-	R 3m	-	
"Project B"					
<b>Economic development</b>	n/a	n/a	n/a	n/a	n/a
"Project B"					
<b>Sports, Arts &amp; Culture</b>	n/a	n/a	n/a	n/a	n/a
"Project A"					
"Project B"					
<b>Environment</b>	n/a	n/a	n/a	n/a	n/a
"Project A"					
"Project B"					
<b>Health</b>	n/a	n/a	n/a	n/a	n/a
"Project A"					
"Project B"					
<b>Safety and Security</b>	n/a	n/a	n/a	n/a	n/a
"Project A"					
"Project B"					
<b>ICT and Other</b>	n/a				
"Project A"					
"Project B"					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2022/23

Capital Programme by Project by Ward: Year 2022/23			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
<b>Water:</b>			
	1 and 10	Yes	
<b>Sanitation/Sewerage:</b>			
	1 and 10	No	
<b>Electricity:</b>			
	10	Yes	
	11	Yes	
	8	Yes	
<b>Housing : None</b>			
<b>Refuse removal :</b>	All wards	Yes	
<b>Roads &amp; Stormwater:</b>			
1. Concrete stormwater chanell	10 and 01	Yes	
		Yes	
		Yes	
<b>Economic development : none</b>			
<b>Sports, Arts &amp; Culture None</b>	n/a		
<b>Environment : none</b>	n/a		
<b>Health : none</b>	n/a		
<b>Safety and Security : none</b>	n/a		
<b>ICT and Other</b>	n/a		
			T O

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINIC

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
n/a	none	none	none	none
Clinics (NAMES, LOCATIONS)				
none	none	none	none	none
No service backlogs in schools and clinics				

TP

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics: None	None	None
Housing : None	None	None
Licencing and Testing Centre:	None	None
Reservoirs	None	None
Schools (Primary and High):	None	None
Sports Fields:	None	None



**APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
none	none	none	none	None
No loans or grants made by the Municipality in the year unde review. <span style="float: right;">TR</span>				

**APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT**

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Most of the Municipal areas have access to basic services.	90 %
Output: Implementation of the Community Work Programme	Ward committees are in place.	70%
Output: Deepen democracy through a refined Ward Committee model	Ward Committee development plan in place	70%
Output: Administrative and financial capability	Finance are improving except for revenue collection	Revenue collection is at 45 %
TS		



Maquassi Hills Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2023

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of entity</b>	Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution of the Republic of South Africa
<b>Nature of business and principal activities</b>	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
Executive Committee	R.J Moletsane N.S Monewang T.S Malebatsane Cllr: MA Hlongwane -MPAC Chair
Executive Mayor	MA Feliti
Speaker	S.S Nkatlo
Chief Whip	R.J Moletsane
Councillors	Cllr: AK Maleho Cllr: M. Mothibi Cllr: Q.P Molosi Cllr: L.L Medupe Cllr: M.R Mosholi Cllr: P.E Rampai Cllr: PK Leshomo Cllr: M.D. Modisadife Cllr: G.J Van Zyl Cllr: M.H Motaung Cllr: L. Metoa Cllr: G Malepe Cllr: S Siyekana (Removed) Cllr: J.U Swart Cllr: K. Calvert (Removed) Cllr: D.H Serape Cllr: K.S Seakane
<b>Grading of local authority</b>	3
<b>Accounting Officer</b>	M. Mbonani
<b>Chief Finance Officer (CFO)</b>	A. Madisha (Acting)
<b>Accounting Officer</b>	M. Mbonani
<b>Registered office</b>	19 Kruger Street Wolmaransstad 2630
<b>Business address</b>	19 Kruger Street Wolmaransstad 2630
<b>Postal address</b>	Private Bag X3 Wolmaransstad 2630
<b>Bankers</b>	ABSA (Primary bank Account)

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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**Auditors**

Auditor General of South Africa

**Legislation governing the municipality's operations**

Constitution of the Republic of South Africa (Act No.108 of 1996)  
Municipal Finance Management Act (Act 56 of 2003) Division of  
Revenue Act The Income Tax Act (Act No. 58 of 1962) Value Added  
Tax Act (Act No. 89 of 1991) Municipal Structures Act (Act No 177 of  
1998 Water Service Act (Act No.108 of 1997) Housing Act (Act No.  
107 of 1997) Municipal Property Rates Act (Act No. 6 of 2004)  
Electricity Act (Act No. 41 of 1987) Skills Development Levies Act (Act  
No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998)  
Unemployment Insurance Act (Act No. 30 of 1966) Basic Conditions of  
Employment Act (Act No. 75 of 1997) Municipal System Amendment  
Act (Act No. 7 of 2011) Municipal Planning and Performance  
Management Regulations Municipal Supply Chain Management  
Regulations Municipal Collective Agreements Municipal Budget and  
Reporting Regulations MFMA Circulars and Regulations

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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

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### Abbreviations used:

ASB	Accounting Standard Board
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant
IAS	International Accounting Standards
WSIG	Water Supply Infrastructure Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

## **Maquassi Hills Local Municipality**

Annual Financial Statements for the year ended 30 June 2023

### **Accounting Officer's Responsibilities and Approval**

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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 are given unrestricted access to all financial records and related data.

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

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

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

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

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

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern, and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The accounting officer certifies that the salaries, allowances and benefits of councilors, as disclosed in note 31 - councilors remuneration to these annual financial statements, are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

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 2023 and were signed on its behalf by:

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**Accounting Officer**  
**N Mbonani**

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

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The accounting officer submits her report for the year ended 30 June 2023.

### 1. Review of activities

#### Main business and operations

Maquassi Hills local municipality is a South African category B municipality as defined by the Municipal Structures Act (Act no 117 of 1998). The municipality's operations are governed by the Municipal Finance Management Act (Act 56 of 2003), the Municipal Structures Act (Act 177 of 1998), Municipal Systems Act (Act 32 of 2000) and various legislations and regulations and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 5. Auditors

Auditor General of South Africa will continue in office for the next financial period.

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 2023 and were signed on its behalf by:

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**Accounting Officer**  
**N Mbonani**



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	2 645 132	3 342 575
Other financial assets	5	360 000	360 000
Receivables from exchange transactions	10&13	45 040 961	56 604 231
Receivables from non-exchange transactions	11&13	53 465 449	46 430 957
VAT receivable	12	5 492 130	7 292 080
Cash and cash equivalents	14	13 476 924	12 522 138
		<b>120 480 596</b>	<b>126 551 981</b>
<b>Non-Current Assets</b>			
Investment property	3	370 674 116	359 670 540
Property, plant and equipment	4	1 234 173 981	1 229 807 898
		<b>1 604 848 097</b>	<b>1 589 478 438</b>
<b>Total Assets</b>		<b>1 725 328 693</b>	<b>1 716 030 419</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	16	16 794 434	30 188 057
Payables from exchange transactions	6	501 617 630	398 842 450
Consumer deposits	7	2 977 436	2 674 116
Employee benefit obligation	8	1 241 000	1 384 000
Unspent conditional grants and receipts	15	377 154	3 731 035
Provisions	17	34 303 633	32 723 361
		<b>557 311 287</b>	<b>469 543 019</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	16	43 654 340	29 663 115
Employee benefit obligation	8	23 491 001	24 532 000
Provisions	17	37 220 670	30 985 213
		<b>104 366 011</b>	<b>85 180 328</b>
<b>Total Liabilities</b>		<b>661 677 298</b>	<b>554 723 347</b>
<b>Net Assets</b>		<b>1 063 651 395</b>	<b>1 161 307 072</b>
Accumulated surplus		1 063 651 395	1 161 307 072
<b>Total Net Assets</b>		<b>1 063 651 395</b>	<b>1 161 307 072</b>

\* See Note 45



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	170 559 777	181 692 146
Rental of facilities and equipment	20	559 544	322 069
Licences and permits	22	3 994 295	3 268 653
Other income		813 086	2 705 622
Interest income	25	113 140 722	74 602 410
<b>Total revenue from exchange transactions</b>		<b>289 067 424</b>	<b>262 590 900</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	26	69 863 403	51 401 648
Interest - Property rates	26	16 436 035	11 589 644
<b>Transfer revenue</b>			
Government grants & subsidies	27	234 136 897	218 203 148
Public contributions and donations	28	159 689 726	-
Fines, Penalties and Forfeits	21	2 048 500	1 999 138
<b>Total revenue from non-exchange transactions</b>		<b>482 174 561</b>	<b>283 193 578</b>
<b>Total revenue</b>		<b>771 241 985</b>	<b>545 784 478</b>
<b>Expenditure</b>			
Employee related costs	29	(99 627 207)	(89 930 605)
Remuneration of councillors	30	(9 716 341)	(8 957 852)
Depreciation and amortisation	31	(38 223 358)	(37 439 028)
Finance costs	33	(18 935 517)	(11 740 225)
Lease rentals on operating lease	23	(3 316 586)	(3 445 539)
Debt Impairment	35	(273 593 384)	(190 130 181)
Bad debts written off		-	(51 370 144)
Bulk purchases	37	(118 482 430)	(133 019 944)
Contracted services	38	(62 283 072)	(32 814 437)
Transfers and Subsidies		(3 186 722)	-
Inventory consumed	18	(1 725 043)	(1 604 322)
General Expenses	36	(45 518 637)	(42 626 084)
<b>Total expenditure</b>		<b>(674 608 297)</b>	<b>(603 078 361)</b>
<b>Operating surplus (deficit)</b>		<b>96 633 688</b>	<b>(57 293 883)</b>
Loss on disposal of assets		(18 773 007)	-
Fair value adjustments	40	11 003 576	14 007 999
Actuarial gains/losses	8	3 898 675	1 190 290
Impairment loss	32	(163 928 194)	(2 591 834)
Inventories losses/write-downs		(8 424)	-
		<b>(167 807 374)</b>	<b>12 606 455</b>
<b>Deficit for the year</b>		<b>(71 173 686)</b>	<b>(44 687 428)</b>

\* See Note 45

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	562 280 190	562 280 190
Adjustments		
Correction of errors	643 714 310	643 714 310
<b>Balance at 01 July 2021 as restated*</b>	<b>1 205 994 500</b>	<b>1 205 994 500</b>
Changes in net assets		
Surplus for the year	(44 687 428)	(44 687 428)
Total changes	(44 687 428)	(44 687 428)
<b>Restated* Balance at 01 July 2022</b>	<b>1 134 825 081</b>	<b>1 134 825 081</b>
Changes in net assets		
Surplus for the year	(71 173 686)	(71 173 686)
Total changes	(71 173 686)	(71 173 686)
<b>Balance at 30 June 2023</b>	<b>1 063 651 395</b>	<b>1 063 651 395</b>
Note(s)		

\* See Note 45

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges and rates		119 912 401	-
Rental income		478 564	322 069
Grants		230 783 015	223 352 415
Interest income		113 140 722	74 602 410
Licences and permits		3 886 410	3 268 653
Other income		813 086	2 705 622
Fines, penalties and forfeits		148 500	-
		<u>469 162 698</u>	<u>304 251 169</u>
<b>Payments</b>			
Employee costs		(96 523 398)	(87 879 336)
Suppliers		(131 106 360)	(159 019 564)
Finance costs		(8 170 788)	(2 480 098)
		<u>(235 800 546)</u>	<u>(249 378 998)</u>
<b>Net cash flows from operating activities</b>	39	<b><u>233 362 152</u></b>	<b><u>54 872 171</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(228 520 956)	(51 603 518)
<b>Net cash flows from investing activities</b>		<b><u>(232 407 366)</u></b>	<b><u>(54 872 171)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of loan from DBSA		(1 315 644)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>954 786</b>	-
Cash and cash equivalents at the beginning of the year		12 522 138	12 522 138
<b>Cash and cash equivalents at the end of the year</b>	14	<b><u>13 476 924</u></b>	<b><u>12 522 138</u></b>

\* See Note 45

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	208 780 398	(7 342 871)	<b>201 437 527</b>	170 559 777	<b>(30 877 750)</b>	55
Rental of facilities and equipment	653 200	(443 034)	<b>210 166</b>	559 544	<b>349 378</b>	
Interest earned - outstanding Debtors	84 241 000	36 895 724	<b>121 136 724</b>	111 109 236	<b>(10 027 488)</b>	55
Licences and permits	15 950 000	-	<b>15 950 000</b>	3 994 295	<b>(11 955 705)</b>	55
Other income	7 639 610	-	<b>7 639 610</b>	813 086	<b>(6 826 524)</b>	55
Interest received - investment	789 985	-	<b>789 985</b>	2 031 486	<b>1 241 501</b>	55
<b>Total revenue from exchange transactions</b>	<b>318 054 193</b>	<b>29 109 819</b>	<b>347 164 012</b>	<b>289 067 424</b>	<b>(58 096 588)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	63 099 367	8 715 053	<b>71 814 420</b>	69 863 403	<b>(1 951 017)</b>	55
Property rates - penalties imposed	-	-	-	16 436 035	<b>16 436 035</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	226 855 000	1 474 566	<b>228 329 566</b>	234 136 897	<b>5 807 331</b>	
Public contributions and donations	-	-	-	159 689 726	<b>159 689 726</b>	55
Fines, Penalties and Forfeits	5 500 000	-	<b>5 500 000</b>	2 048 500	<b>(3 451 500)</b>	55
<b>Total revenue from non-exchange transactions</b>	<b>295 454 367</b>	<b>10 189 619</b>	<b>305 643 986</b>	<b>482 174 561</b>	<b>176 530 575</b>	
<b>Total revenue</b>	<b>613 508 560</b>	<b>39 299 438</b>	<b>652 807 998</b>	<b>771 241 985</b>	<b>118 433 987</b>	
<b>Expenditure</b>						
Employee related costs	(118 479 447)	(1 675 313)	<b>(120 154 760)</b>	(99 627 207)	<b>20 527 553</b>	55
Remuneration of councillors	(9 385 749)	-	<b>(9 385 749)</b>	(9 716 341)	<b>(330 592)</b>	
Depreciation and amortisation	(52 298 545)	-	<b>(52 298 545)</b>	(38 223 358)	<b>14 075 187</b>	55
Impairment loss	-	-	-	(163 928 194)	<b>(163 928 194)</b>	
Finance costs	(4 945 000)	-	<b>(4 945 000)</b>	(18 935 517)	<b>(13 990 517)</b>	55
Lease rentals on operating lease	-	-	-	(3 316 586)	<b>(3 316 586)</b>	
Debt Impairment	(128 245 048)	-	<b>(128 245 048)</b>	(273 593 384)	<b>(145 348 336)</b>	55
Bulk purchases	(65 134 737)	-	<b>(65 134 737)</b>	(118 482 430)	<b>(53 347 693)</b>	55
Contracted Services	(17 742 983)	(10 447 295)	<b>(28 190 278)</b>	(62 283 072)	<b>(34 092 794)</b>	55
Transfers and Subsidies	-	-	-	(3 186 722)	<b>(3 186 722)</b>	
Inventory consumed	-	-	-	(1 725 043)	<b>(1 725 043)</b>	
General Expenses	(30 716 014)	(10 926 264)	<b>(41 642 278)</b>	(45 518 637)	<b>(3 876 359)</b>	55
<b>Total expenditure</b>	<b>(426 947 523)</b>	<b>(23 048 872)</b>	<b>(449 996 395)</b>	<b>(838 536 491)</b>	<b>(388 540 096)</b>	
<b>Operating deficit</b>	<b>186 561 037</b>	<b>16 250 566</b>	<b>202 811 603</b>	<b>(67 294 506)</b>	<b>(270 106 109)</b>	
Loss on disposal of assets and liabilities	-	-	-	(18 773 007)	<b>(18 773 007)</b>	
Fair value adjustments	-	-	-	11 003 576	<b>11 003 576</b>	55
Actuarial gains/losses	-	-	-	3 898 675	<b>3 898 675</b>	55

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### 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						
Inventories losses/write-downs	-	-	-	(8 424)	(8 424)	
	-	-	-	(3 879 180)	(3 879 180)	
<b>Deficit before taxation</b>	<b>186 561 037</b>	<b>16 250 566</b>	<b>202 811 603</b>	<b>(71 173 686)</b>	<b>(273 985 289)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>186 561 037</b>	<b>16 250 566</b>	<b>202 811 603</b>	<b>(71 173 686)</b>	<b>(273 985 289)</b>	

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	61 445 000	-	<b>61 445 000</b>	2 645 132	<b>(58 799 868)</b>	
Other financial assets	-	-	-	360 000	<b>360 000</b>	
Receivables from exchange transactions	56 477 000	-	<b>56 477 000</b>	45 040 961	<b>(11 436 039)</b>	
Receivables from non-exchange transactions	(33 771 000)	-	<b>(33 771 000)</b>	53 465 449	<b>87 236 449</b>	
VAT receivable	-	-	-	6 588 813	<b>6 588 813</b>	
Cash and cash equivalents	6 083 000	-	<b>6 083 000</b>	13 447 203	<b>7 364 203</b>	
	<b>90 234 000</b>	-	<b>90 234 000</b>	<b>121 547 558</b>	<b>31 313 558</b>	
<b>Non-Current Assets</b>						
Investment property	-	-	-	370 674 116	<b>370 674 116</b>	
Property, plant and equipment	1 127 421 000	-	<b>1 127 421 000</b>	1 234 173 981	<b>106 752 981</b>	
	<b>1 127 421 000</b>	-	<b>1 127 421 000</b>	<b>1 604 848 097</b>	<b>477 427 097</b>	
<b>Total Assets</b>	<b>1 217 655 000</b>	-	<b>1 217 655 000</b>	<b>1 726 395 655</b>	<b>508 740 655</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	5 629 000	-	<b>5 629 000</b>	16 794 434	<b>11 165 434</b>	
Payables from exchange transactions	377 099 000	-	<b>377 099 000</b>	501 617 630	<b>124 518 630</b>	
Consumer deposits	(127 889 000)	-	<b>(127 889 000)</b>	2 977 436	<b>130 866 436</b>	
Employee benefit obligation	-	-	-	1 241 000	<b>1 241 000</b>	
Unspent conditional grants and receipts	-	-	-	377 154	<b>377 154</b>	
Provisions	22 167 000	-	<b>22 167 000</b>	34 303 633	<b>12 136 633</b>	
	<b>277 006 000</b>	-	<b>277 006 000</b>	<b>557 311 287</b>	<b>280 305 287</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	41 020 000	-	<b>41 020 000</b>	43 654 340	<b>2 634 340</b>	
Employee benefit obligation	-	-	-	23 491 001	<b>23 491 001</b>	
Provisions	34 627 000	(34 627 000)	-	37 220 670	<b>37 220 670</b>	
	<b>75 647 000</b>	<b>(34 627 000)</b>	<b>41 020 000</b>	<b>104 366 011</b>	<b>63 346 011</b>	
<b>Total Liabilities</b>	<b>352 653 000</b>	<b>(34 627 000)</b>	<b>318 026 000</b>	<b>661 677 298</b>	<b>343 651 298</b>	
<b>Net Assets</b>	<b>865 002 000</b>	<b>34 627 000</b>	<b>899 629 000</b>	<b>1 064 718 357</b>	<b>165 089 357</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	865 002 000	34 627 000	<b>899 629 000</b>	1 063 651 395	<b>164 022 395</b>	



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Fines, penalties	-	-	-	148 500	148 500	
Service charges and rates	114 255 000	-	114 255 000	119 912 401	5 657 401	
Grants	231 523 000	-	231 523 000	230 783 015	(739 985)	
Interest income	49 751 000	-	49 751 000	113 140 722	63 389 722	
other income	413 884 000	-	413 884 000	813 086	(413 070 914)	
Rental income	-	-	-	478 564	478 564	
Licence and permits	-	-	-	3 886 410	3 886 410	
	<b>809 413 000</b>	<b>-</b>	<b>809 413 000</b>	<b>469 162 698</b>	<b>(340 250 302)</b>	
<b>Payments</b>						
Suppliers and employees	(1 037 606 000)	-	(1 037 606 000)	(215 239 690)	822 366 310	
Employee costs						
Finance costs	-	-	-	(8 170 788)	(8 170 788)	
	<b>(1 037 606 000)</b>	<b>-</b>	<b>(1 037 606 000)</b>	<b>(223 410 478)</b>	<b>814 195 522</b>	
<b>Net cash flows from operating activities</b>	<b>(228 193 000)</b>	<b>-</b>	<b>(228 193 000)</b>	<b>245 752 220</b>	<b>473 945 220</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(51 022 000)	-	(51 022 000)	(228 520 956)	(177 498 956)	
<b>Cash flows from financing activities</b>						
Repayment of BBSA loans	-	-	-	(1 315 644)	(1 315 644)	
Net increase/(decrease) in cash and cash equivalents	(279 215 000)	-	(279 215 000)	17 231 264	296 446 264	
Cash and cash equivalents at the beginning of the year	(72 558 000)	-	(72 558 000)	12 522 138	85 080 138	
<b>Cash and cash equivalents at the end of the year</b>	<b>(351 773 000)</b>	<b>-</b>	<b>(351 773 000)</b>	<b>29 753 402</b>	<b>381 526 402</b>	

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand	Note(s)	2023	2022
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### 1. Significant accounting policies

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

#### 1.1 Basis of preparations

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.

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 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.

#### 1.4 Materiality

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

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

#### 1.5 Significant judgements and sources of estimation uncertainty

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Fair value estimation

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

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

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

#### Impairment testing

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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors such as exchange rates, inflation and interest.

Judgements are made by management in applying the criteria to designate assets as non-cash-generating units or cash-generating units. The designation is made on the basis as described in accounting policy 1.13 - Impairment of non-cash-generating assets.

#### Provisions

Provisions were raised, and management determined an estimate based on available information. The provision is discounted when the time value of money is material. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental specialist. The provision represents the best estimate or net present value of the future expected cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance. Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites and the remaining useful life of each specific landfill site.

- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

The provision for staff leave is based on accrued leave at year-end. The uncertainty is when the leave will be taken or if employment will be terminated..

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Prepaid electricity

Pre-paid electricity is only recognised as income as electricity is consumed. The estimate is based on pre-paid electricity sold at year-end but still unused.

#### Useful lives and residual values of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant, equipment and other assets. This estimate involves judgment based on the municipality's experience with similar assets, whether the assets will be sold or used to the end of their economic lives, and the condition at the time. The municipality considers all the facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other facts. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

The estimation of residual values of assets is also based on management's judgement of whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

#### Long-term employee benefit obligation

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 8.

#### Effective interest rate

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow [State significant judgements made].

Additional information is disclosed in Note .

### 1.6 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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Investment property (continued)

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.

Management applies the category below to distinguish Investment Property from Property Plant and Equipment:

- Land currently held for undetermined future use and held for capital appreciation is regarded as Investment Property

#### Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

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 xx).

#### 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.

### 1.7 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.



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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

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

#### Initial measurement

Property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where the municipality acquires an asset for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets, monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset 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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as 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.

#### Subsequent measurement – cost model

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently, all property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

The measurement and recognition of impairment losses are indicated in accounting policies 1.13 Impairment of cash-generating assets and 1.14 Impairment of non-cash-generating assets.

#### Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight-line method to allocate their cost less their residual values over the assets' estimated useful lives. The depreciation method used reflects the pattern in which the municipality expects to consume the assets' future economic benefits or service potential. 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 rates are based on the following estimated useful lives:

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5-60 Years
Plant and machinery	Straight-line	5-7 Yeras
Furniture and fixtures	Straight-line	7 Years
Motor vehicles	Straight-line	5-20 Years
Office equipment	Straight-line	3-5 Years
IT equipment	Straight-line	3-5 Years
Computer software	Straight-line	2-10 years

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

Infrastructure	Straight-line	5-100 Years
Community	Straight-line	5-60 Years

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any indication exists, the municipality accordingly revises the expected useful life and/or residual value. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

At each reporting date, all property, plant and equipment items are reviewed for any indication that they may be impaired. An impairment exists when an asset's carrying amount is greater than its recoverable amount or recoverable service amount. 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.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

### 1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.9 Financial instruments

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

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.9 Financial instruments (continued)

#### Classification

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

Class	Category
Other financial assets	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Consumer deposit	Financial liability measured at amortised cost
Other financial liability	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

#### Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

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

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

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

#### 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.



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 municipality :
  - 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 municipality 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 recognises 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 municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality 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.

##### Financial liabilities

The municipality 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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

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).

### 1.10 Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.10 Statutory receivables (continued)

#### Impairment losses

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

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

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

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

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

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

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

#### Derecognition

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

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

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

### 1.11 Leases

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.11 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.

### 1.12 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 formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

### 1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

### 1.14 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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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

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

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

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

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

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

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

Useful life is either:

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

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

[Specify judgements made]

#### Designation

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

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

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

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

#### 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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

#### Discount rate

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Reversal of impairment loss

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

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

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

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

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

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

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

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

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

#### Redesignation

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

### 1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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

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

Useful life is either:

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

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

[Specify judgements made]

#### Identification

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

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

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

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

#### Redesignation

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

### 1.16 Employee benefits

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

# Maquassi Hills Local Municipality

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## Accounting Policies

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### 1.16 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

#### Other employee benefits obligations

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.17 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.



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Provisions and contingencies (continued)

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

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 43.

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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Provisions and contingencies (continued)

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, a 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.

### Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

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

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.19 Revenue from exchange transactions

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

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

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

#### Measurement

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

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

#### Sale of goods

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.19 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### Interest

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

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

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

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

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

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

### 1.20 Revenue from non-exchange transactions

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

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

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

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

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

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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

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

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

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

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

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

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

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

#### Recognition

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

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

#### Measurement

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

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

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

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



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

#### Transfers

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

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

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

#### Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

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

### 1.21 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.

### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

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

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.

### 1.23 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.

### 1.24 Irregular expenditure

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

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

### 1.25 Segment information

A segment is an activity of an entity:

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.25 Segment information (continued)

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

### 1.26 Budget information

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

The approved budget covers the fiscal period from 2010/04/01 to 2011/03/31.

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

### 1.27 Related parties

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

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

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

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

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

### 1.28 Events after reporting date

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

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

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

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

## Notes to the Annual Financial Statements

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Figures in Rand	2023	2022
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## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

##### **Guideline: Guideline on Accounting for Landfill Sites**

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2023.

The municipality expects to adopt the guideline for the first time in the 2022/2023 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	370 674 116	-	370 674 116	359 670 540	-	359 670 540

#### Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	359 670 540	11 003 576	370 674 116

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	345 669 541	14 000 999	359 670 540

#### Pledged as security

No investment property has been pledged as security:

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.

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 3. Investment property (continued)

#### Details of valuation

The effective date of the revaluations was . Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the municipality and have recent experience in location and category of the investment property being valued.

he valuation was based on the comparable sales method and accrued depreciation method. Based on the valuation, the value of investment property is unchanged from the previous year.

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	109 261 918	-	109 261 918	109 261 918	-	109 261 918
Buildings	175 985 682	(142 991 271)	32 994 411	169 946 479	(143 925 549)	26 020 930
Plant and machinery	793 265	112 203	905 468	4 881 027	(2 808 152)	2 072 875
Furniture and fixtures	4 565 069	(2 690 496)	1 874 573	4 892 463	(3 203 219)	1 689 244
Motor vehicles	14 865 384	(7 108 034)	7 757 350	19 945 575	(10 541 749)	9 403 826
IT equipment	3 895 141	(2 172 188)	1 722 953	5 294 808	(2 984 135)	2 310 673
Infrastructure	1 666 239 239	(705 291 555)	960 947 684	1 519 933 675	(530 488 090)	989 445 585
Work in progress	118 709 624	-	118 709 624	89 602 847	-	89 602 847
<b>Total</b>	<b>2 094 315 322</b>	<b>(860 141 341)</b>	<b>1 234 173 981</b>	<b>1 923 758 792</b>	<b>(693 950 894)</b>	<b>1 229 807 898</b>



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	109 261 918	-	-	-	-	-	-	109 261 918
Buildings	26 020 930	16 192	(535 609)	13 318 933	-	(4 144 142)	(1 665 008)	32 994 411
Plant and machinery	2 072 875	52 067	(822 088)	-	1	(388 380)	(9 006)	905 468
Furniture and fixtures	1 689 244	901 829	(320 809)	-	-	(395 487)	(205)	1 874 573
Motor vehicles	9 403 826	1 073 502	(969 008)	-	-	(1 380 162)	(282 233)	7 757 350
IT equipment	2 310 673	564 818	(538 716)	-	-	(597 141)	(16 681)	1 722 953
Infrastructure	989 445 585	161 783 195	(15 586 776)	18 459 702	-	(31 198 961)	(161 955 060)	960 947 684
Work in process	89 602 847	64 129 353	-	(31 778 635)	-	-	-	118 709 624
	<b>1 229 807 898</b>	<b>228 520 956</b>	<b>(18 773 006)</b>	<b>-</b>	<b>1</b>	<b>(38 104 273)</b>	<b>(163 928 193)</b>	<b>1 234 173 981</b>

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment (continued)

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

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	109 261 918	-	-	-	-	109 261 918
Buildings	31 059 022	-	449 010	(5 632 802)	-	26 020 930
Plant and machinery	2 497 275	68 977	-	(493 179)	-	2 072 875
Furniture and fixtures	1 904 016	150 000	-	(364 772)	-	1 689 244
Motor vehicles	8 768 280	1 192 000	-	(1 315 599)	-	9 403 826
IT equipment	2 603 097	265 651	-	(558 074)	-	2 310 673
Infrastructure	1 016 859 700	-	4 379 947	(29 202 229)	(2 591 833)	989 445 585
Work in process	36 625 693	49 926 890	(4 828 957)	-	-	89 602 847
	<b>1 209 579 001</b>	<b>51 603 518</b>	<b>-</b>	<b>(37 566 655)</b>	<b>(2 591 833)</b>	<b>1 229 807 898</b>

##### Other information

###### Projects which are taking significantly longer periods to complete

Length of Bulk Water Supply line upgraded between Buisfontein and Tswelalang-Portion C : Lack of funds, scarcity of OPVC pipes in the market, delay in trying to access the private farm/property also alteration in the design of the project were experienced

23 115 764      23 115 764

Length of Bulk Water Supply Line Upgraded Between Buisfontein and Tswelalang(Portion A) : Lack of funds, scarcity of OPVC pipes in the market, delay in trying to access the private farm/property also alteration in the design of the project were experienced

39 536 740      22 116 747

Length of Bulk Water Supply Line Upgraded Between Buisfontein and Tswelalang(Portion B) : Lack of funds, scarcity of OPVC pipes in the market, delay in trying to access the private farm/property also alteration in the design of the project were experienced.

22 829 209      22 648 653

**85 481 713      67 881 164**



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 4. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Buildings	Total
Opening balance	82 172 636	6 238 225	88 410 861
Additions/capital expenditure	55 548 646	8 580 707	64 129 353
Transfers to Magalies Water	(3 186 722)	-	(3 186 722)
Transferred to completed items	(18 459 702)	(13 318 933)	(31 778 635)
	<b>116 074 858</b>	<b>1 499 999</b>	<b>117 574 857</b>

#### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Buildings	Total
Opening balance	36 625 693	-	36 625 693
Additions/capital expenditure	49 926 890	6 687 235	56 614 125
Transferred to completed items	(4 379 947)	(449 010)	(4 828 957)
	<b>82 172 636</b>	<b>6 238 225</b>	<b>88 410 861</b>

### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Building	336 644	423 548
Infrastructure	9 854 166	2 765 058
Motor Vehilces	576 130	1 557 720
	<b>10 766 940</b>	<b>4 746 326</b>

### 5. Other financial assets

#### Designated at fair value

ABSA Bank limited Terms and conditions	360 000	360 000
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#### Current assets

Designated at fair value	360 000	360 000
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### 6. Payables from exchange transactions

Trade payables	456 402 913	363 071 595
Debtors with credit balances	12 937 497	9 867 517
Unallocated deposits	561 675	487 076
Accrued leave pay	8 127 360	7 681 803
Accrued bonus	1 321 466	1 602 665
Retention fees	16 713 984	11 277 511
Payroll Clearing and control accounts	698 452	-
Deposits	4 854 283	4 854 283
	<b>501 617 630</b>	<b>398 842 450</b>

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>7. Consumer deposits</b>		
Electricity	2 323 153	2 053 903
Water	654 283	620 213
	<b>2 977 436</b>	<b>2 674 116</b>

### 8. Employee benefit obligations

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

<b>Carrying value</b>		
Post retirement health care benefits	(20 539 001)	(21 477 000)
Long service awards	(4 193 000)	(4 439 000)
	<b>(24 732 001)</b>	<b>(25 916 000)</b>
Non-current liabilities	(23 491 001)	(24 532 000)
Current liabilities	(1 241 000)	(1 384 000)
	<b>(24 732 001)</b>	<b>(25 916 000)</b>

The Municipality offers eligible employees a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. Continuing members and their eligible dependents receive a 60% subsidy. The post-employment subsidies are not limited to a maximum Rand value/subsidy. Upon a member's death-in-service, surviving dependents are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependents are entitled to continue to receive the same subsidy.

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

Opening balance	25 916 000	24 841 000
Benefits paid	(1 576 325)	(1 359 710)
Net expense recognised in the statement of financial performance	392 325	2 434 710
	<b>24 732 000</b>	<b>25 916 000</b>

Net expense recognised in the statement of financial performance

Current service cost	1 342 000	1 198 000
Interest cost	2 949 000	2 427 000
Actuarial (gains) losses	(3 898 675)	(1 190 290)
	<b>392 325</b>	<b>2 434 710</b>

Calculation of actuarial gains and losses

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>8. Employee benefit obligations (continued)</b>		
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Discount rates used	12,54 %	11,85 %
Consumer price inflation	6,64 %	5,20 %
Health care cost inflation	8,14 %	8,45 %

]

The rates were determined by using the Johannesburg Stock Exchange as at 30 June 2023.

The effect of a 1% increase or decrease in the health care cost inflation rate is as follows:

	1% decrease R's	Valuation bas R's	1% increase R's
Employer's accrued liability	3 990 000	4 193 000	4 413 000
Interest cost	1 607 000	2 949 000	3 422 000

A 1% increase in the health care cost inflation rate results in a 31.27% increase in the accrued liability, whilst a 1% decrease in the health care cost inflation rate will result in a 54.49% decrease in the accrued liability.

#### Normal retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill- health and early retirement. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

#### Long-service awards

An actuarial valuation has been performed on Maquassi Hills Local Municipality's unfunded liability in respect of the entitlement of employees to Long Service Awards. the Projected Unit Credit Method has been used to determine the liabilities. The projected liability is based on actuarial assumptions about the future. These assumptions are set to be realistic and individually justifiable. These variations emerge at each valuation as actuarial gains or losses.

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 8. Employee benefit obligations (continued)

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

The Actuaries used the nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations.

Key assumptions used		Discount rate
11,01 %	10,81 %	Consumer price inflation
6,44 %	4,33 %	Salary increase rate
5,40 %	4,90 %	Net discount rate
4,29%	3,24 %	

The effect of a one percent increase and decrease in the salary inflation rates is as follows:

1% decrease R's

result in a 6.63% increase in the accrued liability. Similarly, a 1% decrease in the salary inflation assumption will result in roughly a 5.79% decrease in the accrued liability.

The present value of the long service awards for the current and previous four years is as follows:

	2023	2022	2021	2019	2018
Long Service Awards	4 193 000	4 439 000	4 283 000	11 868 577	10 673 074

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases: [provide details]

The basis on which the discount rate has been determined is as follow: [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>9. Inventories</b>		
Consumable stores	2 530 180	3 219 556
Water for distribution	114 952	123 019
	<b>2 645 132</b>	<b>3 342 575</b>
Inventories recognised as an expense during the year (Refer to note 18)	1 725 043	1 604 322
<b>Inventory pledged as security</b>		
No inventory pledged as security		
<b>10. Receivables from exchange transactions</b>		
Accrued income	104 275	-
Outstanding Municipality licencing claims	107 825	-
Consumer debtors - Electricity	8 199 328	23 163 783
Consumer debtors - Water	19 712 373	18 728 747
Consumer debtors - Waste water	11 085 076	9 759 979
Consumer debtors - Refuse	5 832 084	4 951 722
	<b>45 040 961</b>	<b>56 604 231</b>
<b>11. Receivables from non-exchange transactions</b>		
Fines	16 722 730	15 137 475
Consumer debtors - Rates	36 896 561	31 447 633
Consumer debtors - Sundry debtors	(153 842)	(154 151)
	<b>53 465 449</b>	<b>46 430 957</b>
<b>Receivables from non-exchange transactions past due but not impaired</b>		
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R - (2022: R -) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
<b>12. VAT receivable</b>		
VAT	5 492 130	7 292 080
<b>13. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Property rates (Statutory receivables)	267 326 921	11 763 746
Consumer debtors - Electricity	90 395 055	96 881 277
Consumer debtors - Water	1 084 838 485	974 140 006
Consumer debtors - Waste water	517 005 011	451 692 637
Consumer debtors - Refuse	266 369 834	232 867 892
Consumer debtors - Sundry debtors	(153 842)	(154 151)
	<b>2 225 781 464</b>	<b>1 767 191 407</b>



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>13. Consumer debtors disclosure (continued)</b>		
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(230 430 360)	(172 884 695)
Consumer debtors - Electricity	(82 195 727)	(73 717 494)
Consumer debtors - Water	(1 065 126 112)	(955 411 259)
Consumer debtors - Waste water	(505 919 935)	(441 932 658)
Consumer debtors - Refuse	(260 537 750)	(227 916 170)
Consumer debtors - Other (Specified)	(5 645 799)	(4 817 923)
	<b>(2 149 855 683)</b>	<b>(1 876 680 199)</b>
<b>Net balance</b>		
Consumer debtors - Rates (Statutory receivables)	36 896 561	31 447 633
Consumer debtors - Electricity	8 199 328	23 163 783
Consumer debtors - Water	19 712 373	18 728 747
Consumer debtors - Waste water	11 085 076	9 759 979
Consumer debtors - Refuse	5 832 084	4 951 722
Consumer debtors - Sundry debtors	(153 842)	(154 151)
	<b>81 571 580</b>	<b>87 897 713</b>
<b>Rates</b>		
Current (0 -30 days)	15 230 940	9 818 971
31 - 60 days	6 245 350	4 333 117
61 - 90 days	6 072 038	4 462 000
91 - 120 days	6 029 751	4 421 803
121 - 365 days	233 748 840	182 897 878
	<b>267 326 919</b>	<b>205 933 769</b>
<b>Electricity</b>		
Current (0 -30 days)	8 806 874	27 746 160
31 - 60 days	1 795 560	1 846 891
61 - 90 days	2 011 661	1 634 666
91 - 120 days	3 926 688	2 971 772
121 - 365 days	73 854 271	62 681 688
	<b>90 395 055</b>	<b>96 881 277</b>
<b>Water</b>		
Current (0 -30 days)	21 413 954	22 782 109
31 - 60 days	11 519 473	10 555 840
61 - 90 days	9 834 084	11 055 799
91 - 120 days	21 787 026	11 614 914
121 - 365 days	1 020 283 950	918 131 344
	<b>1 084 838 486</b>	<b>974 138 938</b>
<b>Waste water</b>		
Current (0 -30 days)	12 474 680	9 046 792
31 - 60 days	5 911 320	4 195 345
61 - 90 days	5 761 784	4 091 284
91 - 120 days	5 708 701	4 062 824
121 - 365 days	5 708 701	430 296 393
	<b>517 005 011</b>	<b>451 689 847</b>

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>13. Consumer debtors disclosure (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	6 356 729	4 502 053
31 - 60 days	3 023 355	2 124 688
61 - 90 days	2 947 536	2 076 084
91 - 120 days	2 923 493	2 062 811
121 - 365 days	251 118 721	222 102 255
	<b>266 369 834</b>	<b>232 869 320</b>
<b>Sundry debtors</b>		
Current (0 -30 days)	185 038	132 431
31 - 60 days	97 961	39 954
61 - 90 days	82 504	43 508
91 - 120 days	63 189	111 006
121+ days	5 063 265	4 336 873
	<b>5 491 957</b>	<b>4 663 772</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1 698 977 581)	(1 688 544 884)
Contributions to allowance	(214 801 943)	(228 017 202)
Debt impairment written off against allowance	-	10 642 736
Reversal of allowance	-	1 709 620 317
	<b>(1 913 779 524)</b>	<b>(1 698 977 581)</b>
<b>14. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	75 309	56 632
Bank balances	12 087 244	2 265 611
Short-term deposits	1 314 371	10 199 895
	<b>13 476 924</b>	<b>12 522 138</b>

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA BANK - Main - 405-560-5473	(186 953)	(200 575)	(1 537 524)	12 037 244	2 265 612	(471 525)
ABSA BANK - PMU - 406-402-3765	3 718 026	8 231 213	12 627 561	4 010 970	8 231 214	12 617 562
ABSA BANK - Premier - 405-568-6261	4 785 212	1 016 253	8 637 967	4 691 657	(1 629 215)	8 637 968
ABSA BANK - Licencing -405-098-9969	3 771 378	503 081	1 214 590	3 828 508	503 081	1 214 591
ABSA BANK - TMT - 406-154-5689	62 043	128 601	195 928	18 723	84 785	195 929
ABSA BANK - Public Safety - 404-967-8703	622 918	347 293	124 285	601 622	323 335	124 285
ABSA BANK - Solidarity Fund - 405-254-3232	17 783	20 436	22 547	18 840	20 437	22 546
ABSABANK - Housing DVT Fund - 405-563-6965	16 674	18 230	19 992	66 835	18 230	19 992
ABSA BANK - Call Account - 406-469-2380	14 912	16 543	18 127	(295 809)	16 543	18 127
ABSA BANK - Money market - 912-664-3503	570 084	531 464	509 053	611 015	531 464	509 054
ABSA Bank - Eskom - 913-862-2959	106 820	99 973	96 186	126 492	100 023	96 186
<b>Total</b>	<b>13 498 897</b>	<b>10 712 512</b>	<b>21 928 712</b>	<b>25 716 097</b>	<b>10 465 509</b>	<b>22 984 715</b>

#### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Municipal Infrastructure grant	-	3 054 566
Water Services Infrastructure grant	-	572 606
Dr Kenneth Kaunda District Municipality FMG Grant	20 316	20 316
Provincial Government Library Grant	13 561	-
	343 277	83 547
	<b>377 154</b>	<b>3 731 035</b>

##### Movement during the year

Balance at the beginning of the year	3 731 035	224 771 928
Income recognition during the year	(3 353 881)	(221 040 893)
	<b>377 154</b>	<b>3 731 035</b>

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

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.



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>16. Other financial liabilities</b>		
<b>At Amortised cost</b>		
DBSA loan - 61007165	44 829 450	31 897 751
DBSA Loan arrears - 61007165	11 076 817	27 950 942
DBSA Loan arrears - 61007163	4 141 789	2 479
	<b>60 048 056</b>	<b>59 851 172</b>
<b>Non-current liabilities</b>		
At amortised cost	43 654 340	29 663 115
<b>Current liabilities</b>		
At amortised cost	16 794 434	30 188 057

#### Defaults and breaches

DBSA loan 61007165 was obtained in 2013 with a term of 20 years. The loan is repayable in quarterly instalments of R947 095.19 at fixed interest rate of 5%. The municipality has missed the instalments for the current financial years and preceding years due to liquidity crisis

#### 17. Provisions

##### Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	63 708 574	7 815 729	71 524 303

##### Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Environmental rehabilitation	60 251 065	3 457 509	63 708 574
Non-current liabilities		37 220 670	30 985 213
Current liabilities		34 303 633	32 723 361
		<b>71 524 303</b>	<b>63 708 574</b>

#### Environmental rehabilitation provision

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study by taking into account a number of factors to the design, manner of operations and rehabilitation measures proposed which was assessed, investigated and tested. There is no anticipated environmental harm, groundwater pollution, leachate leakage that could be found. The municipality did not alter any structure and infrastructure to the existing landfill.

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used is based on the annual average CPI for the financial year. The average of the CPI for the year amounted to 6.3%.

#### 18. Inventory consumed

Other inventories consumed	1 725 043	1 604 322
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## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>19. Service charges</b>		
Sale of electricity	63 815 695	67 749 823
Sale of water	49 246 317	68 148 453
Sewerage and sanitation charges	38 226 568	30 646 378
Refuse removal	19 271 197	15 147 492
	<b>170 559 777</b>	<b>181 692 146</b>
<b>20. Rental of facilities and equipment</b>		
<b>Premises</b>		
Venue hire	559 544	322 069
<b>21. Fines, Penalties and Forfeits</b>		
Illegal Connections Fines	-	82 468
Municipal Traffic Fines	2 048 500	1 916 670
	<b>2 048 500</b>	<b>1 999 138</b>
<b>22. Licences and permits</b>		
Trading	3 994 295	3 268 653
<b>23. Lease rentals on operating lease</b>		
<b>Lease rentals on operating lease - 2</b>		
Contractual amounts	3 316 586	3 445 539
<b>24. Other revenue</b>		
Other income	813 086	2 705 622
<b>25. Interest income</b>		
<b>Interest revenue</b>		
Interest on investments	2 031 486	622 607
Interest charged on trade and other receivables	111 109 236	73 979 803
	<b>113 140 722</b>	<b>74 602 410</b>

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>26. Property rates</b>		
<b>Rates received</b>		
Residential	42 523 870	29 088 520
Commercial	6 768 810	6 878 554
State	4 306 928	1 854 448
Small holdings and farms	16 263 795	13 580 126
	<u>69 863 403</u>	<u>51 401 648</u>
Interest on Property rates	16 436 035	11 589 644
	<u><b>86 299 438</b></u>	<u><b>62 991 292</b></u>
<b>Valuations</b>		
Residential	2 482 535 240	1 808 977 284
Commercial	294 546 738	338 140 086
State	188 656 788	196 506 378
Municipal	11 635 100	-
Small holdings and farms	3 213 122 000	2 697 863 834
Property rates 1	323 416 624	71 268 058
	<u><b>6 513 912 490</b></u>	<u><b>5 112 755 640</b></u>

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>27. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	159 404 000	143 540 867
Financial Management Grant	3 086 439	3 100 000
Expanded Public Works Programme Grant	1 544 000	1 386 000
Library Grant	739 270	859 453
LG SETA	289 286	151 106
	<b>165 062 995</b>	<b>149 037 426</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	34 836 566	36 577 434
Water Supply Infrastructure Grant	30 572 606	29 427 394
Provincial Infrastructure Grant	3 664 730	3 160 894
	<b>69 073 902</b>	<b>69 165 722</b>
	<b>234 136 897</b>	<b>218 203 148</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	69 073 902	69 165 722
Unconditional grants received	165 062 995	149 037 426
	<b>234 136 897</b>	<b>218 203 148</b>
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	3 054 566	721 867
Current-year receipts	31 782 000	39 632 000
Conditions met - transferred to revenue	(34 836 566)	(36 577 434)
Withheld	-	(721 867)
	<b>-</b>	<b>3 054 566</b>
<p>The Municipality Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to Municipalities. One of the key objects of the grant is to fully subsidise the capital costs of providing basic services to poor households. This implies that priority must be given to meeting the basic infrastructure needs of poor households, through the provision of appropriate bulk, connector, and internal infrastructure in key services. The grant was used by the Municipality to build and develop its infrastructure. The unused funds are committed and remain a liability at financial year end.</p>		
<b>Water Supply Infrastructure Grant</b>		
Balance unspent at beginning of year	572 606	-
Current-year receipts	30 000 000	30 000 000
Conditions met - transferred to revenue	(30 572 606)	(29 427 396)
	<b>-</b>	<b>572 606</b>
<p>The grant is used for water service infrastructure and restructuring. The capacity building and restructuring grants were set up to assist municipalities in developing and providing quality water services. The grant was utilised by the Municipality for its intended purposes.</p>		
<b>EPWP Roads</b>		
Current-year receipts	1 544 000	1 386 000
Conditions met - transferred to revenue	(1 544 000)	(1 386 000)

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023                      2022

#### 27. Government grants & subsidies (continued)

-                      -

The grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing economic participation and resulting in poverty alleviation ( (see note 15).

#### Dr Kenneth Kaunda Local Municipality

Balance unspent at beginning of year 20 316                      20 316

Conditions still to be met - remain liabilities (see note 15).

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

#### Financial Management Grants

Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(3 086 439)	(3 100 000)
	<b>13 561</b>	<b>-</b>

The main purpose of this grant is to assist in the rollout of financial management reforms embodied in the MFMA through building capacity in financial management. Its primary purpose is to assist in building strong financial management skills. The grant was utilised by the Municipality for its intended purposes.

#### Provincial Infrastructure Grant

Current-year receipts	3 664 730	3 160 894
Conditions met - transferred to revenue	(3 664 730)	(3 160 894)
	-	-

The purpose of this grant was to develop infrastructure required to connect or augment a water resource, to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area with the Municipality. This is an in kind service received from the Department of Water Affairs relating to water infrastructure projects incurred on the Municipality's behalf. (see note 15).

#### Library Grant

Balance unspent at beginning of year	83 547	-
Current-year receipts	999 000	943 000
Conditions met - transferred to revenue	(739 270)	(859 453)
	<b>343 277</b>	<b>83 547</b>

Conditions still to be met - remain liabilities (see note 15).

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

#### 28. Public contributions and donations

Donation of Water infrastructure 159 689 726                      -

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Employee related costs</b>		
Basic	59 000 306	52 758 561
Bonus	3 453 883	3 614 460
Medical aid - company contributions	5 312 019	4 963 215
UIF	555 802	483 642
Contributions - Bargain council	31 061	28 377
Leave pay provision charge	1 761 809	853 269
Group life insurance	475 905	414 593
Pension fund contributions	9 513 346	8 683 486
Defined contribution plans	1 342 000	1 198 000
Car Allowance	4 479 206	3 884 448
Overtime payments	9 086 784	8 522 146
Scarcity allowance	505 300	511 600
Housing benefits and allowances	464 081	450 426
Cellphone allowance	363 811	382 567
Standby allowance	3 226 894	3 125 565
Rental subsidy	55 000	56 250
	<b>99 627 207</b>	<b>89 930 605</b>
<b>Remuneration of Municipal Manager</b>		
Basic salary	487 467	468 420
Car allowance	158 025	116 149
Acting Allowance	6 939	-
Contributions to UIF, Medical and Pension Funds	18 173	518 643
Cellphone Allowance	17 500	12 518
Internet allowance	3 500	15 666
	<b>691 604</b>	<b>1 118 878</b>
<b>Remuneration of Chief Finance Officer</b>		
Basic salary	995 102	660 107
Car Allowance	309 316	224 684
Backpay	8 459	-
Acting Allowance	57 366	-
Contributions to UIF, Medical and Pension Funds	237 917	292 994
Cellphone & internet allowance	25 300	25 300
Internet allowance	8 500	-
Non-pensionable allowance	43 992	-
	<b>1 685 453</b>	<b>1 203 085</b>
<b>Director: Community Services</b>		
Basic Salary	911 562	703 645
Car Allowance	297 086	224 684
Backpay	16 032	-
Acting allowance	52 548	-
Contributions to UIF, Medical and Pension Funds	245 607	-
Cellphone allowance	22 500	-
Internet allowance	4 500	-
Non-pensionable allowance	76 337	30 000
	<b>1 626 172</b>	<b>958 329</b>
<b>Remuneration of Director: Corporate Services</b>		
Basic salary	876 422	225 215



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Employee related costs (continued)</b>		
Car Allowance	210 906	74 895
Contributions to UIF, Medical and Pension Funds	399 080	10 414
Acting allowance	151 483	182 624
Cellphone allowance	15 000	9 200
Internet allowance	9 000	-
	<b>1 661 891</b>	<b>491 934</b>
<b>Remuneration of Technical Services</b>		
Basic salary	710 244	703 654
Car Allowance	226 015	260 884
Back pay	16 035	-
Contributions to UIF, Medical and Pension Funds	4 251	11 144
Cellphone allowance	30 000	36 000
Internet allowance	6 000	-
Non-pensionable allowance	20 340	-
	<b>1 012 885</b>	<b>1 011 682</b>
<b>30. Remuneration of councillors</b>		
Executive Major	956 909	905 259
Chief Whip	716 397	245 350
Speaker	767 064	735 558
Mayoral Members Committee	2 182 313	3 145 115
Other Councillors	5 093 658	3 926 570
	<b>9 716 341</b>	<b>8 957 852</b>
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	38 223 358	37 439 028
<b>32. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	163 928 194	2 591 834
<b>33. Finance costs</b>		
Provision for landfill sites	7 815 729	3 457 509
Interest expense on employee benefit obligation	2 949 000	2 427 000
Interest on Overdue accounts	8 166 492	2 480 098
Interest on DBSA loan	4 296	3 375 618
	<b>18 935 517</b>	<b>11 740 225</b>
<b>34. Auditors' remuneration</b>		
Fees	5 635 521	4 938 083
<b>35. Debt impairment</b>		
Bad debts written off	273 593 384	190 130 181

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>36. General expenses</b>		
Advertising	1 274 502	818 968
Auditors remuneration	5 635 521	4 938 083
Bank charges	500 790	641 229
Computer expenses	-	69 814
Consumables	17 345 113	10 758 087
Gifts	132 400	-
Hire	1 038 170	9 407 359
Insurance	1 832 642	1 372 879
Skills development Levy Fund	817 317	749 558
Fuel and oil	5 654 809	3 434 923
Printing and stationery	1 436 082	1 133 699
Subscriptions and membership fees	1 580 676	1 032 361
Telephone and fax	1 044 351	903 822
Training	1 027 322	424 742
Travel - local	190 302	345 614
Travel - overseas	686 534	74 084
Uniforms	176 495	163 695
EPWP Employees	2 063 522	3 817 318
Remuneration of Ward concillors	1 345 000	1 687 503
Accomodation	1 208 397	443 784
Registration fees - national	528 692	408 562
	<b>45 518 637</b>	<b>42 626 084</b>
<b>37. Bulk purchases</b>		
Electricity - Eskom	70 779 887	80 908 351
Water	47 702 543	52 111 593
	<b>118 482 430</b>	<b>133 019 944</b>
<b>Electricity losses</b>		
Units purchased	-	47 254 776
Units sold	-	(33 057 546)
<b>Total loss</b>	-	<b>14 197 230</b>
<b>Water losses</b>		
Apparent losses: Unauthorised consumption	-	25 266 510
Water (KL) purchased	3 507 356	4 161 396
Water (KL) sold to customers	(2 584 659)	(2 144 285)
Water (KL) on hand	(8 630)	(8 489)
<b>Total</b>	<b>914 067</b>	<b>2 008 622</b>
<b>38. Contracted services</b>		
<b>Outsourced Services</b>		
Catering Services	453 919	2 239 887
Traffic Fines Management	21 630	150 524
Water Takers	10 664 665	-



## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022	
<b>38. Contracted services (continued)</b>			
<b>Consultants and Professional Services</b>			
Business and Advisory	22 149 323	14 993 668	
Infrastructure and Planning	2 456 867	1 163 161	
Legal Cost	10 265 069	2 391 800	
<b>Contractors</b>			
Electrical	95 280	2 873 727	
Maintenance of Equipment	10 715 670	4 730 406	
Maintenance of Other Assets	51 270	15 920	
Safeguard and Security	5 409 379	4 255 344	
	<b>62 283 072</b>	<b>32 814 437</b>	
<b>39. Cash generated from operations</b>			
Deficit	(71 173 686)	(44 687 428)	
<b>Adjustments for:</b>			
Depreciation and amortisation	38 223 358	37 439 028	
Gain on sale of assets and liabilities	18 773 007	-	
Fair value adjustments	(11 003 576)	(14 007 999)	
Impairment deficit	163 928 194	2 591 834	
Debt impairment	273 593 384	190 130 181	
Bad debts written off	-	51 370 144	
Movements in retirement benefit assets and liabilities	(1 183 999)	1 072 792	
Movements in provisions	7 815 729	3 457 509	
Other non-cash items	(273 763 287)	(55 205 900)	
<b>Changes in working capital:</b>			
Inventories	697 443	(2 266 911)	
Receivables from exchange transactions	(7 034 492)	22 367 641	
Other receivables from non-exchange transactions	(7 034 492)	(21 972 916)	
Payables from exchange transactions	102 775 180	50 909 073	
VAT	1 799 950	(168 364 437)	
Unspent conditional grants and receipts	(3 353 881)	1 846 853	
Consumer deposits	303 320	192 707	
	<b>233 362 152</b>	<b>54 872 171</b>	
<b>40. Fair value adjustments</b>			
Investment property (Fair value model)	11 003 576	14 007 999	
<b>41. Financial instruments disclosure</b>			
<b>Categories of financial instruments</b>			
<b>2023</b>			
<b>Financial assets</b>			
	At fair value	At amortised cost	Total
Other financial assets	360 000	-	360 000
Trade and other receivables from exchange transactions	-	45 040 962	45 040 962
Cash and cash equivalents	-	25 866 992	25 866 992
	<b>360 000</b>	<b>70 907 954</b>	<b>71 267 954</b>
<b>Financial liabilities</b>			

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>41. Financial instruments disclosure (continued)</b>		
	At amortised cost	Total
Other financial liabilities	60 448 774	60 448 774
Consumer deposits	2 977 436	2 977 436
Trade and other payables from exchange transactions	512 799 493	512 799 493
	<b>576 225 703</b>	<b>576 225 703</b>
<b>2022</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Other financial assets	360 000	360 000
Trade and other receivables from exchange transactions	56 604 231	56 604 231
Cash and cash equivalents	12 522 138	12 522 138
	<b>69 486 369</b>	<b>69 486 369</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Consumer deposit	2 674 116	2 674 116
Other financial liabilities	59 851 172	59 851 172
Trade and other payables from exchange transactions	398 842 450	398 842 450
	<b>461 367 738</b>	<b>461 367 738</b>
<b>42. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	31 693 781	44 911 133
• Prior period error	-	556 021
	<b>31 693 781</b>	<b>45 467 154</b>
<b>Total capital commitments</b>		
Approved and contracted for	31 693 781	45 467 154
<b>Authorised operational expenditure</b>		
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	31 693 781	45 467 154
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	-	2 021 046

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>43. Contingencies</b>		
<b>Contingent liabilities</b>		
<b>Cases</b>		
Clear away property investments vs Maquassi Hills Local Municipality - Application for cross-appeal claim	314 824	314 824
Maxprof vs Maquassi and others	600 000	600 000
Mr KD Mohadi - A claim for damages suffered councillor subsequent to his house being burned down during a community riot.	82 460	82 460
Kgopane - Review application	300 000	300 000
Windy Mahlangu - Unfair labour practice dispute, the matter is pending to CCMA	300 000	300 000
IR Jones vs Maquassi Hills - the applicant claim that the current Appointed Municipal Manager was unlawfully appointed	950 000	950 000
Korone engineers vs Maquassi hills - The applicant claim that it was appointed for the project of Leeudoringstad Sewer pound rehabilitation which the municipality disputes	250 000	250 000
CLLR Percy Mokgabi urgent application	450 000	450 000
Mr M. Besani - The contract of the Municipality's former Director: Engineering Services was terminated and the matter is currently at the Labour Court for review	300 000	300 000
	<b>3 547 284</b>	<b>3 547 284</b>
<b>Contingent assets</b>		
<b>Cases</b>		
MHLM vs SAMWU	339 158	339 158
KWANE CAPITAL The municipality issued an application to review the appointment of Kwane Capital	950 000	950 000
	<b>1 289 158</b>	<b>1 289 158</b>

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 44. Related parties

Relationships  
Accounting Officer  
Shareholder with significant influence  
  
Shareholder with joint control

Ms N Mbonani  
Mr V.G Nicodemus (Director: Community Services)  
has 25% interest in Molete Nare Properties  
Nelson Mwase (Director : Engineering) has joint  
control in a company called Mwasiba Projects of 60%

### Remuneration of management

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 44. Related parties (continued)

#### Management class: Councillors

2023

Name	Office Bearer	Cellphone Allowance	Travelling allowances	Medical aid	Pension fund	Total
Mayor	566 619	44 400	288 127	34 466	83 297	956 909
Speaker	541 998	44 400	180 666	-	-	767 064
Chief Whip	442 120	44 400	169 374	-	60 503	716 397
MMC	1 470 815	133 200	512 295	-	66 003	2 182 313
Other Concillors	3 001 417	710 961	1 130 479	-	250 801	5 093 658
	<b>6 022 969</b>	<b>977 361</b>	<b>2 280 941</b>	<b>34 466</b>	<b>460 604</b>	<b>9 716 341</b>

2022

Name	Office Bearer	Cellphone Allowance	Travelling allowances	Medical Aid	Pension fund	Total
Mayor	581 242	44 400	215 215	30 785	33 618	905 260
Speaker	481 443	44 400	172 172	16 843	20 700	735 558
Chief Whip	280 482	28 613	104 021	-	31 581	444 697
MMC	1 364 975	133 200	813 440	48 440	137 198	2 497 253
Other Concillors	3 038 338	700 788	1 074 976	54 093	133 351	4 375 084
	<b>5 746 480</b>	<b>951 401</b>	<b>2 379 824</b>	<b>150 161</b>	<b>356 448</b>	<b>8 957 852</b>

#### Management class: Executive management

2023

Basic salary	Car Allowance	Backpay	Contribution to UIF, Medical and Pension Fund	Cellphone allowance	Internet allowances	Non-pensionable allowance	Acting Allowance	Total
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## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 44. Related parties (continued)

Name										
LJ MOGOEMA - CFO	605 394	207 101	8 459	58 859	19 800	5 500	20 340	-		925 453
AM MADISHA - ACFO	389 708	102 215	-	179 058	6 000	3 000	23 652	57 366		760 999
VG NICODEM - DC	531 504	169 274	16 032	8 770	22 500	4 500	20 340	-		772 920
N MWASE - EN	710 244	226 015	16 035	4 251	30 000	6 000	20 340	-		1 012 885
NJ MBONAN - MM	487 467	158 025	-	18 173	17 500	3 500	-	-		684 665
VK MOTLASHUPING - ACS	486 714	124 018	-	232 080	9 000	6 000	80 431	50 576		988 819
TL MOKOTO - ACS	389 708	86 888	-	167 000	6 000	3 000	23 653	100 907		777 156
ND TLADI - ACDS	380 058	127 812	-	236 837	-	-	33 497	52 548		830 752
	<b>3 980 797</b>	<b>1 201 348</b>	<b>40 526</b>	<b>905 028</b>	<b>110 800</b>	<b>31 500</b>	<b>222 253</b>	<b>261 397</b>		<b>6 753 649</b>

#### 2022

Name	Basic salary	Car Allowances	Backpay	Contribution to UIF, Medical and Pension Fund	Cellphone allowance	Internet allowance	Non-pensionable allowance	Acting Allowance	Total
LJ MOGOEMA - CFO	660 107	224 684	6 927	292 994	21 600	6 000	-	-	1 212 312
VG NICODEM - CS	703 645	224 684	-	-	30 000	-	-	-	958 329
N MWASE - EN	703 645	224 684	-	11 144	30 000	6 000	-	-	975 473
KJ LESEISA - MM (Appoint 01/11/2021)	468 420	116 149	-	-	13 055	2 611	-	525 582	1 125 817
KJ LESEISA - CS (Resigned 31/10/2021)	225 215	74 895	-	-	7 200	2 000	-	182 624	491 934
	<b>2 761 032</b>	<b>865 096</b>	<b>6 927</b>	<b>304 138</b>	<b>101 855</b>	<b>16 611</b>	<b>-</b>	<b>708 206</b>	<b>4 763 865</b>

In the year 2022/23 Nokuthula Karelse was seconded from Cogsta as an Acting Municipal Manager from 01/07/2022 to 30/09/202 and the acting was extended until her resignation on the 17/10/2022. The cost of her remuneration was borne by Provincial COGTA as part of its section 154 support obligations. Therefore she is a related party with no financial exposure from the municipality. Refer to note "Employee related costs"

#### 45. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

## Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
<b>45. Prior-year adjustments (continued)</b>				
<b>2022</b>				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		45 961 496	10 642 735	56 604 231
VAT Receivables/(Payables)		(171 299 589)	178 591 669	7 292 080
Receivables from non exchange transactions		17 411 430	29 019 527	46 430 957
Property plant and equipment		987 546 496	242 261 402	1 229 807 898
Investment properties		131 680 000	227 990 670	359 670 670
Payables from exchange transactions		(402 769 531)	3 920 562	(398 848 969)
Accumulated surplus		(468 910 266)	(692 426 565)	1 161 336 831
		<b>139 620 036</b>	<b>-</b>	<b>139 620 036</b>

#### Statement of financial performance

##### 2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Service Charges		181 684 645	-	7 500	181 692 145
Licences and permits		4 120 924	(852 271)	-	3 268 653
General expenses		(102 367 127)	7 836 985	51 370 144	(43 159 998)
Depreciation and amortisation		(43 940 919)	6 501 891	-	(37 439 028)
Contracted services		(32 846 344)	(4 201 781)	3 438 039	(33 610 086)
Lease rentals on operating lease		-	-	(3 445 539)	(3 445 539)
Debt Impairment		(229 792 439)	39 662 258	-	(190 130 181)
Bad debts written off		-	-	(51 370 144)	(51 370 144)
Impairment loss		-	(2 591 834)	-	(2 591 834)
Fair value adjustment		11 406 000	2 601 999	-	14 007 999
<b>Surplus for the year</b>		<b>(211 735 260)</b>	<b>48 957 247</b>	<b>-</b>	<b>(162 778 013)</b>

#### 45.1.Reclassifications

##### 45.1.1 Sale of prepaid electricity reclassified from contracted services charges

During the 2021/2022 financial year, Sale of prepaid electricity amounting to R 7 500 were incorrectly classified as contracted services. The sale of prepaid have been reclassified to services charges.

##### 45.1.2 Lease rentals on operating lease

Lease rentals from operating lease were incorrectly classified in the contracted services - business advisory. the lease rental are required in term of GRAP 1 to be presented has been presented on the face of the statement of financial statement..

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 46. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

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

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

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

At 30 June 2023	Less than 1 year	More than a year		
Other financial liabilities	16 794 434	43 654 340	-	-
Trade and other payables	500 409 426	-	-	-
At 30 June 2022	Less than 1 year	More than year		
Other financial liabilities	30 188 058	29 663 114	-	-
Trade and other payables	398 842 450	-	-	-



# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 46. Risk management (continued)

#### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss..

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Other financial Assets	360 000	360 000
Consumer debtors	81 571 580	87 897 713
Cand and cash equipment	13 447 203	12 522 141

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 5 & 6 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime rate where applicable.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed above .

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed above.

### 47. Going concern

We draw attention to the fact that the municipality incurred a net loss of R 71 173 686 during the year ended 30 June 2023 and, as of that date, the municipality's current liabilities exceeded its current assets by R 434 525 802. In addition, the municipality owed Eskom R 36 952 135 (2022: R51 215 028) and the Magalies Water R 284 035 857 (2022 : R266 110 904) as at 30 June 2023, which was long overdue. 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.

Management has prepared an annual budget based on the Municipality's collections levels and government grants from National Treasury, and applied cost cutting measures to ensure that the municipality operate within its financial limits. Monthly and annual cash flow forecast for the period ending 30 June 2024 are prepared and monitored by senior management team, if necessary budget adjustment process will be initiated. The annual budget for the next financial year has been prepared and approved by council and it is deemed to be fully funded. Municipality applied for Eskom debt relief and it was approved. The municipality is under discretionary S139 Intervention, S139(5)(a) & (c) of the Constitution with S139 of the MFMA to assist the municipality with financial recovery.

Management is satisfied that the municipality has, or has access to, adequate resources to continue in operational existence for the foreseeable future. The Municipality will continue monitor the budget process and assess risk associated to the extended impact of the load shedding limitations to ensure that its operating activities will be within its financial measures

# Maquassi Hills Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 48. Events after the reporting date

At the time of preparation and submission of this set of annual financial statements, there were no events after reporting date to disclose.

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<b>49. Unauthorised expenditure</b>		
Opening balance as previously reported	1 044 936 628	987 628 473
Add: Unauthorised expenditure - current	23 960 909	57 308 155
<b>Closing balance</b>	<b>1 068 897 537</b>	<b>1 044 936 628</b>
<b>50. Fruitless, wasteful</b>		
Opening balance as previously reported	22 962 224	17 584 129
Fruitless and wasteful expenditure identified - current	7 831 540	4 906 308
Irregular expenditure identified - current	-	471 787
<b>Closing balance</b>	<b>30 793 764</b>	<b>22 962 224</b>

# Maquassi Hills Local Municipality

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### 50. Fruitless, wasteful and irregular expenditure (continued)

#### Details of fruitless and wasteful expenditure

	<b>Disciplinary steps taken/criminal proceedings</b>		
Interest charge Eskom	No disciplinary action taken	5 607 287	3 058 738
Interest charge AGSA	No disciplinary action taken	377 855	7 844
Interest Charge SARS	No disciplinary action taken	75 288	-
Interest Charge Magalies	No disciplinary action taken	129 430	122 570
DBSA	No disciplinary action taken	1 641 179	1 836 118
Others	No disciplinary action taken	501	3 608
		<b>7 831 540</b>	<b>5 028 878</b>

### 51. Irregular expenditure

Opening balance as previously reported	485 950 064	444 804 155
Prior period error	-	3 171 867
Add: Irregular Expenditure - current	21 761 431	37 974 042
<b>Closing balance</b>	<b>507 711 495</b>	<b>485 950 064</b>

# Maquassi Hills Local Municipality

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### 51. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	<b>Disciplinary steps taken/criminal proceedings</b>		
Competitive bidding not invited	No disciplinary action taken	11 792	17 167
Three written quotations not invited	No disciplinary action taken	104 765	-
SCM process not followed	No disciplinary action taken	594 005	1 357 759
Other	No disciplinary action taken	21 050 869	36 599 117
		<b>21 761 431</b>	<b>37 974 043</b>

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<b>52. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	1 336 679	1 210 314
Current year subscription / fee	154 885	1 189 388
Amount paid - current year	(1 484 359)	(1 063 023)
	<b>7 205</b>	<b>1 336 679</b>
<b>Audit fees</b>		
Opening balance	4 513 260	3 753 937
Current year subscription / fee	4 649 721	(4 459 257)
Amount paid - current year	(4 459 257)	(5 172 270)
	<b>4 703 724</b>	<b>(5 877 590)</b>
<b>PAYE ,SDL and UIF</b>		
Current year subscription / fee	12 554 755	14 666 512
Amount paid - current year	(11 417 968)	(14 666 512)
	<b>1 136 787</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	1 482 644	-
Current year subscription / fee	17 550 089	17 311 607
Amount paid - current year	(17 550 089)	(15 828 963)
	<b>1 482 644</b>	<b>1 482 644</b>
<b>VAT</b>		
VAT Receivables	(5 492 130)	(7 292 080)

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#### 52. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ms Nkatlo	-	131 670	131 670
Mr Feliti	-	7 857	7 857
Mr Hlongwane	-	156 373	156 373
Mr Moleho	-	50 108	50 108
Ms Monewang	-	203 196	203 196
Mr Mothibi	-	139 219	139 219
Mr Molosi	-	44 155	44 155
Mr Medupe	-	131 480	131 480
Mr Rampai	-	244 640	244 640
Mr Leshomo	-	215 779	215 779
Mr Modisadife	-	36 559	36 559
Mr Moletsane	-	43 859	43 859
Mr Mosholi	-	77 078	77 078
Mr Metoa	-	121 523	121 523
Mr Malebatsane	-	6 384	6 384
	-	<b>1 609 880</b>	<b>1 609 880</b>

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr: S.S Nkatlo	13 142	117 139	130 281
Cllr: M.A Feliti	3 782	1 609	5 391
Cllr: Q.P Molosi	3 775	41 738	45 513
Cllr: LL Medupe	7 541	108 647	116 188
Cllr: M.D Modisadife	1 862	37 499	39 361
Cllr: R.J Moletsane	1 968	43 668	45 636
Cllr: M.R Mosholi	2 571	73 269	75 840
Cllr: M.H Motaung	1 170	-	1 170
Cllr: K.S Calvert	378	28 143	28 521
Cllr: T.S Malebatsane	364	4 610	4 974
	<b>36 553</b>	<b>456 322</b>	<b>492 875</b>

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.

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### 53. 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.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.



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### 54. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of Municipal Governance and Administration, Financial Services Administration, Corporate Services, Health Services and Electricity. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes in line with National Treasury Budget guidelines.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The Municipality does not have any geographical segments as it operates within its area of jurisdiction in the North West Province. Segments were aggregated on the basis of services delivered to its residents.

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#### 54. Segment information (continued)

##### Assets

Current assets	-	142 430 331	-	(2 204 875)	(15 939 086)	124 286 370
Non-current assets	22 529 662	457 707 781	631 719	165 161	1 108 444 117	1 589 478 440
<b>Total segment assets</b>	<b>22 529 662</b>	<b>600 138 112</b>	<b>631 719</b>	<b>(2 039 714)</b>	<b>1 092 505 031</b>	<b>1 713 764 810</b>
<b>Total assets as per Statement of financial Position</b>						<b>1 713 764 810</b>

##### Liabilities

Current liabilities	-	433 489 388	-	32 806 908	3 246 722	469 543 018
Non-current liabilities	-	54 195 115	-	30 985 213	-	85 180 328
<b>Total segment liabilities</b>	<b>-</b>	<b>487 684 503</b>	<b>-</b>	<b>63 792 121</b>	<b>3 246 722</b>	<b>554 723 346</b>
<b>Total liabilities as per Statement of financial Position</b>						<b>554 723 346</b>

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

#### 55. Budget differences

##### Material differences between budget and actual amounts

Variances of 10% and above are regarded as significant and explained.

##### Revenue

The actual revenue amounts to R 744 million whilst the budgeted revenue amounts to R 590 million, with the overperformance variance of R 154 million or 126.3% above the budget.

Significant variances are in the following areas:

##### Services Charges

The municipality billed less than initially budgeted, due to the impact of the continued load shedding

##### Rental of Facilities

This category is inclusive of rentals from leasing of properties and municipality's community assets. Positive deviation is due to increased efforts on outdoor advertising

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## Notes to the Annual Financial Statements

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	Municipal Manager and Administration	Financial Services Directorate	Corporate Services	Community Services	Infrastructure	Total
<b>54. Segment information (continued)</b>						
<b>Liabilities</b>						
Non-current liabilities	(850 783)	68 710 154	(176 903)	36 942 878	(259 337)	104 366 009
Current liabilities	-	519 686 939	-	34 646 910	2 977 437	557 311 286
<b>Total segment liabilities</b>	<b>(850 783)</b>	<b>588 397 093</b>	<b>(176 903)</b>	<b>71 589 788</b>	<b>2 718 100</b>	<b>661 677 295</b>
<b>Total liabilities as per Statement of financial Position</b>						<b>661 677 295</b>
<b>2022</b>						
	Municipal Manager and Administration	Financial Services Directorate	Corporate Services	Community services	Infrastructure	Total
<b>Revenue</b>						
Revenue from exchange transactions	272 481	1 127 722	49 424	18 636 212	167 902 651	187 988 490
Revenue from non-exchange transactions	144 926 867	66 091 292	151 106	2 776 123	69 248 190	283 193 578
Interest revenue	-	961 346	-	9 703 556	63 937 509	74 602 411
<b>Total segment revenue</b>	<b>145 199 348</b>	<b>68 180 360</b>	<b>200 530</b>	<b>31 115 891</b>	<b>301 088 350</b>	<b>545 784 479</b>
<b>Entity's revenue</b>						<b>545 784 479</b>
<b>Expenditure</b>						
Debt impairment	190 130 181	-	-	-	-	190 130 181
Depreciation and amortisation	37 439 028	-	-	-	-	37 439 028
Finance cost	-	9 313 224	-	-	-	9 313 224
Impairment loss	2 591 834	-	-	-	-	2 591 834
Other expenditure	27 022 698	44 801 928	37 434 946	28 223 274	175 243 221	312 726 067
<b>Total segment expenditure</b>	<b>257 183 741</b>	<b>54 115 152</b>	<b>37 434 946</b>	<b>28 223 274</b>	<b>175 243 221</b>	<b>552 200 334</b>
<b>Total segmental surplus/(deficit)</b>	<b>(111 984 393)</b>	<b>14 065 208</b>	<b>(37 234 416)</b>	<b>2 892 617</b>	<b>125 845 129</b>	<b>(6 415 855)</b>

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#### 55. Budget differences (continued)

##### Licence and permits

There were less licences and permits issued during the year than it was anticipated. The Leeudoring Traffic office were not operational during the year thus the rate of collection is lower than expected.

##### Government grant and subsidies

There was also a significant MIG allocation received during the year that was not reflected on the initial allocation.

##### Public contributions and donations

During the year the municipality received a donation from Department of Water and Sanitation of Infrastructure Assets to the value of R 159 689 726 which was not budgeted.

##### Expenditure

The actual expenditure amounts to R 838 million whilst the budgeted expenditure amounts to R 449 million, with a variance of R 388.1 million over budget.

##### Employee related cost

Municipality did not fill vacant positions as anticipated thus there were savings in employee cost budget.

##### Depreciation and amortisation and impairment

Due to incomplete projects still classified as WIP

##### Debt impairment

The calculation for the provision for debt impairment is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This is caused by the continued effect of the depressed economic conditions and additional residents put on the indigent programme lead to the increase in the bad debt contribution.

##### Bulk purchase

Over expenditure is as a result of the municipality paying arrear accounts of Eskom and Water Boards in line with the payment agreement that is currently in place.

##### Contracted services

Higher than budget is due need related to service delivery, and increased in emergency repairs of the network due to the impact of load shedding.