

# ANNUAL REPORT

2022/2023





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# VISION AND MISSION OF MOSSEL BAY



## VISION



We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

## MISSION



- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

## VALUES



The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride
- Service excellence
- Integrity
- Loyalty
- Accountability



# 1

# MAYOR'S FOREWORD

## COMPONANT A

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Section 121 of the Municipal Finance Management Act, No 56, 2002 states:

*Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

Section 127 (2) continues as follows:

*The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*



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

### COMPONENT A

On behalf of the Mossel Bay Municipality Council and officials, I hereby present this Annual Report for the financial Year 2022/2023. This report will outline our performance on the targets we set to reach over this period.

The report offers our stakeholders and communities an insight into the performance and achievements of the Municipality. The mandate of Mossel Bay Municipality, like that of other municipalities in South Africa is defined under the broader mandate given to Local Government by the South African Constitution, chapter 7.

However, we acknowledge that our residents have different needs and requirements to residents in other parts of South Africa.

The Municipal Systems Act (32 of 2000) requires that for each Council term, a Municipal Council must develop an Integrated Development Plan (IDP). This plan serves as the principal planning document which informs and integrates all other plans of the municipality pertaining to development, thus an enabler for service delivery.

In line with this IDP, the 2022/2023 operating and capital budgets and 2022/2023 Service Delivery Budget Implementation Plan. This document provides a means to measure our service delivery performance. Our goal is to provide services to our communities wherever they live.

Throughout uncertainties related to inter alia, economic recession, energy availability and National Fiscal and Monetary Policies, our approach has been to appreciate that each challenge presents an opportunity to do things differently because the mandate and public expectation of service delivery does not change despite demanding circumstances. I am specifically cognizant of the challenges that lie ahead for the current Council amid increased energy uncertainty. But I also wish to reassure the community that together with the Council and the Administration I am making untiring efforts to explore all avenues to ensure that basic services will not be affected adversely. In this regard we have made a call on experts in the field to join forces towards moving Mossel Bay from the grid as soon as possible.

As the leader of the current Council, I am confident that we will continue to maintain a high standard of implementation from IDP and Budget, proactively to the anticipated challenges. This Annual Report outlines our successes and shortcomings in relation to our GROW Strategy conceptualized by Council at the start of our term.

We continue to implement the GROW strategy as a vehicle to accelerate service delivery. This strategy is based on five pillars, with specific outcomes. i.e.

- GROW Governance – continued service delivery excellence
- GROW Economy – credibility for economic growth
- GROW Environment – investing in future generations through preserving our environment
- GROW Social Regeneration – building inclusive partnerships
- GROW Safety – a safer environment for the Mossel Bay citizens

The last year has been accompanied by its own challenges, but I want to assure our Mossel Bay residents that the above priorities are pursued with the utmost enthusiasm and determination from both political and administrative leadership until successfully implemented.

It should also be noted that these priorities do not in any way mean a compromise on other municipal performance areas but rather amplify focus on identified areas’ importance for the current Council term.





We want to thank our residents for the prevailing culture of payment – at this stage we are looking at a provisional payment percentage of 96.12% - this is excellent given the context of COVID and the series of interest rate hikes, and fuel price increases.

Finally, let me convey a word of gratitude to my fellow Councillors, Municipal Manager, Directors, and all our officials and stakeholders who have contributed to performance successes outlined in this Annual Report.

**ALDERMAN DIRK KOTZÉ**  
**EXECUTIVE MAYOR OF MOSSEL BAY**



# MUNICIPAL MANAGER'S OVERVIEW

## COMPONANT B

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The purpose of this Annual Report is –

- To provide a record of the activities of the municipality or municipal entity during the financial year to which the reports relates
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year, and
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The Annual Reporting is a backward-looking process of financial and non-financial performance for the financial year just ended. It is therefore a post financial year document.





## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW

Reflecting back, the 2022/2023 financial year has been filled with several highlights for Mossel Bay Municipality despite various challenges and obstacles along the way. As always, service delivery remains our primary objective. Therefore, the Municipality continues to measure the needs of the community with principles of suitability, relevance and sound financial management. As a public servant, I consider my role as Accounting Officer a huge responsibility and therefore, aim to serve the community to the best of my ability.

I want to take this opportunity to reiterate to the community, stakeholders and our strategic partners that Mossel Bay Municipality remains committed to accountability, integrity, fairness and service excellence. During the financial year under review, the Mossel Bay Municipality has responded to the Constitutional requirements as stated in Part B of Schedule 4 and Part B of Schedule 5, as well as in alignment with Chapter 3 of the Municipal Systems Act, 32 of 200 (MSA). This entailed the implementation of the services and executing the functions stated in this area of the Constitution and the MSA. The details are covered in other sections of the Annual Report. This report presents the performance of the Mossel Bay Municipality as recorded against all these Constitutional imperatives and other service delivery commitments.

In the previous years Annual Report, I highlighted the implementation of the Local Government: Municipal Staff Regulations that ushered in significant changes to the human resources environment. Building on the good work of the previous year, the Staff Establishment Review was conducted in the 2022-2023 financial year and approved by Council. The detailed information can be found in the Human Resources section of this report.

Unfortunately, changes to the preferential procurement legislation had the consequence that supply chain processes were somewhat delayed at a key time in the financial year. The Municipality however, responded promptly and was able to align its policies to accommodate these changes. The Municipality operates within a vast number of legislative prescripts, and I commend all officials involved who ensured that service delivery did not suffer due to these changes.

Council approved its 5th Generation Integrated Development Plan (IDP) in May 2022. The plan, which is aligned to the Council's term, will steer the Municipality towards its objects for the next five years. During the year the IDP review process was successfully completed with the approval of the IDP review and budget. Priorities within our strategic vision was again adjusted in line with shifting needs and limited resources. In December 2023, we welcomed Annette Potgieter to my Executive Management Team as the Director: Corporate Services. I am confident that Annette with her experience and expertise will add tremendous value to the organisation.

A consistent theme during the Council's term is promoting of greater community safety. With the successful establishment of the Joint Operations Centre in the previous financial year, we have made good headway with the implementation of a municipal K9 unit as well as the acquisition of two armoured personnel carriers in the 2022-2023 financial year. The latter will be instrumental in the prevention of illegal land invasion and the protection of municipal infrastructure, particularly to give assistance during operations to disconnect illegal electricity connections. Unfortunately, the Municipality faces a huge challenge with vandalism of municipal property and infrastructure. The efforts towards in strengthening the Municipality's community safety capacity, is one of our interventions to ensure that we start to reduce damage to community assets and infrastructure.

Accountable and clean governance has always been one of the key considerations in the execution of our mandate as articulated in the Municipality's values. For the 2022/2023 financial year, the Municipality has again achieved a clean audit outcome from the Auditor General of South Africa. This achievement is not only due to the hard work and dedication of all of our municipal officials, but also the commitment of the Council



as well as oversight bodies, including the Audit Committee and Municipal Public Account Committee's focus on good governance.

The delivery of basic services remains our priority and therefore the majority of the Municipality's 2022/2023 capital budget has been focused on infrastructure projects. I wish to highlight some of these projects, which are detailed in Chapter 3:

- New Aalwyndal 11kV Switching Substation
- Upgrading of the 66kV overhead line between Eskom Duinzicht substation and the municipal Ockert Bothma substation
- Electrification Projects (A total of 932 informal and formal households were electrified in the UISP)
- Medium voltage (MV) and low voltage (LV) electrical upgrades
- Energy efficiency efforts include the innovation to replacement of 57W compact fluorescent lamps with 37W LED streetlight luminaires
- New Great Brak River Reservoir
- Replace Water network lines
- Upgrade Herbertsdale water reticulation
- Midbrak main sewer network (Final Phase)
- Main sewer network between Glentana and Great Brak River
- Capacity increase of Great Brak River waste water treatment works
- Capacity increase of Pinnacle Point waste water treatment works
- Upgrading of gravel streets and stormwater systems – Greenhaven and Wolwedans, Great Brak River
- Upgrading and rebuilding of various streets
- Upgrade of stormwater channel in Boland Park, Phase 1
- Upgrade of stormwater along Anda, Sneeuberg to Sixaxeni Street
- Improve stormwater system in Sampson Street

In conclusion, I would like to thank the Council, particularly the Executive Mayor, Alderman Dirk Kotzé, for his support, guidance and oversight. He has allowed the staff of the Mossel Bay Municipality to scale great heights through his continued support and constructive leadership.

I wish to extend my gratitude to my Executive Management Team - your diligent devotion to Mossel Bay Municipality serves as an inspiration to myself and your staff members.

Finally to all staff of Mossel Bay Municipality, I am humbled by your tremendous efforts on a daily basis. Each and every one of you plays a part in this organisation. Without you and your committed work, the achievements in this Annual Report would have not been possible.

**C PUREN**  
**MUNICIPAL MANAGER**



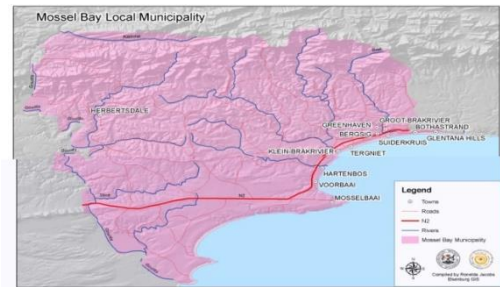
## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### MOSSEL BAY PROFILE

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

#### Towns and settlements within the municipal boundaries:

Aalwyndal, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hershams, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruitersbos, Southern Cross, Tergniet and Vleesbaai.



- **Municipal Demarcation Code:** WC043
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66 km east); Riversdale (77 km west); Albertinia (50 km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Garden Route (George).
- **Population:** 140 075 (2022 Census)
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services; Vidamed Day Hospital.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba and Mossel Bay.
- **Law Courts:** Mossel Bay Magistrates Court; Mossel Bay Municipal Court.
- **Port:** Mossel Bay
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.

In October 2023 Statistics South Africa released the results of the 2022 Census as per its mandate. The below table provides a comparison between the 2022 and 2011 Census data for Mossel Bay Municipality:

NAME	2011	2022
Total population	89 430	140 075
Young children (0-14 years)	23,10%	17,90%
Working age population (15-64 years)	66,80%	66,70%
Elderly (65+ years)	10,10%	15,40%
Dependency ratio	49,7	50
Sex ratio	95,8	93,5
No schooling (20+ years)	2,90%	2,10%
Higher education (20+ years)	13,00%	18,00%
Number of households	28 023	52 985
Average household size	3,2	2,6
Formal dwellings	85,90%	92,50%
Flush toilets connected to sewerage	90,90%	97,10%
Weekly refuse disposal service	92,60%	92,50%



NAME	2011	2022
Access to piped water in the dwelling	77,90%	90,20%
Electricity for lighting	93,8	98,20%

In the 2011 Census Mossel Bay had the third largest population in the Garden Route District with a population of 89 430, however die 2022 Census revealed that Mossel Bay has moved up into the second position with a population of 140 075. George remains in the highest populated town within the Garden Route District.

The outcome of the Census showed an increase of 56% in population compared to 2011. Before the release of the Census data the 2020 Socioeconomic Profile for Mossel Bay compiled by the Western Cape Provincial Treasury that was published during 2021 and indicated a population of 96 255.

Mossel Bay is divided into 15 Wards or geographic areas as per the determination of the Municipal Demarcation Board. The below table provides an overview of areas that comprise of each Ward:

Wards	Description
<b>Ward 1</b>	Ward 1 covers the areas from around Indwe High School (Old KwaNonqaba Area) and borders onto Boland Park, Extension 26, 13 and Kwanonqaba 1, and Elangeni.
<b>Ward 2</b>	Ward 2 covers the areas portion of Khayelitsha, East of Mawawa Street, portion of Civic Park and Highway Park and the New Rest area.
<b>Ward 3</b>	Ward 3 covers the areas of Khayelitsha, portion of Elangeni. 7de Laan, including the area surrounding the African Gospel Church, portion of Asla Park next to the N2 and surrounding informal settlements.
<b>Ward 4</b>	Ward 4 covers Brandwacht and surrounding rural areas up to the boundaries of Ward 7 and 14. It includes the areas of Fraai Uitsig and rural areas opposite the N2 National road up to Klein Zorgfontein and Sandhoogte area.
<b>Ward 5</b>	Ward 5 covers the areas of Great Brak River, Jonkersberg, Wolwedans dam, beach resorts, Glentana, Tergniet, Hersham, Groobrak Hills, Toekoms, the Island, De Lange extension as well as the following beaches: Outeniqua, Botha, Pienaar, and Souwesia beaches.
<b>Ward 6</b>	Ward 6 covers the areas of Heiderand, Golden Rendezvous, Extension 15, Extensions 3, 9, 12, 27, 28, 29, and 30, the Golf Estate Village, along the coast to Pinnacle Point.
<b>Ward 7</b>	Ward 7 covers the areas of Buffelsfontein, Buisplaas, Herbertsdale and surrounding rural areas Sonskyn Vallei and a portion of Hartenbos Heuwels, Seemeeu Park, Menkenkop, Vogelvang and Aalwyndal.
<b>Ward 8</b>	Ward 8 cover the areas around the Mossel Bay Town Hall, Extensions 1, 2, 4, 10, 11, 22, the Central Business District, The Point, along Santos until De Bakke.
<b>Ward 9</b>	Ward 9 covers the D'Almeida, areas around São Brass School as well as Extension 6, Tarka, Fairview and a portion of De Bakke.
<b>Ward 10</b>	Ward 10 covers a portion of De Bakke along the Louis Fourie Rd, areas along Diaz beach, Bay view, Voorbaai and Hartenbos.
<b>Ward 11</b>	Ward 11 covers the suburbs along the west coast of Mossel Bay, between Pinnacle point and Kamorsyn. This areas of Danabaai, Moquini, Nautilusbaai, Springerbaai, Boggomsbaai and Vleesbaai.
<b>Ward 12</b>	Ward 12 covers the areas of Albert Luthuli, Portion of D'Almeida, extions around Joe Slovo and a portion of the extension known as the Gaaitjie.
<b>Ward 13</b>	Ward 13 covers the areas around the Lutheran Church, East Ridge, Westridge, Seaview, a portion of Civic Park , and Alma Park.



Wards	Description
<b>Ward 14</b>	Ward 14 covers the areas of Friemersheim, Great Brak River, Greenhaven, Wolwedans, Ruiterbos and surrounding rural areas.
<b>Ward 15</b>	Ward 15 covers the portion of Asla Park, starting from the Asla Taxi Rank, all the way to the back of Asla Park, including N2 Industria and the surrounding informal Settlements boarding the N2 and New rest.

#### COMMENT ON BACKGROUND DATA

Proper planning and continued maintenance has ensured that the Mossel Bay Municipality is positioned well to cope with population growth in the short to medium term in terms of water and electricity supply and sanitation services provided it can keep its infrastructure maintenance at present levels. The seawater desalination plant helps to ensure that Mossel Bay enjoys a high level of water security.





### 1.3 SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

The principle of service delivery to the community of Mossel Bay is clearly spelled out in the Vision, Mission and Value statement of the Mossel Bay Municipality and Council as well as management strive to adhere to these principles.

The Mossel Bay Municipality has over the past number of years received accolades for the high levels of service delivery it maintains.

In the 2022/2023 financial year it achieved the following levels in respect of basic service delivery above the minimum standards:

SERVICE AREA	% HOUSEHOLDS ABOVE*
<b>Water</b>	98.5%
<b>Sanitation</b>	97.6%
<b>Electricity</b>	95.8%
<b>Waste Management</b>	94.6%
<b>Housing</b>	86.1%

*\*Socio-Economic Profile 2022, Published by Western Cape Provincial Treasury*

#### COMMENT ON ACCESS TO BASIC SERVICES

The migration into the Mossel Bay municipal district takes place constantly. Informal housing increases and is the main reason for the shortfalls in basic service delivery.

### 1.4 FINANCIAL HEALTH OVERVIEW

The tables below provide a high-level overview of the financial health of the Municipality.

Financial Overview: 2022/2023			
Details	Original budget	Adjustment Budget	R' 000 Actual
<b>Income:</b>			
<b>Grants</b>	262 811	273 068	225 061
<b>Taxes, Levies and tariffs</b>	1 065 416	1 052 314	1 058 160
<b>Other</b>	125 768	177 424	207 504
<b>Sub Total</b>	1 453 995	1 502 806	1 490 725
<b>Less: Expenditure and Losses/Gains</b>	1 402 688	1 443 673	1 366 559
<b>Net Total</b>	51 307	59 133	124 166

All figures includes totals for Losses/Gains. A complete list of financial ratios are provided in Section 5.4 of this report.

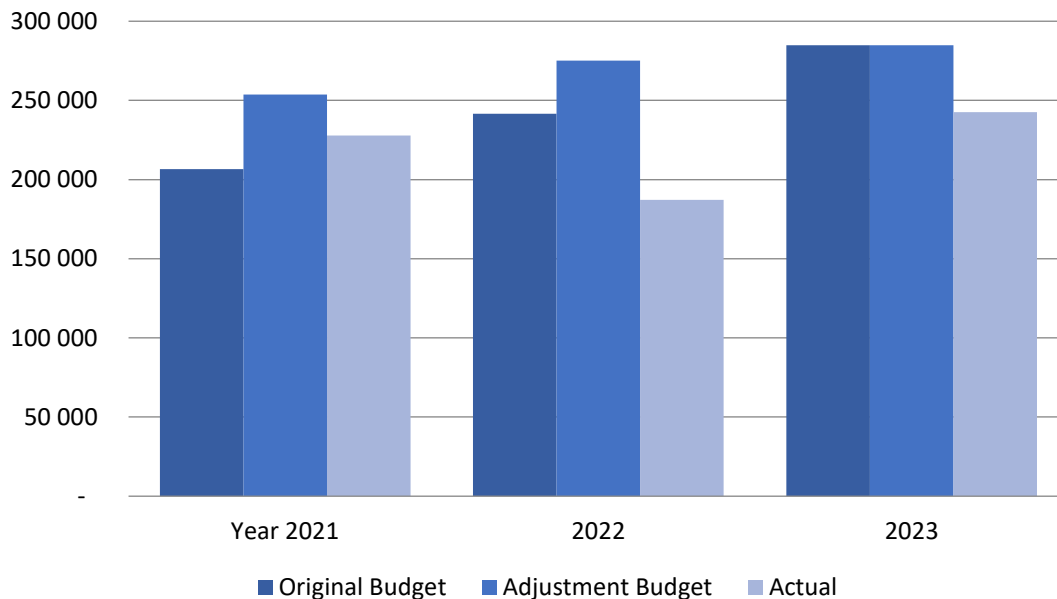
Operating Ratios	
Detail	%
<b>Employee Cost</b>	28,1%
<b>Repairs &amp; Maintenance</b>	8,5%
<b>Finance Charges &amp; Impairment</b>	3,9%

National Treasury has provided norms and standards for certain Financial Ratios in an effort to improve the management of the municipal finances. Mossel Bay Municipality is currently will within these norms for the above Operating Ratios.



Total Capital Expenditure: 2021 to 2023			
Detail	2021	2022	R'000 2023
<b>Original Budget</b>	206 579	241 609	284 937
<b>Adjustment Budget</b>	253 641	275 232	284 841
<b>Actual</b>	227 891	187 246	242 533

## Total Capital Expenditure



For a more detailed information, the reader's attention is draw to Volume II: Annual Financial Statements of this report.

### 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has made tremendous strides in improving organisational performance and has improved its capacity by the development and setting of Key Performance Areas that comply with the SMART principle, stronger and clear linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Annual Report. It has also created a culture of organisational performance monitoring and evaluation through the diligent implementation of a Performance Management System. The review of macro- and micro structures and the filling of key posts to implement projects and programmes occurred regularly. The overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level Service Delivery and Budget Implementation Plan at organisational level and through monitoring and evaluation of the detailed Departmental Service Delivery Budget Implementation Plan (SDBIP) at directorate and departmental levels. The TASK grading system has made it difficult to recruit artisans, in particular, and other technical personnel. The Municipality has reacted to this challenge by placing existing personnel on learnership programmes.

### 1.6 AUDITOR-GENERAL REPORT

The Constitution, Section 188(1)(b), states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

The responsibility of the Auditor-General is to perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement and to express an opinion based on the audit



conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

The Municipal Systems Act, Section 45, states that the results of performance measurement must be audited annually by the Auditor-General.

The reported performance against predetermined objectives is evaluated against the overall criteria of usefulness and reliability. The usefulness of information relates to whether the reported performance is consistent with the planned development priorities or objectives and if indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

Mossel Bay Municipality received an unqualified audit outcome, i.e. a clean audit, for the 2022/2023 financial year and the Auditor General did not raise any material findings on the usefulness and reliability of the reported information.

The Auditor-General declared as follows:

*“In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 09 of 2021 (Dora).”*

The Annual Financial Statements (AFS) and performance information were without any material misstatements and Management will continue to improve its internal controls and processes over the preparation and presentation of the financial statements to ensure that it is free from any misstatements.

An action plan with corrective measures was drawn up to address the findings from the 2022/2023 audit. This plan is monitored, and progress are continuously evaluated by the Internal Audit Administrator. Progress on the implementation of these action plan is reported to the Municipal Manager and is a standing item on the Agenda of the Audit and Performance Audit Committee’s quarterly meetings.

## AUDIT OUTCOMES

YEAR	2019/2020	2020/2021	2021/2022	2022/2023
STATUS	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings

**Note:** The report’s status is supplied by the Auditor-General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse).

The full Audit Report is included in Appendix W of this Report.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

The table below shows the key activities and timeframes in the Annual Report process:

NO	ACTIVITY	TIMEFRAME
1	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor-General	August
2.	Auditor-General audits Annual Report, including consolidated Annual Financial Statements and Performance Data	September / October
3.	Municipality receives and starts to address the Auditor-General’s comments	November



NO	ACTIVITY	TIMEFRAME
4.	Mayor tables Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report	January
5.	Audited Annual Report is made public and comment is invited	January / February
6.	Oversight Committee assesses Annual Report	February
7.	Council adopts Oversight Report	March
8.	Oversight Report is submitted to Western Cape Provincial Government	March/April



# 2

## GOVERNANCE

### INTRODUCTION TO GOVERNANCE

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In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial, and local spheres of government that are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. The Mossel Bay Municipality represents the local sphere of government.





## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151 (3) of the Constitution states that the Council of a Municipality has the right to govern, on its own initiative, the local government affairs of the local community. At the Mossel Bay Municipality a clear distinction is made between the politically elected structure, namely Council, which is responsible for the oversight and legislative function of the Municipality, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor together with the Deputy Executive Mayor and an Executive Mayoral Committee of six (6) members who are full-time Councillors involved in the day-to-day running of Council from the political perspective.

The Administration is headed by the Municipal Manager, who is also the organisation’s Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous. Delegations are reviewed regularly to ensure that the organisation functions optimally.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The Town Council of Mossel Bay (WC043) comprises of 15 Ward Councillors and 14 proportional representatives.

The Council has an Executive Mayoral system combined with a ward participatory system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio committee system.

##### COUNCILLORS

At the end of the 2023 financial year the Democratic Alliance (DA) held 19 seats in Council, the African National Congress (ANC) 7, the African Christian Democratic Party (ACDP) one, the Freedom Front Plus (VF+) two, the Independent Civic Organisation of South Africa (ICOSA) one and Patriotic Alliance (PA) one.

The below table provides an overview of the composition of Council:

Political Party	Allocation of Seats	Gender	
		Male	Female
<b>Democratic Alliance (DA)</b>	<b>19</b>	<b>11</b>	<b>8</b>
<b>African National Congress (ANC)</b>	<b>5</b>	<b>4</b>	<b>1</b>
<b>Freedom Front Plus (VF+)</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>African Christian Democratic Party (ACDP)</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Independent Civic Organisation of South Africa (ICOSA)</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Patriotic Alliance (PA)</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>29</b>	<b>19</b>	<b>10</b>

**Appendix A** contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B**, which sets out committees and committee purposes.

The following is a graphic illustration of Council’s present executive structure:



# THE POLITICAL EXECUTIVE STRUCTURE



**COUNCILLOR L VAN DYK**  
Community Safety



**COUNCILLOR M FURNESS**  
Financial Services



**ALDERMAN C BAYMAN**  
Deputy Executive Mayor  
Planning and Economic Development



**ALDERMAN D KOTZÉ**  
Executive Mayor



**ALDERMAN N BOOISEN**  
Community Services



**ALDERMAN V FORTUIN**  
Speaker



**COUNCILLOR A DELLEMIJN**  
Infrastructure Services



**COUNCILLOR N LE ROUX**  
Corporate and Governance Services  
Committee





**POLITICAL DECISION-TAKING**

Political decisions are made by the Executive Mayor, in terms of powers delegated to him by law, and Council in session at general monthly Council meetings or special Council meetings that are called when decisions are taken that cannot wait for the monthly meetings.

Over and above the abovementioned, the following are statistics for the Executive Mayoral decisions taken during the year:

2020/2021	2021/2022	2022/2023
<b>38</b>	<b>49</b>	<b>79</b>

The table below reflects the number of Council as well as Council Committee meetings that were held over the past three financial years:

	2020/2021	2021/2022	2022/2023
<b>Special Council Meetings</b>	9	9	9
<b>Ordinary Council Meetings</b>	8	10	10
<b>Standing Committee Meetings</b>	54	54	60

With some exceptions when items are carried directly into Council when they are either urgent or do not fall within the ambit of any one of the Council Committees, Council resolutions are based on the recommendations of the various Council Committees. The following table reflects the number of Committee recommendations submitted to Council over the past three financial years:

	2020/2021	2021/2022	2022/2023
<b>Planning and Economic Development</b>	144	153	<b>132</b>
<b>Infrastructure Services</b>	50	44	<b>59</b>
<b>Community Services</b>	50	48	<b>57</b>
<b>Financial Services</b>	50	67	<b>73</b>
<b>Corporate Services and Legal Services</b>	76	53	<b>54</b>
<b>Community Safety</b>	21	40	<b>73</b>
<b>Total number of recommendations</b>	<b>391</b>	<b>405</b>	<b>448</b>



## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the Municipal Finance Management Act states that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The macrostructure of the Mossel Bay Municipality with the incumbent heads of department at the end of the 2022/2023 financial year was as follows:



*\*Ms Annette Potgieter was appointed on 1 Dec 2022 as Director: Corporate Services.*





In line with legislation each member of Executive Management signs as Performance Agreement as required in terms of Section 57 (2) (a) of the Municipal Systems Act, 32 of 2000, the below table provides an overview of the status of Performance Agreements:

Name of Official	Department/Directorate	Performance Agreements Signed (Yes/No)
<b>C Puren</b>	Municipal Manager	Yes
<b>A Potgieter*</b>	Director: Corporate Services	Yes
<b>O Fredericks</b>	Director: Financial Services	Yes
<b>C Venter</b>	Director: Planning and Economic Development	Yes
<b>E Nel</b>	Director: Community Services	Yes
<b>D Naidoo</b>	Director: Infrastructure Services	Yes

*\*A Potgieter was appointed on 1 Dec 2022*

## FUNCTIONS AND RESPONSIBILITIES

The administration is divided into seven directorates each with various sub-directorates that are responsible for specific functional areas. While clear distinctions are made in terms of functions and responsibilities sub-directorates work in close liaison with each other in the interest of efficient and the promotion of service delivery. The below sections provide a brief overview of the various functions and responsibilities assigned to the various directorates.

### 2.2.1 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for Legal Services, Performance Management, Risk Management, Internal Audit, Marketing, Communication and the Municipal Call Centre.

### 2.2.2 DIRECTORATE INFRASTRUCTURE SERVICES

The Directorate is responsible for Water and Sewer, Planning and Support Service (MIG projects and support services), Mechanical Services (Fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services), Electrical Planning, Customer Services, Roads and Storm Water.

### 2.2.3 DIRECTORATE COMMUNITY SERVICES

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Sport, Recreation, Cemeteries and Facilities, Community Development and Library Services and Thusong Service Centre.

### 2.2.4 DIRECTORATE COMMUNITY SAFETY

The Directorate is responsible for the provision Community Safety, Environmental Services, Fire and Rescue Services and the Municipal Court.

### 2.2.5 DIRECTORATE CORPORATE SERVICES

The Directorate is responsible for support services, which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Human Resources, Employment Equity, Information Technology, Strategic Services which include Integrated Development Planning and Public Participation.

### 2.2.6 DIRECTORATE FINANCIAL SERVICES

The Directorate is responsible for Financial Administration, Budget Office, Credit Control, Cash Flow Management, Loans, Investments, Income, Expenditure (Creditors and Payroll), Supply Chain Management and Property Evaluations.





## 2.2.7 DIRECTORATE PLANNING AND ECONOMIC DEVELOPMENT

The Directorate is responsible for Planning and Development (Strategic Planning and Development Control) as well as Human Settlement, Building Control, Building Plan Examination, Building Inspectorate, Municipal Buildings and Property, Outdoor Advertisements, Local Economic Development and Tourism. In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and outdoor advertising, an information service is provided to property owners and developers.

The Municipal Manager and the Directorate Heads meet formally every second Monday to review service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters.

The management team meets formally with the Mayoral Committee on a regular basis to ensure that the decision-making process is expedited to enhance service delivery. Each Director also interacts with his or her Mayoral Committee Member on a more regular basis for the same purpose.



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

Section 3 (1) of the Municipal Systems Act requires that municipalities must exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in Section 41 of the Constitution.

Section 3 (3) of the Act sets out the purpose of co-operative government as:

- develop common approaches for local government as a distinct sphere of government
- enhance co-operation, mutual assistance and sharing of resources among municipalities
- find solutions for problems relating to local government generally
- facilitate compliance with the principles of co-operative government and intergovernmental relations

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mossel Bay Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mossel Bay Municipality actively participates in various Intergovernmental Relations activities in the district and province. The Municipality delegates officials and Councillors to the following forums:

INTERGOVERNMENTAL RELATIONS FORUMS		
FORUM	FREQUENCY	DIRECTORATE
Municipal Managers Forum	Quarterly	Office of the Municipal Manager
SALGA Working Groups	Quarterly	Relevant Directorate and Portfolio Councillor
Premier's Coordinating Forum (PCF)	Quarterly	Office of the Mayor; Office of the Municipal Manager
Legal Advisers Forum	Quarterly	Office of the Municipal Manager
Provincial IDP Managers Forum	Quarterly	Corporate Services
Provincial Training Committee Meeting	Bi-monthly	Corporate Services
Human Resources Forum	Quarterly	Corporate Services
Disaster Management Forum	Quarterly	Community Safety
Environmental Health Forum	Quarterly	Community Services
Local Economic Development Forum	Quarterly	Planning and Economic Development
Predetermined Objective Forum	Quarterly	Office of the Municipal Manager
Provincial Thusong Service Centre Managers Forum	Quarterly	Community Services
Municipal Governance Review and Outlook Forum (MGRO)	Quarterly	Office of the Municipal Manager and Financial Services
Provincial IDP Indaba	Bi-annual	Corporate Services
Provincial LGMTEC Engagements	Annual	Office of the Municipal Manager; Financial Services and Corporate Services
Provincial Commtech	Quarterly	Office of the Municipal Manager

#### RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mossel Bay Municipality does not have any municipal entities.



## DISTRICT INTERGOVERNMENTAL STRUCTURES

DISTRICT INTERGOVERNMENTAL STRUCTURES		
FORUM	FREQUENCY	DIRECTORATE
District Coordinating Forum (DFC)	Quarterly	Office of the Mayor and Office of the Municipal Manager
District IDP Managers Forum	Quarterly	Corporate Services
Local Economic Development Forum (DFC)	Quarterly	Planning and Economic Development
South Cape Business Forum (SCEP) Tourism	Quarterly	Planning and Economic Development



## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council interacts with its stakeholders by means of ward committees, budget and Integrated Development Planning (IDP) meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation.

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, virtual posters, pamphlets and loud hailing. Public meetings include Council meetings, ward committee meetings and budget and IDP meetings.

### 2.4 PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality provides more platforms in order to promote participatory Democracy wherein, members of the public participate in municipality processes through public meetings and Rep forums. Consultation is strengthened through IDP public meetings that are scheduled annually across all 15 wards. Services delivery issues that belong to provincial government are presented at Garden route representative forum wherein relevant provincial departments are given a platform to engage members of the public.

IDP and budget public meetings were held in September 2022 and April 2023 to strengthen public participation in the fifth generation IDP. Approximately 130 people attended these meetings in each ward. The Garden Route representative forum took place in May 2023, approximately 150 people attend the session. Presentations that are presented at the IDP/budget and SDF meetings are posted on the Municipal website at [www.mosselbay.gov.za](http://www.mosselbay.gov.za) on daily basis.

Nature and purpose of the meeting	Date of event	Public meetings			
		Number of Councillors attended	Number of Municipal administrators attended	Issue addressed (Yes/NO)	Dates and manner of feedback
<b>IDP Public Meeting 11</b>	06 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 4 &amp; 5</b>	07 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 1</b>	08 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 13</b>	12 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 11</b>	13 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 1</b>	14 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 7&amp;10</b>	15 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 6</b>	19 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 4 &amp; 5</b>	20 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 7</b>	21 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 3</b>	22 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 2</b>	27 Sept 22	2	2	Yes	NO
<b>IDP Public Meeting 15</b>	27 Sept 22	2	2	Yes	NO





Nature and purpose of the meeting	Date of event	Public meetings			
		Number of Councillors attended	Number of Municipal administrators attended	Issue addressed (Yes/NO)	Dates and manner of feedback
IDP Public Meeting 3	28 Sept 22	2	2	Yes	NO
IDP Public Meeting 14	28 Sept 22	2	2	Yes	NO
IDP Public Meeting 13	28 Sept 22	2	2	Yes	NO
IDP Public Meeting 12	29 Sept 22	2	2	Yes	NO
IDP Public Meetings 6	03 April	2	2	Yes	NO
IDP Public Meetings 15	04 April	2	2	Yes	NO
IDP Public Meetings 14	05 April	2	2	Yes	NO
IDP Public Meetings 9	11 April	2	2	Yes	NO
IDP Public Meetings 8	12 April	2	2	Yes	NO
IDP Public Meetings 10	13 April	2	2	Yes	NO
IDP Public Meetings 7	17 April	2	2	Yes	NO
IDP Public Meetings 11	18 April	2	2	Yes	NO
IDP Public Meetings 12	19 April	2	2	Yes	NO
IDP Public Meetings 7	19 April	2	2	Yes	NO
IDP Public Meetings 5	19 April	2	2	Yes	NO
IDP Public Meetings 12	19 April	2	2	Yes	NO
IDP Public Meetings 13	20 April	2	2	Yes	NO
IDP Public Meetings 14	24 April	2	2	Yes	NO
IDP Public Meetings 9	25 April	2	2	Yes	NO
IDP Public Meetings 2&3	25 April	2	2	Yes	NO
IDP Public Meetings 4	26 April	2	2	Yes	NO

## WARD COMMITTEES

The Ward Committee System remains strategic tool in accelerating services delivery in Mossel Bay Municipality. Ward Committees promote synergy between Municipality and community. Through quarterly ward committee meetings services delivery issues are identified continually.

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

Through these meetings relations between the municipality and community are strengthened. The community get to know their leaders and the entire executive management. The executive management receives services delivery issues at first hand.

## 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, KPI's, 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 KPI's in the strategic plan?	Yes



IDP Participation and Alignment Criteria	Yes/No
Do the IDP KPI's align to the Section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align with the provincial KPI's on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which an organisation is directed and controlled. It is, in essence, a toolkit that enables Management and Council to deal more effectively with the challenges. Corporate governance ensures that appropriate decision-making processes and controls are in place so that the interests of all stakeholders are balanced.

### 2.6 RISK MANAGEMENT

Section 62 of the Local Government: Municipal Finance Management Act stipulates that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Municipality has a fully functional Fraud and Risk Management Committee which meets on a quarterly basis. The Committee reports to the Audit Committee who has an oversight function over the Fraud and Risk Management Committee.

Council has on recommendation of the Fraud and Risk Management Committee adopted various policies to assist with risk management within the Municipality and includes a Risk Management Policy, Risk Management Strategy, Fraud and Risk Management Committee Charter and an Anti-Fraud and Corruption Prevention Policy. The Committee annually approves a Fraud and Risk Management Implementation Plan setting out the Committees actions for the relevant year.

The Municipality undertakes an annual risk assessment where the risks with a residual risk rating above forty-four (44) where the ability to control is either medium or high, are identified and action plans are developed to mitigate these risks. Twenty (20) risks were identified for 2022/2023 namely:

Risk Title	Risk Residual Rating
1 Lack of comprehensive asset management system	81,00
2 Failure to set cost reflective tariffs	72,00
3 Inadequate specifications leading to ineffective, incorrect and inefficient procurement practices	72,00
4 Inaccurate accounting treatment (revenue & assets) of Bulk services installed by developers in lieu of bulk service levies as well as internal services networks where the Municipality takes control of	64,80
5 Understatement of deviations	64,00
6 Inadequate contract management system	63,00
7 Inadequate monitoring of sundry income cycles	57,60
8 High levels of Loadshedding hampering the efficient delivery of services as well as the disruption of operations	56,70
9 Inaccurate commitment and retention register	56,00
10 Inadequate SCM processes for purchases below R30 000	56,00
11 Financial Feasibility in the long term	54,00
12 Inadequate control with regards to leave, absenteeism and time-keeping	50,40
13 Lack of available air space for Builders Rubble and Garden Waste	50,00
14 Aged/overstretched water and sanitation pipe network and water meters	48,60
15 Materials issued from stores not being used and not returned to the workshop	48,00
16 Poor performance of service providers not monitored	48,00



Risk Title		Risk Residual Rating
17	Inaccurate/Invalid information for remuneration of employees (Overtime, LRA Threshold, payment at resignation, leave etc.)	45,00
18	Vandalism / Theft of Council property (including Tampering)	45,00
19	Meter Tampering and by-passing of meters (all services) resulting in a loss of income	45,00
20	Fire Hazard to Thusong Centre Infrastructure due to proximity to Informal Settlements	44,80

The Directors of the Municipality are also the Risk Champions of their respective Directorates and are in the best position to mitigate the abovementioned risks and must report to the Fraud and Risk Management Committee quarterly on progress made with the risk action plans.

The Fraud and Risk Management Committee also adopted KPI's for the Committee with quarterly targets that are aligned to the Fraud and Risk Management Implementation Plan thus ensuring that the Committee functions optimally.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

An Anti-Fraud and Corruption Prevention Policy has been adopted by Council and the objective of this policy is to develop and foster a climate within the Mossel Bay Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures at their disposal and strive actively to gain the support of the public in this endeavour.

This policy also sets down the stance of the Municipality to fraud as well as re-enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts persist.

The goal of fraud and corruption prevention within the Municipality is to manage the susceptibility to risk with a view to reducing it and to raise the level of fraud awareness amongst employees and other stakeholders.

The policy is also intended to communicate the Municipality's commitment to eliminate fraud and that the Municipality supports and fosters a culture of zero tolerance to fraud and all its activities. Through this policy, the Municipality undertakes to combat all forms of fraud and corruption as well as to remain pro-active in the fight against fraud.

Workshops are held annually with new and existing employees to inform them of the Policy and to enhance awareness within the Municipality.

### ANTI-FRAUD HOTLINE

During the reporting period the Hotline was fully operational, and disclosures can be made via a number of methods such as phone, fax, e-mail, free post, SMS and live chat. The Municipality has marketed the Anti-Fraud Hotline in both the monthly newsletter as well as the local newspaper, additionally the details of the hotline is also included in the e-mail signature of the Municipality. Reporting on disclosures is regularly done to the Fraud and Risk Committee to ensure oversight and transparency.

## 2.8 AUDIT COMMITTEE

The Municipal Audit and Performance Audit Committee appointed in terms of Section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), is an independent body advising the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:



- Internal controls
- Risk management.
- Accounting policies.
- Adequacy, reliability and accuracy of financial reporting information.
- Annual Financial Statements
- Performance management and Performance Evaluation.
- Effective governance.
- Monitoring and evaluation of the Internal audit unit
- Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.
- Any other issues or functions referred to it by the Municipal Council
- Any issues raised by the Auditor-General and Internal Audit in their audit report.
- Carry out such investigations into the financial affairs of the municipality as the municipal council may request.

#### TERMS OF REFERENCE

The Audit and Performance Audit Committee is constituted in terms of the requirements of sound corporate governance practices and operates in accordance with a written charter that incorporates the specific requirements of section 166 of the Municipal Finance Management Act. The terms of reference are amended as required, subject to the approval of the Council. During the 2021/2022 financial period, the Terms of Reference were reviewed, and the amendments approved by Council - Resolution E255-09-2021 on 21 September 2021.

#### MEMBERS:

The Committee consist of three independent audit specialists and/ or relevant professionals from the private sector. The Members and the Chairperson is appointed for a term of three years, which constitutes one (1) term. Members may not serve for more than two (2) terms of office consecutively. Audit Committee members are not permitted to engage in business with Council and are required to declare any conflict of interest they may have in any matters on the agenda in every meeting.

The members of the Committee collectively have sufficient qualifications and experience to fulfill their duties, including an understanding of the following: financial and sustainability reporting; internal and financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; governance processes within the Municipality; personnel administration and performance management.

The following members served on the Audit and Performance Audit Committee for the 2022/2023 financial year:

NAME OF REPRESENTATIVE	CAPACITY	TERM	START DATE	END DATE
<b>Adv. FJ Block</b>	Chairperson	First	1 January 2021	31 December 2023
<b>Mr. F Barnard CA (SA)</b>	Member	First	1 January 2021	31 December 2023
<b>Mr. A Mokoka CA (SA)</b>	Member	Second	1 January 2021	31 December 2023

#### MEETINGS:

The Audit Committee meets on a quarterly basis and detail regarding their recommendations to council can be found in Appendix G of this Annual Report. Audit Committee meetings are attended by the Mayor (or the appointed representative), the Accounting Officer, Chief Audit Executive, Auditor General, Executive Management that reports directly to Municipal Manager, Provincial and National Treasury. Risk and Institutional Performance management Officer and the Internal Audit administrator.





The Audit Committee subsequently met on the following dates to fulfil its obligation:

DATE	DETAILS
03 August 2022	Special Meeting - Financial and economic plans and the MSCOA Audit Outcome
03 August 2022	Special Meeting - Draft Financial Statements and draft annual performance report
12 September 2022	Quarter 1 Meeting
22 September 2022	Special Meeting - Auditor General's engagement letter and audit strategy
23 November 2022	Quarter 2 Meeting
28 February 2023	Quarter 3 Meeting
14 June 2023	Quarter 4 Meeting

## 2.9 INTERNAL AUDIT

The Internal Audit activity is an independent function within the Office of the Municipal Manager, reporting administratively to the Municipal Manager and functionally to the Audit and Performance Audit Committee. The Internal Audit Activity forms a significant part of governance within the Municipality, contributing to ensure food governance and regulatory conformance.

The internal audit activity is headed by an outsourced Chief Audit Executive who is a Director at Moore George. The Chief Audit Executive was appointed in January 2020 to act in the position until November 2023. The Internal Audit activity is supported by outsourced internal audit team from Moore George and an Internal Audit Administrator, appointed in September 2019. The Chief Audit Executive and Internal Audit Administrator reports administratively to the Municipal Manager and functionally to the Audit and Performance Audit Committee.

*"Section 165 (2) (a), (b) and (c) of the MFMA requires that:  
The Internal Audit Unit of a Municipality must -*

- (a) prepare a risk-based audit plan and an internal audit program for each financial year; and*
- (b) advise the accounting officer and report to the Audit Committee on the implementation on the internal audit plan and matters relating to:
  - i. Internal audit*
  - ii. Internal controls*
  - iii. Accounting procedures and practices*
  - iv. Risk and risk management*
  - v. Performance management*
  - vi. Loss control*
  - vii. Compliance with this Act, the annual Division of Revenue Act and another applicable legislation**
- (c) perform such other duties as may be assigned to it by the Accounting Officer."*

In accordance with the Audit and Performance Audit Committees', Terms of Reference and the Internal Audit activity Charter, Internal Audit prepare the following plans.

- A three-year rolling strategic internal audit plan based on the risk assessment process, taking into account the Municipalities current operations, business plans and risk management strategy, at the commencement of each year. The three-year rolling strategic internal audit plan is reviewed annually at the start of the year.
- An annual internal audit operational plan from January to December at the commencement of each year.

These internal audit plans are prepared in consultation with and for approval by the Municipal Manager and the Audit and Performance Audit Committee.

The approach is taken to formulate a risk-based plan based on the results of the municipal risk assessment which aligns the priorities of the internal audit activity with the objectives and goals in the municipality and taking into



account management concerns. The primary purpose of the Internal Audit Plan is to outline to Management and the Committee the areas which will be reviewed by Internal Audit so that they are able to form a view on whether the planned coverage and scope are sufficient to meet their needs. The Internal Audit Plan is flexible, as a changing risk profile will necessitate amendments to the audit plan which will be presented to the Committee for approval as changes is required.

The priorities in the Internal Audit Plan can be categorised in terms of three categories audits focus on, namely: the systems of internal control, risk management and governance processes. The prioritisation of audits in these three categories is based primarily on the Municipality's risk profile as well as legislative requirements.

Combine assurance is important to enable the coordination of the internal audit activity with other assurance providers with the goal to ensure that the risks identified are addressed and that audit efforts are directed at risks in the areas most needed. In line with this principle, Internal Audit closely liaise with External Auditors to avoid unnecessary duplication of audit effort and facilitate sharing of audit plans and working papers as applicable.

Internal Audit reports to the Audit and Performance Audit Committee on a quarterly basis regarding the progress of the implementation of the approved plan, the outcome of audits conducted in terms of the approved plan, follow-up audits and implementation of agreed management action plans in response to reported internal audit findings. The Internal Audit Administrator ensure that all findings raised in the Internal Audit Reports as issued by the Internal Audit Service Provider, as well as all findings raised in the management letter issued by the Auditor General (AG) are addressed and compiled in an Audit Action plan. Follow up on implementation of the internal, external and *Financial Management Capability Maturity Model (FMCMM)* audit Action Plans are done on a regular basis. Progress of these implementations are report back to the Municipal Manager as well as the Audit and Performance Audit Committee.

The following Audit Engagements were approved, completed and reported to the Audit and Performance Audit Committee:

**DECEMBER 2022 INTERNAL AUDIT OPERATIONAL PLAN:**

- Performance Management (Quarter 1, 2, 3 and 4 review of 2021/2022);
- Expenditure: Commitments;
- Income: Debtors & Credit Control;
- Income: Cash Management and Receipting;
- Grants (2021).
- 2021/2022 Inventory Count
- 2021/2022 AFS reviews
- Expenditure Management
- Payroll
- Human Resources (Recruitment and Appointments)
- Housing - Follow up review
- Income: Indigents – Follow up review
- Performance Management: Quarter 1 of 2022/2023

**DECEMBER 2023 INTERNAL AUDIT OPERATIONAL PLAN:**

- Performance Management: Quarter 1 and 2 reviews of 2022/2023)
- Staffing Regulations;
- Internal Audit Review on the utilisation of the transfer funds claimed on the reseal of Main Road MR339 (Marsh Street), Mossel Bay.



## QUALITY ASSESSMENT REVIEW (QAR)

The International Standards for the Professional Practice of Internal Auditing requires that an external quality assessment (QA) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

The qualified assessor demonstrated competence in both the professional practice of internal auditing and the Quality Assessment process. The Quality Assessment were done through a full external assessment in 2019.

As provided in Section 1300 of the IIA Standards, this report is prepared for the use of the Chief Audit Executive in support of the Quality Assurance Improvement Program (QAIP) for the internal audit activity. The QAIP should include periodic internal assessments and external assessments of the IAA's conformity with the IIA Standards.

The objective of the quality assurance was to:

- Assess the Internal Audit's conformance to the Institute of Internal Auditors', International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Ethics.
- Evaluate the internal audit function's effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of management and Council).
- Add value to management and the Audit and Performance Audit Committee, enhance the image, perceptions, and credibility of the Internal Audit Activity within the Municipality.
- Identify opportunities to enhance the Internal Audit Activity, management and work processes, as well as its value to Municipality.

## 2.10 SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) is dealt with in Chapter 5 of this report.

## 2.11 BY-LAWS

Municipal By-Laws are adopted in terms of Section 12 of the Local Government: Municipal Systems Act, No. 32 of 2000 and promulgated in terms of Section 13 thereof. A comprehensive public participation process as required in the Systems Act is followed by the Municipality and workshops are also held with the public where the proposed by-law is discussed and explained. The public has the opportunity to ask questions of clarity or make proposals for changes to the by-law. All comments received from the public are taken into consideration with the final draft By-Law when it is tabled to Council for consideration and adoption.

By-laws Introduced during 2023					
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
	By-Law relating to Public Nuisances	Yes	09 September 2022 to 09 October 2022	Yes	12-May-23
	Tariff Policy				
	Rates Policy				
	Customer Care, Debt Collection, Credit Control, Indigent and Tampering Policy	Yes	During Budgeting Process	Yes	30-Jun-23



#### COMMENT ON BY-LAWS:

By-Laws are enforced in terms of the stipulations contained in them and fine lists approved in terms of the By-Laws. The Municipality has various trained peace officers who ensure that by-laws are adhered to and can take action when there are instances of non-compliance. Transgressions of the by-laws are also referred to the Municipal Court where many cases have successfully been dealt with.

### 2.12 WEBSITES

#### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is <http://www.mosselbay.gov.za>. All information required by law as well as general information on the Municipality is placed on the website.

Each department within the Municipality has a trained administrator with access to the website to upload documents and information relevant to the particular department.

### 2.13 COMMUNICATION

Mossel Bay Municipality maintains a communication policy and strategy based on a detailed communication plan that is reviewed annually. Transparency is a core value and is maintained through a sustained effort of providing clear and concise communication with residents. Through a proactive approach, the communication component strives to establish a positive and constructive relationship between the municipality and the public.

The communications component closely liaises with all levels of government for the rapid and effective dissemination of official communications. An extensive social media network is engaged and plays a crucial role in reaching a broad audience across South Africa and abroad. This aids in building the municipality's image far beyond its physical borders. Social media platforms provide detailed statistics that are monitored to establish the effectivity of communication. Analysis of this information is crucial to adapt and align the communication plan.

The importance of print media is not neglected, and a sound relationship exists with both local, regional and national newspapers. In addition, these titles also offer an online component, which positively contributes towards media exposure for the municipality and Mossel Bay.

Regular slots on local radio stations are also utilized to enhance communication with the public. During these slots, specific topics relating to current issues are highlighted and experts from the municipality's directorates participate in live interviews. Further radio broadcasting opportunities are being investigated to extend the reach of communication.

The communication component works very closely in support of the respective municipal directorates to proactively communicate projects of community interest. During the challenge of the COVID-19 pandemic, the municipality invited the community to attend the virtual council meetings through its live broadcast on municipal social media. With the end of the national state of disaster due to COVID-19, council meetings are held in person and the public, as prior to the pandemic, welcome to join. Council meetings are still streamed live and in addition to this, made more accessible to people with disabilities by the recent inclusion of a sign language interpreter.

Additional to live streaming of open council meetings, attention is given to the production of quality video material highlighting municipal projects and service delivery. Such videos, also used for clarification on matters relating to service delivery and to explain municipal processes, are uploaded and made available on the municipal YouTube channel.

Regular newsletters by the Executive Mayor and Municipal Manager are complementary to the monthly municipal newsletters distributed by the municipality. These provide additional insight and information on important municipal issues.



Communication remains a fast-changing and challenging science, calling for a continuous feed of data and analysis to identify communication needs, new audiences and pinpoint proactive messaging. The municipality is constantly exploring new and innovate communication methodologies and preferences, which is being developed and implemented in the coming year.

Much work has been done toward the establishment of a dedicated media studio where quality sound recordings, video production and postproduction will be done. This facility will enable the municipality to produce material that will enhance its communication offering to the public.

One of the most exciting additions to the communication portfolio, is the Collab Citizen municipal smart phone application. Amid exponential technological advancement in the past decade, citizens demand integrated, user-friendly and cost-effective solutions to engage their municipalities and to access public services, unaffected by space and time.

The development of the Collab Citizen smartphone application is scheduled, in three phases. Currently requests for all standard municipal services can be made and users are enabled to follow and receive updates on service requests applicable to them. Other features include access to and payment of municipal accounts and receipt of push notifications, like power outages, traffic delays and other that may affect the day to day lives of residents. Longer form articles and municipal newsletters about relevant issues are also available on the app. In two further phases water meter readings, access to pre-paid electricity, participation in surveys, a panic button and many more features are planned.

Mossel Bay Municipality conducted an electronic survey, the Mossel Bay Municipality Customer Satisfaction Flash Survey from 8 – 15 March 2023. This flash survey had less questions than the survey conducted in 2019, specifically with the rationale being not dissuading participants to engage by subjecting them to a long and cumbersome survey. Questions were mostly multiple choice.

## 2.14 MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

The Municipal Public Accounts Committee (MPAC) is terms of Section 79 of the Local Government: Municipal Structures Act. The MPAC committee performs an oversight function on behalf of Council. The primary functions of the Municipal Public Accounts Committee as set out in the approved MPAC Charter are as follows:

- The consideration of the annual report in terms of Chapter 12 of the Local Government: Finance Management Act.
- To consider the report to Council on the implementation of the budget and financial state of affairs of the Municipality in terms of Section 52 and 71 of the Local Government: Finance Management Act.
- Oversight to promote good governance, transparency and accountability on the use of municipal resources.
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The below table list the members of Municipal Public Accounts Committee (MPAC) as well as the dates of meetings held:

Name of Member	Meeting Dates
<b>Councillor E Baron (Chairperson)</b>	
<b>Councillor A Janse van Rensburg</b>	19/07/2022
<b>Councillor A Barker (resigned 02/06/2023)</b>	18/10/2022
<b>Councillor T Mvumvu</b>	23/01/2023
<b>Councillor E Meyer</b>	15/03/2023
<b>Councillor J Gouws</b>	





Name of Member	Meeting Dates
Councillor F Porter	21/04/2023
Councillor N Gwaza	
Councillor L Coetzee (sec)	
Councillor R Ruiters (sec)	



# 3

## **SERVICE DELIVERY PERFORMANCE**

### **(PERFORMANCE REPORT PART I)**

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This component includes:

- Water Provision
- Waste Water (sanitation) Provision
- Electricity
- Waste Management
- Housing Services
- Summary of Free Basic Services



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

**COMPONENT A: BASIC SERVICES**

**3.1 WATER PROVISION**

**INTRODUCTION TO WATER PROVISION**

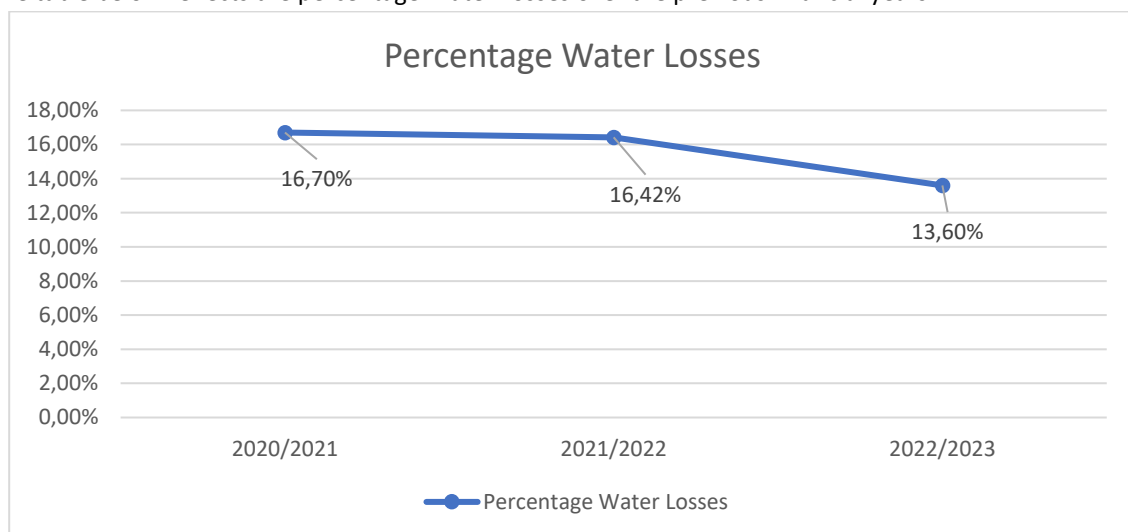
The water services infrastructure consists of various raw water sources including the Wolwedans Dam, Klipheuwel Dam, Ernest Robertson Dam as well as 8 boreholes with a total registered volume of 43.262 m3/day. Raw water pipelines convey the untreated water to a total of seven water purification plants situated throughout the municipal area. From the various water purification plants, as well as a desalination plant, the treated water is pumped via 30 pump stations into 55 reservoirs. The total design capacity for the seven water purification plants, as well as the desalination plant, is 72.3 Megalitres per day. The average daily volume of water purified, during the 2022/2023 financial year was 24.532 Megalitres per day. The water usage increased to 28.622 Megalitre per day during peak periods. A total volume of 10 089 745 kl of raw water was purified at the municipal plants and a total volume of 8 831 585 kl purified water was distributed to metered connections.

In total 453 preventative maintenance tasks were carried out at pump stations/plants and total of 367 water meters were replaced to minimise water losses. In addition to this the following activities on the water networks were also undertaken in the 2022/23 financial year.

- New water connections = 489
- Burst water pipelines repaired = 180
- Water meter related repair work = 902

Water meters older than 10 years are replaced throughout the municipal area, on a continuous basis, as part of the water meter replacement program.

The table below reflects the percentage Water Losses over the previous financial years:





The Municipality has made considerable progress in reducing water losses and can be attributed to sound planning and regular maintenance of infrastructure.

Financial Performance 2023: Water Services					
Details	2022		2023		R'000
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	195 164	186 071	195 165	202 277	8%
Expenditure:					
Employees	20 408	35 314	32 306	19 595	-80%
Repairs and Maintenance	20 942	22 682	22 167	19 629	-16%
Other	52 403	78 583	87 180	99 405	21%
Total Operational Expenditure	93 753	136 579	141 653	138 629	1%
Net Operational Expenditure	-101 411	-49 492	-53 512	-63 648	22%

Capital Expenditure 2023: Water Services					
Capital Projects	Budget	Adjustment Budget	2023		R' 000
			Actual Expenditure	Variance from original budget	
<b>Total All</b>	<b>30 603</b>	<b>29 310</b>	<b>26 084</b>	<b>-17%</b>	
Telemetry: Expansion New System	250	40	39	-538%	
Telemetry: Expansion New System	–	150	138	100%	
Capital Spares-Pump Stations	200	510	300	33%	
Desalination Plant PLC Replacements	–	141	141	100%	
Machinery & Equipment (New)	30	25	24	-24%	
Machinery & Equipment (Replacements)	30	34	32	7%	
Fencing and Ancillary Works-Sandhoogte	200	327	306	35%	
Replacement of Electrical Plant and Equipment-Sandhoogte	200	200	168	-19%	
Machinery & Equipment-New	10	12	11	11%	
Machinery & Equipment-Replacement	10	10	8	-22%	
Fencing Great Brak WTW	200	174	174	-15%	
New Connections	1 500	1 250	1 102	-36%	
Replacement of Water Meters	–	400	316	100%	
Ernst Robertson Pipeline to Sandhoogte	1 000	300	300	-233%	
Furniture & Office Equipment	20	6	6	-239%	
New multi-purpose Trailer	50	50	49	-2%	
Replace Water Network Lines-All Areas	5 000	7 200	5 494	9%	
New Great Brak River Reservoir	3 100	–	–	-	
New Great Brak River Reservoir	–	2 000	2 000	100%	
Installation of Intelligent Bulk Watermeter Reading Devices	500	500	–	-	
Upgrade Herbertsdale Water Reticulation-M.I.G	6 522	4 425	4 425	-47%	
Upgrade Herbertsdale Water Reticulation-C.R.R	732	656	656	-12%	
Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:MIG	2 714	2 496	2 496	-9%	
Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:CRR	604	127	127	-376%	



Capital Expenditure 2023: Water Services					R' 000
Capital Projects	Budget	Adjustment Budget	2023 Actual Expenditure	Variance from original budget	
Pump station to supply New Reservoir @ Farm Vaale Vallei	500	500	500	0%	
Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag	2 000	2 980	2 949	32%	
Water Management Solutions (Smart Meters)	500	200	–	-	
Replacement of Fencing at Reservoirs	1 000	1 399	1 399	28%	
Replacement of Vehicle: CBS 27697	380	375	373	-2%	
Upgrade of Friemersheim WTW	–	–	21	100%	
Machinery and Equipment - New	20	75	56	64%	
Machinery & Equipment - Replacements @ Water Network Section	50	50	25	-97%	
Furniture & Office Equipment_replacement	50	50	47	-5%	
Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments	1 800	1 400	1 400	-29%	
Sewage conservancy tank, pump and pipeline at Kleinbrak Water Treatment Works	100	100	66	-51%	
Capital Spares - Treatment Works	450	450	179	-152%	
Electrical Bulk supply to Vaale Vallei pump station	500	300	288	-74%	
Water Reticulation of Erf 7092, Danabay, Donated Asset	–	–	91	100%	
Replacement of Vehicle: CBS 32657	380	–	–	-	
Replacement of Vehicle: CBS 37205	–	400	379	100%	

#### COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

**1. Replace Water network lines** – Water infrastructure in the Da Nova area was replaced due to the fact that frequent burst pipes were experienced in this area. The water pipes are replaced by means of pipe cracking technology. The replacement of pipes by means of pipe cracking minimises open excavations and reduces the inconvenience to the residents in the area. This project started during the 2022/2023 financial year and will proceed during the 2023/2024 financial year.

The following was completed during the 2022/2023 financial year:

- Installation of 1021 m of 110 mm diameter HDPE pipe
- Installation of 423 m of 160 mm diameter HDPE pipe
- 12 fire hydrants installed
- 17 valves installed

The total expenditure for the 2022/2023 financial year amounted to R 5 602165.75 excluding VAT (CRR).

**2. New Great Brak River Reservoir** - This project consists of the construction of a 4 Megaliter reservoir to provide sufficient storage capacity for consumers within Great Brak River. This project started during the 2022/2023 financial year and will proceed during the 2023/2024 financial year.

The total expenditure for the 2022/2023 financial year amounted to R 2 000 000 excluding VAT (Loan).





**3. Upgrade Herbertsdale Water Reticulation** - Water infrastructure in Herbertsdale was replaced because of the age of the infrastructure.

The following was completed during the 2022/2023 financial year:

- Installation of 368 m of 200 mm diameter PVC pipe
- Installation of 1064 m of 110 mm diameter PVC pipe
- Installation of 3 632 m of 75 mm diameter PVC pipe
- 15 fire hydrants installed
- 29 valves installed
- 52 old house water meters were replaced with new meters

The total expenditure for the 2022/2023 financial year amounted to R 4 424 692.55 excluding VAT (MIG) and R 656 027 excluding VAT (CRR).

**4. Replacement of Fencing at Reservoirs** - There is a total of 55 reservoirs throughout the municipal area and fencing needs to be replaced on a continuous basis to prevent unauthorized people to get access to the reservoirs. During the 2022/2023 financial year 660 m of fencing was replaced at various reservoirs.

The total expenditure for the 2022/2023 financial year amounted to R 1 398 515.63 excluding VAT (CRR).

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

From the consumers, sewerage is conveyed through approximately 512 km gravity sewer pipelines to 73 sewer pump stations situated throughout the municipal area. From the pump stations the sewerage is pump through approximately 41 km of rising main pipelines to a total of seven wastewater treatment plants situated throughout the municipal area. The total design capacity for the seven wastewater treatment plants is 22.54 Megalitre per day. The current combined average daily inflow for the seven wastewater treatment plants is 14.73 Megalitre per day.

The following provides details of activities regarding the sewer network:

- New sewer connections = 514
- Blockages opened = 1689

In addition to the above sewage with a total volume of 23 117 kilolitres was collected by the municipal vacuum tanker as well as the vacuum tanker hired in on an annual tender, from pump stations and conservancy tanks and discharged at the municipal waste water treatment plants. A further 29 505 kilolitres of sewage was discharged by private tankers at the municipal wastewater treatment plants. A total of 1054 preventative maintenance tasks were carried out at plants and pump stations in accordance with the municipal assistant maintenance programme.

A high level of blockages occurred in especially the Asla Park and KwaNonqaba area because of items such as disposable nappies finding their way into the system. Vandalism in the form of rocks, stones and other foreign material thrown into manholes also cause problems periodically. The illegal discharge of foreign objects/material into the municipal sewer networks causes unnecessary blockages and adversely impacts on the operation of the wastewater treatment plants.



Financial Performance 2023: Sanitation Services					
Details	2022		2023		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	114 817	131 949	129 451	126 943	-4%
<b>Expenditure:</b>					
<b>Employees</b>	25 229	27 372	27 123	26 347	-4%
<b>Repairs and Maintenance</b>	17 342	20 622	20 991	18 808	-10%
<b>Other</b>	30 450	50 387	50 736	45 922	-10%
Total Operational Expenditure	73 021	98 380	98 850	91 077	-8%
Net Operational Expenditure	-41 796	-33 568	-30 600	-35 865	6%

Capital Expenditure 2023: Sanitation Services					
Capital Projects	2023		Actual Expenditure	Variance from original budget	R' 000
	Budget	Adjustment Budget			
<b>Total All</b>	65 066	35 570	33 538	-94%	
New Level-Sensor for Sewer Pits	100	86	86	-17%	
Upgrade Telemetry	400	210	203	-97%	
Upgrade Telemetry	–	170	145	100%	
New MCC Panels (To replace old MCC Panels)	250	250	246	-2%	
Capital Spares-Pump Stations_Sewerage	200	772	104	-93%	
Upgrade of Beach Street Sewer Pump Station	–	40	–	-	
Upgrade of Beach Street Sewer Pump Station	–	208	118	100%	
Instrumentation-Purification Services	286	–	–	-	
Instrumentation-Purification Services	–	210	177	100%	
Mechanical Plant and Equipment-Regional Plant	200	200	51	-291%	
New shade net parking	40	110	108	63%	
Upgrading of the Regional WWTW	1 000	730	726	-38%	
Replacement of Vehicle: CBS 21348	380	397	379	0%	
Replacement of sewer pipelines between Mossel Bay and Hartenbos	3 000	700	510	-489%	
New Connections	450	450	279	-61%	
Midbrak Main Sewer Network	8 500	5 500	5 534	-54%	
Main Sewer Network between Glentana & Great Brak	12 000	7 000	6 485	-85%	
Furniture & Office Equipment	20	5	3	-572%	
Machinery & Equipment-New	30	30	29	-3%	
Machinery & Equipment-Replacement	30	30	25	-21%	
New Multi-Purpose Trailer	50	50	49	-2%	
Enlarge Sewerlines: Brandwacht	300	300	207	-45%	
Capacity increase of Great Brak WWTW	21 000	5 000	5 309	-296%	
Capacity increase of Pinnacle Point WWTW	9 976	7 670	7 670	-30%	
Capacity increase of Pinnacle Point WWTW	2 594	1 554	1 564	-66%	
New sewer infrastructure for unserved erven in Great Brak River	300	300	191	-57%	



Capital Expenditure 2023: Sanitation Services				
Capital Projects	R' 000			
	Budget	2023 Adjustment Budget	Actual Expenditure	Variance from original budget
Capital Spares-Treatment Works	300	325	292	-3%
Upgrading and Alterations to Laboratory @ Regional WWTW	400	400	293	-37%
Machinery & Equipment - Replacement	10	20	10	2%
New Vacuum Truck	1 600	-	-	-
New Vacuum Truck	-	1 356	1 251	100%
Upgrade WWTW-Friemersheim-C.R.R	500	-	-	-
Upgrade WWTW - Friemersheim	-	300	300	100%
Furniture & Office Equipment WWTW (Replacements)	50	45	44	-15%
Furniture & Office Equipment WWTW (New)	10	10	6	-64%
Furniture & Office Equipment for Superintendent Sewer (South) & Superintendent Operational (North)	30	10	9	-218%
New vehicle (Artisan - Plumber: Sewer (North))	360	-	-	-
New vehicle (Artisan - Plumber: Sewer (North))	-	399	386	100%
Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing)	700	400	348	-101%
Emergency Repair Work at Onzerust Avenue Sewer Chamber	-	334	334	100%
Sewer Reticulation of Erf 7092, Dana Bay - Donated Assets	-	-	68	100%

**COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:**

**1. Midbrak Main Sewer Network** – This phase of the project is a multi-year project spread over the 2021/2022 and 2022/2023 financial years. The following was completed during the 2022/2023 financial year:

- The supply and installation of mechanical and electrical components for the pump stations.
- Installation of 148 m of 250 mm diameter PVC pipe
- Installation of 20 m of 160 mm diameter PVC pipe
- Installation of 70 m of 110 mm diameter PVC pipe
- Installation of 96 m of 160 mm diameter HDPE pipe
- Installation of 106 m of 110 mm diameter HDPE pipe
- 15 sewer manholes constructed

The total expenditure for the 2022/2023 financial year amounted to R 5 534 067.97 excluding VAT (Loan).

**2. Main Sewer Network between Glentana & Great Brak** – This phase of the project is a multi-year project spread over the 2021/2022 and 2022/2023 financial years. The following was completed during the 2022/2023 financial year:

- Installation of the mechanical and electrical components for the pump stations.
- Filling of old communal conservancy tanks with gravel material.

The total expenditure for the 2022/2023 financial year amounted to R 6 999 997.01 excluding VAT (Loan).



**3. Capacity increase of Great Brak WWTW** – Because of various residential developments currently taking place as well as developments planned in the near future the capacity of the existing waste water treatment works must be increased to 4 Megaliter per day. This is a multi-year project spread over the 2021/2022 and 2022/2023 financial years.

The total expenditure for the 2022/2023 financial year amounted to R 5 000 000 excluding VAT (Loan).

**4. Capacity increase of Pinnacle Point WWTW** - Because of various residential developments planned in the near future the capacity of the existing waste water treatment works must be increased to 8 Megaliter per day. This is a multi-year project spread over the 2021/2022 and 2022/2023 financial years.

The total expenditure for the 2022/2023 financial year amounted to R 7 670 264.63 excluding VAT (MIG) and R 1 564 108.41 excluding VAT (CRR).

### 3.3 ELECTRICITY

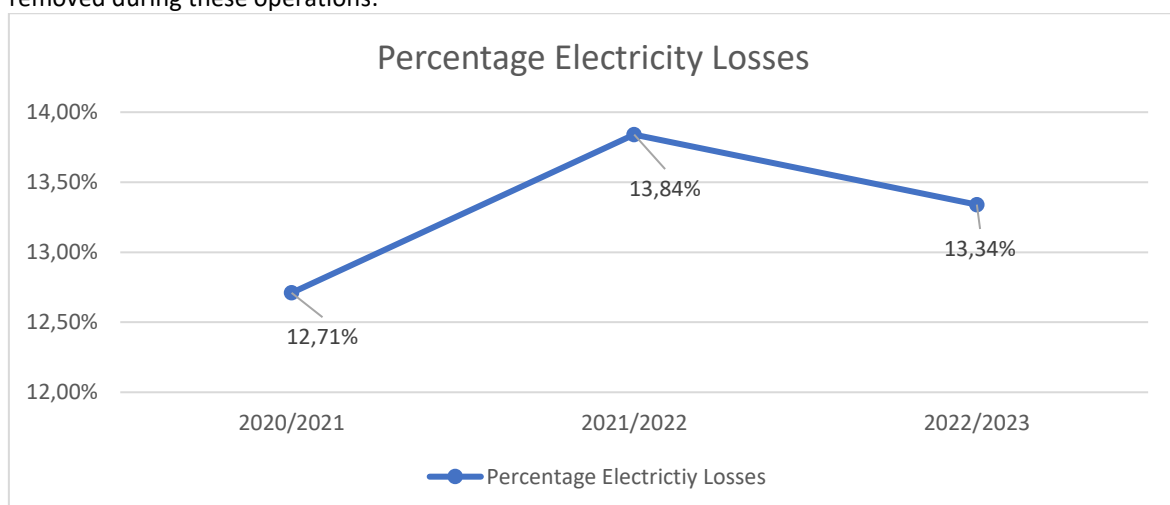
#### INTRODUCTION TO ELECTRICITY

Electricity is purchased from Eskom at seven major points of supply with a combined notified maximum demand of 82MVA and is distributed under a NERSA licence to various industrial, commercial and domestic customers. The peak maximum demand for the is 68,9MVA with a spare capacity of 13,1MVA for future growth. The peak demand occurred on restoration of power after the end of a load shedding slot.

A total of 10 capital projects were successfully completed in line with the IDP and capital programme and the department achieved a 95.09% expenditure for the 2022/2023 financial year.

A total of 2712 preventative maintenance tasks were completed on electrical equipment to minimise break downs and to improve the quality of supply to all customers.

In addition to the above, five (5) operations were carried out together with the Public Order Policing Unit of the South African Police services, to remove illegal connections. A total of 1091 illegal connections were removed during these operations.





Job Level	Employees: Electricity Services				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	4	3	1	25%
4 - 6	36	54	36	18	33%
7 - 9	11	11	11	0	0%
10 - 12	18	22	19	3	14%
13 - 15	4	4	4	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>73</b>	<b>96</b>	<b>74</b>	<b>22</b>	<b>23%</b>

Financial Performance 2023: Electricity Services					
Details	2022	Original Budget	2023	Actual	Variance to Budget
	Actual		Adjustment Budget		
Total Operational Revenue	568 779	625 490	615 127	610 808	-2%
<b>Expenditure:</b>					
<b>Employees</b>	26 914	28 946	29 640	29 785	3%
<b>Repairs and Maintenance</b>	28 595	31 363	32 530	32 378	3%
<b>Other</b>	437 768	452 451	464 355	443 966	-2%
Total Operational Expenditure	493 277	512 761	526 526	506 129	-1%
Net Operational Expenditure	-75 502	-112 729	-88 601	-104 679	-8%

Capital Expenditure 2023: Electricity Services				
Capital Projects	Budget	Adjustment Budget	2023	Variance from original budget
			Actual Expenditure	
<b>Total All</b>	<b>46 766</b>	<b>55 412</b>	<b>48 510</b>	<b>4%</b>
Furniture & Office Equipment (New)	–	22	22	0%
Furniture & Office Equipment (Replacements)	9	3	3	0%
Replacement Network H/Bos_	22	22	12	-85%
Replacement Network H/Bos	330	420	421	0%
Replacement Network H/Bos	65	65	64	-1%
Replacement Network Low Voltage	22	22	24	11%
Replacement Network Low Voltage	344	509	509	0%
Replacement Network Low Voltage	65	108	83	-30%
New Connections	38	38	29	-30%
New Connections	453	488	448	-9%
New Connections	1 810	1 964	1 928	-2%
Capital Spares (Replace Mini Substations)	1 600	–	–	-
Replace MV Ring Main Units	600	2 206	598	-269%
Electrification Projects	6 370	10 253	10 253	0%
Electrification Projects_CRR	200	139	139	0%
Electrification Projects_CRR	–	36	36	0%
Electrification: Louis Fourie Corridor	4 987	4 583	4 583	0%





Capital Expenditure 2023: Electricity Services				
Capital Projects	Budget	2023		R' 000
		Adjustment Budget	Actual Expenditure	
Tools & Equipment	130	127	138	8%
Replacement of Vehicles: CBS 30283	385	362	362	0%
Replacement of Vehicles: CBS 41147	385	354	354	0%
High mast and flood lights for various wards	150	85	85	0%
High mast and flood lights for various wards	–	157	157	0%
Electrical Workshop Upgrading	50	43	43	0%
Replace LV Overhead Lines : Great Brak	32	62	62	0%
Replace LV Overhead Lines : Great Brak	512	379	379	0%
Replace LV Overhead Lines : Great Brak	96	85	85	0%
Replace MV Overhead Lines : Great and Klein Brak areas	32	42	42	0%
Replace MV Overhead Lines : Great and Klein Brak areas	512	508	508	0%
Replace MV Overhead Lines : Great and Klein Brak areas	96	72	72	0%
Casino Sub-Replace Switchgear	30	–	–	-
Casino Sub-Replace Switchgear	1 000	–	–	-
Casino Sub-Replace Switchgear	20	–	–	-
Intake Substation Revamp (66 kV)	4 000	1 000	1 000	0%
Smart grid, metering & monitoring	300	178	118	-50%
Smart grid, metering & monitoring	–	121	121	0%
Aalwyndal MV network upgrade	4 000	7 730	7 730	0%
Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations	9 500	9 500	8 319	-14%
Replace Morrison Str OHL	–	2	–	-
Replace Morrison Str OHL	–	1 518	1 125	-35%
Replace Morrison Str OHL	–	24	21	-14%
Replace Morrison Str OHL	1 000	–	–	-
LV supplies to various CCTV installations	5	5	9	46%
LV supplies to various CCTV installations	70	70	52	-35%
LV supplies to various CCTV installations	25	60	60	-1%
MV network improvement between N2 Industrial Sites and Sijaji Str	–	–	(5)	100%
MV Network Improvement KwaNonqaba SS-B substation	15	–	–	-
MV Network Improvement KwaNonqaba SS-B substation	475	131	1	-8833%
MV Network Improvement KwaNonqaba SS-B substation	10	–	–	-
Replace Vehicle CBS 28887	435	–	–	-
Optic fibre network installation between 66kV substations	500	–	–	-
Optic fibre network installation between 66kV substations	–	161	161	0%
Replacement of Electricity Meters	700	880	843	-4%
Replacement of Electricity Meters	204	–	–	-
New Streetlights on gravel road behind Barracuda str	5	17	17	0%
New Streetlights on gravel road behind Barracuda str	143	135	135	0%
New Streetlights on gravel road behind Barracuda str	37	33	33	0%



Capital Expenditure 2023: Electricity Services					
Capital Projects	2023				R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Energy Efficiency: Streetlight luminaire replacements	5 000	5 000	4 547	-10%	
Replacement of MV Cable to Mossdustria	–	809	698	-16%	
Replacement of MV Cable to Mossdustria	–	91	90	-1%	
Replacement of MV Cable to Mossdustria	–	50	41	-23%	
Electrical LV reticulation of Erf 7092, Dana Bay-Dontated Asset	–	182	182	0%	
Monte Christo access road - donation of streetlights	–	–	427	100%	
Bulk electrical installation for Milkwood Estate on Erf 2839, Great Brak	–	–	1 129	100%	
High mast lighting for KwaNonqaba area	–	217	217	0%	
Standby generators	–	4 348	–	-	

**COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:**

**Challenges:**

During the past year there has been an increasing trend of vandalism of infrastructure and copper theft, which is of great concern to the municipality, as it affects service delivery and adds unnecessary cost. Measures such as intruder alarms at key substations appear to be effective to curb the vandalism and theft, but streetlight installations remain vulnerable as these are ubiquitous and therefore difficult to guard or protect.

Tampering with electrical service connections and illegal electrical connections are a growing problem in the area, which is contributing to an increase in electrical losses. Electrical losses have decreased from 13,82% to 13,16% for the year.

A summary of the major capital projects that are underway or completed during the year is as follows:

**1. New Aalwyndal 11kV Switching Substation**

The project involves the construction of a new 11kV Switching Substation building with 11kV Primary Switchgear and associated equipment in Aalwyndal, including an 11kV underground cable supply from the Intake Substation in Voorbaai. 2022/23 was the first year of construction and during this year a major portion of the underground cable has been installed, while land has been acquired for construction of the switchroom building. Construction of the building, installation of the 11kV switchgear and completion of the underground cable is planned for 2023/24. It is estimated that the total cost for this multi-year project will be R15 000 000 (VAT excluded) with completion expected in September 2024. The new Switching Substation will cater for existing as well as future developments in the Aalwyndal area.

**2. Electrification Projects**

The electrification project was undertaken in accordance with the Department of Mineral Resources and Energy policy guidelines. A total of 932 informal and formal households were electrified in the UISP (KwaNonqaba Phase 3) and Louis Fourie Corridor areas in the 2022/2023 financial year. The project involved the installation of medium voltage and low voltage electrical reticulation, at a cost of R15 010 986, excluding VAT, making use of INEP grant funding and a small portion of CRR funding. For the Louis Fourie Corridor project, the third and final payment had been made to Western Cape Province Housing Department as per an agreement to reimburse them for the electrification portion of the project, which they had initially paid for.



### **3. Upgrading of the 66kV overhead line between Eskom Duinzicht Substation and the municipal Ockert Bothma Substation**

This multi-year project is currently under construction and involves replacing and upgrading the old wooden-pole overhead line from 30MVA capacity to approximately 47MVA. The increased capacity will cater for projected growth in demand in the western areas of Mossel Bay and also cater for potential renewable energy plants in the Mossdustria area. Progress on the project is currently at approximately 90%, with completion expected to be achieved by October 2023 at an estimated cost of approximately R16 000 000, excluding VAT.

### **4. Medium Voltage (MV) and Low Voltage (LV) electrical upgrades**

Various upgrading projects were undertaken across the municipal area, for upgrading of the MV and LV networks. The work included replacement of overhead lines with underground cables and increasing the capacity of the network where bottlenecks or constraints were identified. The combined cost of all the upgrading work was R4 214 287, excluding VAT.

### **5. Energy Efficiency - Replacement of 57W compact fluorescent lamps with 37W LED streetlight luminaires**

This project involves the replacement of 57W compact fluorescent streetlight lamps with energy efficient 37W LED streetlight luminaires. Apart from the projected energy saving of approximately 35% per replaced luminaire, the project is also necessary in order to replace the 57W lamps which have become obsolete. During the past year, more than 2000 streetlights have been replaced, at a cost of R4 547 393, excluding VAT.

### **6. High Mast Light project in KwaNonqaba**

A high mast light project was undertaken to improve area lighting in the Giyani informal settlement of Asla, KwaNonqaba. A 30m high mast was erected in June 2023, while the mast was finally commissioned in August 2023. The total cost of the project was R440 0000, including VAT, with partial funding from the Western Cape Provincial Government Municipal Interventions Grant of R250 000, including VAT and the remainder from municipal CRR funding.

### **7. Municipal Energy Resilience (MER) Initiative**

Mossel Bay Municipality is one of the six candidate municipalities participating in the Municipal Energy Resilience (MER) Initiative in the Western Cape.

The six municipalities are:

- Drakenstein Municipality
- Mossel Bay Municipality
- Overstrand Municipality
- Saldanha Bay Municipality
- Stellenbosch Municipality
- Swartland Municipality

The MER Initiative is driven by the Western Cape Provincial Government and aims to support and assist municipalities to take advantage of the energy regulations to develop their own power generation projects and procure power from Independent Power Producers (IPPs).

The work entails preparing the municipal electricity networks to undertake pioneering renewable energy projects, and will explore multiple pioneering renewable energy technologies and scales, cost options, scale of investment required, location issues, risks, municipal readiness needs, infrastructure needs, timelines to get capacity onto the grid, transaction and procurement mechanisms and regulatory issues.

As a result of the MER initiative, a tender was advertised to call for proposals from potential Independent Power Producers (IPP) to provide power to the municipality from plants constructed and operated within the municipal network, where the generation plants have capacity of 5-30MVA. Evaluation of the proposal is expected to be completed toward the end of 2023. The generation plants will be owned and operated by the IPP, while the municipality will only purchase power from the IPP, as part of a long-term contract of minimum 20 years.

Another initiative to improve the energy resilience of the municipality is a project to construct hybrid PV solar installations with generating capacity of 1MVA and including battery storage, at critical Water & Waste Water



Plants. The initial cost estimate for the project is R237 000 000 over a period of 3-4 years. The first phase of the project is currently in the detail design stage and it is expected that a tender will be advertised before the end of 2023.

### 3.4 WASTE MANAGEMENT

#### INTRODUCTION TO WASTE MANAGEMENT

The Mossel Bay Municipality strives to achieve and exceed the targets set by the National Government for refuse collection, management of waste disposal facilities, street cleaning and waste minimisation. Mossel Bay Municipality does this via its: dedicated staff component; well-maintained refuse collection fleet; compliant waste disposal sites, Street cleaning and Open Spaces EPWP projects and waste minimisation interventions which include curb side collection of recyclables and diversion of waste via the three bag system. Mossel Bay municipality is especially proud of the following:

- The promulgation and implementation of its Refuse Management By-law
- The Integrated Waste Management Plan for 2020 -2025 is approved by the relevant authorities
- All Solid Waste Infrastructure planning is guided by an approved Waste Infrastructure Plan
- The weekly curb side collection of recyclables and green waste exceeds the applicable norms and standards
- All solid waste sites were deemed compliant by both the internal and external audits conducted during 2022/2023.
- The Street Cleaning and Open Space EPWP programs provide employment for previously unemployed people and keeps the environment clean
- The monthly recycling rate for 2022/2023 was between 15-22% which exceeds the applicable national targets
- Refuse Bags are distributed quarterly to all formal and informal households in Mossel Bay.
- Household Hazardous Waste Open days have greatly reduced the volume of hazardous wastes from entering the environment via illegal dumping.
- Two (2) swap shops and one Buy-Back Centre were operational during 2022/2023
- Recycling and Composting training was provided to residents in different areas
- The Landfill Closure Provision Projects for 2022/23 were successfully concluded

Despite all the above-mentioned success, there are some serious challenges which persist. These include:

- Continued Illegal dumping of all waste;
- Limited participation in the waste separation at source;
- Limited airspace at existing landfill sites
- Diversion of organic waste as per legislated targets will require new composting site; and
- Well-being of refuse collection staff who face harsh working conditions

Central to the Municipalities effort to address these challenges is deep and meaningful public participation, working with ward committees and fostering relationships with external stakeholders.

Job Level	Employees: Solid Waste Management Services					
	2022		2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
<b>0 - 3</b>	53	53	53	0	0%	
<b>4 - 6</b>	20	21	20	2	9.52%	
<b>7 - 9</b>	10	11	10	1	0%	
<b>10 - 12</b>	2	2	2	0	0%	



Job Level	Employees: Solid Waste Management Services					
	2022		2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
<b>13 - 15</b>	1	1	1	0	0%	
<b>16 - 18</b>	1	1	1	0	0%	
<b>Total</b>	87	89	87	2	2,25%	

Financial Performance 2023: Waste Management Services						R'000
Details	2022	2023			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	106 610	113 084	112 735	112 551	0%	
<b>Expenditure:</b>						
<b>Employees</b>	16 614	17 691	17 550	17 618	0%	
<b>Repairs and Maintenance</b>	1 740	1 778	2 218	1 956	9%	
<b>Other</b>	64 729	89 076	87 748	82 865	-7%	
Total Operational Expenditure	83 083	108 545	107 516	102 439	-6%	
Net Operational Expenditure	-23 527	-4 539	-5 219	-10 112	55%	

Capital Expenditure 2023: Waste Management Services					R' 000
Capital Projects	Budget	2023		Variance from original budget	
		Adjustment Budget	Actual Expenditure		
<b>Total All</b>	5 930	6 534	10 788	35%	
Procurement of Bulk Skip	500	709	430	-16%	
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	250	5	5	-4716%	
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	–	–	6	100%	
Upgrade of access road to Herbertsdale Transfer Station	–	148	–	-	
Airconditioner for office at Schoeman Street Yard	50	10	10	-394%	
Replacement of Vehicle: CBS 27393	2 000	–	–	-	
Replacement of Vehicle: CBS 27393	–	1 668	1 671	100%	
Procurement of a TLB	600	513	513	-17%	
Restoration cost land fill site	–	812	7 116	100%	
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	190	–	–	-	
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	–	210	180	100%	
Car Port-Schoeman Street	1 000	–	–	-	
Car Port-Schoeman Street	–	1 886	381	100%	
Car Port-Schoeman Street	500	–	–	-	
Noise meter	200	108	108	-85%	
New conservancy tank Louie Fourie Transfer Station	120	–	–	-	
New conservancy tank Louie Fourie Transfer Station	–	18	18	100%	





Capital Expenditure 2023: Waste Management Services					R' 000
Capital Projects	Budget	2023		Variance from original budget	
		Adjustment Budget	Actual Expenditure		
New Spotlight Herbertsdale Transfer station	100	–	–	-	
New Spotlight Herbertsdale Transfer station	–	20	20	100%	
Purchase of New Vehicle : 4X2 LDV	350	307	308	-14%	
Electrical appliances for Transfer stations	20	20	21	6%	
Upgrade of Hartenbos Refuse Staff Room	50	–	–	-	
Upgrade of Hartenbos Refuse Staff Room	–	100	1	100%	

Financial Performance 2023: Waste Disposal and Other Services						R'000
Details	2022		2023		Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	-	-	-	-	-	
<b>Expenditure:</b>						
<b>Employees</b>	5 131	4 978	4 991	4 702	-6%	
<b>Repairs and Maintenance</b>	338	403	655	489	18%	
<b>Other</b>	3 401	2 392	4 039	3 833	38%	
Total Operational Expenditure	8 870	7 773	9 686	9 025	14%	
Net Operational Expenditure	8 870	7 773	9 686	9 025	14%	

#### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The capital investment focused this year was on the replacement of the current outdated fleet to improve service delivery and to reduce repairs and maintenance costs associated with an outdated fleet. Bulk waste containers were placed strategically to capacitate the disposal of in the informal settlements and as well on open spaces for the community to dispose garden and builder's rubble site. Ward specific interventions for illegal dumping were implemented.

#### SUCSESSES ACHIEVED DURING THE YEAR

- Recycling Entrepreneurship training conducted by Department of Environmental Affairs and HenqueWaste.
- Enabling Waste Pickers to become independent and initiate own waste projects by issuing of Waste Reclamation Permits.
- Purchase of one new compactor.
- Addition of various posts to departmental organogram to improve capacity.
- Buyback centre established at KwaNonqaba Transfer Station.
- Completion of the rehabilitation projects for the year as per the Land Closure Provisions Report.

#### CHALLENGES

- Illegal dumping of all waste types
- Sustainability of the recyclable waste swop shops.
- Need for increasing blue bag participation rate by residents;
- Limited resources in relation to expected outcomes.
- Need for a building rubble site and food composting facility.
- Funding for new composting and building rubble site



- Market for recycling / encouraging incentives for recycling.

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

Mossel Bay Municipality is still striving to provide housing as a much-needed service to our communities by providing housing opportunities according to the available resources. The housing demand database currently lists 11360 registered potential beneficiaries. This financial year the Municipality received an allocation of R69m for the development of UISP project. With this programme the Provincial Department of Infrastructure together with Municipality seeks to formalise the 28 Informal Settlements within the Mossel Bay. This will be achieved by developing serviced sites, in this way the informality will diminish gradually.

While the understanding is that this will not happen overnight, in the meantime the Municipality has submitted a funding application to the Provincial Department of Infrastructure for a second Interim Basic Services (IBS). With the IBS funding the Municipality is able to provide sanitation and running water whilst waiting for the permanent solution in terms of upgrading of the Informal settlements. While the IBS is not yet approved, the structures in the informal settlements receives electrical connections to reduce the level of shack fires and the illegal connections.

To roll out the UISP programme the Municipality had to implement a roll over model, meaning the households in a settlement needs to make way for the contractor to move in by relocating out of the site into the Temporary Relocation Area (TRA). For this purpose, a TRA worth R30m was built in Seven de Laan consisting of 250 temporal units and the storage facility. Some of the community members were not happy with the size of the units, amid the fact that it was going to be a temporary arrangement, consequently the beneficiaries refused to be relocated into the TRA. The Transand Informal Settlement was relocated to the TRA while the area was being developed. Up to date the UISP boast the delivery of 69 serviced sites. The [www.mbuisp.org](http://www.mbuisp.org) website can be used track the progress on the UISP. This is the website that was created solely to inform public about the progress in the informal settlements, public is also offered an opportunity to post questions and or comments on the website.

The allocation and relocation into 725 houses in the Integrated Residential Development Programme (IRDP), project called Mountain View has been completed recently. The remaining 278 units will be allocated to beneficiaries who will qualify for a Finance Linked Individual Subsidy Programme (FLISP) subsidy. This is a method of integrating beneficiaries from various economic sectors into a single settlement.

Besides the provision of houses, the Municipality is rolling out a Toilet Project, aimed at providing 250 elderly and disabled beneficiaries in the old townships of KwaNonqaba, D’Almeida and Tarka had the new bathrooms built for them. The project aims to eradicate the external toilets in Mossel Bay Townships. The toilet project will continue as long as funding remains available. The preferred beneficiaries of the project are people who are over 60 years of age and those who are living with disability.

The department acknowledges the housing backlog of 11 360 beneficiaries, and hence have made submissions to the Department of Infrastructure four new housing planning applications for Great Brak, Toekoms, Site K and Spekboom. In these applications there is a meaningful amount of Social and Gab housing to be implemented. It is all contained in Housing Pipeline of the Municipality as it was already approved by the Municipal Council in March 2021.

Service provided through housing provision	2020/2021	2021/ 2022	2022/2023
<b>Property transferred</b>	69	33	335
<b>Waiting list registrations</b>	403	303	580
<b>Housing Consumer Education Attendees</b>	374	5220	4452



Job Level	Employees: Housing Services				
	2022	2023			
	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	4	4	4	0	0%
7 - 9	2	2	2	0	0%
10 - 12	4	4	4	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0%</b>

Financial Performance 2023: Housing Services					
Details	2022	Original Budget	2023	Actual	R'000
	Actual		Adjustment Budget		Variance to Budget
Total Operational Revenue	42 021	84 866	80 287	41 562	-104%
<b>Expenditure:</b>					
Employees	5 005	5 146	5 218	5 356	4%
Repairs and Maintenance	155	462	387	224	-106%
Other	24 372	15 224	21 264	7 671	-98%
Total Operational Expenditure	29 532	20 831	26 869	13 250	-57%
Net Operational Expenditure	-12 489	-64 035	-53 418	-28 312	-126%

Capital Expenditure 2022: Housing Services				
Capital Projects	Budget	Adjustment Budget	2022	R' 000
			Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>53 853</b>	<b>50 292</b>	<b>29 480</b>	<b>-83%</b>
Mossel Bay Tourism Route	800	310	310	-158%
Upgrading of Informal Settlements - Capital spares	53 043	9 342	13 610	-290%
Upgrading of Informal Settlements - Capital spares	–	26 664	6 994	100%
Upgrading of Informal Settlements - Capital spares	–	1 944	1 784	100%
Upgrading of Informal Settlements - Capital spares	–	12 022	6 774	100%
Tracker for Chev Cruze	10	10	8	-29%

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

Capital projects are still on track both in terms of expenditure, The UISP for the next nine years will focus on providing services in the 23 Informal Settlements in KwaNonqaba, Ruitersbos, Brandwag and Great Brak.



In April 2023, the handover of the 69 serviced sites in Transand was officiated by Alderman C Bayman, Deputy Mayor and the Housing Portfolio Chairperson. The area was previously an informal settlement with 49 households and formalised with serviced stands with erf numbers. Each of the families was allocated a serviced stand and will receive a Municipal account as they are no longer in the informal settlement. During the Construction time the 49 families were relocated to Temporal Relocation Area (TRA). This project highlights the successful impact of the UISP.

Louis Fourie or Mountain View housing Development was officially opened in October 2022 by the Provincial Minister of the Department of Infrastructure, T Simmers. The first units were allocated to the elderly beneficiaries from all over Mossel Bay including farm residence.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The objective of the Mossel Bay Municipality is to ensure that the procedures and guidelines, regarding indigent and poor household subsidies, are known to all. This is done by having permanent offices in different areas where applications for a subsidy can be made with the assistance of a person in charge of the office.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby and where they are also assisted with the completion of the applications.

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

Mossel Bay has currently implemented three levels of indigent subsidy that is funded from the Equitable Share received from National Government. The Level 1 indigent subsidy is for households where the total household income does not exceed two times the Government pension, where at the level 2 indigent subsidy assists households with half of the indigent subsidy of the level 1 indigents. In addition to the 2 levels of indigent subsidy, the municipality also made provision for household who currently house persons with disabilities, who will received the same subsidy as that of the level 1 indigents. The indigent subsidy allows for 6kl of water per household and 50 kWh of electricity per household, with the level 2 indigent subsidy only allows for 25kWh of electricity, along with refuse removal and sanitation.

For the new financial year, Council has approved a new criterion, where property owners' whose property have been valued below R125 000 will also qualify for Level 1 indigent subsidy, on condition that there is no members of the household employed in the public sector. The municipality hopes to increase the number of households qualifying for the indigent subsidy with this initiative.



## COMPONENT B: ROADS

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The purpose of the Roads, Transport and Stormwater division is to manage the provision of roads, stormwater, public transport, and traffic engineering services to enhance roads safety and accessibility in favour of the community and other road users.

The goal for the planning, design and construction of roads is that it should be economic, efficient, safe, convenient, and environmentally friendly.

The purpose of the Project Management Unit (PMU) is to co-ordinate the processing of the project management services for the life cycle of the project.

The following are the main functions of the division:

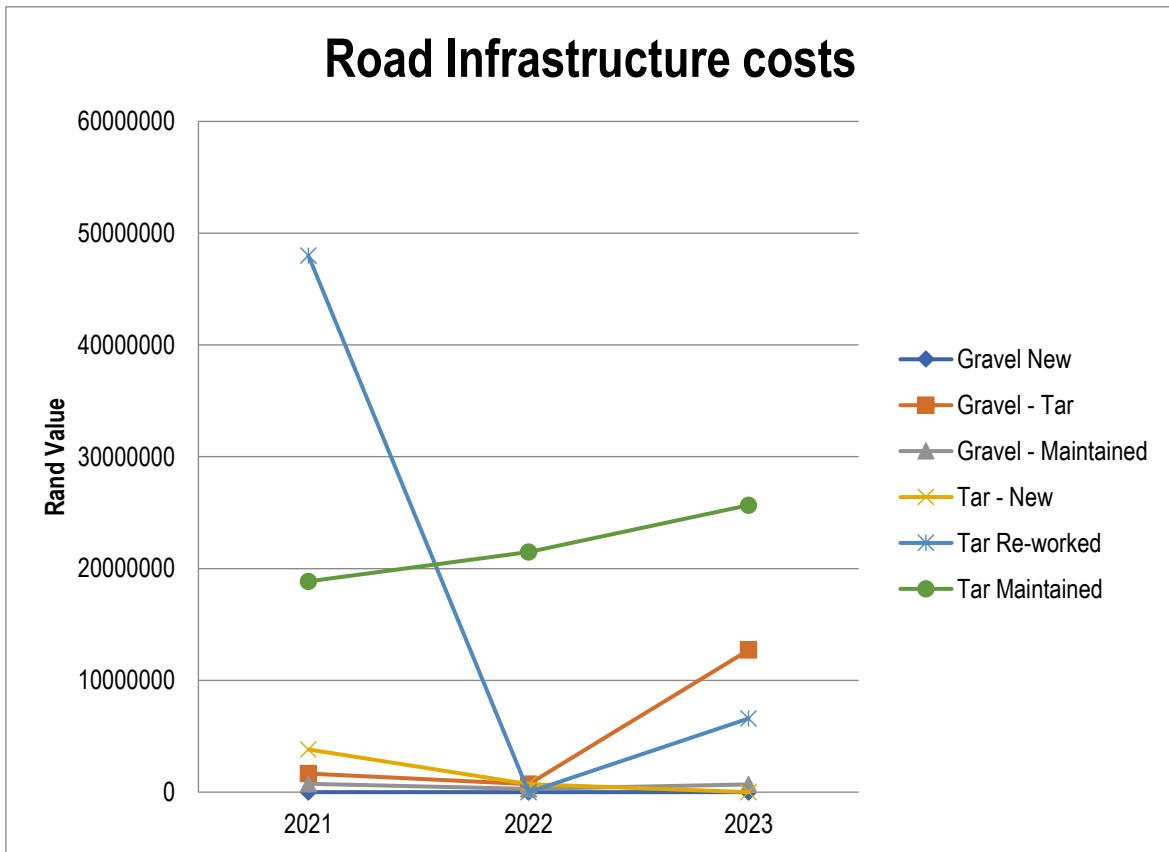
- Plan, monitor and control the design and construction of roads and stormwater infrastructure with the aim to ensure integrated road access and infrastructure.
- Co-ordinate and perform road and storm water construction and maintenance services.
- Develop, implement and maintain integrated transport plan and related policies.

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
<b>2021</b>	14,40	0,00	1,31	14,40
<b>2022</b>	13,09	0,00	0,00	27,15
<b>2023</b>	13,09	0,00	1,28	40,51

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometres Tar roads maintained
<b>2021</b>	415,00	0,61	2,43	23,00	9,00
<b>2022</b>	415,00	0,13	2,10	23,00	14,00
<b>2023</b>	415,00	0,00	0,54	27,71	18,00

Cost of Construction/Maintenance						
	New	Gravel - Tar	Maintained	New	Tar Re-worked	R' 000 Maintained
<b>2021</b>	0	1667500	745258,01	3818499	47990481	18853230
<b>2022</b>	0	714755	292302,28	714755	0	21476320
<b>2023</b>	0	12704464,61	697628	0	6601900	25669813,87





Financial Performance 2023: Road Services					
Details	2022 Actual	Original Budget	2023 Adjustment Budget	R'000	
				2023 Actual	Variance to Budget
Total Operational Revenue	14 269	4 926	5 486	10 853	55%
<b>Expenditure:</b>					
<b>Employees</b>	11 906	19 047	17 712	14 252	-34%
<b>Repairs and Maintenance</b>	29 251	28 057	27 170	26 967	-4%
<b>Other</b>	35 965	33 268	33 660	37 782	12%
Total Operational Expenditure	77 121	80 372	78 542	79 000	-2%
Net Operational Expenditure	62 853	75 447	73 056	68 148	-11%

Financial Performance 2023: Transport Services					
Details	2022 Actual	Original Budget	2023 Adjustment Budget	R'000	
				2023 Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
<b>Expenditure:</b>					
<b>Employees</b>	1 105	1 238	1 221	1 166	-6%
<b>Repairs and Maintenance</b>	1	40	10	9	-337%
<b>Other</b>	261	286	286	232	-23%
Total Operational Expenditure	1 368	1 563	1 517	1 407	-11%
Net Operational Expenditure	1 368	1 563	1 517	1 407	-11%



Capital Expenditure Year 2023: Road Services				
Capital Projects	Budget	Adjustment Budget	2023	Variance from original budget
			Actual Expenditure	
R' 000				
<b>Total All</b>	25 368	32 709	31 432	19%
Street Lights:Great Brak Area	6	21	21	74%
Street Lights:Great Brak Area	88	98	98	10%
Street Lights:Great Brak Area	17	–	–	-!
Street Lights:Mossel Bay Area	8	8	3	-185%
Street Lights:Mossel Bay Area	120	120	161	25%
Street Lights:Mossel Bay Area	23	23	20	-10%
Furniture & Office Equipment	30	100	79	62%
Machinery & Equipment	50	70	50	0%
Pavements: CBD and Street Furniture-Materials and Supplies	–	70	64	100%
Pavements: CBD and Street Furniture-Compensation of Employees	–	40	25	100%
Pavements: CBD and Street Furniture-Cost of Site Preparation	–	5	–	-
Sidewalks:New Sidewalks: Ward 15	100	3	3	-2887%
Sidewalks:New Sidewalks: Ward 15	–	23	18	100%
Sidewalks:New Sidewalks: Ward 15	–	100	67	100%
Sidewalks:New Sidewalks: Ward 15	–	47	46	100%
Sidewalks:New Sidewalks: Ward 15	–	75	70	100%
Sidewalks:New Sidewalks: Ward 9-Phase 2	100	7	7	-1287%
Sidewalks:New Sidewalks: Ward 9-Phase 2	–	10	8	100%
Sidewalks:New Sidewalks: Ward 9-Phase 2	–	40	40	100%
Sidewalks:New Sidewalks: Ward 9-Phase 2	–	47	43	100%
Sidewalks:New Sidewalks: Ward 9-Phase 2	–	38	32	100%
Sidewalks:New Sidewalks: Ward Six	100	8	8	-1078%
Sidewalks:New Sidewalks: Ward Six	–	7	5	100%
Sidewalks:New Sidewalks: Ward Six	–	122	121	100%
Sidewalks:New Sidewalks: Ward Six	–	84	82	100%
Sidewalks:New Sidewalks: Ward Six	–	53	53	100%
Pave Sidewalks: At Oester Avenue, Boggomsbaai	100	142	141	29%
Tarring of Streets & Roads :Upgrade of Stegman and Kolstert: street Glentana	500	578	505	1%
Tarring of Streets & Roads :Upgrading of Gravel Roads & S/W: Wolwedans/Greenhaven	4 306	8 428	8 428	49%
Tarring of Streets & Roads :Upgrading of Gravel Roads & S/W: Wolwedans/Greenhaven-CRR	1 801	1 801	1 801	0%
Tarring of Streets & Roads :Upgrade Omega Street	800	1 045	791	-1%
Tarring of Streets & Roads :Upgrade Short Streets : Ward 11	–	–	(0)	100%
Tarring of Streets & Roads :Upgrade Epsilon Street	650	862	636	-2%
Tarring of Streets & Roads :Upgrade Louis van Wyk	500	542	318	-57%
Tarring of Streets & Roads :Construction of access road to Danabay	2 000	2 000	1 999	0%
Rebuild Tar Roads:Upgrade Bayview Street	1 400	1 202	914	-53%
Rebuild Tar Roads:Upgrading of Streets in Island View	500	1 400	1 311	62%



Capital Expenditure Year 2023: Road Services					R' 000
Capital Projects	Budget	Adjustment Budget	2023 Actual Expenditure	Variance from original budget	
New link road from Crotz Street to Flora	2 000	830	830	-141%	
Oyster rylaan, Boggomsbaai	700	884	883	21%	
Upgrading of Point	–	91	91	100%	
Upgrade Wasseenaar Road: Seemeeu Park	4 000	4 000	3 999	0%	
Upgrade Vlei Road and link to Garret Street	1 500	1 500	1 182	-27%	
Taxi Holding Area at D'Almeida	1 000	3 828	3 805	74%	
Trailers (Schoeman Yard RTS)	150	150	–	-	
Canopy (Schoeman Yard RTS)	32	–	–	-	
Supply and deliver new TLB Site Master	1 000	–	–	-	
Supply and deliver new TLB Site Master	–	855	855	100%	
Upgrading of stormwater system between Village on Sea & Blombosch	–	–	770	100%	
Expropriation / Land Acquisition Voorbaai	1 300	40	39	-3193%	
Expropriation / Land Acquisition Danabaai	200	200	–	-	
Retaining wall in Papawer Street, New Sunny Side	–	323	278	100%	
Lifting of intersection Island View	100	100	85	-18%	
Construction of speed humps in all areas	40	60	58	31%	
Installation of retaining blocks at the Parking Area	150	–	–	-	
Sonskynvallei: New Access Road	–	500	500	100%	
New sidewalks - Ward 1	–	42	26	100%	
New sidewalks - Ward 1	–	62	37	100%	
New sidewalks - Ward 1	–	26	24	100%	

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

Regular daily maintenance of the road network is undertaken by the internal maintenance teams. The teams are further enforced through using an external service provider assisting with pothole repairs. Further maintenance in the form of a Reseal Program obtained from the Pavement Management System also compliments the daily maintenance. This ensures that roads are maintained to an acceptable level.

The extent of work covered under the Contract for the 2022/2023 financial year was as follows:

- A total of 27.71km (163 963.00m<sup>2</sup>) of the road network was re-surfaced/pre-treated, which comprised of the following actions:
  - Slurry seal: 18.70km (102 797.00m<sup>2</sup>)
  - Ultra-Thin Asphalt overlay: 6.16km (39 894.00m<sup>2</sup>)
  - Medium Asphalt overlay: 2.42km (16 992.00m<sup>2</sup>)
  - Mill & Replace (Asphalt Surface): 0.61km (4 280.00m<sup>2</sup>)
  - Rehabilitation (Asphalt Surface): 0.30km (442.00m<sup>2</sup>)

This funding for this project was distributed as follows between the two regions of the municipality.

- Southern region: 44.34%
- Northern region: 55.64%

#### Construction of new pedestrian bridge in Brandwacht

During September 2022, the project received the SANRAL 2022 National Award for the Most Outstanding Civil Engineering Project in the Community Based Category.



### **Upgrading of Gravel Streets and Stormwater Systems – Greenhaven and Wolwedans, Great Brak River (Ward 14)**

Mossel Bay Municipality did resolve in April 2014 that a business plan be compiled for the application of MIG funds for the upgrading of roads and stormwater infrastructure for the remaining gravel streets in Wolwedans and Greenhaven, Great Brak River for implementation during the 2022/23 until 2024/25 financial years.

Scope of works entails the upgrade of existing gravel streets and related stormwater infrastructure, together with a 1m sidewalk.

This multi-year project is scheduled for completion during September 2023 at a total project value of R 11 297 321.50 (Excluding VAT).

### **Upgrade of Epsilon Street (Ward 6)**

Scope of works entails the upgrade of existing gravel streets and related stormwater infrastructure. The project was scheduled for completion by end of June 2023 at a total project value of R 862 000.00 (Excluding VAT).

### **Upgrade of Omega Street (Ward 6)**

Scope of works entails the upgrade of existing gravel streets and related stormwater infrastructure. The project was scheduled for completion by end June 2023 at an amount of R 1 045 000.00 (Excluding VAT) appropriated under the 2022/2023 financial year.

### **Upgrading of Louis van Wyk Street (Ward 8)**

Scope of works entails the upgrade of existing gravel streets and related stormwater infrastructure. The project was scheduled for completion by end June 2023 at an amount of R 542 200.00 (Excluding VAT) appropriated under the 2022/2023 financial year.

### **Rebuilding of Bayview Street (Ward 8)**

Bayview Street is an existing concrete street in the Central Town area of Mossel Bay. Over the years, the concrete started to deteriorate and showing signs of distress. Funds were then appropriated for the rebuild of Bayview Street with Phase 1 that is from Montagu Street till Hill Street.

Scope of works entails the total rebuild of the concrete street together with the reinstatement of kerbs and sidewalks.

The project was scheduled for completion by end June 2023 at an amount of R 1 201 900.00 (Excluding VAT) appropriated under the 2022/2023 financial year.

### **Taxi Holding Area off Waterkant Crescent, D'Almeida (Ward 9)**

As part of legislated development planning process, Local Municipalities must compile Integrated Development Plans (IDP). The Integrated Transport Plan (ITP) is a specific sector plan that feeds into the IDP and ultimately the ITP supports and forms part of the development of the Provincial Land Transport Framework (PLTF). The ITP considers all modes of transport and aims to identify the issues and concerns surrounding the various modes. Through a process of data collection, planning and analysis, the ITP puts forward various strategies and prioritised projects.

From the IDP and ITP, the need for a taxi holding area identified and the municipality appropriated funding for the establishment hereof.



Construction has been planned for the project to be undertaken in two phases, namely:

- Phase 01 – Construction of access roads and taxi holding area.
- Phase 02 – Construction of ablution and offices facilities.

This multi-year project had an expected completion date at end August 2023 for Phase 01 at an approximate budget of R 5 440 914.50 (Excluding VAT).

#### **Upgrade Wassenaar Road, Seemeeu Park (Ward 7)**

Wassenaar Street is currently very narrow (approximately 5.6m average width) and in a structurally poor condition that poses a serious safety risk to all road users. The section of road between Kameeldoring and Rylaan 3 has deteriorated to the extent that complete reconstruction is now required.

In addition to the road being too narrow and the pavement structurally failing, recommendations were made in terms of a traffic impact assessment (TIA) that was done in January 2018 for the development adjacent to Wassenaar Street. The traffic impact assessment confirmed that the road needs to be widened and that a pedestrian walkway needs to be introduced to accommodate pedestrian traffic and other non-motorized traffic (NMT).

In terms of stormwater drainage, Wassenaar Street don't have any side ditches, and the finished road level correlates with the existing ground level. This is problematic for the drainage of layer works. Based on the above-mentioned motivations, the municipality implemented a project to address the following:

- Road Width - Increase the road width of Wassenaar Street.
- Structural Capacity - Provide adequate structural capacity for Wassenaar Street.
- Walkway - Introduce walkway to Wassenaar Street to accommodate pedestrian traffic and NMT.
- Stormwater Drainage - Introduce subsoil drains to allow subsurface drainage.

Phase 01 of this multi-year project is planned for completion during this financial year at an estimated Construction Value of R 13 243 478.26 (Excluding VAT).

#### **Labour Intensive Projects**

Annually, and depending on IDP needs and priorities, labour intensive projects are administered, implemented, and successfully executed internally.

The total expenditure for the 2022/2023 financial year amounted to R 1 253 180.00 (Excluding VAT) and was for the following projects:

- New sidewalks in Ward 15.
- New sidewalks in Ward 9.
- New sidewalks in Ward 6.
- New sidewalks in Ward 1.
- Upgrading of Stormwater System between Village on Sea and Blombosch in Ward 6.

### **3.8 STORM WATER DRAINAGE**

#### **INTRODUCTION TO STORMWATER DRAINAGE**

Mossel Bay Municipality is in the process to conduct Stormwater Master Plans for various areas. The goals of the plans are to protect life and property from floods, to improve the quality of life of the community and to preserve the natural environment against erosion.

The following studies and investigation were conducted and concluded during the 2022/2023 financial year:

- The Stormwater Master Plan in respect to the bulk stormwater drainage systems in the Da Nova, Die Bakke and Heiderand Developments in order to identify problem areas and risk of flooding and any proposals to mitigate issues.



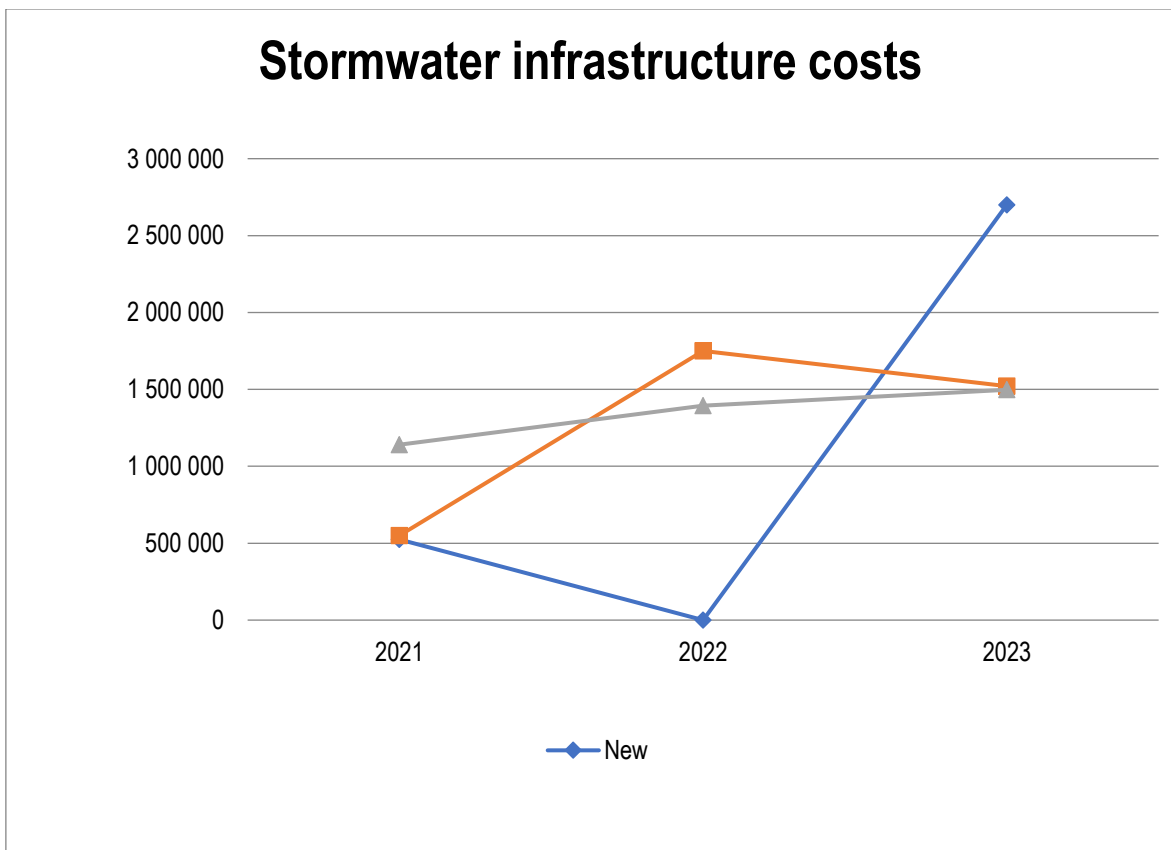


The total estimated cost for the proposed relief system and associated works on critical elements amounts to R 64 246 086.96 (Excluding VAT) for the Da Nova, Die Bakke and parts of Heiderand Developments.

Due to age, unknown conditions of some stormwater infrastructure, especially in the Central Business District, unforeseen failure of stormwater drainage systems occur. The aging stormwater infrastructure put an additional burden on the Operating and Capital Budgets.

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Kilometres Stormwater measures maintained
2021	220,00	203,00	6,00	11,00
2022	233,00	0,00	0,02	12,00
2023	233,00	0,35	0,26	9,92

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2021	525 000	550 000	1 140 356
2022	0	1 750 000	1 393 724
2023	2 700 000	1 520 000	1 497 215





Financial Performance 2023: Stormwater Services					
Details	2022			2023	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	1 950	1 950	-	#DIV/0!
<b>Expenditure:</b>					
Employees	8 747	9 852	9 670	9 129	-8%
Repairs and Maintenance	3 571	1 935	2 427	2 391	19%
Other	3 921	3 386	3 385	3 559	5%
Total Operational Expenditure	16 240	15 173	15 482	15 079	-1%
Net Operational Expenditure	16 240	13 224	13 533	15 079	12%

Capital Expenditure 2023: Stormwater Services					
Capital Projects	2023			R' 000	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
<b>Total All</b>	7 250	8 483	5 684	<b>-28%</b>	
Segmented Paving Various Areas	500	419	419	-19%	
Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai	500	284	284	-76%	
Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai	300	128	14	-2004%	
Improve Stormwater :Upgrade S/W along Anda,Sneeuberg to Sixaxeni	600	922	922	35%	
Upgrading of CBD stormwater	2 000	2 580	1 023	-96%	
Improve stormwater system in Sampson Street, Ext.23	1 000	1 079	1 079	7%	
New stormwater system in Diaz Beach	650	1 000	100	-550%	
Upgrading of stormwater system between Village on Sea & Blombosch	200	14	14	-1339%	
Upgrading of stormwater system between Village on Sea & Blombosch	-	22	21	100%	
Upgrading of stormwater system between Village on Sea & Blombosch	-	144	107	100%	
Upgrading of stormwater system between Village on Sea & Blombosch	-	84	83	100%	
Upgrading of stormwater system between Village on Sea & Blombosch	-	178	145	100%	
Upgrade SW capacity - Industry Road - Voorbaai	1 500	1 554	1 419	-6%	
Stormwater drainage in Sijaji Street, kwaNonqaba	-	40	29	100%	
Stormwater drainage in Sijaji Street, kwaNonqaba	-	30	26	100%	
Stormwater drainage in Sijaji Street, kwaNonqaba	-	5	-	-	

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

Stormwater drainage is a difficult service to budget for as it is a service which is very much needed during floods, but otherwise insignificant to the quality of life of residents.

One of the challenges is to keep run-off systems and inlets clean. The community appeared to intentionally use the stormwater systems to dispense of solid waste while skips are available. The reason for this is



unknown, but it poses a public health risk not only for the community but also for the stormwater maintenance teams.

Due to the rapid growth of informal settlements, servicing run-off systems will get increasingly more difficult and informal dwellings developed within flood plains will place lives and possessions at risk.

#### **Upgrade of Stormwater Channel in Boland Park, Phase 1 (Ward 10)**

A portion of this watercourse in Boland Park has previously been formalised to a gabion structure channel with a grass block lined floor.

Sections of the unformalized portion of the watercourse adjacent to built-up areas are showing signs of erosion and possible slippage of the watercourse banks.

The municipality has budgeted from the previous financial year to implement the project and are receiving daily complaints and concerns from residents in the area enquiring as to when the project will be completed, and their safety ensured.

This multi-year project is still in planning stage and the municipality is awaiting Environmental Authorization.

#### **Upgrade of Stormwater along Anda, Sneeuberg to Sixaxeni Street (Ward 15)**

The implementation of this project entailed the design and implementation of a stormwater line to relieve the ponding in Anda Street with the consideration of a greater Stormwater Management System which will be required for future developments.

The scope of the work entailed the laying of a diameter 525mm stormwater pipeline from the Northern end of Anda Street along the cadastral boundary to outlet to the North at the N2.

Despite several challenges with the relocation of the existing informal settlement, the project was completed on time and within the budgeted allocation of R 921 600.00 (Excluding VAT).

#### **Improve Stormwater System in Sampson Street, Extension 23**

The Sampson Street stormwater project entailed the upgrade and improvement of the existing stormwater infrastructure by replacing laying new diameter 450mm stormwater pipes and reconstructing the existing stormwater catchpits to address the ponding and capacity issues.

A total approximate length of 115m stormwater pipeline was placed at an approximate cost of R 1 079 000.00 (Excluding VAT).



## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.9 PLANNING

#### INTRODUCTION TO PLANNING AND DEVELOPMENT

##### **Mossel Bay Spatial Development Framework (MSDF 2022)**

The Mossel Bay Spatial Development Framework (MSDF) 2022 was adopted by the Municipal Council on 31 May 2022 in terms of the relevant planning legislation. The MSDF 2022 is the principle guiding document for development in the Mossel Bay Municipal area for the period 2022-2027. A medium to long-term approach was taken to ensure a clear picture for development for the next 30 years. The First MSDF 2022 Review was done in January 2023 and presented to Council. The review process is aimed at evaluating the progress made regarding achieving the developmental proposals contained in the MSDF 2022. Progress regarding development authorisations is happening faster than anticipating which inevitable puts more pressure on the Municipality to increase the rate of infrastructure provision. Services Master Planning for the new expansion areas like Louis Fourie Corridor is well underway. Land invasions and accompanied densification of the informal areas resulted in less land being available for the provision of services sites under the UISP project. Concerns were raised regarding the need for more social facilities like schools and a new Police Station for KwaNonqaba which is not Municipal mandated functions.

##### **Establishment of a GIS based Spatial Development Framework**

The layered approach of Spatial Development Framework development has resulted in confusing and unclear MSDF maps containing too much information. The MSDF 2022 maps contains over 60 layers. During the MSDF 2022 drafting process the need was identified to have GIS based mapping where applicable layers can be switched on and off to clearly show the longed information. All the spatial MSDF layers were recreated as GIS layers and is now available for official use and easy future editing. A GIS based MSDF also enable National, Provincial and District intergovernmental GIS layers to be incorporated into strategic document drafting and evaluation.

##### **Spatial Planning Orientated Services Master Planning**

The MSDF 2022 provides a clear vision of the future Mossel Bay and is used as base document for Services Master Planning. The Town Planning section developed a future scenario which can be used for long-term services need determination. The upgrading of the Roads Masterplan for the Mossel Bay/Hartenbos/KwaNonqaba area was the first master planning project to fully embrace the vision of the Mossel Bay SDF 2022. The outcome of the project was the establishment of a fully modelled long-term road network to inform land use design and application evaluation. The model will also be used to ensure timeous budgeting and implementation of the needed road infrastructure to service urban growth in Mossel Bay.

##### **Urban Regeneration in the Mossel Bay Central Business District (MCBD)**

The Tourist Route Implementation Framework was adopted by the Mossel Bay Council for implementation. The aim of the project is to strengthen the tourist character of the Mossel Bay Central Business District (MCBD). The tourist route stations were completed, and the route is functioning. The route guides users through the MCBD by telling the "Story" of Mossel Bay at key points of interest while promoting the tourist related businesses and activities in the MCBD area. The next phase of the project is to upgrade the Marsh Street intersections with pedestrian friendly road and sidewalk infrastructure. Designs were completed and construction for three intersection will be done in the 2023-2024 book year. The project is a multiyear project and construction of the remainder of the Tourist Route infrastructure is phased as budget is allocated.

The redevelopment of under-utilised and dilapidated buildings in the Mossel Bay Central Business District is facilitated via several initiatives in the MCBD area. Several demolition certificates were issued and redevelopment building plans approved in coordination with Mossel Bay Heritage to enable the development of several new developments. The developments will ensure that permanent residency in the MCBD will be strengthened which will stimulate economic activities in the applicable area throughout the year.



#### **Louis Fourie Corridor Precinct Environmental Authorisation**

The Louis Fourie Corridor project is one of the catalytic projects identified in die Mossel Bay Spatial Development Framework 2022. The Louis Fourie Corridor Precinct Plan was adopted by the Municipality as a guide document to facilitate a vibrant integrated mix income mix use development. The project is situated on one of the last large remaining Municipal owned vacant land within the urbanised area of Mossel Bay which could provide an integrated solution for a wide variety of housing typologies and social infrastructure. The multiyear project has resulted in the drafting of several baseline reports which informs the planning design. A strong focus in the 2022/2023 financial year, was on services and road designs through services master planning. The provision of the needed infrastructure is key for urban expansion and will ensure that infrastructure development will be timeously implemented. Various other environmental orientated studies were conducted which forms part of the Basic Environmental Assessment document. The public participation process for the development will commence in the 2023/2024 financial year.

#### **Subsidised Housing Planning UISP/BNG/FLISP/Social Housing**

Mossel Bay is currently busy with various housing projects which are at different stages of development. The department plays a key role from the initiation of the projects up until the clearance certificates for transfer of the erven to beneficiaries. The spatial context and MSDF development principles are applied to ensure optimisation of available land while creating viable communities to ensure a sustainable Mossel Bay.

#### **Mossdustria Industrial and Motorsport Facility Development**

The Municipality initiated the Mossdustria Industrial and Motorsport Facility, which will result in the establishment of Industrial sites for small to larger industries at affordable prices. The Motorsport Facility was identified as a catalytic project to support motorsport in the Garden Route area and strengthen the tourism sector in Mossel Bay. When fully developed the industrial site will address the current issues regarding development ready industrial land for investors and the Motorsport Facility will facilitate motorsport events which will ensure an influx of tourists through the year.

The Environmental Authorisation application process to ensure the development of the Mossdustria Industrial and Motorsport Facility was initiated. Various studies were conducted and several amendments to the proposed layout had to be made to accommodate the outcomes of the mentioned studies. A Basic Environmental Assessment document was compiled for submission to obtain the necessary environmental approvals. The public participation process for the development will commence in the 2023-2024 book year.

#### **Environmental Management Framework Development**

The Municipality in conjunction with the Western Cape Provincial Government drafted Section C of the MSDF which is an Environmental Management Framework for the Mossel Bay Municipal area. The aim of the project is to establish sound environmental practice and to confirm the Urban Area for Mossel Bay. Urban Area classification is used extensively in identifying listed activities within environmental application processing. The Environmental Management Framework will ensure delisting of listed activities for confirmed none-sensitive housing pipeline projects, which will enable project implementation. The document was public participated and has been submitted for final evaluation.

#### **Land Use Management:**

##### **The establishment of the Land Use Planning Committee (LUPC):**

The LUPC is a Council established Section 79 Committee to provide comments on land use planning applications during the Public Participation Process and to be awarded an opportunity to appeal Land Use Planning decisions taken by either the Authorised Official or the Eden Joint Municipal Planning Tribunal.

Council approved the establishment of the LUPC on 27 October 2022 under Resolution E234(B)-10/2022. This is a new concept in the Western Cape and therefore record will be kept of comments received from the LUPC as well as appeals and the outcomes of the decisions to assist with the determination of value added in the land use planning process. These records are also required to assist other municipalities in the Western Cape exploring the intention to establish similar committees.





### Stricter control on unauthorised land use activities:

Measures are being put in place to deter unauthorised land use activities. Contravention levies have been approved in terms of Council's Tariff list under Town Planning and will be enforced by means of conditions of approval. Furthermore, efforts and motivation to fill an Assistant Town Planner post in the Land Use Management Section has been approved. It is anticipated to fill the position in the 2023/2024 financial year. The main tasks of the position will be dedicated to attend to complaints regarding unauthorised land uses and necessary follow-up action to report statistics at the monthly External Courts meeting.

The zoning register in the NeolMS system has been expanded to include a tracking system for unauthorised land uses. The system allows for logging complaints, assigning complaints to responsible persons, to log findings of site inspections as well as to report actions taken. This will allow for proper record keeping and for generating reports as and when required by Management.

Town Planning Applications		
Detail	2022	2023
Land Use Planning Application - Sec 15 of Municipal By-Law	103	123
Zoning Certificates Issued	84	150
Building Line Departures	315	299

Employees: Planning Services						
Job Level	2022	Posts	2023	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	Employees		Employees			
	No.	No.	No.	No.	%	
0 - 3	0	0	1	0	0%	
4 - 6	0	0	0	0	0%	
7 - 9	2	4	2	2	50%	
10 - 12	0	4	0	4	100%	
13 - 15	4	4	4	0	0%	
16 - 18	1	1	1	0	0%	
19 - 20	0	0	0	0	0%	
<b>Total</b>	<b>7</b>	<b>13</b>	<b>8</b>	<b>6</b>	<b>46%</b>	

Financial Performance 2023: Planning and Development Services					
Details	2022	2023		R'000	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17 334	19 206	28 009	18 885	-2%
<b>Expenditure:</b>					
Employees	18 282	20 854	20 696	19 862	-5%
Repairs and Maintenance	83	72	84	76	4%
Other	241 203	5 226	5 683	4 810	-9%
Total Operational Expenditure	259 568	26 152	26 463	24 747	-6%
Net Operational Expenditure	242 234	6 947	-1 546	5 862	-19%

Capital Expenditure 2022: Planning and Development Services				
Capital Projects	2022		Actual Expenditure	Variance from original budget
	Budget	Adjustment Budget		
Total All	90	90	87	-4%



Capital Expenditure 2022: Planning and Development Services					R' 000
Capital Projects	2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Furniture & Office Equipment-New	90	90	87	-4%	

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

There has been mixed success regarding catalytic projects implementation. No progress has been made with the Mossel Bay Waterfront development, Mossel Bay Railway Network Usage and Revitalisation Project, economic utilisation of harvested forestry areas and the Desalination Value Chain Agricultural Project. The ownership and mandates of the projects are not fully under municipal control and intergovernmental and private partnership cooperation will have to be facilitated.

There has been progress regarding the Mossel Bay Port Development, Mossel Bay Motorsport Mecca and Mossel Bay Tourist Corridor Development, Mossdustria Industrial Special Expansion Zone and Business Process Outsourcing Corporate Park. Although minimal construction has started, planning, design and authorisation processed has commenced by the Municipality, TNPA, other Government departments and the private sector.

**3.10 BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING**

**INTRODUCTION TO BUILDING DEVELOPMENT:**

The approval of building plan applications and Building Control functions are the responsibility of the sub-directorate which is also responsible for the maintenance of Municipal buildings and the approval of Outdoor Advertising applications.

**BUILDING CONTROL:**

Over the past years there has been a distinct increase in the number of building plan applications submitted to the sub-directorate whereby building plan applications can either be submitted electronically or by hard copy at our offices. There are currently one Building Control Officer, six Building Inspectors, two Assistant Building Inspectors and one Senior Building Inspector who cover the whole Municipal area. Each Building Inspector carries out a minimum of eight inspections daily.

The Plans Examiner Section consists of two Plans Examiners and one Senior Plans Examiner.

This section also administers and liaises with the Heritage and Aesthetics Advisory Committee to preserve the various heritage buildings within Mossel Bay.

**BUILDING MAINTENANCE:**

This section is responsible for the general maintenance of various Municipal owned properties. Planned maintenance, emergency repairs, building related insurance claims and capital projects are handled by this section. Various upgrades and renovations have been made to sport stadiums, administrative offices, etc. as well as ad-hoc maintenance.

Recent new capital projects included various projects at the Schoeman Street Yard, namely the establishment of a new access control gate, commencement of construction works to the Refuse Removal Truck Shed, development planning of a new access road and upgrading of the SCM Stores. Other projects managed by Building Maintenance Team also include the New Amphitheatre in Tarka and new Truck Sheds at the Groot Brakrivier Yard.



Other preventative maintenance projects were carried out at operational buildings, halls and sport fields.

The section attended to 927 maintenance and capital projects during the last financial year.

Various annual quotations are reviewed regularly to ensure servicing and repairs are carried out quickly and efficiently.

The section handyman assists with day-to-day building maintenance tasks, including replacement of locks and doors, minor paintwork and tiling work etc.

#### OUTDOOR ADVERTISING:

This section is responsible for the management and control of all Outdoor Advertising Applications which includes the administration, assessment and approval of applications in terms of the By-Law, liaises with the business sector, Provincial Roads Department, etc. on all outdoor advertising matters as well as the effective management and enforcement of illegal advertising signs and tenders and lease agreements.

324 Notices was issued for illegal advertising signs.

#### **Commercial Advertising Space for Street Pole Ad's**

The policy on renting of commercial advertising space for street pole advertising was adopted by Council and successfully implemented. In excess of 96 Lease Agreements are currently in place for commercial advertising.

#### **Renting Out of Commercial Outdoor Advertising Space for Billboards**

The need for commercial advertising on Billboards was identified. This was an opportunity for the Municipality to generate a monthly income from Billboards and could support the economic growth.

In total 7 High potential sites were identified for commercial advertising for Billboards due to the high traffic volume. A tender process was followed for the renting of commercial advertising space for billboards. The tender was awarded to 3 media companies for 7 billboards on 7 different sites.

It was successfully implemented. The 7 Lease agreements are in place for all the sites, for a period of 9 years and 11 months.

Six of the billboards are already erected and is currently busy with the erecting of the last billboard.

The successful bidders pay a monthly lease amount payable per site per Billboard. In addition to the monthly lease amount the successful bidders also pay an amount equal to 20% of their gross income per month per individual Billboard to the Municipality.

Renting Out of Commercial Outdoor Advertising Space on a Billboards Erected by the Municipality in Hartenbos.

A tender process was followed for the erection of a billboard by the Municipality on municipal property on the sport field in Hartenbos. The construction was completed. Billboard will be used for marketing purposes of the Municipality or rent out for commercial outdoor advertising space for local businesses and franchisees only with its head or main offices and/or business address located in the Mossel Bay municipal area.

Lease agreements are in place for both sides of the billboard for one year ending February 2024.



Financial Performance Year 2022/2023: Planning Services			
Details	Original Budget	Actual	Variance to Budget
Building Plans	9 284 658.00	35 047 338.00	377%
Inspection Fees	0	0	0%
Second Dwellings	1348 755.00	4 947 662.00	367%
Restrictive Conditions	21 062.00	32 077.00	152%
Rezoning, Departures	240 171.00	952 218.00	396%
Subdivisions	48 348.00	160 306.00	332%
Zoning Certificates	86 130.00	32 510.00	38%
Plan Copies	52 620.00	44 019.00	84%
Pavements	5 301.00	6 303.00	119%
Outdoor Advertisements	148 215.00	1 122 433.00	757%
<b>Total</b>	<b>11 235 260.00</b>	<b>42 344 866.00</b>	<b>377%</b>

Building Plans Approved July 2021 - June 2022	
Building Plans Approved/Write off/Completed Buildings	
Plans Approved	3 160
Estimated Cost	2 191 766 736
Square Meters	287 437
<b>Completed Buildings</b>	
Number Approved	781
Estimated Cost	1 176 495 250
Square Meters	121 456

Building Plans Approved July 2022 - June 2022	
Building Plans Approved/Write off/Completed Buildings	
Plans Approved	2 179
Estimated Cost	2 618 514 843
Square Meters	308 165
<b>Completed Buildings</b>	
Number Approved	1 600
Estimated Cost	1 707 789 395
<b>Square Meters</b>	<b>201 524</b>

Building Inspections July 2022 - June 2023	
Building Inspections Executed/Notices issued for transgressions	
Notices Issued	750
Site	2 560
Foundation	753
Floor / Damp layer	529
Open Sewerage	603
Progress Inspection	2 196
Roof	385
Final	2 100
Routine / Follow up	1 950
<b>Total</b>	<b>11 826</b>

The below chart provides a comparison so of buildings plans approved and completed buildings:



Job Level	Employees: Building Development (Building Control, Building Maintenance and Outdoor Advertising)					
	2022			2023		
	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	3	5	2	3	60%	
7 - 9	5	7	3	4	57%	
10 - 12	14	15	12	3	20%	
13 - 15	1	2	2	0	0%	
16 - 18	1	1	1	0	0%	
19 - 20	0	0	0	0	0%	
<b>Total</b>	<b>24</b>	<b>30</b>	<b>20</b>	<b>10</b>	<b>33%</b>	

COMMENT ON THE PERFORMANCE OF BUILDING DEVELOPMENT OVERALL:

#### Increase in Number of Building Plan Submissions

There is a lot of interest from people residing inland to move to or invest in Mossel Bay. This has led to an increase in the number of building plan submissions which is not showing any signs of slowing down. Ever increasing property prices have not had a negative effect on the development of vacant land and upgrading of existing properties. Provision has been made on the Organogram for additional posts in the Building Control and Building Maintenance Sections to provide additional capacity to the sections.





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

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Economic Development & Tourism Department falls within the Planning & Economic Development Directorate. Although the department falls under Planning & Economic Development, all the municipal directorates play a role in Economic Development.

The department is responsible for Economic Development, Infrastructure Development, Facility Management, SMME Development, Tourism Promotion, Tourism Development, Skills Development, Film Applications, Investment Promotion and International Relations.

Job Level	Employees: Local Economic Development Services				
	2022	2023			Vacancies (as a % of total posts)
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	
No.	No.	No.	No.	%	
0 - 3	4	4	3	1	25%
4 - 6	3	3	0	3	100%
7 - 9	1	1	0	1	100%
10 - 12	4	4	3	1	25%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	13	13	7	6	46%

#### LED STRATEGY

The municipal LED Strategy was reviewed by using the Participatory Appraisal of Competitive Advantage (PACA) Methodology during the 2021/2022 Financial Year and was approved by Council in 2022 for implementation from 1st of July 2022 to 30 June 2027. It was done by the Municipal Economic Development & Tourism Department in partnership with the Business Chamber, Business Forums, and the different Industries. The LED Strategy is in line with Councils Grow Strategy and seeks to grow the economy and improved the livelihoods of people who resides within the municipal boundary.

The new LED Strategy is aligned with the new IDP and the Spatial Development Framework and will be used to inform the new Performance Management Contracts of staff.

#### TOURISM

This function is outsourced and was done by Mossel Bay Tourism. The Local Tourism Organisation (LTO) mainly focused on Marketing Mossel Municipal Areas as a Tourism Destination and launched the Iconic Mossel Bay Campaign to attract tourists to the municipal area.

The Iconic Mossel Bay Campaign was a great success and strengthen the tourism sector as well as the economy of the municipality. Mossel Bay is now marketed in the country as well as abroad.

The municipality also provided assistance to the Tourism Sector through the Municipal "One Stop Shop". Cultural and Township Tourism Development Programme was initiated to help diversify the Tourism Sector within Mossel Bay Municipal Area.

#### PROJECTS / PROGRAMMES / INTERVENTIONS



Various Projects and Programmes were rolled out during the year in review, but the biggest projects and Programmes were:

- Business Park Programme;
- Annual SMME Expo;
- Mentoring & Networks;
- Business Summits;
- Business Outreach / Awareness Programme;
- Business Incubator Programme;
- Contractor Development Programme;
- Integrated Development and Stakeholder Engagement;
- Training and Skills Development;
- Informal Trading;
- Events, Festivals and Markets;
- Iconic Mossel Bay Campaign; and
- One Stop Shop.

**BUSINESS PARKS DEVELOPMENT PROGRAMME**

The municipality has 6 Business Parks that are utilised to kick start small businesses where they pay subsidised rent for a period of 6 years. Tenants also participated in the municipal Incubator Programme and received individual business support. Two new Business Parks were constructed during the year under review and will be completed before December 2023.

The Business Parks provide space for 70 businesses that are aligned with the economic sectors of the municipality. The following Table outline the types of businesses that are accommodated.

<p><b>Manufacturing of cleaning chemicals</b></p> <p><b>Furniture Manufacturing</b></p> <p><b>Aluminium Products Manufacturing</b></p> <p><b>Adult Training Facility</b></p> <p><b>Security Services</b></p> <p><b>Welding Product Manufacturing</b></p> <p><b>Construction Company</b></p> <p><b>Bakery</b></p> <p><b>Early Childhood Facility</b></p>	<p><b>Upholstery</b></p> <p><b>Laundromat</b></p> <p><b>Printing &amp; Stationary/ Photography</b></p> <p><b>Take Away shops</b></p> <p><b>Hair salon</b></p> <p><b>Beauty salon</b></p> <p><b>Manufacturing</b></p> <p><b>Traditional Clothing &amp; Herbs.</b></p>	<p><b>Leather Shop</b></p> <p><b>General store</b></p> <p><b>Woodpecker</b></p> <p><b>Eco Art shop</b></p> <p><b>2nd Hand clothes and book shop</b></p> <p><b>Biltong shop</b></p> <p><b>Take away shop</b></p> <p><b>Vehicle valets</b></p> <p><b>Curry shop</b></p> <p><b>Fruit and Vegetable shops</b></p>
<p><b>Tyre repairs and fitting</b></p> <p><b>Halal Delhi</b></p> <p><b>Cakes and confectionaries</b></p> <p><b>Clothing and bags</b></p> <p><b>Bedding and curtains</b></p> <p><b>Barber shop</b></p> <p><b>Needlework Shop</b></p> <p><b>Studio and Photography</b></p> <p><b>Police Clearance Services</b></p> <p><b>Day Stands</b></p>	<p>Vegetarian takeaways</p> <p>African Cuisine</p> <p>Tobacco shop</p> <p>Tool hire</p> <p>Cleaning products</p> <p>Shishanyama</p> <p>Shoe repair and key cutting</p> <p>Aftercare</p> <p>2nd Hand Building Material and Contractor Assistance</p>	<p>Funeral Services</p> <p>Coffee Shop</p> <p>Fish Shop</p> <p>Computer repairs</p> <p>Garden Tools rental and repairs</p> <p>Micro Loans</p> <p>Car Wash</p> <p>Internet Café</p> <p>Traditional Foods</p>

One Business Space was used as a Training Facility for Skills Development of Youth to train young artisans offered by the Department of Human Settlements.



## ANNUAL SMME EXPO

The SMME Expo is devoted to the development of small and medium sized enterprises, providing an invaluable platform for small businesses to market their businesses and interact with prominent business leaders and representatives from several corporate companies. It is the ideal platform to stimulate business growth and motivate both current and aspiring entrepreneurs.

Service Providers that attended the Expo are:

- South African Revenue Services (SARS).
- Department of Trade Industry and Competition (DTIC).
- Construction Industry Innovation and Empowerment.
- National Youth Development Agency (NYDA).
- Standard Bank.
- Office of the Consumer Protector.
- Office of the Tax Ombud.
- We Do Growth.
- Mossel Bay Municipality's Supply Chain Management.

## BUSINESS OUTREACHES / AWARENESS PROGRAMMES

In conjunction with the internal Community Development Department, we amalgamated the Municipal Roadshow that encompasses all the wards within the municipal area. By informing the communities of the services that is available to them regarding business development, we are providing them with an opportunity to start their own businesses. The municipal roadshow took place from 18 October 2022 – 18 November 2022 in various rural areas within the municipal area.

The LED office also partnered with the Youth Office and conducted Rural Youth Outreaches in the Rural Areas within Mossel Bay. The purpose of the outreaches was to engage with the youth and provide them with the necessary information and to strengthen communities through addressing their societal needs. External stakeholders that joined in on the outreaches were, National Youth Development Agency (NYDA), Department of Labour, and South Cape College. The outreaches took place from 24 October 2022 – 28 October 2022 in various rural areas.

Market Days took place at the Harry Giddey Market in March Street, where we invited informal traders to come and exhibit and sell their products and services. The markets took place at the end of each month, from October 2022 until June 2023.

The Municipality expanded the Market Days after requests came from the community. Neighborhood market days in Asla Park, Albert Luthuli, Extension 6 (Tarka), KwaNonqaba and D'Almeida was hosted and was welcomed by the community and informal traders.

The Department of Transport and Public Works – Construction Industry Innovation and Empowerment had a Construction Information Expo on the 2nd of November 2022 where we had different government departments presenting their services to businesses within the Construction sector. On the 3rd of November 2022, a supplier registration day was scheduled where sub-contractors could register on the Western Cape Supplier Evidence Bank.

## BUSINESS INCUBATOR PROGRAMME

Training and Capacity Building is very important because almost all businesses and entrepreneurs who visit our office, enquire about training and capacity building to help them grow their business.

Tender Training



On the 8th and 9th of September 2022, a tender training was hosted in conjunction with the Small Enterprise Development Agency (SEDA). 22 new and existing business owners attended the training on both days. Some of the important aspects that were covered are:

- How to complete a tender document.
- Compliance documents.
- Pricing and costing.
- Local content requirements.

#### Pre-tender Training

The South African National Roads Agency SOC Ltd (SANRAL) appointed ACS to facilitate pre-tender training. ACS is a leader in providing value-added training and development services. At a previous SANRAL workshop, the pre-tender training was identified by the small businesses in the Mossel Bay area. A total of 29 candidates were screened and approved to attend the training. The training was conducted over the period 12 September 2022 until 13 October 2022.

#### Tender Training

A second training session was rolled out on the 1st and 2nd March 2023, after request came from our local businesses that needed assistance in completing tender documentation and completing the costing / pricing section. 25 entrepreneurs benefitted from the training programme.

#### ITAMED Training

Tjantjello Training Solutions (Pty) Ltd, is a nationally active Wholesale and Retail SETA Accredited Skills Development Provider which engages in capacity building and skills development initiatives which targets previously disadvantaged members of the community, with more emphasis on youth, women and people with disabilities.

45 local businesses were accommodated on the training programme, that covered the following topics:

- Entrepreneurship.
- Financial Management.
- Merchandising.
- Hygiene and Food Safety.
- Regulatory By-Laws.
- Business Planning, etcetera.

#### Business Start-Up Training

We arranged Business Start Up training for the newly registered businesses that we assisted; the training was rolled out in conjunction with SEDA. The training was a request from the individuals who needed more knowledge on starting their own business ventures and was held during May 2023.

#### First Aid Training

In conjunction with the Small Enterprise Development Agency (SEDA) we had first aid training on the 28th and 29th June 2023. Introduction to emergency care, equipping attendees with the skills to apply and perform basic first aid in emergencies and benefitted 24 businesses.

### CONTRACTOR DEVELOPMENT PROGRAMME

The programme was initiated by the Local Economic Development Department. The programme is an initiative of the Municipality that seeks to promote sustainable development of small to medium-sized contractors and intends to contribute towards the provision of economic opportunities within the sector.

During the period under review 5 sub-contracting opportunities have been provided to the SMME's on the following municipal projects:

- Construction of the New Aalwyndal (11/11kv) Switching station.
- Upgrading of Gravel Roads in Mossel Bay Municipal area.
- Upgrading of water reticulation network in Herbertsdale.
- Construction of new Tarka Amphitheatre on Erf 12938 Mossel Bay.



- Upgrading of gravel roads and storm water systems in Wolwedans and Greenhaven: Great Brak River.

#### INTEGRATED DEVELOPMENT AND STAKEHOLDER ENGAGEMENT

Mossel Bay Economic Development Forum was established to create a platform for the government, society, and the private sector to work together and grow the economy. Quarterly stakeholder meetings were held, role-players got together and debate on certain issues and exchanged ideas on economic development through establishing healthy relationships among each other in order to benefit the local economy and community. The dates of the quarterly engagements were on 22 September 2022, the 17th of November 2022 and the 23rd of March 2023.

Various stakeholders including government departments; business organisations; community organisations are attending these engagements. This is also where government departments introduce new programmes and projects to the local stakeholders. On this platform, many projects are investigated and introduced and at a later stage implemented.

Other stakeholder initiatives in conjunction with other internal departments were also embarked in assistance to roll out and investigate of new or additional projects and funding applications and mitigate the risk of the flow of communication. Other Stakeholder engagements were:

- Ocean’s Economy Master Plan – 01 November 2022
- District Agriculture Cluster – 20th February 2023
- Petro SA Stakeholders Forum– 02 March 2023
- Lighthouse NPC Project investigation Engagement – 06th April 2023; 18th May 2023
- Capital Matching initiative - 20 June 2023
- PDIA Engagements – Every Tuesday since July 2022

#### ONE POINT STOP

The One-stop Service Centre assisted small businesses with Business Registrations, Annual returns, CIDB Registrations, CSD Registrations, tender assistance, and Business Support.

	ONE-STOP SHOP		
	2023	2022	2021
Business Registrations and Compliance	158	171	189
Central Supplier Database Registration	125	112	174
Annual Returns Lodged	96	78	64

#### TOURISM / GREAT ESCAPE CAMPAIGN

Mossel Bay Tourism was grateful to see that the meticulous marketing efforts post Covid19 when implemented the Great Escape to Mossel Bay campaign paid off for the greater Mossel Bay area. Mossel Bay is top of mind as well as a firm favourite with domestic tourists and their loyal support is of great value to the whole Garden Route.

A decision was taken to re-brand the municipal area, just as London is well known for Big Ben and its red buses, so too is the many iconic places and things that are associated with the thought of Mossel Bay. In fact Mossel bay with all its iconic places may well be regarded as the icon of the Garden Route and South Africa, with its rich history, beautiful surrounding towns, and many exciting activities, accommodation options and restaurants.

Mossel Bay is a town of firsts. It is the site of the first sign of modern human behaviour, recorded from some 162000 years ago, the place where the first European explorers in Southern Africa landed on our shores, where the first commercial transaction took place and our famous milkwood tree served as the first South African post-box. The area also has the longest zipline over the ocean in the world. It makes sense, then, that Mossel Bay receives the title of iconic – home to many memorable places and moments. There are also tons





of other fun stickers too – sunglasses, flip flops, the wildlife found in the area, accommodation options. We also have stickers for each of the nine surrounding towns, highlighting their iconic features.

The whole municipal area is marketed as Iconic which was a marketing campaign that promotes all towns, e.g.:

- Dana Bay
- Fransmanshoek
- Friemersheim
- Glentana
- Great Brak River
- Hartenbos
- Herbertsdale
- Little Brak River
- Ruitersbos
- Boggoms Bay
- Vlees Bay

This put Mossel Bay on the Map, even Internationally.

Financial Performance 2023: Local Economic Development Services						R'000
Details	2022		2023		Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	1 293	2 023	4 381	4 035	50%	
<b>Expenditure:</b>						
Employees	7 341	8 871	8 187	8 352	-6%	
Repairs and Maintenance	144	220	407	609	64%	
Other	8 696	10 957	10 232	9 148	-20%	
Total Operational Expenditure	16 182	20 048	18 825	18 109	-11%	
Net Operational Expenditure	14 889	18 024	14 444	14 074	-28%	

Capital Expenditure 2023: Economic Development Services					R' 000
Capital Projects	Budget	Adjustment Budget	2023		
			Actual Expenditure	Variance from original budget	
Total All	5 954	8 062	6 944	14%	
Furniture & Office Equipment-New (LED)	25	25	23	-9%	
Establishment of business hives in Mossel Bay_C.R.R	800	800	764	-5%	
Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP	939	939	910	-3%	
Tarka Amphitheater	2 600	2 600	1 962	-33%	
Container Business Parks	–	2 038	1 808	100%	
Upgrading of Kwano Business Park (Shading)	40	110	106	62%	
Sonskyn Valley Business Spaces	600	600	439	-37%	
Upgrade of D'Almeida Business Park	100	107	89	-12%	
Business Park Replacement	50	43	43	-15%	
Urban Agriculture Project in Mountain view, Hydroponics & Nursery	800	800	800	0%	

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The following achievements were achieved:



- Iconic Mossel Bay Tourism Brand;
- Opening of the Wolwedans Business Park;
- SMME Expo 2023;
- Woman in Business Summit;
- Men in Business Summit;
- Hosting the Ironman Competition;
- 2022/2027 Local Economic Development Strategy;
- Launch of the Garden Route Fashion Council; and
- Strengthening the One-stop Shop.

The challenges for the year were utilisation of Business Incubator Programme to grow small business after the Covid19 Pandemic and a lot of Small Businesses closing their businesses because they could not continue due to funding.



## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.12 LIBRARIES

The library services include 13 libraries which also include the rural areas in the municipal boundaries. The registration of the library users with reference to the use of the internet services at the libraries had an overwhelming response from the public. More users came to register at the different libraries and this made it possible for us to do monitoring and evaluation by means of the statistics which indicated the usage of the internet Rural Library Computer Program. As part of the Rural Library Connectivity Project the Provincial Library Services assisted the municipality to refresh the old computers and replaced it with brand new computers with the latest software which is in line with the latest technology. The ICT Cadet of the municipality assisted the IT section of the Provincial Library Services with the role-out program for the different libraries in the municipal area. Buisplaas Library also received brand new computers and the community in that area now also have access to free internet services in comparison to the past where the community had to travel more than 50km to have internet access. The ICT facility remains one of the key elements of the library to empower the community to find employment, help students with projects or assignments and having access to information.

The library in Toekoms cannot be upgraded as there is no infrastructure or municipal land available. The library services footprint for services to the community were extended by introducing the Project for the visually impaired persons of the community. The South African Library for the Blind rolled out this program and D'Almeida Library and Mossel Bay Library is also now included to render this service to the community. The aforementioned libraries received new equipment which included desktop computers, Braille books and daisy boxes. This service was further promoted with a new device which is smaller but has a bigger capacity with information which was introduced by the South African Library for the Blind for patrons with visual impairments. The Western Cape Provincial Services approved an amount of R430 000-00 for special maintenance and capital projects for Greenhaven, D'Almeida and Mossel Bay Libraries respectively. Greenhaven Library received a new fence to curb possible damages to the property. It was also painted on the outside to beautify the library and portray a more positive image in the community.

Job Level	Employees: Library Services				
	2022	Posts	2023	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
No.	No.	No.	No.	%	
0 - 3	7	7	7	0	0%
4 - 6	30	30	30	0	0%
7 - 9	1	1	1	0	0%
10 - 12	7	7	7	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>0</b>	<b>0%</b>

Financial Performance 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Details	2022	2023		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
Total Operational Revenue	10 377	10 686	11 108	11 344	6%
<b>Expenditure:</b>					
<b>Employees</b>	16 524	19 370	18 897	17 345	-12%
<b>Repairs and Maintenance</b>	304	758	1 199	740	-2%
<b>Other</b>	1 002	1 675	1 335	1 227	-36%



Financial Performance 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Details	2022		2023		R'000
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Expenditure	17 830	21 803	21 431	19 313	-13%
Net Operational Expenditure	7 453	11 116	10 323	7 969	-39%

Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other				
Capital Projects	2023		Actual Expenditure	Variance from original budget
	Budget	Adjustment Budget		
Total All	6 183	9 066	7 463	17%
Furniture & Office Equipment	20	12	12	-64%
Furniture & Office Equipment	-	11	7	100%
Furniture, Tools and Equipment - Replacements	10	-	-	-
Furniture, Tools and Equipment - Replacements	-	10	-	-
Network Points	-	-	3	100%
Multi-media studio	200	240	201	0%
Marketing Assets	50	100	50	-1%
Media Equipment	-	83	77	100%
Furniture, Tools & Equipment	-	37	38	100%
Furniture & Office Equipment	10	10	7	-53%
Machinery & Equipment-New	30	30	14	-113%
Machinery & Equipment-Replacements	30	30	-	-
Upgrading of Mechanical Workshop Ablution	200	16	-	-
Upgrading of Mechanical Workshop Ablution	-	304	294	100%
Screening System for VPS	-	1 112	1 111	100%
Replacement of vehicles: CBS 41576	400	352	315	-27%
Security Systems at Pump Stations	300	270	266	-13%
Erect a canopy at the RO Building over the disc filters	500	-	-	-
Erect a canopy at the RO Building over the disc filters	-	50	33	100%
Upgrading of Baydunes Sewer Pump Station	200	-	-	-
Upgrading of Baydunes Sewer Pump Station	-	200	161	100%
Laboratory Instrumentation and Equipment	-	-	23	100%
Revamp of Indoor Sports Centre	-	-	139	100%
Furniture & Equipment	50	6	6	-809%
Furniture & Equipment	-	44	40	100%
PAVING AT BRANDWAG E-CENTRE	125	107	107	-18%
Friemersheim Early Childhood Centre Renovations	200	171	23	-764%
Renovations at Vlinderland Early Childhood Development Centre	200	150	76	-163%
7de Laan Early Childhood Development Centre: Replacement of fencing	180	137	137	-31%
Fencing at Youth Café Great Brak River	80	215	215	63%
Revamp Indoor, D'almeida Satellite Office, Youth Office Great Brak River	245	118	141	-73%



Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other				
Capital Projects	Budget	2023		R' 000
		Adjustment Budget	Actual Expenditure	Variance from original budget
Furniture & Equipment - Indoor and D'almeida Satellite Office	12	–	–	-
Furniture & Equipment - Indoor and D'almeida Satellite Office	–	62	42	100%
Printer for D'almeida Youth Satellite Office	42	62	42	0%
Install Alarm System at D'almeida Youth Satellite Office	7	27	24	71%
UPS at Indoor Sport Centre, Sampson Street	–	35	27	100%
Cyber Cabling Networks - Community Development	–	12	9	100%
Demolishing of the sinethemba early childhood development centre in ward 12	–	267	–	-
New curtains and rails for Community halls other than Town Hall	120	–	–	-
New curtains and rails for Community halls other than Town Hall	–	130	130	100%
Furniture & Office Equipment-New	50	50	50	0%
Furniture & Office Equipment-Replacements	40	56	56	29%
Furniture & Office Equipment-Replacements	125	106	21	-495%
New Half Ton Bakkie for Facilities and Halls	210	–	–	-
New Half Ton Bakkie for Facilities and Halls	–	208	172	100%
Replace CBS 42269	315	289	289	-9%
Supply and install sound system at the town hall	120	–	–	-
Supply and install sound system at the town hall	–	92	92	100%
Close off to ASLA Hall	–	107	22	100%
New Half Ton Bakkie for Deforestation and Specials projects	210	–	–	-
New Half Ton Bakkie for Deforestation and Specials projects	–	208	184	100%
Furniture & Office Equipment - Friemersheim Library	–	–	5	100%
Rural Libraries Connectivity Project Computers Friemersheim Library: Donated assets	–	87	87	100%
Rural Connectivity Project Computers Dalmeida Library: Donated assets	–	265	265	100%
Ladder For Herbertsdale Library	2	1	1	-30%
Ladder For Herbertsdale Library	0	0	–	-
Office Desk for Brandwacht Library	4	3	3	-30%
Furniture & Office Equipment - Mossel Bay Library	–	–	2	100%
New Counter for Mosselbay Library	70	63	63	-11%
Upgrade of tiles at Mossel Bay Library	30	31	31	3%
2 New airconditioners for the Children Section at Mossel Bay Library.	50	–	–	-
2 New airconditioners for the Children Section at Mossel Bay Library.	–	35	35	100%
Security Cages for Airconditioners at Dalmeida Library	30	–	–	-





Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other				
Capital Projects	R' 000			
	Budget	2023 Adjustment Budget	Actual Expenditure	Variance from original budget
Security Cages for Airconditioners at Dalmeida Library	–	67	67	100%
Procurement and Installation of Bookshelves at Green Haven Library	–	70	52	100%
Heavy Duty Laminator at Greenhaven Library	4	6	6	43%
Flat Screen Television for Greenhaven Library	10	9	9	-12%
2 Kettles (Greenhaven and Brandwacht)	1	–	–	-
2 Kettles (Greenhaven and Brandwacht)	–	1	1	100%
Airconditioner at Greenhaven Library	10	37	34	70%
Blinds for Ellen van Rensburg Library	20	19	19	-6%
Hi Fi For Ellen Van Rensburg Library for Story Hours	2	2	2	-15%
Colour Photocopy Machine Ellen Van Rensburg Library	70	50	50	-41%
Laptops/desktops and software programmes for the embroidery machines	–	5	5	100%
Thusong Upgrade - Installation of Generator	400	–	–	-
Gazibos	40	40	39	-2%
Installation of intercom system	8	–	–	-
Thusong Developmental Project (Sewing Project)	–	135	133	100%
Fencing of eastern boundary of the Diosma Reserve adjacent to Koraalboom Street	200	400	400	50%
Recreational and lifesaving facilities various beaches	80	127	124	35%
Furniture & Office Equipment	100	130	119	16%
Construction of Coastal walkway and access protection	400	1 225	793	50%
Improve access to beaches for disabled persons	–	246	246	100%
Improve access to beaches for disabled persons	200	149	149	-34%
Beach access for Wheelchairs	171	257	–	-
CCTV Cameras-Beaches	–	80	70	100%

#### COMMENT ON THE PERFORMANCE OF LIBRARIES OVERALL:

The municipality again made provision during this financial year to address the capital and operational needs at the different libraries. The D’Almeida and Sonskynvallei Libraries respectively, became targets for several break-ins, and the municipality incurred costs due to the damages. The Municipality approved funds for the procurement of capital items for the libraries. Some of the library staff also made progress academically by advancing their careers with Honours and B Degrees respectively in Library and Information Science. The Library Manager served on the National Committee for Library Science until the end of 2022. The Provincial Library Services in partnership with some stakeholders approved the program for the Yearboneers Project at the municipalities in the Western Cape. This project was continued for the second time during 2023 and 15 Yearboneers were appointed at different libraries in the municipal area. The purpose of this projects is to create jobs for unemployed youth between the ages of 18 – 25 years for 6 months. These young people received training in various aspects of the library services where they can gain experience in the municipal work environment.



The Library Services in the Western Cape had a major challenge due to the SLIMS program which crashed towards the end of 2022. All municipal library services had to implement a manual system to deliver a service to the public. This caused great dissatisfaction to the public and also frustration to the staff as this method caused various problems due to information errors. The Mossel Bay Library Services developed their own Electronic System with the assistance of one of the Yearboneers who had the academic knowledge to write code, the ICT Cadet's experience in Systems Administration and the Library Manager who has experience with Information Systems. All the library personnel were trained via MS Teams and saved cost for the municipality. This program was introduced and presented to the Provincial Government as well as the Cabinet of the Western Cape Government with great success. The Mossel Bay Library Services has been using this electronic system for almost a year, waiting on the Provincial Library Services to get the SLIMS System operational again.

The libraries in the Mossel Bay municipal area are well used by the public and the dedication and hard work of the library staff continue to contribute to encourage new users to make use of the facilities.

### 3.13 CEMETERIES

#### INTRODUCTION TO CEMETERIES

During the 2022/2023 financial year the department experienced a tremendous increase in burials at the Pinnacle Point Cemetery to such an extent that it was decided to expand the cemetery faster than previously planned for. This increase in the number of burials can be due to other municipal cemeteries that ran out of space. The expansion will start in the next financial year.

Beautification of the Pinnacle Cemetery is an ongoing program that has been filtered down to our other cemeteries even though some of them are already full. Regular ground maintenance has taken place. This beautification is mainly in the form of planting and cultivating new trees.

Vandalism is continuing at our cemeteries. Unfortunately, there is not really an effective way to deal with the vandalism, but the Municipality stopped to do maintenance to fences, ablution facilities and other infrastructure. In some instances, it became necessary to demolish infrastructure to prevent further vandalism.

Job Level	Employees: Cemeteries				
	2022	Posts	2023	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
No.	No.	No.	No.	%	
0 - 3	3	3	3	0	0%
4 - 6	1	1	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0%</b>



Financial Performance 2023: Cemeteries						R'000
Details	2022			2023		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	717	370	327	236	-57%	
<b>Expenditure:</b>						
<b>Employees</b>	1 083	1 285	1 266	1 223	-5%	
<b>Repairs and Maintenance</b>	56	75	135	134	44%	
<b>Other</b>	481	836	966	898	7%	
Total Operational Expenditure	1 619	2 196	2 367	2 255	3%	
Net Operational Expenditure	903	1 826	2 040	2 019	10%	

Capital Expenditure Year 2023: Cemeteries					R' 000
Capital Projects	2022		Year 2023		Variance from original budget
	Budget	Adjustment Budget	Actual Expenditure		
<b>Total All</b>	160 000	206 166	205 353		22%
<b>Niche Walls-Hartenbos Cemeteries</b>	70 000	124 583	123 770		43%
<b>Purchase new container store rooms for Cemeteries</b>	90 000	81 583	81 583		-10%

#### SERVICE STATISTICS FOR CEMETERIES

A total number of 607 burials took place in municipal cemeteries during the year under review of this number, 18 were pauper burials.

#### COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

There was more than a 10% decrease in the number of burials at municipal cemeteries compared to the year before. This may be due to the lesser effect of the Covid19 pandemic. The number of pauper burials almost doubled. This can be because the Municipality did change the criteria to qualify for a pauper burial to assist struggling residents.

Overall, the Municipality is managing and maintaining the different municipal cemeteries to a very high standard.



### 3.14 SOCIAL PROGRAMMES

Mossel Bay Municipality has a fully-fledged Community Development Department that consist of the following sections with the focus on the support, assistance and coordinating of programmes and projects to Early Childhood Development Centres, vulnerable groups, youth and the respective rural nodes in the greater Mossel Bay. The department in collaboration with other government departments, NGO's, faith-based institutions reached out to communities to render integrated services to strengthen the social fabric of the respective communities within the greater Mossel Bay with the following staff complement:

Job Level	Employees: Community Development				
	2022	2023		Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees	Posts	Employees		
No.	No.	No.	No.	%	
0 - 3	3	4	3	1	25%
4 - 6	0	2	0	2	100%
7 - 9	3	5	4	1	20%
10 - 12	4	5	5	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>11</b>	<b>17</b>	<b>13</b>	<b>4</b>	<b>23%</b>

The department also afforded 11 temporary work opportunities for this period through the Internship and Expanded Public Works Program:

**4 Interns** assisting in the different sections of Community Development

**5 Students** at Early Childhood Development Centres in the greater Mossel Bay

**2 Students** at The Haven Night Shelter

The Community Development Department strives to enhance the social conditions and circumstances of disadvantaged people through various programmes and projects:

#### SOCIAL DEVELOPMENT PROGRAMMES

The Social Development Department creates an environment for socio-economic development through the support and strengthening of programmes and projects for vulnerable groups.

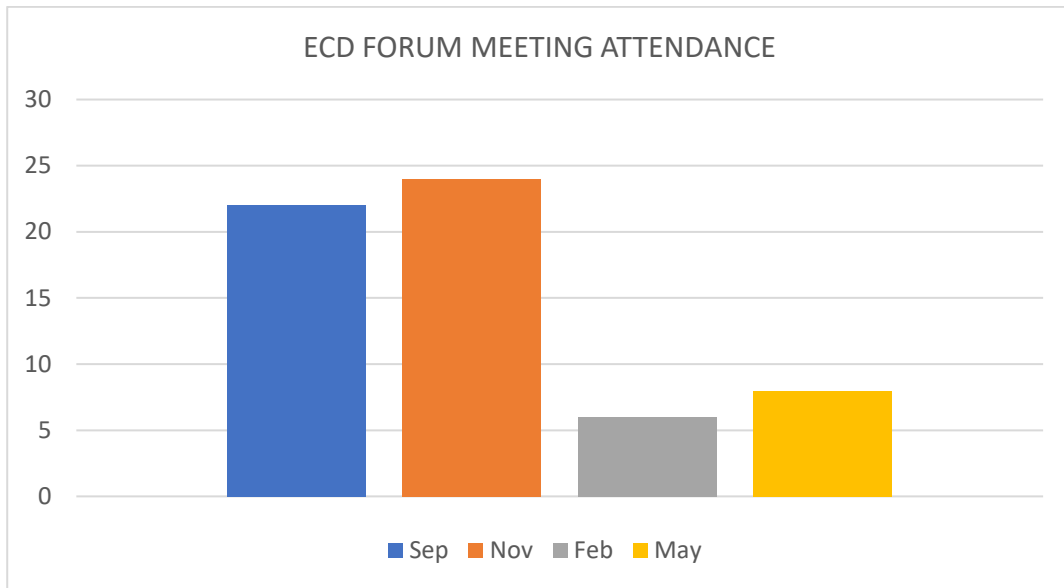
The challenges that hampered the delivery of services for this period was the Covid-19 pandemic and the regulations thereof and interaction with the community was very limited and many instances not allowed, yet the department managed to deliver services to the most vulnerable where possible.

The below highlights the programmes and projects executed by die department:

#### ASSISTANCE AND SUPPORT TO EARLY CHILDHOOD DEVELOPMENT (ECD) CENTRES

- ECD Forum Meetings**

Four ECD Forum meetings took place in this period and challenges, programs and projects affecting the ECD community are discussed at the forum meetings. The meetings are attended by ECD practitioners, and the last two meetings are usually better attended than those at the beginning of the year.



• **Food Gardens**

The food gardens aim to:

- To create an environment for people to work cooperatively.
- To donate food surpluses to people experiencing food insecurity.
- To cultivate a cultural amongst children from a young age to look after the nature and learn how to plant vegetables.

A total of 36 active food gardens are supported and annually seedlings, garden equipment and compost are donated to these food gardens. These food gardens consist of 5 ECD food gardens and 31 household gardens.

The food gardens are at the following ECD’s in the greater Mossel Bay:



• **Toy Library**

The Toy Library situated at the Thusong Library provided supportive services to the Early Childhood Development Centres in the surrounding areas of Ward 2 and Ward 3. A total of 700 children benefitted from this program.

• **ECD Sports Exercise Program**

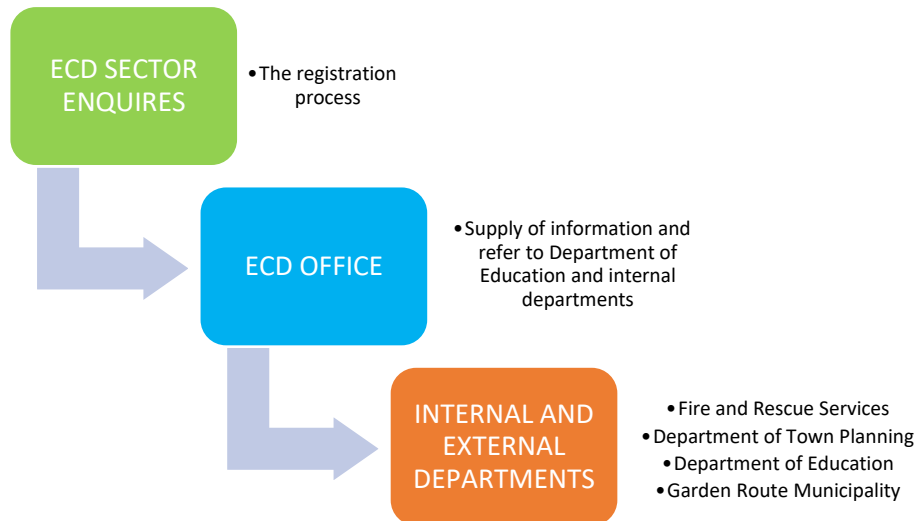




This program aims to get children active in sport activities. The Mossel Bay Municipality in partnership with the Department of Cultural Affairs and Sport presented the program on a monthly and a total 445 children has been reached.

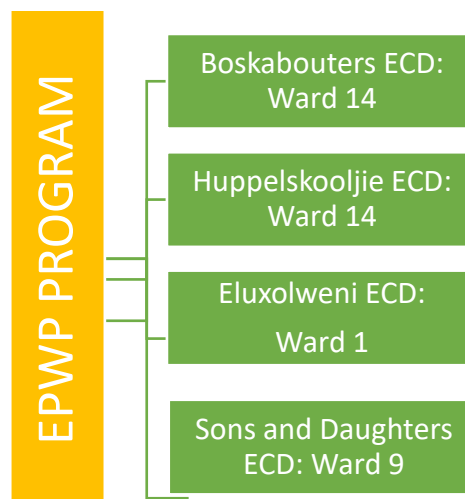
• **General enquiries and other support**

A total of 15 ECD’s were assisted with general enquiries that were either internally handled or referred externally, subjected to the needs identified:



• **Expanded Public Works Program**

The EPWP Program focused on providing temporary employment to unemployed ECD Practitioners and they were placed at ECD’s in the greater Mossel Bay to assist with the programs and operations at the respective centres as listed below:



• **ECD Safety Awareness Program**

The safety awareness program took place in November 2022, with the focus on fire and stranger danger. The Fire and Rescue Services Department presented on fire safety and the Toy Librarian focussed on a puppet show about stranger danger. A total of 100 children attended.

• **Holiday Program**

A holiday program in collaboration with stakeholders took place during October 2022 at the D’Almeida Community Hall and various activities were done with the children in attendance. A total of 200 children attended between the ages of 05 – 13 years.



## **POVERTY ALLEVIATION AND SUPPORT TO VICTIMS**

- **Pauper Burials**

The aim of pauper burial program is to provide for procedures, methods, and practices to regulate the burial and cremation of pauper and destitute bodies in the jurisdiction of Mossel Bay Municipality. The role of the department is to investigate and recommend and evaluate whether the reported cases meet the criteria for a pauper burial. A total of 10 pauper burial cases were investigated during this period.

- **Clothing and Foodbank**

Clothing was donated by the public and was distributed to beneficiaries based on the needs identified by other departments, Non-Governmental Organisations and individuals. Most of the clothing was given to victims of fires during the period. Food parcels and non-perishable foods were received from donors and distributed where needed. A total of 16 food parcels were distributed.

## **AWARENESS PROGRAMMES**

- **Parenting and Parenting Awareness Groups**

The Mossel Bay Municipality and various stakeholders presented parent and parenting awareness during August, September, and December 2022. Their focus was disciplining, communication, behavioural challenges of children and abuse. A total of 63 parents attended these sessions.

- **Child Protection Programmes**

The National Child Protection Week is annually observed on a national level to promote awareness of the rights of children as outlined in the Children's Act (Act No. 38 of 2005) and the Constitution of the Republic of South Africa, according to the Department of Social Department. This week took place in the rural areas of the Greater Mossel Bay from 27 May to 5 June 2023. The target audience were children between the ages of 3 and 5 years. This program's goal was to instil in children a sense of rights and obligations from an early age and a total of 263 were reached.

## **SUPPORT TO THE HAVEN NIGHT SHELTER AND PEOPLE LIVING ON THE STREET**

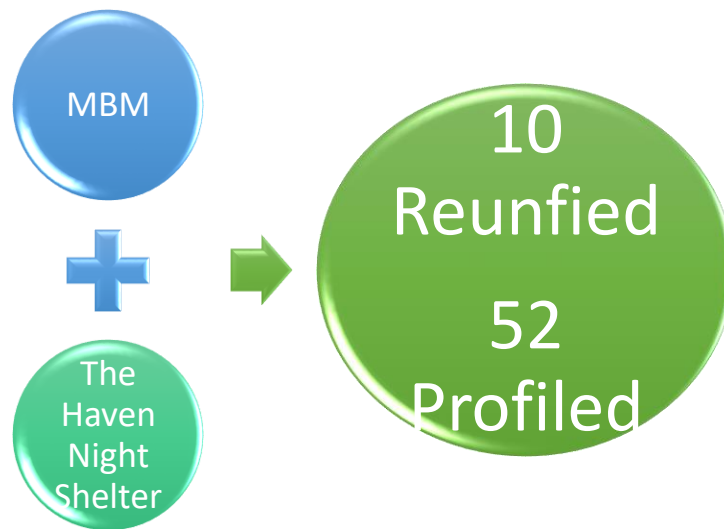
- **The Haven Night Shelter**

The Mossel Bay Municipality assisted The Haven Night Shelter with two assistants through the Expanded Public Works Programme. The monthly meetings of The Haven are also attended on a monthly.

The MOSSHOPPE Project was created to address the challenges associated with street-based communities during May 2022. Mossel Bay Municipality in partnership with Department of Social Development and The Haven Night shelter profiled people to assist them with reunifying or reintegrating into society and with their families. A total of 52 people were profiled and 10 were reunified with their families by the Mossel Bay Municipality and The Haven Night shelter.

The Department of Social Development reported as follow:

- Number of Homeless People reunified: 13
- Number of homeless people placed at night shelters: 8
- Number of Homeless people Referred to Rehabilitation: 4



### RURAL DEVELOPMENT PROGRAMMES

The main goal of the CRDP (Comprehensive Rural Development Programme) is to inform the design and implementation of strategies and interventions to rural communities in the Mossel Bay Municipal Area to reduce rural poverty. The Rural Development model is to organize these communities into a legal structure that will enable them to network and link with strategic partners and to operate according to a business system.

#### **Focus areas for the Rural Development Office includes:**

- Strengthening the capacity of rural people and improving their development.
- Improving community-level infrastructure, facilities and services.
- Further extending and improving the social safety net for poor rural people.
- Gradually improving the health and living standards of the poor in rural areas in general.

This approach combines social assistance with sectoral development, optimizing the roles and functions of national, provincial and local government, extending support to vulnerable groups in rural nodes with the key focus on poverty-reduction initiatives.

The core function of the Rural Development Office is to facilitate and support rural development initiatives that is in line with the CRDP derived from the CRDP. The CRDP is focused on enabling rural people to take control of their destiny, with the support from government, and thereby dealing effectively with rural poverty through the optimal use and management of natural resources. This will be achieved through a co-ordinated and integrated broad-based agrarian transformation as well as the strategic investment in economic and social infrastructure that will benefit the entire rural communities.

Nine rural communities have been identified and will benefit under the rural development model and include the following rural nodes:

- Brandwag
- Sonskynvallei
- Toekoms
- Ruitersbos
- Vleesbaai
- Buisplaas
- Herbertsdale
- Great Brak River
- Friemersheim
- Jonkersberg



The office embarked on the following programmes and projects for this period:

#### **SUPPORT AND ASSISTANCE TO RURAL NODES**

- The office assisted with the marketing of the E-Centre in Herbertsdale to create awareness of the services of the Centre and to increase the number of users after the Western Cape Government indicated that they are struggling to get the community to use the E-Centre. This resulted in more people accessing the centre and the Early Childhood Centre as well as the learners of Herbertsdale Primary School were encouraged and informed and made use of the services.
- The Mayoral Cup took place on 15 and 16 October 2022 after 3 years of absence, due to Covid19. This is an exciting event for not only the rural nodes, but also for the urban areas that are participating. The event was held in Brandwacht and 8 rugby and 10 netball teams partook in the competition. This event was sponsored by Vodacom, Nestle, McDonalds Langeberg and Wimpy Engen 1 Stop, Romans Pizza, Vodacom and Standard Bank. The rugby and netball were won by the Brandwacht teams.

#### **SUPPORT AND ASSISTANCE TO OTHER DEPARTMENTS AND NGO'S**

- The office supported was rendered to a local NGO, Eden Mercy Care to assist with the establishment of a Food Garden and the office collaborated with Waste Management to clear the land. The office also contacted the Breede Gouritz Catchment Management Agency for assistance with a water tank.
- The Department of Forestry was assisted with the recruitment of candidates for their working on Fire Program in October 2022. This program assisted with job creation for the youth in the Great Brak River area and the successful candidates reported for training on 24 October 2022.
- Discussions with faith-based organisations were coordinated in collaboration with the Mayor's Office to set the platform for religious leaders to meet each other and network. This platform will also assist with the social challenges in the community of Mossel Bay and will also serve as one of the communication mechanisms between the Municipality and the community. This platform also aimed to ensure integrated services, update the current database and promote social regeneration. These engagements took place in November 2022 and March 2023 and was successfully attended.
- The office rendered support and assistance to the Department of Agriculture and CASIDRA with the logistical arrangements and mainly assisted with the marketing and securing venues for training. CASIDRA was responsible for the identifying of beneficiaries for food gardens to address food insecurity. Through this collaboration a total of 120 households were identified that benefited from this initiative and received training and garden tools.

#### **ECONOMIC EMPOWERMENT TO RURAL NODES**

- The Local Economic and Rural Development Office had a successful event for Women in Business. 10 Businesswomen from the rural areas attended and Ms. Dorothy Joseph, a very successful businesswoman from Friemersheim, was one of the speakers during this event. Their goal was to bring women in business together to communicate, inspire, motivate, and learn from each other.
- Mossel Bay Municipality in collaboration with the beneficiaries of the vegetable garden project in Buisplaas and Vleesbaai, held a very successful Market Day on 10 December 2022 in Buisplaas to stimulate entrepreneurship and showcase the successfulness of the food gardens. The Executive Mayor, Alderman Kotze opened the proceedings, welcomed everyone present, and encouraged the entrepreneurs to continue with what they are doing. There was a variety of handmade products available as well as vegetables. The children enjoyed themselves on the jumping castle as well as the "boere sports" activities.

#### **MOSSEL BAY LOCAL DRUG ACTION COMMITTEE**

- The Local Drug Action Committee meets quarterly to discuss programs and interventions to address substance abuse related problems through many interventions that ranges from training workshops, awareness programmes and support groups. This Committee comprises of the following stakeholders:



- SANCA
- Child Welfare Organisations
- Department of Correctional Services
- Department of Social Development
- Omgee Rehab
- Mossel Bay Municipality
- Benevolent Park
- The Haven Night Shelter
- Kwanele Support Group

The Committee had a successful referral pathway workshop to ensure that members know who to contact when faces with substance abuse challenges that was facilitated by the Provincial Department of Social Development. One of the problems that LDAC faced, is the lack of support and attendance by other government departments, other than the Department of Social Development and is mostly attended by NGO's. The Kwanele Support Group has been active since March 2023 and support recovering addicts and their parents.

- A Substance abuse awareness program was done with the employees of Mossel Bay Municipality in collaboration with Creating Effective Families and other municipal internal departments in August 2022 in collaboration, to create awareness on the dangers and consequences of drug abuse. The program was coordinated by the officials of the Employee Assistance Program, Rural Development and Waste Management and Community Development.
- Training for substance abuse support groups were done in collaboration with the Department of Social Development to render training opportunities to support groups to ensure their functionality, create a referring system for community members and support with drug-related problems.
- The office virtually attended the bi-annual Western Cape Substance Use Disorder Network where current affairs relating to substance abuse are globally discussed. This meeting was facilitated by the Provincial Department of Social Development and various relevant stakeholders of the Western Cape was in attendance. This session highlighted the outcomes of the Provincial Drug Master Plan and expanded on the highlights of the local and global networks partnerships.
- An awareness campaign with the theme of Breaking Criminal Awareness, was done in collaboration with various departments and organisations to assist and educate the community on the dangers and consequences of drugs, gangsterism and crime on communities and families. This initiative aimed to address crime and to sensitize communities on the impact thereof.
- The office collaborated with various stakeholders to roll-out an awareness campaign with the focus on Crime and Gender based Violence in high risk areas of Mossel Bay with specific focus on Mountain View.
- The office embarked on a Social Work Expansion of Volunteers Program with the Department of Social Development, where volunteers will be trained to be first responders to people in their community that experience drug-related problems. This is a pilot program in Great Brak River and will be expanded to other areas in due course. The training was well attended by members of the community, and they will receive training on the following:
  - LDAC background and legislation in terms of the National Drug Master Plan
  - Psycho-education on substance abuse
  - Family roles in supporting the addict
  - Mentorship.

### **CORPORATE SOCIAL INVESTMENT PROJECTS**

The Mossel Bay Municipality engaged with the Mining Companies around Mossel Bay to ensure that the companies implement Social Labour Plan Projects as required by the Mining Charter of the Department of Minerals. There are Memorandum of Agreements in place to give effect to corporate social investments





within Mossel Bay, with the emphasize on infrastructural projects and the following mining companies were engaged to discuss possible projects

- Buy-Line Trading Pty Ltd
- Brandwag Quarry
- Rheeboek Bricks
- Otto Trust (Terblanche Transport)

### **HIV/AIDS, GENDER, DISABILITIES AND ELDERLY PROGRAMMES**

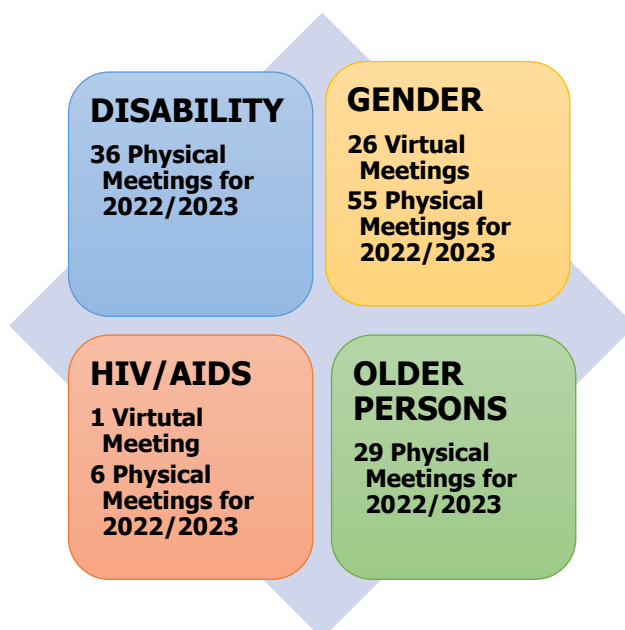
The Strategic Plan Grow South Africa Grow South Africa, 2020 list seven (7) key priorities to ensure the implementation of the vision of the National Development Plan 2030:

- Economic transformation and job creation Priority
- Education, skills and health Priority
- Consolidating the social wage through reliable and quality basic services Priority
- Spatial integration, human settlements, and local government Priority
- Social cohesion and safe communities Priority
- A capable, ethical, and developmental state Priority
- A better Africa and world

To give effect to this, the Executive Council of Mossel Bay committed themselves to the GROW Strategy that focus on the following:

- Governance (Continued service delivery excellence)
- Economy (Credibility for economic growth)
- Environment (Investing in future generations through preserving our environment)
- Social Regeneration (Cross section inclusive partnerships)
- Safety (Cornerstone for economic sustainability)

To adhere to the vision of the Municipality, the office needed to find a working model that integrate the Council GROW Strategy to the Strategic Objectives of the Municipality to ensure that services are rendered based on the needs and demands of the vulnerable groups of Mossel Bay that is inclusive, equitable, economical and effective without any form of discrimination that focus on growth, development while reducing poverty and inequality.



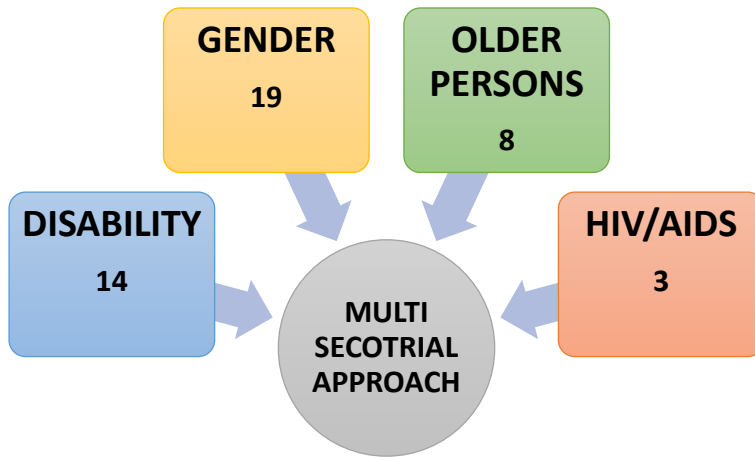
The availability of digital platforms created the opportunity for the Municipality to sit around a digital table with various countries in the world to understand the needs and challenges on all four the vulnerable spectrums.

As part of ongoing partnerships and relationships with civil society, private sector, inter departments and communities, the office focussed on fostering partnerships to give effect on priority 5 that focus on social cohesion and safer communities. To create a bridge between the rural and urban areas, monthly meetings were conducted to ensure that services are available on grassroot level as showed in the diagram. To assist with cost savings and budget limitations, the monthly meeting and programs were operationally planned to be cost effective.



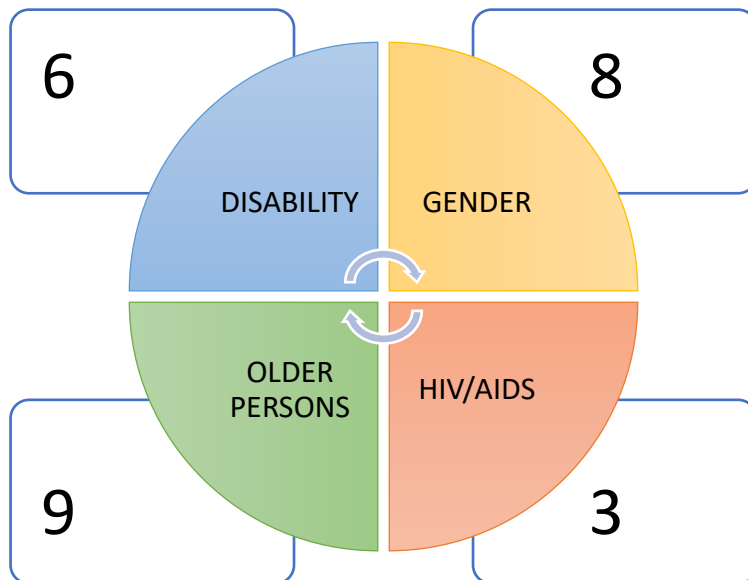
**REFERRAL SYSTEM STATISTICS**

A **referral system** that links the wards, communities and community organisations to the Municipality resulted in an open channel of support and referral. Education on the referral system has been promoted and this resulted in a trust relationship build between the community, organisations, and individuals within the greater Mossel Bay.



To build on partnerships, various sustainable relationships were built and maintained through joint initiatives that support a multi sectorial approach. This is a positive as programs and projects are not identified or defined due to a certain vulnerability, but rather a service that is mainstreamed through various stakeholders. This was made possible through developing a baseline and strategic plan that carry out the

legislative mandates on HIV/AIDS, Disability, Gender and Older Persons that is linked to the National Development Plan 2030 and the National Strategic Plan 2023-2028, National Strategic Plan on Gender Based Violence and Femicide. The above become sustainable through various monthly interventions, work sessions and meetings not only with inter Departments but with NPO's, FBO's, Civil Society and the various disabled and older groups within the Mossel Bay Community.



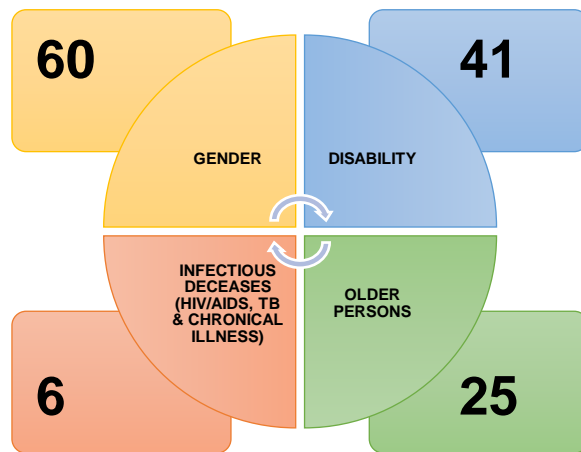
This resulted in an **integrated approach** to social reintegration whereby working agreements and partnerships with different Departments, Organisations and Institutions resulted in combined resources and manpower to ensure sustainable programs that not only address preventions through awareness, but also go beyond treating the symptoms to actually get to the root causes of the problem. The diagram above explains the strategic plans that were developed in the different sectors.

Below is an outlay of the various focus areas with stakeholders and Departments that assist with implementing the legislative mandate for Gender, Disability, Elderly and HIV/AIDS within Local Government:

MOSEL BAY MUNICIPALITY AND DEPARTMENT OF SOCIAL DEVELOPMENT	
<b>1</b>	The Municipality and Department of Social Development are working hand in hand on the following on a continuous basis: <ul style="list-style-type: none"> <li>Establishment of an external Gender Forum that address GBV and sexual harassment – Multi Sectorial Forum.</li> </ul>



	<ul style="list-style-type: none"> <li>• Establishment of a strategy that speaks to addressing the problems and compilation of a policy to be able to align gender budgeting to the IDP.</li> <li>• Establishment of a platform to be the voice for the Older Persons – Mossel Bay Older Persons Forum.</li> <li>• Establishment of a to create awareness on Older Person Abuse and processes.</li> <li>• Establishment of programs that speaks toward safety for battered women and children, exit strategy for GBVF and support networks – GBVF Hotline/Helpdesk.</li> </ul>
<b>MOSSL BAY MUNICIPALITY AND DEPARTMENT CORRESTIONAL SERVICES</b>	
<b>2</b>	<p>The Municipality and Department of Correctional Services work hand in hand on the following:</p> <ul style="list-style-type: none"> <li>• Men 4 Change program that put emphasize on the officials of Community Corrections that embodies the vision of one man, determined to make a difference within his own community (Social Reintegration of probationers/parolees) that will be celebrated annually on International Men’s Day</li> <li>• Mentoring programs to the young adolescent (school awareness and peer groups)</li> <li>• Mentoring programs on food security, gardening, and income generation programs.</li> <li>• Capacity building and facilitation of programs that focus on restorative justice, victim offender dialogue and victim offender mediation processes – VOD/VOM Forum</li> <li>• Capacity building to officials and social workers, parolees, probationers and community – Bridge between parolee and community program.</li> <li>• Development of a social reintegration and moral regeneration strategy for Mossel Bay that forms part of the Gender mainstreaming policy of the Mossel Bay Municipality to be aligned with the Integrated Development Plan</li> <li>• Establishment of an ex-offenders desk with a workflow process to ensure readiness of the offender (in facility) to get out on the parolee program (outside facility) as part of a social integration process with assistance in basic needs as identified in the COVID-19 perspective – Ex-Offender Desk</li> <li>• Establishment of a trust relationship with the community to focus on breaking down discrimination, stigmatization and the barriers that prevent social reintegration – Reintegration Forum.</li> <li>• Establishment of a toolkit to assist the communities, families and victims of crime and start a process of healing, restoration, and restitution.</li> </ul>
<b>MOSSL BAY MUNICIPALITY AND GENDER LINKS</b>	
<b>3</b>	<p>The Mossel Bay Municipality and Gender Links work hand in hand on the following:</p> <ul style="list-style-type: none"> <li>• Sunrise Campaign (Entrepreneurial program victims of GBV)</li> <li>• Capacity building through international zoom and team’s session provided on the Gender Links platform that address all topics related to the Protocol on Gender and Development.</li> </ul> <p>Creating a platform to work hand on hand with COGTA and CGE and Gender links on Gender mainstreaming issues addressing the basic needs of everyone (indigent households, water and sanitation, housing, health, protection, and sexual reproductive health).</p>
<b>MOSSL BAY MUNICIPALITY AND LOCAL GOVERNMENT</b>	
<b>4</b>	<p>The Mossel Bay Municipality and Local Government (COGTA) work hand in hand on the following:</p> <ul style="list-style-type: none"> <li>• Capacity building on Gender Responsive Budgeting</li> <li>• Policy formulation and alignment</li> <li>• Gender Score Card</li> <li>• Human Trafficking Awareness</li> <li>• Violence and Harassment Education</li> <li>• Provincial Interim Gender Forum</li> </ul>
<b>MOSSL BAY MUNICIPALITY AND SALGA</b>	
<b>5</b>	<p>The Mossel Bay Municipality and SALGA work hand in hand on the following: Integration of Gender Focal Person with the SALGA Provincial Women Commission and align five priorities per Municipal District to address gender equality, women empowerment, and gender mainstreaming.</p>
<b>MOSSL BAY MUNICIPALITY AND GARDEN ROUTE DISTRICT MUNICIPALITY</b>	
<b>6</b>	<p>The Mossel Bay Municipality and Garden Route District Municipality work together on the Men Sector as well as the District Gender Forum.</p>



The numbers reflect the number of programs and interventions conducted within the Mossel Bay Municipality in the respective categories. Due to integration of programs through all four categories, it was challenging to reflect per category accurately.

The “Never give safety a day off” zoomed into methods to address the Governance (legislative framework of self-defence firearms, pepper spray etc) in collaboration with stakeholders that looked into individual and community safety as well as the contributing factors in the environment (streets, infrastructure, load shedding) that can have an impact on crime and the economy (loss of electrical equipment, loss of employment) which can become generators of crime as well as a trigger for gender-based violence.

The “Safety is no accident” program intended to address challenges with basic road safety with reflection on road safety, vehicle compliance and safety as well as sensitizing on nero-divergent passengers while putting emphasis on basic roadworthiness of vehicles (shocks, wheel alignment etc. and the challenges of children standing between or on seats, use of devices while driving as well as animals on lap or hanging out of the vehicles that can be causes of being in unsafe position or space.

The “Saying NO to others, is saying YES to yourself” focussed on basic life skills to be able to set boundaries in a respectful manner to focus on selfcare and selflove, but also to be able to stand up against any form of emotional, financial or physical abuse.

The “Your child is my child” focus on social regeneration (education, morals, norms) and governance (legislative framework – GBVF, Domestic Violence, Child Protection Act, Criminal Procedure Act, Correctional Service Act) as well as safety (prevention and support for individuals, families and community) as well as environment (customs in community – substance availability, infrastructure, water and sanitation) that will not only a mentorship program but also a support system for those dealing with the impact of crime.

The “Men 4 Change – development path” a program that focus on Social Regeneration (education, morals, norms and change behaviour through mentorship and rehabilitation), Governance (legislative framework and policies that prescribe the establishment of an ex-offender desk and the ability to rehabilitate and successful integrate back into the community and economy), Economic (create an opportunity of learning through various opportunities to ensure that the dirty fingers don’t become the hindrance to their development), Environment (the culture and environment of each family to be addressed through an one-stop centre that assist dysfunctional families). From a Municipal site, land was identified for two possible community gardens that will be part of the skills development program under the umbrella of Meals on Wheels. The program focusses to alleviate poverty and create employment for the vulnerable groups in our community to build sustainable communities that is free of revocations.

The “Reduce GBVF Mossel Bay” implementation of the National Strategic Plan on Gender-Based Violence & Femicide focus on the following principles:

- A multi-sectoral approach
- Complementing and augmenting existing strategies
- Active and meaningful participation
- A Visionary, gender-responsive and transformative approach
- A human rights-based, victim-centred, survivor-focussed approach
- An inter-generational, youth-friendly approach
- Progressive realisation of outcomes



- Forward looking in co-creation
- Mutual accountability for change
- Inclusiveness, embracing diversity and intersectionality

To achieve this vision, the focus is on 6 pillars:

Pillar One	Accountability, coordination and leadership
Pillar Two	Prevention and rebuilding social cohesion
Pillar Three	Justice, Safety and Protection
Pillar Four	Response, care, support and healing
Pillar Five	Economic Power
Pillar Six	Research and information management

The **“UNWOMEN 100 Day Challenge”** program focussed on the creation of a multi sectorial pathway to address GBVF and Femicide that focus on achieving identified indicators within a 100 Day period. Mossel Bay Municipality was the first Municipality in the Garden Route to participate in such a challenge. The Municipality further joined in the **“COGTA 100 Day Challenge”** that will focus in create a GBVF Helpdesk.

The **“Disabled and Child friendly”** program is an initiative to make Mossel Bay a child and disabled friendly town that focus on inclusiveness of all forms of disability spectrums. A focus group mainstream the needs and gaps in respect to disabilities and focus on achievable outcome to be more inclusive. In addition the Municipality joined hands with ETHAN projects to empower and equip the first responders, Liberians, and others in Nero-divergent communities. Those attended the training, were recognised through a certificate ceremony in the Council Chamber as part of Autism Awareness Month that focus on the inclusion of all Primary school in the **“I am able”** campaign for autism month.

The **“It’s okay to tell”** program is an initiative between the National Prosecuting Authority, South African Police Service, Municipality and Department of Social Development that focus on taking the services and processes to the young adolescents that is in need of emotional and physical support that focus on:

- To capacitate the scholars on the forms of GBVF.
- To explain the preparation process for court.
- To explain the referral pathway.
- To capacitate the scholars on bully as part of GBVF.

The **“1000 Women”** initiative is focussing on digital training on trauma support, bullying etc. to ensure that community members, leaders and women be empowered to be able to provide care and support to those suffering from emotional abuse and trauma.

The **“Community Roadshow”** focussed on bringing services to the community to equip them on the importance of a valid last will, life will and funeral plan options. During the roadshow the basic municipal services reached out to the communities to ensure inclusion in all programs and projects within the Mossel Bay Community.

The **“Gardening – Step towards a better future”** program focussed the environment (utilizing empty spaces to grow vegetables for your own health), social reintegration (changing the hand-out to a hand in the ground, learn to provide for themselves without being dependable of others), economic (to be able to contribute to a household and even start thinking of reselling vegetables).

The **“Older Persons Human Rights Drive”** focus on the Older Persons of Mossel (60 years and older) to ensure they understand their rights as the abuse of the elderly occurs not only emotionally and physically but also by means of self-negligence and financial abuse. To address this, the Municipality Community Development Department and the Libraries joined hand with a pamphlet drive.

**YOUTH, SPORT AND RECREATION DEVELOPMENT PROGRAMMES**





The Youth Development Department has the following objectives:

- Improve aspirations of youth for themselves by facilitating access to the economy.
- Promote youth leadership development.
- Make existing municipal facilities available for youth development activities.
- Link youth organizations with existing resources and opportunities.
- Initiate the co-ordination of interventions to address social ills.
- Form partnerships with Government Departments, NGOs and business for youth development.
- Promote sport and recreation development

These objectives are reached through various programmes and projects that the Youth Office embark on and are as follow:

#### **TRAINING**

- **Business Management Training** was done together with the National Youth Development Agency, SARS, the Department of Infrastructure, and the Office of the Consumer Protector. A total of 22 young people benefited from this opportunity that focused on assessing your readiness to starting and managing a business and entrepreneurial skills.
- **Learner License Training** was rolled out in the greater Mossel Bay and a total of 72 people were afforded the opportunity to obtain their learners license. A total of 49 people ended up attending the training where by 31 passed their leaners license. The same young people were provided with an opportunity to attend a Life Skills Training provided by Wonderful SA of the Youth Caf e.
- **Youth Challenges Camp** and the Youth Development Office was granted the opportunity to be a part of this successful camp as we continue to work together in providing services that will help curb the challenges facing the youth. 34 learners attended from 14 Primary Schools around the greater Mossel Bay. The focus was youth empowerment on social skills, health and wellness, anti-bullying skills, self-esteem building, speaking out on behalf of others. Our stakeholders were: Department of Health, Mossel Bay Municipality, Department of Social Services, Department of Education, Piet Julies Aids Action Group, Youth Caf e, Love life Ground breakers & Community Volunteers.
- **Basic Computer Training** was done in collaboration with the Western Cape Government's E-Centres, Great Brak River Youth Caf e and Caf e & the Reflekt Development Division in the greater Mossel Bay and a total of more than 100 young people benefited from the programme and obtained computer skills, character building, job readiness, basic presentation training and CV writing.
- **Life Skills Training** took place in collaboration with the National Youth Development Agency and a total of 100 young people from the greater Mossel Bay were reached. The training focused on a group of psychosocial competencies and interpersonal skills that help people make informed decisions, solve problems, think critically and creatively, communicate effectively, build healthy relationships, empathize with others, and cope with and manage their lives in a healthy and productive manner.
- **First Aid Training** was done in collaboration with Oceans Research whereby a total of 43 young people from Indwe High School, Sao Bras Secondary School, Hillcrest Secondary School, as well as Great Brak Secondary School were reached.
- **Marine Mammals Stranding Course** was facilitated by Oceans Research in collaboration with the Youth, Sport & Recreation Development Office to 30 young people. The course was aimed to provide skills that are very essential to have as the youth in coastal communities as it equips them with knowledge and skills on how to deal with stranded Marine Mammals. The course will also boost their employment opportunities for both seasonal and permanent in environmental incidents response companies in our Coastal areas.





- **Skills, Tech & Arts Mobile Literacy Training** were done with Suff Academy to provide unemployed youth the necessary skills to leverage mobile technology effectively in their personal and professional lives. Topics covered included mobile technology features, navigating mobile operating systems and applications, mobile security and privacy, productivity tools and apps, effective communication through mobile devices, and mobile internet.
- The office assisted with transporting 6 young people to the **Chrysalis Academy** in Cape Town.
- **Business Management Training** took place in collaboration with the Small Enterprise Development Agency whereby young people from, Sonskynvallei, Brandwacht and Ruitersbos were part of the total 17 young people who attended the training and all 17 students were honoured with certificates for the training.
- The Financial Sector Conduct Authority facilitated a **Financial Literacy Training** to our unemployed youth and the emphasis was to educate these young people on the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.
- **Creative Arts & Media Training** - was facilitated by wonderful SA of the Youth Cafe in collaboration with the Mossel Bay Municipality with the focus on studio time but not just to write and record, but also to be themselves. The training offers a healthy way for young people express themselves and most are often challenged to be more honest with themselves because of how the space allows for vulnerability. It is a safe space to discuss topics such as relationships, family, conflict resolution and mentorship for who's who seek it. A total of 12 young unemployed people benefited from this opportunity.
- **Inzalo EMS & RDATA Learnership** - The Mossel Bay Municipality in collaboration with Inzalo EMS launched the Inzalo EMS's RData Learnership which is a 12-month training opportunity that is focused on educating young people who are interested in becoming system developers or programmers. A total of 29 unemployed young people from the greater Mossel Bay are benefitting from this opportunity.

## AWARENESS

- **Youth Outreach Program** together with the stakeholders who work in the youth fraternity – the Department of Social Development, South Cape College, Wonderful SA and the Department of Employment and Labour, embarked on a Youth Outreach Program which was coordinated by the Youth Office. A total number of more than 180 young people were reached, and the focus was to collect information such as the needs of the youth and the unemployment database forms and to also share all the opportunities that all these entities have to offer and at the same time to inform the youth on the existence of the relevant stakeholders and linking them with more economic opportunities.
- **Business Awareness Talks** were held in collaboration with the National Youth Development Agency in the greater Mossel Bay. These talks focused on vision, leadership, management and operations, marketing and sales, money, and lastly culture. A total of more than 100 young people benefited from this opportunity.
- The second **Western Cape Provincial Youth Expo** was launched in George as part of Youth Day celebrations. The Mossel Bay Municipality was a proud co-host to this event which turned out to be a great success whereby more than 1200 young people were in attendance. 80 young people of Mossel Bay was transported to George and back to benefit from all the great opportunities at the expo. 150 delegates who played a part in the success of the youth Expo were part of the convergence breakfast with the Provincial Minister Sharna Fernandez of Social Development.
- **Youth Day Celebrations** took place at the Mossel Bay Department of Corrections Centre and the purpose of the program was to encourage and motivate offenders within the facility of their crucial role as a young person, when reintegrated back to their communities and society.

## JUNIOR TOWN COUNCIL

The Junior Town Council is composed of the 6 High Schools in the greater Mossel Bay and compose of 24 member that have monthly meetings and engaged in the following activities:



- Team Building Sessions that included hiking the St. Blaize Trail as well as the Mayoral Hike to the ship wreckage.
- Anti-Suicide Awareness Project
- Freedom Day Panel Discussion
- Autism Awareness
- Clothing Drive Handover
- Job shadowing of Mayco-members and attending a Council

#### **MERIT FUNCTION**

A Merit Function hosted by the Executive Mayor took place and deserving learners of Class of 2022 who received recognition from the Executive Mayor, and a total of forty-three learners received this special reward and recognition. A total of 39 young people who benefited from this opportunity.

#### **SPORT AND RECREATION PROGRAMMES**

- **ECD Coaching Clinics** were presented to 7 crèches in collaboration with the Early Childhood Development Office and the Department of Cultural Affairs and Sport who implemented ECD Coaching Clinics monthly with ECD-learners of these respective ECD's.
- **Nelson Mandela Challenge Cup** was presented by the Mossel Bay Municipality in collaboration with the Department of Cultural Affairs and Sport with the to celebrate the life of the Iconic Nelson Mandela by hosting a sport challenge. Games took place at the Indoor Sport Centre and Extension 23 Sport fields where U-19 Netball and football were played.
- The **Western Cape Provincial Boxing Title Fight** was hosted in collaboration with the Jackie Brice boxing promotions and the Department of Cultural Affairs and Sport at the Indoor Sport Centre. This was a Western Cape Provincial Title Fight and Jack Brice Boxing promotions ensured the fight was underwritten by Boxing SA. There were 4 provincial title fights and 5 amateur fights.
- **Gender Based Violence, Substance Abuse and Child Safety Campaign** took place in collaboration with the Rural Development Office and a 5-a side soccer tournament took place at the Mountain view soccer turf with 123 participants.
- **A Youth Sports Day** was hosted at the Extension 23 Sport Fields with various stakeholders and the aim was to bring sport activities to the Community and encourage young people to participate and a total of 386 young people participated in the soccer, touchies and netball.
- **Garden Route Boxing Tournament** took place in collaboration with the Garden Route boxing Club in the Alsa Park Community Hall. 42 junior boxers participated in the tournament and the municipality contributed with four small trophies, municipal branding and logistics to contribute to the success of the event.
- **Woman's Rugby Coaching Clinics** were hosted by the Sport Office in collaboration with the South African Rugby Union in Brandwacht, Great Brak River and Sonskynvallei and the surrounding rural nodes were in attendance and a total of 230 youth attended. SA Rugby coaches facilitate various specific drills, and all Mossel Bay High schools were invited.
- **School Holiday Programs** were done in collaboration with the Department of Cultural Affairs and Sport hosted at the Greenhaven Sport Grounds in Great Brak River, where young people were occupied throughout the holidays with sporting activities ranging from soccer, cricket, touch rugby and indigenous games. 200 attended each day and meals were provided for each child by Wonderful SA.
- A **Transition Coaching Clinic** was presented in collaboration with the Transition Football Club and the aim of the coaching clinic was to enhance coaching skills and present the young people with an alternative to the prevalent social skills. 40 young people from D'Almeida and Kwanonqaba attended the coaching clinic with a lot of enthusiasm and much anticipation.
- **Mossel Bay Sport Council Awards** was hosted by the Mossel Bay Sport Council at the Bravo lounge. All sport clubs were given the opportunity to nominate for the 12 different categories. Trophies and certificates were handed over by members of the Mayoral Executive Committee to the winning nominees. The guest speaker was Doctor Ferdinand Wesso, who is the current medical doctor of the was currently the Free State Rugby Team.



- **Netball World Cup Trophy Tour** was hosted in collaboration with the at the Hartenbos Netball court. As part of the event, a free coaching clinic was coordinated where 11 teams participated. This was part of the build up to the 2023 Netball world cup hosted in Cape Town.
- **Great Brak River World Cup Soccer** is an annual soccer tournament that take place first week of the New Year and this tournament is a once off sporting event that has been consistently standing for 32 years. The teams were only from Great Brak River the World Cup comprises from 8 teams. The Mossel Bay Sport Council (MBSC) provided food parcels, certificates and medals to the event and the event was attended by the eight teams of Great Brak River.
- **Ikhaya Sport Event** was hosted by Ikhaya Multi-Sport Organisation at the Barcelona Circle in Kwanonqaba. The aim was to bring sport activities to the community and encourage young people to participate. Stakeholders of the day was Ikhaya, Community Development, Sport and Recreation and South Cape College as well as netball and soccer teams from Mossel Bay. A total of 309 people attended.
- **Good Governance Workshop** was hosted by the Mossel Bay Sport Council and the took place at Park Primary School. Sport officials and several club members attended the workshop in numbers and the office assisted with logistics and the workshop was very eventful exciting, fulfilled, capacity building event for officials and coaches of our sport in Mossel Bay.

**COMMENT ON THE PERFORMANCE OF COMMUNITY DEVELOPMENT:**

The Community Development Department is steadily making progress to move towards impactful and sustainable programmes, instead of once off projects through continuous partnerships and working agreements with respective government departments, NGO’s and faith based institutions to address the upliftment and development of communities. The department worked hard to achieve objectives despite budgetary constraints and are really working towards growing social regeneration and unlocking opportunities.

**THUSONG CENTRE**

The Mossel Bay Thusong Centre had been operational for 10 years with services being accessed by clients from various areas. The Mossel Bay Thusong Service Centre is a multi-faceted hub under one roof which houses several services provided by Local, Provincial and National government as well as, NGO’s CBO’s and the private sector interest groups which are tabled in the document. The services offered at the centre are those that have been identified by the community of the Greater Mossel Bay. Every Thusong Centre is unique in design layout depending on excising topographic and requirements of the community it serves.

With the Thusong Centre 2nd Phase being implemented in 2020/2021, we aimed at bringing more services to make it easier for our community, however, we could only accommodate one office with the intentions of having the South African Post Office occupying the space. Currently, the South African Post Office had not been able to occupy the space however, there are other departments namely, Home Affairs and Cape Access who have shown interest to occupy the space.

**AIM OF THE THUSONG SERVICE CENTRE**

The aim of the Thusong Programme is to ensure equitable and effective access to government services and information, through strategic partnerships and engagements with the three spheres of government and relevant stakeholders.

**Departments Serving at the Centre**

Current Departments Offices	New Offices
Department of Home Affairs	Community Work Programme
South African Social Security Agency	South African Security Agency (SASSA)
Department Social Development / Social Services	Vacant space used by various departments for different programmes namely,



Current Departments Offices	New Offices
	Easy Pay, Justine, Western Cape-LGD for GBV sessions for CWP participants.
<b>Piet Julies HIV/Aids Action Group</b>	Thusong Sewing Project
<b>Thusong Library</b>	
<b>Cape Access ITC</b>	
<b>Eden FM local radio station</b>	
<b>Tambo FM</b>	

### Description of Services

All the services offered are those which were initially identified by the community of Mossel Bay, which are:

Department	Service
<b>Department of Home Affairs</b>	Applications for ID document, birth, death and marriage certificates as well as passports.
<b>South African Social Security Agency (SASSA)</b>	Grants on pension, child support, disability and foster care.
<b>Department Social Development / Social Services</b>	Welfare services, community development (youth, children and families), youth conflict with law, senior citizens, substance abuse and early child development programmes.
<b>Cape Access ITC</b>	Access information via internet regarding skills development, job opportunities, research, learners' tasks activities, computer basic skills and Covid-19 vaccine registration.
<b>Piet Julies HIV/AIDS Office</b>	HIV/AIDs testing, educational awareness and circumcision referrals.
<b>EdenFM local radio station</b>	Community radio station: access to local, national and global information via media.
<b>Tambo FM</b>	Community radio station: access to local, national and global information via media.
<b>Thusong Library</b>	Book circulation, National Themes, Learning Programmes, access to information-research, internet access.
<b>Thusong sewing project</b>	Designing of clothes and manufacturing,
<b>Local Economic Development</b>	Business registration and funding applications and information assistance.
<b>Community Work Programme</b>	Registration of participants and deployment thereof at various sites.

### OVERALL MARKETING STRATEGY

To ensure that the centre operates optimally and that clients are served in accordance with the Batho Pele principles, the following interventions were introduced.

- a) Client Satisfaction Surveys to determine excellence.
- b) Public Participation through ward committees, IDP, Councillor Report Back, CDWs' information sharing sessions, engagement with other stakeholders.
- c) Radio interview with various radio stations.
- d) Word of mouth
- e) Local newspaper

It is through these interventions that the needs of the community were assessed in preparation and planning for the implementation of Annual Thusong Outreaches for rural clients to access services. There has been a



decline of certain service delivery request such as grant applications and ID smart card applications due to services offered at service points at rural areas.

**STATUS OF THE THUSONG CENTRE:**

The Thusong Service Centre of Mossel Bay continues to be the epitome of service excellence as it serves Internationally, Nationally, Provincially and Locally and clients send emails, WhatsApp's, Facebook, telephone calls for inquiries and get assisted by various departments.



## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.15 AIR QUALITY CONTROL

#### INTRODUCTION

The objectives of the National Environmental Management: Air Quality Act (NEM: AQA), Act 39 of 2004 are to protect the environment by providing reasonable measures to protect air quality and to prevent air pollution, and to give effect to Section 24 (b) of the Constitution. The Act requires municipalities to adopt Air Quality Management Plans and is very specific in its definition of the goal of an air quality management plan. Mossel Bay Municipality has an approved Air Quality Management Plan which is included in its Integrated Development Plan and identifies the following key objectives:

- The improvement of air quality
- Reducing negative impacts on human health and the environment
- Addressing the effects of fossil fuels in residential applications
- Addressing the effects of emissions from industrial sources and from any point or non-point sources of air pollution
- Implementing the republic's obligations in respect of international agreements
- Giving effect to best practice in air quality management.

Air Quality is a concurrent function with the Garden Route District Municipality managing the licensing of facilities in terms of the listed activities promulgated in the Air Quality regulations while the Mossel Bay Municipality is responsible for odour, noise and dust control. To ensure the municipality is able to do the above an Air Quality By-Law was promulgated and an Air Quality Officer (AQO) has been designated as required by law in terms of the National Environmental Air Quality Act, Act no 39 of 2004(NEM: AQA).

The municipality also supports the following air quality monitoring programmes active within the municipal area:

- Department of Environmental Affairs and Development Planning (DEADP) continuous monitoring station is situated in Sampson Street and measures Volatile Organic Compounds (VOC's), carbon dioxide (CO<sub>2</sub>) and hydrogen sulphide (H<sub>2</sub>S).
- Petro SA does passive sampling at the Gas-to-Liquids refinery and in Voorbaai measures NO<sub>2</sub>, SO<sub>2</sub> and benzene.
- Garden Route District Municipality passive sampling programme occurring at various locations as required

Challenges:

- The compilation of a comprehensive Air Quality Inventory
- Organising routine vehicle emissions testing
- The proliferation of standby-generators due to load shedding
- Identification of fuel burning appliances and the monitoring thereof
- Proliferation of formal and informal spray-painting and power coating businesses that do not comply with by-laws

### 3.16 ENVIRONMENTAL AND COASTAL MANAGEMENT

Environmental Management is the management or governance strategy that derives its authority from a well-established legal mandate. Its primary objective is the regulation of the effects of peoples' activities, products and services on the environment.

The Environmental Management section is responsible for 7 Key Performance Areas (KPA). Namely:  
1. Coastal Management





2. Blue Flag
3. Environmental Education
4. Climate Change
5. Land use and development planning
6. Biodiversity and Conservation
7. Beaches

These have been selected after a survey of the Integrated Development Plans of both Mossel Bay Municipality and Garden Route District Municipality, various National and Provincial environmental policy frameworks and strategies.

**Coastal Management:**

Giving inputs on large events/activities on beach when submitted to council; Conservation of marine resources; coastal pollution incidents (disposal of marine carcasses, oil or sewerage spills, fish kills etc.); Environmental compliance; advise on capital projects in the coastal zone; and estuary management and monitoring.

Mossel Bay Municipality consists of 60km of pristine beaches/ coastline and consists of three formal estuaries (Hartenbos, Klein Brak and Great Brak estuaries) and 3 smaller estuaries (Bayview, Tweekuilen and Blinde rivers). The Mossel Bay Municipality hosts and attends Estuary Forum meetings four times a year for the three formal estuaries at our Great Brak Council Chambers and virtually to facilitate a platform in which residents along the estuaries and other interested and affected parties are informed regarding activities and progress in and around the estuaries as well as table any complaints/queries or questions pertaining to Estuary management.

**Blue Flag**

The iconic Blue Flag is one of the world's most recognised voluntary eco-labels awarded to beaches, marinas, and sustainable boating tourism operators. In order to qualify for the Blue Flag, a series of stringent environmental, educational, safety, and accessibility criteria must be met and maintained. With over 4500 sites in over 45 countries around the world, Blue Flag is actively contributing to the sustainable development goals. Blue Flag also campaigns against disparity, inequality, unemployment, health threats, depletion of natural resources, environmental threats, pollution, and general environmental degradation. In South Africa, Blue Flag has been operational since 2001 and has proud municipal, marina and tourism boat partners in 18 coastal municipalities around the country. Blue Flag is voluntary, which shows a very strong commitment to environmental sustainability from those municipalities, marinas and tourism boat operators that are awarded annually. All properties and companies that apply for the Blue Flag award are assessed by a South African National Jury as well as by the Blue Flag International Jury in Europe.

Mossel Bay have five WESSA blue flag beaches. Santos beach, De Bakke beach, Hartenbos beach, Glentana and Klein Brak beach are all part of this prestigious group of beaches in South Africa.

**Environmental Education**

Initiation of community and school-based projects which target all the KPA listed above. Form relationships with national departments, provincial departments and other NGO's which are involved in environmental education and who may provide support in terms of funding or resources. To arrange educational events on environmental calendar days such as Arbour Day, World Oceans Day and Marine/Water Week etc.

**Climate Change**

Develop an appropriate climate change mitigation and adaptation strategy which can be implemented throughout the listed KPI's. For example, the Environmental Education initiatives will address and promote more efficient energy use which is a climate change adaptation / mitigation factor. Develop proposals for more energy efficient municipal buildings e.g., implement a solar panel pilot project at De Bakke caravan Park, fit energy efficient light bulbs in municipal buildings. Amending existing or creating new by-laws (in



conjunction with Town Planning and legal Services) to restrict the use of non-energy efficient fittings in new buildings etc. Facilitate and maintain partnerships with major industry (PetroSA, Port Authorities etc) to minimise regional carbon footprint etc

#### **Land Use Planning / Development**

Incorporating the use of available scientific environmental information and tools, in Council's decision-making process with regards to LUPO applications. Providing a monitoring and evaluation function relating to compliance with RoD conditions for developments (both municipal and private). Working together with Town Planning and Civil Services to initiate planned municipal infrastructure within the Coastal Zone and any other for which environmental authorization is required. Providing guidance for all proposed municipal capital projects for which environmental authorization is required before the activity can commence. Attend all workshops relating to national or provincial government efforts to capacitate local authorities. To establish and maintain a good working relationship with provincial environmental authorities. Develop together with Town Planning (Building sub-directorate) a suite of tools (by-laws etc) to deal with the illegal construction of structures on municipal ground.

#### **Biodiversity and Conservation**

The management of the Diosma Nature Reserve and to ensure that all open spaces and conservation worthy municipal areas are well maintained. To ensure that the Alien Invasive Plan Species Control Plan is being implemented and updated annually. This section also includes the management of projects such as Environmental Impact Assessments for the Louis Fourie Precinct and the expansion of Mossdustria as well as the fencing of the Diosma Reserve.

#### **Beaches**

Manages, control and makes strategic decisions regarding work sequences, programs and outcomes associated with the maintenance of beaches, beach access infrastructure and beach ablution facilities.

In order to ensure that beaches and beach facilities are managed and maintained in accordance with laid down quality standards and service delivery objectives. Mossel Bay Municipality has approximately 19 beach abluitions and 92 beach access infrastructure. This also includes the management of playparks, day campsites (Glentana, Suiderkruis and Souwesia) and small events such as weddings, beach clean-ups, school outings/functions on beaches etc.



## COMPONENT F: HEALTH

Local municipalities no longer provide health services such as clinics and ambulance services, health inspection services and abattoirs.



## COMPONENT G: SECURITY AND SAFETY

### 3.17 COMMUNITY SAFETY

#### INTRODUCTION TO COMMUNITY SAFETY

Community safety in reference to Mossel Bay Municipality involves the collaborative efforts and strategies implemented by the local authority, law enforcement department, community organizations and residents to create a secure, inclusive, and thriving environment for all residents within the Greater Mossel Bay Municipal area. Mossel Bay Municipality faces unique challenges and opportunities that shape its approach to community safety.

The Sub-Division Traffic & law Enforcement as a functional structure of Mossel Bay Municipality is tasked with the primary objective to prevent and reduce crime whilst also promoting the overall well-being of life for all residents within the Municipal area.

The Sub-Division Traffic & Law Enforcement consists of five Sections, namely:

- Traffic Law Enforcement (including traffic signs and road markings) Section
- Tactical Response and By-Law Enforcement Section
- Traffic Administration & Processing Section
- Driving Licence Testing Centre Section
- Vehicle Registration and Licensing Section
- Municipal Security Section

Traffic Law Enforcement focuses on creating a safe and secure environment for all road users within the Municipal geographical area. Effective traffic law enforcement aims to prevent incidents through a combination of enforcement, education, and engineering measures.

Tactical Response & By-Law Enforcement centres around maintaining order, quality of life, and the well-being of residents within a specific municipality. Effective municipal bylaw enforcement contributes to a harmonious and secure living environment for all community members.

Traffic Administration & Processing has a multifaceted role when it comes to managing traffic and By-law related contraventions, court procedures, and ensuring the flow of prosecution.

Driving License Testing Centre (DLTC) are responsible for conducting tests, assessments, and evaluations to ensure that individuals are qualified and capable of safely operating a motor vehicle on public roads.

Motor Vehicle Registration and Licensing (MVR) are responsible to facilitate the registration, licensing, and related administrative processes for vehicles and providing essential services to vehicle owners within the local sphere.

Municipal security services are responsible to secure physical and digital assets, facilities and critical infrastructure, minimizing the risks associated with asset loss, damage, and unauthorized use.

Details		Traffic Enforcement Data		
		2022 Actual No.	2023 Estimate No.	2023 Actual No.
1	Number of road traffic accidents attended during the year	238	-	320
2	Number of Driver Fitness test and Vehicle Fitness conducted	20129	-	21333
3	Number of Warrants of arrest executed	521	1 600	1283
4	Number of drunken driver arrests	125	-	169
5	Number of Infringement notices issued	10748	-	12159



Traffic Enforcement Data				
Details	2022		2023	
	Actual No.	Estimate No.	Estimate No.	Actual No.
6 Speed Enforcement (HOURS)	921	-	-	1194
7 Number of complaints attended	7783	-	-	9921
8 Number of Vehicles impounded	34	-	-	25
9 Number of Special functions assisted	435	-	-	451
10 Number of integrated Law enforcement actions held	178	150	150	463
11 Number of Road Safety education programmes held	27	50	50	33
12 Number of police officers in the field on an average day	6	10	10	8
13 Number of police officers on duty on an average day	7	12	12	10

By-Law Enforcement Data				
Details	2022		2023	
	Actual No.	Estimate No.	Estimate No.	Actual No.
1 Number of LE Officers in the field on an average day	6	12	12	5
2 Number of LE Officers on duty on an average day	6	14	14	7
3 Shack Control patrols conducted (HOURS)	6335	-	-	4892
4 Number of Illegal Structures demolished	133	-	-	114
5 Number of infringement notices and written warning issued in terms of Municipal By-laws	1459	-	-	1883
6 Visibility Enforcement Patrols (HOURS)	8890	-	-	7119

During the 2022/2023 financial year the Municipality implemented various programmes to ensure the expansion on the Tactical Response & By-Law Enforcement Section in establishing the following:

#### The Canine (K9) Unit

This was a collaborative process to which the Municipality and the Provincial Department of Police Oversight and Community Safety established the K9-Unit as part of a three-year implementation plan agreement. During the 2022/2023 financial year four dogs was procured, trained in the enforcement of illegal drugs, unlawful firearms, and the protection of certain specified sea life species such as abalone. The establishment of the K9 Unit was part of the Provincial initiative to provide the canine services within the greater area of the Southern Cape Region with Mossel Bay as the base station.

#### The Student Programme

This initiative by Mossel Bay was to provide a 2-year training programme for young people, who intends to secure a career as law enforcement officers.

The programme consisted of a 6 months' probation period after which the remaining students signed an 18-month contract to complete the 2-year programme to which the students were to undergo a Peace Officer Course, First Responder Crowd Management course, CCTV training course, Control Room Operation course and be exposed to in-service training related to Law Enforcement Officer duties within the Mossel bay Municipal area.

Job Level	Employees: Traffic Law Enforcement Section				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Chief Traffic Officer &amp; Deputy's</b>	6	10	8	2	20%
<b>Other Traffic Officers</b>	20	24	20	4	17%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	0	0	0	0	0%
<b>7 - 9</b>	4	4	4	0	0%



Job Level	Employees: Traffic Law Enforcement Section				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>10 - 12</b>	21	29	23	6	12%
<b>13 - 15</b>	1	1	1	0	0%
<b>Total</b>	26	34	28	6	18%

Job Level	Employees: Tactical Response & By-Law Enforcement Section				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Supervisor</b>	0	4	0	4	100%
<b>Other By-Law officers</b>	10	48	13	35	73%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	0	0	0	0	0%
<b>7 - 9</b>	10	48	13	35	73%
<b>10 - 12</b>	0	4	0	4	100%
<b>Total</b>	10	52	13	39	75%

Job Level	Employees: Drivers Licence Testing Centre (DLTC)				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Superintendent</b>	1	1	1	0	0%
<b>Other DLTC Personnel</b>	6	10	8	2	20%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	3	6	4	2	33%
<b>7 - 9</b>	3	4	4	0	0%
<b>10 - 12</b>	1	1	1	0	0%
<b>Total</b>	7	11	9	2	18%

Job Level	Employees: Municipal Security Section				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Supervisor</b>	1	1	1	0	0%
<b>Other Security Officers</b>	10	11	10	1	10%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	11	11	0	0	0%
<b>7 - 9</b>	0	1	1	0	0%
<b>10 - 12</b>	0	0	0	0	0%
<b>Total</b>	11	12	11	1	9%





Job Level	Employees: Motor Vehicle Registration (MVR) Section				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Supervisor</b>	1	1	1	0	0%
<b>Personnel</b>	6	8	7	1	12%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	5	7	6	1	14%
<b>7 - 9</b>	2	2	2	0	0%
<b>10 - 12</b>	0	0	0	0	0%
<b>Total</b>	7	9	8	1	12%

Job Level	Employees: Administration				
	2022		2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Assistant Chief : Administration</b>	1	1	1	0	0%
<b>Other Admin personnel</b>	8	8	7	1	12%
<b>0 - 3</b>	2	2	2	0	0%
<b>4 - 6</b>	5	5	5	1	20%
<b>7 - 9</b>	0	1	0	1	100%
<b>10 - 12</b>	1	1	1	0	0%
<b>Total</b>	8	9	8	1	12%

Although the staff compliment did not change drastically from the previous year, the Covid-19 effect did ensure strain on required services at the Driving License- and Motor Vehicle Registration Section. The mere fact of only one service outlet for the Greater Mossel Bay raised concerns on Covid-19 related infections which may require closing these outlets and not being able to provide the required services. It was decided that the implementation of satellite service outlets be investigated and on Council's approval, be implemented.

Approval was granted by Council and implementation is in process in cooperation with the Western Cape Provincial Department of Transport.

Financial Performance 2023: Traffic and By-Law Enforcement					
Details	2022 Actual	2023		Actual	R'000 Variance to Budget
		Original Budget	Adjustment Budget		
Total Operational Revenue	25 152	17 119	31 381	35 389	52%
<b>Expenditure:</b>					
<b>Police Officers</b>					
<b>Other employees</b>	30 910	36 978	36 136	34 458	-7%
<b>Repairs and Maintenance</b>	2 596	3 307	3 316	2 941	-12%
<b>Other</b>	27 954	28 304	28 904	26 178	-8%
Total Operational Expenditure	61 460	68 589	68 356	63 577	-8%
Net Operational Expenditure	36 308	51 469	36 976	28 187	-83%

Capital Expenditure 2023: Traffic and By-Law Enforcement				
Capital Projects	Budget	2023		R' 000 Variance from original budget
		Adjustment Budget	Actual Expenditure	
Total All	9 961	12 768	11 656	15%



Capital Expenditure 2023: Traffic and By-Law Enforcement					R' 000
Capital Projects	Budget	Adjustment Budget	2023		
			Actual Expenditure	Variance from original budget	
Procurement of Dogs (K9 Unit)	322	275	333	3%	
Training Aids K9	104	143	125	16%	
K9 Training equipment / Protective Gear	122	195	80	-52%	
K9 Kennels & support equipment (Sick Bay treatment area)	174	237	236	26%	
Creating concrete slab flooring K9	43	75	75	42%	
Procurement of K9 Patrol Vehicles	1 043	-	-	-	
Procurement of K9 Patrol Vehicles	-	883	839	100%	
CCTV cameras (JOC)	-	94	91	100%	
Pistols and shotguns for Tactical Response and By-law Enforcement	-	217	-	-	
Installation of Carport structure for K9 kennels	-	130	18	100%	
Perimeter fencing for K9 Kennels	-	373	274	100%	
Procurement of K9 patrol vehicle	-	314	308	100%	
Installation and branding of dog kennels	52	52	38	-36%	
Establish and provide service connections for K9 Kennels	-	278	224	100%	
Pistols and shotguns for Traffic Officers for protection in execution of duties	-	100	-	-	
Donated dog for K9 Unit	-	4	3	100%	
Speed bumps Installation for safe road environment Ward 2	-	150	138	100%	
Law Enforcement Patrol Vehicles (New)	1 400	8	8	-17938%	
Law Enforcement Patrol Vehicles (New)	-	1 701	1 655	100%	
Furniture and Office Equipment (New)	100	146	141	29%	
Build and construct a boundary brick wall at Hartenbos Municipal building	-	198	-	-	
Bullet proof vests for officer protection	-	92	87	100%	
Bulk Filling Cabinets	60	23	69	14%	
Two-Way Portable Radio's	120	120	119	-1%	
Visible traffic roof blue lights	50	25	7	-576%	
CCTV Cameras	500	186	152	-229%	
Escape Routes	70	450	442	84%	
Purchase of Body Cameras-CRR	300	18	18	-1563%	
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	1 200	-	-	-	
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	-	1 014	964	100%	
Armoured Personnel Carrier Vehicle	3 800	-	-	-	
Armoured Personnel Carrier Vehicle	-	4 925	4 916	100%	
Speed Bumps installation for safe road environment	250	250	230	-9%	
Traffic Police Vehicle Siren System	60	32	8	-654%	
Trailer for transporting quad bikes	40	26	26	-51%	
Riot Control Shields (Crowd Management)	50	32	32	-58%	
Non-lethal rifles	100	-	-	-	



Income from Divers Licence Testing Centre			
Details		2022 (R)	2023 (R)
		Actual No.	
1	Motor cycles	13 365	12 555
2	Light Motor Vehicles	75 465	70 470
3	Heavy Motor Vehicles	144 060	157 600
4	Card applications	1 550 220	1 560 440
5	Temporary Drivers Licences	155 480	190 170
6	PrDP	108 000	115 520
7	Learner Licences Applications	176 751	178 752
8	Learner Licences Issued	69 374	72 975
9	Duplicate Learner Licences	9 339	2 442
<b>TOTAL</b>		<b>2 302 354</b>	<b>2 360 924</b>

Income from Motor Vehicle Registration			
Details		2022 (R)	2023 (R)
		Actual No.	Actual No.
1	Registrations	3 464 328	3 880 203
2	Temporary Permits	86 295	107 847
3	Special Permits	5 568	11 159
4	Duplicates	225 192	225 192
5	12% Agency Fee	4 790 102	5 115 129
6	Registration Numbers	23 750	25 500
<b>TOTAL</b>		<b>8 595 235</b>	<b>9 365 030</b>

#### COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY OVERALL

In conclusion, the performance of the Sub-division sector within the Municipal context is a pivotal factor in shaping the well-being and quality of life for residents.

This multifaceted sector includes various components, traffic law enforcement, municipal bylaw enforcement, and other safety and service orientated initiatives, all of which contribute to a safe and secure community environment.

The efforts made within the Sub-division sector have far-reaching implications for both residents and the municipality. By addressing safety concerns, promoting responsible behaviours, rendering services, and safeguarding municipal assets, this Sub-division fosters a sense of security, trust, and collaboration among community members.

It is evident that a well-functioning Community Safety sector within Mossel Bay Municipality has the potential to generate numerous positive outcomes for all its residents.

### 3.18 FIRE

#### INTRODUCTION TO FIRE SERVICES

Firefighting services is a local government function with concurrent provincial and national legislative competence in terms of Schedule 4 Part B, of the South African Constitution.

The legislative mandate of the Fire Service as governed by the Fire Brigade Services Act, Act 99 of 1987 mandates the Fire Service to perform the following functions for its jurisdictional area:

- Prevention, -mitigation, -preparedness, -response, -recovery and –rehabilitation of emergency incidents;
- Extinguishment of structural, veld and bush fires and any other fire;



- Rescue and humanitarian services;
- Fire Safety Prevention (the application of the National Building Regulations, Fire codes and municipal by-laws with regard to fire safety);
- Fire pre-planning and preparing related preparedness plans;
- Testing and basic maintenance work on emergency vehicles and equipment; and
- Training of staff members.

In addition to the functions above, the Fire service provide:

- Communications facilities for the municipal service; and
- Support services to municipal and other instances.

The Fire Brigade Services Act, 1987 (Act No. 99 of 1987) (FBA) is the primary legislation regulating fire services and provides for establishing, maintaining, employing, coordinating, and standardising fire brigade services.

Fire is a natural and essential ecological process in most of Western Cape's fynbos. However, as vividly illustrated during the past fire- seasons, it can also have undesirable social and economic impacts, threatening human health, safety, and property. Balancing the potential benefits and risks of veld and forest fire is complex for land, natural resource, and fire managers. It is also a task that is vital to public safety and the sustainable management of fynbos and catchment areas in the area.

### **Provincial assistance to draft and implement the Great Brak River Pre-attack Wildfire Plan**

A wildfire is an uncontrolled fire that burns in the wildland vegetation, often in rural areas. Wildfires can burn in forests, grasslands, savannas, and other ecosystems, and have been doing so for hundreds of millions of years. They are not limited to a particular continent or environment.

Wildfires can burn in vegetation located both in and above the soil. Ground fires typically ignite in soil thick with organic matter that can feed the flames, like plant roots. Ground fires can smoulder for a long time—even an entire season—until conditions are right for them to grow to a surface or crown fire. Surface fires, on the other hand, burn in dead or dry vegetation that is lying or growing just above the ground. Parched grass or fallen leaves often fuel surface fires. Crown fires burn in the leaves and canopies of trees and shrubs.

Some regions, like the mixed conifer forests can be affected by different types of wildfires which often include both crown and surface spots.

Wildfires can start with a natural occurrence—such as a lightning strike—or a human-made spark. However, it is often the weather conditions that determine how much a wildfire grows. Wind, high temperatures, and little rainfall can all leave trees, shrubs, fallen leaves, and limbs dried out and primed to fuel a fire. Topography plays a big part too: flames burn uphill faster than they burn downhill.

Wildfires that burn near communities can become dangerous and even deadly if they grow out of control.

The main objective of this plan was to prepare for an out-of-control wildfire in the defined area. Operational and Safety briefing; General Plan; Objectives; General Command considerations, and Specific Command considerations are just some of the topics the plan covers. All staff members have been trained in managing and mitigating these types of fires within the Mossel Bay area.

### **Fire Prevention, Education & Awareness**

Fire Prevention is a statutory function of Fire & Rescue Services. Fire Prevention, or Fire Safety as it may also be referred to, aims to educate the public on precautions to prevent fires and enforce codes and relevant legislation. It is a proactive method to reduce fires and the associated damage and loss of life. Each year the WCG focuses on new ideas for awareness campaigns to educate the public on fire safety and prevention to reduce the risk of fires and save lives in the Mossel Bay.

### **Fire Awareness Campaign: Fire Safely**



The Fire Safely campaign is a proactive approach which focuses on three key elements namely: Be alert, BESAFE, be prepared.

The focus was also kept on the existing B.E.S.A.F.E programme, but with a slight twist to not steer away from programmes already in place.

The Basic Emergencies, Safety and Fire Education (B.E.S.A.F.E.) programme is a fire safety and disaster preparedness curriculum containing lesson plans for educators. It is designed to help children and families create safer homes and communities by teaching them the skills and knowledge they need to make positive choices about their personal safety and well-being. The BESAFE programme seeks to prevent the major, unintentional injuries that threaten children in South Africa.

### Mutual Aid Concept

Mutual aid is the voluntary sharing of personnel and resources when an agency cannot deploy its resources sufficiently to respond to an unusual occurrence. The affected agency requests resources through the Western Cape Provincial Mutual Aid Agreement, the District of Municipalities within the Province. This cooperative system ensures response and assistance to municipalities for much needed professional services.

### Fire Services Capacity Building

The Fire Service Capacity Building initiative aims to provide funds to municipalities for hazardous material response capacity along the major routes and firefighting capacity across the province. The WC: PDMC provided the following capacity building funding during the reporting year:

Mossel Bay - R 824 000 for Procurement of firefighting appliances, Hazardous Materials and Response capacity

### Smoke Alarm Campaign

The project’s main objective is to identify, purchase and install the most appropriate smoke alarm for high-risk environments and occupancies. Municipal Fire and Rescue Services staff develop operational guidelines for the individual smoke alarm installation programmes consistent with the municipality’s fire prevention strategy. The activities associated with the smoke alarm installation programme include a combination or the following:

- Providing smoke alarm and home fire escape planning information;
- Providing or replacing smoke alarms and/or batteries;
- Promoting regular testing and maintenance of smoke alarms;
- Encouraging residents to regularly maintain their smoke alarms;
- Educating residents about the smoke alarms;
- Effectively tracking and evaluating the smoke alarm installation programme; and
- Modifying the programme where necessary to ensure success.

The aim was to optimise prospects for improving the sustainability of the project interventions. The project promotes safer communities of the most vulnerable inhabitants within the municipal area.

Details		2020/2021 Actual No.	2021/2022 Actual No.	2022/2023 Actual No.
1	Total fires attended in the year	590	799	1029
2	Total of other incidents attended in the year	553	626	947
3	Average turnout time within 15 minutes - urban (%)	98	98	98
4	Average turnout time within 15 minutes - rural (%)	95	95	95
5	Firefighters in post at year end	40	40	40
6	Total fire appliances at year end	22	23	23
7	Average number of appliances off the road during year	1	0	0



Job Level Fire Fighters	2021/2022		2022/2023		
	Posts	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer	1	1	1	0	0%
Other Fire Officers	9	9	5	4	44%
Firefighters	54	54	40	14	26%
<b>TOTAL POSTS</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>29%</b>
Reservist Firefighters	0	0	0	0	0%
Volunteers	0	0	0	0	0%
<b>TOTAL MANPOWER</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>14</b>	<b>29%</b>

Financial Performance 2023: Fire Services					
Details	2022		2023		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	816	1 248	1 066	271	-361%
<b>Expenditure:</b>					
<b>Fire fighters</b>					
Other employees	19 199	20 589	21 929	21 188	3%
Repairs and Maintenance	1 064	2 117	2 058	1 580	-34%
Other	8 774	11 652	10 302	10 132	-15%
Total Operational Expenditure	29 037	34 357	34 289	32 901	-4%
Net Operational Expenditure	28 222	33 109	33 224	32 630	-1%

Capital Expenditure 2022: Fire Services				
Capital Projects	2022		Actual Expenditure	R' 000
	Budget	Adjustment Budget		Variance from original budget
Total All	5 264	6 261	4 449	-18%
Fire fighting equipment and Hazmat equipment	200	200	199	0%
Furniture & Office Equipment	-	109	106	100%
Replacement of Vehicles: CBS 6224	2 200	1 525	1 525	-44%
Flow Master Fire Hydrant test unit	90	91	91	1%
1 x 9m Semi-Rigid Rubber Duck	824	824	-	#DIV/0!
1 x 9m Semi-Rigid Rubber Duck	-	313	-	#DIV/0!
Replace built-in firefighting pump - CBS 40967	-	500	434	100%
Replacement of Major Fire Engine obsolete built-in firefighting pump	-	500	-	#DIV/0!
Public Address systems	-	26	26	100%
Trailer for water crafts	-	60	60	100%
Beds with mattresses	-	166	167	100%
Replacement of obsolete Rescue tools	600	638	538	-12%
Furniture & Office Equipment-Replacements	150	181	175	14%
Digital radio network server room upgrade	1 200	1 129	1 129	-6%

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

The Fire, Rescue and Disaster Management Service achieved its Key Performance Indicators as set out in the SDBIP with excellent results as listed below.

The following are the capital expenditure items which were completed during 2022/2023:





- Firefighting and Hazmat Equipment, R 200 000
- Replacement of obsolete Rescue tools, R 600 000
- Replacement of CBS 20298, R 2 200 000
- Digital radio network server room upgrade, R1 199 775

## 3.19 DISASTER MANAGEMENT

### INTRODUCTION

The term “Disaster Risk Management” refers to integrated multi-sectoral and multi-disciplinary administrative, organisational and operational planning process and capacities aimed at lessening the impact of natural hazards and related environmental, technological and biological disasters.

The Disaster Management function falls within the Sub-Directorate Fire, Rescue and Disaster Management Services who is responsible for prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as a pro-active measure relating to disaster management.

#### Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- prepare a disaster management plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

Mossel Bay Municipality is primarily responsible for the implementation of the Disaster Management Act (No. 57 of 2002) within its area of jurisdiction, with a specific focus on ensuring effective and focused disaster risk reduction planning. With the new approach to Disaster Risk Management in South Africa and world-wide, the emphasis changed from response to disasters to pre-disaster risk reduction. The process of disaster risk reduction should therefore commence with a process of risk identification and assessment. The outcomes of a disaster risk assessment can ensure that all developmental initiatives as well as contingency planning and practice of the municipality are informed by accurate knowledge of potential disaster risk, enabling various stakeholders to contribute to the reduction of such risk.

The disaster management plan of Mossel Bay Municipality:

- forms an integral part of its Integrated Development Plan (IDP);
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- identifies the areas, communities or households at risk;
- takes into account indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and address weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods
- Regular cleaning of the storm water channels



- Clean-up programmes of rivers and streams
- The Fire, Rescue and Disaster Management Services do regular awareness programmes in the communities with the aim of risk reduction and preparedness against disastrous incidents that could affect their livelihoods.

The Disaster Management Plan of the municipality was updated in 2022 and accepted by Council. It thus forms an integrated part of the IDP which was evaluated by the Provincial Disaster Management Centre, with compliments once again. The National Disaster Management Centre conducted a preparedness audit in conjunction with the Provincial Disaster Management Centre on the Fire, Rescue and Disaster Management Services of the municipality. The audit finding was conclusive as exceptional in all spheres of its.

### **Disaster Management Forum**

The Disaster Management Forum met once a quarter as per legislative requirement and consist of the following stakeholders:

- MBM Fire, Rescue and Disaster Management Services – Chairperson
- Director: Community Services
- Director: Town Planning and Integrated Services
- Director Technical Services
- Director Corporate Services
- Senior Manager Corporative Services
- Senior Manager Community Safety
- Senior Manager Parks and Recreation
- Senior Waste Management and Pollution control
- Senior Manager Streets and Stormwater
- Manager Supply Chain Management
- Manager Socio Economic Development
- MBM Environmental Officer
- Department Correctional Services
- Department of Social Development
- Mossel Bay Provincial Hospital
- Life Bayview Hospital
- Vidamed Hospital
- Petro SA
- Provincial Traffic
- Garden Route District Municipality
- South African Police Services
- Department of Agriculture
- Registered Neighbourhood Watch Groups



## COMPONENT H: SPORT AND RECREATION

### 3.20 SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

The responsibility for the management and maintenance of the Municipal sports fields, community halls and facilities and the parks and open spaces falls within the Horticulture and Recreation section.

The number of facilities include 14 Municipal halls, 10 Municipal sport facilities, 6 public ablution facilities, as well as numerous public open spaces.

The section is also responsible for a street cleaning initiative in certain areas of the greater Mossel Bay area. This function is performed by tender appointed contractors. These contractors are mainly responsible for the cutting of grass and picking up of litter in the area they are responsible for.

Alien vegetation clearing also form part of the responsibility of this section.

It was a rather challenging year for the Horticulture and Recreation department especially regarding the overall maintenance of the various facilities it is responsible for. It seems that there was a definite increase in the use of the sport facilities, which led to difficulties regarding of the maintenance of the sport facilities.

Grant funding was received from the Department of Sport and Recreation for the development of a soccer facility at Great Brak River which also increases the maintenance responsibility of the sport section.

The overall maintenance at facilities was difficult to price increases of the various materials needed. A shortage of staff at the sections responsible to assist in various maintenance projects for community halls and building infrastructure at sports fields, hampered the progress to do proper maintenance.

Vandalism is still a big problem at all Municipal facilities and with the increase of the number of vagrants roaming the area, there was an increase of vandalism related incidents.

The Parks section, together with the section responsible for the street and beach cleaning project, was very successful in ensuring that the public open spaces, sidewalks and other areas of their responsibility was maintained to a very high standard.

The planting of trees and other beautification projects did receive a high priority.

Job Level	Employees: Sport and Recreation				
	2022	2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	78	78	70	8	10%
4 - 6	47	47	42	5	11%
7 - 9	15	16	13	3	19%
10 - 12	6	7	7	0	0%
13 - 15	3	3	3	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%



Job Level	Employees: Sport and Recreation				
	2022	2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Total</b>	150	152	136	16	11%

## SERVICE STATISTICS FOR SPORT AND RECREATION

Various capital projects were successfully completed. This included the building and resealing of netball facilities for approximately R 2.6 million. Part of the capital program are the replacement of fences at various sport facilities, as well as the replacement of goal posts.

Funds were made available to replace vehicles and equipment. The new vehicles bought included two 3-ton trucks and four LDV's. Other equipment procured included 3 x ride on lawn mowers, a water trailer, a chipper machine, and various handheld radios used for communications between personnel. A 30 000-litre water tank system was installed to catch and store rainwater and be used to water the various trees planted.

Return to full use of sporting facilities after the Covid 19 pandemic took place and much needed maintenance of grassed surfaces were done. Maintenance contractors were appointed on tender for the renovation of structures on the facilities.

A program was followed for maintenance of the Municipal Halls and other community facilities. Due to time constraints and other factors not all maintenance was completed, but this will be done in the coming financial year.

The follow number of bookings were received at the different Municipal halls:

- Municipal Internal functions/ events - 358
- Private/ External functions/ events - 732

The Horticulture section once again excelled in ensuring that the public open spaces and sidewalks are maintained to a high standard. Projects were undertaken to clear the sidewalks in Dana Bay as well as the Reebok/Tergniet area of vegetation impeding into the walking space along the roads. Normal maintenance includes the cutting of the grass on sidewalks and public open spaces. Due to the increase in workload, it does take up to 10 weeks to complete one cutting cycle. Beautification projects took place at various open spaces in Heiderand and some sidewalks in Da Nova area. The garden at the Human Resources building of the Municipality at Santos was also upgraded.

As part of the greening initiative of the Municipality, the planting of trees does take priority. A total number of 2601 different trees were planted within the municipal area. Special tree planting projects was done in conjunction with the organisers of the Matriekbaai event, learners from Diaz Primary school and learners from Park primary school. Contractors are appointed to water the newly planted trees together with employees of the Horticulture section. This assist in getting the trees growing, but vandalism of newly planted trees is still a big challenge.

One of the success stories for the Horticulture and Recreation section is the ongoing street cleaning project. This project can be seen as a job creation project and more than 278 people are employed. This project is not without challenges of which absenteeism is probably the biggest. Due to the hard work and diligence of Municipal employees as well as the implementers of this project, Mossel Bay is one of the neatest and cleanest towns in South Africa.

Included in the responsibilities of the Horticulture and Recreations section is Alien vegetation clearing. This include clearing of alien vegetation on Municipal land as well as managing alien clearing on private land where and when complaints in this regard is received. This function is done by a municipal work team, as well as



appointed contractors and is done according to a set guideline compiled in conjunction with the relevant state department.

Funds spent on this function was R 2 557 081 and a total 569 918 m2 was cleared.

Financial Performance 2023: Sport and Recreation					
Details	2022	2023		R'000	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 398	1 694	2 011	2 097	19%
<b>Expenditure:</b>					
<b>Employees</b>	22 099	24 029	23 437	22 388	-7%
<b>Repairs and Maintenance</b>	2 402	2 756	3 118	2 437	-13%
<b>Other</b>	22 175	24 659	24 062	23 997	-3%
Total Operational Expenditure	46 677	51 444	50 617	48 822	-5%
Net Operational Expenditure	41 279	49 751	48 606	46 726	-6%

Capital Expenditure 2023: Sport and Recreation				
Capital Projects	Budget	2023		R' 000
		Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	8 578	10 674	9 208	7%
Furniture, Tools and Equipment-New	50	105	105	52%
Purchase New Watering Trailers	85	68	68	-25%
Purchase new plant material chipper	90	60	60	-50%
Purchase New Water Tanks	120	158	158	24%
Purchase New 3 Ton Truck	680	582	582	-17%
Purchase new ride on mower deck	125	103	103	-22%
Purchase new ride on mowers	360	277	277	-30%
One Boerbull Trailer Bulperd with Mounted Water Tank (Donation agreement between Ruwaccon (PTY) LTD and Mossel Bay Municipality)	-	76	76	100%
Replacement of existing fences around animal enclosures in Harry Giddey Park	75	246	223	66%
Furniture & Office Equipment-Replacements	30	30	19	-57%
Machinery & Equipment-Replacement	60	60	55	-8%
Replace redundant fence at sports field-Brandwacht	-	499	499	100%
Replace redundant Fence at sports field-Brandwacht	500	-	-	-
Replace redundant fences Herbertsdale Sport fields	-	315	315	100%
Replace sport field goal posts	90	112	112	20%
Replacement of border fence-Extension 23 Soccer Field	-	1 398	1 412	100%
Replacement of border fence-Extension 23 Soccer Field	1 300	-	-	-
Resurface the netball courts at Hartenbos Sportsground	173	-	-	-
Replace existing precast boundary wall at Greenhaven Sportsfield	-	569	362	100%
Replace existing precast boundary wall at Greenhaven Sportsfield	350	-	-	-



Capital Expenditure 2023: Sport and Recreation				
Capital Projects	Budget	2023		R' 000
		Adjustment Budget	Actual Expenditure	Variance from original budget
Replace existing precast boundary wall at Greenhaven Sportsfield	350	–	–	-
Replace existing precast boundary wall at Van Riebeeck Stadium	500	1 082	922	46%
Purchase New 3 Ton Truck	680	582	582	-17%
Furniture, Tools and Equipment_ New	35	40	35	1%
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	580	–	–	-
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	–	580	381	100%
Replace CBS 17249	315	–	–	-
Replace CBS 17249	–	285	285	100%
Reseal of Netball courts in the Greatbrak Area	–	271	271	100%
Build new Netball court in Civic Park	–	695	690	100%
Purchase new Container store rooms	180	182	182	1%
Rebuild safety structure for Hammer and Discus throw circle	–	30	30	100%
Replace the runways on long jump at Van Riebeeck stadium	90	–	–	-
Replace the runways on long jump at Van Riebeeck stadium	–	198	130	100%
Reseal program for hard-court sport facilities	1 700	–	–	-
Reseal program for hard-court sport facilities	–	1 753	1 039	100%
Purchase hand held two way radios	60	164	148	60%
Change old Soccer fields in KwaNonqaba to an unofficial practis field	–	30	–	-
Change old Soccer fields in KwaNonqaba to an unofficial practis field	–	125	87	100%

#### COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The Horticulture and Recreation performed well in the period under review. Most of the goals were achieved and the section is constantly trying to improve on their performance.

### 3.21 RESORTS

The Municipality does not operate resorts.





## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.22 EXECUTIVE AND COUNCIL

The Support Services Sub-Directorate renders a secretarial service to Council and support services to the organisation. It is sub-divided into the following sections and is managed by the Senior Manager - Support Services:

- Secretariat
- Typing
- Archives and Workflow
- Switchboard
- Security Services at the main building
- Cleaning and Gardening
- Informal Trade

#### SECRETARIAT

During the period under review, secretarial services were rendered in respect of:

- Council and Committee Meetings
- Document Translation and Interpretation Services

The Municipality annually invites tenders for interpretation and translation services. Interpretation services are rendered from Afrikaans to IsiXhosa, and vice versa, during Council and Committee Meetings and any other official event which requires the service of an interpreter.

Financial Performance 2023: The Executive and Council						R'000
Details	2022	2023			Variance to Budget	
	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational Revenue	71 108	16 754	29 523	41 570	60%	
<b>Expenditure:</b>						
<b>Employees</b>	32 204	38 251	35 845	32 851	-16%	
<b>Repairs and Maintenance</b>	73	146	175	91	-61%	
<b>Other</b>	19 035	30 799	28 515	25 038	-23%	
Total Operational Expenditure	51 312	69 196	64 535	57 979	-19%	
Net Operational Expenditure	-19 795	52 442	35 012	16 409	-220%	

Capital Expenditure 2023: The Executive and Council					R' 000
Capital Projects	Budget	2023			
		Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	105	135	71	-48%	
Furniture & Office Equipment	10	4	4	-158%	
Furniture & Office Equipment	-	6	6	100%	
Purchase of Ceremonial Gowns for new Council	50	17	17	-199%	
Medium Capacity Colour Multi Function Printer	-	45	39	100%	
Furniture & Office Equipment	15	6	5	-189%	
Furniture & Office Equipment	-	49	1	100%	



Capital Expenditure 2023: The Executive and Council					R' 000
Capital Projects	Budget	Adjustment Budget	2023 Actual Expenditure	Variance from original budget	
Furniture & Office Equipment - New	25	–	–	–	-
Furniture & Office Equipment- Replacements	5	5	–	–	-
Computer equipment - Executive	–	4	–	–	-
Furniture & Office Equipment	10	4	4	–	-158%

### 3.23 FINANCIAL SERVICES

The Finance Services Directorate (FSD) comprises of:

- The Income Department
- The Supply Chain Management Department
- Budget and Reporting
- Expenditure Department
- Financial Administration

The role of the Financial Services department is to provide support and guidance to the municipality with regards to financial matters. It is not just the service department that are under pressure to perform when it comes to service delivery, it is the financial services department that needs to ensure that the delivery of service to the residents is done so in the most efficient, effective, and economical manner. The finance department experience several challenges in its department, an example of which is trying to improve on debt collection processes to improve its cashflow, and while the same time effectively managing its resource to ensure that the procurement of goods and services complies with all applicable legislation.

Due to the growing outstanding debtors during the 2021/2022 financial year the financial department recommended a policy change with regards to indigent subsidy criterion with the hope of increase the number of poorest of poor household that could benefit from the National Equitable Share allocation. This policy change result in an additional 3 900 households (60%) receiving a subsidies water and refuse services, while 4004 additional households (67%) received a subsidy for sewerage charges, while 4 245 households' (47%) received a subsidy for electrical services provided. With the increase in households qualifying for indigent subsidy, the council wrote off R72 million in outstanding debt, in line with the approved policy, to lighten the burden on the poorest of poor households.

The Supply Chain Management department of the municipality had experienced challenges during the 2022/2023 financial year, when the constitution court made a ruling that the Preferential Procurement Framework Regulations 2017 was found to be unconstitutional which meant that the municipality had to setup its own policies, which needed to be approved by Council, which had resulted in the delays with regards to the procurement of goods and services, especially capital projects for the 2022/2023 financial year. This concern was further elevated that while the new policy was approved in consultation with Provincial Treasury, both the Auditor General and National Treasury found the SCM policy lacking requiring further consideration before 1 March 2024.

The Budget and Reporting department delivered once again with regards to table the 2023/24 annual budget by 31 March 2023 and approved by council on 31 May 2023. All legislative requirements in terms of Section 71, 72 and 52 reports were submitted on time, accompanied by all supporting documentation. The budget department assisted many departments by ensuring the funds are available when emergencies hit the municipality requiring urgent attention for uninterrupted service delivery.

The expenditure department performed very well implementing proper processes and procedures ensuring that our salaries and creditors were still paid on time. The department is always striving to improve on the processing time of invoice and orders, for both the expenditure and support departments, ensuring that our service



providers were not negatively affected, especially the SMME's as they are dependent on timeous payment from the municipalities.

Our financial administration department did very well this year in ensuring an almost perfect asset count, with minimal losses to the municipality, while also ensuring the damaged municipal assets are replaced as quickly as possible in terms of insurance claims to not hinder service delivery in any way. The department ensured that the municipality always had the necessary cashflow at hand to meet our monthly obligations, while effectively managing our short- and long-term investments earning interest 10% above what had been forecasted and budgeted with the mid-year budget.

Financial Performance 2023: Financial Services					
Details	2022			2023	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<i>Total Operational Revenue</i>	47	70	44	22	-216%
<b>Expenditure:</b>					
<b>Employees</b>	45 596	52 663	51 602	48 814	-8%
<b>Repairs and Maintenance</b>	162	303	478	289	-5%
<b>Other</b>	28 814	33 187	33 865	31 175	-6%
<i>Total Operational Expenditure</i>	74 571	86 153	85 946	80 279	-7%
<i>Net Operational Expenditure</i>	74 524	86 083	85 902	80 256	-7%

Capital Expenditure 2023: Financial Services				
Capital Projects	2022		2023	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>1 311</b>	<b>1 443</b>	<b>319</b>	<b>-311%</b>
UPS Systems for Home offices - Budget office	–	56	53	100%
Furniture & Office Equipment-Assets_(R)	3	–	–	-
Office Equipment	–	13	13	100%
Purchase Handheld devices	–	36	36	100%
Computer Replacements: Insurance	80	80	7	-1059%
Furniture & Office Equipment-Insurance_(R)	50	50	–	-
Machinery & Equipment-Insurance_(R)	100	130	118	15%
Vehicle: Insurance	1 000	970	–	-
Furniture & Office Equipment-Financial Systems_(R)	3	6	6	46%
Furniture & Office Equipment-Financial Systems_(R)	3	1	1	-285%
Furniture & Office Equipment-Creditors (R)	5	–	–	-
Furniture & Office Equipment-Creditors (R)	–	9	2	100%
Furniture & Office Equipment-Salaries & Wages (R )	5	8	6	18%
New Shredding Machine for Payroll Section	–	22	21	100%
Furniture & Office Equipment-Income-Replacements	11	8	7	-57%
Computer Equipment-Income-Replacements	38	29	28	-35%
Furniture & Office Equipment-Income-New	12	9	5	-143%
Computer Equipment-Income-New	1	16	15	93%

COMMENT ON FINANCIAL SERVICES PERFORMANCE OVERALL:



The 2022/23 financial year still saw the Mossel Bay Municipality picking up the pieces of the aftermath of the Covid-19 pandemic, with business slow recovering and stimulating economic growth for Mossel Bay as a whole. The effects of national loadshedding resulted in the municipality realizing a significant drop in consumption with regards to electricity purchases in the municipal area with resident installing alternative electricity sources, eating away at our biggest income source.

At the start of the 2022/23 financial year, Mossel Bay Municipality implemented new indigent criteria, resulting in more than 4 000 additional residents receiving a subsidy some way or the other. As per our debt collection policy, this resulted in a debt write-off of R72 million at the beginning of the year, positively affecting our debtors' book, and our debt collection percentage with ended on 95% at the end of the financial year.

At the end the 2022/2023 financial year the Mossel Bay Municipality realized an operating surplus of R87,6 million, compared to the deficit of R111 million realized in the prior year. The operating surplus is a result of more income being generated, and savings on operating expenditure than what had been budgeted at the Adjustment Budget approved in February 2023. The biggest contributors to the increased revenue were the Disposal of Property Plant and Equipment, Fines Penalties and Forfeits, and Interest on external Investments. Our revenue was also negative affected by the underspending on the Housing Grant allocation by R14,7 million. On the operating expenditure side of things, were realized significant savings on Employee Costs, Debt Impairment, Bulk Purchases (Electricity purchases) and Contracted Services.

### 3.24 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The purpose of human resource management is to ensure that the municipality can achieve success through people with the goal to increase effectiveness and capacity. It further strives to maximize employee performance and is primarily concerned with how people are employed and managed, organisation development, knowledge management, employee relations, employee well-being and HR policies and systems.

Human Resources Management and the continuous development of the human resources are critical in building stability in a municipality to ensure that the municipality is optimally resourced and capacitated to fulfil its mandate. The skills and knowledge to select and use effective and efficient criteria and tools to recruit staff, and to capacitate and continuously develop those selected staff falls within the scope and expertise of the human resources division. To be able to not only maintain, but also to develop and improve the workforce the Human Resources division must review and develop policies, strategies, procedures, and initiatives to perform on an exceptionally high level.

The role of the HR function is to take initiatives and provide guidance, support and advice on all matters relating to the organisation's employees.

The Coronavirus pandemic forced innovative thinking to find ways to deliver normal services and support. Virtual meetings became the norm and do not only save time, but also travel and subsistence costs. Post-COVID some of these arrangements e.g., virtual platform meetings, are still embraced especially where time and costs are saved without compromising effectiveness.

The Human Resources division is responsible for the following disciplines:

#### **Employee Wellness:**

The purpose of an Employee Assistance Program is to provide confidential and professional assistance to employees facing personal or work-related challenges that may affect their well-being, job performance, and overall quality of life. The Employee Assistance Program aims to address a wide range of concerns, including mental health issues, emotional distress, addiction, relationship problems, financial difficulties, and other personal hardships.



During the 2022/2023 financial year the Employee Assistance Practitioner referred 65 individuals for counselling services:

Reason for referral	Totals
Aggression	2
Divorce	1
Family Challenges	1
Family and Substance abuse Challenges	1
Grief	3
Marital Challenges	5
Personal Reasons	23
Relationship	6
Substance Abuse	13
Trauma on duty	6
Workrelated	3
Workrelated and Personal Challenges	1
<b>Total</b>	<b>65</b>

The Employee Assistance Office understands the importance of education and information. It is important to educate employees, promote lifelong learning, and ensure equitable access to information for all Employees.

The following information and/ or sessions were rolled out:

Subject
Covid Booster
Substance Abuse Workshop
Substance Abuse Workshop
HIV/ AIDS & Communication Workshop
HIV tests/ TB screening
HIV tests/ TB screening
Poster - Cancer
Poster - Muscular Dystrophy
Clinic day 04 October 2022
Hamper
Clinic Services
Financial Information - Wills 9 sessions
Poster - Stroke
Clinic day 01 November 2022
Special Clinic Day - Waste Management
Poster - National Epilepsy day
Covid Booster
Clinic day February
Poster- Health Lifestyle Awareness Day
Poster - Childhood Cancer Awareness
Clinic day March
Breaking the criminal cycle x2 sessions
Clinic Day April
Clinic Day May
Poster - World Hypertension day
Wellness day 2023
Emergency File Index (in case of death)
EAP memo
Clinic Day June
TB roll out
Poster Blood Donation



Sick leave investigations are done by the Employee Assistance Office on a quarterly and annual basis. The purpose of these investigations is to:

- Determine whether there is a medical condition that the employer should be aware of.
- Minimize regular absenteeism.
- Discuss the impact on service delivery and colleagues.
- Eliminate possible sick leave abuse.
- Acting pro-actively by recognising possible medical conditions.

### **Employee/Labour Relations:**

The Employee Relations Section within the Human Resources Department plays a key role in the implementation and maintenance of sound discipline by thoroughly and speedily investigating all allegations of misconduct. The objective of the Employee Relations Section is always to comply with section 1(d) (iv) of the Labour Relations Act, 66 of 1995 which stipulates that disputes at the workplace should be resolved quickly and effectively.

Furthermore, the Employee Relations Section strives to adhere and comply with the prescripts of the SALGBC Disciplinary Procedure Collective Agreement (DPCA). The purpose of the DPCA is to establish a fair, common, and uniform procedure for the management of employee discipline and this procedure is a product of collective bargaining and the application thereof is peremptory. Disciplinary action shall thus be implemented fairly, consistently, progressively, and promptly. Clause 7.4 of the DPCA provides for the period within which a disciplinary hearing shall commence, which is no later than three (3) months from the date of the Municipal Manager's (Accounting Officer) or his authorised representative's decision to institute disciplinary proceedings. This section complies in every aspect with the required time frames set in the DPCA and applicable legislation.

Strict action is therefore taken to enforce the standards of discipline and service delivery that is endorsed by the Constitution of the Republic of South Africa, 1996. Consistency and fairness form the cornerstone of each, and every disciplinary action instituted, and the guidelines as set in the Items contained in Schedule 8 of the Labour Relations Act (Code of Good Practise), our common law as well as the Disciplinary Procedure Collective Agreement are always followed. The Mossel Bay Municipality has a zero-tolerance attitude towards dishonesty related offences such as corruption, fraud, theft, falsification of records, finance related misconduct. In line with this zero-tolerance approach, employees who commit acts of gross dishonesty can expect the employer to request dismissal as sanction at a formal disciplinary hearing thereby complying with the so called 'Parity Principle' of consistency with sanctions at disciplinary hearings.

The Employee Relations Section further also assists with Incapacity Enquiries relating to Poor Performance and Ill Health by conducting investigations where required or forming part of an investigative panel and furnishing advice when needed from a Labour Law perspective using the relevant Items of Schedule 8 of the Labour Relations Act (Code of Good Practise) as guidance.

Monthly and quarterly Items and reports are also submitted by the Employee Relations Section to the Municipal Council's Corporate Governance Committee, Executive Management Committee, Directors and COGTA keeping them posted on the developments regarding disciplinary matters finalised and sanctions imposed on a monthly and quarterly basis. Any abscondments, dismissals or resignations after receipt of a charge sheets are also submitted to COGTA. Reports on all new disciplinary matters received every month are also submitted to the relevant Directors.

The Employee Relations Section is one of few within the Western Cape Province Local Government that with the exception attends to all their own Conciliations, Opposing of Condonations and Arbitration matters at the South African Local Government Bargaining Council (SALGBC) or CCMA depending on who have jurisdiction regarding a specific dispute.

In a previous successful arbitration that was held virtually by the SALGBC under case number WCP072008, Senior SALGBC Arbitrator D P Van Tonder again vindicated the strict approach adopted by the Municipality when dealing with dishonesty.





Conciliations Attended for the Period 1 July 2022 to 30 June 2023		
1.	2 September 2022 - SALGBC	1
2.	24 October 2022 - CCMA	1
3.	5 December 2022 - SALGBC	1
4.	26 May 2023 - SALGBC	1
5.	23 June 2023 - SALGBC	2
<b>TOTAL</b>		<b>6</b>

Prospective applicants for employment are therefore cautioned to act honestly and disclose all information of relevance to the Municipality.

The following table presents statistics on Disciplinary matters finalised for the period 1 July 2022 to 30 June 2023 as well as matters dealt with and finalised by the Labour Relations Section at the SALGBC/CCMA:

Disciplinary Matters Finalised for the Period 1 July 2022 to 30 June 2023		
1.	Informal Disciplinary Matters	169
2.	Formal Disciplinary Matters	76
<b>TOTAL</b>		<b>245</b>

Rulings in Favour of Municipality for the Successful Opposing of Condonation Applications		
1.	16 August 2022 - SALGBC	1
2.	9 December 2022 - SALGBC	1
3.	13 January 2023 - SALGBC	1
<b>TOTAL</b>		<b>3</b>

Arbitrations Finalised for the Period 1 July 2022 to 30 June 2023		
1.	8 March 2023 - SALGBC	1
<b>TOTAL</b>		<b>1</b>

In Limine Rulings in Favour of the Municipality for the Period 1 July 2022 to 30 June 2023		
1.	19 July 2022 - SALGBC	1
2.	24 April 2023 - SALGBC	1
<b>TOTAL</b>		<b>2</b>

### Recruitment and Selection:

The Recruitment & Selection section of the Mossel Bay Municipality is committed to ensuring that processes in selecting the best candidates for appointment at the Municipality remain fair, objective and in line with legislation.

With the implementation of the new Municipal Staffing Regulations effective 1 July 2022, the section has seen many challenges from the creation and implementation of new policies/strategies, the amendment of existing policies and procedures, and the crucial need to implement new tactics to shorten processes which were lengthened even further with the implementation of the Regulations.

Amongst the biggest challenges were, as per the Regulations, to ensure that a pool of candidates interviewed for a post(s) only be kept for a maximum of six (6) months from date of advertisement. Prior to the implementation of the Regulations, for posts T4 and above, if enough candidates were successful in practical assessments and interviews, the relevant Selection Panel could recommend that the pool of candidates be kept for 6 to 12 months from date of interviews to fill posts of the same title, salary scale and competencies. The issue of keeping a pool of candidates for 6 months only from date of advertisement per Regulations however hit especially hard for General Workers posts (T3 posts) where prior to the Regulations the Municipality would keep



a pool of candidates for up to 3 years due to the volumes of applications received (up to +- 4000) and the time taken to assess and interview candidates.

Although the implementation of the Regulations has been challenging, it has benefited the section in terms of creatively recommending new approaches to improve existing processes. The Recruitment Policy was reviewed more than once within the financial year (July 2022 – June 2023), and finally approved on 29 June 2023 by Council for implementation on 01 July 2023. The section is confident that posts will now be filled more efficiently (most posts to be filled with highly qualified candidates within 6 months of becoming vacant, as required by the Regulations).

Though aware that a broad spectrum of challenges may always be present, the unit is motivated towards continuous improvement and adaptability, resulting in effective appointments to ensure that the Municipality remains capable of delivering efficient services to the Community.

### **Skills Development and Training:**

The Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act, Employment Equity Act as well as the South African National Development Plan vision 2030 focusing on priorities, such as, raising employment through faster economic growth, improving the quality of education, skills development and innovation and building the capability of the state to play a developmental, transformative role.

The following policies were developed/revised to comply with the Municipal Staff Regulations which comes into effect on 1 July 2022:

- Talent Management Framework
- Scarce Skills and Retention Policy
- Succession Planning
- Recognition of Prior Learning Process
- Education, Training and Development Policy

### **Occupational Health and Safety:**

The Occupational Health and Safety function/section, within the Human Resources department, assists in developing and maintaining an Integrated Health and Safety Management System, which is implemented to ensure compliance with the Occupational Health and Safety Act 85 of 1993 and Regulations (hereafter referred to as the OHSA), which enables a safe and healthy working environment for the wellbeing of all employees, contractors, service providers and other stakeholders within the municipality.

The following are some of the Key performance areas/functions that forms part of the OHS section's duties and responsibilities:

### **OHS Policy review & guidelines**

In compliance with section 7 of the OHSA, the municipality has prepared a written health and safety policy concerning the protection of the health and safety of its employees at work. The policy is reviewed as and when required, but at least annually during the management review process, to ensure continual suitability and improvement. This policy was revised in 2022/2023 and has subsequently been approved by Council on 26 April 2023. The policy was streamlined into an abridged version, however, is still supported by the necessary guidelines, rules and procedures which are communicated to new employees during induction.



## Hazard identification and Risk Assessment

In compliance with section 8(1) and (2)(d) of the OHS Act and Construction Regulation 9, the municipality initiated a Hazard Identification and Risk Assessment (HIRA), by an independent supplier (SHEQ-04-Africa), to identify hazards in the current work environment, assess the risk associated with these hazards and to develop an action plan to implement control measures to mitigate the risk. The OHS function/section is responsible for the continuous review of this HIRA. Control measures must be reviewed at least annually, and when they are found ineffective through monitoring or due to an incident or non-conformance. During 2022/2023, parts of the HIRA has been revised to stay current with the activities and control measures implemented at certain municipal buildings/work areas (e.g., Regional Wastewater Treatment Plant, Traffic & Law Enforcement offices in Hartenbos, Income Cash points & the Joint Operations Centre). Contractors who are appointed to conduct work for the municipality are also required to submit a risk assessment based on their specific scope of activities. These risk assessments are submitted as part of a H&S file which is reviewed by the appointed OHS Officer(s) prior to work.

## Training, awareness, and communication methods

The first part of OHS training, awareness and communication is the new employees' induction that is conducted at the start of employment with Mossel Bay Municipality and during which all the necessary policies, rules and guidelines are presented. During the year 2022/2023 the OHS section has created a Power Point presentation which includes the necessary information from the newly revised OHS policy and supporting OHS guidelines. The OHS section has also introduced a new animated safety mascot called "Safety Seal" who helps with H&S awareness messages throughout the presentation and who will in the future appear on OHS related posters. Another form of OHS training, awareness and communication is the monthly safety talk topics (also referred to as Toolbox Talks) that are communicated to all relevant departments. The OHS Officer focusses on IOD trends and reported unsafe acts/conditions to draft a relevant toolbox talk topic for the next month's communication. E.g. a toolbox talk topic about ergonomics/manual handling after numerous back injuries occurred, or hazardous chemical agents after a worker accidentally ingested chemicals that was stored in an unmarked bottle. During the National State of Disaster (COVID-19 Pandemic) COVID informational posters and notices were displayed and distributed to create awareness and educate employees regarding relevant protocols as protection against COVID-19. Within 2022/2023 MBM have also rolled out formal H&S training for key appointees such as: Incident Investigators, Managers, Supervisors, First Aiders, H&S Representatives & Fire Marshalls. Other legally required training that has been conducted includes confined space entry, asbestos, plant operators, conveyance of dangerous goods, advanced OHS Act and working at heights. The OHS function is responsible identify mandatory training as required by the OHS Act and prioritise training dates with the Training & Skills Development section. Important notices regarding OHS are also circulated via email and collaborator to be displayed on notice boards as another form of communication/awareness.

## H&S Representatives and H&S Committee

With reference to sections 17, 18 and 19 of the OHS Act, H&S Representatives have been appointed for the various departments and work areas within the municipality. These appointments are valid for three years and are managed through the Collab contracts management process to ensure appointments are renewed when expired. Appointed H&S representatives are responsible to complete a monthly H&S rep. inspection report of their respective work areas and submit these reports by the 10th of each month to the OHS section at HR. The OHS Officer then compiles a summary of all the H&S rep. findings (unsafe acts/conditions) which forms part of the agenda for the monthly H&S Committee Meeting. It is compulsory for all H&S reps and certain designated HOD's to attend the monthly H&S Committee Meetings which is chaired by the Snr. Manager: Human Resources. The OHS Officer(s) has a crucial role in facilitating and coordinating these monthly meetings and giving their professional input. The OHS Officer and Assistant OHS Officer are responsible to assist HOD's and H&S reps with legal compliance and action planning to rectify H&S non compliances in their respective work areas. H&S Reps. are nominated and elected to represent the workforce and is responsible to be the link between the workforce and management. In the past year OHS has revised the H&S Rep Inspection report to be more user friendly to improve the quality of inspection and reporting.



## Legal appointments

In compliance with certain sections of the OHS Act and regulations certain appointments/designations has been made in writing to delegate duties and responsibilities. Within the municipality the Municipal Manager represents the employer, like a CEO of a company (assigned under Section 16.1 of the OHS Act), is automatically charged with the duties and responsibility of the employer as per Section 8 of the OHS Act. Each directorate has a responsible person (Director) appointed as per sec 16(2) of the OHS Act, who shall act on behalf of the employer, subject to the control and direction of the Municipal Manager (16.1). As per GMR2 it is also required for the municipality to appoint/designate a competent person for the Supervisory of machinery. Some of the other OHS related appointments within the municipality includes Supervisors, Incident Investigators, First Aiders, H&S Representatives, Plant operators etc. The OHS function is responsible for drafting these written appointment letters and for ensuring said letters are in place, valid and available should it be requested for inspection by the DoEL.

## Injury on Duty (IOD) Process

Reporting, recording, and Investigating Incidents/IOD's is not only a legal requirement as per the OHS Act and General Admin Regulation 9, but it is also crucial in identifying corrective and preventative actions necessary to be implemented to prevent incidents/IOD's from reoccurring in the future. The effectiveness of the IOD reporting process also determines how fast COIDA claims will be processed and finalised. To improve the overall understanding of the IOD reporting process as well as the completing of relevant COIDA/IOD documentation (e.g., WCL2 and Annexure 1 reports), two training workshops were conducted with relevant supervisors, superintendents, and line managers. In the 2022/2023 year a new IOD register was developed by OHS to improve the data capturing and reporting of IOD statistics and to compare the IOD trends with previous years with a user-friendly dashboard, programmed with various filters that can be applied. These IOD statistics will improve reporting to executive management and zoom in on the high-risk work areas, departments, and operations for MBM to act accordingly to mitigate these identified high risk areas with adequate control measures.

## Hepatitis B vaccinations

As per doctor's recommendation, Hepatitis B vaccines are recommended to the following risk groups within the municipality:

- All workers exposed to sewage
- Cleaners of street & toilets
- Medical response workers, firefighters & community protection
- Workers exposed to contact with any body fluids

As part of the municipality's duty as an employer to ensure the health & safety of employees in the workplace, and to comply with the Regulation for Hazardous Biological Agents, the roll out of Hepatitis B vaccines were arranged for employees that fall in the above-mentioned high-risk groups. To manage the Hep. B vaccinations OHS has developed a tracking register that flags due dates for employees to go for their second and third inoculation. During 2022/2023 Mossel Bay Municipality has vaccinated 211 employees against Hep. B via the appointed Occupational Health Practitioner.

## Contractor compliance and project management

The OHS Officer is included in the Bid Specification Meetings whereby opportunity is given to include the OHS Specification in the tender document and add any project specific requirements to ensure OHS compliance by the successful bidder. After tender award, the contractor's H&S Files are submitted to the OHS section where it is reviewed/audited with reference to relevant legal requirements and the H&S Specification. A report, with any shortcomings (non-compliances) found during the file review/audit, is then sent via email to the responsible contractor for corrective actions to take place prior to project start. Whenever a Construction H&S Agent is appointed for a project the audit reports are also sent to the municipality's OHS Officer for cognisance.



## Leave and Benefits:

Leave and benefits are regulated by the Collective Agreement and approved Policies. Membership to any accredited Pension or Retirement Funds as well as Group Life Insurance is compulsory whilst membership of medical aid schemes is optional.

Leave transactions are audited monthly to investigate and determine the following:

- \* Correct leave type is selected by employees
- \* Accurate calculations of leave days
- \* Accurate integration between employee attendance and leave processes
- \* Duplications of leave transactions

## Time and Attendance:

Attendance of employees has a direct impact on service delivery. Mossel Bay Municipality makes use of the Collaborator Attendance System to monitor and manage the attendance of all employees. Fifty-five (55) fixed biometric scanning devices are installed at all Municipal offices and depots.

Daily attendance is monitored by Managers by means of automated daily exception reports which indicates any exceptions of official working hours for all employees, e.g., late arrivals, early departures, missing clocks, etc. The daily exception reports that are generated by the system to all managers / Heads of Divisions (HODs) is a useful tool in the identification of absenteeism trends which enable a Manager / HOD to identify and address absenteeism in an early stage.

It is the responsibility of every employee to make sure that they clock in, on arrival and that they clock out, at the end of a workday/shift. It remains the responsibility of the Manager / Head of Division to monitor attendance in their section / department.

## Individual Performance Management:

Mossel Bay's individual performance management has been cascaded down to the lowest levels to enable good service delivery to the public and to manage and improve performance at all levels within the organization. This performance driven culture is encouraged by the commitment and buy-in from the top management, who is equipped to promote performance management within the Local Government sphere.

As the performance of the municipality is integrally linked to that of its staff Line Managers are responsible to ensure that employees' individual performance is monitored continuously to ensure that their own as well as municipal targets are reached, and services are delivered consistently. This encourages employees to take responsibility for their own performance and with the support of their direct supervisor(s) to identify their strengths and weaknesses and ensure continuous improvement whilst addressing poor performance.

During the 2022/2023 financial year the following important activities took place in terms of individual performance management:

- a) Policy and Procedural changes

With the new Municipal Staffing Regulations coming into effect many changes in the individual performance management processes had to take place. To get the individual performance management processes in line with the requirements of the Municipal Staff Regulations the web-based system had to undergo major changes which was facilitated by the service provider to ensure that the system is compliant with the requirements of the regulations. Policy and procedural changes also took effect, and the role players were informed of their roles and responsibilities in terms of policy and procedural requirements. Lastly various training/ information sessions were launched to ensure that all staff members familiarise themselves with the changes to processes.





## b) Development of Performance Agreements/ Plans

- Performance agreements for the division managers were developed and agreed upon between the division managers and relevant directors.
- Performance development plans for all lower-level staff were developed and agreed upon between employees and their relevant division manager and responsible supervisor.

Due to Performance Management being an ongoing process it was important to ensure employees knew exactly what was expected of them which enabled them to take responsibility for their own performance. To facilitate the performance process performance agreements were agreed upon that clearly stated the objectives of the organization and the individual and how those objectives will be measured. The goals of the organization and those of the individuals were aligned during this process.

## c) Completion of Bi-annual Performance Appraisals

The performance appraisals for the 2021/2022 financial year were concluded during the period July 2022– August 2022. On completion of the performance appraisals for the 2021/2022 performance cycle the results of these performance appraisals were moderated by the moderation committees to ensure objectivity and fairness in the application of scores throughout the organisation.

The moderation process was concluded between September 2022 - December 2022 during which a 3-level moderation process was followed which consisted of moderations at;

- 1) Sub Directorate Level
- 2) Directorate Level and
- 3) Municipal Manager Level

After the results were scrutinized by the moderation committees, the outcomes of performance assessments were communicated to employees. Qualifying individuals with good performance were recognized and rewarded in accordance with Council's Reward and Recognition Policy.

The 2022/2023 mid-year reviews for the period 1 July 2022– 31 December 2022 were concluded 1 January 2023– 28 February 2023 for all eligible employees to assess what the employee(s) had achieved for the specific performance period.

## d) Roadshows

Roadshows were held with various operational staff during January 2023 to inform them of the Municipal Staff Regulations and policy changes that are coming into effect due to the new regulations.

## COVID-19 Compliance:

On the 15th of February 2022 notice was given that the Code of Good Practice: Managing Exposure to SARS-CoV-2 in the Workplace set out in the Schedule was issued by the Minister of Employment and Labour after consideration by NEDLAC in terms of section 203(2A) of the Labour Relations Act, 1995 (Act No. 66 of 1995) to take effect on the date of the lapsing of the Declaration of a National State of Disaster declared under GN313 of 15 March 2020 and extended in terms of section 27(2) of the Disaster Management Act, 2002 (Act No.57 of 2002).

The Code of Good Practice: Managing Exposure to SARS-CoV-2 in the Workplace, Chapter 2, Item 5(1) thereof requires every employer to undertake a risk assessment and develop or amend its existing plan.

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES





Job Level	Employees: Human Resource Services				
	2022	2023		2023	
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>0 - 3</b>	0	0	0	0	n/a
<b>4 - 6</b>	3	4	3	1	50%
<b>7 - 9</b>	5	5	5	0	0%
<b>10 - 12</b>	7	9	9	0	0%
<b>13 - 15</b>	2	3	2	1	33%
<b>16 - 18</b>	1	1	1	0	0%
<b>19 - 20</b>	0	0	0	0	n/a
<b>Total</b>	18	22	19	3	14%

Financial Performance 2023: Human Resource Services						R'000
Details	2022	2023		Actual	Variance to Budget	
	Actual	Original Budget	Adjustment Budget			
Total Operational Revenue	167	-	548	212	100%	
<b>Expenditure:</b>						
<b>Employees</b>	15 954	31 681	35 611	30 281	-5%	
<b>Repairs and Maintenance</b>	73	132	194	92	-43%	
<b>Other</b>	3 612	3 826	4 573	3 966	4%	
Total Operational Expenditure	19 638	35 639	40 378	34 339	-4%	
Net Operational Expenditure	19 471	35 639	39 830	34 127	-4%	

Capital Expenditure 2023: Human Resource Services					R' 000
Capital Projects	Budget	2023		Actual Expenditure	Variance from original budget
		Adjustment Budget			
Total All	0	0		0	0%

### COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

In terms of the Municipal Staff Regulations a Municipal Council must determine the municipality' staff establishment, which will provide the basis for each directorate's strategic workforce and human resource planning, necessary to perform its functions. The human resource planning will, in the staff supply planning process, consider race, gender, disability, occupational level and grade with reference to competencies, training needs and capacities.

In determining the staff establishment, Council shall consider the municipality's requirements within the available budgeted funds, including funds for the remaining period for the relevant medium-term revenue and expenditure framework and must be aligned to the municipality's Integrated Development Plan, budget, employment equity plan, skills development strategy and workplace skills plan.

Mossel Bay Municipality completed an initial assessment of the current staff establishment during December 2021. During September 2022 the official procedure for determining the staff establishment started after deferment of the implementation date of Chapter 2 of the Municipal Staff Regulations in terms of Circular 12 of 2022 issued by the Department of Cooperative Governance, dated 28 June 2022. This process was completed when Council approved the staff establishment on 29 June 2023 per Council Resolution E153-06/2023. The approved staff establishment will come into effect on 1 July 2024.



Some of the best practices that contributes to succeeding in providing an approved staff establishment on 30 June 2023 were- consistent and regular communication and consultation with all role players, which includes Council, Senior Management, Divisional Heads, post incumbents and Trade Unions. A clear understanding of the Regulations and Guidelines were of utmost importance and with that constant monitoring of progress and meeting pre-determined deadlines.

The macro structure for the financial year 1 July 2022 to 30 June 2023 consists of the following directorates:

- Office of the Municipal Manager
- Directorate Corporate Services
- Directorate Financial Services
- Directorate Infrastructure Services
- Directorate Community Services
- Directorate Planning and Economic Development
- Directorate Community Safety

Legislation requires that every job on the approved staff establishment must have a written job description which may be reviewed at least once every five years following the reorganisation and permanent substantial changes to jobs. The Human Resources Division started with the electronic alignment of all Job Descriptions to the new format required by the Municipal Staff Regulations during September 2022 and will, during this process, review the content, in cooperation with the relevant Manager, Supervisor and post incumbent, to ensure that the content of every job description is relevant and accurate. Should there be material/significant changes to the job content or requirements, job descriptions will be referred to TASK, the official job evaluation system, for re-evaluation.

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

The Sub-Directorate Information and Communication Technology resorts under the Director Corporate Services and fulfils a very sophisticated and specialised support service to the whole of the Municipality and Council in supporting all Corporate Systems, data and Voice Over Internet Protocol (VoIP) services. The staff compliment consists of the Senior Manager ICT, Systems Engineer, Network Engineer, two IT Support Technicians and one GIS Technician. We finalised the appointment process of the long-awaited ICT Project Manager position and we are happy to mention that the new appointee commenced duty on the 1st July 2023. Processes are also under way to add one more IT Support Technician as well as a Cyber Security Officer.

This Sub-Directorate delivers the above-mentioned services to all of the various satellite offices situated at Montagu Place (Planning and Economic Development), George Road (Technical and Electrical Services), Hartenbos (Traffic Services), Old Power Station (Human Resources), Great Brak River, Friemersheim, Herbertsdale, KwaNonqaba, Plaza Aquada (Community Services), Stores and Fire Brigade and various official's residences that have radio links to our Marsh Street Head Office. A total of 197 radios links are managed of which 56 are at individual staff homes connecting the entire municipal environment with each other. The decrease in figures from previous years are due to staff returning to the offices to work.

The main aim of this Sub-Directorate is to provide a continuous support to all users and the community using municipal systems in ensuring a 100% uptime of all the different systems in use by the Municipality. This is also one of the department's Key Performance Areas (KPA). Although the KPA target is 100%, this is not always achievable. The primary obstacles to overcome in achieving this goal are hardware component failures and crucial software updates, which often result in complications. Power outages and load shedding has had a significant impact on the ICT department and has fully tested our wits.

The pressures on the present very small staff complement of the Sub-Directorate is ever increasing due to the overall increase in the Municipality's workforce. Notwithstanding these challenges an average uptime of 99.35% for all services was achieved during this oversight year. All four functional ICT streams, ideally, require an



additional appointment to ensure the Sub Directorate's service delivery as well as service continuity. More so and as mentioned here above, the need of a specialised Cyber Security Officer has transpired after the Auditor General reporting on this as well as a SALGA ICT Governance Maturity Survey performed on the Mossel Bay Municipality ICT environment. As previously stated, a provision has been made for the appointment of an additional Support Technician during the 2024/2025 financial year if budget permits.

During the oversight year, some capital projects to the value of R 9,531,630 were carried out. We are proud to say that 99.7% of these funds were utilised. Projects completed included in these figures were the replacement of desktop computers with laptops, enhancing our Virtual Machine storage environment at the main production site, upgrading of our wireless radio backbone to a licensed frequency that will have less interference from other service providers, implementing an audio-visual solution to the Council Chambers and providing an emergency power solution to the Hartenbos Offices.

We are still busy with the planning and pre-tender phase of the erection of a high mast at our Joint Operations Centre (JOC) which should be completed by June 2024. This is a crucial project for all interested parties utilising the JOC facility.

Community-access Wi-Fi hotspots in disadvantaged areas are still well utilized and extended during this year under review. A total of 8 Wi-Fi hotspots is now spread over the wider Mossel Bay area.

External service providers have been contracted to aid the Municipality and managed by the ICT department in the support and maintenance of the very specialised VM environment, radio network infrastructure support and maintenance, network cabling infrastructure, support and maintenance of the Municipal website and the provision of printer peripherals and maintenance thereof.

#### SERVICE STATISTICS FOR ICT SERVICES

ICT manages an environment with 44 servers, 33 corporate software packages and 760 users. ICT handles in total an average of 230 logged calls a month. Many more calls are supported telephonically though.

Employees: ICT Services						
Job Level	2022		2023			
	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	5	6	5	1	17%	
13 - 15	0	0	0	0	0%	
16 - 18	1	1	1	0	0%	
19 - 20	0	0	0	0	0%	
<b>Total</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14%</b>	

Financial Performance 2023: ICT Services						
Details	2022			2023		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-	-	-	-	-	
<b>Expenditure:</b>						
<b>Employees</b>	3 665	4 286	4 154	3 888	-10%	
<b>Repairs and Maintenance</b>	8	21	19	8	-173%	



Financial Performance 2023: ICT Services					
Details	2022 Actual	Original Budget	2023		R'000 Variance to Budget
			Adjustment Budget	Actual	
<b>Other</b>	8 746	13 558	10 526	9 892	-37%
Total Operational Expenditure	12 420	17 865	14 699	13 788	-30%
Net Operational Expenditure	12 420	17 865	14 699	13 788	-30%

Capital Expenditure 2023: ICT Services				
Capital Projects	Budget	2023		R' 000 Variance from original budget
		Adjustment Budget	Actual Expenditure	
<b>Total All</b>	6 591	10 421	9 545	31%
Computers (Replacements-Other)	3 900	3 806	3 806	-2%
Computers (New-Other)	450	435	420	-7%
VM Storage and Backup Infrastructure Upgrades	1 241	2 568	2 568	52%
VM Storage and Backup Infrastructure Upgrades	–	1 246	1 246	100%
Mounting Mast for Municipal 3rd Party Antennas	–	961	41	100%
Electronic Media for Council Chamber	500	–	–	-
Electronic Media for Council Chamber	–	505	495	100%
Wireless Radio Backbone Infrastructure Upgrade	500	493	493	-1%
Emergency electricity to offices that is without power during loadshedding	–	409	477	100%

#### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The overall performance of this Sub-Directorate is measured and monitored continuously by set Key Performance Areas (KPA) with specific monitoring tools to improve overall uptime of services, speedily resolving hardware and software problems and better overall networking capabilities. With its very committed and motivated staff, all areas of expectations and deliverables are met to the best of the Sub-Directorate's abilities. The ICT department are also in the process of looking into and providing a live dashboard of basically all the critical ICT performance areas.

### 3.26 LEGAL SERVICES

#### INTRODUCTION TO LEGAL SERVICES

Legal Services reports to the Office of the Municipal Manager and ensures that all actions and decisions taken by Council and its structures are in compliance with legislation and the policy framework of Mossel Bay Municipality.

A third Legal Advisor position was filled and Me. Y van der Berg commenced duties on 01 September 2022. It is envisaged that she will assist the Directorates: Community Safety and Community Services with legal support.

Council resolved that the Municipal Court which currently resorts under the Directorate: Community Safety will from 01 July 2023 resort under the Office of the Municipal Manager by way of Legal Services. The respective Directorates of the Municipality is also supported by Legal Services on a daily basis with regard to legal advice, contracts and by-laws. It provides a supportive and advisory function which strengthens the capacity of the Municipality to fulfil its legislative mandate.



Legal Services attends and assists the Council during its monthly Council Meetings by providing advice and support. Assistance is also provided to the Speaker in relation to the implementation of the Code of Conduct for Councillors and subsequent investigations. The Rules Regulating the Conduct of Meetings of the Council of the Mossel Bay Municipality was reviewed during the year and workshopped with Council to ensure that it is current and practical.

Legal Services is also responsible for leasing and alienation of municipal properties and various projects in this regard have been concluded and some of the highlights as indicated hereunder.

The development of middle to higher income housing opportunities on Erf 3991 Diaz Beach is at an advanced stage and the final land use and environmental applications are in process.

Council resolved to alienate a further portion of land to the Fijnbos Heights Lifestyle Village which will be developed as Phase 3. The social contribution agreement which will benefit the Benevolent Park Retirement Village has been signed.

The registration process for a property in Da Nova to be utilised as a new medical and frail care facility has been finalised and will contribute to the further development of the Da Nova Medical Precinct. The land use and environmental applications are currently in process.

The Landslip damages claim currently pending in a high court matter between several applicants and the Municipality is being defended. The demolishing of certain units in the Seemeeuvlug Development due to the landslip has been finalised.

Progress has been made with regard to the establishment of a Regional Motorsport Venue in the Mossdustralia area and a Non-Profit Company has been registered to manage and facilitate the development of the Venue.

Negotiations regarding the upgrading of the Mossel Bay Airfield is ongoing and it is envisaged that by mutual agreement between the Municipality and the Mossel Bay Aero Club the airfield will be upgraded to establish an economic hub which will be to the benefit of the greater community.

Due to the rapid expansion of developments in Mossel Bay the need for a Land Use Planning Committee was identified by Council and Legal Services assisted in the establishment of the Committee.

Legal Services is assisting the Directorate: Infrastructure Services in relation to requesting tenders for Independent Power Producers for renewable energy sources that would benefit the greater Mossel Bay Community and mitigate the impacts of loadshedding. The Municipality is also in process of compiling and undertaking the required studies and compiling the application to the Minister of Mineral Resources and Energy for a Section 34 determination in terms of the Electricity Regulations to procure new generation capacity from these bidders.

A long-standing High Court matter in relation to a tender with regard to the possible development of coastal areas was settled by mutual agreement between the Municipality and Attpower and the matter is considered as finalised.

A new Legal Services Panel consisting of various specialist areas was advertised and the tender was awarded for the next three (3) years.

After establishment of the Joint Operation Centre in support of the Community Safety Initiative various lease agreements for tenants in the Centre have been entered into as well as agreements regarding the Helipads, installation of security cameras and establishment of a K9 dog unit.

Legal Services is also closely involved in ensuring an effective procurement system. This includes being part of the Bid Specification and Bid Evaluation Committee to ensure tenders are legally compliant and implementable.



Numerous tenders have been referred to Legal Services during the financial year for investigation and advice due to suspected bid-rigging or collusive bidding as well as dealing with appeals.

The By-Law relating to Public Nuisances was reviewed during the year to make provision for the inclusion and regulation of drones in the municipal area.

Legal Services also acts as presiding officers in internal disciplinary hearings on behalf of various directorates ensuring independent and objective outcomes and rulings.

Various legal processes have been undertaken to ensure that erven are kept clean to minimise fire hazards.

Legal Services provided assistance to negotiate and enter into various agreements in relation to festivals, events and to promote economic and social activities. This includes the Ironman event, Matriekbaai Festival and the Mossjazz held at De Bakke and Santos Beach. Legal Services also forms part of the Business and Events Committee which considers all event applications received.

Finally on a social note Legal Services was responsible to host a successful 9th Touchies Tournament during the annual Mossel Bay Municipality Sports Festival.

Job Level	Employees: Legal Service				
	2022	Posts	2023	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
No.	No.	No.	No.	%	
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	1	1	1	0	0%
<b>7 - 9</b>	1	1	1	0	0%
<b>10 - 12</b>	2	2	2	0	0%
<b>13 - 15</b>	3	3	3	0	0%
<b>16 - 18</b>	1	1	1	0	0%
<b>19 - 20</b>	0	0	0	0	0%
<b>Total</b>	8	8	8	0	0%

Financial Performance 2023: Property; Legal; Risk Management and Procurement Services						R'000
Details	2022 Actual	2023		2023 Actual	Variance to Budget	
		Original Budget	Adjustment Budget			
Total Operational Revenue	11 617	5 965	6 588	10 783	45%	
<b>Expenditure:</b>						
<b>Employees</b>	11 100	12 773	12 368	11 457	-11%	
<b>Repairs and Maintenance</b>	2 046	2 529	2 432	2 222	-14%	
<b>Other</b>	23 215	11 829	22 217	20 494	42%	
Total Operational Expenditure	36 362	27 131	37 017	34 173	21%	
Net Operational Expenditure	24 745	21 166	30 430	23 389	10%	

Capital Expenditure 2023: Property; Legal; Risk Management and Procurement Services					R' 000
Capital Projects	Budget	2023		Variance from original budget	
		Adjustment Budget	Actual Expenditure		
Total All	5 904	7 405	7 070	16%	
Furniture & Office Equipment-Legal Services_Upgrading	20	-	-	-	





Capital Expenditure 2023: Property; Legal; Risk Management and Procurement Services						
Capital Projects	Budget	2023		Actual Expenditure	Variance from original budget	R' 000
		Adjustment Budget				
Furniture & Office Equipment-Legal Services_New	20	40		40	50%	
New office Furniture Legal Services (Vacant Post)	50	37		37	-36%	
Furniture and Office Equipment : Legal Services Planning	10	-		-	-	
Furniture, Tools and Equipment - Replacements	10	-		-	-	
Furniture, Tools and Equipment - Replacements	-	10		4	100%	
SCM Store and Formalizing auction Camp	700	700		664	-5%	
Computer Equipment	6	4		4	-68%	
Furniture & Office Equipment-SCM-Replacements	5	-		-	-	
Purchase of tablets for the store issue process	20	46		44	55%	
Furniture & Office Equipment-SCM	-	8		8	100%	
Replace fuel tank and pumps	-	188		188	100%	
Furniture & Office Equipment-SCM(Replacement_L)	3	3		2	-53%	
Furniture & Office Equipment-SCM(Replacement_L)	2	-		-	-	
Machinery & Equipment	10	8		8	-28%	
New Airconditioners-Municipal Offices	95	184		172	45%	
New Airconditioners-Municipal Offices_Replacements	95	137		149	36%	
Municipal Buildings (Marsh Street)-Upgrading of Administration Building	800	1 200		1 217	34%	
New Control Room (JOC Facilities)	-	37		3	100%	
Installation of new fences to various Municipal Operational Buildings and Yards	100	137		137	27%	
Fencing of Investment Property_Installation of new fence to various Municipal Buildings	200	516		515	61%	
New Office & Building Signs	50	86		78	36%	
Replacement of Various Fencing at Operational Buildings and Yards	1 000	1 005		1 000	0%	
Central Wash Bay at Schoeman Street Yard	-	233		232	100%	
Access Control to Municipal Yards	1 014	2 391		2 366	57%	
New undercover parking at Great Brak yard phase 1	960	148		48	-1891%	
Supply new sanitizer dispensers	50	29		26	-94%	
New access road and temporary parking at Schoeman Street yard	625	199		72	-764%	
Purchase Photo Copier Machine	60	60		57	-5%	

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

Legal Services provided legal support services to all the directorates of the Municipality throughout the year. Opinions and advise spanning a variety of subjects are continuously provided to ensure that well informed decisions are taken in the best interest of the larger Mossel Bay community.



## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### ORGANISATIONAL PERFORMANCE MANAGEMENT AND TOP-LEVEL SDBIP REPORT

The Mossel Bay Municipality has built on its previous achievements and has continued to make tremendous advances in improving organisational performance. This was made possible by fostering a culture of performance within its structures and has contributed immensely to the successes achieved by the organisation. This performance-driven culture would not have been made possible, if it were not for the commitment and buy-in from the top management, who remain geared to promote performance management within the Local Government sphere. The management of organisational performance is, however, not a static discipline and is constantly influenced by external as well as internal factors. Therefore, management is engaged in proactive activities to increase its readiness for anticipated changes. As the focus shifts more and more to the performance of Local Government it remains a challenge to implement and comply with changes to Legislation and Regulations that in many cases follow a singular approach, while neglecting the fact that municipalities operate within vastly different environments with a varying amount of resources. Despite facing these challenges, the Municipality has improved its organisational performance system in the following manner:

- Implementation of Performance Management System by creating an organisational culture of performance monitoring and evaluation;
- Setting Key Performance Indicators (KPI's) that are reliable, well-defined, verifiable, cost-effective;
- Appropriate and Relevant;
- The developing and setting of targets that comply with the SMART principle by being Specific;
- Measurable, achievable, relevant as well as being time-bound;
- Stronger / clear linkage between IDP, Budget, SDBIP and Annual Report;
- Regular reporting on organisational performance, to assist in the monitoring of performance and to identify instances where corrective actions may be needed; and
- The review and expansion of organisational macro and micro-structures and the filling of key posts to implement projects and programmes.

On a strategic level the overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level SDBIP) for the organisation. While on an operational level, performance is monitored via the Departmental Service Delivery Budget Implementation Plan (SDBIP) throughout the various department in the Municipality.

## TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) SCORECARD: 2022/2023:

The following is the Top-Level SDBIP scorecard for the 2022/2023 financial year:

KEY:									
B	Extremely well met	G2	Very well met	G	Met	O	Almost met	R	Not met

Municipal Manager									
Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL1	Embed good governance through sound administrative practices and improved stakeholder relations	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	<i>The 2022/2023 SDBIP approved by Mayor within legislative timeframe</i>	1	1	G	The 2023/2024 SDBIP approved by Mayor within legislative timeframe	Target Achieved
TL2	Embed good governance through sound administrative practices and improved stakeholder relations	Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework	Percentage (%) of signed performance agreements of Section 57 managers within 14 days of approval of the SDBIP or appointment in the case of vacancies	<i>All performance agreements signed</i>	100%	100%	G	All Performance Agreements signed for 2022/2023	Target Achieved
TL3	Embed good governance through sound administrative practices and improved stakeholder relations	Evaluate the performance of Section 57 managers in terms of their signed agreements	Number of formal evaluations completed per Section 57 employee	<i>Two (2) formal evaluation done in Sep 2021 and Feb 2022</i>	2	2	G	Two (2) formal evaluation with done in Sep 2022 and Feb 2023	Target Achieved
TL4	Embed good governance through sound administrative practices and improved stakeholder relations	Evaluate the performance of Section 57 managers in terms of their signed agreements	Number of informal evaluations completed per Section 57 employee	<i>During 2021-2022 two (2) informal evaluations held in Nov 2021 and April 2022</i>	2	2	G	Two (2) informal evaluation with done in Oct 2022 and April 2023	Target Achieved
TL5	Embed good governance through sound administrative practices and improved stakeholder relations	Review and prioritisation of risk register	Reviewed and prioritised risk register by February	<i>Fraud and Risk Management Committee approved Risk Register in Feb 2022</i>	1	1	G	Risk Register Reviewed and Approved by Feb 2023	Target Achieved
TL6	Embed financial viability and sustainability through good financial management principles and practices	Risk based audit plan approved by Audit Committee	Risk based audit plan approved by February	<i>Audit Plan approved by the Audit Committee with timeframe</i>	1	1	G	Risk based audit plan approved on 28 Feb 2023	Target Achieved

## Municipal Manager

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL7	Embed good governance through sound administrative practices and improved stakeholder relations	Functional performance audit committee measured by means of meetings where committee dealt with performance reports	Number of meetings	<i>Four (4) meetings held that dealt with performance reports</i>	2	4	B	Four (4) meetings held that dealt with performance reports in 2022/2023	Target Achieved
TL8	Embed financial viability and sustainability through good financial management principles and practices	The % of the Municipality's capital budget spent on capital projects identified in the IDP, measured as the Total actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x 100	The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2022/23 financial year  <b>[2021-2022: The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2021/22 financial year]</b>	<i>67.67% of capital budget spent.</i>  <i>An amount of R 67 533 998 was incorrectly allocated in the Gazette by the Department of Human Settlements. These funds are in actual fact being spent by the Provincial Department themselves and not the by Municipality. This has inflated the capital budget considerably. The Municipality cannot process an Adjustment Budget because an updated gazette was not published – excluding the erroneous amount that was gazetted the current total capital expenditure amounts to 90.37%.</i>	90%	84.82%	O	84.82% op capital budget spent	Roll-overs have been applied for. In-year monitoring to be intensified and discussed at Executive Management.
TL9	Embed financial viability and sustainability through good financial management principles and practices	Operational conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. budget allocations	<i>80.67% of operational conditional grant spending spent</i>	90%	61,41%	R	61,41% Operational conditional grant spent	Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management.
TL10	Embed financial viability and sustainability through good financial management principles and practices	Capital conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o Budget allocations	<i>44.68% of capital conditional grant spending spent</i>  <i>An amount of R 67 533 998 was incorrectly allocated in the Gazette by</i>	90%	73.23%	O	73.23% of capital conditional grants spent	Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management.

## Municipal Manager

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
				<i>the Department of Human Settlements. These funds are in actual fact being spent by the Provincial Department themselves and not the by Municipality. This has inflated the capital grant budget considerably. The Municipality cannot process an Adjustment Budget because an updated gazette was not published – excluding the erroneous amount that was gazetted the current total capital grant expenditure amounts to 96.26%.</i>					
TL11	Embed financial viability and sustainability through good financial management principles and practices	Compliance with all the relevant legislation tested annually	Two (2) or less material findings in the Auditor General's Audit report on non-compliance with laws and regulations	<i>No material findings in the Audit Report on non-compliance with laws and regulations</i>	2	0	B	No findings on compliance with relevant legislation	Target Achieved
TL12	Embed financial viability and sustainability through good financial management principles and practices	Submit final Annual Report and oversight report of council before legislative deadline	Final Annual Report and oversight report of council completed and submitted within legislative deadline	<i>Annual Report and Oversight Report submitted to council within required timelines</i>	1	1	G	Submitted within legislative deadline and approved without reservations (E63-03/2023)	Target Achieved
TL13	Embed good governance through sound administrative practices and improved stakeholder relations	Limit misstatements in the Audit of Predetermined Objectives	Two (2) or less material findings in the Auditor General's audit report on Predetermined Objectives	<i>No material findings the Audit Report on Predetermined Objectives</i>	2	0	B	Zero findings on predetermined objectives	Target Achieved
TL14	To facilitate economic and tourism development to the benefit of the town and all residents	The number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programmes for the period.	Number of people temporary employed in the EPWP programs.	<i>1072 Work opportunities created for 21/22 financial year</i>	590	1 211	B	Total of 1211 work opportunities created for 2022/2023	Target Achieved

## Municipal Manager

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL15	Embed good governance through sound administrative practices and improved stakeholder relations	Conduct a Client Services Survey to asses the level of satisfaction with municipal services	Number of surveys completed	<i>New KPI</i>	1	1	G	Survey completed	Target Achieved



## Financial Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL16	Embed financial viability and sustainability through good financial management principles and practices	Financial statements submitted by 31 August	Financial statements submitted to Auditor General	<i>Financial Statement submitted in line with deadline</i>	1	1	G	Financial Services: AFS submitted by 31 August 2022	Target Achieved
TL17	Embed financial viability and sustainability through good financial management principles and practices	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of June annually	<i>The 2022/23 annual budget approved by Council on 31 May 2022, with all its policies</i>	1	1	G	Main Budget tabled 30 May 2023 (E121-05/2023)	Target Achieved
TL18	Embed financial viability and sustainability through good financial management principles and practices	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February annually	<i>Adjustment budget approved</i>	1	1	G	Adjustment Budget approved 27 Feb 2023	Target Achieved
TL19	Embed financial viability and sustainability through good financial management principles and practices	Maintain a Year to Date (YTD) debtors payment percentage of 95% (excluding traffic services)  <b>[2021-2022: Maintain a Year to Date (YTD) debtors payment percentage of 90% (excluding traffic services)]</b>	Payment percentage (%) of debtors over 12 months rolling period	<i>Maintained a Year to Date (YTD) debtors payment percentage of above 93.71% (excluding traffic services)</i>	95%	96.12%	G2	Payment percentage of 96.12% an improvement over the prior year	Target Achieved
TL20	Embed financial viability and sustainability through good financial management principles and practices	Financial Viability measured in terms of Cost coverage ratio for 2021/2022 financial year  <b>[2021-2022: Financial Viability measured in terms of Cost coverage ratio for 2020/2021 financial year]</b>	Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure	<i>Cost coverage ratio of 7.86</i>	6.15	8.13	G2	Cost coverage ratio of 8.13	Target Achieved
TL21	Embed financial viability and sustainability through good financial management principles and practices	Financial Viability measured in terms of debt coverage ratio for 2021/2022 financial year  <b>[2021-2022: Financial</b>	Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year	<i>Debt coverage ratio of 64.8</i>	32.49	48.49	B	Debt coverage ratio of 48,49	Target Achieved

## Financial Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
		<i>Viability measured in terms of debt coverage ratio for 2020/2021 financial year]</i>							
TL22	Embed financial viability and sustainability through good financial management principles and practices	Maintaining an acceptable Long Term Debt as a percentage of revenue as set out in the Borrowing Funds and Reserves Policy	Long Term Debt as percentage of revenue: Calculated as Total long term debt/Total Operating Revenue - Conditional Grants and Transfers x 100	<i>Long term debt as percentage of revenue 12.70%</i>	14%	13.60%	B	Long Term Debt as a percentage of revenue at 13,60%	Target Achieved
TL23	Embed financial viability and sustainability through good financial management principles and practices	Sound financial management by maintaining an acceptable Liquidity Ratio	Liquidity Ratio: Calculated as Monterrey Assets (Current Assets - Inventory)/ Current Liabilities	<i>Liquidity Ratio of 2.3</i>	1.72	2.3	G2	Liquidity Ratio of 2.3	Target Achieved
TL24	Embed good governance through sound administrative practices and improved stakeholder relations	Achieve an Unqualified audit opinion on the Annual Financial Statements	Unqualified Financial Audit as reported by Auditor General	<i>No material misstatements on Annual Financial Statements</i>	1	1	G	2021/22 financial audit was unqualified.	Target Achieved

## Corporate Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL25	Embed good governance through sound administrative practices and improved stakeholder relations	Completion of the IDP/Budget process with the development and approval of the IDP/Budget process plan by end August annually	# IDP/Budget process plan submitted	<i>Process plan approved see Council Resolution - E176-07/2021</i>	1	1	G	IDP/Budget process plan submitted	Target Achieved
TL26	To maintain a skilled, capable and diverse workforce in a good working environment	The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100.	The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan	<i>14.29% of appointments made in line with EE Plan - Staffing Policy allow for deviation on the second round of advertisement.</i>	80%	42,86%	R	Seven appointments were made, of which four were not in line with the EE plan. Two out of the four however, carried into effect section 15(3) of the EE Act, which excludes quotas as an affirmative action measure for designated groups. The remaining two appointments were made in terms of the recruitment policy, which provides for deviation for internal candidates.	During the first round of recruitment the EE Plan and section 15(3) of the EE Act (in that order) serve as primary considerations. Operational efficiency and cost implications however need to be considered during consecutive rounds.
TL27	To maintain a skilled, capable and diverse workforce in a good working environment	The percentage (%) of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100	Percentage (%) of budget spent on scheduled training within the financial year	<i>100.89% of budget spend.</i>	90%	99.65%	G2	99.65% of training budget spent.	Target Achieved
TL28	Embed good governance through sound administrative practices and improved stakeholder relations	IDP reviewed and approved by Council before the end of June	IDP approved by the end of June annually	<i>IDP Approved by Council - E125-05/2022</i>	1	1	G	Submitted to Council on 31 May 2023.	Target Achieved
TL29	Embed good governance through sound administrative practices and improved stakeholder relations	Conduct a study on the flow of communication w.r.t. complaints and enquiries to the Municipality to identify bottlenecks and inefficiencies within the process	Submit report to Executive Management on the findings and recommendations of the study	<i>New KPI</i>	1	1	G	Report presented to Executive Management.	Target Achieved

## Community Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL30	To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion	Sports Grounds are maintained measured by the percentage (%) of the maintenance budget spent	Percentage (%) of Sport Grounds repairs and maintenance budget spent	<i>84.48% of maintenance budget spent</i>	90%	85.01%	O	85,01% of maintenance budget spent	All maintenance projects completed. A few projects could not be done due to 5 weeks continuous rain. Funds not spent is savings.
TL31	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Effective maintenance of Refuse Removal assets i.t.o approved budget	Percentage (%) of Refuse Removal repairs and maintenance budget spent	<i>85.01% of maintenance budget spent</i>	90%	89,27%	O	89,27% of maintenance budget spent	All maintenance projects completed. Funds not spent is savings.
TL32	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Effective Management of Waste Management and Pollution Control Services measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Waste Management and Pollution Control Services division	<i>224.58% of budget spent Provision of the rehabilitation for landfill sites included in the expenditure percentage.</i>	92.50%	140.25%	B	140,25% of budget spent	Including provision for rehabilitation provision.
TL33	To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion	Effective Management of Library Services measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Library division	<i>72.42% of budget spent Some projects could not be completed, but were committed and will funds be rolled over.</i>	92.50%	97.99%	G2	97,99% of budget spent	Target well met
TL34	To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion	Effective Management of Horticulture & Recreation department measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Horticulture & Recreation division	<i>89.39% of budget spent Some projects could not be completed, but were committed and funds will be rolled over. Two projects of almost R1m in total are committed, but will be completed in 2022/2023.</i>	92.50%	85.97%	O	85,97% of budget spent	95% of the budget for was committed however, 5 weeks rain resulted in some projects not to be completed before year end and will be rolled over. The projects will be completed in the next financial year.
TL35	To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion	Effective Management of Community Development department measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Community Development division	<i>83.45% of budget spent Some projects could not be completed, but were committed and funds will be rolled over.</i>	92.50%	72,26%	O	72.26% of budget spent	5 weeks rain resulted in some projects not to be completed R147 000 will be rolled over and completed in the 2023/2024 financial year.

## Community Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL36	To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion	Development of a Greening Plan for Mossel Bay Municipality	Submission of the draft Greening Plan to Council by Sep 2022	<i>New KPI</i>	1	1	G	Adopted by Council in September 2022. E229-09/2022.	Target met
TL37	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of free basic refuse removal and solid waste disposal to registered indigent account holders	Number of indigent account holders receiving free basic refuse removal monthly	<i>Provision of free basic refuse removal and solid waste disposal to 6 447 registered indigent account holders</i>	10 500	10 369	O	Provision of free basic refuse removal and solid waste disposal to 10 369 registered indigent account holders	Indigent drives and information sessions to be held in 2023/2024 financial year
TL38	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of refuse removal and solid waste disposal to all residential account holders	Number of formal residential account holders for which refuse is removed at least once a week	<i>Provision of refuse removal and solid waste disposal to all 36 438 residential account holders</i>	37 500	37 886	G2	Provision of refuse removal and solid waste disposal to 37 886 residential account holders	Target met

## Planning & Economic Development

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL46	To manage land-use and development in line with the Spatial Development Framework	Development of the Municipal Spatial Development Framework	Reviewed SDF submitted to Council as part of the reviewed IDP	<i>New KPI</i>	1	1	G	Planning and Integrated Services: On target (June 2023)	Target Achieved
TL47	To facilitate economic and tourism development to the benefit of the town and all residents	Implementation of the Local Economic Development and Tourism Strategy	Implementation Plan submitted to Executive Management	<i>New KPI</i>	1	0	R	Plan could not be completed by end of Sep 2022, but was submitted and approved by 3 Oct 2022	Some information only became available at a very late stage in the drafting of the plan
TL48	To maintain a skilled, capable and diverse workforce in a good working environment	Provision of sufficient office space by upgrading of the Main Office Building	Concept Phase/Plans submitted to Executive Management for the Upgrading of the Main Office Building	<i>New KPI</i>	1	1	G	Done	Target Achieved
TL49	To maintain a skilled, capable and diverse workforce in a good working environment	The maintenance of the Municipal Buildings measured by the percentage (%) of budget spent of the approved budget for Municipal Buildings	Percentage (%) spent of maintenance budget as per approved budget for Municipal Buildings	<i>79.05% of budget spent</i>	92.50%	91.89%	O	91,89% of budget spent	Due to late changes of assets from operational to capital, whereby maintenance to those assets could no longer proceed from the operational votes, underperformance by contractors to do some maintenance work and some work that could not be completed within the financial year due to on-site and other circumstances. All maintenance work to continue in the new financial year.
TL50	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Draft Updated Human Settlement Pipeline submitted to Council	Draft Plan submitted to Council	<i>New KPI</i>	1	1	G	Done in November 2022	Target Achieved
TL51	To manage land-use and development in line with the Spatial Development Framework	Effectively dealing with Council's land assets	Report to Council on the leasing, alienation and transfer of property on a Bi-Annual basis.	<i>Reports submitted to Council</i>	2	2	G	Submitted to Council	Target Achieved



## Infrastructure Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL52	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Electricity capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved electricity capital projects	<i>96.55% of electricity capital budget spent</i>	92.50%	95.09%	G2	95.09% of electricity capital budget spent	Target Achieved
TL53	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Implementation of Energy Efficiency Project: Streetlight luminaire	Percentage (%) spent of approved budget for the Energy Efficiency Project: Streetlight luminaire	<i>New KPI</i>	95%	90.95%	O	90.95% of approved budget spent	This is a multi-year project which is being undertaken departmentally. Tender for the supply and delivery of the LED Street Lights have been finalised.
TL54	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Effective management of electricity provisioning systems evaluated i.t.o. electricity losses	Percentage (%) of electricity losses calculated on a twelve month rolling period as kWh sold/kWh purchased	<i>Electricity losses of 13.84% calculated over a twelve month period</i>	10%	13.34%	R	Electricity losses of 13.34% calculated over a twelve month period	Disconnection of illegal supplies operations to increase. Installation of check and smart meters to identify problem areas.
TL55	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses	Percentage (%) water losses calculated based on the methodology set out in the Department of Water Affairs - Water Balancing Report	<i>Water losses of 16.42%</i>	17%	13.16%	B	Water losses of 13.16%	Target Achieved
TL56	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Excellent water quality measured by the quality of water as per SANS 241 criteria	Percentage (%) water quality level as per SANS 241 criteria as measured annually	<i>96.63% as per SANS criteria</i>	95%	95,06%	G	95.06% as per SANS criteria	Target Achieved
TL57	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Sewerage capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved budget of sewerage capital projects as per approved budget	<i>85.85% of Sewerage capital budget spent</i>	92.50%	94.29%	G2	94.29% of Sewerage capital budget spent	Target Achieved
TL58	Create an inclusive, responsive, and healthy environment conducive for living	Water capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved water capital projects as per approved budget	<i>90.86% of Water capital budget spent</i>	92.50%	89.07%	O	89.07% of water capital budget spent	Underperformance was mainly due to underspending on the replacement of waterline project which was increased by R4.0m after

## Infrastructure Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
	and sustainable growth								approval of adjustment budget. Additional work could not be undertaken by the successful contractor at the approved tender rates unless a lengthy section 116 process is followed as per legal requirements. The project will be completed in the next financial year. Multi-year projects will be closely monitored.
TL59	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Municipal Streets and stormwater capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved Streets and Stormwater capital projects as approved budget	<i>81.44% of Streets and Stormwater capital budget spent</i>	92.50%	89.96%	O	89.96% of Streets and Stormwater capital budget spent. Additional MIG funding was received re-programming of projects has to be done.	Projects are furthermore multi-year projects that will be fully expended after roll-over approvals. Close monitoring of in-year expenditure to be increased.
TL60	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of free basic electricity to indigent account holders connected to the municipal electrical infrastructure network	Number of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network	<i>Provision of free basic electricity to 9 090 indigent account holders connected to the municipal electrical infrastructure network</i>	13 250	13 344	G2	Provision of free basic electricity to 13 344 indigent account holders connected to the municipal electrical infrastructure network	Target Achieved
TL61	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of electricity to formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	Number of formal residential account holders connected to the municipal electrical infrastructure network	<i>Provision of electricity to 34 697 formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering</i>	36 000	36 404	G2	Provision of electricity to 36 404 formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	Target Achieved
TL62	Create an inclusive, responsive, and healthy environment conducive for living	Provision of electricity to informal residential account holders in the designated informal	Number of residential pre-paid meters registered on the Promun	<i>Provision of electricity to 3 240 informal residential account holders in the designated informal areas which are</i>	3 500	3 768	G2	Provision of electricity to 3 768 informal residential account holders in the	Target Achieved

## Infrastructure Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
	and sustainable growth	areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering	Financial system in the designated informal areas	<i>connected to the municipal electrical infrastructure network for prepaid electrical metering</i>				designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering	
TL63	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of free basic sanitation services to indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Number of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.	<i>Provision of free basic sanitation services to 5 945 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network &amp; are billed for sewerage service, irrespective of the number of water closets (toilets)</i>	9 750	9 949	G2	Provision of free basic sanitation services to 9949 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Target Achieved
TL64	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of sanitation services to residential account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	Number of residential account holders which are billed for sewerage in accordance with the Promun financial system.	<i>Provision of sanitation services to 30 453 residential account holders which are connected to the municipal waste water (sanitation/sewerage) network &amp; are billed for sewerage service, irrespective of the number of water closets (toilets).</i>	31 250	31 840	G2	Provision of sanitation services to 31840 residential account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	Target Achieved
TL65	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of clean piped water to indigent account holders which are connected to the municipal water infrastructure network	Number of indigent account holders receiving free basic water.	<i>Provision of clean piped water to 6 423 indigent account holders which are connected to the municipal water infrastructure network</i>	10 500	10 267	O	Provision of clean piped water to 10 267 indigent account holders which are connected to the municipal water infrastructure network	Indigent drives and information sessions to be held in 2023/2024 financial year
TL66	Create an inclusive, responsive, and healthy environment	Provision of clean piped water to formal residential account	Number of formal residential account holders billed for clean	<i>Provision of clean piped water to 36 619 formal residential account holders which are</i>	37 750	38 081	G2	Provision of clean piped water to 38081 formal residential	Target Achieved

## Infrastructure Services

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
	conducive for living and sustainable growth	holders which are connected to the municipal water infrastructure network.	piped water in accordance with the Promun financial system	<i>connected to the municipal water infrastructure network.</i>				account holders which are connected to the municipal water infrastructure network.	
TL67	Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth	Provision of clean piped water to informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system.	Number of water meters, measuring water to informal areas through communal taps	<i>Provision of clean piped water to 79 informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system.</i>	75	79	G2	Provision of clean piped water to informal areas by means of 79 water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system.	Target Achieved

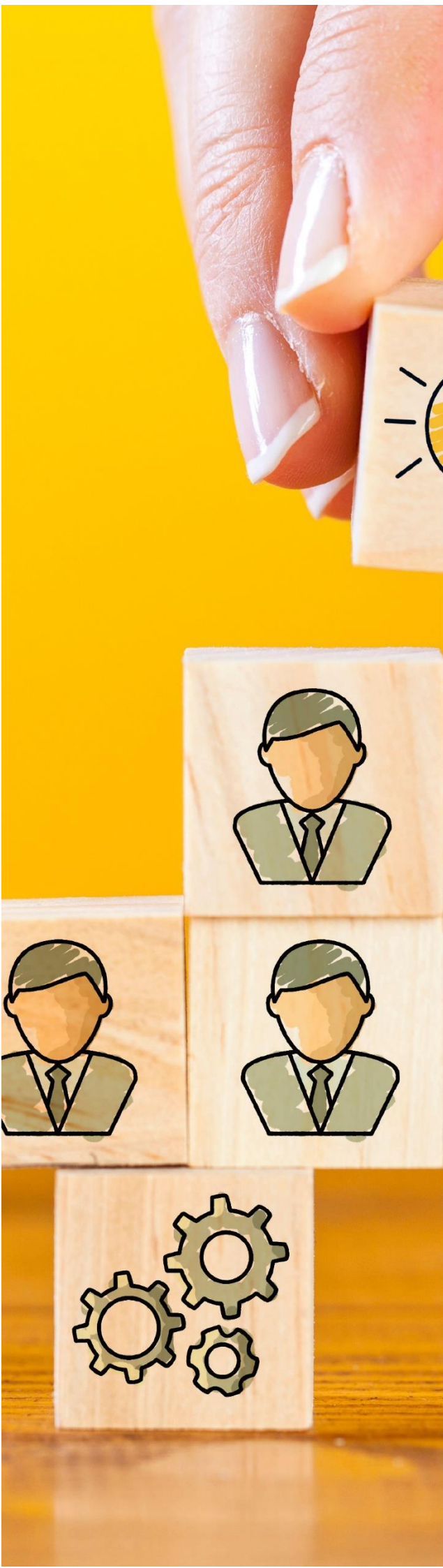
## Community Safety

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL39	To render efficient environmental health and disaster management services	Annual Review of the Disaster Management Plan by end January	Plan completed and submitted to Council	<i>The Plan was reviewed and submitted, but could not serve at the first meeting of the Newly elected Council. Plan was approved early in 2022.</i>	1	1	G	Council approved the review for the Disaster Management Plan - E296-11/2022	Target Achieved
TL40	To provide efficient public safety and law enforcement services	Inform Council on the progress made with the finalisation and equipment of the Emergency Control Centre (ECC)	Report submitted to Council on the finalisation and equipment of the Emergency Control Centre (ECC)	<i>New KPI</i>	1	1	G	Target well met	Target Achieved
TL41	To provide efficient public safety and law enforcement services	Inform Council on the progress made with the establishment of K9 Unit	Report submitted to Council on the Establishment of the K9 unit	<i>New KPI</i>	1	1	G	Report submitted before due date on the establishment of the K9 unit.	Target Achieved
TL42	To provide efficient public safety and law enforcement services	Inform Council on the progress made with the establishment of Tactical Unit	Report submitted to Council on the establishment of a Tactical Unit	<i>New KPI</i>	1	1	G	Report submitted to Council before due date on the establishment of the tactical unit.	Target Achieved

## Community Safety

Ref	Strategic Objective	KPI Name	Unit of Measurement	Performance 2021-2022	Performance 2022-2023				
					Target	Actual	R	Performance Comment	Corrective Measures
TL43	To render efficient environmental health and disaster management services	Effective Management of Environmental Management and Conservation Division measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Environmental Management and Conservation Division	<i>New KPI</i>	92.50%	72.74%	○	72,74% of Environmental Management and Conservation budget spent	Delays with capital projects experienced, to be completed in the next financial year.
TL44	To provide efficient public safety and law enforcement services	Effective Management of Community Safety Division (Traffic and Law Enforcement) measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Community Safety division	77.55% of Community Safety budget spent	92.50%	91.29%	○	91,29% of Community Safety budget spent	Delays with capital projects experienced, to be completed in the next financial year.
TL45	To provide efficient public safety and law enforcement services	Effective Management of Fire, Rescue & Disaster Management Service measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Fire, Rescue & Disaster Management Service division	93.01% of Fire, Rescue & Disaster Management budget spent.	92.50%	71.07%	○	71,07% of Fire, Rescue & Disaster Management budget spent	Delays with capital projects experienced, to be completed in the next financial year.





# 4

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

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This Chapter deals with municipal personnel, management and capacitating of the workforce as well as the expenditure on personnel.



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

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

As indicated in the tables below, staff turnover has increased marginally in comparison to the last financial year. This still indicates stability in the workforce as the number of terminations in the last 3 financial years is the 2nd highest in the 2022 – 2023 reporting period, however the number of permanent appointments equally stands at its highest over the 3 reporting periods.

It should be noted that only permanently appointed staff were taken into consideration in compiling the below data (staff appointed on Conditional Grant contracts or any other temporary contractual period regardless of the term of contract has not been included in the data below).

The workforce profile as reported for employment equity purposes is detailed in the table below:

	African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	Total	People with Disabilities
<b>2020/2021</b>	189	374	4	114	67	128	1	58	935	7
<b>2021/2022</b>	199	376	4	116	72	130	1	55	953	7
<b>2022/2023</b>	205	373	4	116	80	136	1	57	972	7

*Figures exclude staff appointed on a temporary basis*

The Recruitment table below indicates the amount of newly appointed permanent staff within the 2022/2023 reporting period.

The Promotion table indicates the number of internal staff appointed (internal recruitment process followed) in posts which are higher in salary and/or responsibility level than previously held posts.

The figures in the Termination table specify the number of staff who have exited the Municipality during the 2022/2023 reporting period.

	African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	Total
<b>RECRUITMENT</b>									
2020/2021	22	28	1	10	4	11	0	2	78
2021/2022	14	25	0	4	8	7	0	3	61
2022/2023	18	32	0	7	12	13	0	5	87
<b>PROMOTIONS</b>									
2020/2021	2	15	0	3	1	3	0	1	25
2021/2022	3	15	0	3	2	8	0	0	31
2022/2023	11	20	0	8	5	2	0	6	52
<b>TERMINATIONS</b>									
2020/2021	12	20	0	9	8	9	0	5	63
2021/2022	13	21	0	3	4	3	0	3	47
2022/2023	12	27	0	7	2	5	0	2	55



TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
2021	78	63	6.74%
2022	61	47	4.93%
2023	87	55	5.66%

Details	Turn-over Rate		Turn-over Rate*
	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	
2021	78	63	81%
2022	61	47	77%
2023	87	55	63%

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

An effective and efficient workforce is the key to excellent service delivery and the most important part of the Municipality's ability to reach its targets and fulfil its mandate. The core of employing competent and knowledgeable employees is the principles of recruitment and selection. Mossel Bay Municipality is therefore proud to be in a possession where a sound and transparent Recruitment Policy forms the pillar of the recruitment and selection process and procedure. This policy is reviewed regularly to ensure compliance with relevant legislative requirements.

The Municipal Staff Regulations requires that the Manager responsible for human resources, together with the Skills Development Facilitator and Senior Management should determine the skills needs of the municipality on an annual basis. The purpose of this is to ensure that current as well as future skills needs, and skills gaps are identified and addressed. The Municipality is currently in the process of developing a formal talent management and succession planning process to always ensure service delivery on the high standard expected by customers.

The principle of sound labour relations and employment equity forms an indispensable part of the process.

### 4.2 POLICIES

The below table provides an overview of Human Resources policies approved by Council:

Name of Policy	Status
1 Acting Appointments	Approved by Council
2 Catering Policy	Approved by Council
3 Cell Phone Policy	Approved by Council
4 Code of Conduct Political Activities by Municipal Employees	Approved by Council
5 Covid-19 Policy	Approved by Council
6 Disability Policy	Approved by Council
7 Dress Code and Personal Appearance Policy	Approved by Council
8 EAP Policy	Approved by Council
9 Employment Equity Policy	Approved by Council
10 Education, Training & Development Policy	Approved by Council
11 Exit Management Policy	Approved by Council
12 External Study Bursaries Policy	Approved by Council
13 Farewell Policy	Approved by Council
14 Gift Policy	Approved by Council
15 HIV/AIDS Policy	Approved by Council
16 Induction and Onboarding Policy	Approved by Council



Name of Policy	Status
17 Leave Policy	Approved by Council
18 Membership and registration of dependents on accredited medical funds	Approved by Council
19 OHS Policy	Approved by Council
20 Overtime Policy	Approved by Council
21 Payment of Membership Fees for Professional Bodies	Approved by Council
22 Performance Management and Development Policy	Approved by Council
23 Placement Policy	Approved by Council
24 Policy on the Prevention and Elimination of Harassment in the Workplace	Approved by Council
25 Private Work Policy	Approved by Council
26 Probation Policy	Approved by Council
27 Protected Disclosures Policy	Approved by Council
28 Rations Policy	Approved by Council
29 Recognition of Long Service Leave	Approved by Council
30 Recruitment Policy	Approved by Council
31 Rental Subsidy Policy	Approved by Council
32 Retirement Policy and Procedure	Approved by Council
33 Reward and Recognition Policy	Approved by Council
34 Scarce Skills and Retention Policy	Approved by Council
35 Sexual Harassment Policy	Approved by Council
36 Smoking Policy	Approved by Council
37 Social Media Policy	Approved by Council
38 Student and Internship Policy	Approved by Council
39 Study Aid Policy	Approved by Council
40 Succession Planning and Career Pathing Policy	Approved by Council
41 Task Job Evaluation Policy	Approved by Council
42 Telephone Policy	Approved by Council
43 Travel and Subsistence Policy	Approved by Council
44 Unauthorised Absence Policy	Approved by Council
45 Vehicle Transport Allowance Perk Scheme Policy	Approved by Council
46 Work from Home Policy	Approved by Council

**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

Policies, procedures, and guidelines provide guidance for fair and consistent staff treatment and add value to a consistent approach towards staff management. Policies are not cast in stone and are therefore revised regularly. During the revision of policies, Trade Unions are invited to participate in the review process during a formal workshop as well as within the Local Labour Forum.

A Policy Register has been developed to assist with the revision and management of HR Policies. Policy Owners (field specialists) were appointed for each policy who must ensure regular revision and alignment with relevant legislative and internal procedures.

All new policies and policy amendments must be approved by Council before it may be implemented.

**4.3 INJURIES, SICKNESS AND SUSPENSIONS**

Employees have duty to report all incidents/injuries on duty (IOD’s) to their employer as soon as practicable, but not later than the end of the particular shift during which the incident occurred, as per the OHS Act Sec.14(e). Injuries on Duty (IOD’s) are reported to the OHS section who then records the incidents on a register which serves as an item on the agenda for the Monthly H&S Committee meetings. Discussing IOD’s in a forum such as the H&S Committee Meeting is crucial to create awareness and identify necessary corrective-/preventative actions necessary to prevent incidents from recurring in the future. HOD’s, being the experts in their area of work, are appointed as the Incident Investigators for their respective departments. HOD’s are responsible to complete an Incident Investigation Report (Annexure 1) within 7 days from the date of incident, as required by the applicable legislation (OHS Act & COIDA). The OHS section submits all IOD related documentation (e.g. WCI.2,



-3, -4, -5 and -6 forms) to the Compensation Commissioner via online platform called Compeasy for compensation claims to be adjudicated and processed.

When an employee is booked off due to an IOD, the leave will not be captured as regular sick leave, but as IOD leave, which is claimable as per the COIDA.

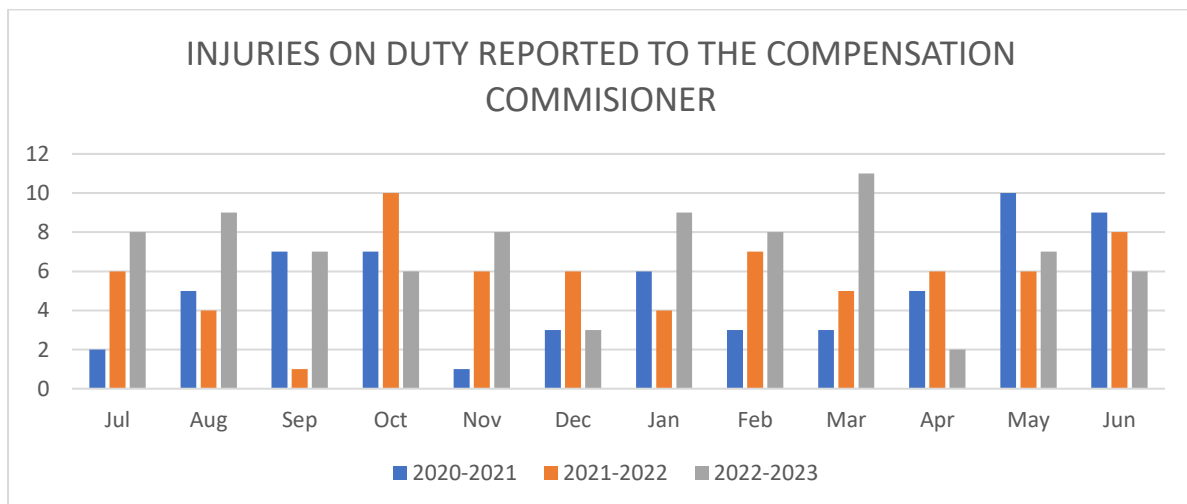
Occupational diseases are also reported to the Compensation Commissioner, with the necessary documentation (e.g. WCI.1, CCI.14 and WCI.22) also being loaded onto Compeasy for claims to be processed.

The emerging of the novel Coronavirus (2019-nCov) during 2020, which was declared a global pandemic by the WHO during the year 2020 required additional compliance to regulations and guidelines. The President declared a National State of Disaster in terms of the Disaster Management Act on 26 March 2020. A Covid-19 team comprising of an appointed Compliance Officer and Human Resources officials was introduced for the implementation and monitoring of compliance in the workplace and providing guidance with Covid-19 related leave requirements.

The National State of Disaster was lifted as from the 5 April 2022, whereafter various regulations were repealed and protocols eased. The Disaster Management Act No. 57 of 2002 is no longer in effect and has been replaced by the Code of Practice: Managing exposure to SARS-COV-2 in the workplace and the National Health Act, 2022 Amendments.

Injuries on duty and Occupational Diseases reported to the Compensation Commissioner comparative year-on-year statistics as follows:

Injuries And Diseases Reported to The Compensation Commissioner			
MONTH	2020-2021	2021-2022	2022-2023
July	2	6	8
August	5	4	9
September	7	1	7
October	7	10	6
November	1	6	8
December	3	6	3
January	6	4	9
February	3	7	8
March	3	5	11
April	5	6	2
May	10	6	7
June	9	8	6
<b>Total Injuries</b>	<b>61</b>	<b>69</b>	<b>84</b>







## INJURIES ON DUTY (01/07/2020 – 30/06/2021)

Type of injury	Total IOD Leave Days Taken	Total Number of Employees using IOD leave
Basic Medical Attention	857.09	48
Temporary Disablement	58	4
Permanent Disablement	141	2
<b>Total</b>	<b>1056.09</b>	<b>51</b>

## INJURIES ON DUTY (01/07/2021 – 30/06/2022)

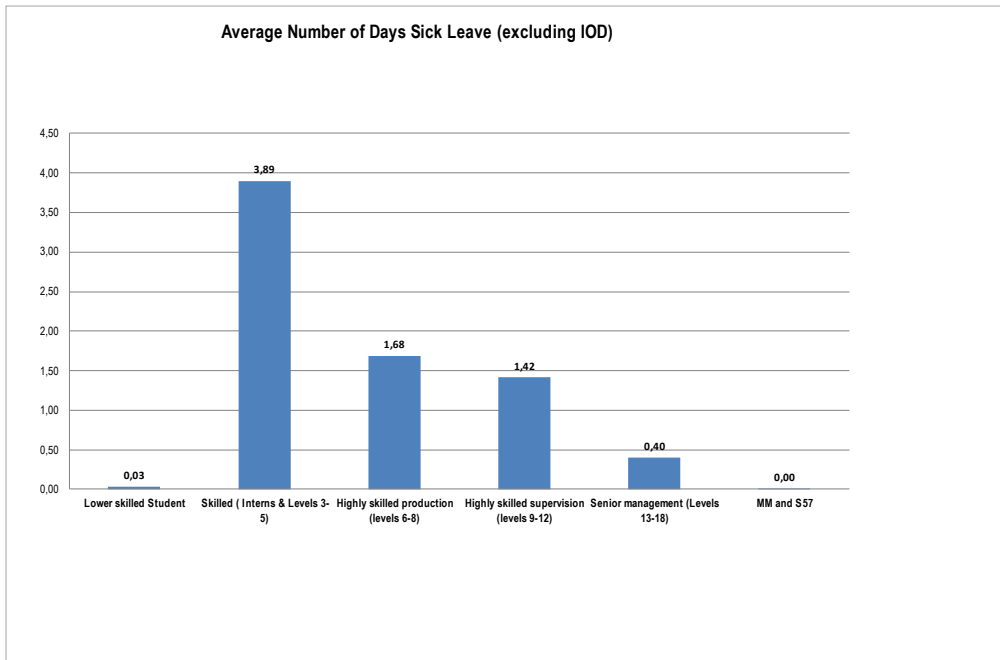
Type of injury	Total IOD Leave Days Taken	Total Number of Employees using IOD leave
Basic Medical Attention	875.8	51
Temporary Disablement	78	8
Permanent Disablement	0	0
<b>Total</b>	<b>953.8</b>	<b>54</b>

## INJURIES ON DUTY (01/07/2022 – 30/06/2023)

Type of injury	Total IOD Leave Days Taken	Total Number of Employees using IOD leave
Basic Medical Attention	875.8	64
Temporary Disablement	15	5
Permanent Disablement	0	0
<b>Total</b>	<b>890.8</b>	<b>68</b>

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
	Days	%	No.	No.	Days
Lower skilled (Levels 1-2)	35	55%	14	26	0,03
Skilled (Levels 3-5)	4180	59%	393	504	3,89
Highly skilled production (levels 6-8)	1809	54%	210	257	1,68
Highly skilled supervision (levels 9-12)	1525	120%	186	217	1,42
Senior management (Levels 13-18)	426	220%	47	64	0,40
MM and S57	3	133%	3	6	0,00
<b>Total</b>	<b>7978</b>	<b>107%</b>	<b>853</b>	<b>1074</b>	<b>7,43</b>





**COMMENT ON INJURY AND SICK LEAVE:**

Sick leave is audited by the Employee Assistance Practitioner on a quarterly basis. The audit focusses on employees who used more than 12 days sick leave within a calendar year. The process is determined by the severity of the medical conditions or diagnoses. Mossel Bay Municipality provides assistance where needed and ensures that service delivery is not affected by absence due to sick leave.

Consultation sessions with these employees are conducted to determine the cause of the high sick leave usage. These sessions may result in the identification of permanent disabilities, temporary disabilities, misuse of sick leave, adjustment of duties if possible or alternative placement if needed and possible.

Even though the sick leave is monitored constantly, the use of sick leave is still very high. A total of 7978 days sick leave was taken by 853 employees during the reporting period. Contractual/temporary employees are included in these statistics.

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>
<b>None</b>			

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

During the reporting period, there were no suspensions as a Pre- Cautionary Suspensions Pending a Disciplinary Hearing and/or finalization of an investigation in terms of the provisions of clause 16.1 of the Disciplinary Procedure Collective Agreement.

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

**4.4 SKILLS DEVELOPMENT AND TRAINING**



## INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Every employee in the organisation should be encouraged and given the opportunity to learn, develop their skills and knowledge to the maximum of their capacity. Capacity development activities make a major contribution to the successful attainment of organisation's objectives and investment in it benefits all the stakeholders of the organisation.

In accordance with the new Municipal Staff Regulation which came into effect on 01 July 2022, a municipality must support its staff members by:

- a) Clarifying the skills required for jobs, identifying relevant skills needs and developing opportunities to satisfy the skills needs
- b) Identify new skills knowledge required by staff to support their career growth and progression
- c) Creating learning opportunities which will allow their staff to develop the skills and expertise to enable them to compete effectively for placement in new or vacant posts.

The regulation further states that the municipality must focus on developing priority skills through:

- a) Structured learning programmes which may include learnerships, apprenticeships etc.
- b) Structured on-the-job learning and development which may include professional coaching and mentoring of staff by supervisors, creation of work exposure, work shadowing and professional development programmes.

To this end, the framework for individual learning is provided by Personal Development Plans (PDP's) that focus on self-managed learning and are supported by coaching, mentoring and formal training.

Considering the above, Acts that regulate skills development in local government play a vital role and provide a new approach in terms of capacitating the municipal workforce which in the end benefits both the employer and employee.

Section 68(1) of the Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act.

It further states that a municipality may in addition to any provision for a training levy in terms of the Skills Development Levies Act, 1999, make provision in its budget for the development and implementation of training programmes.

The Acts that regulate Skills Development and Training which includes the Skills Development Act, No. 97 of 1998, the Skills Development Levies Act, No 9 of 1999, the Employment Equity Act, the NQF Act in conjunction with the National Skills Development Strategy seek to attain a skilled and capable workforce that shares in and contributes to the benefits and opportunities of economic expansion and an inclusive growth path.

Mossel Bay Municipality has thus far taken reasonable steps towards compliance with the Municipal Staff Regulations in respect of skills development planning which involves conducting skills needs analysis by making use of the approved systems for generating skills audits and personal development plans (PDP's), implementation, and review processes and is also embarking on implementation of the structured on-the-job learning and development which includes Succession Planning & Career Pathing, Coaching & Mentoring and Talent Management.

## SKILLS MATRIX

The below table sets out the Skills Matrix:

		Skills Matrix												
		Employees in post as at 30 June 2023	Number of skilled employees required and actual as at 30 June 2021											
Management level	Gender	No.	Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of 2022	Actual: End of 2023	2023 Target	Actual: End of 2022	Actual: End of 2023	2023 Target	Actual: End of 2022	Actual: End of 2023	2023 Target	Actual: End of 2022	Actual: End of 2023	2023 Target
<b>MM and s57</b>	Female	2	0	1	n/a	1	1	n/a	0	0	n/a	1	2	n/a
	Male	4	0	1	n/a	5	4	n/a	0	0	n/a	5	5	n/a
<b>Councillors, senior officials and managers</b>	Female	16	0	0	n/a	11	13	n/a	0	0	n/a	11	13	n/a
	Male	45	1	3	n/a	44	60	n/a	0	0	n/a	45	63	n/a
<b>Technicians and associate professionals</b>	Female	58	0	2	n/a	1	9	n/a	0	1	n/a	1	12	n/a
	Male	74	0	5	n/a	5	12	n/a	6	0	n/a	11	17	n/a
<b>Professionals</b>	Female	30	1	2	n/a	6	32	n/a	0	3	n/a	7	37	n/a
	Male	28	1	6	n/a	21	18	n/a	0	2	n/a	22	26	n/a
<b>Sub total</b>	Female	106	1	5	n/a	19	55	n/a	0	4	n/a	20	64	n/a
	Male	151	1	15	n/a	75	94	n/a	6	2	n/a	82	111	n/a
<b>Total</b>		257	2	20	0	94	149	0	6	6	0	102	175	0



## SKILLS DEVELOPMENT AND TRAINING

To comply with Section 10 of the Skills development Act 97 of 1998, Local Government SETA requires the submission of a Workplace Skills Plan (WSP) on 30 April annually. The WSP is an indicator of all training planned for, which is validated by an annual training report at the end of the financial year, stating what training took place.

Mossel Bay Municipality developed a Workplace Skills Plan (WSP) process plan which outlines the implementation and / or scheduling of the WSP for the financial year, 2022/2023. The WSP endorsement and sign off meeting with Education, Training & Development Committee (ETD) was held on 21 April 2022. Through numerous robust stakeholder engagements, Mossel Bay Municipality managed to secure the endorsement of WSP on 22 April 2022.

In the year under review, Mossel Bay Municipality invested R 1 463 021,00 into our employee development to improve the knowledge, skills, and experience of our employees to achieve the municipality's strategic objectives.

The implementation phase which encompasses training priority needs identified per directorate as depicted on the Workplace Skills Plan for the 2022/23 financial year has commenced on 01 July 2022 and was finalised on 30 June 2023.

The Municipality implemented several skills development related programmes including:

- Graduate internship programme
- Work integrated learner (WIL) programme
- Study Assistance programme
- National Treasury Municipal Minimum Competency Levels programme

Belcomec Training (PTY) Ltd, a training institution/centre located in George, expressed interest in obtaining financial assistance from the Construction Education & Training Authority (CETA) with intention to pursue relevant skills development projects. Therefore, CETA contracted Belcomec Training to implement various apprenticeship programmes such as Bricklayer, Electrical & Plumbing.

In 2017 Mossel Bay Municipality entered into an agreement with Belcomec Training as a host municipality to train a total of 19 apprentices for the period of three years. There were delays in completing the apprenticeship programme due to Covid-19. In the end, the apprentices have completed the apprenticeship programme and have undertaken trade tests in 2022 to become qualified artisans.

A total of eight (8) apprentices in various trades were deemed competent in the trade test whilst eight (8) apprentices were deemed not yet competent and are required to fill gaps. A total of three (3) officials are no longer part of the programme due to dismissal, withdrawal from trade tests and resignations.

Mossel Bay Municipality offered various interventions related to programmes within the domain of succession and career planning. Internal officials are granted opportunities on an annual basis to further develop themselves and pursue studies in undergraduate and postgraduate courses. Mossel Bay Municipality has provided financial assistance to 20 officials in the amount of R145 815,00 allocated during 2022/23 financial year.

Internship opportunities have been offered to promote the development of skills in specific areas to encourage growth in skills availability and to assist learners obtain practical exposure to the world of works. A total of nine (9) unemployed graduates were engaged on a three-year internship programme whilst eleven (11) work integrated learners received experiential training for the duration of 12 to 18 months as part of their curriculum.

A total of 18 (eighteen) officials were enrolled on the Adult Education and Training programme (AET). Six (6) officials have successfully completed the General Education & Training (GET) qualification, which is equivalent to NQF Level 1 (Grade 9).



Learning interventions to enhance the skills, knowledge and attitude of employees were implemented during the 2022/2023 financial year, which comprises of Short Courses, Skills Programme that are unit standard linked, the training programmes are competency based as well as AET, learnership and apprenticeship programmes that leads to an NQF registered qualification.

The table below is the demographic information in terms of race, gender and number of training interventions and beneficiaries:

Type of Learning Programme	Number of interventions	Beneficiaries of Training (18.1 & 18.2)	Race				Gender	
			A	C	W	I	M	F
<b>Skills Programme &amp; Short Courses</b>	57	699	159	405	132	3	574	125
<b>Learnership</b>	1	20	3	5	11	1	15	5
<b>Apprenticeship (Artisan Development)</b>	3	19	7	12	0	0	19	0
<b>AET</b>	1	18	8	10	0	0	17	1
<b>Bursaries</b>	1	20	7	8	5	0	7	13

The table below indicates the total number of employees trained in an accredited structured learning intervention as well as training programmes implemented in the year under review.

Type of Learning Programme (eg. Learnership, Internship)	Name of Learning Programme	No. of Learners	Current Status	Source of funding
<b>Skills Programme</b>	Conflict Management, SAQA US 114226, NQF Level 5	10	Completed	Municipal Training Budget
<b>Skills Programme</b>	Effective Communication Skills, SAQA US 12433, NQF Level 5	10	Completed	Municipal Training Budget
<b>Skills Programme</b>	Safe Application of herbicides, SAQA US 123134, NQF Level 1	28	Completed	Municipal Training Budget
<b>Short Course</b>	COMPTIA Networking +	2	Completed	Municipal Training Budget
<b>Short Course</b>	Snake Handling	6	Completed	Municipal Training Budget
<b>Skills Programme</b>	Walk Behind Roller	18	Completed	Municipal Training Budget
<b>Short Course</b>	Jackhammer Operator Training	11	Completed	Municipal Training Budget
<b>Short Course</b>	Hybrid Cloud with Microsoft Azure Stack Hub	2	Completed	Municipal Training Budget
<b>Short Course</b>	SANS 10400 (full new version)	8	Completed	Municipal Training Budget
<b>Workshop</b>	SARF/IRF/PIARC CONFERENCE	1	Completed	Municipal Training Budget
<b>RPL</b>	ARPL Prep & Trade Test: Plumbing & Electrical	4	Completed	Municipal Training Budget



Type of Learning Programme (eg. Learnership, Internship)	Name of Learning Programme	No. of Learners	Current Status	Source of funding
<b>Skills Programme</b>	Intro to Computer & MS Word	27	Completed	Municipal Training Budget
<b>Skills Programme</b>	Health & Safety Training	23	Completed	Municipal Training Budget
<b>Short Course</b>	Evidential Breath Alcohol Testing Operator	8	Completed	Municipal Training Budget
<b>Short Course</b>	KRAV MAGA – Self Defence Training	21	Completed	Municipal Training Budget
<b>Short Course</b>	Transporting Dangerous Goods (Refresher)	6	Completed	Municipal Training Budget
<b>Skills Programme</b>	Drone Pilot License Training	11	Completed	Municipal Training Budget
<b>Skills Programme</b>	Confined Space Entry	15	Completed	Municipal Training Budget
<b>Short Course</b>	Asbestos Training	74	Completed	Municipal Training Budget
<b>Workshop</b>	Budget & IYM Workshop	3	Completed	Provincial Treasury
<b>Workshop</b>	GRAP Annual Training	3	Completed	Provincial Treasury
<b>Skills Programme</b>	ISO45001 - Implementation	1	Completed	Municipal Training Budget
<b>Skills Programme</b>	ISO45001 – Internal Auditors	1	Completed	Municipal Training Budget
<b>Workshop</b>	Grants incorporated into Budget	4	Completed	Provincial Treasury
<b>Workshop</b>	GOMUNI: Website Training	10	Completed	Provincial Treasury
<b>Short Course</b>	Truck Mounted Crane Operator (Refresher)	20	Completed	Municipal Training Budget
<b>Skills Programme</b>	Supervisory Training, SAQA US ID 14667, NQF Level 4	15	Completed	Municipal Training Budget
<b>Skills Programme</b>	Coaching for Leadership Development	15	Completed	Department of Local Government (National School of Governance)
<b>Skills Programme</b>	Diversity Management, SAQA US ID 252043, NQF Level 5	9	Completed	Municipal Training Budget
<b>Skills Programme</b>	Project Management, SAQA US ID 252022, NQF Level 5	9	Completed	Municipal Training Budget
<b>Short Course</b>	Chlorine Handling	25	Completed	Municipal Training Budget
<b>Workshop</b>	Roles & responsibilities of Political Structure, Political Office Bearers and Municipal Manager	35	Completed	Municipal Training Budget
<b>Short Course</b>	MEWP – Aerial Platform Operator	25	Completed	Municipal Training Budget





Type of Learning Programme (eg. Learnership, Internship)	Name of Learning Programme	No. of Learners	Current Status	Source of funding
	(Refresher)			
Short Course	Transporting Dangerous Goods (Novice)	12	Completed	Municipal Training Budget
Short Course	Skipper Course	8	Completed	Municipal Training Budget
Skills Programme	Brush Cutter Operator (Novice), SAQA US ID 123243, NQF Level 2	25	Completed	Municipal Training Budget
Skills Programme	First Aid Level 1 & 2, SAQA ID 119567 and 120496	31	Completed	Municipal Training Budget
Skills Programme	First Aid Level 3, SAQA ID 376480	3	Completed	Municipal Training Budget
Skills Programme	Brush Cutter Operator (Refresher), SAQA ID 123243, NQF Level 2	19	Completed	Municipal Training Budget
Skills Programme	Incident Investigation, SAQA ID 120335, NQF Level 3	17	Completed	Municipal Training Budget
Skills Programme	Medium Voltage Cable Theory, Jointing 7 Termination Methods, SAQA ID 259187 & 259189, NQF Level 4	19	Completed	Municipal Training Budget
Skills Programme	Legal Liability Training for Managers, SAQA ID 120344, NDF Level 4	19	Completed	Municipal Training Budget
Short Course	Learners License, Code EC1	18	Completed	Municipal Training Budget
Skills Programme	Emotional Intelligence, SAQA ID 252031, NQF Level 5	20	Completed	Municipal Training Budget
Skills Programme	Customer Service Training, SAQA ID 242829, NQF Level 4	18	Completed	Municipal Training Budget
Short Course	MEWP – Cherry Picker (Novice)	20	Completed	Municipal Training Budget
Skills Programme	SHE Representative Training, SAQA ID 13220, NQF Level 2	12	Completed	Municipal Training Budget
Skills Programme	Advanced OHS Act Training, SAQA ID 120366, NQF Level 4	2	Completed	Municipal Training Budget
Learnership	Municipal Minimum Competency Levels	20	Completed	LGSETA Mandatory Grant
Apprenticeship (Artisan Development)	Plumber	13	Completed	CETA Funded
Apprenticeship (Artisan Development)	Electrical	4	Completed	CETA Funded
Apprenticeship (Artisan Development)	Bricklayer	2	Completed	CETA Funded



Type of Learning Programme (eg. Learnership, Internship)	Name of Learning Programme	No. of Learners	Current Status	Source of funding
<b>AET</b>	Adult Education & Training Level 1-4	18	Completed	LGSETA Mandatory Grant
<b>Bursaries</b>	Bachelor of Administration Honours in Public Administration	1	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Arts in Development Studies	2	In progress	Study Loans
<b>Bursaries</b>	Advanced Diploma in Development Studies	1	In progress	Study Loans
<b>Bursaries</b>	Advanced Diploma in Safety Management	2	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Commerce	1	In progress	Study Loans
<b>Bursaries</b>	Advanced Certificate in Management Studies	1	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Business Administration	1	In progress	Study Loans
<b>Bursaries</b>	Postgraduate Diploma in Public Administration	1	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Public Administration	1	In progress	Study Loans
<b>Bursaries</b>	Certificate: Electrical Engineering	2	In progress	Study Loans
<b>Bursaries</b>	Diploma in Accounting Science	1	In progress	Study Loans
<b>Bursaries</b>	Diploma Civil Engineering	1	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Science Honours in Environmental Management	1	In progress	Study Loans
<b>Bursaries</b>	Higher Certificate in Management	1	In progress	Study Loans
<b>Bursaries</b>	ND: Management Accounting	1	In progress	Study Loans
<b>Bursaries</b>	Bachelor of Art in Law	1	In progress	Study Loans
<b>Bursaries</b>	Advanced Diploma in Public Accountability	1	In progress	Study Loans

### SKILLS DEVELOPMENT AND TRAINING BUDGET ALLOCATION

The tables below indicate the budget allocation and total spent on skills development and training:

Year		Total Allocate	Total Spent	% Spent
<b>2022/2023</b>	Training & Skills Development	R1 317 206,00	R1 312 638,49	99.65%
	Bursaries	R145 815,00	R145 815,00	100%

### MFMA COMPETENCIES

In terms of Section 83 (1), 107 and 119 of the Municipal Financial Management Act (MFMA), the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in



Government Notice 493 dated 15 June 2007 as well as in the Municipal Minimum Competency Amendment issued via Government Gazette No 41996, dated 26 October 2018 which must be read in conjunction with the Regulation.

The table below provides a depiction of the status of the Minimum Competency Levels which illustrates the financial competency development progress as required by the regulation.

Financial Competency Development: Progress Report						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated : Total of A and B	Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief Financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	4	3
<i>Any other financial officials</i>	4	0	4	0	0	3
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	7	0	7	0	0	6
<b>TOTAL</b>	18	0	18	0	6	14

To date, a total of 88 employees are fully competent and have met the requirements of the regulation and the existing officials are in process of filling gaps for full compliance.



Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2021							
			Learner ships	Skills programmes & other short courses		Other forms of training		Total		
				Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
		No.								
<b>MM and S57</b>	Female	2		9240		626		0		9866
	Male	4		1155		2504		0		3659
<b>Legislators, senior officials and managers</b>	Female	16		0		14615		0		14615
	Male	45		12735		73689		0		86424
<b>Professionals</b>	Female	58		18480		114963		0		133443
	Male	74		32313		167534		0		199847
<b>Technicians and associate professionals</b>	Female	30		18480		143547		0		162027
	Male	28		33492		263956		0		297448
<b>Clerks</b>	Female	122		0		261223		0		261223
	Male	22		0		38357		0		38357
<b>Service and sales workers</b>	Female	26		0		41465		0		41465
	Male	86		0		64264		0		64264
<b>Plant and machine operators and assemblers</b>	Female	4		0		19100		0		19100
	Male	164		0		206280		0		206280
<b>Elementary occupations</b>	Female	42		0		14298		0		14298
	Male	333		0		217944		0		217944
<b>Sub total</b>	Female	300		46200		576439		0		622639
	Male	756		79695		610304		0		689999
<b>Total</b>		1056	0	125895	0	118674	0	0		131263
						3				8

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

In terms of Section 83 (1), 107 and 119 of the Municipal Financial Management Act (MFMA), the Accounting Officer, Senior Managers, the Chief Financial Officer, Non-Financial Managers and other Financial Officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007 as well as in the Municipal Minimum Competency Amendment issued via Government Gazette No 41996, dated 26 October 2018 which must be read in conjunction with the Regulation.



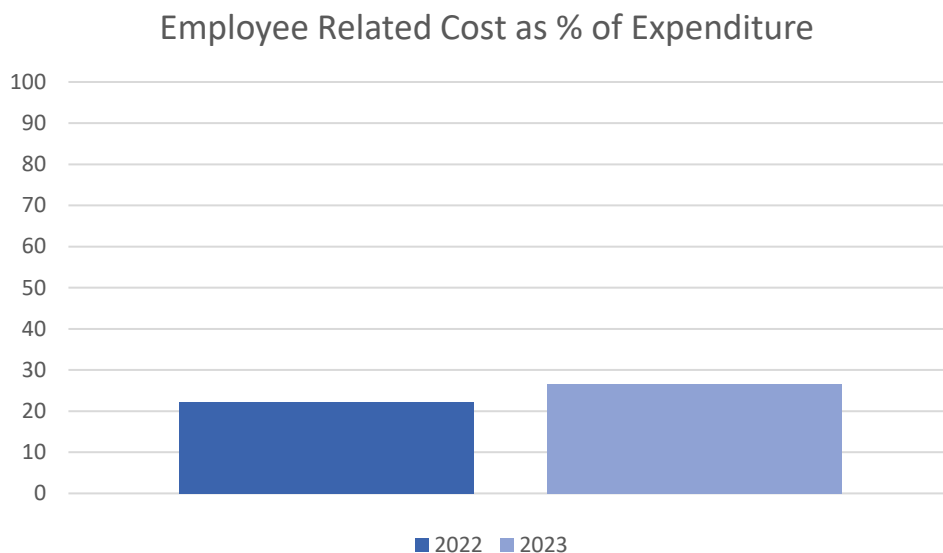
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The management of employee expenditure is an important function in every organisation, and the Mossel Bay Municipality is no exception. Effective management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

#### 4.5 EMPLOYEE EXPENDITURE

Employee expenditure as a percentage of total operating expenditure measure extent of remuneration to total operational expenditure. National Treasury proposes a norm range of between 25% and 40% for the ration of employee related costs to total expenditure. The graph below provides a comparison of employee related costs between 2022 and 2023:



The percentage of employee related cost has increased from 22.20% in 2022 to 26.50% in 2023.

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

When a post is evaluated, employees whose existing basic salary is higher than the new T.A.S.K. grade maximum retain their existing basic salary scale on a personal to holder basis. If the post becomes vacant, the post is advertised on the evaluated TASK grade.

#### Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation

OCCUPATION	Nr of Employees	Remuneration Level	TASK	Reason for Deviation
<b>Administrative Officer</b>	1	C5	T10	
<b>Administrator</b>	1	C8	T9	
<b>Artisan: Electrician</b>	2	C7	T10	
<b>Artisan: Mechanic</b>	1	C9	T10	
<b>Assistant Accountant</b>	1	C7	T11	
<b>Assistant Librarian</b>	1	C9	T9	
<b>Chief Clerk</b>	1	C9	T8	



**Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation**

OCCUPATION	Nr of Employees	Remuneration Level	TASK	Reason for Deviation
Executive Secretary	2	C9	T7	Employees whose existing basic salary is higher than the new T.A.S.K. grade maximum retain their existing basic salary scale on a personal to holder basis. If the post becomes vacant, the post is advertised on the TASK grade
Fire Fighter	9	C9	T8	
Fire Fighter	3	C10	T8	
Interpreter/Clerk (Court)	1	C6	T6	
Library Aide	1	C13	T4	
Library Assistant	4	C10	T6	
Principal Clerk	4	C9	T7	
Principal Clerk: Typist	1	C8	T7	
Process Controller	1	C8	T7	
Secretary	1	C9	T7	
Senior Administrative Officer	1	C6	T11	
Senior Clerk	2	C9	T6	
Senior Clerk	12	C10	T6	
Senior Clerk	1	C8	T6	
Senior Process Controller	1	C9	T8	
Supervisor/Driver (Compactor)	1	C11	T7	
System Engineer	1	C6	T11	
Tractor Driver	1	C11	T6	
Traffic Officer	2	C8	T9	
Typist	2	C10	T5	
<b>Total</b>	<b>59</b>			





# 5

## FINANCIAL PERFORMANCE

### (PERFORMANCE REPORT PART I)

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Chapter 5 contains information regarding financial performance and highlights specific accomplishments.

The chapter comprises of the following three components:

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



**CHAPTER 5 – FINANCIAL PERFORMANCE**

**COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE**

5.1 STATEMENT OF FINANCIAL PERFORMANCE

**Mossel Bay Municipality  
Annual Financial Statements for the year ended 30 June 2023**

**Statement of Financial Performance**

Figures in Rand	Notes	2023	2022 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Service charges	29	866 036 728	855 692 891
Construction contracts	4	1 251 298	14 028 668
Rental of facilities and equipment	30	12 694 951	11 563 805
Agency services - Provincial Traffic	64	8 148 171	7 481 660
Interest received - outstanding debtors		6 983 413	7 448 944
Interest received - external investments	31	55 085 669	36 956 100
Other income	32	59 604 143	58 256 238
<b>Total revenue from exchange transactions</b>		<b>1 009 804 373</b>	<b>991 428 306</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Availability charges	33	24 354 026	23 548 216
Property rates	34	192 123 229	170 542 268
Interest earned - outstanding property rates		895 873	551 359
Licences and Permits		1 317 174	1 297 821
<b>Transfer revenue</b>			
Government grants & subsidies recognised	35	225 060 878	192 894 446
Public contributions and donations	36	4 911 124	1 493 736
Fines, Penalties and Forfeits	37	26 235 304	19 024 552
<b>Total revenue from non-exchange transactions</b>		<b>474 897 608</b>	<b>409 352 398</b>
<b>TOTAL REVENUE</b>		<b>1 484 701 981</b>	<b>1 400 780 704</b>
<b>EXPENDITURE</b>			
Employee related costs	38	370 069 039	335 289 732
Remuneration of councillors	39	13 413 696	12 806 274
Depreciation, amortisation and asset impairment	40	137 954 241	370 319 461
Bad debts written off	41	78 907 504	16 914 122
Finance costs	42	13 592 954	15 935 947
Bulk purchases	43	436 942 993	429 308 778
Contracted services	44	167 046 389	174 458 208
Transfers and subsidies paid	45	11 528 534	7 840 727
Inventory consumed	46	103 739 052	84 185 530
General Expenses	47	63 950 448	64 566 604
<b>TOTAL EXPENDITURE</b>		<b>1 397 144 850</b>	<b>1 511 625 383</b>
<b>Operating surplus / (deficit)</b>		<b>87 557 131</b>	<b>(110 844 679)</b>
Gain / (loss) on disposal of assets and liabilities	14&15	6 022 600	5 301 808
Inventories losses / write-downs	3	(8 777 459)	(8 683 252)
Reversal of impairment loss / (Impairment loss) on receivables	41	39 363 299	(48 743 971)
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>124 165 571</b>	<b>(162 970 094)</b>



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**  
**Statement of Financial Position as at 30 June 2023**

Figures in Rand	Notes	2023	2022 Restated*
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	3	26 394 524	21 000 671
Unpaid construction contract advances	4	7 160 319	2 342 760
Long-term receivables	5	287 813	366 690
Receivables from exchange transactions	6	149 389 820	122 999 104
Receivables from non-exchange transactions	7	23 635 253	17 702 590
VAT receivable	11	13 513 319	13 010 572
Short-term investments	12	559 963 409	525 544 655
Cash and cash equivalents	13	53 759 880	62 538 988
		<b>834 104 337</b>	<b>765 506 030</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	2 539 635 186	2 449 931 537
Investment property	15	384 553 406	385 507 512
Intangible assets	16	715 126	954 661
Heritage Assets	17	4 223 599	4 223 599
Living resources	10	345 721	-
Long-term receivables	5	21 637	17 166
Operating lease asset	18	103 767 024	99 941 298
Investments	19	167 174 000	137 174 000
		<b>3 200 435 699</b>	<b>3 077 749 773</b>
<b>TOTAL ASSETS</b>		<b>4 034 540 036</b>	<b>3 843 255 803</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	20	19 900 439	17 821 746
Employee benefit obligation	21	45 095 499	43 987 317
Provisions	22	1 173 203	2 874 538
Unspent conditional grants and receipts	23	34 492 352	15 785 849
Consumer deposits	24	38 583 083	36 067 665
Payables from exchange transactions	25	219 015 282	205 844 696
		<b>358 259 858</b>	<b>322 381 811</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	20	153 605 926	135 791 527
Operating lease liability	18	661 023	802 823
Employee benefit obligation	21	147 872 058	139 868 778
Provisions	22	149 148 313	143 605 235
Non-current deposits	26	344 472	322 827
		<b>451 631 793</b>	<b>420 391 190</b>
<b>TOTAL LIABILITIES</b>		<b>809 891 651</b>	<b>742 773 001</b>
<b>NET ASSETS ATTRIBUTABLE TO OWNERS OF CONTROLLING ENTITY</b>			
Self-insurance reserve	27	173 440 082	172 103 209
Capital replacement reserve	28	224 989 069	161 869 514
Accumulated surplus / (deficit)		2 826 219 234	2 766 509 387
<b>TOTAL NET ASSETS</b>		<b>3 224 648 385</b>	<b>3 100 482 110</b>



## Mossel Bay 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	Reasons for material variances
Figures in Rand						
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
Property rates	190 995 494	-	<b>190 995 494</b>	192 123 229	<b>1 127 735</b>	Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget.
Service charges - electricity revenue	561 420 604	-	<b>561 420 604</b>	560 651 534	<b>(769 070)</b>	Budgeted conservatively for conventional water usage. Better collection rate.
Service charges - water revenue	157 567 331	-	<b>157 567 331</b>	161 028 506	<b>3 461 175</b>	
Service charges - sanitation revenue	83 187 842	-	<b>83 187 842</b>	85 213 566	<b>2 025 724</b>	Growth in properties making use of this service. Use amount of consumers as at end of December each year to project income for budget purposes.
Service charges - refuse revenue	83 569 573	-	<b>83 569 573</b>	83 497 150	<b>(72 423)</b>	Did not provide for Operating lease smoothing in budget.
Rental of facilities and equipment	9 652 714	-	<b>9 652 714</b>	12 694 949	<b>3 042 235</b>	
Interest earned - external investments	49 882 154	-	<b>49 882 154</b>	55 085 669	<b>5 203 515</b>	The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated.
Interest earned - outstanding debtors	7 261 400	-	<b>7 261 400</b>	7 879 287	<b>617 887</b>	Did not foresee at Feb adjustments budget such big revenue to be recognised for Provincial Traffic fines. Unclaimed retention monies and deposits more than anticipated.
Fines, Penalties and Forfeits	18 259 968	-	<b>18 259 968</b>	26 235 304	<b>7 975 336</b>	
Licences and Permits (Non-exchange)	1 314 471	-	<b>1 314 471</b>	1 317 174	<b>2 703</b>	

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Agency services - Provincial Traffic	8 818 847	-	<b>8 818 847</b>	8 148 171	<b>(670 676)</b>	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m.
Transfers recognised - Operational	158 472 873	-	<b>158 472 873</b>	143 728 277	<b>(14 744 596)</b>	
Other income	57 232 270	-	<b>57 232 270</b>	59 604 145	<b>2 371 875</b>	Due to increase in External service contributions for new development in Mossel Bay Municipal area.
Gain on Disposal of PPE	500 000	-	<b>500 000</b>	15 855 438	<b>15 355 438</b>	Gains were realised on alienation of 4 municipal sites.
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 388 135 541</b>	-	<b>1 388 135 541</b>	<b>1 413 062 399</b>	<b>24 926 858</b>	
<b>EXPENDITURE</b>						
Employee related costs	(405 131 864)	305 476	<b>(404 826 388)</b>	(370 069 044)	<b>34 757 344</b>	R4m Actuarial gain realised on Post employment health care liability. The gain is mainly due to movement in number of participants and changes to data from prior year and variations from demographic assumptions. Employee related costs capitalised to Water inventory was not correctly budgeted. Vacant positions was a further reason for the underspending of this budget. Budget adjustment: Shifted available FMG grant funds viremented to general exp.
Remuneration of councillors	(14 234 877)	-	<b>(14 234 877)</b>	(13 413 696)	<b>821 181</b>	More reversal of impairment done due to better collection rates and the big write-off of debtor accounts in July 2022.
Debt Impairment	(51 832 438)	-	<b>(51 832 438)</b>	(39 544 207)	<b>12 288 231</b>	





## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
<b>Figures in Rand</b>						
Depreciation and asset impairment	(122 301 022)	-	(122 301 022)	(137 954 241)	(15 653 219)	Difference due to more projects under construction finalisation than anticipated.
Finance costs	(14 476 728)	-	(14 476 728)	(13 592 954)	883 774	
Bulk purchases	(457 184 831)	-	(457 184 831)	(436 942 993)	20 241 838	Decrease in electricity usage due to Loadshedding.
Inventory consumed	(98 644 922)	(3 394 122)	(102 039 044)	(103 739 052)	(1 700 008)	Budget adjustments: Viremented funds from General expenses to purchase chemicals for Water treatment plants.
Contracted Services	(195 265 707)	(865 113)	(196 130 820)	(167 046 389)	29 084 431	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m. Savings on Audit fees, cleaning services and security services.
Transfers and Subsidies	(12 041 816)	-	(12 041 816)	(11 528 535)	513 281	
General Expenses	(72 558 923)	3 953 759	(68 605 164)	(72 727 908)	(4 122 744)	Due to savings on operational costs, e.g. telephone costs, bank charges and computer services. Budget adjustments: Viremented funds to General expenses to purchase chemicals for Water treatment plants
Loss on disposal of PPE	(500 000)	-	(500 000)	(9 832 838)	(9 332 838)	Disposal losses on Fixed assets, mainly on Sport grounds.
<b>TOTAL EXPENDITURE</b>	<b>(1 444 173 128)</b>	<b>-</b>	<b>(1 444 173 128)</b>	<b>(1 376 391 857)</b>	<b>67 781 271</b>	
<b>Operating surplus / (deficit)</b>	<b>(56 037 587)</b>	<b>-</b>	<b>(56 037 587)</b>	<b>36 670 542</b>	<b>92 708 129</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	115 170 200	-	115 170 200	84 396 174	(30 774 026)	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects.

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
<b>Figures in Rand</b>						
Transfers and subsidies - capital (in-kind - all)	-	-	-	3 098 848	3 098 848	Donated assets received and taken up in asset register after the Feb adjustments budget.
	<b>115 170 200</b>	<b>-</b>	<b>115 170 200</b>	<b>87 495 022</b>	<b>(27 675 178)</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>59 132 613</b>	<b>-</b>	<b>59 132 613</b>	<b>124 165 564</b>	<b>65 032 951</b>	

### Reconciliation

#### Format and classification differences - TOTAL REVENUES (OPERATIONAL AND CAPITAL)

Statement of Financial Performance				1 484 701 981		
Statement of Comparison of Budget and Actual Amounts				1 500 557 421		
Difference				15 855 440		The difference is due to the Gain on Disposal of PPE which is classified as part of Operational Revenue on the Approved Budget format, whereas on the Statement of Financial Performance, the Gain on Disposal of PPE is presented as a below the line item.

#### Format and classification differences - TOTAL OPERATIONAL EXPENDITURE

Statement of Financial Performance				(1 397 144 850)		
Statement of Comparison of Budget and Actual Amounts				(1 376 391 857)		
Difference				20 752 993		The difference is due to the Loss on Disposal of PPE as well as the Inventories losses / write-downs which is classified as part of Operational Expenditure on the Approved Budget format, whereas on the Statement of Financial Performance it is presented as a below the line items.



## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>STATEMENT OF FINANCIAL POSITION</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	8 098 398	-	8 098 398	53 759 880	45 661 482	Mainly due to underspending on Capital projects and Housing grant allocations. Refer additionally to reasons above.
Call investment deposits	490 000 000	-	490 000 000	559 963 409	69 963 409	Cash availability for re-investment was better than anticipated. Conservative approach with budget.
Consumer debtors	100 665 180	-	100 665 180	173 596 991	72 931 811	
Other debtors	34 832 955	-	34 832 955	12 941 402	(21 891 553)	Correction was done to shift Availability charges from Exchange to Non-Exchange Receivables and was budgeted under Other debtors.
Current portion of long-term receivables	336 690	-	336 690	287 813	(48 877)	
Inventories	19 836 135	-	19 836 135	26 394 524	6 558 389	
	<b>653 769 358</b>	<b>-</b>	<b>653 769 358</b>	<b>826 944 019</b>	<b>173 174 661</b>	
<b>Non-Current Assets</b>						
Long-term receivables	8 666	-	8 666	21 637	12 971	
Investments	167 174 000	-	167 174 000	167 174 000	-	
Investment property	387 848 072	-	387 848 072	384 553 406	(3 294 666)	Savings on Business park projects on capital programme and disposals not anticipated with budget.
Property, plant and equipment	2 610 543 811	-	2 610 543 811	2 539 635 186	(70 908 625)	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Biological assets	3 500	-	3 500	-	(3 500)	
Living resources	-	-	-	345 721	345 721	
Intangible assets	1 008 944	-	1 008 944	715 126	(293 818)	
Other non-current assets	105 007 014	-	105 007 014	107 990 623	2 983 609	Did not provide for Operating lease smoothing in budget.
	<b>3 271 594 007</b>	<b>-</b>	<b>3 271 594 007</b>	<b>3 200 435 699</b>	<b>(71 158 308)</b>	
<b>TOTAL ASSETS</b>	<b>3 925 363 365</b>	<b>-</b>	<b>3 925 363 365</b>	<b>4 027 379 718</b>	<b>102 016 353</b>	
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Borrowing	22 081 605	-	22 081 605	19 900 439	(2 181 166)	Opening balance of loans was not adjusted with the FEB adj Budget in line with previous year closing balance.
Consumer deposits	37 871 048	-	37 871 048	38 583 083	712 035	
Trade and other payables	203 011 187	-	203 011 187	246 347 313	43 336 126	Due to unspent grants at year-end (Mainly Human settlements development grant. Funds were motivated to be rolled-over to next financial year.
Provisions	47 137 855	-	47 137 855	46 268 702	(869 153)	
	<b>310 101 695</b>	<b>-</b>	<b>310 101 695</b>	<b>351 099 537</b>	<b>40 997 842</b>	
<b>Non-Current Liabilities</b>						
Borrowing	162 207 079	-	162 207 079	154 611 420	(7 595 659)	Opening balance of loans was not adjusted with the FEB adj Budget in line with previous year closing balance.
Provisions	289 952 655	-	289 952 655	297 020 371	7 067 716	Mainly due to Actuarial Gain realised in the current financial year of R4.9m.





## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>TOTAL LIABILITIES</b>	<b>452 159 734</b>	<b>-</b>	<b>452 159 734</b>	<b>451 631 791</b>	<b>(527 943)</b>	
<b>Net Assets</b>						
Accumulated surplus / (deficit)	2 832 313 777	-	2 832 313 777	2 826 219 240	(6 094 537)	Net effect of all comments raised in the Statement of Financial Performance and corrections made on previous and prior years.
Reserves	330 788 159	-	330 788 159	398 429 150	67 640 991	Due to underspending on Capital budgets as well as a bigger contribution to CRR than anticipated.
<b>TOTAL NET ASSETS</b>	<b>3 163 101 936</b>	<b>-</b>	<b>3 163 101 936</b>	<b>3 224 648 390</b>	<b>61 546 454</b>	

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>CASH FLOW STATEMENT</b>						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Receipts</b>						
Property rates	183 355 674	-	183 355 674	192 123 228	8 767 554	Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget.
Service charges	850 315 536	-	850 315 536	908 236 920	57 921 384	Budgeted conservatively for conventional water usage. Growth in properties making use services. Use amount of consumers as at end of December each year to project income for budget purposes.
Other revenue	85 641 170	-	85 641 170	98 158 829	12 517 659	Due to increase in External service contributions for new development in Mossel Bay Municipal area.
Transfers and Subsidies - Operational	158 472 873	-	158 472 873	154 553 647	(3 919 226)	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m.
Transfers and Subsidies - Capital	115 170 200	-	115 170 200	84 396 177	(30 774 023)	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.
Interest	54 012 700	-	54 012 700	51 262 836	(2 749 864)	The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated.
	<b>1 446 968 153</b>	<b>-</b>	<b>1 446 968 153</b>	<b>1 488 731 637</b>	<b>41 763 484</b>	



## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Payments</b>						
Suppliers and employees	(1 221 815 550)	-	(1 221 815 550)	(1 213 210 384)	8 605 166	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m. Savings on Audit fees, cleaning services and security services. Savings on Employee related costs due to vacant positions.
Finance charges	(14 450 902)	-	(14 450 902)	(14 039 602)	411 300	The Cashflow budget did not take into consideration that the Finance charges on Provision for landfill sites is a non-cash transaction.
Transfers and Grants	(12 041 816)	-	(12 041 816)	(11 528 534)	513 282	
	<b>(1 248 308 268)</b>	<b>-</b>	<b>(1 248 308 268)</b>	<b>(1 238 778 520)</b>	<b>9 529 748</b>	
<b>NET CASH FLOWS FROM / (USED) OPERATING ACTIVITIES</b>	<b>198 659 885</b>	<b>-</b>	<b>198 659 885</b>	<b>249 953 117</b>	<b>51 293 232</b>	

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	3 500 000	-	3 500 000	21 227 786	17 727 786	Did not foresee these disposals with the compilation of budget. Alienation of 4 municipal sites.
Decrease / (increase) in non-current receivables	38 500	-	38 500	74 405	(35 905)	
Decrease / (increase) in non-current investments	5 544 655	-	5 544 655	(64 418 754)	(69 963 409)	Cash availability for re-investment was better than anticipated. Conservative approach with budget.
<b>Payments</b>						
Capital assets	(284 841 231)	-	(284 841 231)	(238 024 179)	46 817 052	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.
<b>NET CASH FLOWS FROM / (USED) INVESTING ACTIVITIES</b>	<b>(275 758 076)</b>	<b>-</b>	<b>(275 758 076)</b>	<b>(281 140 742)</b>	<b>(5 382 666)</b>	

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long-term / refinancing	37 100 000	-	37 100 000	37 100 000	-	
Increase / (Decrease) in Consumer deposits	1 803 383	-	1 803 383	2 515 419	712 036	
<b>Payments</b>						
Repayment of borrowing	(16 245 784)	-	(16 245 784)	(17 206 908)	(961 124)	
<b>NET CASH FLOWS FROM / (USED) FINANCING ACTIVITIES</b>	<b>22 657 599</b>	<b>-</b>	<b>22 657 599</b>	<b>22 408 510</b>	<b>(249 088)</b>	
Net increase/(decrease) in cash and cash equivalents	(54 440 592)	-	(54 440 592)	(8 779 115)	45 661 478	Mainly due to underspending on Capital projects and Housing grant allocations. Refer additionally to reasons above.
Cash and cash equivalents at the beginning of the year	62 538 988	-	62 538 988	62 538 988	-	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8 098 396</b>	<b>-</b>	<b>8 098 396</b>	<b>53 759 873</b>	<b>45 661 478</b>	



## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Reconciliation</b>						
<b>Net cash from / (used) operating activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					266 508 135	
Statement of Comparison of Budget and Actual Amounts					249 953 117	
Difference					(16 555 018)	Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities.
<b>Net cash from / (used) investing activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					(281 140 741)	
Statement of Comparison of Budget and Actual Amounts					(281 140 742)	
Difference					(1)	
<b>Net cash from / (used) financing activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					5 853 491	
Statement of Comparison of Budget and Actual Amounts					22 408 510	

## Mossel Bay Municipality Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Difference					16 555 019	Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities.
<b>Actual Amount in the Cash flow statement</b>					<b>36 201 643</b>	

Adjustments from approved to final budget are a consequence of reallocations within the budget, referred to as virements.



Financial Performance of Operational Services							R '000
Description	2022		2023		2023 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	93 753	136 579	141 653	138 629	1,48%	-2,18%	
Waste Water (Sanitation)	73 021	98 380	98 850	91 077	-8,02%	-8,53%	
Electricity	493 277	512 761	526 526	506 129	-1,31%	-4,03%	
Waste Management	91 952	116 318	117 202	111 464	-4,36%	-5,15%	
Housing	29 532	20 831	26 869	13 250	-57,21%	-102,78%	
<b>Component A: sub-total</b>	<b>781 535</b>	<b>884 870</b>	<b>911 100</b>	<b>860 549</b>	<b>-2,83%</b>	<b>-5,87%</b>	
Waste Water (Stormwater Drainage)	16 240	15 173	15 482	15 079	-0,63%	-2,68%	
Roads	77 121	80 372	78 542	79 000	-1,74%	0,58%	
Transport	1 368	1 563	1 517	1 407	-11,11%	-7,78%	
<b>Component B: sub-total</b>	<b>94 728</b>	<b>97 109</b>	<b>95 540</b>	<b>95 486</b>	<b>-1,70%</b>	<b>-0,06%</b>	
Planning	259 568	26 152	26 463	24 747	-5,68%	-6,94%	
Local Economic Development	16 182	20 048	18 825	18 109	-10,70%	-3,95%	
<b>Component B: sub-total</b>	<b>275 750</b>	<b>46 200</b>	<b>45 288</b>	<b>42 856</b>	<b>-7,80%</b>	<b>-5,67%</b>	
Planning (Strategic & Regulatory)	194 304	235 985	242 575	220 557	-6,99%	-9,98%	
Local Economic Development					#DIV/0!	#DIV/0!	
<b>Component C: sub-total</b>	<b>194 304</b>	<b>235 985</b>	<b>242 575</b>	<b>220 557</b>	<b>-6,99%</b>	<b>-9,98%</b>	
Community & Social Services	19 449	23 999	23 798	21 567	-11,27%	-10,35%	
Environmental Protection	8 685	9 812	10 642	10 828	9,39%	1,72%	
Disaster management	-	-	-	-	#DIV/0!	#DIV/0!	
Security and Safety	29 037	34 357	34 289	32 901	-4,43%	-4,22%	
Sport and Recreation	46 677	51 444	50 617	48 822	-5,37%	-3,68%	
Corporate Policy Offices and Other	61 460	68 589	68 356	63 577	-7,88%	-7,52%	
<b>Component D: sub-total</b>	<b>165 309</b>	<b>188 201</b>	<b>187 704</b>	<b>177 696</b>	<b>-5,91%</b>	<b>-5,63%</b>	
<b>Total Expenditure</b>	<b>1 511 625</b>	<b>1 452 364</b>	<b>1 482 208</b>	<b>1 397 145</b>	<b>-3,95%</b>	<b>-6,09%</b>	



## 5.2 GRANTS

Grant Performance					
Details	Budget	Adjustments Budget	Actual	R' 000	
				Variance Budget	Adjustments Budget
<b>Operating expenditure of Transfers and Grants</b>					
Local Government Equitable Share	119 020	119 020	119 020	0%	0%
Finance Management	1 550	1 550	1 550	0%	0%
Disaster Recovery Grant - National	–	–	–	0%	0%
Electricity Demand Side Management	–	–	–	0%	0%
Expanded public works programme	1 935	1 935	1 935	0%	0%
<b>Housing</b>	<b>23 530</b>	<b>18 538</b>	<b>6 327</b>	<b>272%</b>	<b>193%</b>
Community Development Workers	56	113	78	-28%	45%
Libraries	10 043	10 347	10 297	-2%	0%
Subsidy - Housing Emergency Kits	–	–	–	0%	0%
Subsidy - Newsletters	–	3 961	130	-100%	2948%
Thusong centre grant	–	–	–	0%	0%
Local Government Graduate Internship Grant	–	–	–	0%	0%
Maintenance & Construction of Transport Infrastructure	410	410	341	20%	20%
Financial Management Capability Grant	–	300	93	-100%	222%
Financial Management Capacity Building Grant	–	237	108	-100%	119%
Greenest Municipality Award	–	–	–	0%	0%
Municipal Accreditation and Capacity Building grant	256	256	254	1%	1%
Electrical Master Plan Grant	–	226	213	-100%	6%
Wcape Mun Energy Resilience Grant	–	–	–	0%	0%
LG Public Employment Support Grant	–	–	–	0%	0%
Municipal Service Delivery and Capacity Building Grant	–	145	42	-100%	242%
Kannaland Secondment subsidy	–	–	–	0%	0%
Local Government Support Grant : Humanitarian relief	–	–	–	0%	0%
<b>Other Specify:</b>					
Disaster Recovery Fund	–	–	–	0%	0%
SETA	–	–	–	0%	0%
WESGRO (Wcape Tourism Trade and Investment Promotion Agency)	–	–	–	0%	0%
Public Contributions	200	557	1 812	-89%	-69%
<b>Total Operating Transfers and Grants</b>	<b>157 000</b>	<b>157 594</b>	<b>142 201</b>	<b>10%</b>	<b>11%</b>

### COMMENT ON OPERATING TRANSFERS AND GRANT:

Unspent Operational Grant funding relates primarily to funding for housing projects that are multi-year projects.

## 5.3 ASSET MANAGEMENT

This year, as in the case for the past 5 years, the focus was on the completeness of capital assets under the control of the Municipality. Electricity Infrastructure was addressed during the financial year with the vesting properties being another focus area. The Geographical Information System (GIS) is viewed as a crucial tool in ensuring completeness of immovable capital assets. It has already proved to be very useful in ensuring completeness.





The Municipality continuously endeavours to improve its asset management by putting policies, principles and processes in place that is in line with the vision of the Municipality.

Repair and Maintenance Expenditure: 2023				
	Original Budget	Adjustment Budget	Actual	Budget variance
<b>Repairs and Maintenance Expenditure</b>	121 107	123 981	115 854	4%

R' 000

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

	Liquidity	Liquidity	Activity	Solvency	Cash Flow	Cash Flow
	Current ratio	Debtors payment period (days)	Inventory turnover ratio	Total assets to liabilities	Current liabilities coverage	Capital expenditure coverage
2014	2,35	26	26,00	7,53	0,98	1,30
2015	2,39	51	20,00	7,36	1,05	1,60
2016	2,66	12	13,00	7,63	0,99	1,22
2017	2,50	20	18,00	7,45	0,96	1,41
2018	2,70	41	30,00	7,67	0,72	1,11
2019	2,50	47	10,00	6,91	0,82	1,18
2020	2,40	55	10,00	6,01	0,84	1,03
2021	2,30	42	12,00	5,74	0,86	1,18
2022	2,40	45	9,00	5,17	0,66	1,13
2023	2,30	53	11,00	4,98	0,74	1,10
2024 (budget)	1,70	34	6,00	4,62	1,14	1,23
2025 (budget)	1,20	34	5,00	4,09	0,70	0,94
2026 (budget)	1,10	33	4,00	3,99	0,53	1,15

	Debt ratio	Income & Expenditure Trends	Income & Expenditure Trends	Income & Expenditure Trends	Income & Expenditure Trends
	Debt to cash	Government Grants as % of Revenue	Employee related cost as % of expenditure	Repairs & maintenance as % of expenditure	Debt impairment cost as % of expenditure
2014	1,30	15,00	30,10	5,40	4,50
2015	1,19	15,80	29,20	5,40	4,80
2016	1,12	15,60	28,90	6,50	3,50
2017	1,00	15,50	26,69	9,50	3,00
2018	1,00	16,70	30,00	10,12	2,00
2019	1,00	14,80	31,10	10,04	1,88
2020	1,20	15,70	27,80	10,41	2,61
2021	1,30	16,20	29,10	10,20	1,40
2022	1,30	13,80	22,20	7,42	1,10
2023	1,30	15,20	26,50	8,29	5,60
2024 (budget)	1,46	18,49	27,90	9,36	1,89
2025 (budget)	2,80	14,68	28,56	9,00	0,98
2026 (budget)	3,81	15,83	28,05	9,09	0,55

### COMMENT ON FINANCIAL RATIOS

Financial sustainability refers to a set of financial accounts that reflects adequate revenue and corporate stability to achieve the municipality's mandate of providing a high standard of service delivery to all residents of the municipality and with use of appropriate performance targets.

The ratios indicate that the Municipality is in a strong financial position at the moment. Grant dependency is slightly higher than the previous year at 15%.

The Municipality is in a very liquid position with assets of more than 2 times the liabilities. At year-end, the Municipality had short-term investments to the amount of R559 million and R54 million cash and cash equivalents, which are mostly used to fund future capital expenditure, current liabilities and future employee benefits. The Municipality further has R167 million in long-term investments at year-end.





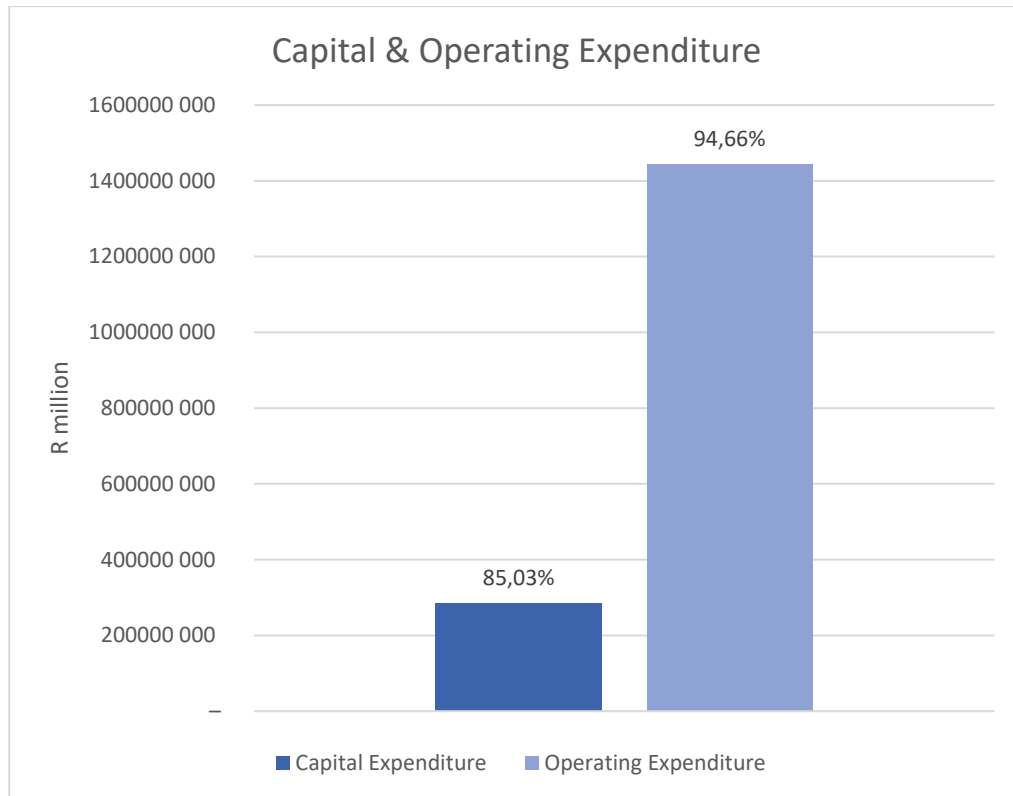
The employee-related costs as a percentage of total expenditure remain within the national norm and is as at 30 June 2023 at 26.5%. The reason for this low percentage is due to the fact that the Municipality realised an Actuarial gain for the year under review of R4 million.



**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

The expenditure on capital items amounted to R242.5 million, which is 85% of the approved budget.

**5.5 CAPITAL EXPENDITURE**



	2023		2022	
<b>Capital expenditure per function</b>				
Community services / facilities	12 365 383	5,1 %	14 947 655	8,0 %
Electricity	48 812 973	20,1 %	31 987 353	17,1 %
Housing	29 479 770	12,2 %	16 972 280	9,1 %
Refuse	10 788 254	4,4 %	17 523 588	9,4 %
Sanitation	33 537 667	13,8 %	19 177 616	10,2 %
Streets and Storm water	36 813 423	15,2 %	25 026 897	13,4 %
Water	26 106 580	10,8 %	37 749 325	20,2 %
Community Safety	18 063 376	7,4 %	5 966 473	3,2 %
Other	26 565 124	11,0 %	17 903 060	9,6 %
	<b>242 532 550</b>	<b>100 %</b>	<b>187 254 247</b>	<b>100 %</b>

The capital expenditure was financed as follows:

	2023		2022	
<b>Sources of finance</b>				
Capital Replacement Reserve	130 720 107	53,9 %	112 938 348	60,3 %
Self Insurance Reserve	124 717	0,1 %	1 137 712	0,6 %
Grants and Subsidies	73 415 155	30,3 %	48 953 342	26,1 %
External loans	35 173 722	14,5 %	24 112 073	12,9 %
Donated assets	- 3 098 849	1,3 %	112 772	0,1 %
	<b>242 532 550</b>	<b>100 %</b>	<b>187 254 247</b>	<b>100 %</b>

COMMENT ON SOURCES OF FUNDING:

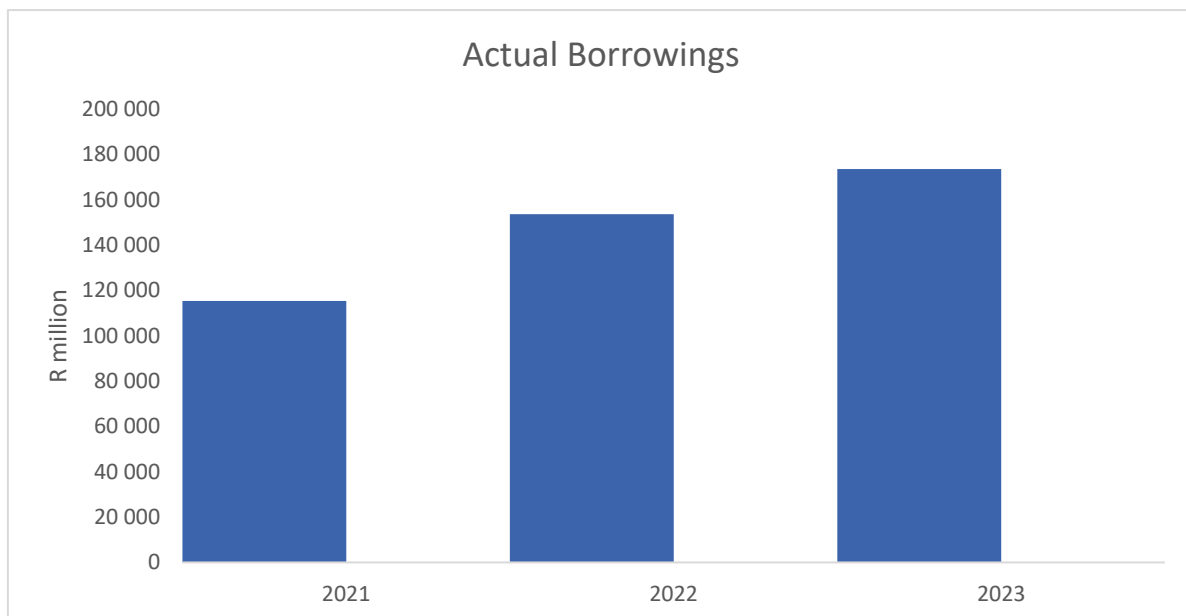


The recently received engineers report on the costs to rehabilitate the landfill sites resulted in a non-cash overspending on the vote of Community services due to the increased restoration costs of landfill sites.

The underspending on the vote of Planning and Integrated Services is due to capital spending on Informal Settlements grant as per the Provincial gazette. The funds will be requested to be rolled-over to the next financial year for spending.

## 5.6 SOURCES OF FINANCE

Actual Borrowings: 2020 to 2022			
Instrument	2021	2022	2023
R' 000			
<b>Municipality</b>			
<b>Long-Term Loans (annuity/reducing balance)</b>			
<b>Long-Term Loans (non-annuity)</b>	115 337	153 613	173 506
<b>Local registered stock</b>			
<b>Instalment Credit</b>			
<b>Financial Leases</b>			
<b>PPP liabilities</b>			
<b>Finance Granted By Cap Equipment Supplier</b>			
<b>Marketable Bonds</b>			
<b>Non-Marketable Bonds</b>			
<b>Bankers Acceptances</b>			
<b>Financial derivatives</b>			
<b>Other Securities</b>			





## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECT

Capital Expenditure of 5 largest projects					
Name of Project	Original Budget	Current: 2023 Adjustment Budget	Actual Expenditure	R' 000	
				Variance: Original Variance (%)	Current 2023 Adjustment variance (%)
Upgrading of Informal Settlements - Capital spares	–	40 631	15 552	#DIV/0!	#DIV/0!
Electrification Projects	6 570	10 428	10 428	-59%	-59%
Tarring of Streets & Roads :Upgrading of Gravel Roads & S/W: Wolwedans/Greenhaven	6 106	10 228	10 229	-68%	-68%
Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations	9 500	9 500	8 319	12%	0%
Upgrading of Informal Settlements - Capital spares	53 043	9 342	13 610	74%	82%

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is one of the highest priorities within the Mossel Bay Municipality as it creates the platform for sustainable service delivery.

To measure the funding of the financial position the Municipality has included in its liquidity policy a method to determine the uncommitted funds. All principles regarding GRAP needs to be implemented, to be able to measure and monitor if the liability reporting lines mentioned below can be funded with cash or near cash.

The liability reporting items are:

- Capital Replacement Reserve
- Employee benefits (current and non-current)
- Provisions (current and non-current)
- Consumer and other deposits (current and non-current)
- Payables from exchange transactions
- Unspent conditional grants and subsidies



## 5.8 CASH FLOW

### Cash Flow Statement

Figures in Rand	Notes	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		243 033 194	189 882 289
Interest income		51 262 835	36 160 892
Ratepayers and Service charges		1 100 360 147	996 019 031
Other		98 158 829	104 982 375
		<b>1 492 815 005</b>	<b>1 327 044 587</b>
<b>Payments</b>			
Employee costs		(370 061 241)	(340 089 767)
Suppliers		(708 125 990)	(689 175 121)
Transfers and grants		(11 528 534)	(7 840 728)
Other Payments		(132 507 734)	(77 830 608)
Grants repaid		(4 083 371)	(82 766)
		<b>(1 226 306 870)</b>	<b>(1 115 018 990)</b>
<b>Net cash flows from operating activities</b>	<b>48</b>	<b>266 508 135</b>	<b>212 025 597</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(234 056 530)	(192 491 455)
Proceeds from sale of property, plant and equipment	14	14 087 204	7 194 640
Purchase of investment property	15	(3 772 417)	583 919
Proceeds from sale of investment property	15	7 140 582	8 098 783
Purchase of other intangible assets	16	140 333	(456 681)
Purchase of Living resource assets	10	(335 565)	-
(Increase) / Decrease in Long-term Receivables		74 405	165 798
(Increase) / Decrease in Non-current investments		(30 000 000)	(30 000 000)
(Increase) / Decrease in short-term investments		(34 418 753)	(64 074 292)
<b>Net cash flows from / (in) investing activities</b>		<b>(281 140 741)</b>	<b>(270 979 288)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities		37 100 000	54 199 500
Repayment of other financial liabilities		(17 206 908)	(15 923 442)
Finance costs		(14 039 601)	(8 870 182)
<b>Net cash flows from / (in) financing activities</b>		<b>5 853 491</b>	<b>29 405 876</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(8 779 115)</b>	<b>(29 547 815)</b>
Cash and cash equivalents		62 538 988	92 086 160
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>53 759 873</b>	<b>62 538 345</b>

#### COMMENT ON CASH FLOW OUTCOMES:

The Municipality generated a net cash decrease in cash and cash equivalents of R 8.8 million for the 2022/2023 financial year, compared to decrease of R29.5 million in the previous year. This is mainly due to the fact that there is an increase amount in investments because of better investment opportunities.

## 5.9 BORROWING AND INVESTMENTS

Council has approved a long-term financial plan, which sets out the borrowing and investment principles that the Municipality envisages over a 10-year period.



The Municipality does not rely on borrowed funds to fund its capital budget. The main funding source is the Capital Replacement Reserve, to which an annual contribution is made from operating funds.

The Municipality has a long-term investment, current investments and call deposits on hand and reviews these investments on a regular basis.

Municipal and Entity Investments			
Investment type	2022 Actual	2022 Actual	R' 000 2023 Actual
<b>Municipality</b>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits - Bank	568 644	683 177	727 137
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements - Banks	0	0	0
Municipal Bonds	0	0	0
Other	0	0	0
<b>Municipality sub-total</b>	<b>568 644</b>	<b>683 177</b>	<b>727 137</b>

## 5.10 PUBLIC PRIVATE PARTNERSHIPS

The Mossel Bay Municipality does not have any Public Private Partnerships.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.11 SUPPLY CHAIN MANAGEMENT

#### INTRODUCTION

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a Supply Chain Management Policy in terms of the Regulations in place by the start of the new financial year in July.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

#### SCM POLICY

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed annually. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

The revised Supply Chain Management Policy for 2022/2023 that came into effect on 1 July 2022 was approved by Council on 31 May 2022 (resolution number E29-05/2022). The Municipality subsequently had to amend the policy on 30 January 2023 (resolution number E6-01/2023) that came to effect from 1 February 2023. This amended policy was then valid until 30 June 2023.





## BID COMMITTEES

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Senior Manager: Financial Administration: Mr. H Le Roux is appointed as the chairperson of the Bid Evaluation Committee and assisted by legal services Ms. M Smit as standing members of this committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons presently serve permanently on the committee:

- Mr Orlando Fredericks (Chairperson) : Chief Financial Officer.
- Mr D Naidoo (Deputy Chairperson) : Director: Infrastructure Services.
- Ms A Potgieter : Director: Corporate Services.
- Mr C Venter : Director: Planning and Economic Development.
- Ms E Nel : Director: Community Services.
- Vacant : Director: Community Safety.
- Ms M Jacobs : Manager: Expenditure.
- Mr. D Scholtz : Manager: Supply Chain Management.

Various officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members and holds the necessary delegated authority to make decisions as part of the committee.

## SUPPLY CHAIN MANAGEMENT UNIT

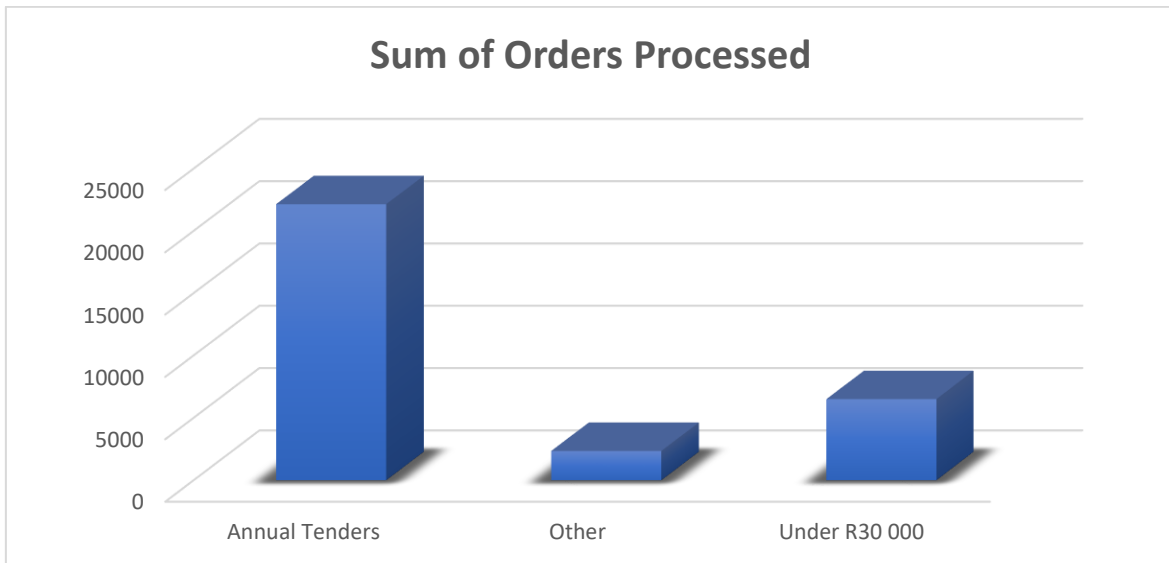
At 30 June 2023 the SCM Unit had no budgeted vacancies on the organogram. We made a appointment for the storeman position with the new person only starting 1 August 2023. Next financial year will we receive another budgeted vacancy that can be filled. There is however still a couple of vacancies in the department but, that will only be budgeted in the outer years.

## ACCREDITED SUPPLIER DATABASE

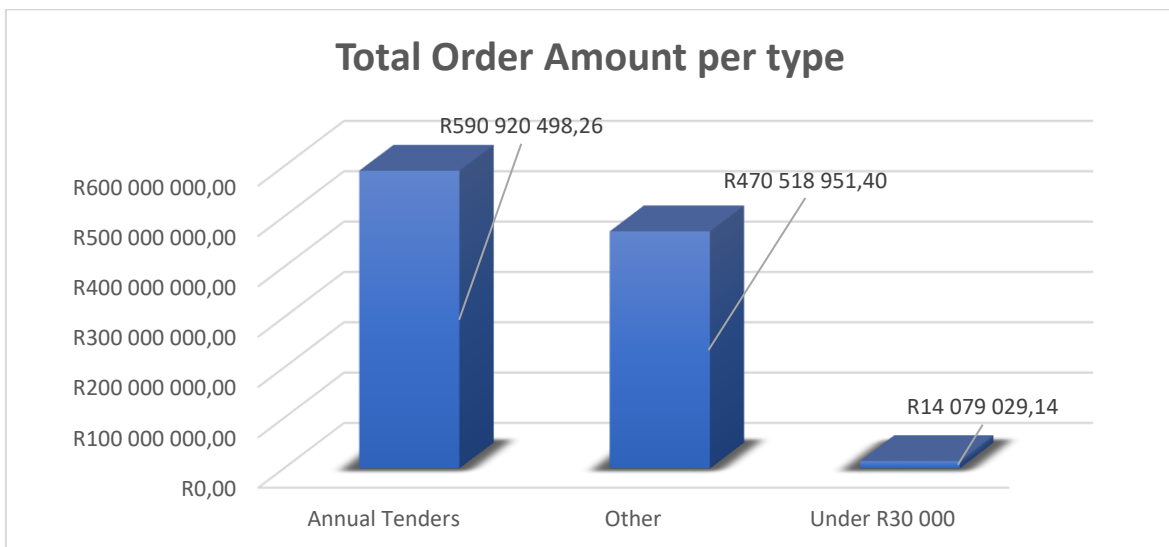
Mossel Bay Municipality, as previously reported is only utilising the Central Supplier Database (CSD). Suppliers not registered on the CSD are still provided with the opportunity to do so before they are made not responsive. The Provincial Treasury has indicated that National Treasury has halted their plans for an supplier evidence bank. We will await further guidance on this matter and then a municipality would have to decide on way forward.

## AWARDS

During the 2022-23 financial year, the SCM department processed 30 986 orders, amounting to R1075 518 478.80. A total of 6496 orders were below the value of R30 000, while 21927 orders were processed by way of the annual tender process (above R200 000). A table below reflects these statistics:



The table below reflects on the rand value of the above orders processed through the SCM office:



From the above orders processed by the SCM department, a total of 89 tenders were awarded in the 2022/23 financial year, compared to 114 the previous year. The change in the number of the awards made was due to the delay in advertisements during the period when the PPPFA regulations was still under review.

**CONCLUSION**

Mossel Bay Municipality received a clean audit in the 2022/2023 financial year. The Supply Chain Management unit received no material findings for the required financial year. The Unit is however still committed to enhance the SCM procedures and constantly strive to comply to all applicable legislations. The unit fully understand that just because no material findings could be identified does not necessarily mean that there are no faults. The unit is on a constant drive to improve their processes and implement more advance business processes.

All Supply Chain Management officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The unit has rolled out the new requisition process where departments need to select from a catalogue when they want to do procurement. The logistics section has rolled out and electronic stock issue process that will function



in a similar way then the catalogue system. We also enhanced the Procurement plan to substitute our bid registers. This means that departments first need to register a procurement plan item before a Formal written Quotation or tender can commence. This will also ensure that all spend on a specific bid is linked the bids. This implementation has brought about its challenges but, the unit is comfortable that we are moving in the right direction.

The unit functions very well and the Mossel Bay Municipality is frequently praised at the Western Cape Provincial Supply Chain Forum as well as on other platforms. It is considered as a leading municipality in the field of Supply Chain Management and its processes is often used as “best practice” examples.



## 5.12 BBEE COMPLIANCE PERFORMANCE INFORMATION

The Municipality's BBEE remains Non-Compliant as it was not feasible to conduct an assessment in 2023.

## 5.13 COST CONTAINMENT

The Minister of Finance in concurrence with the Minister of Cooperative Governance and Traditional Affairs set out the Local Government: Municipal Finance Management Act, 2003 Municipal Cost Containment Regulations, 2019 that aims to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures. Regulation 15 (1) indicates that cost containment measures applied by the municipality and municipal entity must be included in the municipal in -year budget reports and annual costs savings disclosed in the annual report.

Below table indicates the savings for Cost Containment Measures for 2022-2023:

COST CONTAINMENT IN-YEAR REPORT							
Measures	Annual Budget	YTD Budget	Q1	Q2	Q3	Q4	Saving / (Over-spending)
<b>Use of consultants</b>	R23 706 936	R23 706 936	R1 230 189	R11 203 764	R2 689 829	R5 306 485	R3 276 669
<b>Vehicles used for political office-bearers</b>	R0	R0	R0	R0	R0	R0	R0
<b>Travel and subsistence</b>	R607 756	R607 756	R91 290	R176 736	R88 674	R82 231	R168 824
<b>Domestic accommodation</b>	R208 595	R208 595	R26 418	R33 777	R15 809	R21 653	R110 938
<b>Sponsorships, events and catering</b>	R797 445	R797 445	R80 889	R179 248	R194 124	R144 621	R198 562
<b>Communication</b>	R3 764 933	R3 764 933	R831 229	R650 327	R1 072 038	R807 833	R403 506
<b>Other related expenditure items:</b>							R0
- Funding elections, campaign activities	R0	R0	R0	R0	R0	R0	R0
- Exp on elaborate office furniture	R0	R0	R0	R0	R0	R0	R0
- Unplanned overtime	R12 244 582	R12 244 582	R1 866 116	R3 165 080	R4 260 565	R4 815 030	(R1 862 209)
- Unnecessary litigation costs due to dismissal/suspending officials	R0	R0	R0	R0	R0	R0	R0
<b>TOTAL</b>	<b>R41 330 247</b>	<b>R41 330 247</b>	<b>R4 126 131</b>	<b>R15 408 932</b>	<b>R8 321 039</b>	<b>R11 177 853</b>	<b>R2 296 292</b>



# AUDITOR GENERAL FINDINGS

## INTRODUCTION

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AUDITOR - GENERAL  
SOUTH AFRICA

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Section 45 of the Municipal Systems Act states that the results of performance measurement must be audited annually by the Auditor-General.



**CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS**

**COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2022**

6.1 AUDITOR-GENERAL REPORT YEAR 2022

<b>AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2022</b>	
Audit Report Status	Unqualified with no findings
Non-Compliance Issues	Remedial Action Taken
<b>None</b>	<b>None</b>

**COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023**

6.2 AUDITOR-GENERAL REPORT 2023

<b>AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2023</b>	
Audit Report Status	Unqualified with no findings
Non-Compliance Issues	Remedial Action Taken
<b>None</b>	<b>None</b>

COMMENT ON THE AUDITOR-GENERAL’S OPINION:

The municipality is proud of having achieved the Clean Audit outcome for the 2022-2023 financial year. This Clean Audit outcome marks the tenth time the municipality has received it in twelve years. The municipality remains ever committed to continues improvement and continues to strive for further improvement.





## APPENDICES

### APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>Executive Mayor, Alderman D Kotzé</b>	FT	Council Meetings	DA	89%	100%
<b>Deputy Executive Mayor, Alderman C Bayman</b>	FT	Council Meetings	DA	83%	100%
<b>Speaker, Alderlady V Fortuin</b>	FT	Council Meetings	DA	100%	n/a
<b>Alderman N Booisen</b>	FT	Council Meetings	DA	100%	n/a
<b>Councillor A Dellelijn</b>	FT	Council Meetings	DA	94%	100%
<b>Councillor M Furness</b>	FT	Council Meetings	DA	94%	100%
<b>Councillor N le Roux</b>	FT	Council Meetings	DA	100%	n/a
<b>Councillor L van Dyk</b>	FT	Council Meetings	DA	89%	100%
<b>Councillor A Barker (resigned 02/06/2023)</b>	PT	Council Meetings	DA	89%	n/a
<b>Councillor E Baron</b>	PT	Council Meetings	VF	94%	100%
<b>Councillor J Bavuma</b>	PT	Council Meetings	DA	94%	100%
<b>Councillor W Botha</b>	PT	Council Meetings	DA	100%	n/a
<b>Councillor W Buda</b>	PT	Council Meetings	ANC	78%	75%
<b>Councillor D Claassen</b>	PT	Council Meetings	DA	100%	n/a
<b>Councillor L Coetzee</b>	PT	Council Meetings	DA	89%	100%
<b>Councillor S Dubula</b>	PT	Council Meetings	ANC	94%	100%
<b>Councillor J Gouws</b>	PT	Council Meetings	ACDP	89%	50%
<b>Councillor N Gwaza</b>	PT	Council Meetings	ANC	100%	n/a
<b>Councillor A Janse van Rensburg</b>	PT	Council Meetings	DA	89%	100%
<b>Councillor D Kamfer</b>	PT	Council Meetings	ICOSA	56%	71%
<b>Councillor M Kannemeyer</b>	PT	Council Meetings	DA	94%	100%
<b>Councillor W Liebenberg</b>	PT	Council Meetings	VF	94%	100%
<b>Councillor Z Matyesini</b>	PT	Council Meetings	ANC	100%	n/a
<b>Councillor E Meyer</b>	PT	Council Meetings	DA	100%	n/a
<b>Councillor M Mkonto</b>	PT	Council Meetings	ANC	89%	100%
<b>Councillor T Mvumvu</b>	PT	Council Meetings	DA	100%	n/a
<b>Councillor F Porter</b>	PT	Council Meetings	PA	83%	100%



Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>Alderlady R Ruiters</b>	PT	Council Meetings	DA	67%	100%
<b>Councillor G Sethunsha</b>	PT	Council Meetings	DA	100%	n/a
<b>Executive Mayor, Alderman D Kotzé</b>	FT	Executive Mayoral Committee Meetings	DA	90%	100%
<b>Deputy Executive Mayor, Alderman C Bayman</b>	FT	Executive Mayoral Committee Meetings	DA	80%	100%
<b>Speaker, Alderlady V Fortuin</b>	FT	Executive Mayoral Committee Meetings	DA	90%	100%
<b>Alderman N Booisen</b>	FT	Executive Mayoral Committee Meetings	DA	70%	33%
<b>Councillor A Dellemijn</b>	FT	Executive Mayoral Committee Meetings	DA	80%	100%
<b>Councillor M Furness</b>	FT	Executive Mayoral Committee Meetings	DA	100%	n/a
<b>Councillor N le Roux</b>	FT	Executive Mayoral Committee Meetings	DA	100%	n/a
<b>Councillor L van Dyk</b>	FT	Executive Mayoral Committee Meetings	DA	60%	75%
<b>Cllr N le Roux (Chair)</b>	FT	Corporate Services & Legal Services Committee	DA	90%	100%
<b>Cllr J Bavuma</b>	PT	Corporate Services & Legal Services Committee	DA	90%	100%



Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>All R Ruiters</b>	PT	Corporate Services & Legal Services Committee	DA	90%	100%
<b>Cllr S Botha</b>	PT	Corporate Services & Legal Services Committee	DA	100%	n/a
<b>Cllr A Barker (resigned 02/06/2023)</b>	PT	Corporate Services & Legal Services Committee	DA	70%	100%
<b>Cllr L Coetzee</b>	PT	Corporate Services & Legal Services Committee	DA	100%	n/a
<b>Cllr F Porter</b>	PT	Corporate Services & Legal Services Committee	PA	50%	60%
<b>Cllr Z Matyesini</b>	PT	Corporate Services & Legal Services Committee	ANC	100%	n/a
<b>Cllr S Dubula</b>	PT	Corporate Services & Legal Services Committee	ANC	90%	100%
<b>Cllr G Sethuntsha (Sec)</b>	PT	Corporate Services & Legal Services Committee	DA	80%	100%
<b>Cllr D Claassen (Sec)</b>	PT	Corporate Services & Legal Services Committee	DA	100%	n/a
<b>Cllr M Furness (Chair)</b>	FT	Financial Services Committee	DA	100%	n/a
<b>Cllr A Barker (resigned 02/06/2023)</b>	PT	Financial Services Committee	DA	70%	100%
<b>Cllr E Meyer</b>	PT	Financial Services Committee	DA	100%	n/a
<b>Cllr S Botha</b>	PT	Financial Services Committee	DA	100%	n/a
<b>Cllr L Coetzee</b>	PT	Financial Services Committee	DA	100%	n/a



Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>Cllr A j/v Rensburg</b>	PT	Financial Services Committee	DA	90%	100%
<b>Cllr W Liebenberg</b>	PT	Financial Services Committee	VF+	90%	100%
<b>Cllr N Gwaza</b>	PT	Financial Services Committee	ANC	100%	n/a
<b>Cllr M Mkonto</b>	PT	Financial Services Committee	ANC	100%	n/a
<b>Cllr T Mvumvu (sec)</b>	PT	Financial Services Committee	DA	100%	n/a
<b>Cllr G Sethuntsha (sec)</b>	PT	Financial Services Committee	DA	80%	100%
<b>Cllr A Dellelijn (Chair)</b>	FT	Infrastructure Services Committee	DA	100%	n/a
<b>All R Ruiters</b>	PT	Infrastructure Services Committee	DA	90%	100%
<b>Cllr T Mvumvu</b>	PT	Infrastructure Services Committee	DA	100%	n/a
<b>Cllr A j/v Rensburg</b>	PT	Infrastructure Services Committee	DA	90%	100%
<b>Cllr D Claassen</b>	PT	Infrastructure Services Committee	DA	100%	n/a
<b>Cllr E Meyer</b>	PT	Infrastructure Services Committee	DA	100%	n/a
<b>Cllr D Kamfer</b>	PT	Infrastructure Services Committee	ICOSA	40%	67%
<b>Cllr W Buda</b>	PT	Infrastructure Services Committee	ANC	70%	67%
<b>Cllr Z Matyesini</b>	PT	Infrastructure Services Committee	ANC	100%	n/a
<b>Cllr L Coetzee (Sec)</b>	PT	Infrastructure Services Committee	DA	100%	n/a
<b>Cllr A Barker (Sec) (resigned 02/06/2023)</b>	PT	Infrastructure Services Committee	DA	70%	100%
<b>Ald N Booisen (Chair)</b>	FT	Community Services Committee	DA	90%	100%



Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>ClIr G Sethuntsha</b>	PT	Community Services Committee	DA	80%	100%
<b>ClIr M Kannemeyer</b>	PT	Community Services Committee	DA	100%	n/a
<b>ClIr T Mvumvu</b>	PT	Community Services Committee	DA	100%	n/a
<b>ClIr D Claassen</b>	PT	Community Services Committee	DA	100%	n/a
<b>ClIr E Baron</b>	PT	Community Services Committee	VF+	100%	n/a
<b>ClIr A Barker (resigned 02/06/2023)</b>	PT	Community Services Committee	DA	70%	100%
<b>ClIr W Buda</b>	PT	Community Services Committee	ANC	70%	67%
<b>ClIr S Dubula</b>	PT	Community Services Committee	ANC	90%	100%
<b>ClIr J Bavuma (sec)</b>	PT	Community Services Committee	DA	90%	100%
<b>All R Ruiters (Sec)</b>	PT	Community Services Committee	DA	100%	n/a
<b>ClIr L van Dyk (Chair)</b>	FT	Community Safety Committee	DA	90%	100%
<b>ClIr T Mvumvu</b>	PT	Community Safety Committee	DA	100%	n/a
<b>All R Ruiters</b>	PT	Community Safety Committee	DA	100%	n/a
<b>ClIr M Kannemeyer</b>	PT	Community Safety Committee	DA	100%	n/a
<b>ClIr D Claassen</b>	PT	Community Safety Committee	DA	100%	n/a
<b>ClIr A j/v Rensburg</b>	PT	Community Safety Committee	DA	90%	100%
<b>ClIr W Liebenberg</b>	PT	Community Safety Committee	VF+	90%	100%
<b>ClIr S Dubula</b>	PT	Community Safety Committee	ANC	90%	100%
<b>ClIr Z Matyesini</b>	PT	Community Safety Committee	ANC	100%	n/a
<b>ClIr J Bavuma (Sec)</b>	PT	Community Safety Committee	DA	90%	100%



Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Apologies for non-Attendance
	FT/PT			%	%
<b>Cllr E Meyer (Sec)</b>	PT	Community Safety Committee	DA	100%	n/a
<b>Ald C Bayman (Chair)</b>	FT	Planning & Economic Development	DA	80%	50%
<b>Cllr L Coetzee</b>	PT	Planning & Economic Development	DA	100%	n/a
<b>Cllr T Mvumvu</b>	PT	Planning & Economic Development	DA	100%	n/a
<b>Cllr J Bavuma</b>	PT	Planning & Economic Development	DA	90%	100%
<b>Cllr G Sethuntsha</b>	PT	Planning & Economic Development	DA	80%	100%
<b>Cllr S Botha</b>	PT	Planning & Economic Development	DA	100%	n/a
<b>Cllr J Gouws</b>	PT	Planning & Economic Development	ACDP	90%	100%
<b>Cllr M Mkonto</b>	PT	Planning & Economic Development	ANC	100%	n/a
<b>Cllr N Gwaza</b>	PT	Planning & Economic Development	ANC	100%	n/a
<b>Cllr D Claassen (Sec)</b>	PT	Planning & Economic Development	DA	100%	n/a
<b>Cllr M Kannemeyer (Sec)</b>	PT	Planning & Economic Development	DA	100%	n/a





## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Financial Services Committee	The Finance Committee advises and makes recommendation to Council on financial matters relating to the budget, credit control, cash flow, loans and investments.
Planning and Economic Development Services Committee	Planning and Integrated Services Committee and advises on matters relating to Town Planning and Zoning, Building control and Outdoor Advertising as well as Human Settlements.
Infra-Structure Services Committee	The Infra-Structure Services advises Council on policy, budget planning and resolutions for Technical Services, which is responsible for streets and storm water, water and sewerage, planning and support services (MIG projects), Mechanical Services (Fleet Management and Telemetry) and Electrical Networks.
Community Safety Committee	The Community Safety Committee makes recommendations to Council and advises on matters fire services and traffic and law enforcement, municipal court as well as environment.
Corporate- and Governance Services Committee	The Corporate- and Governance Services Committee makes recommendations to Council and advises on matters relating to Human Resources, ICT and Governance related matters.
Community Services Committee	The Community Services Committee makes recommendations to Council and advises on matters relating to waste management, parks and recreation well as Socio-Economic Development.



## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
Directorate	Director/Manager (State title and name)
Financial Services	Mr O. Fredericks
Corporate Services	Ms A. Potgieter
Infrastructure Services	Mr D. Naidoo
Planning & Economic Development	Mr C. Venter
Community Services	Ms E. Nel
Community Safety	Vacant



**APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY**

The Mossel Bay Municipality does not have any entities.



**APPENDIX E – WARD REPORTING**

Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly public Ward meetings held during year
1	<b>Councillor Sibabalo Dubula</b> Phumzile Lamani Phumzile Ndamane Sibongile Mjungu Nomabhelu Bantom Beatrice Tusha Madela Ncediswa Nonkolelo Mdoda Vuyisile Nkqayi Kleinbooi Stwayi Mafa Matshishi	Yes	2	0
2	<b>Councillor Noxolo Gwaza</b> Nobaphumzi Bende Ivy Mangali Marinda Gxowa Madelein Hector Gentswana Nobuzwe Masala Okuhle Booï Nombuyiselo Mrwebo Siyamthanda Mamase	Yes	2	0
3	<b>Councillor Zithulele Mathyesini</b> Synthia Sidumo Nomthandazo Nontongana Mandisa Mhla Sithembiso Kakaza Nombalisweni Ntlanganiso Sibongiseni Cetywayo Zukiswa Charles Odwa Nongxaza Vuyiswa Qatana Mathabo Pina	Yes	2	0
4	<b>Councillor Anna Janse van Rensburg</b> Cedric Jansen Jaco Lombard Pieter Le Roux Glen Opperman Gertruida Jooste Jan Gert Pretorius Herman Swanepoel Shane Herbst	Yes	2	0
5	<b>Councillor Anton Dellemijn</b> George Nezar Annemarie Dellemijn Jessica Franklin	Yes	2	0



Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly public Ward meetings held during year
	John Behrens Jacobus Van Der Merwe Johan Spies Scott Thomson Martin Detering Maureen Gertse			
6	<b>Councillor Mark Furness</b> Christiaan Potgieter Rechè Van Wyk William Benn Clive Parsons Nicolaas Lodewyks Nick Van Noordwyk	Yes	2	0
7	<b>Councillor Stephan Botha</b> Stanley Kiewiet Mary-ann Plato Dancel Josephs Elesa Prins Elvida Uitealingum Helene Bezuidenhout Jasmene James Denise Lloyd Pieter Le Roux	Yes	2	0
8	<b>Councillor Lodewyk Coetzee</b> Fiona Williamson Marika Thomatos Denise Brown Anria Gerber Catherina Wiggill Louis Brill Lindie Edwards Dawie Horn	Yes	2	0
9	<b>Councillor Erica Meyer</b> Stefaans Grootboom Jenifer Barnard Bertram Sampson Inge Lucas Mathilda Kleinbooi Cecilia Botha Clinton September Zathan McCarthy Jonathan McCarthy	Yes	2	0
10	<b>Councillor Leon van Dyk</b> Anette Ferreira Phillip Mattheus Sonja Van Graan Pieter De Villiers Johanna Marais	Yes	2	0



Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly public Ward meetings held during year
	Andries Du Toit Pieter Oberhölzer Carel Kruger Jeanette Dreyer			
11	<b>Councillor Nickey le Roux</b> Arthur Cloete Hendrik Booysen Frits Nortjè Fransciscus Palm	Yes	2	0
12	<b>Councillor Witness Buda</b> Dipuo Seretsi Zenobia Prins Cornelia Erasmus Helen Davids Sophia October Maggie Welman Nomakholwa Mdleleni Zwelinjani Matwa Phkama Tasana	Yes	2	0
13	<b>Alderlady Rosina Ruiters</b> Anthea Taylor Elaine Botha Valdery Taute Noël Philander Frederick Groenewald Henry Freddericks Creshenda Benjamin Lorraine Arrison Dawn Valentine Regina Petersen	Yes	2	0
14	<b>Councillor Donovan Claassen</b> Edward Botla Schumanaine Blokland Morgan Muller Richard Wesso Nolene Losper Eric Scott	Yes	2	0
15	<b>Councillor Mzwandile Mkonto</b> Elvericia Erasmus Masimphiwe Qatu Ntombifikile Tshaka Thembelani Jaxa Thembekile Nkoduso Gladys Hugo Natasha Mhalo	Yes	2	0





## APPENDIX F – WARD INFORMATION

See Appendix N and Appendix O.

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023

NR	DATE OF MEETING	ITEM DETAILS	RESOLUTION	STATUS:	RESPONSIBLE PERSON
1.	24 August 2022	4. Draft AFS 21/22	The Audit Committee recommended the draft Annual Financial Statements	Done	AC
2.	24 August 2022	5. Draft APR 21/22	The Audit Committee recommended the draft Annual report	Done	AC
3.	12 September 2022	7. MSCOA Audit Outcome	That future updates on MSCOA implementation be included in the Agenda when they become available. Chairperson mentioned - as implementation progress is updated, further updates be given in respect of action plan at the next meeting in November.	Done	Senior Manager Financial Administration
	23 November 2022	8.4.2 Register for AC Resolutions	Management to give feedback on MSCOA action plans implementation of at the next meeting		
	28 February 2023	12.2	Progress on implementation loaded onto "SPICE works" software. Status report presented to AC. Item is a standing point on the Agenda from 28 February 2023 going forward		
4.	12 September 2022	8. External audit progress - 21 - 22	AC be presented Engagement letter and audit strategy before it is signed off by management	Done	Auditor General
5.	12 September 2022	9.6.1 IA Quarter Report	That recommendations in report be implemented. Standing point agenda – "Implementation progress"	Done	CAE
	12 September 2022	9.1 ICT Governance	MM confirms to meet with relevant officials & give feedback on progress made at next meeting in Feb' 2023. Specifications & tender process were discussed at previous meetings & if needed, an action plan & scope of audit be circulated to members of the Committee for inputs.	Done	IA Administrator

6.	23 November 2022	8.1.2		Ms Koen informed Committee that specs have been drafted and the Municipality is in process to start tender process. Mr Fraser informed Committee of full IT risk assessment completed in order to assist Municipality in identifying weak points and have a better insight to draft the tender specifications.		Dir: Corporate Services Snr. Mgr. ICT
	28 February 2023	7.		Ms Koen informed Committee that specs have been finalised & adjustment budget is pending approval. Further updates to be provided at subsequent AC meetings. Included under ICT Governance, as a standing point on the AC agenda.		
7.	12 September 2022	9.5.2	Combined Assurance Policy	The MM informed the AC that as far as 9.5.2 is concerned, it has been discussed already. Mr Laufs will distribute the policy to all Members to give feedback before the end of the month. The Chairperson requested members provide the input to the Policy before 28 September 2022. Approved by Council	Done	Risk and IP Management Officer
8.	22 September 2022	4	Auditor-General Presentation	That management continues to manage external audit costs. That the engagement letter and audit strategy be accepted, subject to engagements that will need to take place. That the committee be alerted on any issues that might impact the audit opinion.	Done	Management
9.	23 November 2022	5.1	Matters arising from minutes	Management to give feedback on Mr Barnard's request. Mr Barnard requested an update on speed cameras ordered the previous year as per discussion held with Management when visiting the JOC.	Brought Over	Acting Director: Community Safety
	28 February 2023	12.4	Register for Audit Committee Resolutions	Acting Director: Community Safety (at the date of the meeting) informed Committee of discussions regarding speed cameras currently taking place. Process will take a while & feedback will be given at next meeting regarding interventions taken to address concerns while waiting on feedback regarding speed cameras. Also inform Committee of other processes used previously on a conventional way is still being used. Report of speed sittings & fines issued for last 3 months will be provided at next Committee meeting.		

				Mrs M Koen provided reports for March, April and May 2023 to the Audit Committee and these were discussed at the meeting held on 14 <sup>th</sup> of June 2023. A new resolution was brought over as number 1 in the 2023/2024 financial year's resolution register		
10.	23 November 2022	5.2	Matters arising from minutes	Management to give feedback on Mr Barnard's request regarding the current percentage of fines issued and the percentage of actual collections. Email sent to Members on 20 February 2023	Done	Manager: Income
11.	23 November 2022	5.3	Matters arising from minutes. Risk Mgmt. and Combined Assurance	Mr Barnard to send areas of concern through to the CAE after which these areas of concerns will be taken into account when the risk register is reviewed in January 2023. The Chairperson requested Mr Barnard to include the other committee members when providing the above.	Done	AC
	28 February 2023	11.		The Committee requested the updated Risk Register to be distributed to the Members. Register distributed with the meeting information pack of June 2023.		RIMPO
12.	23 November 2022	7.2.5	Draft MR of the AGSA	Mr Mokoka noted impairment on exchange transactions has drastically increased in comparison to last year & requested clarity on action plans going forward. Email sent to Members on 20 Feb. 2023	Done	Manager: Revenue
13.	23 November 2022	7.2.6	Draft MR of the AGSA	Management to engage with AG for guidance as requested by Mr Barnard's regarding new focus of lived experience to ensure performance indicators of are relevant and appropriate.	Brought Over	Risk and IP Management Officer
	28 February 2023	12.5	Register for AC Resolutions	Mr Laufs informed Committee regarding discussion that will take place on guidance from AG on the new focus of the lived experience. A new resolution was brought over as number 2 in the 2023/2024 financial year's resolution register. Combining Resolution 13 and 15 of 2022/2023		
14.	23 November 2022	8.2.4	Financial Report	Management to provide feedback regarding the Committee's concern on the collection of debts. Email sent to Members on 20 February 2023	Done	Manager: Income

15.	23 November 2022	8.3.3	Performance Management	Management to review measurements of KPI's, as per Committees request, to ensure units in which KPI's are being measured is effective & assist Municipality to achieve its strategic objectives. Mr Laufs informed Committee that a review on measurements of KPI's are in progress	Brought Over	Risk and Management Officer	IP
	28 February 2023	12.6	Register for AC Resolutions	Adjustments to SDBIP done in Feb. Currently busy with 23/24 indicators. New resolution was brought over as nr. 2 in 23/24 financial year's resolution register. Combining Resolution 13 & 15 of 2022/2023			
16.	23 November 2022	8.5.2	Combined Assurance Policy	The Committee requested all minutes of the Fraud and Risk committee be included in the Audit Committee Agenda going forward. Part of Standing Point on the Agenda.	Done	Internal Audit Administrator	
17.	23 November 2022	8.6.3	Internal Audit Quarter report	OHS Department to address concerns identified in finding 3 relating to Security concerns for Cash Management & receipting audit done. OHS Dept. did a risk assessment & reported it to Mgr. Income	Done	OHS Department	
18.	23 November 2022	8.6.4	Internal Audit Quarter report	IA recommend management to take action to address to address the safety concerns as identified in finding 3 and take into account the budget implications. The AC agrees with IA's recommendation.	Brought Over	Manager: Income	
	28 February 2023	12.18	Register for Audit Committee Resolutions	Ms Koen informed committee of thorough investigations did by OHS Dept. Ms Koen further elaborate that Income Dept. will take cost implications into account when planning for new financial year's budget in order to comply with recommendations for safety concerns identified by IA. Building Dept. will assist Income Dept. where needed. A new resolution was brought over as nr.3 in 23/24 financial year's resolution register to monitor implementation of safety concerns & their corrective measures.			
19.	23 November 2022	8.7.3	IA – Progress & Budget Analysis	Committee approved Ms Koen's request to transfer audits for DORA/ Grants requirements, Fixed assets and POPIA review to the 2023 audit year.	Done	Internal Audit Administrator	

20.	23 November 2022	8.8.2.2	Implementation Progress –IAAP	Ms Koen to inform management of committee’s concern with regards to implementation of action plans due to number of overdue action plans presented. An email was sent to Executive Management	Done	Internal Auditor
21.	23 November 2022	9.1.1	Review on AC TOR	Ms Koen to re-circulate the TOR to members. Email was sent on 24 <sup>th</sup> of Nov’ 22 & followed up on 1 <sup>st</sup> of Dec’ 22	Done	Internal Auditor
22.	23 November 2022 28 February 2023	9.1.2	Review on AC TOR	Members to give feedback on TOR by 30 Nov’ 22. All feedback received by Mar’ 23 <u>14 June 2023</u> Remains in progress until adjustment is approved by Council & feedback on issues raised by Mr. Barnard is addressed. New resolution was brought over as nr. 4 in 2023/2024 financial year’s resolution register to monitor the approval	Brought Over	AC Members IA Administrator CAE  RIMPO
23.	23 November 2022	9.5	Evaluations (AC, Finance Function, IA)	Mr Mokoka to provide evaluations to Ms Koen  Mr Mokoka provided feedback on the 23 <sup>rd</sup> of November 2022	Done	AC Member: Mr. Mokoka
24	23 November 2022 28 February 2023	9.6		Ms Koen to combine all evaluations and send to Committee members for sign-off  Ms. Koen requested sign off on 25 <sup>th</sup> of November 2022 and followed up on 14 <sup>th</sup> of February 2023. All signed off by March 2023	Done	AC Members
25.	28 February 2023	6	Adoption of the Agenda Items	The Audit Committee Chair requested the Audit Committee resolution register be moved forward in the Agenda Move up to Standing Item number 6 on the Agenda	Done	IA Administrator
26.	28 February 2023	8	Financial Report – Sec. 52, Q2 Report, End-	The Chairperson request clarity on the high consulting fees.  An email addressing the request was sent out on 13 March 2023 at 16h27	Done	Chief Financial Officer



		8	Dec,22 & Sec. 72, Midyear Report, End-Dec'22	<i>"The reason for the high consulting fees was a result of the settlement that took place with the Att. power case and the municipality paid R9million to the lawyers."</i>		
27.	28 February 2023			Mr Barnard request clarity on the differences between the Section 57 report and the Section 72 report, as displayed in the presentation by the CFO.  An email addressing the request was sent out on 13 March 2023 at 16h27  <i>"The section that the member made reference to refers to the reporting of the financial performance for the previous financial year 2021/2022, that is the template format provided by National Treasury in terms of reporting in the Section 72 report."</i>	Done	Chief Financial Officer
28.	28 February 2023	13.2	Internal Audit Plan 2023	The Internal Audit Plan for 2023 be distributed to the Committee chairperson and the Municipal Manager for sign off.  Sign off completed by 9 <sup>th</sup> of March 2023	Done	IA Administrator

NR	MEETING DATE	ITEM DETAILS	RESOLUTION	STATUS: 01.07.2023	RESPONSIBLE
1.	14 June 2023	6.4 Audit Committee Traffic & Safety concerns	<p><i>Brought over from resolution 9 of 2022/2023.</i></p> <p><i>Mr Barnard mentioned that he is still concerned with speeding within Mossel Bay. Mr F Barnard refers to the reports received and mentions the three areas of concern namely, Louis Fourie Road, Morrison Road and Marsh Street. Mr F Barnard mentions that these areas, especially need to be addressed and that we have to look after our citizens safety. The Chairperson asks the Municipality to look into ways to mitigate the risks identified above going forward</i></p>	<b>In Progress</b>	RIMPO  Mgr. (Traffic & Law Enforcement)
2.	14 June 2023	6.8, Performance Indicators and 6.9, Monitoring 6.10	<p><i>Brought over from resolution 13 &amp; 15 of 2022/2023.</i></p> <p><i>Mr Barnard request mmanagement to review the measurements of the KPI's to ensure the units in which the KPI's are being measured is effective and assist the Municipality to achieve its strategic objectives. Mr Barnard notes the review should not only be based on the AG's focus on lived experiences, but also ensuring the performance indicators complies with SMART monitoring in order to ensure these indicators and performance measurements have the correct impact, relates to citizens and does not only happen from a compliance of governance point of few.</i></p> <p>Mr Laufs informed Committee that he will engage with AG. Previously such engagements were facilitated by PT's technical team detailing how AG will audit performance management in future. Mr Laufs plans to engage with official from PT on the topic of lived realities/ lived experiences.</p>	<b>In Progress</b>	RIMPO
3.	14 June 2023	6.11 Internal Audit – Safety Concerns during Cash Management & Receipting Audit in 2022	<p><i>Brought over from resolution 18 of 2022/2023.</i></p> <p><i>IA made a recommendation during the Internal Audit on Cash management and receipting completed on the 12<sup>th</sup> of October 2022 to consider addressing the safety concerns as identified in finding 3.</i></p>	<b>In Progress</b>	Mgr. Income  CFO

				CFO informed the Committee that a discussion with O.H.S. took place and necessary arrangement will be made with Town Planning Department. CFO informed Committee that financial Section will be budgeting for needed alterations.		
4.	14 June 2023	6.12	Review TOR	<p><i>Brought over from resolution 22 of 2022/2023. TOR to be adjusted with new member remunerations and feedback on Mr Barnard's inputs.</i></p> <p>Ms Koen informed committee that an item is submitted for the approval of council on the remuneration. Feedback is still due from various roll players on Mr Barnard's inputs.</p>	<b>In Progress</b>	IAA
5.	21 August 2023	4.	Draft AFS 22/23	AC recommended the draft Annual Financial Statements	<b>Done</b>	AC
6.	21 August 2023	5.	Draft APR 22/23	The Audit Committee recommended the draft Annual Report	<b>Done</b>	AC



## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2023)					
					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
<b>DCU Holdings (Pty) Ltd</b>	The provision of newspaper advertising	1-Oct-22	31-Dec-26	Director: Corporate Services	4 897 859.67



## **APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

The Municipality does not have any entities.

## **APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST**

Disclosures of financial interest are completed on a bi-annual basis for all of Executive Management. Disclosures of Financial Interest are also submitted to the MEC for Local Government annual together with signed Performance Agreements.



**APPENDIX K REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE**

**APPENDIX K (I) REVENUE COLLECTION PERFORMANCE BY VOTE**

Revenue Collection Performance by Vote						
Vote Description	2022 Actual	Original Budget	Current: 2023		R' 000	
			Adjusted Budget	Actual	2022 Original Budget	Variance Adjustments Budget
Municipal Manager	73 560 506	17 357 152	30 313 193	42 383 010	59%	28%
Corporate Services	177 989	56 780	661 411	150 756	62%	-339%
Financial Services	214 348 041	229 986 333	246 750 765	254 051 786	9%	3%
Technical Services	892 993 655	950 351 537	947 135 825	951 379 497	0%	0%
Community Services	123 936 839	127 552 287	130 565 581	120 780 536	-6%	-8%
Town Planning & Building Control	69 756 350	110 320 768	114 930 970	86 336 078	-28%	-33%
Community Safety	26 007 323	18 369 758	32 447 997	35 642 924	48%	9%
<b>Total Revenue by Vote</b>	<b>1 400 780 703</b>	<b>1 453 994 615</b>	<b>1 502 805 742</b>	<b>1 490 724 587</b>	<b>2%</b>	<b>-1%</b>

**APPENDIX K (II) REVENUE COLLECTION PERFORMANCE BY SOURCE**

Revenue Collection Performance by Source						
Description	2022 Actual	Original Budget	2023		R '000	
			Adjustments Budget	Actual	2023 Original Budget	Variance Adjustments Budget
Property rates	170 542	187 231	190 995	192 123	3%	1%
Property rates - penalties & collection charges	551	558	875	896	38%	2%
Service Charges - electricity revenue	549 383	585 945	561 421	560 652	-5%	0%
Service Charges - water revenue	157 051	149 726	157 567	161 029	7%	2%
Service Charges - sanitation revenue	88 432	83 542	83 188	85 214	2%	2%
Service Charges - refuse revenue	84 375	82 792	83 570	83 497	1%	0%
Service Charges - other	-	-	-	-	#DIV/0!	#DIV/0!
Rentals of facilities and equipment	11 564	8 027	8 559	12 695	37%	33%
Interest earned - external investments	36 956	36 591	49 882	55 086	34%	9%
Interest earned - outstanding debtors	7 449	7 632	6 386	6 983	-9%	9%
Dividends received	-	-	-	-	#DIV/0!	#DIV/0!
Fines	19 025	4 965	18 260	26 235	81%	30%
Licenses and permits	1 298	1 316	1 314	1 317	0%	0%
Agency services	7 482	8 528	8 819	8 148	-5%	-8%
Transfers recognised - operational	136 597	157 660	157 898	140 665	-12%	-12%
Other revenue	58 256	34 131	58 345	59 604	43%	2%
Gains on disposal of PPE	5 302	-	-	6 023	100%	100%
Construction contracts	14 029	-	-	1 251	100%	100%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 348 291</b>	<b>1 348 644</b>	<b>1 387 079</b>	<b>1 401 417</b>	<b>3,77%</b>	<b>1,02%</b>





**APPENDIX L CONDITIONAL GRANT RECEIVED: EXCLUDING MIG**

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		R' 000
				Budget	Adjustments Budget	
<b>Operating expenditure of Transfers and Grants</b>						
Local Government Equitable Share	119020	119020	119020	0%	0%	0%
Finance Management grant	1550	1550	1550	0%	0%	0%
Disaster Recovery Grant - National	–	–	–	0%	0%	0%
Energy Efficiency and Demand Side Management Grant	–	–	–	0%	0%	0%
EPWP	1935	1935	1935	0%	0%	0%
Housing	23530	18538	6327	272%	193%	193%
Community Development Workers	56	113	78	-28%	45%	45%
Library Services	10043	10347	10297	-2%	0%	0%
Subsidy - Housing Emergency Kits	–	–	–	0%	0%	0%
Title-Deeds Restoration grant	–	3961	130	-100%	2948%	2948%
Thusong Centre Service Grant	–	–	–	0%	0%	0%
Local Government Graduate Internship Grant	–	–	–	0%	0%	0%
Maintenance & Construction of Transport Infrastructure Grant	410	410	341	20%	20%	20%
Financial Management Capacity Building Grant	–	237	108	-100%	119%	119%
Financial Management Capability Grant	–	300	93	-100%	222%	222%
Greenest Municipality Competition	–	–	–	0%	0%	0%
Municipal Accreditation and Capacity Building grant	256	256	254	1%	1%	1%
Electrical Master Plan Grant	–	226	213	-100%	6%	6%
Wcape Mun Energy Resilience Grant	–	–	–	0%	0%	0%
LG Public Employment Support Grant	–	–	–	0%	0%	0%
Municipal Service Delivery and Capacity Building Grant	–	145	42	-100%	242%	242%
Establishment and Support of a K9 Unit Grant	860	860	276	211%	211%	211%



Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		R' 000
				Budget	Adjustments Budget	
Local Government Support Grant : Humanitarian relief	–	–	–	0%		0%
<i>Other Specify:</i>						
Disaster Recovery Rehabilitation Funds	–	–	–	0%		0%
SETA	–	–	–	0%		0%
WESGRO (Wcape Tourism Trade and Investment Promotion Agency)	–	–	–	0%		0%
Public Contributions	200	557	1812	-89%		-69%
<b>Capital expenditure of Transfers and Grants</b>						
Public Works (EPWP)	–	–	–	0%		0%
National Electrification Programme	13061	17061	17061	-23%		0%
Disaster Recovery Grant - National	–	–	–	0%		0%
Housing (Cap)	61000	57468	33536	82%		71%
RSEP / VPUU	1080	3424	1047	3%		227%
Library Services Conditional Grant	–	81	59	-100%		36%
Water services infrastructure grant	–	–	–	0%		0%
Maintenance & Construction of Transport Infrastructure Grant (Cap)	–	–	–	0%		0%
Fire Services	824	824	–	0%		0%
Development of Sport and recreational Facilities grant	–	312	312	-100%		0%
Greenest Municipality Competition	–	–	–	0%		0%
Acceleration of Housing development	–	–	–	0%		0%
DEDAT: SMME BOOSTER FUND	–	–	2079	-100%		-100%
Municipal Service Delivery and Capacity Building grant	–	161	139	-100%		16%
Municipal interventions grant	–	250	250	-100%		0%
Establishment and Support of a K9 Unit Grant	2140	2140	1973	8%		8%
<i>Other Specify:</i>						
District grant: Community safety (Cap)	–	1404	895	-100%		57%
Disaster Recovery Rehabilitation Funds (Cap)	–	–	–	0%		0%



Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		R' 000
				Budget	Adjustments Budget	
<b>Public Contributions (Cap)</b>	–	–	3099	-100%	-100%	
<b>Total</b>	<b>235965</b>	<b>241578</b>	<b>202926</b>			



**APPENDIX M CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES**

**APPENDIX M (I) CAPITAL EXPENDITURE - NEW ASSET PROGRAMME**

Description	2021/22		Adjusted Budget	Budget Year 2022/23			Full Year Forecast
	Audited Outcome	Original Budget		YearTD actual	YTD variance	YTD variance %	
R thousands							%
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>							
<b>Infrastructure</b>	<b>81029</b>	<b>67629</b>	<b>60084</b>	<b>53866</b>	6218	<b>10,3%</b>	<b>60084</b>
Roads Infrastructure	26179	10185	6639	6217	422	<b>6,4%</b>	6639
<i>Roads</i>	161	150	105	62	43	<b>40,9%</b>	105
<i>Road Structures</i>	15980	6193	4066	3906	160	<b>3,9%</b>	4066
<i>Road Furniture</i>	10039	3841	2468	2248	220	<b>8,9%</b>	2468
Electrical Infrastructure	15137	19610	21317	20226	1091	<b>5,1%</b>	21317
<i>Power Plants</i>	10313	10758	11345	11380	(35)	<b>-0,3%</b>	11345
<i>MV Networks</i>	4815	7242	8679	8506	173	<b>2,0%</b>	8679
<i>LV Networks</i>	10	850	1293	341	952	<b>73,6%</b>	1293
<i>Capital Spares</i>	–	–	–	–	–		–
Water Supply Infrastructure	15974	24734	23686	21043	2642	<b>11,2%</b>	23686
<i>Dams and Weirs</i>	–	–	–	–	–		–
<i>Boreholes</i>	2430	1800	1800	819	981	<b>54,5%</b>	1800
<i>Reservoirs</i>	7685	7750	7800	6973	827	<b>10,6%</b>	7800
<i>Pump Stations</i>	1800	–	–	–	–		–
<i>Water Treatment Works</i>	–	–	–	–	–		–
<i>Bulk Mains</i>	1934	–	–	–	–		–
<i>Distribution</i>	1982	14984	13886	13057	828	<b>6,0%</b>	13886
<i>Capital Spares</i>	144	200	200	194	6	<b>2,9%</b>	200
Sanitation Infrastructure	21211	10600	5108	4101	1007	<b>19,7%</b>	5108
<i>Pump Station</i>	–	–	–	–	–		–
<i>Reticulation</i>	19708	9000	3463	3045	418	<b>12,1%</b>	3463
<i>Waste Water Treatment Works</i>	210	500	500	217	283	<b>56,7%</b>	500
<i>Capital Spares</i>	1294	1100	1145	839	306	<b>26,7%</b>	1145
Solid Waste Infrastructure	2410	–	397	412	(15)	<b>-3,8%</b>	397
<i>Landfill Sites</i>	–	–	–	–	–		–
<i>Waste Transfer Stations</i>	2365	–	397	412	(15)	<b>-3,8%</b>	397
<i>Waste Separation Facilities</i>	45	–	–	–	–		–
Information and Communication Infrastructure	118	1400	1341	1301	40	<b>3,0%</b>	1341
<i>Data Centres</i>	118	1400	1341	1301	40	<b>3,0%</b>	1341
<b>Community Assets</b>	<b>14725</b>	<b>3162</b>	<b>8187</b>	<b>6058</b>	<b>2130</b>	<b>26,0%</b>	<b>8187</b>
Community Facilities	10586	1325	3035	1609	1425	<b>47,0%</b>	3035
<i>Halls</i>	–	–	–	–	–		–
<i>Centres</i>	8897	–	1052	794	258	<b>24,5%</b>	1052
<i>Libraries</i>	689	–	120	51	69	<b>57,4%</b>	120
<i>Taxi Ranks/Bus Terminals</i>	–	1000	1550	451	1099	<b>70,9%</b>	1550
<i>Capital Spares</i>	–	–	–	–	–		–



Description	2021/22		Adjusted Budget	Budget Year 2022/23			
	Audited Outcome	Original Budget		YearTD actual	YTD variance	YTD variance	Full Year Forecast
R thousands							%
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>							
<b>Sport and Recreation Facilities</b>	4139	1837	5153	4449	704	<b>13,7%</b>	5153
<i>Indoor Facilities</i>	–	–	–	–	–		–
<i>Outdoor Facilities</i>	4139	1837	5153	4449	704	13,7%	5153
<i>Capital Spares</i>	–	–	–	–	–		–
<b>Investment properties</b>	<b>1161</b>	<b>2020</b>	<b>5157</b>	<b>2329</b>	2828	54,8%	<b>5157</b>
Revenue Generating	1161	2020	5157	2329	2828	<b>54,8%</b>	5157
<i>Improved Property</i>	861	2020	5157	2329	2828	54,8%	5157
<i>Unimproved Property</i>	300	–	–	–	–		–
<b>Other assets</b>	<b>7103</b>	<b>5419</b>	<b>25242</b>	<b>5071</b>	<b>20171</b>	<b>79,9%</b>	<b>25242</b>
Operational Buildings	7103	5419	7713	5071	2642	<b>34,3%</b>	7713
<i>Municipal Offices</i>	6279	3800	4245	4182	63	1,5%	4245
<i>Workshops</i>	357	–	–	–	–		–
<i>Yards</i>	99	1549	1100	397	703	63,9%	1100
<i>Stores</i>	368	–	2368	492	1876	79,2%	2368
Intangible Assets	–	–	<b>45</b>	–	<b>45</b>	100,0%	<b>45</b>
<i>Servitudes</i>	–	–	–	–	–		–
<i>Licences and Rights</i>	–	–	45	–	45	<b>100,0%</b>	45
<i>Computer Software and Applications</i>	–	–	–	–	–		–
<b>Computer Equipment</b>	<b>114</b>	<b>1209</b>	<b>1484</b>	<b>1584</b>	<b>(100)</b>	-6,8%	<b>1484</b>
Computer Equipment	114	1209	1484	1584	(100)	-6,8%	1484
<b>Furniture and Office Equipment</b>	<b>1036</b>	<b>1183</b>	<b>2060</b>	<b>1513</b>	<b>548</b>	26,6%	<b>2060</b>
Furniture and Office Equipment	1036	1183	2060	1513	548	26,6%	2060
<b>Machinery and Equipment</b>	<b>1722</b>	<b>7592</b>	<b>7433</b>	<b>6681</b>	<b>752</b>	10,1%	<b>7433</b>
Machinery and Equipment	1722	7592	7433	6681	752	10,1%	7433
<b>Transport Assets</b>	<b>2546</b>	<b>3260</b>	<b>3989</b>	<b>3728</b>	<b>261</b>	6,5%	<b>3989</b>
Transport Assets	2546	3260	3989	3728	261	6,5%	3989
<b>Land</b>	<b>4587</b>	<b>1500</b>	<b>250</b>	<b>217</b>	<b>33</b>	13,0%	<b>250</b>
Land	4587	1500	250	217	33	13,0%	250
<b>Total Capital Expenditure on new assets</b>	<b>114022</b>	<b>92975</b>	<b>113932</b>	<b>81046</b>	<b>32886</b>	<b>28,9%</b>	<b>113932</b>

## APPENDIX M (II) CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME



Description	2021/22					Budget Year 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>								
<b>Infrastructure</b>	<b>35620</b>	<b>88776</b>	<b>96161</b>	<b>31382</b>	<b>96161</b>	64779	<b>67,4%</b>	<b>96161</b>
<b>Roads Infrastructure</b>	–	20747	22591	5843	22591	16748	<b>74,1%</b>	22591
<i>Roads</i>	–	–	–	–	–	–		–
<i>Road Structures</i>	–	20667	22511	5834	22511	16677	<b>74,1%</b>	22511
<i>Road Furniture</i>	–	80	80	9	80	71	<b>89,1%</b>	80
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Storm water Infrastructure</b>	–	–	–	–	–	–		–
<i>Drainage Collection</i>	–	–	–	–	–	–		–
<i>Storm water Conveyance</i>	–	–	–	–	–	–		–
<i>Attenuation</i>	–	–	–	–	–	–		–
<b>Electrical Infrastructure</b>	5604	3800	4753	3909	4753	844	<b>17,8%</b>	4753
<i>Power Plants</i>	537	600	520	3	520	517	<b>99,4%</b>	520
<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>	1276	1000	1302	1246	1302	56	<b>4,3%</b>	1302
<i>LV Networks</i>	2990	1200	2931	2660	2931	271	<b>9,2%</b>	2931
<i>Capital Spares</i>	801	1000	–	–	–	–		–
<b>Water Supply Infrastructure</b>	22171	29656	34675	11367	34675	23309	<b>67,2%</b>	34675
<i>Dams and Weirs</i>	–	–	–	–	–	–		–
<i>Boreholes</i>	–	–	–	–	–	–		–
<i>Reservoirs</i>	11492	1000	1000	974	1000	26	<b>2,6%</b>	1000
<i>Pump Stations</i>	1517	900	650	371	650	279	<b>42,9%</b>	650
<i>Water Treatment Works</i>	299	–	–	–	–	–		–
<i>Bulk Mains</i>	–	24467	30148	7617	30148	22531	<b>74,7%</b>	30148
<i>Distribution</i>	8863	3289	2877	2404	2877	473	<b>16,5%</b>	2877
<i>Distribution Points</i>	–	–	–	–	–	–		–
<i>PRV Stations</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Sanitation Infrastructure</b>	7840	34574	34129	10251	34129	23878	<b>70,0%</b>	34129
<i>Pump Station</i>	291	860	860	829	860	31	<b>3,6%</b>	860
<i>Reticulation</i>	4401	27107	29083	5674	29083	23410	<b>80,5%</b>	29083
<i>Waste Water Treatment Works</i>	3148	6606	4186	3748	4186	438	<b>10,5%</b>	4186





Description	2021/22					Budget Year 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>								
<b>Information and Communication Infrastructure</b>	5	–	–	–	–	–	–	–
<i>Data Centres</i>	–	–	–	–	–	–	–	–
<i>Core Layers</i>	–	–	–	–	–	–	–	–
<i>Distribution Layers</i>	5	–	–	–	–	–	–	–
<i>Capital Spares</i>	–	–	–	–	–	–	–	–
<b>Community Assets</b>	<b>4800</b>	<b>2072</b>	<b>5042</b>	<b>4814</b>	<b>5042</b>	<b>229</b>	<b>4,5%</b>	<b>5042</b>
Community Facilities	–	–	–	–	–	–	–	–
Sport and Recreation Facilities	4800	2072	5042	4814	5042	229	4,5%	5042
<i>Indoor Facilities</i>	–	–	–	–	–	–	–	–
<i>Outdoor Facilities</i>	4800	2072	5042	4814	5042	229	4,5%	5042
<b>Investment properties</b>	<b>625</b>	–	–	<b>25</b>	–	(25)	#DIV/0!	–
Revenue Generating	625	–	–	25	–	(25)	#DIV/0!	–
<i>Improved Property</i>	625	–	–	25	–	(25)	#DIV/0!	–
<b>Other assets</b>	<b>1140</b>	<b>1550</b>	<b>1470</b>	<b>3048</b>	<b>1470</b>	<b>(1578)</b>	<b>-107,4%</b>	<b>1470</b>
Operational Buildings	1140	1550	1470	3048	1470	(1578)	-107,4%	1470
<i>Municipal Offices</i>	949	1200	1470	1438	1470	32	2,1%	1470
<i>Workshops</i>	191	350	–	–	–	–	–	–
<i>Stores</i>	–	–	–	1609	–	(1609)	#DIV/0!	–
<b>Computer Equipment</b>	<b>152</b>	<b>115</b>	<b>114</b>	<b>34</b>	<b>114</b>	<b>80</b>	<b>70,1%</b>	<b>114</b>
Computer Equipment	152	115	114	34	114	80	70,1%	114
<b>Furniture and Office Equipment</b>	<b>91</b>	<b>91</b>	<b>199</b>	<b>104</b>	<b>199</b>	<b>94</b>	<b>47,4%</b>	<b>199</b>
Furniture and Office Equipment	91	91	199	104	199	94	47,4%	199
<b>Machinery and Equipment</b>	<b>206</b>	<b>428</b>	<b>686</b>	<b>444</b>	<b>686</b>	<b>242</b>	<b>35,3%</b>	<b>686</b>
Machinery and Equipment	206	428	686	444	686	242	35,3%	686
<b>Transport Assets</b>	<b>2883</b>	<b>5031</b>	<b>4132</b>	<b>4794</b>	<b>4132</b>	<b>(662)</b>	<b>-16,0%</b>	<b>4132</b>
Transport Assets	2883	5031	4132	4794	4132	(662)	-16,0%	4132
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>45 516</b>	<b>98 063</b>	<b>107 803</b>	<b>44 644</b>	<b>107 803</b>	<b>63 159</b>	<b>58,6%</b>	<b>107 803</b>



Description	2021/22			Budget Year 2022/23				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
<b>Infrastructure</b>	<b>60643</b>	<b>40961</b>	<b>40881</b>	<b>45922</b>	<b>40881</b>	(5041)	<b>-12,3%</b>	<b>40881</b>
<b>Roads Infrastructure</b>	28095	12882	9898	9029	9898	869	<b>8,8%</b>	9898
<i>Roads</i>	186	100	620	498	620	121	<b>19,6%</b>	620
<i>Road Structures</i>	–	–	300	411	300	(111)	<b>-37,1%</b>	300
<i>Road Furniture</i>	27909	12782	8978	8120	8978	859	<b>9,6%</b>	8978
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Storm water Infrastructure</b>	3703	11180	9220	7558	9220	1661	<b>18,0%</b>	9220
<i>Drainage Collection</i>	–	1200	600	429	600	171	<b>28,4%</b>	600
<i>Storm water</i>	3703	9980	8620	7129	8620	1491	<b>17,3%</b>	8620
<b>Conveyance</b>								
<i>Attenuation</i>	–	–	–	–	–	–		–
<b>Electrical Infrastructure</b>	7510	8660	7306	7205	7306	101	<b>1,4%</b>	7306
<i>Power Plants</i>	40	80	80	–	80	80	<b>100,0%</b>	80
<i>HV Substations</i>	–	130	130	130	130	0	<b>0,0%</b>	130
<i>HV Switching Station</i>	–	–	–	–	–	–		–
<i>HV Transmission Conductors</i>	200	6000	6000	6000	6000	0	<b>0,0%</b>	6000
<i>MV Substations</i>	7270	1950	996	975	996	21	<b>2,1%</b>	996
<i>MV Switching Stations</i>	–	–	–	–	–	–		–
<i>MV Networks</i>	–	500	100	100	100	–		100
<i>LV Networks</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Water Supply Infrastructure</b>	4124	3126	4467	4172	4467	295	<b>6,6%</b>	4467
<i>Dams and Weirs</i>	–	–	–	–	–	–		–
<i>Boreholes</i>	–	–	–	–	–	–		–
<i>Reservoirs</i>	–	–	–	–	–	–		–
<i>Pump Stations</i>	–	–	–	–	–	–		–
<i>Water Treatment Works</i>	–	300	300	28	300	272	<b>90,6%</b>	300
<i>Bulk Mains</i>	–	–	–	–	–	–		–
<i>Distribution</i>	4124	2826	4167	4144	4167	23	<b>0,6%</b>	4167
<i>Distribution Points</i>	–	–	–	–	–	–		–
<i>PRV Stations</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Sanitation Infrastructure</b>	200	5113	6353	4614	6353	1740	<b>27,4%</b>	6353
<i>Pump Station</i>	143	2713	4005	2521	4005	1484	<b>37,0%</b>	4005
<i>Reticulation</i>	57	–	–	–	–	–		–
<i>Waste Water Treatment Works</i>	–	2400	2348	2093	2348	256	<b>10,9%</b>	2348
<i>Outfall Sewers</i>	–	–	–	–	–	–		–
<i>Toilet Facilities</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–



Description	2021/22			Budget Year 2022/23				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>								
<b>Solid Waste Infrastructure</b>	17011	–	3637	13343	3637	(9706)	-	3637
<i>Landfill Sites</i>	16445	–	3000	12706	3000	(9706)	-	3000
<i>Waste Transfer Stations</i>	566	–	637	637	637	(0)	<b>0,0%</b>	637
<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>	–	–	–	–	–	–		–
<b>Rail Infrastructure</b>	–	–	–	–	–	–		–
<i>Rail Lines</i>	–	–	–	–	–	–		–
<i>Rail Structures</i>	–	–	–	–	–	–		–
<i>Rail Furniture</i>	–	–	–	–	–	–		–
<b>Drainage Collection</b>	–	–	–	–	–	–		–
<i>Storm water Conveyance</i>	–	–	–	–	–	–		–
<i>Attenuation</i>	–	–	–	–	–	–		–
<i>MV Substations</i>	–	–	–	–	–	–		–
<i>LV Networks</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Coastal Infrastructure</b>	–	–	–	–	–	–		–
<i>Sand Pumps</i>	–	–	–	–	–	–		–
<i>Piers</i>	–	–	–	–	–	–		–
<i>Revetments</i>	–	–	–	–	–	–		–
<i>Promenades</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Information and Communication Infrastructure</b>	–	–	–	–	–	–		–
<i>Data Centres</i>	–	–	–	–	–	–		–
<i>Core Layers</i>	–	–	–	–	–	–		–
<i>Distribution Layers</i>	–	–	–	–	–	–		–
<i>Capital Spares</i>	–	–	–	–	–	–		–
<b>Community Assets</b>	<b>1138</b>	<b>1875</b>	<b>2157</b>	<b>1359</b>	<b>2157</b>	<b>798</b>	<b>37,0%</b>	<b>2157</b>
<b>Community Facilities</b>	910	160	160	159	160	1	<b>0,8%</b>	160
<i>Halls</i>	–	–	–	–	–	–		–
<i>Centres</i>	910	–	–	–	–	–		–
<i>Crèches</i>	–	–	–	–	–	–		–
<i>Clinics/Care Centres</i>	–	–	–	–	–	–		–
<i>Fire/Ambulance Stations</i>	–	–	–	–	–	–		–
<i>Testing Stations</i>	–	–	–	–	–	–		–



Description	2021/22					Budget Year 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
<i>Museums</i>	-	-	-	-	-	-	-	-
<i>Galleries</i>	-	-	-	-	-	-	-	-
<i>Theatres</i>	-	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>	-	-	-	-	-	-	-	-
<i>Police</i>	-	-	-	-	-	-	-	-
<i>Purloins</i>	-	-	-	-	-	-	-	-
<i>Public Open Space</i>	-	-	-	-	-	-	-	-
<i>Nature Reserves</i>	-	-	-	-	-	-	-	-
<i>Public Ablution</i>	-	160	160	159	160	1	0,8%	160
<i>Facilities</i>								
<i>Markets</i>	-	-	-	-	-	-	-	-
<i>Stalls</i>	-	-	-	-	-	-	-	-
<i>Abattoirs</i>	-	-	-	-	-	-	-	-
<i>Airports</i>	-	-	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-
<b>Sport and Recreation Facilities</b>	228	1715	1997	1201	1997	797	<b>39,9%</b>	1997
<i>Indoor Facilities</i>	128	500	872	699	872	173	19,9%	872
<i>Outdoor Facilities</i>	100	1215	1125	502	1125	623	55,4%	1125
<i>Capital Spares</i>	-	-	-	-	-	-	-	-
<u>Heritage assets</u>	-	-	1449	-	1449	1449	100,0%	1449
<i>Monuments</i>	-	-	-	-	-	-	-	-
<i>Historic Buildings</i>	-	-	1449	-	1449	1449	100,0%	1449
<i>Works of Art</i>	-	-	-	-	-	-	-	-
<i>Conservation Areas</i>	-	-	-	-	-	-	-	-
<i>Other Heritage</i>	-	-	-	-	-	-	-	-
<u>Investment properties</u>	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-
<i>Unimproved</i>	-	-	-	-	-	-	-	-
<i>Property</i>								
<i>Non-revenue</i>	-	-	-	-	-	-	-	-
<i>Generating</i>								
<i>Improved Property</i>	-	-	-	-	-	-	-	-
<i>Unimproved</i>	-	-	-	-	-	-	-	-
<i>Property</i>								
<u>Other assets</u>	1064	730	828	10528	828	(9700)	-	828
							1171,4%	
<i>Operational Buildings</i>	1064	730	828	758	828	70	<b>8,4%</b>	828
<i>Municipal Offices</i>	9	300	398	574	398	(176)	-44,2%	398
<i>Pay/Enquiry Points</i>	-	-	-	-	-	-	-	-
<i>Building Plan Offices</i>	-	-	-	-	-	-	-	-



Description	2021/22			Budget Year 2022/23				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
<b>Workshops</b>	759	180	180	40	180	140	78,0%	180
<b>Yards</b>	–	–	–	–	–	–		–
<b>Stores</b>	296	–	–	–	–	–		–
<b>Laboratories</b>	–	250	250	145	250	105	42,1%	250
<b>Training Centres</b>	–	–	–	–	–	–		–
<b>Manufacturing Plant</b>	–	–	–	–	–	–		–
<b>Depots</b>	–	–	–	–	–	–		–
<b>Capital Spares</b>	–	–	–	–	–	–		–
<b>Housing</b>	–	–	–	9770	–	(9770)	#DIV/0!	–
<b>Staff Housing</b>	–	–	–	–	–	–		–
<b>Social Housing</b>	–	–	–	–	–	–		–
<b>Capital Spares</b>	–	–	–	9770	–	(9770)	#DIV/0!	–
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–		–
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–		–
<b>Intangible Assets</b>	–	–	–	–	–	–		–
<b>Servitudes</b>	–	–	–	–	–	–		–
<b>Licences and Rights</b>	–	–	–	–	–	–		–
<b>Water Rights</b>	–	–	–	–	–	–		–
<b>Effluent Licenses</b>	–	–	–	–	–	–		–
<b>Solid Waste Licenses</b>	–	–	–	–	–	–		–
<b>Computer Software and Applications</b>	–	–	–	–	–	–		–
<b>Load Settlement Software Applications</b>	–	–	–	–	–	–		–
<b>Unspecified</b>	–	–	–	–	–	–		–
<b>Computer Equipment</b>	2455	5285	4895	2323	4895	2572	52,5%	4895
<b>Computer Equipment</b>	2455	5285	4895	2323	4895	2572	52,5%	4895
<b>Furniture and Office Equipment</b>	282	471	1184	959	1184	225	19,0%	1184
<b>Furniture and Office Equipment</b>	282	471	1184	959	1184	225	19,0%	1184
<b>Machinery and Equipment</b>	1341	30	30	29	30	1	4,3%	30
<b>Machinery and Equipment</b>	1341	30	30	29	30	1	4,3%	30
<b>Transport Assets</b>	1431	1220	2072	445	2072	1628	78,5%	2072
<b>Transport Assets</b>	1431	1220	2072	445	2072	1628	78,5%	2072
<b>Total Capital Expenditure on upgrading of existing assets</b>	<b>68353</b>	<b>50572</b>	<b>53497</b>	<b>61564</b>	<b>53497</b>	<b>(8067)</b>	<b>-15,1%</b>	<b>53497</b>



**APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2023**

Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
<b>Water</b>					
Telemetry: Expansion New System	250	40	39	-2%	-538%
Telemetry: Expansion New System	–	150	138	-9%	100%
Capital Spares-Pump Stations	200	510	300	-70%	33%
Desalination Plant PLC Replacements	–	141	141	0%	100%
Machinery & Equipment (New)	30	25	24	-1%	-24%
Machinery & Equipment (Replacements)	30	34	32	-5%	7%
Fencing and Ancillary Works-Sandhoogte	200	327	306	-7%	35%
Replacement of Electrical Plant and Equipment-Sandhoogte	200	200	168	-19%	-19%
Machinery & Equipment-New	10	12	11	-2%	11%
Machinery & Equipment- Replacement	10	10	8	-22%	-22%
Fencing Great Brak WTW	200	174	174	0%	-15%
New Connections	1 500	1 250	1 102	-13%	-36%
Replacement of Water Meters	–	400	316	-27%	100%
Ernst Robertson Pipeline to Sandhoogte	1 000	300	300	0%	-233%
Furniture & Office Equipment	20	6	6	-2%	-239%
New multi-purpose Trailer	50	50	49	-2%	-2%
Replace Water Network Lines-All Areas	5 000	7 200	5 494	-31%	9%
New Great Brak River Reservoir	3 100	–	–	-	-
New Great Brak River Reservoir	–	2 000	2 000	0%	100%
Installation of Intelligent Bulk Watermeter Reading Devices	500	500	–	-	-
Upgrade Herberdsdale Water Reticulation-M.I.G	6 522	4 425	4 425	0%	-47%
Upgrade Herberdsdale Water Reticulation-C.R.R	732	656	656	0%	-12%
Herberdsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:MIG	2 714	2 496	2 496	0%	-9%
Herberdsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:CRR	604	127	127	0%	-376%
Pump station to supply New Reservoir @ Farm Vaale Vallei	500	500	500	0%	0%
Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag	2 000	2 980	2 949	-1%	32%
Water Management Solutions (Smart Meters)	500	200	–	-	-
Replacement of Fencing at Reservoirs	1 000	1 399	1 399	0%	28%
Replacement of Vehicle: CBS 27697	380	375	373	-1%	-2%
Upgrade of Friemersheim WTW	–	–	21	100%	100%
Machinery and Equipment - New	20	75	56	-34%	64%





Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Machinery & Equipment - Replacements @ Water Network Section	50	50	25	-97%	-97%
Furniture & Office Equipment_replacement	50	50	47	-5%	-5%
Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments	1 800	1 400	1 400	0%	-29%
Sewage conservancy tank, pump and pipeline at Kleinbrak Water Treatment Works	100	100	66	-51%	-51%
Capital Spares - Treatment Works	450	450	179	-152%	-152%
Electrical Bulk supply to Vaale Vallei pump station	500	300	288	-4%	-74%
Water Reticulation of Erf 7092, Danabay, Donated Asset	-	-	91	100%	100%
Replacement of Vehicle: CBS 32657	380	-	-	-	-
Replacement of Vehicle: CBS 37205	-	400	379	-6%	100%
Sanitation/Sewerage					
New Level-Sensor for Sewer Pits	100	86	86	-1%	-17%
Upgrade Telemetry	400	210	203	-4%	-97%
Upgrade Telemetry	-	170	145	-17%	100%
New MCC Panels (To replace old MCC Panels)	250	250	246	-2%	-2%
Capital Spares-Pump Stations_Sewerage	200	772	104	-643%	-93%
Upgrade of Beach Street Sewer Pump Station	-	40	-	-	-
Upgrade of Beach Street Sewer Pump Station	-	208	118	-76%	100%
Instrumentation-Purification Services	286	-	-	-	-
Instrumentation-Purification Services	-	210	177	-19%	100%
Mechanical Plant and Equipment-Regional Plant	200	200	51	-291%	-291%
New shade net parking	40	110	108	-2%	63%
Upgrading of the Regional WWTW	1 000	730	726	-1%	-38%
Replacement of Vehicle: CBS 21348	380	397	379	-5%	0%
Replacement of sewer pipelines between Mossel Bay and Hartenbos	3 000	700	510	-37%	-489%
New Connections	450	450	279	-61%	-61%
Midbrak Main Sewer Network	8 500	5 500	5 534	1%	-54%
Main Sewer Network between Glentana & Great Brak	12 000	7 000	6 485	-8%	-85%
Furniture & Office Equipment	20	5	3	-68%	-572%
Machinery & Equipment-New	30	30	29	-3%	-3%
Machinery & Equipment-Replacement	30	30	25	-21%	-21%
New Multi-Purpose Trailer	50	50	49	-2%	-2%
Enlarge Sewerlines: Brandwacht	300	300	207	-45%	-45%
Capacity increase of Great Brak WWTW	21 000	5 000	5 309	6%	-296%
Capacity increase of Pinnacle Point WWTW	9 976	7 670	7 670	0%	-30%



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Capacity increase of Pinnacle Point WWTW	2 594	1 554	1 564	1%	-66%
New sewer infrastructure for unserviced erven in Great Brak River	300	300	191	-57%	-57%
Capital Spares-Treatment Works	300	325	292	-11%	-3%
Upgrading and Alterations to Laboratory @ Regional WWTW	400	400	293	-37%	-37%
Machinery & Equipment - Replacement	10	20	10	-96%	2%
New Vacuum Truck	1 600	-	-	-	-
New Vacuum Truck	-	1 356	1 251	-8%	100%
Upgrade WWTW-Friemersheim-C.R.R	500	-	-	-	-
Upgrade WWTW - Friemersheim	-	300	300	0%	100%
Furniture & Office Equipment WWTW (Replacements)	50	45	44	-3%	-15%
Furniture & Office Equipment WWTW (New)	10	10	6	-64%	-64%
Furniture & Office Equipment for Superintendent Sewer (South) & Superintendent Operational (North)	30	10	9	-6%	-218%
New vehicle (Artisan - Plumber: Sewer (North))	360	-	-	-	-
New vehicle (Artisan - Plumber: Sewer (North))	-	399	386	-3%	100%
Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing)	700	400	348	-15%	-101%
Emergency Repair Work at Onzerust Avenue Sewer Chamber	-	334	334	0%	100%
Sewer Reticulation of Erf 7092, Dana Bay - Donated Assets	-	-	68	100%	100%
Electricity					
Furniture & Office Equipment (New)	-	22	22	0%	100%
Furniture & Office Equipment (Replacements)	9	3	3	0%	-159%
Replacement Network H/Bos_	22	22	12	-85%	-85%
Replacement Network H/Bos	330	420	421	0%	22%
Replacement Network H/Bos	65	65	64	-1%	-1%
Replacement Network Low Voltage	22	22	24	11%	11%
Replacement Network Low Voltage	344	509	509	0%	32%
Replacement Network Low Voltage	65	108	83	-30%	22%
New Connections	38	38	29	-30%	-30%
New Connections	453	488	448	-9%	-1%
New Connections	1 810	1 964	1 928	-2%	6%
Capital Spares (Replace Mini Substations)	1 600	-	-	-	-
Replace MV Ring Main Units	600	2 206	598	-269%	0%
Electrification Projects	6 370	10 253	10 253	0%	38%
Electrification Projects_CRR	200	139	139	0%	-44%
Electrification Projects_CRR	-	36	36	0%	100%
Electrification: Louis Fourie Corridor	4 987	4 583	4 583	0%	-9%
Tools & Equipment	130	127	138	8%	6%



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Replacement of Vehicles: CBS 30283	385	362	362	0%	-6%
Replacement of Vehicles: CBS 41147	385	354	354	0%	-9%
High mast and flood lights for various wards	150	85	85	0%	-76%
High mast and flood lights for various wards	-	157	157	0%	100%
Electrical Workshop Upgrading	50	43	43	0%	-16%
Replace LV Overhead Lines : Great Brak	32	62	62	0%	49%
Replace LV Overhead Lines : Great Brak	512	379	379	0%	-35%
Replace LV Overhead Lines : Great Brak	96	85	85	0%	-13%
Replace MV Overhead Lines : Great and Klein Brak areas	32	42	42	0%	24%
Replace MV Overhead Lines : Great and Klein Brak areas	512	508	508	0%	-1%
Replace MV Overhead Lines : Great and Klein Brak areas	96	72	72	0%	-33%
Casino Sub-Replace Switchgear	30	-	-	-	-
Casino Sub-Replace Switchgear	1 000	-	-	-	-
Casino Sub-Replace Switchgear	20	-	-	-	-
Intake Substation Revamp (66 kV)	4 000	1 000	1 000	0%	-300%
Smart grid, metering & monitoring	300	178	118	-50%	-153%
Smart grid, metering & monitoring	-	121	121	0%	100%
Aalwyndal MV network upgrade	4 000	7 730	7 730	0%	48%
Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations	9 500	9 500	8 319	-14%	-14%
Replace Morrison Str OHL	-	2	-	-	-
Replace Morrison Str OHL	-	1 518	1 125	-35%	100%
Replace Morrison Str OHL	-	24	21	-14%	100%
Replace Morrison Str OHL	1 000	-	-	-	-
LV supplies to various CCTV installations	5	5	9	46%	46%
LV supplies to various CCTV installations	70	70	52	-35%	-35%
LV supplies to various CCTV installations	25	60	60	-1%	58%
MV network improvement between N2 Industrial Sites and Sijaji Str	-	-	(5)	100%	100%
MV Network Improvement KwaNonqaba SS-B substation	15	-	-	-	-
MV Network Improvement KwaNonqaba SS-B substation	475	131	1	-8833%	-32404%
MV Network Improvement KwaNonqaba SS-B substation	10	-	-	-	-
Replace Vehicle CBS 28887	435	-	-	-	-
Optic fibre network installation between 66kV substations	500	-	-	-	-
Optic fibre network installation between 66kV substations	-	161	161	0%	100%
Replacement of Electricity Meters	700	880	843	-4%	17%
Replacement of Electricity Meters	204	-	-	-	-



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
New Streetlights on gravel road behind Barracuda str	5	17	17	0%	70%
New Streetlights on gravel road behind Barracuda str	143	135	135	0%	-6%
New Streetlights on gravel road behind Barracuda str	37	33	33	0%	-14%
Energy Efficiency: Streetlight luminaire replacements	5 000	5 000	4 547	-10%	-10%
Replacement of MV Cable to Mossdustria	-	809	698	-16%	100%
Replacement of MV Cable to Mossdustria	-	91	90	-1%	100%
Replacement of MV Cable to Mossdustria	-	50	41	-23%	100%
Electrical LV reticulation of Erf 7092, Dana Bay-Dontated Asset	-	182	182	0%	100%
Monte Christo access road - donation of streetlights	-	-	427	100%	100%
Bulk electrical installation for Milkwood Estate on Erf 2839, Great Brak	-	-	1 129	100%	100%
High mast lighting for KwaNonqaba area	-	217	217	0%	100%
Standby generators	-	4 348	-	-	-
<b>Housing</b>					
Mossel Bay Tourism Route	800	310	310	0%	-158%
Upgrading of Informal Settlements - Capital spares	53 043	9 342	13 610	31%	-290%
Upgrading of Informal Settlements - Capital spares	-	26 664	6 994	-281%	100%
Upgrading of Informal Settlements - Capital spares	-	1 944	1 784	-9%	100%
Upgrading of Informal Settlements - Capital spares	-	12 022	6 774	-77%	100%
Tracker for Chev Cruze	10	10	8	-29%	-29%
<b>Refuse removal</b>					
Procurement of Bulk Skip	500	709	430	-65%	-16%
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	250	5	5	0%	-4716%
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	-	-	6	100%	100%
Upgrade of access road to Herberdsdale Transfer Station	-	148	-	-	-
Airconditioner for office at Schoeman Street Yard	50	10	10	-1%	-394%
Replacement of Vehicle:CBS 27393	2 000	-	-	-	-
Replacement of Vehicle:CBS 27393	-	1 668	1 671	0%	100%
Procurement of a TLB	600	513	513	0%	-17%
Restoration cost land fill site	-	812	7 116	89%	100%
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	190	-	-	-	-
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	-	210	180	-16%	100%
Car Port-Schoeman Street	1 000	-	-	-	-



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Car Port-Schoeman Street	–	1 886	381	-395%	100%
Car Port-Schoeman Street	500	–	–	-	-
Noise meter	200	108	108	0%	-85%
New conservancy tank Louie Fourie Transfer Station	120	–	–	-	-
New conservancy tank Louie Fourie Transfer Station	–	18	18	0%	100%
New Spotlight Herbertsdale Transfer station	100	–	–	-	-
New Spotlight Herbertsdale Transfer station	–	20	20	0%	100%
Purchase of New Vehicle : 4X2 LDV	350	307	308	0%	-14%
Electrical appliances for Transfer stations	20	20	21	6%	6%
Upgrade of Hartenbos Refuse Staff Room	50	–	–	-	-
Upgrade of Hartenbos Refuse Staff Room	–	100	1	-15032%	100%
Stormwater					
Segmented Paving Various Areas	500	419	419	-19%	-19%
Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai	500	284	284	-76%	-76%
Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai	300	128	14	-2004%	-2004%
Improve Stormwater :Upgrade S/W along Anda,Sneeuberg to Sixaxeni	600	922	922	35%	35%
Upgrading of CBD stormwater	2 000	2 580	1 023	-96%	-96%
Improve stormwater system in Sampson Street, Ext.23	1 000	1 079	1 079	7%	7%
New stormwater system in Diaz Beach	650	1 000	100	-550%	-550%
Upgrading of stormwater system between Village on Sea & Blombosch	200	14	14	-1339%	-1339%
Upgrading of stormwater system between Village on Sea & Blombosch	–	22	21	100%	100%
Upgrading of stormwater system between Village on Sea & Blombosch	–	144	107	100%	100%
Upgrading of stormwater system between Village on Sea & Blombosch	–	84	83	100%	100%
Upgrading of stormwater system between Village on Sea & Blombosch	–	178	145	100%	100%
Upgrade SW capacity - Industry Road - Voorbaai	1 500	1 554	1 419	-6%	-6%
Stormwater drainage in Sijaji Street, kwaNonqaba	–	40	29	100%	100%
Stormwater drainage in Sijaji Street, kwaNonqaba	–	30	26	100%	100%
Stormwater drainage in Sijaji Street, kwaNonqaba	–	5	–	-	-
Economic development					
Furniture & Office Equipment-New (LED)	25	25	23	-9%	-9%
Establishment of business hives in Mossel Bay_C.R.R	800	800	764	-5%	-5%



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP	939	939	910	-3%	-3%
Tarka Amphitheater	2 600	2 600	1 962	-33%	-33%
Container Business Parks	–	2 038	1 808	-13%	100%
Upgrading of Kwano Business Park (Shading)	40	110	106	-4%	62%
Sonskyn Valley Business Spaces	600	600	439	-37%	-37%
Upgrade of D'Almeida Business Park	100	107	89	-20%	-12%
Business Park Replacement	50	43	43	0%	-15%
Urban Agriculture Project in Mountain view, Hydroponics & Nursery	800	800	800	0%	0%
Sports, Arts & Culture					
Furniture, Tools and Equipment-New	50	105	105	0%	52%
Purchase New Watering Trailers	85	68	68	0%	-25%
Purchase new plant material chipper	90	60	60	0%	-50%
Purchase New Water Tanks	120	158	158	0%	24%
Purchase New 3 Ton Truck	680	582	582	0%	-17%
Purchase new ride on mower deck	125	103	103	0%	-22%
Purchase new ride on mowers	360	277	277	0%	-30%
One Boerbull Trailer Bulperd with Mounted Water Tank (Donation agreement between Ruwaccon (PTY) LTD and Mossel Bay Municipality)	–	76	76	0%	100%
Replacement of existing fences around animal enclosures in Harry Giddey Park	75	246	223	-10%	66%
Furniture & Office Equipment-Replacements	30	30	19	-57%	-57%
Machinery & Equipment-Replacement	60	60	55	-8%	-8%
Replace redundant fence at sports field-Brandwacht	–	499	499	0%	100%
Replace redundant Fence at sports field-Brandwacht	500	–	–	-	-
Replace redundant fences Herbtsdale Sport fields	–	315	315	0%	100%
Replace sport field goal posts	90	112	112	0%	20%
Replacement of border fence-Extension 23 Soccer Field	–	1 398	1 412	1%	100%
Replacement of border fence-Extension 23 Soccer Field	1 300	–	–	-	-
Resurface the netball courts at Hartenbos Sportsground	173	–	–	-	-
Replace existing precast boundary wall at Greenhaven Sportsfield	–	569	362	-57%	100%
Replace existing precast boundary wall at Greenhaven Sportsfield	350	–	–	-	-
Replace existing precast boundary wall at Greenhaven Sportsfield	350	–	–	-	-
Replace existing precast boundary wall at Van Riebeeck Stadium	500	1 082	922	-17%	46%
Purchase New 3 Ton Truck	680	582	582	0%	-17%
Furniture, Tools and Equipment_New	35	40	35	-13%	1%





Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	580	–	–	-	-
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	–	580	381	-52%	100%
Replace CBS 17249	315	–	–	-	-
Replace CBS 17249	–	285	285	0%	100%
Reseal of Netball courts in the Greatbrak Area	–	271	271	0%	100%
Build new Netball court in Civic Park	–	695	690	-1%	100%
Purchase new Container store rooms	180	182	182	0%	1%
Rebuild safety structure for Hammer and Discus throw circle	–	30	30	0%	100%
Replace the runways on long jump at Van Riebeeck stadium	90	–	–	-	-
Replace the runways on long jump at Van Riebeeck stadium	–	198	130	-52%	100%
Reseal program for hard-court sport facilities	1 700	–	–	-	-
Reseal program for hard-court sport facilities	–	1 753	1 039	-69%	100%
Purchase hand held two way radios	60	164	148	-10%	60%
Change old Soccer fields in KwaNonqaba to an unofficial practis field	–	30	–	-	-
Change old Soccer fields in KwaNonqaba to an unofficial practis field	–	125	87	-43%	100%
Environment					
Health					
Safety and Security					
Procurement of Dogs (K9 Unit)	322	275	333	17%	3%
Training Aids K9	104	143	125	-15%	16%
K9 Training equipment / Protective Gear	122	195	80	-144%	-52%
K9 Kennels & support equipment (Sick Bay treatment area)	174	237	236	-1%	26%
Creating concrete slab flooring K9	43	75	75	0%	42%
Procurement of K9 Patrol Vehicles	1 043	–	–	-	-
Procurement of K9 Patrol Vehicles	–	883	839	-5%	100%
CCTV cameras (JOC)	–	94	91	-3%	100%
Pistols and shotguns for Tactical Response and By-law Enforcement	–	217	–	-	-
Installation of Carport structure for K9 kennels	–	130	18	-611%	100%
Perimeter fencing for K9 Kennels	–	373	274	-36%	100%
Procurement of K9 patrol vehicle	–	314	308	-2%	100%
Installation and branding of dog kennels	52	52	38	-36%	-36%
Establish and provide service connections for K9 Kennels	–	278	224	-24%	100%



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Pistols and shotguns for Traffic Officers for protection in execution of duties	-	100	-	-	-
Donated dog for K9 Unit	-	4	3	-15%	100%
Speed bumps Installation for safe road environment Ward 2	-	150	138	-9%	100%
Law Enforcement Patrol Vehicles (New)	1 400	8	8	0%	-17938%
Law Enforcement Patrol Vehicles (New)	-	1 701	1 655	-3%	100%
Furniture and Office Equipment (New)	100	146	141	-3%	29%
Build and construct a boundary brick wall at Hartenbos Municipal building	-	198	-	-	-
Bullet proof vests for officer protection	-	92	87	-6%	100%
Bulk Filling Cabinets	60	23	69	67%	14%
Two-Way Portable Radio's	120	120	119	-1%	-1%
Visible traffic roof blue lights	50	25	7	-238%	-576%
CCTV Cameras	500	186	152	-22%	-229%
Escape Routes	70	450	442	-2%	84%
Purchase of Body Cameras-CRR	300	18	18	0%	-1563%
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	1 200	-	-	-	-
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	-	1 014	964	-5%	100%
Armoured Personnel Carrier Vehicle	3 800	-	-	-	-
Armoured Personnel Carrier Vehicle	-	4 925	4 916	0%	100%
Speed Bumps installation for safe road environment	250	250	230	-9%	-9%
Traffic Police Vehicle Siren System	60	32	8	-302%	-654%
Trailer for transporting quad bikes	40	26	26	0%	-51%
Riot Control Shields (Crowd Management)	50	32	32	0%	-58%
Non-lethal rifles	100	-	-	-	-
ICT and Other					
Computers (Replacements-Other)	3 900	3 806	3 806	0%	-2%
Computers (New-Other)	450	435	420	-4%	-7%
VM Storage and Backup Infrastructure Upgrades	1 241	2 568	2 568	0%	52%
VM Storage and Backup Infrastructure Upgrades	-	1 246	1 246	0%	100%
Mounting Mast for Municipal 3rd Party Antennas	-	961	41	-2256%	100%
Electronic Media for Council Chamber	500	-	-	-	-
Electronic Media for Council Chamber	-	505	495		
Wireless Radio Backbone Infrastructure Upgrade	500	493	493	0%	-1%



Capital Programme by Project: Year 2023					
Capital Project	Year 2023	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Emergency electricity to offices that is without power during loadshedding	–	409	477	14%	100%

Capital Programme by Project by Ward: Year 2023		R' 000
Capital Project	Year 2023	
<b>Water</b>		
Telemetry: Expansion New System	Whole of the Municipality	
Telemetry: Expansion New System	Whole of the Municipality	
Capital Spares-Pump Stations	Whole of the Municipality	
Desalination Plant PLC Replacements	Whole of the Municipality	
Machinery & Equipment (New)	Whole of the Municipality	
Machinery & Equipment (Replacements)	Whole of the Municipality	
Fencing and Ancillary Works-Sandhoogte	Whole of the Municipality	
Replacement of Electrical Plant and Equipment-Sandhoogte	Whole of the Municipality	
Machinery & Equipment-New	Administrative or Head Office (Including Satellite Offices)	
Machinery & Equipment-Replacement	Administrative or Head Office (Including Satellite Offices)	
Fencing Great Brak WTW	Whole of the Municipality	
New Connections	Whole of the Municipality	
Replacement of Water Meters	Whole of the Municipality	
Ernst Robertson Pipeline to Sandhoogte	Whole of the Municipality	
Furniture & Office Equipment	Administrative or Head Office (Including Satellite Offices)	
New multi-purpose Trailer	Whole of the Municipality	
Replace Water Network Lines-All Areas	Whole of the Municipality	
New Great Brak River Reservoir	Ward 4	
New Great Brak River Reservoir	Ward 4	
Installation of Intelligent Bulk Watermeter Reading Devices	Whole of the Municipality	
Upgrade Herberdsdale Water Reticulation-M.I.G	Ward 7	
Upgrade Herberdsdale Water Reticulation-C.R.R	Ward 7	
Herberdsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:MIG	Ward 7	
Herberdsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:CRR	Ward 7	
Pump station to supply New Reservoir @ Farm Vaale Vallei	Whole of the Municipality	
Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag	Whole of the Municipality	
Water Management Solutions (Smart Meters)	Whole of the Municipality	
Replacement of Fencing at Reservoirs	Whole of the Municipality	
Replacement of Vehicle: CBS 27697	Whole of the Municipality	
Upgrade of Friemersheim WTW	Ward 14	
Machinery and Equipment - New	Whole of the Municipality	
Machinery & Equipment - Replacements @ Water Network Section	Whole of the Municipality	
Furniture & Office Equipment_replacement	Administrative or Head Office (Including Satellite Offices)	
Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments	Whole of the Municipality	
Sewage conservancy tank, pump and pipeline at Kleinbrak Water Treatment Works	Whole of the Municipality	
Capital Spares - Treatment Works	Whole of the Municipality	
Electrical Bulk supply to Vaale Vallei pump station	Whole of the Municipality	
Water Reticulation of Erf 7092, Danabay, Donated Asset	Ward 11	



Capital Programme by Project by Ward: Year 2023		R' 000
Capital Project	Year 2023	
Replacement of Vehicle: CBS 32657	Whole of the Municipality	
Replacement of Vehicle: CBS 37205	Whole of the Municipality	
Sanitation/Sewerage		
New Level-Sensor for Sewer Pits	Whole of the Municipality	
Upgrade Telemetry	Whole of the Municipality	
Upgrade Telemetry	Whole of the Municipality	
New MCC Panels (To replace old MCC Panels)	Whole of the Municipality	
Capital Spares-Pump Stations_Sewerage	Whole of the Municipality	
Upgrade of Beach Street Sewer Pump Station	Ward 8	
Upgrade of Beach Street Sewer Pump Station	Ward 8	
Instrumentation-Purification Services	Whole of the Municipality	
Instrumentation-Purification Services	Whole of the Municipality	
Mechanical Plant and Equipment-Regional Plant	Whole of the Municipality	
New shade net parking	Whole of the Municipality	
Upgrading of the Regional WWTW	Whole of the Municipality	
Replacement of Vehicle: CBS 21348	Whole of the Municipality	
Replacement of sewer pipelines between Mossel Bay and Hartenbos	Whole of the Municipality	
New Connections	Whole of the Municipality	
Midbrak Main Sewer Network	Ward 5	
Main Sewer Network between Glentana & Great Brak	Ward 5	
Furniture & Office Equipment	Administrative or Head Office (Including Satellite Offices)	
Machinery & Equipment-New	Administrative or Head Office (Including Satellite Offices)	
Machinery & Equipment-Replacement	Administrative or Head Office (Including Satellite Offices)	
New Multi-Purpose Trailer	Whole of the Municipality	
Enlarge Sewerlines: Brandwacht	Ward 4	
Capacity increase of Great Brak WWTW	Ward 4	
Capacity increase of Pinnacle Point WWTW	Whole of the Municipality	
Capacity increase of Pinnacle Point WWTW	Whole of the Municipality	
New sewer infrastructure for unserved erven in Great Brak River	Ward 5	
Capital Spares-Treatment Works	Whole of the Municipality	
Upgrading and Alterations to Laboratory @ Regional WWTW	Whole of the Municipality	
Machinery & Equipment - Replacement	Whole of the Municipality	
New Vacuum Truck	Administrative or Head Office (Including Satellite Offices)	
New Vacuum Truck	Administrative or Head Office (Including Satellite Offices)	
Upgrade WWTW-Friemersheim-C.R.R	Ward 14	
Upgrade WWTW - Friemersheim	Ward 14	
Furniture & Office Equipment WWTW (Replacements)	Administrative or Head Office (Including Satellite Offices)	
Furniture & Office Equipment WWTW (New)	Administrative or Head Office (Including Satellite Offices)	
Furniture & Office Equipment for Superintendent Sewer (South) & Superintendent Operational (North)	Administrative or Head Office (Including Satellite Offices)	
New vehicle (Artisan - Plumber: Sewer (North)	Whole of the Municipality	
New vehicle (Artisan - Plumber: Sewer (North)	Whole of the Municipality	
Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing)	Whole of the Municipality	
Emergency Repair Work at Onzerust Avenue Sewer Chamber	Whole of the Municipality	
Sewer Reticulation of Erf 7092, Dana Bay - Donated Assets	Ward 11	
Electricity		
Furniture & Office Equipment (New)	Administrative or Head Office (Including Satellite Offices)	



Capital Programme by Project by Ward: Year 2023		R' 000
Capital Project	Year 2023	
Furniture & Office Equipment (Replacements)	Administrative or Head Office (Including Satellite Offices)	
Replacement Network H/Bos_	Ward 10	
Replacement Network H/Bos	Ward 10	
Replacement Network H/Bos	Ward 10	
Replacement Network Low Voltage	Whole of the Municipality	
Replacement Network Low Voltage	Whole of the Municipality	
Replacement Network Low Voltage	Whole of the Municipality	
New Connections	Whole of the Municipality	
New Connections	Whole of the Municipality	
New Connections	Whole of the Municipality	
Capital Spares (Replace Mini Substations)	Whole of the Municipality	
Replace MV Ring Main Units	Whole of the Municipality	
Electrification Projects	Whole of the Municipality	
Electrification Projects_CRR	Whole of the Municipality	
Electrification Projects_CRR	Whole of the Municipality	
Electrification: Louis Fourie Corridor	Whole of the Municipality	
Tools & Equipment	Whole of the Municipality	
Replacement of Vehicles: CBS 30283	Whole of the Municipality	
Replacement of Vehicles: CBS 41147	Whole of the Municipality	
High mast and flood lights for various wards	Whole of the Municipality	
High mast and flood lights for various wards	Whole of the Municipality	
Electrical Workshop Upgrading	Whole of the Municipality	
Replace LV Overhead Lines : Great Brak	Whole of the Municipality	
Replace LV Overhead Lines : Great Brak	Whole of the Municipality	
Replace LV Overhead Lines : Great Brak	Whole of the Municipality	
Replace MV Overhead Lines : Great and Klein Brak areas	Whole of the Municipality	
Replace MV Overhead Lines : Great and Klein Brak areas	Whole of the Municipality	
Replace MV Overhead Lines : Great and Klein Brak areas	Whole of the Municipality	
Casino Sub-Replace Switchgear	Whole of the Municipality	
Casino Sub-Replace Switchgear	Whole of the Municipality	
Casino Sub-Replace Switchgear	Whole of the Municipality	
Intake Substation Revamp (66 kV)	Whole of the Municipality	
Smart grid, metering & monitoring	Whole of the Municipality	
Smart grid, metering & monitoring	Whole of the Municipality	
Aalwyndal MV network upgrade	Ward 7	
Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations	Whole of the Municipality	
Replace Morrison Str OHL	Ward 5	
Replace Morrison Str OHL	Ward 5	
Replace Morrison Str OHL	Ward 5	
Replace Morrison Str OHL	Ward 5	
LV supplies to various CCTV installations	Whole of the Municipality	
LV supplies to various CCTV installations	Whole of the Municipality	
LV supplies to various CCTV installations	Whole of the Municipality	
MV network improvement between N2 Industrial Sites and Sijaji Str	Whole of the Municipality	
MV Network Improvement KwaNonqaba SS-B substation	Whole of the Municipality	
MV Network Improvement KwaNonqaba SS-B substation	Whole of the Municipality	
MV Network Improvement KwaNonqaba SS-B substation	Whole of the Municipality	
Replace Vehicle CBS 28887	Whole of the Municipality	
Optic fibre network installation between 66kV substations	Whole of the Municipality	
Optic fibre network installation between 66kV substations	Whole of the Municipality	
Replacement of Electricity Meters	Whole of the Municipality	
Replacement of Electricity Meters	Whole of the Municipality	
New Streetlights on gravel road behind Barracuda str	Ward 13	
New Streetlights on gravel road behind Barracuda str	Ward 13	





Capital Programme by Project by Ward: Year 2023		R' 000
Capital Project	Year 2023	
New Streetlights on gravel road behind Barracuda str	Ward 13	
Energy Efficiency: Streetlight luminaire replacements	Whole of the Municipality	
Replacement of MV Cable to Mossdustria	Ward 7	
Replacement of MV Cable to Mossdustria	Ward 7	
Replacement of MV Cable to Mossdustria	Ward 7	
Electrical LV reticulation of Erf 7092, Dana Bay-Dontated Asset	Ward 11	
Monte Christo access road - donation of streetlights	Ward 4	
Bulk electrical installation for Milkwood Estate on Erf 2839, Great Brak	Ward 5	
High mast lighting for KwaNonqaba area	Whole of the Municipality	
Standby generators	Whole of the Municipality	
<b>Housing</b>		
Mossel Bay Tourism Route	Administrative or Head Office (Including Satellite Offices)	
Upgrading of Informal Settlements - Capital spares	Whole of the Municipality	
Upgrading of Informal Settlements - Capital spares	Whole of the Municipality	
Upgrading of Informal Settlements - Capital spares	Whole of the Municipality	
Upgrading of Informal Settlements - Capital spares	Whole of the Municipality	
Tracker for Chev Cruze	Administrative or Head Office (Including Satellite Offices)	
<b>Refuse removal</b>		
Procurement of Bulk Skip	Whole of the Municipality	
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	Ward 3	
Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations	Ward 3	
Upgrade of access road to Herbertsdale Transfer Station	Whole of the Municipality	
Airconditioner for office at Schoeman Street Yard	Ward 3	
Replacement of Vehicle: CBS 27393	Whole of the Municipality	
Replacement of Vehicle: CBS 27393	Whole of the Municipality	
Procurement of a TLB	Whole of the Municipality	
Restoration cost land fill site	Ward 14	
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	Whole of the Municipality	
Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety	Whole of the Municipality	
Car Port-Schoeman Street	Whole of the Municipality	
Car Port-Schoeman Street	Whole of the Municipality	
Car Port-Schoeman Street	Whole of the Municipality	
Noise meter	Whole of the Municipality	
New conservancy tank Louie Fourie Transfer Station	Ward 11	
New conservancy tank Louie Fourie Transfer Station	Ward 11	
New Spotlight Herbertsdale Transfer station	Ward 5	
New Spotlight Herbertsdale Transfer station	Ward 5	
Purchase of New Vehicle : 4X2 LDV	Whole of the Municipality	
Electrical appliances for Transfer stations	Whole of the Municipality	
Upgrade of Hartenbos Refuse Staff Room	Whole of the Municipality	
Upgrade of Hartenbos Refuse Staff Room	Whole of the Municipality	
<b>Stormwater</b>		
Segmented Paving Various Areas	Whole of the Municipality	
Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai	Ward 10	
Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai	Ward 11	
Improve Stormwater :Upgrade S/W along Anda,Sneeuberg to Sixaxeni	Ward 3	
Upgrading of CBD stormwater	Whole of the Municipality	
Improve stormwater system in Sampson Street, Ext.23	Ward 13	
New stormwater system in Diaz Beach	Ward 10	
Upgrading of stormwater system between Village on Sea & Blombosch	Ward 6	
Upgrading of stormwater system between Village on Sea & Blombosch	Ward 6	
Upgrading of stormwater system between Village on Sea & Blombosch	Ward 6	
Upgrading of stormwater system between Village on Sea & Blombosch	Ward 6	
Upgrading of stormwater system between Village on Sea & Blombosch	Ward 6	





## Capital Programme by Project by Ward: Year 2023

R' 000

Capital Project	Year 2023
Upgrade SW capacity - Industry Road - Voorbaai	Ward 10
Stormwater drainage in Sijaji Street, kwaNonqaba	Ward 1
Stormwater drainage in Sijaji Street, kwaNonqaba	Ward 1
Stormwater drainage in Sijaji Street, kwaNonqaba	Ward 1
Economic development	
Furniture & Office Equipment-New (LED)	Administrative or Head Office (Including Satellite Offices)
Establishment of business hives in Mossel Bay_C.R.R	Whole of the Municipality
Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP	Whole of the Municipality
Tarka Amphitheater	Whole of the Municipality
Container Business Parks	Whole of the Municipality
Upgrading of Kwano Business Park (Shading)	Ward 13
Sonskyn Valley Business Spaces	Ward 7
Upgrade of D'Almeida Business Park	Whole of the Municipality
Business Park Replacement	Whole of the Municipality
Urban Agriculture Project in Mountain view, Hydroponics & Nursery	Whole of the Municipality
Sports, Arts & Culture	
Furniture, Tools and Equipment-New	Whole of the Municipality
Purchase New Watering Trailers	Whole of the Municipality
Purchase new plant material chipper	Whole of the Municipality
Purchase New Water Tanks	Whole of the Municipality
Purchase New 3 Ton Truck	Whole of the Municipality
Purchase new ride on mower deck	Whole of the Municipality
Purchase new ride on mowers	Whole of the Municipality
One Boerbull Trailer Bulperd with Mounted Water Tank (Donation agreement between Ruwacon (PTY) LTD and Mossel Bay Municipality)	Whole of the Municipality
Replacement of existing fences around animal enclosures in Harry Giddey Park	Whole of the Municipality
Furniture & Office Equipment-Replacements	Whole of the Municipality
Machinery & Equipment-Replacement	Whole of the Municipality
Replace redundant fence at sports field-Brandwacht	Whole of the Municipality
Replace redundant Fence at sports field-Brandwacht	Whole of the Municipality
Replace redundant fences Herbertsdale Sport fields	Whole of the Municipality
Replace sport field goal posts	Whole of the Municipality
Replacement of border fence-Extension 23 Soccer Field	Whole of the Municipality
Replacement of border fence-Extension 23 Soccer Field	Whole of the Municipality
Resurface the netball courts at Hartenbos Sportsground	Ward 10
Replace existing precast boundary wall at Greenhaven Sportsfield	Ward 14
Replace existing precast boundary wall at Greenhaven Sportsfield	Ward 14
Replace existing precast boundary wall at Greenhaven Sportsfield	Ward 14
Replace existing precast boundary wall at Van Riebeeck Stadium	Ward 8
Purchase New 3 Ton Truck	Whole of the Municipality
Furniture, Tools and Equipment_New	Whole of the Municipality
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	Whole of the Municipality
Build new Ablution/ Cloak room facilities for Hartenbos Netball courts	Whole of the Municipality
Replace CBS 17249	Whole of the Municipality
Replace CBS 17249	Whole of the Municipality
Reseal of Netball courts in the Greatbrak Area	Whole of the Municipality
Build new Netball court in Civic Park	Whole of the Municipality
Purchase new Container store rooms	Whole of the Municipality
Rebuild safety structure for Hammer and Discus throw circle	Whole of the Municipality
Replace the runways on long jump at Van Riebeeck stadium	Whole of the Municipality
Replace the runways on long jump at Van Riebeeck stadium	Whole of the Municipality
Reseal program for hard-court sport facilities	Whole of the Municipality
Reseal program for hard-court sport facilities	Whole of the Municipality
Purchase hand held two way radios	Whole of the Municipality



Capital Programme by Project by Ward: Year 2023		R' 000
Capital Project	Year 2023	
Change old Soccer fields in KwaNonqaba to an unofficial practis field	Whole of the Municipality	
Change old Soccer fields in KwaNonqaba to an unofficial practis field	Whole of the Municipality	
Environment		
Health		
Safety and Security		
Procurement of Dogs (K9 Unit)	Ward 10	
Training Aids K9	Ward 10	
K9 Training equipment / Protective Gear	Ward 10	
K9 Kennels & support equipment (Sick Bay treatment area)	Ward 10	
Creating concrete slab flooring K9	Ward 10	
Procurement of K9 Patrol Vehicles	Whole of the Municipality	
Procurement of K9 Patrol Vehicles	Whole of the Municipality	
CCTV cameras (JOC)	Ward 6	
Pistols and shotguns for Tactical Response and By-law Enforcement	Whole of the Municipality	
Installation of Carport structure for K9 kennels	Ward 13	
Perimeter fencing for K9 Kennels	Ward 13	
Procurement of K9 patrol vehicle	Whole of the Municipality	
Installation and branding of dog kennels	Whole of the Municipality	
Establish and provide service connections for K9 Kennels	Ward 13	
Pistols and shotguns for Traffic Officers for protection in execution of duties	Whole of the Municipality	
Donated dog for K9 Unit	Ward 13	
Speed bumps Installation for safe road environment Ward 2	Ward 2	
Law Enforcement Patrol Vehicles (New)	Whole of the Municipality	
Law Enforcement Patrol Vehicles (New)	Whole of the Municipality	
Furniture and Office Equipment (New)	Whole of the Municipality	
Build and construct a boundary brick wall at Hartenbos Municipal building	Ward 10	
Bullet proof vests for officer protection	Whole of the Municipality	
Bulk Filling Cabinets	Administrative or Head Office (Including Satellite Offices)	
Two-Way Portable Radio's	Whole of the Municipality	
Visible traffic roof blue lights	Whole of the Municipality	
CCTV Cameras	Ward 3	
Escape Routes	Whole of the Municipality	
Purchase of Body Cameras-CRR	Whole of the Municipality	
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	Whole of the Municipality	
Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247)	Whole of the Municipality	
Armoured Personnel Carrier Vehicle	Whole of the Municipality	
Armoured Personnel Carrier Vehicle	Whole of the Municipality	
Speed Bumps installation for safe road environment	Whole of the Municipality	
Traffic Police Vehicle Siren System	Whole of the Municipality	
Trailer for transporting quad bikes	Whole of the Municipality	
Riot Control Shields (Crowd Management)	Whole of the Municipality	
Non-lethal rifles	Whole of the Municipality	
ICT and Other		
Computers (Replacements-Other)	Administrative or Head Office (Including Satellite Offices)	
Computers (New-Other)	Administrative or Head Office (Including Satellite Offices)	
VM Storage and Backup Infrastructure Upgrades	Administrative or Head Office (Including Satellite Offices)	
VM Storage and Backup Infrastructure Upgrades	Administrative or Head Office (Including Satellite Offices)	
Mounting Mast for Municipal 3rd Party Antennas	Ward 10	



Capital Programme by Project by Ward: Year 2023

R' 000

Capital Project	Year 2023
Electronic Media for Council Chamber	Administrative or Head Office (Including Satellite Offices)
Electronic Media for Council Chamber	Administrative or Head Office (Including Satellite Offices)
Wireless Radio Backbone Infrastructure Upgrade	Whole of the Municipality
Emergency electricity to offices that is without power during loadshedding	Administrative or Head Office (Including Satellite Offices)



**APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

None

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

None

**APPENDIX R – DECLARATION OF LOANS AND GRANT MADE BY THE MUNICIPALITY**

**Declaration of Loans and Grants made by the municipality: 2022**

All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2020 R' 000	Total Amount committed over previous and future years
<b>NONE</b>				

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

None



## APPENDIX T – BBBEE REPORT 2023

The Municipality's BBBEE remains Non-Compliant as it was not feasible to conduct an assessment in 2023.



## APPENDIX W – AUDIT REPORT 2023

### Report of the auditor-general to the Western Cape Provincial Parliament and council on the Mossel Bay Municipality

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Mossel Bay Municipality set out on pages 21 to 199, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

##### Restatement of corresponding figures

7. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.





#### Information important to the users of the financial statements

8. As disclosed in note 61 to the financial statements, the municipality is the defendant in various ongoing litigations and claims. The outcome of these matters could not be determined at 30 June 2023 and no provision for any liability that may result was made in the financial statements.

#### Material impairments

9. As disclosed in note 6 to the financial statements, the municipality provided for impairment of receivables from exchange transactions of R63 million (2021-22: R116 million).
10. As disclosed in note 7 to the financial statements, the municipality provided for impairment of receivables from non-exchange transactions of R39,9 million (2021-22: R33,5 million).

#### Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

#### Unaudited supplementary schedules

13. The supplementary information set out on pages 200 to 204 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

#### Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.



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

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

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

Objective	Page numbers	Purpose
Strategic objective (1) - create an inclusion, responsive, and healthy environment conducive for living and sustainable growth	143-158	Provision of basic services and infrastructure development
Strategic objective (6) – to facilitate economic development to the benefit of the town and all residents	143-158	Economic development and tourism (including job creation)

20. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
21. I performed procedures to test whether:
  - the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.

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Refer to pages 137-152 in this Report for the reported progress on performance information as the page numbers have changed due to formatting.



- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and measures taken to improve performance.
22. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion or conclusion.
23. I did not identify any material findings on the reported performance information for the selected objectives.

**Other matter**

24. I draw attention to the matter below.

**Achievement of planned targets**

25. The annual performance report includes information on reported achievements against planned targets and measures taken to improve performance.

**Report on compliance with legislation**

26. 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.
27. 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.





28. 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.
29. I did not identify any material non-compliance with the selected legislative requirements.

#### Other information in the annual report

30. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. I did not receive the other information prior to the date of the auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



**Internal control deficiencies**

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
35. I did not identify any significant deficiencies in internal control.

*Auditor General*

Cape Town

30 November 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Mossel Bay Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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#### Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



**Compliance with legislation – selected legislative requirements**

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<ul style="list-style-type: none"> <li>Section 1 – paragraph (a), (b) &amp; (d) of the definition: irregular expenditure</li> <li>Section 1 – definition: service delivery and budget implementation plan</li> <li>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1)</li> <li>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b)</li> <li>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i)</li> <li>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b)</li> <li>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e)</li> <li>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(iii), 117, 122(1)</li> <li>Sections 126(1)(a), 127(2), 127(5)(a)(i), 127(5)(a)(ii)</li> <li>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170</li> <li>Sections 171(4)(a), 171(4)(b)</li> </ul>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	<ul style="list-style-type: none"> <li>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a)</li> <li>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b), 22(2), 27(2)(a)</li> <li>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b)</li> <li>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c)</li> <li>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43</li> <li>Regulations 44, 46(2)(e), 46(2)(f)</li> </ul>
Municipal Systems Act 32 of 2000	<ul style="list-style-type: none"> <li>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b)</li> <li>Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(iii), 42, 43(2), 56(a), 57(2)(a)</li> </ul>



Legislation	Sections or regulations
	<ul style="list-style-type: none"> <li>Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</li> </ul>
MSA: Municipal Planning and performance Management Regulations, 2001	<ul style="list-style-type: none"> <li>Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a)</li> <li>Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)</li> </ul>
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2022	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<ul style="list-style-type: none"> <li>Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8)</li> <li>Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2)</li> <li>Regulations 11(1), 11(2)</li> </ul>
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



## APPENDIX V – REPORT OF THE AUDIT COMMITTEE

### MOSSEL BAY MUNICIPALITY

#### Report of the Audit and Performance Audit Committee for the year ended 30 June 2023

##### Recommended to be included in Annual Report for 2022/2023

The Audit and Performance Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No.56) of (MFMA), the Committee in fulfilling its oversight responsibilities assists the Council with its oversight responsibilities.

#### 1. Terms of Reference

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- Risk Management;
- Performance Management; and
- effective Governance.

#### a) *Functions of the Audit Committee*

The Audit Committee have the following main functions as prescribed in Section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted by internal audit as well as reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the Performance Management system and make recommendations in this regard to Council.
- To review the major risks identified by Management and to make recommendations to the extent to which risks have been minimised.



- Review the audit plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

In addition to the above the Audit Committee also performs the function of a Performance Audit Committee. Functions of the Performance Audit Committee in terms of Section 14(4) (a) of the Regulations includes the responsibility to –

- review the quarterly performance audit reports produced and submitted by the internal audit process;
- review the municipality's Performance Management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

## 2. Members of the Audit and Performance Audit Committee

The Committee consists of three independent non-executive members.

For the year ended 30 June 2023 the Audit and Performance Audit Committee comprises of the following members:

NAME	POSITION	PERIOD
Adv Derick J Block	Chairperson	1 July 2022 – 30 June 2023
F Barnard	Member	1 July 2022 – 30 June 2023
A Mokoka	Member	1 July 2022 – 30 June 2023

The Municipal Manager, the Chief Financial Officer, directors of departments, as requested by the Committee and representatives from the internal auditors attend the committee meetings. The Committee also values the attendance by the Executive Mayor and the Finance Portfolio Councillor. This also served to improve communication between the Committee and Council.

The external and internal auditors have unrestricted access to the Committee

## 3. Meetings

The Audit and Performance Audit Committee held six (6) meetings during this period. Details of the Committee members attendance at meetings is set out in the table below:

	Adv Derick J Block	F Barnard	A Mokoka
03 August 2022	Present	Present	Present





	Adv Derick J Block	F Bamard	A Mokoka
24 August 2022	Present	Present	Present
12 September 2022	Present	Present	Present
23 November 2022	Present	Present	Present
28 February 2023	Present	Present	Present
14 June 2023	Present	Present	Present

The Chairperson of the Audit and Performance Audit Committee attended the following additional meetings:

- Disciplinary Board – 23 August 2022
- Meeting with office of Auditor General – 22 September 2022.
- Performance Evaluations of Senior Management –
  - Final Performance Evaluations of Senior Management (2021/2022) held on 21 September 2022;
  - Mid-Year Evaluations of Senior Management (2021/2022) held on 24 February 2023.

Mr. A Mokoka attended the Risk Management Committee meetings on behalf of the Audit Committee.

#### **Statutory Duties**

In execution of its statutory duties during the past financial year, the Audit and Performance Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content of auditing of its financial statements, the internal financial controls of the municipality and other related matters.

#### *Oversight of Internal audit*

The Committee has received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored.

*Internal audit consists of a broad range of qualified and experienced staff who meet the independent and professional requirements of a well-functioning internal audit unit. The internal audit plan has been approved by the audit committee and various audit and audit reports has been submitted to the audit committee to review the status of controls within the municipality for various subject matters, including consulting engagements on revenue.*

*The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit work as follows: Various internal audit reports was used for risk identification and also made direct use of internal audit to assist with the year-end inventory count.*





*The accountability ecosystem within the municipality is strong and we commend the leadership and its management team for setting a tone at the top that trickles down to staff in order to ensure service delivery and good governance. (Final Management Report AG 30 November 2023)*

The Committee satisfied itself that the following areas have been appropriately addressed by the Internal Audit plan:

- Financial reporting;
- Internal financial controls and
- Fraud risks as it relates to financial reporting and amongst others, also specifically Supply Chain Management.

*Internal financial controls*

The Committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from Management, internal and external audit;
- reviewed the effectiveness of internal controls, including amongst others, risks relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

*Annual financial statements and report as on 30 June 2023*

The Audit Committee has reviewed the annual financial statements for the year ended 30 June 2023, with focus on:

- a) Significant financial reporting judgements and estimates – these were reviewed and updated as set out in the accounting policy section of the annual financial statements.
- b) Clarity, completeness & appropriateness of disclosures – the Committee satisfied itself that the municipality has met the prescribed disclosure requirements.
- c) Compliance with accounting standards and legal requirements – we are satisfied that the annual financial statements are prepared and comply with the relevant and applicable standards/regulations.
- d) Significant adjustments and/or unadjusted differences from the audit – all material audit adjustments were reviewed and discussed in Audit Committee meetings before they were approved and processed.
- e) Reasons for major year-on-year fluctuations – the Chief financial officer's report is part and parcel of the annual financial statements, detailing all the relevant ratios, set



norms/standards as approved by the council and the explanations for any major variances.

- f) Asset valuations and revaluations – the municipality accounts for the deemed cost of the investment property using the independent valuers. The valuator bases his valuation on assumptions about the markets' trends.
- g) Calculations and levels of general and specific provisions – the assumptions and rates utilised in provision calculations are disclosed in the annual financial statements and are fully noted by the Committee i.e. Rates utilised in the Landfill sites provision.
- h) Write-offs and reserve transfers – there were material write offs of bad debts of and impairments as shown and reported in the annual financial statements, with significant portion of the write off arising from traffic fines. Furthermore, the Committee has satisfied itself with the transfers and funding statuses of the Self-Insurance and Capital replacement reserve accounts maintained by the municipality (See note 27 & 28 of annual financial statements).
- i) Basis for going concern assumption and financial sustainability risks & issues – the Committee has reviewed the basis for preparing the annual financial statements on a going concern basis and we are satisfied that it is justifiable. The municipality is both liquid and solvent. Furthermore, the risk register has been updated, reviewed and approved with all mitigating factors to ensure that the municipality continues to be able to run in the foreseeable future.

No material matters of non-compliance to GRAP and the MFMA were identified by the external auditors in the auditor's report.

The Audit Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA. The municipality continues to strive to adhere and uphold the relevant and applicable laws and regulatory frameworks, particularly the MFMA, DoRA etc. as non-conformation to these laws could impact negatively on the audit.

#### *External Audit*

Based on processes followed and assurances received, nothing has come to the attention of the Committee with regard to the external auditor's independence.

#### *Internal Audit*

The Committee has:

- reviewed and recommended the internal audit terms of reference (Charter) for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions;
- approved the internal audit risk-based plan;



- encouraged cooperation between external and internal audit;

The head of the internal audit function reported functionally to the Committee and had unrestricted access to all members of the Committee. In reviewing Internal Audit's quarterly reports, the Committee satisfied itself that findings raised relating to financial matters, and recommendations made to rectify shortcomings/deviations, did receive the required attention forthwith of Management.

#### *Finance Function*

Based on the processes and assurances obtained, the Committee believes the accounting practices are effective.

#### **PERFORMANCE MANAGEMENT FUNCTION**

The Audit and Performance Audit Committee has pleasure in reporting on the Performance Management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

The Committee is satisfied that the Mossel Bay municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the Performance Management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

The Committee reviewed compliance of key performance indicators to measure the inputs of processes (economically and efficiently) and that it is determined and compared against set norms/ standards.

The internal auditors audited the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

In terms of functionality the Mossel Bay Municipality implemented a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

The accounting officer of the Mossel Bay Municipality assessed the performance of the municipality for the financial year, taking into account the municipality's service delivery performance during the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its annual performance plan/integrated development plan:



- **Consistency:** the Mossel Bay Municipality has reported [throughout] on its performance with regard to its objectives/indicators/targets as per the approved annual performance/integrated development plan.

The following targets with regard to the indicators were achieved:

- Specific in clearly identifying the nature and the required level of performance.
  - Measurable in identifying the required performance.
  - Time bound in specifying the time period or deadline for delivery.
- **Relevance:** the performance information as reflected in the indicators and targets are clearly linked to the predetermined objectives and mandate. It is specific and measurable, and the time period for delivery was specified.
  - **Reliability:** reported performance information can be traced back to the source data or documentation and the reported performance information is accurate and complete in relation to the source data or documentation.

Formal evaluation of employees that are employed in terms of Section 57 of the Local Government: Municipal Systems Act No 32 of 2000 took place during this period.

In summary it can be noted that the Performance Management System of the Mossel Bay Municipality and the implementation and monitoring of the system is in line with all legislative and functional requirements of the Municipality.

The Audit and Performance Audit Committee concur with the opinion of the Auditor General 30 November 2023:

20. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
23. I did not identify any material findings on the reported performance information for the selected objectives.

In summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the maintenance and update of the Municipality's Performance Management System.
- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's in general comply with the relevant statutory requirements.

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- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.
- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.
- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

#### 4. Conclusion

The Audit and Performance Audit Committee is pleased with the continued maintenance of a high level of performance.

The Committee values the sound relation with Council, Management and staff without compromising on independence. The Committee continues to perform its oversight role in accordance with its charter.

The Council and Management takes a keen interest in the workings of the Committee in order to ensure governance.

On behalf of the Audit and Performance Audit Committee

Adv Derick J Block – 09 January 2024



**VOLUME II: ANNUAL FINANCIAL STATEMENTS**



ANNUAL AUDITED  
**FINANCIAL  
STATEMENTS**

**2022  
2023**



**Mossel Bay**  
MUNICIPALITY



AUDITOR-GENERAL  
SOUTH AFRICA

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### General Information

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**Legal form**

Category B Local Authority

**Legislation**

The most important legislation governing Mossel Bay Municipality in terms of financial operations are:  
Constitution of the Republic of South Africa, 1996;  
Municipal Finance Management Act, (MFMA) 2003 (Act No. 56 of 2003) and regulations issued in terms of the Act;  
Annual Division of Revenue Act, (DORA) (Act 1 of 2008);  
Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);  
Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005);  
Municipal Structures Act, 1998 (Act No. 117 of 1998) and regulations issued in terms of the Act;  
Municipal Systems Act, 2000 (Act. No. 32 of 2000) and regulations issued in terms of the Act;  
Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and the regulations issued in terms of the Act;  
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act; and  
Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)  
Property Rates Act (Act 6 of 2004)

This list is however not exhaustive.

**Principal activities**

In line with sections 4B and 5B of the Constitution, Mossel Bay Municipality renders the following services within its jurisdiction area:

- Air pollution
- Building regulations
- Child care facilities
- Electricity reticulation
- Firefighting services
- Local Tourism
- Municipal planning
- Municipal public works only in respect of the needs of the Municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law
- Stormwater management systems in built-up areas
- Water and sanitation services limited to portable water supply systems and domestic waste-water and sewage disposal systems
- Beaches and amusement facilities
- Billboards and the display of advertisements in public places
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Facilities for the accommodation, care and burial of animals
- Fencing and fences
- Licensing and control of undertakings that sell food to the public
- Local amenities
- Local sport facilities
- Municipal parks and recreation
- Municipal roads
- Noise pollution
- Public places
- Refuse removal, refuse dumps and solid waste disposal
- Street lighting
- Traffic and parking

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### General Information

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**Area of Jurisdiction**

The area demarcated by the Demarcation Board in terms of the Local Government Municipal: Demarcation Act (Act 27 of 1998), including the areas of Boggomsbaai; Brandwacht; Buysplaas; Danabaai; Friemersheim; Glentana; Great Brak River; Hartenbos; Herbertsdale; KwaNonqaba; Little Brak River; Mossel Bay; Rheebook; Ruiterbos; Sonskynvallei; Tergniet; and Vleesbaai

Demarcation code

WC043



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### General Information

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#### Mayoral committee:

Executive Mayor Alderman D Kotzé

#### Councillors

Alderman C Bayman (Deputy Executive Mayor and Chairperson of Planning & Economic Development Services Committee)  
Alderman N Booisen (Chairperson of Community Services Committee)  
Councillor N Le Roux (Chairperson of Corporate and Governance Services Committee)  
Councillor M Furness (Chairperson of Financial Services Committee)  
Councillor A Dellelijn (Chairperson of Infrastructure Services Committee)  
Councillor L Van Dyk (Chairperson of Community Safety Committee)

#### Speaker

Alderlady V Fortuin

#### Ward Councillors

- 1 Clr S Dubula (ANC)
- 2 Clr N Gwaza (ANC)
- 3 Clr Z Matyesini (ANC)
- 4 Clr A Janse van Rensburg (DA)
- 5 Clr A Dellelijn (DA)
- 6 Clr M Furness (DA)
- 7 Clr W Botha (DA)
- 8 Clr J Coetzee (DA)
- 9 Clr E Meyer (DA)
- 10 Clr L Van Dyk (DA)
- 11 Clr N Le Roux (DA)
- 12 Clr W Buda (ANC)
- 13 Ald R H Ruiters (DA)
- 14 Clr D Claassen (DA)
- 15 Clr M Mkonto (ANC)

#### Proportional Representative Councillors

Clr E Baron (VF+)  
Clr J Bavuma (DA)  
Ald C Bayman (DA)  
Clr N Booisen (DA)  
Ald V Fortuin (DA)  
Clr J Gouws (ACDP)  
Clr D Kamfer (ICOSA)  
Ald D Kotzé (DA)  
Clr M Kannemeyer (DA)  
Clr W Liebenberg (VF+)  
Clr T Mvumvu (DA)  
Clr F Porter (PA)  
Clr R Sethuntsha (DA)

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### General Information

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<b>Chief Finance Officer (CFO)</b>	O Fredericks
<b>Accounting Officer</b>	C Puren
<b>Registered office</b>	101 Marsh Street Mossel Bay 6506
<b>Postal address</b>	P O Box 25 Mossel Bay 6500
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor-General of South Africa Registered Auditors
<b>Telephone</b>	(044) 606-5000
<b>E-mail</b>	admin@mosselbay.gov.za
<b>Website</b>	<a href="http://www.mosselbay.gov.za">http://www.mosselbay.gov.za</a>

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Index

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

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# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Index

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#### Abbreviations:

CDW	Community Development Workers
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DEDAT	Department of Economic Development and Tourism
DORA	Division of Revenue Act
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
FMSG	Financial Management Support Grant
GRAP	Generally Recognised Accounting Practice
ISUP	Informal Settlements Upgrading Partnership Grant
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme Grant
LGSETA	Local Government Sector Education Training Authority
MBM	Mossel Bay Municipality
MDRG	Municipal Disaster Relief Grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MCTIG	Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant
MSDCB	Municipal Service Delivery and Capacity Building Grant
RSEP / VPUU	Regional Socio-Economic Programme / Violence Prevention through Urban Upgrading Programme
SALGA	South African Local Government Association
SEIF	Shared Economic Infrastructure Facility Grant
SIR	Self Insurance Reserve
SMME	Small, Medium and Micro Enterprises
WESGRO	Western Cape Tourism Trade and Investment Promotion Agency
WIP	Work-in-progress

# Mossel Bay 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 was given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the Council 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.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports. Please refer to Note 57.

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, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out from page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2023 and were signed on its behalf by:

PP

  
\_\_\_\_\_  
C Puren  
Accounting Officer

Mossel Bay

Thursday, 30 November 2023

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

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#### 1. INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2023 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

#### 2. KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2023 financial year's performance of the Municipality to the 2022 comparative figures:

Ratio Description	2023	2022
<b>Revenue Management</b>		
Level of reliance on Government grants	15,2 %	13,8 %
Actual income vs Budgeted Income*	(0,2)%	(2,0)%
<b>Expenditure Management</b>		
Employee related costs to total expenditure	26,5 %	22,2 %
Actual expenditure vs Budgeted expenditure*	(4,7)%	13,8 %
Finance costs as a percentage of total expenditure	1,0 %	1,1 %
Repairs and Maintenance / PPE (carry amount)	4,6 %	4,6 %
Repairs and Maintenance / Total expenditure	8,3 %	7,4 %
<b>Asset Management</b>		
Actual Expenditure vs Budgeted Expenditure*	(14,9)%	(32,0)%
Stockholding period (days)	11 days	9 days
<b>Debt Management</b>		
Creditor payment period (days)	58 days	61 days
Debtors collection period (days)	53 days	45 days
<b>Liquidity</b>		
Current ratio	2,30 : 1	2,40 : 1
Acid Test ratio	2,30 : 1	2,30 : 1
Turnover of accounts receivable	8,6 : 1	9,9 : 1
Cash to interest	3,85 : 1	4,14 : 1
Debt to cash	1,30 : 1	1,30 : 1
Cash to Income (Cash divided by Net surplus/deficit)**	0,43 : 1	(0,38) : 1
Total Liabilities / Total Assets	0,20 : 1	0,19 : 1

\*The total variance between budgeted and actual amounts is provided as a percentage variance.

\*\* Cash to Income ratio for 21/22 financial year reflects negative due to R240m impairment on property due to implementation of latest valuation roll. This resulted in the Municipality reflecting an operational deficit for that year.

#### **2.1 Borrowing, funding and reserves policy**

The Borrowing, Funds and Reserves policy of Council, makes the measurement of the following ratios compulsory:

##### **Finance costs to total expenditure**

The approved policy by Council determines that the interest paid to total expenditure may not exceed 5%. The information below provides the measurement of the current year against the results of the previous year.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**  
**Chief Financial Officer's Report**

---

	2023	2022
<b>Finance cost to total expenditure</b>		
Total Finance cost	13 592 954	15 935 947
Total operating expenditure	1 397 144 850	1 511 625 383

Finance costs (Interest paid) to total expenditure is well within the norm of 5%.

Total long term debt to total operating revenue

The approved policy by Council determines that the total long term debt to total operating revenue (excluding conditional grants and transfers) must not exceed 35%. Some housing transactions is viewed as Construction contracts and is excluded from Government grants and subsidies on the Statement of Financial Performance. The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Total % of long term debt to total operating revenue (excluding conditional grants and transfers)</b>	<b>13,8 %</b>	<b>12,7 %</b>
Total Long-term debt	173 506 365	153 613 273
Total Operating Revenue (excluding conditional grants and transfers)	1 259 641 103	1 207 886 258

This percentage of long term debt to operating revenue is well within the approved policy of Council of 35%.

**Cash generation from operating activities**

The approved policy by Council determines that the cash generation from operating activities must at least cover the annual loan repayments once. The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Coverage of Annual loan repayments by cash generated from operating activities (Times)</b>	<b>15</b>	<b>13</b>
Cash generated from operating activities	266 508 135	212 025 597
Annual loan repayments	17 206 908	15 923 443

The Municipality does not have a high reliance on loans, thus the ratio is favourable. The coverage of cash generated from operating activities to the annual loan repayment is well above the norm of 1 time.

**It must be noted that the above total for Annual loan repayments includes only the Capital portion of loans.**

**Percentage of annual loan repayment to total operating expenditure**

The approved policy by Council determines that the percentage of total annual loan repayment (Capital and Interest) to total operating expenditure must not be more than 10%. The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Percentage of annual loan repayment to total expenditure</b>	<b>2,2 %</b>	<b>1,6 %</b>
Annual loan repayments (Interest & capital)	31 246 510	24 793 625
Total Operating expenditure	1 397 144 850	1 511 625 383

The Municipality does not have a high reliance on loans and thus the amount relating to repayments of loans are low. The percentage of annual loan repayment to total expenditure is well within the norm of 10%.

It must be noted that the above total for Annual loan repayments includes both Capital and Interest repayments.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**  
**Chief Financial Officer's Report**

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**2.2 Liquidity policy**

The liquidity policy makes the measurement of the following ratios compulsory:

**Cash/Cost Coverage Ratio**

The approved policy by Council determines that the Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) must be calculated as ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets) and that a coverage of 3 times is acceptable.

	<b>2023</b>	<b>2022</b>
<b>Cash / Cost Coverage ratio (Times)</b>	<b>6,5</b>	<b>6,6</b>
Cash and cash equivalents	586 391 255	574 640 554
Monthly Fixed Operational Expenditure	89 712 005	86 683 856

**Cash and cash equivalents**

Petty cash and bank balances	53 759 880	42 080 372
(Unspent)/Unpaid conditional grants and receipts	(34 492 352)	(15 785 849)
(Unspent)/Unpaid contract advances	7 160 318	2 342 761
Short-term deposits	-	20 458 615
Short term investments	559 963 409	525 544 655
	586 391 255	574 640 554

**Monthly Fixed Operational Expenses**

Total average monthly expenditure for the year	116 428 738	125 968 782
Less:		
Depreciation & Amortisation	(11 496 187)	(30 859 955)
Provision for Bad Debts	(6 575 625)	(1 409 510)
Impairment and loss on disposal of assets	(8 644 921)	(7 015 461)
	89 712 005	86 683 856

The cash/cost coverage ratio is above the norm of 3 times as per liquidity policy and has slightly decreased from the previous year mainly due to Unspent grants higher in the current year.

**Current ratio**

The purpose of this ratio is to measure the municipality's ability to meet its short term commitments.

The approved policy by Council guides that the current ratio should be above 1,5:1. The information below provides the measurement of the current year against the results of the previous year.

	<b>2023</b>	<b>2022</b>
	<b>2,3</b>	<b>2,4</b>
Current assets	834 104 337	765 506 030
Current liabilities	358 259 858	322 381 811

The municipality operates above the norm set by Council. The ratio has remained favourable from the previous year.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

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#### 2.3 Other ratio's of importance

##### a) Debtors collection period in days

This ratio reflects the collection period. The debtor days refers to the average number of days required for the municipality to receive payment from its customers for bills/invoices issued to them for services. The ratio is also a good indication of the effectiveness of credit control procedures within the municipality. If the ratio is above the norm, it indicates that the municipality is exposed to significant cash flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition, this indicates that a significant amount of potential cash is tied up in consumer debtors and the municipality must improve revenue and cash flow management.

The norm is 30 days. The information below provides the measurement of the current year against the results of the previous year.

	<b>2023</b>	<b>2022</b>
<b>Debtors collection period (days)</b>	<b>52,6</b>	<b>44,6</b>
Consumer debtors * 365	57 297 044 898	47 189 109 432
<b>Rates revenue + Services revenue + Debtors income</b>	<b>1 089 497 396</b>	<b>1 057 232 319</b>

The municipality operates outside the norm. The collection period in days has increased against the result of the previous financial year as impairment on Water debtors has decreased due to better collection rates.

Debtors income includes Interest received on outstanding debtor accounts.

##### b) Level of reliance on government grants

The ratio measures the extent to which the municipality's expenditure is funded through government grants and subsidies.

No norm is proposed at this time by National Treasury. It must be mentioned that National Treasury does promote a healthy balance of funding sources.

The information below provides the measurement of the current year against the results of the previous year. It must be noted that some Housing transactions is classified as Construction contracts and is excluded from Government grants and subsidies on the Statement of Financial Performance.

	<b>2023</b>	<b>2022</b>
<b>Level of reliance on government grants</b>	<b>15,2 %</b>	<b>13,8 %</b>
Government grants and subsidies	225 060 878	192 894 446
<b>Total revenue</b>	<b>1 484 701 981</b>	<b>1 400 780 704</b>

The results indicates that the municipality is not dependent on grant funding to run its normal operations.

##### c) Implementation of the capital program

This ratio measures the extent to which budgeted capital expenditure has been spent during the financial year under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance above 5% indicates discrepancies in planning and budgeting which should be investigated and corrective measures implemented. Under-spending is also an indicate that the municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programs and/or projects. Overspending may also indicate inaccurate budgeting or poor financial management control.

The norm ranges between a 0% and 5% variance.



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Actual versus Budgeted Capital Expenditure</b>	<b>(14,9)%</b>	<b>(32,0)%</b>
Actual capital expenditure - Budgeted capital expenditure	(42 308 681)	(87 985 355)
<b>Budgeted Capital Expenditure</b>	<b>284 841 231</b>	<b>275 232 178</b>

The municipality is functioning outside the norm. The main reasons for underspending on capital expenditure are due to underspending on ISUP grant housing projects and grant funds received late in the year which could not be spent by year-end.

#### **d) Implementation: Operational Revenue**

This ratio measures the extent of actual operating revenue (including Capital Grant Revenue) received in relation to budgeted operating revenue during the financial year, under review. A ratio outside the norm indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the municipality.

The norm ranges between a 0% and 5% variance.

The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Actual revenue vs Budgeted revenue</b>	<b>(0,2)%</b>	<b>(2,0)%</b>
Actual revenue - Budgeted revenue	(2 748 320)	(28 531 828)
<b>Budgeted revenue</b>	<b>1 503 305 741</b>	<b>1 429 312 531</b>

The municipality is functioning within the norm.

#### **e) Implementation: Operational Expenditure**

This ratio measures the extent to which budgeted operating expenditure has been spent during the financial year, under review. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance outside the norm either indicate a challenge in capacity to implement, issues of financial controls and management and / or poor budgeting.

The norm ranges between a 0% and 5% variance.

The information below provides the measurement of the current year against the results of the previous year.

	2023	2022
<b>Actual operating expenditure vs Budgeted operating expenditure</b>	<b>(4,7)%</b>	<b>13,8 %</b>
Actual expenditure - Budgeted expenditure	(67 781 271)	190 185 752
<b>Budgeted expenditure</b>	<b>1 444 173 128</b>	<b>1 373 532 356</b>

The municipality is functioning within the norm.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

#### 3. LIQUIDITY POSITION OF THE MUNICIPALITY

There are two main liquidity ratios that can be used to analyse the liquidity position of the municipality, namely the Current and Acid Test ratios. There are various other ratios that can be utilised to assess the municipality's liquidity position.

The calculations of these ratios are as follows:

Ratio Description	Formula	2023	2022
Current ratio	Current assets	834 104 337	765 506 030
	Current liabilities	358 259 858 2,3	322 381 811 2,4
Acid Test Ratio	Current assets - Inventory	807 709 813	744 505 360
	Current liabilities	358 259 858 2,3	322 381 811 2,3
Turnover of accounts receivable	Revenue (credit)	1 370 012 172	1 305 568 364
	Accounts receivable	160 083 671 8,6	131 706 178 9,9
Debt to cash	Total liabilities	809 891 651	742 773 001
	Cash and Short term investments balance at the end of the period	613 723 289 1,3	588 083 642 1,3

The above ratios show that the municipality is in a liquid position, with current assets of double the current liabilities. The Turnover of accounts receivable ratio for the year under review slightly improved compared to the previous year. The municipality generates 8,6 times more revenue than what the outstanding accounts are.

The following information shows the history of the current year ratio for the municipality

	2018	2019	2020	2021	2022	2023
Current ratio	2,7	2,5	2,4	2,3	2,4	2,3

#### 4. OPERATING RESULTS

##### Summary of results

Details of the operating results per segmental classification are included in the supplementary information while operational results per category, together with an explanation of significant variances of more than 10 per cent from the final budget, are included in the Statement of Comparison of Budget and Actual amounts.

These amounts are based on the total position of the municipality (including non-cash transactions):

Revenue	Actual 2023	Actual 2022	Variance	Adjusted budget 2023	Variance
Operating surplus / (deficit)	2 766 510 081	3 029 216 744	(8,7)%	-	-
Operating income for the year	1 500 557 421	1 400 780 704	7,1 %	1 503 305 741	(0,2)%
Appropriations for the year	(64 456 426)	(99 737 263)	-	-	-
	4 202 611 076	4 330 260 185	(2,9)%	1 503 305 741	
Expenditure	Actual 2023	Actual 2022	Variance	Adjusted budget 2023	Variance
Operating expenditure for the year	1 376 391 857	1 459 499 968	(5,7)%	1 444 173 128	(4,7)%

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

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The accumulated surplus at 30 June 2023 amounted to R2 826 million. The accumulated surplus of R2 767 million at 30 June 2022 was restated with previous year corrections. Refer to note 49 for more detail.

The operating income increased by 7,1% to R1500,6 million from the previous financial year's income of R1400,8 million. The operating expenditure increased by (5,7)% to R1376,4 million.

The municipality's financial statements ended on a surplus of R124,2 million for the year.

#### Operating revenue and expenditure

The following information indicates the municipality's major revenue sources for the year under review compared to the prior year:

<b>Operating revenue as a percentage of total revenue</b>	<b>2023</b>	<b>2022</b>
Service charges	58,3 %	61,1 %
Construction contracts	0,1 %	1,0 %
Rental of facilities and equipment	0,9 %	0,8 %
Agency services - Provincial Traffic	0,5 %	0,5 %
Interest received - outstanding debtors	0,5 %	0,5 %
Interest received - external investments	3,7 %	2,6 %
Other income	4,0 %	4,2 %
Property rates	12,9 %	12,2 %
Availability charges	1,6 %	1,7 %
Government grants & subsidies recognised	15,2 %	13,8 %
Public contributions and donations	0,3 %	0,1 %
Fines, Penalties and Forfeits	1,8 %	1,4 %
	<b>100 %</b>	<b>100 %</b>

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

The information below indicates the municipality's major types of expenditure for the year compared to the previous year:

<b>Operating expenditure as a percentage of total expenditure</b>	<b>2023</b>	<b>2022</b>
Employee related costs	26,5 %	22,2 %
Remuneration of councillors	1,0 %	0,8 %
Depreciation, amortisation and asset impairment	9,9 %	24,5 %
Bad debts written off	5,6 %	1,1 %
Finance costs	1,0 %	1,1 %
Bulk purchases	31,3 %	28,4 %
Contracted services	12,0 %	11,5 %
Inventory consumed	7,4 %	5,6 %
General Expenses	4,6 %	4,3 %
Transfers and subsidies paid	0,8 %	0,5 %
	100 %	100 %

#### 5. CAPITAL EXPENDITURE AND FINANCE

The capital expenditure for the year as stated in the financial statements amounted to R242 532 550 and is broken down as follows:

	2023		2022	
<b>Capital expenditure per function</b>				
Community services / facilities	12 365 383	5,1 %	14 947 655	8,0 %
Electricity	48 812 973	20,1 %	31 987 353	17,1 %
Housing	29 479 770	12,2 %	16 972 280	9,1 %
Refuse	10 788 254	4,4 %	17 523 588	9,4 %
Sanitation	33 537 667	13,8 %	19 177 616	10,2 %
Streets and Storm water	36 813 423	15,2 %	25 026 897	13,4 %
Water	26 106 580	10,8 %	37 749 325	20,2 %
Community Safety	18 063 376	7,4 %	5 966 473	3,2 %
Other	26 565 124	11,0 %	17 903 060	9,6 %
	242 532 550	100 %	187 254 247	100 %

The capital expenditure was financed as follows:

	2023		2022	
<b>Sources of finance</b>				
Capital Replacement Reserve	130 720 107	53,9 %	112 938 348	60,3 %
Self Insurance Reserve	124 717	0,1 %	1 137 712	0,6 %
Grants and Subsidies	73 415 155	30,3 %	48 953 342	26,1 %
External loans	35 173 722	14,5 %	24 112 073	12,9 %
Donated assets	- 3 098 849	1,3 %	112 772	0,1 %
	242 532 550	100 %	187 254 247	100 %

Property, plant and equipment is funded to a large extent from the Capital Replacement Reserve.

#### 6. FINANCIAL SUSTAINABILITY

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are information on various financial ratios that show the past 9 years' information, the current year information and 3 budget years' information.

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	Liquidity	Liquidity	Activity	Solvency	Cash Flow	Cash Flow
	Current ratio	Debtors payment period (days)	Inventory turnover ratio	Total assets to liabilities	Current liabilities coverage	Capital expenditure coverage
2014	2,35	26	26,00	7,53	0,98	1,30
2015	2,39	51	20,00	7,36	1,05	1,60
2016	2,66	12	13,00	7,63	0,99	1,22
2017	2,50	20	18,00	7,45	0,96	1,41
2018	2,70	41	30,00	7,67	0,72	1,11
2019	2,50	47	10,00	6,91	0,82	1,18
2020	2,40	55	10,00	6,01	0,84	1,03
2021	2,30	42	12,00	5,74	0,86	1,18
2022	2,40	45	9,00	5,17	0,66	1,13
2023	2,30	53	11,00	4,98	0,74	1,10
2024 (budget)	1,70	34	6,00	4,62	1,14	1,23
2025 (budget)	1,20	34	5,00	4,09	0,70	0,94
2026 (budget)	1,10	33	4,00	3,99	0,53	1,15

	Debt ratio	Income & Expenditure Trends	Income & Expenditure Trends	Income & Expenditure Trends	Income & Expenditure Trends
	Debt to cash	Government Grants as % of Revenue	Employee related cost as % of expenditure	Repairs & maintenance as % of expenditure	Debt impairment cost as % of expenditure
2014	1,30	15,00	30,10	5,40	4,50
2015	1,19	15,80	29,20	5,40	4,80
2016	1,12	15,60	28,90	6,50	3,50
2017	1,00	15,50	26,69	9,50	3,00
2018	1,00	16,70	30,00	10,12	2,00
2019	1,00	14,80	31,10	10,04	1,88
2020	1,20	15,70	27,80	10,41	2,61
2021	1,30	16,20	29,10	10,20	1,40
2022	1,30	13,80	22,20	7,42	1,10
2023	1,30	15,20	26,50	8,29	5,60
2024 (budget)	1,46	18,49	27,90	9,36	1,89
2025 (budget)	2,80	14,68	28,56	9,00	0,98
2026 (budget)	3,81	15,83	28,05	9,09	0,55

**7. CAPITAL REPLACEMENT RESERVE**

The Capital Replacement Reserve balance as at 30 June 2023 amounted to R224 989 068 (R161 869 514 as at 30 June 2022).

The Capital Replacement Reserve is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital program.

Refer to the Statement of Changes in Net Assets for more detail.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

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#### 8. EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2023 the external loans amounted to R173 506 365 (R153 613 273 on 30 June 2022). The municipality has taken up loans to the amount of R 37 100 000 and repaid loans to the amount of R17 206 908 during the year.

The municipality's cashbook showed a positive balance of R53 742 926 (R42 058 736 on 30 June 2022) and Petty Cash to the amount of R16 954 (R21 637 on 30 June 2022) on 30 June 2023. The external investments shorter than 3 months amounted to R- against the R20 458 615 of the previous year. The Short term deposits has been withdrawn and reflects mostly in the cash and cash equivalents amount. The Short term investments longer than 3 months but shorter than 12 months amounted to R559 963 409 against the R525 544 655 of the previous year. The municipality also has a long term investment of R167 174 000 (R137 174 000 on 30 June 2022) as at 30 June 2023.

More particulars regarding external loans and investments appear in Notes 19, 12, 13 and 20 of the Annual Financial Statements, as well as in the Supplementary Information.

#### 9. PROVISIONS

The provisions is made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Provisions amounted to R150 321 516 as at 30 June 2023 (R146 479 774 as at 30 June 2022) and are made up as follows:

	<b>2023</b>	<b>2022</b>
Rehabilitation of Landfill Sites	150 321 516	146 479 774

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Refer to Note 22 of the Annual Financial Statements for more detail.



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**10. LIQUIDITY REQUIREMENTS**

The information below shows the allocation of the investment portfolio toward the funding of various obligations:

	<b>2023</b>	<b>2022</b>
<b>Liquidity Requirement Calculation (as stipulated in paragraph 4)</b>		
All earmarked and / or conditional grants received but not yet utilised	34 492 352	15 785 849
All earmarked and / or construction contracts revenue received but not yet utilised	(7 160 318)	(2 342 761)
Value of the provisions held in cash for the rehabilitation of landfill sites to the extent that these funds are required within the following 5 years	150 321 516	146 479 774
Value of legally entrenched short term rights and benefits of employees related to medical benefits and retirement benefits plus one fifth of the non-current liability regarding post-retirement benefits**	74 669 910	43 987 317
Unspent Loan Funds	-	-
Funds held for agency services not yet performed	-	-
Reserve funds reflected in Statement of Financial Position that are assumed to be held in cash:		
- Capital Replacement Reserve	224 989 068	161 869 514
- Self Insurance Reserve	173 440 082	172 103 209
Capital redemption and interest payments on external loans not reflected as part of normal operating expenditure	33 349 501	26 610 170
1 months operational expenditure excluding non-cash items	89 712 005	86 683 856
Consumer deposits	38 583 083	36 067 665
Other Deposits and Other Advance Payments		
- Retentions	14 070 268	11 469 937
- Payments received in advance	38 524 779	38 256 937
- Other deposits	9 446 852	9 027 503
Non-current deposit: Pavilion	344 472	322 827
Reserve funds for Landfill site provision	15 000 000	15 000 000
<b>Total liquidity requirements</b>	<b>889 783 570</b>	<b>761 321 797</b>

**Actual available liquidity held (reference paragraph 4)**

Bank balances at e.g.		
- ABSA, FNB, Standard Bank, Nedbank, Investec, Money Market		
Bank balances sub total	53 759 880	42 080 372
All other term deposits with banks*	-	19 435 684
All Short term investments with banks*	559 963 409	499 267 422
All Long term investments with banks*	167 174 000	130 315 300
Consumer debtors (current - 60 days)	155 559 152	121 004 918
Other reserves held in cash not reflected in bank balances mentioned above for e.g.		
- Unspent conditional grants	-	-
- Payments received for agency functions not yet performed	-	-
- The cash value of reserves held	-	-
- Cash deposits held as part of loan covenant ceded	-	-
- Undrawn bank overdraft facility of committed liquidity lines available	-	-
<b>Total liquidity available</b>	<b>936 456 441</b>	<b>812 103 696</b>

<b>Liquidity surplus / (shortfall)</b>	<b>46 672 871</b>	<b>50 781 899</b>
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\* Liquidity policy for the 2022/23 year differs from previous year. In previous year only 95% of deposits and investments held with banks were used as available liquidity, whereas in the current financial year 100% should be available as per policy.

\*\* Liquidity policy for the 2022/23 year differs in relation to retirement benefits liquidity requirement. 1/5 th of the Non-current benefits should also be cash funded.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Chief Financial Officer's Report

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#### 11. EMPLOYEE BENEFITS

These liabilities are in order to enable the municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The employee benefits liability amounted to R192 967 557 as at 30 June 2023 (R183 856 095 as at 30 June 2022) and is made up as follows:

	<b>2023</b>	<b>2022</b>
Post-Employment Health Care Benefits	137 355 031	127 405 516
Ex-Gratia Gratuities	1 007 193	1 044 545
Long Service Awards	19 178 038	21 066 809
Employee overtime / standby allowance accrual	2 339 131	1 945 104
Employee bonus accrual	8 354 514	8 457 333
Staff leave accrual	23 818 173	23 068 357
Performance bonus accrual	915 477	868 431
	<b>192 967 557</b>	<b>183 856 095</b>

Refer to Note 21 of the Annual Financial Statements for more detail.

#### 12. CURRENT LIABILITIES

Current liabilities are those liabilities of the municipality due and payable in the short term (less than 12 months). No indication is found that the municipality would be unable to meet its obligations. Current liabilities amounted to R358 259 856 as at 30 June 2023 (R322 381 812 as at 30 June 2022) and are made up as follows:

		<b>2023</b>	<b>2022</b>
Other financial liabilities	Note 20	19 900 439	17 821 746
Employee benefit obligation	Note 21	45 095 499	43 987 317
Provisions	Note 22	1 173 203	2 874 539
Unspent conditional grants and receipts	Note 23	34 492 352	15 785 849
Consumer deposits	Note 24	38 583 083	36 067 665
Unspent construction contract advances	Note 4	-	-
Payables from exchange transactions	Note 25	219 015 280	205 844 696
		<b>358 259 856</b>	<b>322 381 812</b>

#### 13. CURRENT ASSETS

Current assets amounted to R834 104 337 as at 30 June 2023 (R765 506 030 as at 30 June 2022) and is made up as follows:

		<b>2023</b>	<b>2022</b>
Inventories	Note 3	26 394 524	21 000 671
Unpaid Construction contract advances	Note 4	7 160 319	2 342 760
Current portion of Long term receivables	Note 5	287 813	366 690
Receivables from exchange transactions	Note 6	149 389 820	122 999 104
Receivables from non-exchange transactions	Note 7	23 635 253	17 702 590
VAT	Note 11	13 513 319	13 010 572
Short term Investments	Note 12	559 963 409	525 544 655
Cash and cash equivalents	Note 13	53 759 880	62 538 988
		<b>834 104 337</b>	<b>765 506 030</b>

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**  
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**14. TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

The net balance of trade and other receivables from exchange transactions is indicated below:

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
Electricity	52 183 959	49 722 837	4,95 %
Water	40 125 274	30 876 290	29,95 %
Sewerage	8 642 630	7 256 993	19,09 %
Refuse	8 958 829	7 462 741	20,05 %
Land sales	305	419	(27,21)%
Housing selling schemes	10 276	2 702	280,31 %
Housing rental	12 270	5 167	137,47 %
Other (merchandising, jobbing, contracts and service charges)	30 806 381	20 981 735	46,82 %
Payments received in advance	8 649 896	6 690 220	29,29 %
	<b>149 389 820</b>	<b>122 999 104</b>	<b>21,46 %</b>

The net balance of receivables from non-exchange transactions is indicated below:

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
Fines	3 381 396	877 442	285,4 %
Consumer debtors - Rates	16 238 281	12 976 349	25,1 %
Payments made in advance	128 834	128 834	- %
Other	781 276	1 299 019	(39,9)%
Availability charges - Electricity	1 403 09	1 014 23	38
Availability charges - Sanitation and Sewerage	771 64	626 53	23
Availability charges - Water	930 73	780 18	19
	<b>23 635 254</b>	<b>17 702 591</b>	<b>33,5 %</b>

**15. EXPRESSIONS OF APPRECIATION**

I am grateful to the Executive Mayor, Executive Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for their unwavering support and guidance extended during the financial year. I also extend a special word of thanks and appreciation to all staff who assisted with the preparation of the year end information, specifically the staff of the Budget and Treasury Office. Without their focused efforts, contributions and assistance, the preparation of these financial statements would not have been possible.

  
**CHIEF FINANCIAL OFFICER**

**30 November 2023**

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**

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

Figures in Rand	Notes	2023	2022 Restated*
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	3	26 394 524	21 000 671
Unpaid construction contract advances	4	7 160 319	2 342 760
Long-term receivables	5	287 813	366 690
Receivables from exchange transactions	6	149 389 820	122 999 104
Receivables from non-exchange transactions	7	23 635 253	17 702 590
VAT receivable	11	13 513 319	13 010 572
Short-term investments	12	559 963 409	525 544 655
Cash and cash equivalents	13	53 759 880	62 538 988
		<b>834 104 337</b>	<b>765 506 030</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	2 539 635 186	2 449 931 537
Investment property	15	384 553 406	385 507 512
Intangible assets	16	715 126	954 661
Heritage Assets	17	4 223 599	4 223 599
Living resources	10	345 721	-
Long-term receivables	5	21 637	17 166
Operating lease asset	18	103 767 024	99 941 298
Investments	19	167 174 000	137 174 000
		<b>3 200 435 699</b>	<b>3 077 749 773</b>
<b>TOTAL ASSETS</b>		<b>4 034 540 036</b>	<b>3 843 255 803</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	20	19 900 439	17 821 746
Employee benefit obligation	21	45 095 499	43 987 317
Provisions	22	1 173 203	2 874 538
Unspent conditional grants and receipts	23	34 492 352	15 785 849
Consumer deposits	24	38 583 083	36 067 665
Payables from exchange transactions	25	219 015 282	205 844 696
		<b>358 259 858</b>	<b>322 381 811</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	20	153 605 926	135 791 527
Operating lease liability	18	661 023	802 823
Employee benefit obligation	21	147 872 058	139 868 778
Provisions	22	149 148 313	143 605 235
Non-current deposits	26	344 472	322 827
		<b>451 631 793</b>	<b>420 391 190</b>
<b>TOTAL LIABILITIES</b>		<b>809 891 651</b>	<b>742 773 001</b>
<b>NET ASSETS ATTRIBUTABLE TO OWNERS OF CONTROLLING ENTITY</b>			
Self-insurance reserve	27	173 440 082	172 103 209
Capital replacement reserve	28	224 989 069	161 869 514
Accumulated surplus / (deficit)		2 826 219 234	2 766 509 387
<b>TOTAL NET ASSETS</b>		<b>3 224 648 385</b>	<b>3 100 482 110</b>

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**

**Statement of Financial Performance**

Figures in Rand	Notes	2023	2022 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Service charges	29	866 036 728	855 692 891
Construction contracts	4	1 251 298	14 028 668
Rental of facilities and equipment	30	12 694 951	11 563 805
Agency services - Provincial Traffic	64	8 148 171	7 481 660
Interest received - outstanding debtors		6 983 413	7 448 944
Interest received - external investments	31	55 085 669	36 956 100
Other income	32	59 604 143	58 256 238
<b>Total revenue from exchange transactions</b>		<b>1 009 804 373</b>	<b>991 428 306</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Availability charges	33	24 354 026	23 548 216
Property rates	34	192 123 229	170 542 268
Interest earned - outstanding property rates		895 873	551 359
Licences and Permits		1 317 174	1 297 821
<b>Transfer revenue</b>			
Government grants & subsidies recognised	35	225 060 878	192 894 446
Public contributions and donations	36	4 911 124	1 493 736
Fines, Penalties and Forfeits	37	26 235 304	19 024 552
<b>Total revenue from non-exchange transactions</b>		<b>474 897 608</b>	<b>409 352 398</b>
<b>TOTAL REVENUE</b>		<b>1 484 701 981</b>	<b>1 400 780 704</b>
<b>EXPENDITURE</b>			
Employee related costs	38	370 069 039	335 289 732
Remuneration of councillors	39	13 413 696	12 806 274
Depreciation, amortisation and asset impairment	40	137 954 241	370 319 461
Bad debts written off	41	78 907 504	16 914 122
Finance costs	42	13 592 954	15 935 947
Bulk purchases	43	436 942 993	429 308 778
Contracted services	44	167 046 389	174 458 208
Transfers and subsidies paid	45	11 528 534	7 840 727
Inventory consumed	46	103 739 052	84 185 530
General Expenses	47	63 950 448	64 566 604
<b>TOTAL EXPENDITURE</b>		<b>1 397 144 850</b>	<b>1 511 625 383</b>
<b>Operating surplus / (deficit)</b>		<b>87 557 131</b>	<b>(110 844 679)</b>
Gain / (loss) on disposal of assets and liabilities	14&15	6 022 600	5 301 808
Inventories losses / write-downs	3	(8 777 459)	(8 683 252)
Reversal of impairment loss / (Impairment loss) on receivables	41	39 363 299	(48 743 971)
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>124 165 571</b>	<b>(162 970 094)</b>

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**

**Statement of Changes in Net Assets**

Figures in Rand	Self-insurance reserve	Capital replacement reserve	Total reserves	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	125 751 217	108 484 243	234 235 460	3 023 879 137	3 258 114 597
Adjustments					
Prior year adjustments (Note 49)	-	-	-	5 337 607	5 337 607
<b>Balance at 01 July 2021 as restated*</b>	<b>125 751 217</b>	<b>108 484 243</b>	<b>234 235 460</b>	<b>3 029 216 744</b>	<b>3 263 452 204</b>
Changes in net assets					
Surplus for the year	-	-	-	(162 970 094)	(162 970 094)
Transfer to Self-insurance reserve	48 257 498	-	48 257 498	(48 257 498)	-
- Contributions from operating account and other contributions	-	124 163 385	124 163 385	(124 163 385)	-
- External services contribution	-	31 069 714	31 069 714	(31 069 714)	-
- Land sales contribution	-	11 090 518	11 090 518	(11 090 518)	-
Less: Expenditure: Funding Capital Projects	(1 905 506)	(112 938 346)	(114 843 852)	114 843 852	-
Total changes	46 351 992	53 385 271	99 737 263	(262 707 357)	(162 970 094)
Opening balance as previously reported	172 103 209	161 869 514	333 972 723	2 767 466 775	3 101 439 498
Adjustments					
Prior year adjustments (Note 49)	-	-	-	(956 694)	(956 694)
<b>Balance at 01 July 2022 as restated*</b>	<b>172 103 209</b>	<b>161 869 514</b>	<b>333 972 723</b>	<b>2 766 510 081</b>	<b>3 100 482 804</b>
Changes in net assets					
Surplus for the year	-	-	-	124 165 571	124 165 571
Transfer to Self-insurance reserve	4 922 048	-	4 922 048	(4 922 048)	-
- Contributions from operating account and other contributions	-	138 607 377	138 607 377	(138 607 377)	-
- External services contribution	-	31 964 932	31 964 932	(31 964 932)	-
- Land sales contribution	-	21 643 646	21 643 646	(21 643 646)	-
Less: Expenditure: Funding Capital Projects	(3 585 175)	(129 096 402)	(132 681 577)	132 681 577	-
Total changes	1 336 873	63 119 553	64 456 426	59 709 145	124 165 571
<b>Balance at 30 June 2023</b>	<b>173 440 082</b>	<b>224 989 067</b>	<b>398 429 149</b>	<b>2 826 219 234</b>	<b>3 224 648 383</b>
Notes	27	28			



**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**

**Cash Flow Statement**

Figures in Rand	Notes	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		243 033 194	189 882 289
Interest income		51 262 835	36 160 892
Ratepayers and Service charges		1 100 360 147	996 019 031
Other		98 158 829	104 982 375
		<b>1 492 815 005</b>	<b>1 327 044 587</b>
<b>Payments</b>			
Employee costs		(370 061 241)	(340 089 767)
Suppliers		(708 125 990)	(689 175 121)
Transfers and grants		(11 528 534)	(7 840 728)
Other Payments		(132 507 734)	(77 830 608)
Grants repaid		(4 083 371)	(82 766)
		<b>(1 226 306 870)</b>	<b>(1 115 018 990)</b>
<b>Net cash flows from operating activities</b>	<b>48</b>	<b>266 508 135</b>	<b>212 025 597</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(234 056 530)	(192 491 455)
Proceeds from sale of property, plant and equipment	14	14 087 204	7 194 640
Purchase of investment property	15	(3 772 417)	583 919
Proceeds from sale of investment property	15	7 140 582	8 098 783
Purchase of other intangible assets	16	140 333	(456 681)
Purchase of Living resource assets	10	(335 565)	-
(Increase) / Decrease in Long-term Receivables		74 405	165 798
(Increase) / Decrease in Non-current investments		(30 000 000)	(30 000 000)
(Increase) / Decrease in short-term investments		(34 418 753)	(64 074 292)
<b>Net cash flows from / (in) investing activities</b>		<b>(281 140 741)</b>	<b>(270 979 288)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities		37 100 000	54 199 500
Repayment of other financial liabilities		(17 206 908)	(15 923 442)
Finance costs		(14 039 601)	(8 870 182)
<b>Net cash flows from / (in) financing activities</b>		<b>5 853 491</b>	<b>29 405 876</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(8 779 115)</b>	<b>(29 547 815)</b>
Cash and cash equivalents		62 538 988	92 086 160
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>53 759 873</b>	<b>62 538 345</b>

**Mossel Bay 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	Reasons for material variances
Figures in Rand						
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
Property rates	190 995 494	-	<b>190 995 494</b>	192 123 229	<b>1 127 735</b>	Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget.
Service charges - electricity revenue	561 420 604	-	<b>561 420 604</b>	560 651 534	<b>(769 070)</b>	
Service charges - water revenue	157 567 331	-	<b>157 567 331</b>	161 028 506	<b>3 461 175</b>	Budgeted conservatively for conventional water usage. Better collection rate.
Service charges - sanitation revenue	83 187 842	-	<b>83 187 842</b>	85 213 566	<b>2 025 724</b>	Growth in properties making use of this service. Use amount of consumers as at end of December each year to project income for budget purposes.
Service charges - refuse revenue	83 569 573	-	<b>83 569 573</b>	83 497 150	<b>(72 423)</b>	
Rental of facilities and equipment	9 652 714	-	<b>9 652 714</b>	12 694 949	<b>3 042 235</b>	Did not provide for Operating lease smoothing in budget.
Interest earned - external investments	49 882 154	-	<b>49 882 154</b>	55 085 669	<b>5 203 515</b>	The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated.
Interest earned - outstanding debtors	7 261 400	-	<b>7 261 400</b>	7 879 287	<b>617 887</b>	
Fines, Penalties and Forfeits	18 259 968	-	<b>18 259 968</b>	26 235 304	<b>7 975 336</b>	Did not foresee at Feb adjustments budget such big revenue to be recognised for Provincial Traffic fines. Unclaimed retention monies and deposits more than anticipated.
Licences and Permits (Non-exchange)	1 314 471	-	<b>1 314 471</b>	1 317 174	<b>2 703</b>	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Agency services - Provincial Traffic	8 818 847	-	<b>8 818 847</b>	8 148 171	<b>(670 676)</b>	
Transfers recognised - Operational	158 472 873	-	<b>158 472 873</b>	143 728 277	<b>(14 744 596)</b>	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m.
Other income	57 232 270	-	<b>57 232 270</b>	59 604 145	<b>2 371 875</b>	Due to increase in External service contributions for new development in Mossel Bay Municipal area.
Gain on Disposal of PPE	500 000	-	<b>500 000</b>	15 855 438	<b>15 355 438</b>	Gains were realised on alienation of 4 municipal sites.
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 388 135 541</b>	<b>-</b>	<b>1 388 135 541</b>	<b>1 413 062 399</b>	<b>24 926 858</b>	
<b>EXPENDITURE</b>						
Employee related costs	(405 131 864)	305 476	<b>(404 826 388)</b>	(370 069 044)	<b>34 757 344</b>	R4m Actuarial gain realised on Post employment health care liability. The gain is mainly due to movement in number of participants and changes to data from prior year and variations from demographic assumptions. Employee related costs capitalised to Water inventory was not correctly budgeted. Vacant positions was a further reason for the underspending of this budget. Budget adjustment: Shifted available FMG grant funds viremented to general exp.
Remuneration of councillors	(14 234 877)	-	<b>(14 234 877)</b>	(13 413 696)	<b>821 181</b>	
Debt Impairment	(51 832 438)	-	<b>(51 832 438)</b>	(39 544 207)	<b>12 288 231</b>	More reversal of impairment done due to better collection rates and the big write-off of debtor accounts in July 2022.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Depreciation and asset impairment	(122 301 022)	-	<b>(122 301 022)</b>	(137 954 241)	<b>(15 653 219)</b>	Difference due to more projects under construction finalisation than anticipated.
Finance costs	(14 476 728)	-	<b>(14 476 728)</b>	(13 592 954)	<b>883 774</b>	
Bulk purchases	(457 184 831)	-	<b>(457 184 831)</b>	(436 942 993)	<b>20 241 838</b>	Decrease in electricity usage due to Loadshedding.
Inventory consumed	(98 644 922)	(3 394 122)	<b>(102 039 044)</b>	(103 739 052)	<b>(1 700 008)</b>	Budget adjustments: Viremented funds from General expenses to purchase chemicals for Water treatment plants.
Contracted Services	(195 265 707)	(865 113)	<b>(196 130 820)</b>	(167 046 389)	<b>29 084 431</b>	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m. Savings on Audit fees, cleaning services and security services.
Transfers and Subsidies	(12 041 816)	-	<b>(12 041 816)</b>	(11 528 535)	<b>513 281</b>	
General Expenses	(72 558 923)	3 953 759	<b>(68 605 164)</b>	(72 727 908)	<b>(4 122 744)</b>	Due to savings on operational costs, e.g. telephone costs, bank charges and computer services. Budget adjustments: Viremented funds to General expenses to purchase chemicals for Water treatment plants
Loss on disposal of PPE	(500 000)	-	<b>(500 000)</b>	(9 832 838)	<b>(9 332 838)</b>	Disposal losses on Fixed assets, mainly on Sport grounds.
<b>TOTAL EXPENDITURE</b>	<b>(1 444 173 128)</b>	-	<b>(1 444 173 128)</b>	<b>(1 376 391 857)</b>	<b>67 781 271</b>	
<b>Operating surplus / (deficit)</b>	<b>(56 037 587)</b>	-	<b>(56 037 587)</b>	<b>36 670 542</b>	<b>92 708 129</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	115 170 200	-	<b>115 170 200</b>	84 396 174	<b>(30 774 026)</b>	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Transfers and subsidies - capital (in-kind - all)	-	-	-	3 098 848	<b>3 098 848</b>	Donated assets received and taken up in asset register after the Feb adjustments budget.
	<b>115 170 200</b>	<b>-</b>	<b>115 170 200</b>	<b>87 495 022</b>	<b>(27 675 178)</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>59 132 613</b>	<b>-</b>	<b>59 132 613</b>	<b>124 165 564</b>	<b>65 032 951</b>	

### Reconciliation

#### Format and classification differences - TOTAL REVENUES (OPERATIONAL AND CAPITAL)

Statement of Financial Performance	1 484 701 981	
Statement of Comparison of Budget and Actual Amounts	1 500 557 421	
Difference	15 855 440	The difference is due to the Gain on Disposal of PPE which is classified as part of Operational Revenue on the Approved Budget format, whereas on the Statement of Financial Performance, the Gain on Disposal of PPE is presented as a below the line item.

#### Format and classification differences - TOTAL OPERATIONAL EXPENDITURE

Statement of Financial Performance	(1 397 144 850)	
Statement of Comparison of Budget and Actual Amounts	(1 376 391 857)	
Difference	20 752 993	The difference is due to the Loss on Disposal of PPE as well as the Inventories losses / write-downs which is classified as part of Operational Expenditure on the Approved Budget format, whereas on the Statement of Financial Performance it is presented as a below the line items.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>STATEMENT OF FINANCIAL POSITION</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	8 098 398	-	<b>8 098 398</b>	53 759 880	<b>45 661 482</b>	Mainly due to underspending on Capital projects and Housing grant allocations. Refer additionally to reasons above.
Call investment deposits	490 000 000	-	<b>490 000 000</b>	559 963 409	<b>69 963 409</b>	Cash availability for re-investment was better than anticipated. Conservative approach with budget.
Consumer debtors	100 665 180	-	<b>100 665 180</b>	173 596 991	<b>72 931 811</b>	Correction was done to shift Availability charges from Exchange to Non-Exchange Receivables and was budgeted under Other debtors.
Other debtors	34 832 955	-	<b>34 832 955</b>	12 941 402	<b>(21 891 553)</b>	
Current portion of long-term receivables	336 690	-	<b>336 690</b>	287 813	<b>(48 877)</b>	
Inventories	19 836 135	-	<b>19 836 135</b>	26 394 524	<b>6 558 389</b>	
	<b>653 769 358</b>	-	<b>653 769 358</b>	<b>826 944 019</b>	<b>173 174 661</b>	
<b>Non-Current Assets</b>						
Long-term receivables	8 666	-	<b>8 666</b>	21 637	<b>12 971</b>	
Investments	167 174 000	-	<b>167 174 000</b>	167 174 000	-	
Investment property	387 848 072	-	<b>387 848 072</b>	384 553 406	<b>(3 294 666)</b>	Savings on Business park projects on capital programme and disposals not anticipated with budget.
Property, plant and equipment	2 610 543 811	-	<b>2 610 543 811</b>	2 539 635 186	<b>(70 908 625)</b>	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Biological assets	3 500		3 500	-	(3 500)	
Living resources	-	-	-	345 721	345 721	
Intangible assets	1 008 944	-	1 008 944	715 126	(293 818)	
Other non-current assets	105 007 014		105 007 014	107 990 623	2 983 609	Did not provide for Operating lease smoothing in budget.
	<b>3 271 594 007</b>	<b>-</b>	<b>3 271 594 007</b>	<b>3 200 435 699</b>	<b>(71 158 308)</b>	
<b>TOTAL ASSETS</b>	<b>3 925 363 365</b>	<b>-</b>	<b>3 925 363 365</b>	<b>4 027 379 718</b>	<b>102 016 353</b>	
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Borrowing	22 081 605	-	22 081 605	19 900 439	(2 181 166)	Opening balance of loans was not adjusted with the FEB adj Budget in line with previous year closing balance.
Consumer deposits	37 871 048	-	37 871 048	38 583 083	712 035	
Trade and other payables	203 011 187	-	203 011 187	246 347 313	43 336 126	Due to unspent grants at year-end (Mainly Human settlements development grant. Funds were motivated to be rolled-over to next financial year.
Provisions	47 137 855	-	47 137 855	46 268 702	(869 153)	
	<b>310 101 695</b>	<b>-</b>	<b>310 101 695</b>	<b>351 099 537</b>	<b>40 997 842</b>	
<b>Non-Current Liabilities</b>						
Borrowing	162 207 079	-	162 207 079	154 611 420	(7 595 659)	Opening balance of loans was not adjusted with the FEB adj Budget in line with previous year closing balance.
Provisions	289 952 655	-	289 952 655	297 020 371	7 067 716	Mainly due to Actuarial Gain realised in the current financial year of R4.9m.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
	452 159 734	-	452 159 734	451 631 791	(527 943)	
<b>TOTAL LIABILITIES</b>	<b>762 261 429</b>	<b>-</b>	<b>762 261 429</b>	<b>802 731 328</b>	<b>40 469 899</b>	
<b>Net Assets</b>						
Accumulated surplus / (deficit)	2 832 313 777	-	2 832 313 777	2 826 219 240	(6 094 537)	Net effect of all comments raised in the Statement of Financial Performance and corrections made on previous and prior years.
Reserves	330 788 159	-	330 788 159	398 429 150	67 640 991	Due to underspending on Capital budgets as well as a bigger contribution to CRR than anticipated.
<b>TOTAL NET ASSETS</b>	<b>3 163 101 936</b>	<b>-</b>	<b>3 163 101 936</b>	<b>3 224 648 390</b>	<b>61 546 454</b>	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
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Figures in Rand

### CASH FLOW STATEMENT

#### CASH FLOWS FROM OPERATING ACTIVITIES

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Receipts</b>						
Property rates	183 355 674	-	<b>183 355 674</b>	192 123 228	<b>8 767 554</b>	Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget.
Service charges	850 315 536	-	<b>850 315 536</b>	908 236 920	<b>57 921 384</b>	Budgeted conservatively for conventional water usage. Growth in properties making use services. Use amount of consumers as at end of December each year to project income for budget purposes.
Other revenue	85 641 170	-	<b>85 641 170</b>	98 158 829	<b>12 517 659</b>	Due to increase in External service contributions for new development in Mossel Bay Municipal area.
Transfers and Subsidies - Operational	158 472 873	-	<b>158 472 873</b>	154 553 647	<b>(3 919 226)</b>	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m.
Transfers and Subsidies - Capital	115 170 200	-	<b>115 170 200</b>	84 396 177	<b>(30 774 023)</b>	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.
Interest	54 012 700	-	<b>54 012 700</b>	51 262 836	<b>(2 749 864)</b>	The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated.
	<b>1 446 968 153</b>	<b>-</b>	<b>1 446 968 153</b>	<b>1 488 731 637</b>	<b>41 763 484</b>	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Payments</b>						
Suppliers and employees	(1 221 815 550)	-	(1 221 815 550)	(1 213 210 384)	8 605 166	The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m. Savings on Audit fees, cleaning services and security services. Savings on Employee related costs due to vacant positions.
Finance charges	(14 450 902)	-	(14 450 902)	(14 039 602)	411 300	The Cashflow budget did not take into consideration that the Finance charges on Provision for landfill sites is a non-cash transaction.
Transfers and Grants	(12 041 816)	-	(12 041 816)	(11 528 534)	513 282	
	<b>(1 248 308 268)</b>	<b>-</b>	<b>(1 248 308 268)</b>	<b>(1 238 778 520)</b>	<b>9 529 748</b>	
<b>NET CASH FLOWS FROM / (USED) OPERATING ACTIVITIES</b>	<b>198 659 885</b>	<b>-</b>	<b>198 659 885</b>	<b>249 953 117</b>	<b>51 293 232</b>	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	3 500 000	-	<b>3 500 000</b>	21 227 786	<b>17 727 786</b>	Did not foresee these disposals with the compilation of budget. Alienation of 4 municipal sites.
Decrease / (increase) in non-current receivables	38 500	-	<b>38 500</b>	74 405	<b>(35 905)</b>	
Decrease / (increase) in non-current investments	5 544 655	-	<b>5 544 655</b>	(64 418 754)	<b>(69 963 409)</b>	Cash availability for re-investment was better than anticipated. Conservative approach with budget.
<b>Payments</b>						
Capital assets	(284 841 231)	-	<b>(284 841 231)</b>	(238 024 179)	<b>46 817 052</b>	The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Grant funding for Loadshedding relief grant was received in April 2023 and could not be spent by year end.
<b>NET CASH FLOWS FROM / (USED) INVESTING ACTIVITIES</b>	<b>(275 758 076)</b>	<b>-</b>	<b>(275 758 076)</b>	<b>(281 140 742)</b>	<b>(5 382 666)</b>	



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long-term / refinancing	37 100 000	-	<b>37 100 000</b>	37 100 000	-	
Increase / (Decrease) in Consumer deposits	1 803 383	-	<b>1 803 383</b>	2 515 419	<b>712 036</b>	
<b>Payments</b>						
Repayment of borrowing	(16 245 784)	-	<b>(16 245 784)</b>	(17 206 908)	<b>(961 124)</b>	
<b>NET CASH FLOWS FROM / (USED) FINANCING ACTIVITIES</b>	<b>22 657 599</b>	-	<b>22 657 599</b>	<b>22 408 510</b>	<b>(249 088)</b>	
Net increase/(decrease) in cash and cash equivalents	(54 440 592)	-	<b>(54 440 592)</b>	(8 779 115)	<b>45 661 478</b>	Mainly due to underspending on Capital projects and Housing grant allocations. Refer additionally to reasons above.
Cash and cash equivalents at the beginning of the year	62 538 988	-	<b>62 538 988</b>	62 538 988	-	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8 098 396</b>	-	<b>8 098 396</b>	<b>53 759 873</b>	<b>45 661 478</b>	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
<b>Reconciliation</b>						
<b>Net cash from / (used) operating activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					266 508 135	
Statement of Comparison of Budget and Actual Amounts					249 953 117	
Difference					(16 555 018)	Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities.
<b>Net cash from / (used) investing activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					(281 140 741)	
Statement of Comparison of Budget and Actual Amounts					(281 140 742)	
Difference					(1)	
<b>Net cash from / (used) financing activities</b>						
<b>Format and classification differences</b>						
Cash Flow Statement					5 853 491	
Statement of Comparison of Budget and Actual Amounts					22 408 510	

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final and budget actual	Reasons for material variances
Figures in Rand						
Difference					16 555 019	Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities.
<b>Actual Amount in the Cash flow statement</b>					<b>36 201 643</b>	

Adjustments from approved to final budget are a consequence of reallocations within the budget, referred to as virements.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1. Presentation of Annual Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5). Below are the Standards of GRAP applicable to the Municipality.

<b>Reference</b>	<b>Topic</b>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 31	Intangible Assets
GRAP 32	Service concession arrangements: Grantor
GRAP 37	Joint Arrangements

# Mossel Bay Municipality

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GRAP 38	Disclosure of Interest in Other Entities
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory receivables
GRAP 109	Accounting by Principles and Agents
GRAP 110	Living and Non-living Resources

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### C2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

<b>Reference</b>	<b>Topic</b>
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP

#### C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

<b>Reference</b>	<b>Topic</b>
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue



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C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

Reference	Topic
Guideline	Accounting for Arrangements Undertaken in terms of the National Housing Programme

C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

Standards of GRAP that may be used in developing an accounting policy:

Reference	Topic
None	

C7. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

Reference	Topic
Guideline	The Application of Materiality to Financial Statements

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

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

#### 1.2 Going concern assumption

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

Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate.

#### 1.3 Materiality

Material 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.

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

#### 1.4 Interests in other entities

##### Joint arrangements

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

A joint arrangement is an arrangement of which two or more parties have joint control.

# Mossel Bay Municipality

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#### 1.4 Interests in other entities (continued)

Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint operator is a party to a joint operation that has joint control of that joint operation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint venturer is a party to a joint venture that has joint control of that joint venture.

A party to a joint arrangement is an entity that participates in a joint arrangement, regardless of whether that entity has joint control of the arrangement.

A separate vehicle is a separately identifiable financial structure, including separate legal entities or entities recognised by statute, regardless of whether those entities have a legal personality.

#### **Joint arrangements, joint control and types of joint arrangement**

A joint arrangement has the following characteristics:

- The parties are bound by a binding arrangement.
- The binding arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

Joint control is the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The sharing of control is agreed by way of a binding arrangement. The municipality that is a party to an arrangement assesses whether the binding arrangement gives all the parties, or a group of the parties, control of the arrangement collectively. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the activities that significantly affect the benefits from the arrangement. The municipality applies judgement when assessing whether all the parties, or a group of the parties, have joint control of an arrangement. The municipality shall make this assessment by considering all facts and circumstances. If facts and circumstances change, the municipality reassess whether it still has joint control of the arrangement.

The municipality determines the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The municipality applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture. The municipality determines the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. The municipality assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms of the binding arrangement and, when relevant, other facts and circumstances. If facts and circumstances change, the municipality reassess whether the type of joint arrangement in which it is involved has changed.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.4 Interests in other entities (continued)

##### Financial statements and parties to a joint arrangement

##### Joint operations

The municipality as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The municipality as a joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Standards of GRAP applicable to the particular assets, liabilities, revenues and expenses.

The municipality as a party that participates in, but does not have joint control of, a joint operation, also accounts for its interest in the arrangement in accordance with the aforementioned, if that party has rights to the assets, and obligations for the liabilities, relating to the joint operation. If the municipality as a party that participates in, but does not have joint control of a joint operation and does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in the joint operation in accordance with the Standards of GRAP applicable to the particular assets, liabilities, revenue and expenses.

#### 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:

##### Impairment testing

The calculation in respect of the impairment of receivables 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 based on their historical collection trend and council decisions that might impact the recoverability of the receivable. This was performed individually across all debtors by discounting the future cashflows using the interest rate earned on the primary bank account.

The calculation in respect of the impairment of Traffic fines is based on the same principle as for other receivables except that it is not performed on an individual fine basis and discounting of future cashflows by using a rate that reflects the current risk free rate.

The discounting of future cashflows for Property rates is also based on a rate that reflects the current risk-free rate.

The municipality used the interest rate on primary bank account as the effective interest rate for impairment, except for Statutory receivables the average interest rate on Short-term investments are used.

# Mossel Bay 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)

##### Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - 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 engineer. The provision represents the best estimate or net present value of the expected future 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 as well as the remaining useful life of each specific landfill site.
- Interest rate (Average interest earned on investment) was used to calculate the effect of the time value of money.

##### Post retirement benefits

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 21.

##### Other current Employee Benefit obligations

Staff leave: The provision is based on full cost of accrued leave at year-end. The uncertainty is when the leave will be taken or if employment is terminated.

Performance Bonus: The provision is the best estimate on year-end and based on historical patterns for the payment of performance bonuses. The uncertainty is a result of the performance bonus that must be evaluated and approved by council.

##### Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the initial expected useful lives. The cost of each component is calculated based on the cost price of each component.

##### Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements.

For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement 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.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

The Municipality makes use of the principles outlined in iGRAP18 to determine if it is the custodian of the land classified as Property, Plant and Equipment.

# Mossel Bay 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)

##### **Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

##### **Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

The Municipality makes use of the principles outlined in iGRAP18 to determine if it is the custodian of the land classified as Investment Property.

##### **Water inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

##### **Pre-paid Electricity**

Pre-paid electricity is only recognised as revenue once the electricity is deemed to be consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused.

Assumption is made that on the each purchase of prepaid electricity during the year, all prior purchased electricity have been consumed. A daily average consumption per meter is calculated based on purchase history per meter for the year. The daily average consumption per meter is used to calculate how much of the last purchased electricity for the year have been consumed up to year end. The remaining estimated unused purchased electricity per meter as at year end is used in the calculation that forms part of the balance included under payables.

# Mossel Bay 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)

##### Revenue recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Revenue from Exchange Transactions below describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

##### Non-living resources

It is management's judgement that all five sources of water are non-living resources within the Municipal jurisdiction. The five sources being, dams owned by Department of Water and Sanitation, dams owned by the municipality, seawater, rivers and water from boreholes. Due to the fact that the Accounting Standards Board decided that non-living resources should not be recognised as a capital asset, the Mossel Bay Municipality will only disclose the resources.

##### Living resources

Due to the fact that the K9 unit was established, a living resource asset class was established. The animals in Harry Giddy Park which was previously deemed to be immaterial in value and quantity and therefor the Municipality decided to prospectively apply the reclassification as a separate accounting reporting group called Living resources.

##### Segment reporting

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of internal reporting and making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The seven key functional segments comprise of:

- Municipal Manager and Executive Council
- Corporate Services
- Financial Services
- Infrastructure Services
- Community Services
- Planning and Economic Development
- Community Safety

##### Budget information

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

#### 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.

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

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

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



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## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.6 Investment property (continued)

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.

Land with undetermined use is recognised as Investment Property.

Transfers are made to or from investment property only when there is a change in use.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Improved Property - land	Indefinite
Improved Property - buildings	5 - 100
Unimproved Property - land	Indefinite

Investment property is derecognised 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.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

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

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

If an owner-occupied property becomes an investment property the transfer will be effective as from the date of change in use.

For a transfer from inventories to investment property that will be carried at cost (if applicable less accumulated depreciation) as Investment Property is on cost model.

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

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

#### 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.

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

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

Property, plant and equipment is initially measured at cost.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories. Refer to policy 1.8 for Site restoration and dismantling cost.

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

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

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

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

Land is not depreciated as it is deemed to have an indefinite useful life.

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

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

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life in years</b>
PPE Land		
Land		Indefinite
Community assets		
Community facilities:		
• Taxi ranks / bus terminals	Straight line	8 - 100
• Parks	Straight line	8 - 100
• Fire / ambulance stations	Straight line	8 - 100
• Zoo and Marine facilities	Straight line	5 - 100
• Creches	Straight line	8 - 100
• Cemeteries / crematoria	Straight line	8 - 100
• Theatres	Straight line	8 - 100
• Clinics / care centres	Straight line	8 - 100
• Centres	Straight line	15 - 100
• Nature reserves	Straight line	8 - 100
• Libraries	Straight line	8 - 100
• Galleries	Straight line	8 - 100
• Public ablution facilities	Straight line	8 - 100
• Stalls	Straight line	8 - 100
• Halls	Straight line	8 - 100
• Museums	Straight line	8 - 100
• Airports	Straight line	8 - 100
• Public open space	Straight line	8 - 100
• Markets	Straight line	8 - 100
• Abattoirs	Straight line	8 - 100
• Testing stations	Straight line	8 - 100
• Police	Straight line	45 - 100
Sport and recreation facilities:		
• Indoor facilities	Straight line	8 - 100
• Outdoor facilities	Straight line	5 - 100
• Leisure/resort facilities	Straight line	8 - 100
Other assets		
Computer equipment:		
• Desktop computer	Straight line	4 - 5
• Laptop computer	Straight line	4 - 5
• Tablets	Straight line	1 - 2
• Printers	Straight line	4 - 5
• Servers	Straight line	2 - 5
• Other computer equipment	Straight line	2 - 5
Furniture and Office Equipment	Straight line	8 - 50
Housing	Straight line	8 - 100
Machinery and Equipment	Straight line	5 - 30
Operational buildings:		
• Municipal offices	Straight line	5 - 100
• Yards	Straight line	8 - 100
• Stores	Straight line	8 - 100
• Training centres	Straight line	8 - 100
• Pay / enquiry points	Straight line	8 - 100
• Building plan offices	Straight line	8 - 100
• Workshops	Straight line	8 - 100
• Laboratories	Straight line	8 - 100
• Manufacturing plant	Straight line	8 - 100

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## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

• Depots	Straight line	8 - 100
Transport Assets	Straight line	7 - 30
Infrastructure		
Coastal infrastructure:		
• Revetments	Straight line	10 - 100
• Piers	Straight line	8 - 80
Roads infrastructure:		
• Road furniture	Straight line	5 - 50
• Road structures	Straight line	5 - 50
• Roads	Straight line	5 - 30
Electrical infrastructure:		
• Power plants	Straight line	5 - 100
• HV substations	Straight line	5 - 100
• HV switching stations	Straight line	5 - 100
• HV transmission conductors	Straight line	10 - 50
• MV networks	Straight line	5 - 50
• MV substations	Straight line	5 - 100
• MV switching stations	Straight line	5 - 100
• LV networks	Straight line	2 - 60
Information and communications infrastructure:		
• Distribution layers	Straight line	2 - 10
• Core layers	Straight line	5 - 100
• Data centres	Straight line	8 - 100
Sanitation infrastructure:		
• Outfall sewers	Straight line	7 - 50
• Pump stations	Straight line	5 - 50
• Reticulation	Straight line	7 - 50
• Toilet facilities	Straight line	10 - 50
• Waste water treatment works	Straight line	5 - 100
Solid waste infrastructure:		
• Electricity generation facilities	Straight line	8 - 100
• Landfill sites	Straight line	10 - 100
• Waste drop-off points	Straight line	8 - 100
• Waste processing facilities	Straight line	8 - 100
• Waste separation facilities	Straight line	8 - 100
• Waste transfer stations	Straight line	8 - 100
Storm-water infrastructure:		
• Attenuation	Straight line	5 - 50
• Drainage collection	Straight line	5 - 60
• Storm-water conveyance	Straight line	5 - 50
Water supply infrastructure:		
• Pump stations	Straight line	5 - 50
• Water treatment works	Straight line	5 - 100
• Distribution	Straight line	7 - 50
• Reservoirs	Straight line	5 - 50
• Boreholes	Straight line	5 - 50
• Dams weirs	Straight line	5 - 100
• Distribution points	Straight line	7 - 20
• Bulk mains	Straight line	7 - 80
• PRV stations	Straight line	5 - 50

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

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

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed for indicators that the expected pattern of consumption of the future economic benefits or service potential embodied in the asset has changed. If detected then the useful life is reviewed. Such a change is accounted for as a change in an accounting estimate.

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

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

#### 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.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) 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.

#### 1.9 Intangible assets

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

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality 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.

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

# Mossel Bay Municipality

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#### 1.9 Intangible assets (continued)

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the Municipality will receive future economic benefits or service potential.

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

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

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

Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date the asset is derecognised.

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.



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#### 1.9 Intangible assets (continued)

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

Item	Depreciation method	Average useful life in years
Computer Software	Straight line	4 - 10
Servitudes	Straight line	5 - 20

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.10 Heritage assets

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

##### Recognition

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

##### Initial measurement

Heritage assets are measured at cost.

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

##### Subsequent measurement

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

##### Depreciation and Impairment

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial.

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

The useful lives of items of heritage assets have been assessed as follows:

Item	Useful life in years
Conservation areas	Indefinite
Historic Buildings	Indefinite
Monuments	Indefinite
Other heritage	Indefinite

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#### 1.10 Heritage assets (continued)

##### Derecognition

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

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the statement of Financial Performance.

#### 1.11 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 Municipality has various types of financial instruments and these can be broadly categorised as either a financial asset or a financial liability.

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 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.

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.

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.

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

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

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;

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#### 1.11 Financial instruments (continued)

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

#### Classification

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

#### Class

Long-Term Receivables	Financial asset measured at Amortised cost
Receivables from Exchange Transactions	Financial asset measured at Amortised cost
Other Receivables from Non-Exchange Transactions	Financial asset measured at Amortised cost
Short-term Investment Deposits	Financial asset measured at Amortised cost
Cash and Cash Equivalents	Financial asset measured at Amortised cost
Short and Long-term Investments	Financial asset measured at Amortised cost
Unpaid Construction Contracts	Financial asset measured at Amortised cost

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

Other Financial Liabilities	Financial liability measured at Amortised cost
Payables from exchange transactions	Financial liability measured at Amortised cost
Unspent Construction contract advances	Financial liability measured at Amortised cost
Unspent Conditional Grants and Receipts	Financial liability measured at Amortised cost
Consumer Deposits	Financial liability measured at Amortised cost
Non-current Deposits	Financial liability measured at Amortised cost
Other Employee benefit obligations	Financial liability measured at Amortised cost

Grants are seen as financial instrument if there is an applicable contractual agreement which sets out the conditions of the grant.

#### 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.

#### 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.

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#### 1.11 Financial instruments (continued)

##### 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.

##### Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 1.11 Financial instruments (continued)

##### Derecognition

##### Financial assets

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

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

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

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

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

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

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

##### 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.

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 the Statement of Financial Performance. 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).

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## Annual Financial Statements for the year ended 30 June 2023

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#### 1.11 Financial instruments (continued)

##### Presentation / Offsetting of Financial Instruments

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

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

##### 1.12 Cash and Cash equivalents and Investments

Cash and cash equivalents include cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value.

Investments is classified as either Long-term Investments or Short-term Investments. Long-term Investments is investments made for a period longer than 12 months, whilst those invested for a period of longer than 3 months but shorter than 12 months is classified as Short-term Investments. Recognition and classification of investments are made at inception of the investment. All other call deposits, 32-day notice deposits or other forms investments not exceeding 3 months are classified as cash and cash equivalents.

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

##### 1.13 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.

Grants are seen as statutory receivable is it is gazetted in the DORA or Provincial Gazette and no other contractual agreement which sets out the conditions of the grant is applicable.

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

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#### 1.13 Statutory receivables (continued)

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.

#### 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.

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 are recognised in the Statement of Financial Performance.

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 the Statement of Financial Performance.

#### 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.



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#### 1.14 Value Added Tax

##### Current tax assets and liabilities

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### 1.15 Unpaid Conditional Grants and Receipts

Unpaid conditional grants are assets in terms of the GRAP Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

#### 1.16 Payables from Exchange Transactions

Payables from exchange transactions are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

#### 1.17 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the statement of financial performance as revenue.

#### 1.18 Other Financial Liabilities (Borrowings)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

#### 1.19 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.

##### Operating leases - lessor

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

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

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

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

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

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#### 1.19 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.

#### 1.20 Inventories

Inventories are assets:

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

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.

The weighted average method is used to allocate cost to inventory items.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage. Water inventory is measured at the reporting date by way of readings and the calculated volume in the distribution network. Apparent and real water losses is recognised in the period it occurs.

Subsequently inventories are measured at the lower of cost and net realisable value. If none/nominal charge then recognised at lower of cost and current replacement cost.

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.

Inventories shall be recognised as an asset if, and only if,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- (b) the cost of the inventories can be measured reliably.

Inventories shall be measured at the lower of cost and current replacement cost where they are held for:

- (a) distribution through a non-exchange transaction; or
- (b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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, e.g. land inventory.

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 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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#### 1.21 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Unspent construction contract advances are recognised in the Statement of Financial Position as a current liability, whereas Unpaid construction contract advances are recognised as a current asset.

#### 1.22 Impairment of cash-generating assets

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

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

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

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

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

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

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

# Mossel Bay Municipality

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

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.

#### Cash-generating units

Cash-generating units are defined as end-services that generate, or is expected to generate, positive cash flows. All individual assets assigned to these units are viewed as cash-generating assets at initial recognition. The following end-services are classified as cash-generating units:

- Electricity services
- Water services
- Solid waste management services
- Waste water management services

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).

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.

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#### 1.22 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 the Statement of Financial Performance.

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.

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

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

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.

##### 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:

##### Restoration cost approach

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

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 1.23 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 the Statement of Financial Performance.

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.

#### 1.24 Employee benefits

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

All costs relating to employee benefits such as contributions, interest and / or actuarial gains or losses, is recognised in the statement of financial performance as employee related costs.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.24 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 recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise 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.

##### Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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

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



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 1.24 Employee benefits (continued)

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.24 Employee benefits (continued)

##### Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and is calculated based on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

##### Staff Bonusses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

##### Performance Bonusses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The performance bonus provision is based on the employment contract stipulations as well as previous performance bonus payment trends.

##### Employee overtime/standby allowance accrual

The cost of short-term employee benefits is recognised in the period in which the service is rendered. Liabilities are recognised as they accrue to employees.

##### Other post retirement obligations

The municipality provides post-retirement health care benefits and gratuities upon retirement to some retirees:

##### (a) Post-Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its employees and retired employees of the Municipality, and to their registered dependants. The entitlement to these benefits is usually conditional 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 using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

- Contribution made by council and by the municipal official to the medical fund.
- The liability was calculated by means of the projected unit credit actuarial valuation method.
- The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future inservice element.
- The liability is recognised at the fair value of the obligation.
- Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.24 Employee benefits (continued)

##### (b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

Payments are offset against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

##### (c) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

Payments made by the Municipality are offset against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

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 entity 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.

#### 1.25 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.

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.

Provision for Environmental Rehabilitation: Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are 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 Surplus or Deficit.

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.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.25 Provisions and contingencies (continued)

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 deficits.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 61.

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.

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

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

#### 1.26 Commitments

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

Commitments are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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-cancelable or only cancelable 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.

#### 1.27 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.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

These service charges includes a basic charge as determined by Council.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

An estimation is made annually of the water and electricity consumptions not yet invoiced, for which an accrual is recognised as at year end.

Revenue from sale of electricity prepaid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date. The consumption of pre-paid electricity is calculated by using a trend analysis and other historical data on electricity usage.

Service charges relating to **refuse removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

**Rentals** are recognised on a straight-line basis over the term of the lease agreement.

**Revenue arising from the application of the approved tariff of charges** is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

The income for **agency services** recognised is commission in terms of the agency agreement.

Where the outcome of a construction contract can be estimated reliably, **Construction contract revenue** are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

#### Interest received

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

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

Interest is recognised, in the Statement of Financial Performance, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.28 Revenue from non-exchange transactions

In a non-exchange transaction, a municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity 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.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### 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.

##### Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no right to collect this revenue in terms of the municipal tariff policy and by-laws.

##### Grants, transfers and donations

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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

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

Grants without any conditions attached are recognised as revenue when the asset is recognised.

##### Fines

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

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

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

##### Availability charges

An availability charge for electricity, water and sewerage as determined from time to time by the Council shall be levied and will be payable on all properties on a monthly basis, except in cases where the site has been declared inhabitable by the municipality, with or without improvements, whether or not the property is connected to the electricity reticulation / water network / sewerage network systems of the Council. These availability charges is recognised in the Statement of Financial Performance as Revenue from Non-exchange transactions.



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Gifts and donations, including goods in-kind

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

**Revenue from third parties** i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of impaired assets.

**Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure** is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act No.56 of 2003, and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

All **unclaimed deposits** are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with the prescribed debt principle as enforced by law.

Contributed property, plant and equipment:

Contributed property, plant and equipment are recognised when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

Interest from non-exchange transactions:

Interest revenue is recognised using the effective interest rate method.

Licences and Permits:

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

#### 1.29 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 it is incurred.

#### 1.30 Accounting by principals and agents

##### Identification

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

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

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

##### Identifying whether an entity is a principal or an agent

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

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

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.30 Accounting by principals and agents (continued)

##### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

##### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

##### Recognition

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

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

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

#### 1.31 Comparative information

Where necessary, comparative information have been reclassified to conform to changes in presentation in the current year. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.32 Unauthorised expenditure

Unauthorised expenditure is any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (MFMA).

Unauthorised expenditure includes:

- Overspending of the total amount appropriated in the Municipality's approved budget,
- Overspending of the total amount appropriated for a vote in the approved budget,
- Expenditure from a vote unrelated to the department or functional area covered by the vote,
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose,
- Spending of an allocation received from another sphere of Government, Municipality, or organ of state otherwise than in accordance with any conditions of the allocation,
- A grant by the Municipality otherwise than in accordance with the MFMA.

A vote is defined as a Directorate.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 1.32 Unauthorised expenditure (continued)

The municipality has the following Directorates:

- Municipal Manager
- Corporate Services
- Financial Services
- Technical / Infrastructure Services
- Community Services
- Planning & Economic Development Services
- Community Safety

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.

Unauthorised expenditure are disclosed in the notes to the Annual Financial Statements exclusive of VAT.

#### 1.33 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

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.

Fruitless and wasteful expenditure are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

#### 1.34 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 municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance in the year the expenditure occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

#### 1.35 Internal reserves

##### Capital replacement reserve (CRR)

In order to finance capital assets from internal sources, amounts are transferred out of the accumulated surplus into the Capital Replacement Reserve (CRR) in terms of the funding and reserves policy adopted by the Municipality. The cash in the CRR can only be used to finance capital expenditure appropriated in an approved budget. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

##### Self insurance reserve

The municipality has a self-insurance reserve to set aside amounts to offset potential losses or claims that are not insured externally. An annual contribution is made to the self-insurance reserve as prescribed in the Borrowing, Funds and Reserves Policy of the Municipality.

At the end of each financial year an amount (as determined by the Liquidity calculation prescribed in the municipality's Liquidity policy) may be transferred from accumulated surplus to self-insurance reserve or capital replacement reserve. The Chief Financial Officer has the delegation to determine such amount to be transferred to the self-insurance reserve.

The balance of the self-insurance or capital replacement reserve is invested in short-term cash investments.

#### 1.36 Segment information

A segment is an activity of the Municipality:

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.36 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.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

Reportable segments are the actual segments which are reported on in the segment report. Refer to note 68 on Segment reporting for more information.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Reports used for segment reporting and disclosure in the Annual Financial Statements is on the same measurement basis.

Considering all above the entity defined segment reporting as the link between the organisational structure and defined votes, as per the latest budget policy, as the level of segment reporting. Expenditure (operational and capital), revenue and performance management reports is prepared in this manner.

#### 1.37 Budget information

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

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

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

The approved budget covers the fiscal period from 01 July 2022 to 30 June 2023.

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of comparison of budget and actual amounts.

Reconciliations are provided below the budget comparison statements regarding classification differences between the approved budget and the annual financial statements.

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.

The disclosure of comparative budget information is not required in terms of GRAP 24.

#### 1.38 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.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

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## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.38 Related parties (continued)

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

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

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

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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.

#### 1.39 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.

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## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.40 Changes in accounting policy, estimates and errors

Changes in accounting policies have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of changes in accounting policies are disclosed in the notes to the annual financial statements.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Detail of changes in accounting estimates are disclosed in the notes to the annual financial statements.

Prior period errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect or the error.

In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of prior period errors are disclosed in the notes to the annual financial statements.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.41 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by the municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

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

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

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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.

Group of resources means a grouping of living or non-living resources of a similar nature or function in the municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by the municipality, or the number of production or similar units expected to be obtained from the asset by the municipality.

#### Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

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

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.



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## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.41 Living and non-living resources (continued)

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognises, from that date, the living resource and apply the measurement principles.

##### Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### Measurement after recognition

##### Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

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

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

- (a) The use of the living resource has changed, because of the following:
  - The municipality has changed the manner in which the living resource is used.
  - The municipality has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
  - Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
  - The living resource was idle or retired from use during the reporting period.
- (b) The living resource is approaching the end of its previously expected useful life.
- (c) There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.
- (d) The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the municipality considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.41 Living and non-living resources (continued)

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

Item	Depreciation method	Average useful life
Sheep	Straight-line	5
Dogs	Straight-line	5
Other animals (Birds, etc.)	Straight-line	5 - 100

#### Impairment

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

#### Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

#### Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations effective and adopted in the current year

No new standards and interpretations were adopted during the current financial year.

##### 2.2 Standards and Interpretations early adopted

No new standards were early adopted in the current financial year.

##### 2.3 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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>• Guideline: Guideline on the Application of Materiality to Financial Statements</li> </ul>	01 April 2023	Guideline is not authoritative but encouraged to consider when preparing Annual Financial Statements
<ul style="list-style-type: none"> <li>• GRAP 1 (amendments related to materiality): Presentation of Financial Statements</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• GRAP 1 (amendments related to going concern): Presentation of Financial Statements</li> </ul>	01 April 2099	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• GRAP 25 (Amended): Employee Benefits</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• GRAP 103: Heritage Assets</li> </ul>	01 April 2099	Expected change on classification of mixed-use assets and fair value
<ul style="list-style-type: none"> <li>• Improvements to the Standards of GRAP (2020)</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• iGRAP 7: The limit on a defined benefit asset, minimum funding requirement and their interaction</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• iGRAP 21: The effect of past decisions on materiality</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• Guideline: Accounting for Landfill Sites</li> </ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>• GRAP 104 (amended): Financial Instruments</li> </ul>	01 April 2025	Expected change on classification and that the change will have a big impact on impairment calculations

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Figures in Rand	2023	2022
<b>3. Inventories</b>		
Consumable stores	23 745 518	18 625 454
Unsold property held for resale	1 798 768	1 693 768
Water	850 238	681 449
	<b>26 394 524</b>	<b>21 000 671</b>

Inventory (Consumable Stores) to the value of R - (2022: R 24 562) was written off during the financial year.

Water inventory to the value of R8 777 459 (2022: R8 658 690) were lost during the financial year. The main reason for these water losses is due to defective meters, breakage in pipelines, leaking valves, vandalism, theft, etc.

Unsold property held for resale relates to developed land that is held for resale by the municipality, mostly aimed at middle-income households.

Water inventory relates to purified water under the control of the municipality. The cost of sale per kilolitre increased from R6.46 p/kl in 2022 to R7.56 p/kl in 2023 representing an increase in cost of sale of 17.01%.

All inventory for the current year are carried at the lower of cost or the net realisable value.

Refer to note 46 for the amount of inventories recognised as an expense during the period.

None of the inventories were pledged as security for liabilities.

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**4. Unspent / (unpaid) construction contract advances**

**Contracts in progress at statement of financial position date**

**Unspent / (unpaid) construction contract advances per Housing Project:**

Asazani / Zinyoka	(9 622 946)	(9 622 946)
Elangeni	-	428 307
External Toilet Eradication	2 462 627	3 713 926
Khayelitsha	-	452 187
Sonskynvallei	-	2 685 766
	<b>(7 160 319)</b>	<b>(2 342 760)</b>

The Municipality has been allocated funds in the 2023/2024 financial year for the Asazani / Zinyoka project which will cover the unspent portion of construction contract advances.

**Movement during the year**

Opening balance	(2 342 759)	9 820 082
Receipts	-	1 865 826
Conditions met - Transferred to revenue	(1 251 298)	(14 028 669)
Repayment of unspent grants	(3 566 261)	-
	<b>(7 160 318)</b>	<b>(2 342 761)</b>

As at 30 June 2023, retention of contracts in progress were R 178 859 (2022: R -).

No contract debtors were pledged as security for any overdraft facilities.

An amount of R 3 566 261 was repaid to the Department of Human Settlements after the application for Roll-over of grant funding was rejected. The amounts unspent for Elangeni, Sonskynvallei and Khayelitsha in the previous year makes up this total.

**Method used to determine the contract revenue recognised in the period**

The stage of completion method was used to determine the contract revenue recognised in the period.

**Construction contracts revenue recognised**

Construction contracts	1 251 298	14 028 668
	<b>1 251 298</b>	<b>14 028 668</b>

Contract	Total contract cost	Total contract revenue recognised	Total contract cost	Total contract revenue recognised
	2023	2023	2022	2022
Asazani / Zinyoka	-	-	2 513 291	2 513 291
Elangeni	-	-	274 624	274 624
External Toilet Eradication	1 251 298	1 251 298	4 434 608	4 434 608
Khayelitsha	-	-	6 638 545	6 638 545
Sonskynvallei	-	-	167 600	167 600
	<b>1 251 298</b>	<b>1 251 298</b>	<b>14 028 668</b>	<b>14 028 668</b>

**Method used to determine the stage of completion of contracts in progress**

The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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Figures in Rand		2023	2022
<b>4. Unspent / (unpaid) construction contract advances (continued)</b>			
<b>30 June 2023</b>	Aggregate amount of costs incurred and recognised surpluses (less recognised deficits) to date for agreements in progress	Amount of retentions	Roll-Over not approved and paid back
Asazani / Zinyoka	111 345 758	-	-
Elangeni	6 628 074	-	428 308
External Toilet Eradication	7 905 284	178 859	-
Khayelitsha	12 484 357	-	452 187
Sonskynvallei	55 587 517	-	2 685 766
	<b>193 950 990</b>	<b>178 859</b>	<b>3 566 261</b>
<b>30 June 2022</b>	Aggregate amount of costs incurred and recognised surpluses (less recognised deficits) to date for agreements in progress	Amount of advances received for agreements in progress	Amount of retentions
Asazani / Zinyoka	111 345 758	327 820	-
Elangeni	6 628 074	35 820	-
External Toilet Eradication	6 653 986	578 427	-
Khayelitsha	12 484 357	865 897	-
Sonskynvallei	55 587 517	57 861	-
	<b>192 699 692</b>	<b>1 865 825</b>	<b>-</b>

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Figures in Rand	2023	2022
<b>5. Long-term receivables</b>		
<b>At amortised cost</b>		
Land Sales Debtors	1 013	1 356
Bursary Obligations	279 390	233 574
Housing Selling Schemes	106 463	236 807
	386 866	471 737
Impairments	(77 416)	(87 881)
	<b>309 450</b>	<b>383 856</b>
<b>Non-current assets</b>		
At amortised cost	21 637	17 166
<b>Current assets</b>		
At amortised cost	287 813	366 690
<b>Total</b>	<b>309 450</b>	<b>383 856</b>
<b>Reconciliation of debt impairment of long-term receivables</b>		
Balance at the beginning of the year	87 881	110 096
Contribution to / (Reversal from) provision	(10 465)	(22 215)
	-	-
	<b>77 416</b>	<b>87 881</b>

Outstanding Land Sales debtors and Housing Selling Scheme Loans were summarised in scheme numbers. A payment % report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these long-term receivables.

No provision for debt impairment to be recognised for study loans.

Land Sales: Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Housing Selling Scheme Loans: Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

**6. Receivables from exchange transactions**

<b>Gross balances</b>		
Electricity	59 644 638	56 420 890
Water	58 533 693	71 598 565
Sewerage	20 925 252	36 868 798
Refuse	18 773 304	32 858 867
Land sales	7 178	6 407
Housing selling schemes	897 913	1 231 287
Housing rental	207 173	230 129
Other (merchandising, jobbing, contracts and service charges)	44 798 907	33 137 006
Payments received in advance	8 649 896	6 690 220
	<b>212 437 954</b>	<b>239 042 169</b>



**Mossel Bay Municipality**  
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Figures in Rand	2023	2022
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Less: Allowance for impairment</b>		
Electricity	(7 460 679)	(6 698 053)
Water	(18 408 419)	(40 722 275)
Sewerage	(12 282 622)	(29 611 805)
Refuse	(9 814 475)	(25 396 126)
Land sales	(6 873)	(5 988)
Housing selling schemes	(887 637)	(1 228 585)
Housing rental	(194 903)	(224 962)
Other (merchandising, jobbing, contracts and service charges)	(13 992 526)	(12 155 271)
	<b>(63 048 134)</b>	<b>(116 043 065)</b>

**Net balance**

Electricity	52 183 959	49 722 837
Water	40 125 274	30 876 290
Sewerage	8 642 630	7 256 993
Refuse	8 958 829	7 462 741
Land sales	305	419
Housing selling schemes	10 276	2 702
Housing rental	12 270	5 167
Other (merchandising, jobbing, contracts and service charges)	30 806 381	20 981 735
Payments received in advance	8 649 896	6 690 220
	<b>149 389 820</b>	<b>122 999 104</b>

**Electricity**

Current (0 -30 days)	50 186 173	44 638 004
31 - 60 days	860 082	1 728 061
61 - 90 days	950 266	1 280 393
91 - 120 days	679 454	980 701
121 - 365 days	3 535 998	6 232 842
> 365 days	3 432 665	1 560 889
Less: Impairment	(7 460 679)	(6 698 053)
	<b>52 183 959</b>	<b>49 722 837</b>

Electricity receivable that are past due as at 30 June 2023 but not impaired is R1 997 787 (2022: R5 084 834).

**Water**

Current (0 -30 days)	37 300 841	32 457 383
31 - 60 days	1 629 397	2 325 823
61 - 90 days	1 427 834	2 214 122
91 - 120 days	1 116 433	2 074 472
121 - 365 days	6 514 194	13 697 889
> 365 days	10 544 994	18 828 877
Less: Impairment	(18 408 419)	(40 722 276)
	<b>40 125 274</b>	<b>30 876 290</b>

Water receivable that are past due as at 30 June 2023 but not impaired is R2 824 432 (2022: Rnil).

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<b>6. Receivables from exchange transactions (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	6 990 982	8 444 562
31 - 60 days	853 167	1 684 410
61 - 90 days	928 582	1 572 304
91 - 120 days	669 520	1 495 793
121 - 365 days	4 265 666	10 853 011
> 365 days	7 217 335	12 818 718
Less: Impairment	(12 282 622)	(29 611 805)
	<b>8 642 630</b>	<b>7 256 993</b>

Sewerage receivable that are past due as at 30 June 2023 but not impaired is R1 651 648 (2022: Rnil).

<b>Refuse</b>		
Current (0 -30 days)	7 625 542	8 522 404
31 - 60 days	743 937	1 410 156
61 - 90 days	663 921	1 315 326
91 - 120 days	585 692	1 233 474
121 - 365 days	3 662 147	9 026 783
> 365 days	5 492 065	11 350 725
Less: Impairment	(9 814 475)	(25 396 127)
	<b>8 958 829</b>	<b>7 462 741</b>

Refuse receivable that are past due as at 30 June 2023 but not impaired is R1 333 287 (2022: Rnil).

<b>Land sales</b>		
Current (0 -30 days)	415	424
31 - 60 days	114	180
61 - 90 days	91	61
91 - 120 days	76	61
121 - 365 days	555	473
> 365 days	5 927	5 208
Less: Impairment	(6 873)	(5 988)
	<b>305</b>	<b>419</b>

Land Sales receivable that are past due as at 30 June 2023 but not impaired is Rnil (2022: Rnil).

<b>Housing selling schemes</b>		
Current (0 -30 days)	15 291	17 023
31 - 60 days	6 935	8 004
61 - 90 days	6 743	7 842
91 - 120 days	6 650	7 716
121 - 365 days	52 469	79 809
> 365 days	809 825	1 110 893
Less: Impairment	(887 637)	(1 228 585)
	<b>10 276</b>	<b>2 702</b>

Housing Selling Schemes receivable that are past due as at 30 June 2023 but not impaired is Rnil (2022: Rnil).

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<b>6. Receivables from exchange transactions (continued)</b>		
<b>Housing rental</b>		
Current (0 -30 days)	8 478	8 114
31 - 60 days	2 997	2 991
61 - 90 days	2 740	2 862
91 - 120 days	2 781	2 846
121 - 365 days	21 815	42 749
> 365 days	168 362	170 567
Less: Impairment	(194 903)	(224 962)
	<b>12 270</b>	<b>5 167</b>

Housing rentals receivable that are past due as at 30 June 2023 but not impaired is R3 791 (2022: Rnil).

<b>Other (merchandising, jobbing, contracts and service charges)</b>		
Current (0 -30 days)	32 431 095	18 691 649
31 - 60 days	976 150	1 010 744
61 - 90 days	612 249	930 949
91 - 120 days	924 515	824 565
121 - 365 days	4 038 403	4 752 351
> 365 days	5 816 495	6 926 749
Less: Impairment	(13 992 526)	(12 155 272)
	<b>30 806 381</b>	<b>20 981 735</b>

Other Receivables from Exchange transactions includes accruals for Interest on Investments to the amount of R 13 343 681 (2022: R5 099 531).

Other receivables that are past due as at 30 June 2023 but not impaired is Rnil (2022: R2 290 087).

No receivables were pledged as security.

**Summary of exchange receivables by customer classification**

Residential / Consumers	52 722 241	36 075 931
Industrial / Commercial	51 856 211	51 677 682
National and Provincial Government	3 096 658	3 623 700
Other	33 064 814	24 931 571
	<b>140 739 924</b>	<b>116 308 884</b>

The summary of receivables by customer classification excludes Payments received in advance.

**Reconciliation of allowance for impairment**

Balance at beginning of the year	(116 043 065)	(61 719 431)
Movement in allowance for impairment	52 994 931	(54 323 634)
	<b>(63 048 134)</b>	<b>(116 043 065)</b>

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<b>7. Receivables from non-exchange transactions</b>		
<b>Gross balance</b>		
Rates	23 499 545	20 001 579
Traffic fines	30 864 824	21 454 743
Government grants and subsidies	128 834	128 834
Other	1 463 831	2 413 200
Availability charges - Electricity	3 360 494	2 985 887
Availability charges - Sanitation and Sewerage	1 753 674	1 702 178
Availability charges - Water	2 468 646	2 469 358
	<b>63 539 848</b>	<b>51 155 779</b>
<b>Less: Allowance for impairment</b>		
Rates	(7 261 264)	(7 025 230)
Traffic fines	(27 483 428)	(20 577 301)
Other	(682 555)	(1 114 181)
Availability charges - Electricity	(1 957 402)	(1 971 657)
Availability charges - Sanitation and Sewerage	(982 031)	(1 075 649)
Availability charges - Water	(1 537 915)	(1 689 171)
	<b>(39 904 595)</b>	<b>(33 453 189)</b>
<b>Net balance</b>		
Rates	16 238 281	12 976 349
Traffic fines	3 381 396	877 442
Government grants and subsidies	128 834	128 834
Other	781 276	1 299 019
Availability charges - Electricity	1 403 092	1 014 230
Availability charges - Sanitation and Sewerage	771 643	626 529
Availability charges - Water	930 731	780 187
	<b>23 635 253</b>	<b>17 702 590</b>

Rates, Traffic fines and Government grants and subsidies disclosed under Receivables from Non-exchanges transactions are Statutory Receivables in context of GRAP 108. Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 8 for disclosure notes relating to Statutory receivables.

Availability charges for Electricity, Water and Sewerage are not classified as Statutory Receivables in context of GRAP 108, but rather a Financial instrument in terms of GRAP 104.

Refer to Note 49 for detail regarding the correction of prior period errors.

No receivables were pledged as security.

**Rates: Ageing**

Current (0 -30 days)	13 504 839	11 639 359
31 - 60 days	797 089	575 321
61 - 90 days	753 977	432 655
91 - 120 days	588 203	371 418
121 - 365 days	2 951 669	2 665 388
> 365 days	4 903 768	4 317 438
Less: Impairment	(7 261 264)	(7 025 230)
	<b>16 238 281</b>	<b>12 976 349</b>

Rates receivable that are past due as at 30 June 2023 but not impaired is R2 733 441 (2022: R 1336 990).

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<b>7. Receivables from non-exchange transactions (continued)</b>		
<b>Availability charges - Electricity: Ageing</b>		
Current (0 -30 days)	1 027 616	831 952
31 - 60 days	171 645	128 255
61 - 90 days	148 868	105 504
91 - 120 days	128 938	96 726
121 - 365 days	665 116	594 479
> 365 days	1 218 311	1 228 971
Less: Impairment	(1 957 402)	(1 971 657)
	<b>1 403 092</b>	<b>1 014 230</b>

Availability charges - Electricity receivable that are past due as at 30 June 2023 but not impaired is R375 475 (2022: R182 277).

**Availability charges - Sanitation and sewerage: Ageing**

Current (0 -30 days)	550 838	479 883
31 - 60 days	89 696	71 817
61 - 90 days	79 746	60 152
91 - 120 days	68 128	55 281
121 - 365 days	343 682	316 488
> 365 days	621 584	718 557
Less: Impairment	(982 031)	(1 075 649)
	<b>771 643</b>	<b>626 529</b>

Availability charges -Sanitation and sewerage receivable that are past due as at 30 June 2023 but not impaired is R220 806 (2022: R146 647).

**Availability charges - Water: Ageing**

Current (0 -30 days)	651 992	630 025
31 - 60 days	111 879	96 647
61 - 90 days	98 552	81 002
91 - 120 days	85 179	73 593
121 - 365 days	444 744	459 788
> 365 days	1 076 300	1 128 303
Less: Impairment	(1 537 915)	(1 689 171)
	<b>930 731</b>	<b>780 187</b>

Availability charges - Water receivable that are past due as at 30 June 2023 but not impaired is R278 738 (2022: R150 163).

**Summary of non-exchange receivables by customer classification**

The summary of receivables by customer classification includes Rates and Availability charges.

Residential / Consumers	14 634 453	11 580 104
Industrial / Commercial	3 486 458	2 945 227
National and Provincial Government	530 859	154 158
Other	691 977	717 806
	<b>19 343 747</b>	<b>15 397 295</b>

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**7. Receivables from non-exchange transactions (continued)**

**Reconciliation of allowance for impairment**

Opening balance	(33 453 189)	(30 976 438)
Provision for impairment	(6 451 406)	(2 476 751)
	<b>(39 904 595)</b>	<b>(33 453 189)</b>

**8. Statutory receivables**

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.

In accordance with the principles of GRAP 108, statutory receivables of the municipality is classified as follows:

**Statutory receivables balances**

**Statutory receivables included in the Statement of Financial Position under VAT Receivable**

VAT (Payable) / Receivable	13 513 319	13 010 572
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**8. Statutory receivables (continued)**

**Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions**

Property Rates	16 238 281	12 976 349
Traffic fines	3 381 396	877 442
Government grants and subsidies	128 834	128 834
	<b>19 748 511</b>	<b>13 982 625</b>

Refer to Note 49 for detail regarding the correction of prior period errors.

**Statutory receivables transactions**

**Statutory receivables transactions included in the Statement of Financial Performance:**

**Property rates:**

Property rates revenue	192 123 229	170 542 268
Interest earned - outstanding property rates	895 873	551 359

**Traffic fines:**

Fines, penalties and forfeits	22 602 880	16 233 882
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**Government grants and subsidies:**

Disaster Management Grant	-	-
	<b>215 621 982</b>	<b>187 327 509</b>

**Reconciliation of provision for impairment for statutory receivables**

**Provision for impairment included under VAT Receivable transactions:**

VAT Receivable	-	-
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**Provision for impairment included under receivables from non-exchange transactions:**

Property Rates	(7 261 264)	(7 025 230)
Traffic fines	(27 483 428)	(20 577 301)
Government grants and subsidies	-	-
	<b>(34 744 692)</b>	<b>(27 602 531)</b>

**Recognition or reversal of impairment losses on statutory receivables**

**Recognition of impairment losses**

Property Rates	757 518	760 233
Traffic Fines	6 906 127	906 226

**Reversal of impairment losses**

Traffic Fines	(225 329)	(702 317)
	<b>7 438 316</b>	<b>964 142</b>

Statutory receivables are impaired in line with the Municipality's Accounting Policy 1.13 .

**Statutory receivables past due but not impaired**

**Statutory receivables**

Property Rates	2 733 441	1 336 990
Traffic fines	-	-
Government grants and subsidies	128 834	128 834



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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<b>8. Statutory receivables (continued)</b>		
VAT (Payable) / Receivable	13 513 319	14 888 607
	<b>16 375 594</b>	<b>16 354 431</b>

Additional information on collectability of statutory receivables can be seen in Note 11 and Note 7 of this document.

#### Transactions arising from statute

Property rates related transactions arise in terms of the Municipal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

Traffic fines arise from the National Road Traffic Act 93 of 1996, National Road Traffic Regulations 2000, National Land Transport Act 5 of 2009 and Criminal Procedure Act 51 of 1971. Prosecutor performs prosecutorial functions in terms of a general delegation awarded by the National Prosecuting Authority and is subject to the control of the Control Prosecutor at the Magistrate's Court in Mossel Bay.

Government grants related transactions arise in terms of the applicable annual Division of Revenue Act as well as the relevant Provincial Gazette. The receivable for Government grants and subsidies to the amount of R128 834 is for the Disaster Management Grant that is due from the Garden Route District Municipality. This grant was allocated to Mossel Bay Municipality in the 2014/15 year and the District Municipality subtracted the amount of R128 834 from the grant payment made to Mossel Bay for outstanding accounts raised by them for Fire services rendered.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

#### Determination of transaction amounts

Property rates transaction amounts are determined in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003.

Traffic fines transaction amounts are determined in line with the Traffic Offence Code Book as approved by Senior Magistrate and implemented in the district of Mossel Bay.

Government grants related transaction amounts allocated to the municipality are stipulated in the applicable annual Division of Revenue Act Bill as well as the relevant Provincial Gazette.

VAT transactions amounts are determined in line with the Value Added Tax Act 89 of 1991.

#### Interest or other charges levied / charged

Interest or other charges levied on Property rates balances are in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003. "Interest" means a charge levied, on all arrear accounts calculated at an interest rate which is one percent higher than the prime interest rate.

Traffic fines: Additional charges includes contempt of court fees / warrant of arrest fee determined in terms of the Criminal Procedure Act. Currently at R200 effected after court date on non/default payment / non appearance.

Interest or other charges levied on Government grants, if applicable, is based on the average investment rate for the applicable year.

The rates and interest charges are determined by the Value Added Tax Act 89 of 1991.

# Mossel Bay Municipality

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#### 8. Statutory receivables (continued)

##### Basis used to assess and test whether a statutory receivable is impaired

The basis used to assess Property Rates receivables is to look at the extent to which debtors on an individual basis defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

The basis used to assess Traffic fine receivables is to look at the extent to which debtors per group of fines (Municipal fines, Provincial fines) defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

Each individual Grant is assessed for collectability in line with the legislative prescripts or contract arrangements that relates to the specific grant.

No impairment on VAT Receivable, balance expected to be fully recoverable.

##### Discount rate applied to the estimated future cash flows

The discount rate applied for all types of Statutory receivables mentioned above is based on the average rate of investments. This rate is seen as risk free as the amount to be paid in interest and capital amount is guaranteed by the Investment institution.

#### 9. Non-living resources

##### Nature and types of non-living resources

The only non-living resource identified by Mossel Bay Municipality is the water resource as no other natural resources are prevalent within the jurisdiction of Mossel Bay Municipality:

The major portion of water for consumption is provide from Wolwedans dam with a capacity of 24 630 000 m<sup>3</sup> and the Klipheuwel dam with a capacity of 4 450 000 m<sup>3</sup>, both owned and operated by Department of Water and Sanitation. The Municipality does not have any obligations or responsibilities towards the provincial dams to safeguard, maintain or control them. The dams are merely a source from which the municipality purchases water resources as needed for use in providing water services to the community.

Ernest Robertson Dam: The dam is a municipal operated and owned dam with a capacity of 410 000 m<sup>3</sup>.

The Municipality also regards the ocean as a source of a water resource. The reason for this is that the Municipality, together with PETROSA, Jointly controls a desalination plant used to purify sea water. The Municipality does have some seawater extraction requirements. The desalination plant has a capacity of 15m/l water per day of which the Municipality has a right to two thirds of the water produced.

The municipality has various boreholes throughout the jurisdiction area, however the boreholes are insignificant in their supply of water in relation to the total water supply.

The major river water sources for the municipality that needs to be disclosed are the Klein Bos Weir, the Friemersheim Weir and Ruiterbos river. The other rivers, springs and other water sources are considered insignificant in their supply of water in relation to the total water supply.

After extraction the water from the dams, boreholes and sea, the water is purified at various purification works after which it is accounting wise treated as water inventory. See the disclosure note 3 in this regard.

The Ernest Robertson dam, the borehole equipment and the desalination plant are recognised as capital assets and reported as part of the accounting group Property Plant and Equipment.

There is no liability that arise due to the custodianship of the water resource. No resources were given up that resulted in compensation from third parties. The desalination plant arrangement is disclosed in note 66.

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**10. Living resources**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Sheep	35 285	(19 337)	15 948	-	-	-
Dogs	335 565	(5 792)	329 773	-	-	-
<b>Total</b>	<b>370 850</b>	<b>(25 129)</b>	<b>345 721</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Reconciliation of living resources - 2023**

	Opening balance	Additions	Transfers received / (made)	Depreciation	Total
Sheep	-	-	15 948	-	15 948
Dogs	-	335 565	-	(5 792)	329 773
	<b>-</b>	<b>335 565</b>	<b>15 948</b>	<b>(5 792)</b>	<b>345 721</b>

**Reconciliation of living resources - 2022**

**Nature and type of Living resources**

The municipality is in the process of establishment of a K9 dog unit as part of Community Safety initiatives. Dogs have been purchased by the municipality and one dog donated to the municipality for this purpose. There are also various other animals in Harry Giddy Park, kept for recreational purposes.

The animals in the Harry Giddy Park were previously disclosed as a separate accounting reporting group but kept as part of Property, Plant and Equipment in Note 14 in accordance with the judgement then made as it was immaterial in value and quantity. The judgement has changed this year as the Municipality for the first time purchased dogs for the establishment of a K9 dog unit for which the amounts are material.

Other Disclosures:

Refer to note 51 for detail on change in accounting estimates.

Refer to note 59 for detail on contractual commitments.

The Municipality do not have any living resources that are borrowed from other entities, or which are on loan to other entities. There are no restrictions on the realisability of the living resources or the remittance of revenue and proceeds of de-recognition.

No Living resources are pledged as security for liabilities.

None of the living resources carries an impairment.

**11. VAT (Payable) / Receivable**

VAT (Payable) / Receivable	13 513 319	13 010 572
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VAT is payable on the payment basis. Only once payment is received from debtors VAT is paid over to SARS.

VAT Receivable is a Statutory Receivable in context of GRAP 108. Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 8 for disclosure notes relating to Statutory receivables.

# Mossel Bay Municipality

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#### 12. Short-term investments

ABSA Bank	65 358 937	-
Nedbank	368 171 550	305 016 468
Standard Bank	126 432 922	220 528 187
	<b>559 963 409</b>	<b>525 544 655</b>

The average rate of return on Short-term Investments was 6.7% for the year ended 30 June 2023.

The carrying value of Short-term Investments approximate their fair value.

No investments were pledged as security.

#### 13. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	16 954	21 637
Bank balances	53 742 926	42 058 736
Short-term deposits	-	20 458 615
	<b>53 759 880</b>	<b>62 538 988</b>

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
Primary Bank Account - Standard Bank 251940381	66 520 821	-	-	53 742 926	-	-
Primary Bank Account - Nedbank cheque account 1134644809	-	39 637 783	91 437 823	-	42 058 736	92 062 660
<b>Total</b>	<b>66 520 821</b>	<b>39 637 783</b>	<b>91 437 823</b>	<b>53 742 926</b>	<b>42 058 736</b>	<b>92 062 660</b>

Short-term Deposits	2023	2022
Short-term Deposits: Current portion matures within next 12 months	-	20 458 615

All accounts of Mossel Bay Municipality are currently held with Standard Bank. The balance on the two Traffic fines accounts number 251940411 - Account for Municipal Traffic fines, and number 251940403 - Account for Provincial Traffic fines, are swept to the Primary bank account number 251940381 on a daily basis.

The management of the municipality is of the opinion that the carrying value of Short-term Deposits, Bank Balances and Petty Cash recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Short-term Deposits, Bank Balances and Petty Cash was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The average rate of return on Short-term Deposits was 6.6% for the year ended 30 June 2023.

No cash and cash equivalents were pledged as security for liabilities.

No restrictions were placed on the use of cash and cash equivalents.

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**14. Property, plant and equipment**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
<b>Infrastructure</b>						
Coastal Infrastructure	5 114 771	(2 570 336)	2 544 435	4 845 920	(2 336 432)	2 509 488
Electrical Infrastructure	468 834 877	(157 018 622)	311 816 255	418 720 210	(145 693 474)	273 026 736
Information and Communication Infrastructure	14 695 482	(5 105 431)	9 590 051	7 108 275	(4 244 739)	2 863 536
Land	114 067 573	-	114 067 573	114 738 884	-	114 738 884
Roads Infrastructure	530 649 915	(216 331 831)	314 318 084	498 825 680	(188 011 000)	310 814 680
Sanitation Infrastructure	547 259 382	(187 485 898)	359 773 484	512 011 013	(169 565 588)	342 445 425
Solid Waste Infrastructure	100 976 031	(47 329 180)	53 646 851	93 740 185	(34 487 431)	59 252 754
Storm Water Infrastructure	240 687 003	(65 793 107)	174 893 896	233 800 908	(57 344 883)	176 456 025
Water Supply Infrastructure	659 029 144	(253 279 031)	405 750 113	638 173 848	(222 864 058)	415 309 790
<b>Community Assets</b>						
Community assets	345 448 020	(93 116 384)	252 331 636	330 905 687	(85 240 135)	245 665 552
Libraries	13 894 301	(2 930 469)	10 963 832	13 652 412	(2 682 263)	10 970 149
Zoo, Marine and Non-biological Animals	374 250	(3 916)	370 334	109 535	(20 780)	88 755
Land	205 603 601	-	205 603 601	211 339 123	-	211 339 123
<b>Other Assets</b>						
Operational and Housing Buildings	186 347 985	(40 859 898)	145 488 087	163 999 202	(37 722 041)	126 277 161
Machinery and Equipment	34 881 241	(21 835 853)	13 045 388	31 276 791	(20 233 363)	11 043 428
Furniture and Office equipment	27 096 273	(16 046 099)	11 050 174	24 465 041	(14 703 845)	9 761 196
Computer equipment	28 337 053	(16 655 718)	11 681 335	21 149 740	(13 653 718)	7 496 022
Transport assets	118 609 477	(41 739 601)	76 869 876	98 928 461	(36 685 607)	62 242 854
Land	70 832 403	(5 002 222)	65 830 181	72 632 201	(5 002 222)	67 629 979
<b>Total</b>	<b>3 712 738 782</b>	<b>(1 173 103 596)</b>	<b>2 539 635 186</b>	<b>3 490 423 116</b>	<b>(1 040 491 579)</b>	<b>2 449 931 537</b>

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**14. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Disposals	Transfers received / (made)	Depreciation	Impairment loss	Impairment reversal	Total
<b>Infrastructure</b>								
Coastal Infrastructure	2 509 488	279 003	(3 137)	-	(240 919)	-	-	2 544 435
Electrical Infrastructure	273 026 736	52 500 873	(478 114)	-	(13 227 640)	(5 600)	-	311 816 255
Information and Communication Infrastructure	2 863 536	7 718 656	(9 411)	-	(982 730)	-	-	9 590 051
Land	114 738 884	843 071	(1 514 382)	-	-	-	-	114 067 573
Roads Infrastructure	310 814 680	31 862 903	(1 540)	-	(28 333 229)	(24 730)	-	314 318 084
Sanitation Infrastructure	342 445 425	35 512 764	(14 385)	(55 350)	(18 114 970)	-	-	359 773 484
Solid Waste Infrastructure	59 252 754	7 525 899	(220 341)	-	(12 911 461)	-	-	53 646 851
Storm Water Infrastructure	176 456 025	6 886 095	-	-	(8 448 224)	-	-	174 893 896
Water Supply Infrastructure	415 309 790	20 952 893	(78 501)	44 650	(30 455 099)	(23 620)	-	405 750 113
<b>Community Assets</b>								
Community assets	245 665 552	16 559 780	(1 275 686)	-	(8 693 784)	(24 556)	100 330	252 331 636
Libraries	10 970 149	241 889	-	-	(248 206)	-	-	10 963 832
Zoo, Marine and Non-biological Animals	88 755	300 000	-	(15 948)	(2 473)	-	-	370 334
Land	211 339 123	39 479	(5 775 000)	-	-	-	-	205 603 602
<b>Other Assets</b>								
Operational and Housing Buildings	126 277 161	22 689 158	(64 707)	-	(3 434 278)	(13 811)	34 564	145 488 087
Machinery and Equipment	11 043 428	4 393 885	(166 985)	-	(2 224 940)	-	-	13 045 388
Furniture and Office equipment	9 761 196	2 843 932	(75 884)	-	(1 479 070)	-	-	11 050 174
Computer equipment	7 496 022	7 325 547	(58 818)	10 700	(3 092 116)	-	-	11 681 335
Transport assets	62 242 854	20 089 071	(61 861)	-	(5 400 188)	-	-	76 869 876
Land	67 629 980	-	(1 799 798)	-	-	-	-	65 830 182
	<b>2 449 931 538</b>	<b>238 564 898</b>	<b>(11 598 550)</b>	<b>(15 948)</b>	<b>(137 289 327)</b>	<b>(92 317)</b>	<b>134 894</b>	<b>2 539 635 188</b>

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**14. Property, plant and equipment (continued)**

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

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Impairment reversal	Total
<b>Infrastructure</b>							
Coastal Infrastructure	2 739 761	-	-	(230 273)	-	-	2 509 488
Electrical Infrastructure	255 611 400	32 016 316	(1 473 757)	(13 127 223)	-	-	273 026 736
Information and Communication Infrastructure	2 635 149	886 681	(51 683)	(606 611)	-	-	2 863 536
Land	114 747 629	-	(8 745)	-	-	-	114 738 884
Roads Infrastructure	331 787 666	6 848 931	(9 757)	(27 812 160)	-	-	310 814 680
Sanitation Infrastructure	335 436 180	24 321 419	(20 000)	(17 292 174)	-	-	342 445 425
Solid Waste Infrastructure	53 759 341	14 339 736	(99 537)	(8 773 052)	-	26 266	59 252 754
Storm Water Infrastructure	170 576 227	13 771 661	-	(7 891 863)	-	-	176 456 025
Water Supply Infrastructure	404 732 895	39 062 802	(1 354 569)	(27 131 338)	-	-	415 309 790
<b>Community Assets</b>							
Community assets	217 330 838	35 853 511	(404 875)	(7 906 722)	(3 515)	796 315	245 665 552
Libraries	11 167 444	51 174	-	(248 469)	-	-	10 970 149
Zoo, Marine and Non-biological Animals	17 281	74 250	-	(2 776)	-	-	88 755
Land	211 339 123	-	-	-	-	-	211 339 123
<b>Other Assets</b>							
Operational and Housing Buildings	128 208 659	1 122 304	(50 959)	(3 015 784)	(9 410)	22 351	126 277 161
Machinery and Equipment	12 445 924	826 372	(126 408)	(2 102 460)	-	-	11 043 428
Furniture and Office equipment	9 340 058	2 055 966	(249 258)	(1 385 570)	-	-	9 761 196
Computer equipment	6 240 025	3 323 983	(64 294)	(2 003 692)	-	-	7 496 022
Transport assets	55 152 063	12 601 567	(740 886)	(4 769 890)	-	-	62 242 854
Land	72 452 246	217 391	(37 436)	-	(5 002 222)	-	67 629 979
	<b>2 395 719 909</b>	<b>187 374 064</b>	<b>(4 692 164)</b>	<b>(124 300 057)</b>	<b>(5 015 147)</b>	<b>844 932</b>	<b>2 449 931 537</b>



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**14. Property, plant and equipment (continued)**

**Reconciliation of Depreciation Charge for Property, Plant and Equipment**

The depreciation charge for the year i.r.o. the Water Treatment Plant is reallocated to water inventory consumed.

The depreciation charge for Property, Plant and Equipment was recognised as follows:

Included in the depreciation expense	136 786 457	123 864 798
Included in water inventory consumed	502 870	435 259
<b>Total depreciation charge for the year</b>	<b>137 289 327</b>	<b>124 300 057</b>

**Reconciliation of Work-in-Progress 2023**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
<b>Infrastructure</b>				
Coastal infrastructure	-	219 030	(219 030)	-
Electrical infrastructure	49 640 205	48 282 873	(22 094 682)	75 828 396
Information and communications infrastructure	-	4 864 398	(4 435 678)	428 720
Road infrastructure	13 767 285	33 383 237	(5 989 008)	41 161 514
Sanitation infrastructure	9 755 532	38 330 641	(18 470 858)	29 615 315
Solid waste infrastructure	34 981	5 922 429	(5 530 961)	426 449
Storm-water infrastructure	2 376 849	6 035 067	(3 004 082)	5 407 834
Water supply infrastructure	13 329 134	24 654 866	(21 759 160)	16 224 840
<b>Community Assets</b>				
Community Assets	2 624 117	11 696 640	(4 649 026)	9 671 731
Community Assets Land	-	39 478	-	39 478
Zoo Marine and Non-biological Animals	-	632 522	(332 522)	300 000
<b>Other assets</b>				
Land	217 391	-	(217 391)	-
Operational & Housing Buildings	14 321 583	28 530 914	(32 768 001)	10 084 496
	<b>106 067 077</b>	<b>202 592 095</b>	<b>(119 470 399)</b>	<b>189 188 773</b>

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**14. Property, plant and equipment (continued)**

**Reconciliation of Work-in-Progress 2022**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
<b>Infrastructure</b>				
Coastal infrastructure	-	11 540	(11 540)	-
Electrical Infrastructure	26 992 970	31 341 051	(8 693 816)	49 640 205
Information and Communications Infrastructure	-	911 520	(911 520)	-
Road Infrastructure	17 584 823	22 697 543	(26 515 081)	13 767 285
Sanitation Infrastructure	78 856 126	17 018 449	(86 119 043)	9 755 532
Solid Waste Infrastructure	541 340	13 755 554	(14 261 913)	34 981
Storm Water Infrastructure	6 451 950	6 476 366	(10 551 467)	2 376 849
Water Supply Infrastructure	20 464 108	35 666 733	(42 801 707)	13 329 134
<b>Community Assets</b>				
Community Assets	7 462 539	10 612 590	(15 451 012)	2 624 117
Libraries	726 929	51 174	(778 103)	-
<b>Other Assets</b>				
Land	-	217 391	-	217 391
Operational & Housing Buildings	21 011 459	24 130 275	(30 820 151)	14 321 583
	<b>180 092 244</b>	<b>162 890 186</b>	<b>(236 915 353)</b>	<b>106 067 077</b>

Refer to Note 49 for detail regarding the correction of prior period errors.

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**14. Property, plant and equipment (continued)**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Contracted services	47 867 436	48 651 834
Employee related costs	54 707 455	52 392 254
Sale of goods/Inventory	12 390 369	10 469 075
General expenses	888 741	704 650
	<b>115 854 001</b>	<b>112 217 813</b>

There are no restrictions on the realisability of Property, Plant and Equipment or the remittance of revenue and proceeds of de-recognition.

No Property, Plant and Equipment are pledged as security for liabilities.

There were no significant delays on projects or any construction halted for the reporting period.

The animals in the Harry Giddy Park were previously disclosed as a separate accounting reporting group but kept as part of Property, Plant and Equipment in Note 14 in accordance with the judgement then made as it was immaterial in value and quantity. The judgement has changed this year as the Municipality for the first time purchased dogs for the establishment of a K9 dog unit for which the amounts are material.

Refer to Note 51 for detail regarding the change in accounting estimates relating to change in useful lives and residual value of PPE assets.

Refer to Note 49 for detail regarding the correction of prior period errors.

Refer to Note 59 for the amount of contractual commitment for the acquisition of PPE. The amount of R231 478 222 for contracted commitments is approved and contracted.

Finance lease liabilities are secured over the items of computer equipment and office equipment leased. The total carrying value of leased assets at 30 June 2023 is R1 483. All the leased assets were finance leases which have been fully redeemed, but the assets are still used by the Municipality. The monthly payments regarding these leased assets are treated as operating leases.

Included in the carrying value of Water supply infrastructure is an amount of R 81 704 887 for Seawater Desalination Plant which was completed during the 2012/13 year and is the Municipality's portion of the capital expenditure for the construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. There are no budgeted capital commitments toward the seawater Desalination facility for the following year.

**Impairment information:**

Various assets carry impairments, such as operational buildings, community facilities, sport and recreation facilities, coastal infrastructure and Information and communications infrastructure due to due damage at reporting date. Social Housing carry an impairment due to the houses being built within the flood lines. Site 3345 carry an impairment as a result in the market value decrease as per the valuation roll, with a valuation date of 1 July 2021. Whilst the water, roads and electrical and sanitation infrastructure carry impairments due to a landslip mostly caused due to heavy rainfalls.

There were various impairment reversals at various Sporting facilities, Community Halls as well as to Operational buildings.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

Carrying value of land included in the carrying value of Property, Plant and Equipment	115 721 312	192 136 549
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# Mossel Bay Municipality

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#### 14. Property, plant and equipment (continued)

There are 539 pieces of land where the Municipality is the legal owner according to the deed office records. The Municipality has assessed that it does not have control over the land as its individual housing subsidies has been approved and control has either been handed over to the developer or the beneficiary. This assessment has been made in terms of iGRAP 18 paragraph 16.

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**15. Investment property**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	643 824 011	(259 270 605)	384 553 406	646 157 877	(260 650 365)	385 507 512

**Reconciliation of investment property - 2023**

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	385 507 512	3 772 418	(3 606 387)	(1 120 137)	384 553 406

**Reconciliation of investment property - 2022**

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Investment property	633 079 121	(583 919)	(5 301 694)	(240 242 894)	(1 443 102)	385 507 512

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.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of derecognition.

There were no construction or development of investment property halted during the current or previous financial years.

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

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**15. Investment property (continued)**

**Amounts recognised in surplus or deficit**

Rental revenue from Investment property	5 560 324	8 569 848
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**Expenditure incurred to repair and maintain investment property**

Sale of goods/Inventory	205	480
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Impairment information:

Various Land and Buildings classified as Investment property carries an impairment as a result of a market value decrease as per the valuation roll, with a valuation date of 1 July 2021.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

Carrying value of land included in the carrying value of Investment property	100 783 659	80 330 410
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**Reconciliation of Work-in-Progress 2023**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
Buildings	901 850	3 633 408	(516 899)	4 018 359

**Reconciliation of Work-in-Progress 2022**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
Buildings	1 682 772	575 312	(1 356 234)	901 850



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**16. Intangible assets**

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 414 302	(1 699 176)	715 126	2 625 060	(1 670 399)	954 661

**Reconciliation of intangible assets - 2023**

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	954 661	(140 333)	(252)	(98 950)	715 126

**Reconciliation of intangible assets - 2022**

	Opening balance	Additions	Amortisation	Total
Computer software	697 057	456 681	(199 077)	954 661

**Reconciliation of Amortisation Charge for Intangible Assets**

The amortisation charge for the year i.r.o. the Water Treatment Plant is reallocated to water inventory consumed.

The amortisation charge for Intangible assets was recognised as follows:

Included in the amortisation expense	84 432	199 077
Included in water inventory consumed	14 518	-
<b>Total amortisation charge for the year</b>	<b>98 950</b>	<b>199 077</b>

**Reconciliation of Work-in-Progress 2023**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
Computer Software	311 390	793 155	(933 488)	171 057

**Reconciliation of Work-in-Progress 2022**

	Opening balance	Additions / capital expenditure	Finalised during the year	Total
Computer Software	-	342 058	(30 668)	311 390

**Other information**

The amortisation expense is included in the line item "Depreciation and amortisation " (Note 40) in the Statement of Financial Performance.



# Mossel Bay Municipality

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#### 16. Intangible assets (continued)

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets were pledged as security for liabilities.

Refer to Note 49 for detail regarding the correction of prior period errors.

#### **Expenditure incurred to repair and maintain intangible assets**

No repairs and maintenance were incurred during the current or previous year.

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**17. Heritage Assets**

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	95 003	-	95 003	95 003	-	95 003
Conservation areas	730 200	(2 000)	728 200	730 200	(2 000)	728 200
Historical buildings	3 397 827	-	3 397 827	3 397 827	-	3 397 827
Other	2 569	-	2 569	2 569	-	2 569
<b>Total</b>	<b>4 225 599</b>	<b>(2 000)</b>	<b>4 223 599</b>	<b>4 225 599</b>	<b>(2 000)</b>	<b>4 223 599</b>

**Reconciliation of heritage assets 2023**

	Opening balance	Additions	Impairment losses recognised	Total
Historical monuments	95 003	-	-	95 003
Conservation areas	728 200	-	-	728 200
Historical buildings	3 397 827	-	-	3 397 827
Other	2 569	-	-	2 569
	<b>4 223 599</b>	<b>-</b>	<b>-</b>	<b>4 223 599</b>

**Reconciliation of heritage assets 2022**

	Opening balance	Additions	Impairment losses recognised	Total
Historical monuments	95 003	-	-	95 003
Conservation areas	730 200	-	(2 000)	728 200
Historical buildings	3 397 827	-	-	3 397 827
Other	2 569	-	-	2 569
	<b>4 225 599</b>	<b>-</b>	<b>(2 000)</b>	<b>4 223 599</b>

There is no restrictions on title and disposal of heritage assets and no heritage assets are pledged as securities.

The Heritage assets reporting group has no under construction assets for the past two years.

If it is not disclosed separately on the face of the statement of financial performance, the amount of compensation from third parties for items of heritage assets that were impaired, lost of given up is included in the surplus or deficit.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

Impairment information:

Sites 3478 and 3481 carries an impairment as a result of a market value decrease as per the valuation roll, with a valuation date of 1 July 2021.

# Mossel Bay Municipality

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#### 17. Heritage Assets (continued)

**Heritage assets which fair values cannot be reliably measured due to impracticability as there is no active market for these assets:**

##### **Site 3791, Mossel Bay - Cave at the Point**

The Cape St. Blaize Cave at the point in Mosselbay, situated on site 3791, is classified as a heritage asset controlled by the Municipality. The Cape St. Blaize Cave yield artifacts dating back 80 000 years. The artifacts itself are housed at the Culture Museum which is not controlled or owned by the Municipality.

##### **Sites 2573 and 2938 Mossel Bay - Harry Giddey Park & Historical fresh water fountain**

The Harry Giddey Park situated on sites 2938 and 2573 is classified as a heritage asset of the Municipality. The park was erected in 1887 and originally named after Queen Victoria of England to commemorate her 50th year as Queen. The park was renamed later in 1939 as the Harry Giddey Park in honour of Mr Harry Giddey, a wealthy person of Mossel Bay, for all the efforts to upgrade the park.

##### **Site 3794, 3626 and 3419 Mossel Bay - War Memorial**

The War Memorial at the Point of Mossel Bay situated on sites 3794, 3626 and 3419, is classified as a heritage asset controlled and owned by the Municipality. The War memorial was designed by WJ Delbridge, it was built in 1924 to commemorate the townsfolk who lost their lives in the World War I, a panel was added with the names of those killed in World War II.

##### **Site 129/134 Great Brak River - Old Hydro Power station in Great Brak**

The hydro-electric power station on site 129/134 is classified as a heritage asset of the Municipality. The hydro-electric power station was built by the Searle Brothers in 1924, and generated 350kVA of power for their tannery and the village. It uses a bucket Pelton wheel operating under a 160m head, fed by a 25km long water channel.

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**17. Heritage Assets (continued)**

**Heritage assets used for more than one purpose**

The following heritage assets are used for more than one purpose:

<b>Asset no</b>	<b>Asset Description</b>	<b>Bookvalue</b>	<b>Alternative use description</b>
45382	Cave at the Point	100	The Cape St.Blaize Cave itself can be classified as a heritage asset. Site 3419 is however classified as PPE due to the fact that a significant portion of the site is used as a parking area.
48383	War Memorial	4 344 828	The War Memorial itself can be classified as a heritage asset. Site 3749 is however classified as PPE due to the fact that a significant portion of the site is used as road and pavement reserves.
510784, 508072, 508074, 508075, 508076, 508077	Brick Building (Old Municipal offices), 6 & 7 Market street	13 971 348	Site 3070 host the 1st Municipal office, but is not registered in the name of the Municipality. Site 3069 is classified as Investment Property due to the fact that a significant portion of the site is leased out and the rest is used as parking area. Both the 1st & 2nd Municipal offices are declared national monuments.
44866	Harry Giddey Park & Historical freshwater fountain	395 000	Harry Giddey park itself can be classified as a heritage asset. Site 2938 is however classified as PPE due to the fact that a significant portion of the site is used as sport and recreational facilities.
495106	Great Brak river Museum	525 000	The building used as the Museum is classified as a heritage asset. Site 129/144 is however classified as PPE due to the fact that a significant portion of the site is used as a creche and parking area for both the Museum and the creche.
47290, 507671	Info Centrum (Old Power station building), Munro avenue, Santos beach	8 212 451	Site 2165 and the building is classified as PPE due to the fact that a significant portion of this property is used for administrative purposes (used as a parking area, administrative offices and as an Info centrum).
495105	Old Hydro-electric power station and pumpstation	150 000	The Old Hydro-electric power station itself can be classified as a Heritage asset. Site 129 portion 134 is however classified as PPE due to the fact that a significant portion of the site is used as a pumpstation and electrical infrastructure.
		<b>27 598 727</b>	

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**17. Heritage Assets (continued)**

**Expenditure incurred to repair and maintain heritage assets**

No repairs and maintenance were incurred during the current or previous year.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

Carrying value of land included in the carrying value of Heritage assets	650 000	650 000
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**18. Operating leases**

**The Municipality as lessor**

Operating leases relate to Property owned by the Municipality with lease terms of between one to one hundred years. The lessee does not have an option to purchase the property at the expiry of the lease period.

**Non-cancelable Operating Lease assets recognised in the Statement of Financial Performance**

Balance at the beginning of year	99 941 298	96 072 145
Movement for the year	3 825 726	3 869 153
	<b>103 767 024</b>	<b>99 941 298</b>

**The following receipts have been recognised as an income in the Statement of Financial Performance**

Rental income	12 038 556	11 134 912
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**At the reporting date the Municipality had lease receipts receivable under non-cancelable operating leases for Investment Property, which fall due as follows:**

Up to 1 year	8 213 588	8 947 333
1 to 5 years	14 466 473	17 459 322
More than 5 years	416 456 564	417 506 251
	<b>439 136 625</b>	<b>443 912 906</b>

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

Lease receipts receivable for the 21/22 financial year has been restated due to contracts included in current year register, which had an effect in previous year. The amount has been restated / increased with total future lease receipts of R580 546.

**The Municipality as lessee**

Operating leases relate to buildings with lease terms of between one to ten years, with an option to extend for a further period. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period. No restrictions are imposed by these lease arrangements.

**Non-cancelable Operating Lease liabilities recognised in the Statement of Financial Performance**

Balance at the beginning of the year	802 823	1 258 653
Movement for the year	(141 801)	(455 830)
	<b>661 022</b>	<b>802 823</b>

**The following payments have been recognised as an expenditure in the Statement of Financial Performance**

Lease rentals on operating lease - Other	3 642 225	3 603 626
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**At the reporting date the Municipality had outstanding commitments under non-cancelable operating leases for buildings, which fall due as follows:**

Up to 1 year	1 687 965	1 568 323
1 to 5 years	1 827 242	3 515 208
	<b>3 515 207</b>	<b>5 083 531</b>

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**18. Operating leases (continued)**

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. Lease expenditure from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

The Lease rentals on operating lease amount for the 21/22 financial year has been restated in line with applicable lease rental account. The previous amount disclosed was R3 533 023.

**19. Investments**

Long-term Investments	167 174 000	137 174 000
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No investments were written off during the year.

The rate of return on the two Long-term Investments were 6.7% and 7% for the year ended 30 June 2023.

Investments are made in accordance with the Municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- Council's total investment portfolio be invested with banks according to the investment policy
- Not more than 50% of the total Short and Long term investments placed with one institution, measured at inception without accrued interest.

No investments were pledged as security.

**20. Other financial liabilities**

**At amortised cost**

Long term loans	173 506 365	153 613 273
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**Long term loans:**

Long term loans are repaid over periods varying from 5 to 15 years (2022: 5 to 15 years) and at interest rates varying from 5.54% to 10.55% (2022: 5.54% to 10.55%)

The loans are redeemed bi-annually.

Refer to Appendix A for more detail on other financial liabilities.

Split between Non-current and Current liabilities:

**Non-current liabilities**

At amortised cost	153 605 926	135 791 527
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**Current liabilities**

At amortised cost	19 900 439	17 821 746
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<b>Total Other financial liabilities</b>	<b>173 506 365</b>	<b>153 613 273</b>
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**21. Employee benefit obligations**

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

**Non-current liabilities**

Post-Retirement Medical Aid benefits liability	130 181 432	120 725 594
Ex-gratia pension benefits liability	832 495	869 576
Long service awards	16 858 131	18 273 608
	<b>147 872 058</b>	<b>139 868 778</b>

**Current liabilities**

Post-Retirement Medical Obligation	7 173 599	6 679 922
Post-Retirement Ex-gratia Gratuities	174 698	174 969
Post-Retirement Long-service awards	2 319 907	2 793 201
Performance bonus accrual	915 477	868 431
Staff leave accrual	23 818 173	23 068 357
Employee bonus accrual	8 354 514	8 457 333
Employee overtime / Standby allowance accrual	2 339 131	1 945 104
	<b>45 095 499</b>	<b>43 987 317</b>

**Total liabilities**

Post-Retirement Medical Aid benefits liability	137 355 031	127 405 516
Ex-gratia pension benefits liability	1 007 193	1 044 545
Long service awards	19 178 038	21 066 809
Performance bonus accrual	915 477	868 431
Staff leave accrual	23 818 173	23 068 357
Employee bonus accrual	8 354 514	8 457 333
Employee overtime / Standby allowance accrual	2 339 131	1 945 104
	<b>192 967 557</b>	<b>183 856 095</b>

**21.1 POST EMPLOYMENT HEALTH CARE BENEFITS**

Medical Scheme arrangements:

The employer offers in-service members and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Post-employment Subsidy policy:

All new continuation pensioners (that are currently still in service) and their dependants will receive a 60% subsidy subject to the maximum (CAP) amount of R5 007 (per month per member) for the financial period from 1 July 2022 subject to the following minimum services conditions:

- If appointed after 01/07/2013, but before or on 01/09/2014, the in-service member must have at least 10 years' uninterrupted service.
- If appointed after 01/09/2014, but before or on 01/03/2017, the in-service member must have at least 15 years' uninterrupted service. In this scenario, if the in-service member was appointed after 01/05/2015 and meets the stipulated minimum service, then receipt of the post-employment medical aid subsidy may commence from age 65 only.
- In-service members appointed after 01/03/2017 do not qualify for a post-employment medical aid subsidy.

All existing continuation pensioners and their eligible dependants will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R 5 007 (per month per member) from 1 July 2022. However, there are two members who receive a subsidy of 100%.

It is assumed that the subsidy would increase by 75% of long-term CPI.

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#### 21. Employee benefit obligations (continued)

Upon a member's death-in-service, surviving dependants are allowed to commence receipt of the same post-employment subsidy. The minimum service and membership conditions mentioned above do not apply to death-in-service benefits. Upon a member's death-in-retirement, surviving dependants are allowed to continue to receive the same subsidy.

##### Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines and in particular the Advisory Practice Note 301, which meets the requirements of GRAP 25.

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

In-service (employee) members	360	382
Continuation (retiree and widow) members	144	142
	<b>504</b>	<b>524</b>

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

In-service (employee) members	50 567 499	46 085 957
Continuation (retiree and widow) members	86 787 531	81 319 559
	<b>137 355 030</b>	<b>127 405 516</b>

##### **Summary of the in-service membership**

Number of principal members	360	382
Average age (years)	46	45
Average past service (years)	15	14
Average employer monthly contribution	3 225	4 358
Average number of dependants	1	1

##### **Summary of the continuation membership**

Number of principal members	144	142
Average age (years)	68	68
Average employer monthly contribution	4 507	4 906
Portion with a spouse dependant	44 %	44 %

The municipality contributes monthly for health care arrangements, to the following medical aid schemes:

- Bonitas
- LA Health
- Hosmed
- Key Health
- Samwumed

##### Results of valuations:

##### **Accrued Liability**

In-service members	50 567 499	46 085 957
Continuation members	86 787 531	81 319 559
	<b>137 355 030</b>	<b>127 405 516</b>

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**21. Employee benefit obligations (continued)**

**All members**

Total value of liabilities	137 355 031	127 405 516
Value of assets	-	-
<b>Unfunded accrued liability</b>	<b>137 355 031</b>	<b>127 405 516</b>

The total liability increased by 7,81% over the accounting period.

**Current service and interest cost**

Current service cost (Active employees)	3 197 009	3 024 000
Interest cost (All members)	15 495 788	13 030 000
	<b>18 692 797</b>	<b>16 054 000</b>

**Actuarial gains and losses**

Actuarial (Gain) / Loss for the period	(1 382 730)	(15 858 872)
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The total liability has increased by 7,81% (R 9,950 million) since the last valuation.

The main reasons for the movement in the liability:

- service cost increased the liability by R 3 197 009;
- interest cost over the valuation period results in an increase in the liability by R 15 495 788;
- benefit payments towards continuation pensioners currently being subsidised for medical contributions for the 2022/23 year amount to R 7360 552;
- the net discount rate changed from 3.21% to 4.09% during the valuation period. This decreased the accrued liability;
- the movements in the number of participants resulted in a decrease in the accrued liability;
- increases in the medical cap and actual medical contributions resulted in a further decrease in the accrued liability; and
- the miscellaneous items in the data resulted in a decrease in the liability by R 16 245 360. Factors that make up the miscellaneous items are changes to data from the prior year and variations from demographic assumptions (i.e. rates of withdrawal).

**Past and future changes in the accrued liability**

	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Opening accrued liability	117 276 000	134 432 000	127 405 516	137 355 031	152 128 876
Current service cost	2 746 000	3 024 000	3 197 009	4 088 924	3 596 315
Interest Cost	11 457 000	13 030 000	15 495 788	17 858 520	16 707 282
Contributions (Benefit payments)	(7 181 884)	(7 221 612)	(7 360 552)	(7 173 599)	(7 083 830)
	124 297 116	143 264 388	138 737 761	152 128 876	165 348 643
Actuarial Loss / (Gain)	10 134 884	(15 858 872)	(1 382 730)	-	-
	<b>134 432 000</b>	<b>127 405 516</b>	<b>137 355 031</b>	<b>152 128 876</b>	<b>165 348 643</b>

\*Notes to the above table:

- *The projections assume that the employer's health care arrangements and subsidy policy will remain as outlined and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the employer towards prefunding its liability via an off-balance sheet vehicle.*
- *Contributions or benefits paid refer to medical scheme contributions made by the employer with respect to its subsidy of current continuation members.*
- *There are no Past Service Costs, Curtailments or Settlements to reflect.*

# Mossel Bay Municipality

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#### 21. Employee benefit obligations (continued)

##### Key actuarial assumptions used:

In estimating the unfunded liability for post-employment health care benefits a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

Financial assumptions:

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Assumption	2023	2022
Discount rate (D)	12,88 %	12,49 %
Health care cost inflation (H)	8,44 %	8,99 %
Consumer price inflation(C)	6,94 %	7,49 %
Maximum subsidy inflation rate	5,21 %	6,37 %
Net discount rate $((1+D)/(1+H)-1)$	4,09 %	3,21 %

The methodology of setting the financial assumptions:

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Demographic Assumptions:

Assumption	2023	2022
Normal retirement age	65	65
Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90
Mortality post-employment	PA(90)-1 with a 1% mortality improvement p.a. from 2010	PA(90)-1 with a 1% mortality improvement p.a. from 2010
Proportion with a spouse dependant at retirement	80%	80%
Continuation of membership at retirement	90%	90%

The normal retirement age of employees is 65 years. It has been assumed that in-service members will retire at age 63 on average, which then implicitly allows for expected rates of ill-health and early retirement. In-service members who have passed the assumed retirement age have been assumed to retire at their next birthday.

It has been assumed that 90% of in-service members will remain on the employer's health care arrangement should they stay until retirement.

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, it has been assumed that 80% of eligible in-service members on a health care arrangement at retirement will have a spouse dependant on their medical aid. For current retiree members, actual medical aid dependants were used and the potential for remarriage was ignored.

It is recognised that a contingent liability may exist in respect of employees who have not joined a medical aid scheme, but would be entitled to this benefit should they join a medical aid in the future and satisfy the eligibility requirements. It was assumed that these employees will not join a medical aid scheme.

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**21. Employee benefit obligations (continued)**

**Withdrawal rates over the current valuation period:**

Age band	Withdrawal rate - males	Withdrawal rate - females
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55+	0 %	0 %

If an in-service member leaves, the employer's liability in respect of that employee ceases.

Amounts recognised in the Statement of Financial Position are as follows:	2023	2022
Present value of fund obligations	137 355 031	127 405 516
Fair value of plan assets	-	-
<b>Unfunded accrued liability</b>	<b>137 355 031</b>	<b>127 405 516</b>
Unrecognised past service cost	-	-
Unrecognised actuarial gains (losses)	-	-
Miscellaneous item	-	-
<b>Net liability</b>	<b>137 355 031</b>	<b>127 405 516</b>

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

Current service cost	3 197 009	3 024 000
Interest cost	15 495 788	13 030 000
Actuarial (gains) / loss	(1 382 730)	(15 858 872)
<b>Total included in employee related cost - Refer to note 38</b>	<b>17 310 067</b>	<b>195 128</b>

History of Liabilities, Assets and Experience Adjustments

**Present value of accrued liability and Fair value of plan assets**

	Year ended 30/06/2019 R'000	Year ended 30/06/2020 R'000	Year ended 30/06/2021 R'000	Year ended 30/06/2022 R'000	Year ended 30/06/2023 R'000
Present value of accrued liability	127 035	117 276	134 432	127 406	137 355
Fair value of plan assets	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(127 035)</b>	<b>(117 276)</b>	<b>(134 432)</b>	<b>(127 406)</b>	<b>(137 355)</b>

**Experience adjustments:**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

	Year ended 30/06/2019 R'000	Year ended 30/06/2020 R'000	Year ended 30/06/2021 R'000	Year ended 30/06/2022 R'000	Year ended 30/06/2023 R'000
Plan liabilities (gain) / loss	(4 573)	2 045	1 197	(13 351)	(1 383)

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**21. Employee benefit obligations (continued)**

Sensitivity analysis:

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

	Decrease	30 June 2023 Valuation basis R'000	Increase
	R'000		R'000
Effect of a 1% change in the health care inflation rate on total liability	117 873 828	137 355 031	146 655 815
Effect of a 1% change in the discount rate on total liability	148 439 741	137 355 031	123 216 757
Effect of a 1% change in the health care inflation rate on current service cost	3 301 278	3 197 009	4 620 064
Effect of a 1% change in the health care inflation rate on interest cost	14 715 532	15 495 788	18 417 324
Effect of a 1% change in the discount rate on current service cost	4 733 233	3 197 009	3 343 976
Effect of a 1% change in the discount rate on interest cost	17 200 840	15 495 788	16 600 294

Mortality

The table that follow shows the impact of a change in the mortality assumption from the base assumption of PA(90)-1. It shows the effect of a decrease in the post-employment mortality, average retirement age and continuation of membership at retirement, respectively.

	Decrease	30 June 2022 Valuation basis R'000	Increase
	R'000		R'000
Effect of a 1-year change in the post-employment mortality* on the total liability	128 466 600	137 355 031	141 008 073
Effect of a 1-year decrease in the average retirement age on the total liability	142 559 618	137 355 031	-
Effect of a 10% decrease in the continuation of membership at retirement on the total liability	131 736 420	137 355 031	-
Effect of a 1 year decrease in the post-employment mortality* on current service cost	3 859 043	3 197 009	4 052 194
Effect of a 1-year decrease in the post-employment mortality* on interest cost	16 088 799	15 495 788	17 722 196
Effect of a 1-year decrease in the average retirement age on the current service cost	4 312 323	3 197 009	-
Effect of a 1-year decrease in the average retirement age on the interest cost	17 894 653	15 495 788	-
Effect of a 10% decrease in the continuation of membership at retirement on the current service cost	3 516 659	3 197 009	-
Effect of a 10% decrease in the continuation of membership at retirement on the interest cost	16 501 018	15 495 788	-

\*The post-employment mortality adjustment assumed that to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary, i.e lighter mortality implying that the individual lives longer than expected in the valuation basis.

# Mossel Bay Municipality

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#### 21. Employee benefit obligations (continued)

##### **21.2 EX-GRATIA GRATUITIES**

The employer's ex-gratia pensions liability consists of a commitment to pay pensions to eligible employees upon meeting the condition admissible for an ex-gratia pension. This liability is also generated in respect of spouse dependants who are offered continued ex-gratia pensions on the death of the primary ex-gratia pensioner.

Mossel Bay is committed to pay ex-gratia pensions as follows:

- The ex-gratia pensions are paid by the Municipality from its revenue and are therefore not funded or paid from any of the Municipality's pension funds. The revenue pensions are also referred to as "ex-gratia" pensions. Ex-gratia pensioners receive a monthly ex-gratia pension, increased annually and payable for life.
- There is a 60% contingent pension payable to a spouse upon the pensioner's death.
- Pension amounts are fixed.

##### Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and meets the requirements of GRAP 25.

<b>Statistics on eligible retirees:</b>	2023	2022
Number of pensioners	5	5
Employer's average monthly pension payment	2 957	2 957
Pension-weighted average age (years)	85	84
Portion married	40 %	40 %

##### Results of Valuation:

##### **Accrued liability**

Total value of liabilities	1 007 193	1 044 545
Value of assets	-	-

<b>Unfunded accrued liability</b>	<b>1 007 193</b>	<b>1 044 545</b>
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The total liability decreased by 3,58% over the accounting period.

##### **Interest Costs and Current-Service Costs**

Total interest cost	84 000	84 000
Current-Service Costs	-	-
	<b>84 000</b>	<b>84 000</b>

The interest cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment.

The current-service cost is nil as there are no current employees entitled to an ex-gratia pension benefit.

##### **Actuarial gains and losses**

Actuarial (gain) / loss for the period	56 086	(31 917)
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##### The main reasons for the movement in the liability:

The average liability has decreased by 4% since the last valuation due to:

- an increase in the net discount rate; and
- changes from prior year and variations in demographic assumptions (e.g. withdrawal rates).

The total liability has decreased by 4% (or R37 352) since the last valuation, due to the above and because there was no change in the number of pensioners.



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**21. Employee benefit obligations (continued)**

**Past and future changes in the accrued liability**

<b>Liability History</b>	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024	Year ending 30/06/2025
Opening accrued liability	1 385 947	1 169 900	1 044 545	1 007 193	923 572
Current service cost*					
Interest cost	71 023	84 000	84 000	91 077	83 165
Benefit payments	(177 438)	(177 438)	(177 438)	(174 698)	(167 269)
Actuarial (gain) / losses	(109 632)	(31 917)	56 086	-	-
<b>Surplus / (Deficit)</b>	<b>1 169 900</b>	<b>1 044 545</b>	<b>1 007 193</b>	<b>923 572</b>	<b>839 468</b>

\*Notes to the above table:

- *The projections assume that the ex-gratia arrangements remain as outlined, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the employer towards prefunding its liability via an off-balance sheet vehicle.*
- *There are no Past Service Costs, Curtailments or Settlements to reflect.*

Key actuarial assumptions used:

In estimating the unfunded liability for the ex-gratia liability, a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

Financial assumptions:

It is difficult to predict future investment returns and pension increase rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

<b>Net discount rate</b>	<b>2023</b>	<b>2022</b>
Discount rate (D)	9,90 %	9,83 %
Net discount rate $((1+D)/(1+H)-1)$	9,90 %	9,83 %

The methodology of setting the financial assumptions:

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

A discount rate of 9,90% per annum has been used. These rates do not reflect any adjustment for taxation. These rates were determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023.

Yields were determined by looking at the duration of the liability and finding the fixed-interest and index-linked yields at the relevant duration using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

# Mossel Bay Municipality

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#### 21. Employee benefit obligations (continued)

##### Demographic and Decrement Assumptions:

Age difference between spouses	Males 5 years older than females
Proportion married	Actual marital status
Mortality in retirement	PA (90) - 1 in addition to a mortality improvement of 1% per year since 2010

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from  $[1-(1-1\%)^2]$ , and so on.

It has been assumed that female spouses will be five years younger than their male counterparts.

##### **The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	1 007 193	1 044 545
Fair value of plan assets	-	-
	1 007 193	1 044 545
Unrecognised transitional liability	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial gains / (losses)	-	-
Miscellaneous items	-	-
<b>Net liability</b>	<b>1 007 193</b>	<b>1 044 545</b>

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

Current service cost	-	-
Interest cost	84 000	84 000
Actuarial (gains) / losses	56 086	(31 917)
<b>Total included in employee related cost - Refer to note 38</b>	<b>140 086</b>	<b>52 083</b>

##### **History of Liabilities, Assets and Experience Adjustments:**

##### **Present value of accrued liability and Fair value of plan assets**

	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Present value of accrued liability	1 469 411	1 385 947	1 169 000	1 044 545	1 007 193
Fair value of plan assets	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(1 469 411)</b>	<b>(1 385 947)</b>	<b>(1 169 000)</b>	<b>(1 044 545)</b>	<b>(1 007 193)</b>

##### Experience adjustments:

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Plan liabilities (gain) / loss	(144 080)	18 415	(109 632)	(31 917)	56 086
Plan assets	-	-	-	-	-

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 21. Employee benefit obligations (continued)

##### Sensitivity analysis:

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

	1% decrease	30 June 2023	1% increase
		Valuation basis	
Effect of a 1% change in the discount rate on the total liability	1 053 833	1 007 193	964 516
Effect of a 1% change in the discount rate on the interest cost	86 030	84 000	95 623

##### Mortality:

The table that follow shows the impact of a change in the mortality assumption:

	Decrease	30 June 2023	Increase
		Valuation basis	
Effect of a 2-year change in the post-retirement mortality on the total liability	-	1 007 193	1 040 972
Effect of a 2-year decrease in the post-retirement mortality on the interest cost	-	84 000	94 408

#### **21.3 LONG SERVICE AWARDS**

The long service bonus awards are accumulated leave days allocated for years of service by the employee to the Municipality. The long service bonus awards are allocated in the form of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result, the award is also a function of the employee's annual salary. The annual salary is converted into a daily salary by dividing the annual salary by 249.

##### Nature of the liability:

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year the employee attains the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy.

Mossel Bay Municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. In addition, a 14th Cheque is awarded from 30 years of service onwards to 45 years.

##### Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and meets the requirements of GRAP 25.

##### Valuation of Assets:

The Long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability that qualify as plan assets in terms of the requirements of GRAP 25. As such a nil value has been ascribed to the fair value of plan assets.

##### **Statistics on eligible employees**

Number of eligible employees	1 003	977
Average annual earnings (Rand)	238 910	224 509
Earnings-weighted average age (years)	42,9	42,7
Earnings-weighted average past service (years)	10,6	10,5

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 21. Employee benefit obligations (continued)

##### Results of valuation:

##### Accrued liability

Total value of liabilities 19 178 038 21 066 809  
 Value of assets - -

**Unfunded Accrued Liability 19 178 038 21 066 809**

Average liability per employee 19 121 21 563

The total liability decreased by (9,0)% over the accounting period.

The main reasons for the movement in liability:

- Mossel Bay employees accrued an extra year of service and as a result, the liability increased by R 1 671 745;
- Interest cost over the valuation period results in an increase in the liability by R 2 149 954;
- Some employees attained milestones during the valuation period and this resulted in a bonus payment of R 2 944 387, which reduced the accrued liability with the same margin;
- The net discount rate changed from 2.94% to 4.18% during the valuation period. This has decreased the accrued liability;
- Movements in the staff employed by Mossel Bay during the valuation period. This has increased the accrued liability;
- The salary increase expectation of 5.04% as at 1 July 2023 increased the accrued liability further; and
- The miscellaneous items in the data resulted in a decrease in the liability by R 102 281. Factors that make up the miscellaneous items are changes to membership composition, data changes from previous valuation and variations from demographic assumptions.

##### Past and Future Changes in the Accrued Liability:

	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Opening Accrued Liability	18 129 000	18 749 000	21 066 809	19 178 038
Current service cost	1 570 000	1 652 000	1 671 745	1 528 259
Interest cost	1 308 000	1 713 000	2 149 954	2 320 075
Benefit payments	(1 605 792)	(1 873 068)	(2 944 387)	(2 319 907)
Actuarial Loss / (Gain)	(652 208)	825 877	(2 766 083)	-
	<b>18 749 000</b>	<b>21 066 809</b>	<b>19 178 038</b>	<b>20 706 465</b>

##### \*Notes to the above table:

- These projections assume that the long service awards arrangements remain as outlined, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the employer towards prefunding its liability via an off-balance sheet vehicle.
- There are no Past Service Costs, Curtailments or Settlements to reflect.

##### Key actuarial assumptions used:

In estimating the unfunded liability for long service awards a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

##### Financial Variables:

It is difficult to predict future investment returns and earnings inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

	2023	2022
<b>Net discount rate</b>		
Discount rate	10,99 %	10,93 %
General earnings inflation rate (long-term)	6,53 %	7,76 %
Net discount rate	4,18 %	2,94 %

# Mossel Bay Municipality

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#### 21. Employee benefit obligations (continued)

The methodology of setting the financial assumptions:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Demographic and mortality assumptions:

	2023	2022
Normal retirement age (years)	65	65
Average retirement age*	63	63
Pre-retirement mortality	SA85-90	SA85-90

\*The average retirement age for all active employees was assumed to be 63 years to implicitly allow for ill-health and early retirements.

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

Present value of fund obligations	19 178 038	21 066 809
Fair value of plan assets	-	-
	<b>19 178 038</b>	<b>21 066 809</b>
Unrecognised transitional liability	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial gains / (losses)	-	-
Miscellaneous items	-	-
<b>Net liability</b>	<b>19 178 038</b>	<b>21 066 809</b>

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

Current service cost	1 671 745	1 652 000
Interest cost	2 149 954	1 713 000
Actuarial losses / (gains)	(2 766 083)	825 877
<b>Total included in employee related cost - Refer to note 38</b>	<b>1 055 616</b>	<b>4 190 877</b>

#### HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS:

**Present value of accrued liability and Fair value of plan assets**

	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Present value of accrued liability	17 151 533	18 129 000	18 749 000	21 066 809	19 178 038
Fair value of plan assets	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(17 151 533)</b>	<b>(18 129 000)</b>	<b>(18 749 000)</b>	<b>(21 066 809)</b>	<b>(19 178 038)</b>

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 21. Employee benefit obligations (continued)

##### Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Plan liabilities (gain) / loss	(1 308 326)	991 581	(235 208)	825 877	(2 766 083)
Plan assets gain / (loss)	-	-	-	-	-

##### Sensitivity Analysis:

The liability derived by this valuation is dependent on the assumptions set out, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by Mossel Bay Municipality in accordance with a consistently applied amortisation process.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	1% decrease	30 June 2023 Valuation basis	1% increase
Effect of a 1% change in the general earnings inflation rate on total liability	18 043 439	19 178 038	20 462 148
Effect of a 1% change in the discount rate on total liability	20 415 254	19 178 038	18 100 507
Effect of a 1% change in the general earnings inflation rate on current service cost	1 417 093	1 671 745	1 654 723
Effect of a 1% change in the general earnings inflation rate on interest rate	2 173 980	2 149 954	2 485 422
Effect of a 1% change in the discount rate on current service cost	1 650 041	1 671 745	1 422 605
Effect of a 1% change in the discount rate on interest cost	2 479 384	2 149 954	2 181 328

##### Mortality

The table that follow shows the impact of a change in the mortality assumption:

	decrease	30 June 2023 Valuation basis SA85-90	Increase
Effect of a 2-year change in the average retirement age on total liability	16 443 539	19 178 038	21 527 993
Effect of a two-fold increase and a 50% decrease in the withdrawal rate on total liability	15 772 854	19 178 038	21 531 381
Effect of a 2-year change in the average retirement age on current service cost	1 366 854	1 671 745	1 679 457
Effect of a 2-year change in the average retirement age on interest cost	1 982 907	2 149 954	2 620 726
Effect of a two-fold increase and a 50% decrease in the withdrawal rate on current service cost	1 148 874	1 671 745	1 808 511
Effect of a two-fold increase and a 50% decrease in the withdrawal rate on interest cost	1 882 649	2 149 954	2 622 581

# Mossel Bay Municipality

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#### 21. Employee benefit obligations (continued)

##### **21.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS**

The personnel of Mossel Bay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

##### **21.4.1 Consolidated Retirement Fund (previously Cape Joint Retirement Fund)**

The most recent valuation for the Consolidated Retirement Fund was performed for the year ended 30 June 2022. As at the valuation date, the total value of net assets of the Fund was R36.502 billion (2021: R34.148 billion).

An effective investment return of 5.9% (2021: 16.8%) per annum was awarded for the Growth Portfolio.

A pension increase of 6% (2021: 4.5%) was granted to pensioners effective 01 March 2022. A pensioner bonus of 100% of monthly pension was payable in December 2021. A special pensioner bonus of 100% of annual pension was payable in August 2021.

The funding level for the Member Share Account, Preservation Pension Account and Living Annuity Account were 100% as at valuation date. The Processing Reserve Account represents 0.5% of the sum of the Members' Shares and Living Annuitants accounts.

##### **21.4.2 SALA Pension Fund**

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. It is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The most recent valuation statement available for SALA Pension Fund was the monthly report as at 30 April 2022.

The total market value of the investments held by the Fund on the valuation date was R 12.8 billion.



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 21. Employee benefit obligations (continued)

##### 21.4.3 Municipal Councillors' Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1 798.03 million (30 June 2017 : R1 480.55 million), with funding levels of 100% (30 June 2017: 100%).

The contribution rate paid by the members (elected 7.5 % or 13.75 %) and council (either 7.5 % or 15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

Due to concerns on the governance and financial stability of the Fund, the Financial Sector Conduct Authority appointed a Section 26 Board of Trustees on 15 February 2017. The purpose of the Section 26 Trustees was to bring about stability within the Fund. Following a court order, Curators were then appointed to take control and management of the Fund in terms of Section 5 (1) of the Financial Institutions (Protection of Funds Act, 2001) effective 19 December 2017.

##### 21.4.4 Municipal Workers Retirement Fund (previously South African Municipal Workers Union National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%.

The most recent valuation for the Municipal Workers Retirement Fund was performed for the year ended 30 June 2020. As at the valuation date, the total fund and reserves were R 9.021 million (corresponding to a funding level of 102.22%). The previous valuation as at 30 June 2019 revealed an excess of R 9.272 million (corresponding to a funding level of 110.6%).

The Fund was in a sound financial position at the valuation date. The funding level before allowing for the reserves has reduced to 102.2% largely as a result of the poor investment returns over the year to 30 June 2020. The Fund's assets were sufficient to cover the member's Fund Credits and to provide a margin for contingency reserves as at 30 June 2020.

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**21. Employee benefit obligations (continued)**

**21.5 OTHER CURRENT EMPLOYEE BENEFIT OBLIGATIONS:**

**21.5.1 PERFORMANCE BONUS ACCRUAL**

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

The movement on the performance bonus accrual consist of the following:

Balance at the beginning of the year	868 430	923 812
Contributions to provision	958 990	831 328
Expenditure incurred	(911 943)	(886 709)
	<b>915 477</b>	<b>868 431</b>

**21.5.2 STAFF LEAVE ACCRUAL**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

The movement on the staff leave accrual consist of the following:

Balance at the beginning of the year	23 068 357	23 014 955
Contributions to provision	1 604 388	1 713 938
Expenditure incurred	(854 572)	(1 660 536)
	<b>23 818 173</b>	<b>23 068 357</b>

**21.5.3 EMPLOYEE BONUS ACCRUAL**

Annual bonuses accrue to employees on an annual basis, based on the employee contract. These accruals are an estimate of the amount due to staff as at the financial year end.

The movement on the employee bonus accrual consist of the following:

Balance at the beginning of the year	8 457 333	8 228 947
Contributions to provision	18 101 480	17 351 049
Expenditure incurred	(18 204 299)	(17 122 663)
	<b>8 354 514</b>	<b>8 457 333</b>

**21.5.4 EMPLOYEE OVERTIME / STANDBY ALLOWANCES**

An accrual is done for the overtime / standby allowances that accrued to employees with regards to the financial year.

The movement on the employee overtime / standby allowance accrual consist of the following:

Balance at the beginning of the year	1 945 104	1 401 440
Contributions to provision	2 339 131	1 945 104
Expenditure incurred	(1 945 104)	(1 401 440)
	<b>2 339 131</b>	<b>1 945 104</b>

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**22. Provisions**

**Reconciliation of provisions - 2023**

	Opening Balance	Additions	Utilised during the year	Total
Rehabilitation of Landfill sites	146 479 773	6 647 761	(2 806 018)	150 321 516
	<b>146 479 773</b>	<b>6 647 761</b>	<b>(2 806 018)</b>	<b>150 321 516</b>

**Reconciliation of provisions - 2022**

	Opening Balance	Additions	Utilised during the year	Total
Rehabilitation of Landfill sites	127 353 106	19 762 510	(635 842)	146 479 774

Split between Non-current and current liabilities:

Non-current liabilities	149 148 312	143 605 236
Current liabilities	1 173 203	2 874 538
	<b>150 321 515</b>	<b>146 479 774</b>

**Rehabilitation of Landfill sites**

Provision is made in terms of the Municipality's licensing stipulations for the rehabilitation of landfill sites. It includes the closure activities of Buysplaas; D'Almeida; Fremiersheim; Great Brak; Herbertsdale and Louis Fourie landfill sites, but exclude post closure monitoring cost when the conditions thereof cannot be reliably estimated. As soon as these costs can be reliably determined, it will be included in the provision calculation. The provision has been determined by consulting engineers. The payment dates for the total closure and rehabilitation are uncertain, but are expected to all be finalised by 2028.

The key assumptions used in the valuation are as follows:

<b>Rates used</b>	2023	2022
Discount rate	6,60 %	4,65 %
Inflation rate	5,17 %	5,18 %

The average interest rate earned on Investments were used as a result of the fact that the provision is made good by funds set aside for this purpose.

The inflation rate used is the average of the past 10 years as published on the StatsSA website.

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**23. Unspent conditional grants and receipts**

**Unspent grants and receipts comprises of:**

**Unspent grants and receipts**

Provincial Grants	22 190 590	10 907 385
District Municipality	592 917	1 403 525
<b>Other unspent receipts</b>		
Public contributions	11 708 845	3 474 939
	<b>34 492 352</b>	<b>15 785 849</b>

The Municipality received a National unconditional grant called Equitable Share which was previously disclosed under this Note. The grant is no longer disclosed as part of this Note as it is unconditional and therefore directly allocated to the Government Grant Revenue.

The reason for the increase in the unspent conditional grants and receipts totals are due to the following reasons:

- Provincial Grants: R5m Loadshedding Relief Grant received in April 2023 and could not be spent by year-end. R3.9m Title Deeds Restoration Grant received in May 2023, tenders have been awarded and funds will be spent in the 2023/2024 year. R5.4m Top Structure Grant for Wolwedans received in March 2023. The Municipality has applied to roll-over these funds to the next financial year.
- Public Contributions: Public contributions towards Capital projects as part of development contracts for Renosterbos, Hartland and Outeniquabosch estates. These funds will be allocated to the relevant capital project costs as it occurs.

**Movement during the year**

Opening balance	15 785 848	6 717 930
Receipts	129 097 874	96 816 043
Conditions met - Transferred to revenue	(106 307 999)	(87 665 358)
Re-payment of unspent grant	(4 083 371)	(82 766)
	<b>34 492 352</b>	<b>15 785 849</b>

The detailed movement per conditional grant is as follows:

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**23. Unspent conditional grants and receipts (continued)**

**National: LG Financial Management Grant**

**Operational:**

Opening balance	-	-
Receipts	1 550 000	1 550 000
Conditions met - Transferred to revenue	(1 550 000)	(1 550 000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Municipal Infrastructure Grant**

**Capital:**

Opening balance	-	2 837 771
Receipts	27 046 000	25 277 000
Conditions met - Transferred to revenue	(27 046 000)	(28 114 771)
	-	-

The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

During the financial year the municipality received communication from National Government informing the municipality of the intention to stop MIG funding to the amount of R6.2 million in terms of section 18 of the 2022 DORA. The reason provided was that the municipality spent less than 40 per cent of the MIG allocations end of December 2022.

The reason for the underspending is directly related to the cancellation of the tender for the Refurbishment of the Pinnacle Point Wastewater Treatment Works. The cancellation was due to the preferred contractor's offer exceeding the Budget for the project by 211 per cent. A second round of tendering was done and the MIG project allocations was adjusted after council's approval.

As a result of the above, National Government delayed the payment of R6.4m MIG grant funds to the municipality from December 2022 to March 2023. The municipality however received the full MIG allocation for the 2022/2023 year as per the DORA allocation.

**National: Integrated National Electrification Programme Grant**

**Capital:**

Opening balance	-	-
Receipts	17 061 000	10 026 000
Conditions met - Transferred to revenue	(17 061 000)	(10 026 000)
	-	-

The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 23. Unspent conditional grants and receipts (continued)

##### National: Expanded Public Works Programme Incentive Grant

###### Operational:

Opening balance	-	-
Receipts	1 935 000	1 672 000
Conditions met - Transferred to revenue	(1 935 000)	(1 672 000)
	<u>-</u>	<u>-</u>

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

During the financial year the municipality received communication from National Government informing the municipality of the intention to withhold the 3rd tranche payment for R580 000 of EPWP funding in terms of section 18 of the 2022 DORA. The municipality immediately responded and the funds were paid to the municipality in the same month.

##### Provincial: Integrated Housing & Human Settlement and Development Grant

###### Operational:

Opening balance	1 483 412	3 181 860
Receipts	14 384 055	7 939 762
Conditions met - Transferred to revenue	(6 327 412)	(9 638 210)
Re-payment of Unspent grant	(3 932 744)	-
	<u>5 607 311</u>	<u>1 483 412</u>

This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 3 932 744 was repaid to the Department of Human Settlements after the application for Roll-over of grant funding was rejected. The biggest portion was for the Title deed restoration project, which was reallocated to the municipality again in the 2022/23 year. Refer to below information on the Title deeds restoration Grant.

##### Provincial: Informal Settlements Upgrading Partnership Grant

###### Capital:

Opening balance	5 771 938	-
Receipts	32 618 918	23 794 451
Conditions met - Transferred to revenue	(33 536 310)	(18 022 513)
	<u>4 854 546</u>	<u>5 771 938</u>

This grant is given to municipalities to provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

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**23. Unspent conditional grants and receipts (continued)**  
**Provincial: Community Development Workers Grant**

**Operational:**

Opening balance	197 105	146 867
Receipts	63 992	59 795
Conditions met - Transferred to revenue	(78 020)	(9 557)
Re-payment of Unspent grant	(140 104)	-
	<b>42 973</b>	<b>197 105</b>

This grant is given to provide financial assistance to municipalities to cover the operational costs pertaining to the functions of the community development workers programme.

The project was completed during the prior year and the conditions met. The remaining balance of R140 104 have thus been paid back to the Provincial Department during the current year under review.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Wcape Financial Management Capability Grant**

**Operational:**

Receipts	307 084	-
Conditions met - Transferred to revenue	(93 135)	-
	<b>213 949</b>	<b>-</b>

The Financial Management Capability Grant is given to municipalities to support municipalities to improve their financial management capabilities. The outcome of this grant is effective local governance, efficient infrastructure investment, strategic Supply Chain Management and Integrated Provincial Governance.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Financial Management Capacity Building Grant**

**Operational:**

Opening balance	236 672	-
Receipts	15 131	403 695
Conditions met - Transferred to revenue	(107 850)	(167 023)
	<b>143 953</b>	<b>236 672</b>

The Financial Management Capacity Building Grant is given to municipalities to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



# Mossel Bay Municipality

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#### 23. Unspent conditional grants and receipts (continued)

##### Provincial: Community Library Services Grant

##### Operational:

Opening balance	303 806	15 621
Receipts	10 061 862	10 174 025
Conditions met - Transferred to revenue	(10 296 642)	(9 870 219)
Re-payment of Unspent grant	-	(15 621)

##### Capital:

Opening balance	80 885	-
Receipts	4 700	80 885
Conditions met - Transferred to revenue	(59 407)	-

<b>95 204</b>	<b>384 691</b>
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This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

The projects for 2020/21 year was completed and the conditions met. The remaining balance of R 15 621 was a saving and have thus been paid back to Provincial Government during the previous financial year.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

##### Provincial: Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant

##### Operational:

Opening balance	10 523	-
Receipts	341 335	5 757 043
Conditions met - Transferred to revenue	(341 335)	(5 746 520)
Re-payment of Unspent grant	(10 523)	-

-	<b>10 523</b>
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This grant is given to financially assist / subsidise municipalities with the maintenance / construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

The project was completed during the prior year and the conditions met. The remaining balance of R10 523 have thus been paid back to the Provincial Department during the current year under review.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

##### Provincial: Municipal Fire Service Capacity Building Grant:

##### Capital:

Opening balance	-	-
Receipts	879 246	-

<b>879 246</b>	-
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This grant is given to provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 June 2023**

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Figures in Rand	2023	2022
<b>23. Unspent conditional grants and receipts (continued)</b>		
<b>Provincial: Development of Sport &amp; Recreation Facilities Grant</b>		
<b>Capital:</b>		
Opening balance	311 725	-
Receipts	-	313 713
Conditions met - Transferred to revenue	(311 725)	(1 988)
	<b>-</b>	<b>311 725</b>

This grant is given to municipalities for the provision of sport and recreation facilities in especially previous disadvantaged communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Service Delivery & Capacity Building Grant**

<b>Operational:</b>		
Opening balance	-	-
Receipts	148 442	70 000
Conditions met - Transferred to revenue	(42 377)	(70 000)
<b>Capital:</b>		
Opening balance	6 323	-
Receipts	158 396	81 230
Conditions met - Transferred to revenue	(138 630)	(74 907)
	<b>132 154</b>	<b>6 323</b>

The Municipal Service Delivery and Capacity Building Grant is given to municipalities to provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

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Figures in Rand 2023 2022

**23. Unspent conditional grants and receipts (continued)**

**Provincial: Regional Socio-economic programme (RSEP) Grant**

**Capital:**

Opening balance	-	53 071
Receipts	1 080 000	-
Conditions met - Transferred to revenue	(1 046 637)	(53 071)
	<b>33 363</b>	<b>-</b>

This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socio-economic and urban upgrading programmes.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Accreditation & Capacity Building Grant**

**Operational:**

Opening balance	(65 017)	189 006
Receipts	256 000	-
Conditions met - Transferred to revenue	(253 944)	(254 023)
	<b>(62 961)</b>	<b>(65 017)</b>

This grant is to contribute to capacity building efforts by funding the monthly salaries of Capacity Building Clerks who are responsible for educating housing scheme beneficiaries and promoting different housing subsidy schemes that are available to communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

The payment of the unpaid balance as at 30 June 2023 was received in July 2023.

**Provincial: Thusong Service Centre**

**Operational:**

Opening balance	-	59 373
Re-payment of Unspent grant	-	(59 373)
	<b>-</b>	<b>-</b>

This grant is a contribution towards the maintenance expenses of the Mossel Bay Thusong Service Centre.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

The projects for 2020/21 year was completed and the conditions met. The remaining balance of R 59 373 was a saving and have thus been paid back to Provincial Government during the previous financial year.

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**23. Unspent conditional grants and receipts (continued)**

**Provincial: Greenest Town Competition**

**Operational:**

**Capital:**

Opening balance	-	4 134
Conditions met - Transferred to revenue	-	(4 134)
	-	-

Mossel Bay Municipality was awarded as top achievers in the Provincial Greenest Municipality Competition (GMC) 2019. These funds are used in line with the GMC objectives.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: DEDAT SMME Booster Fund**

**Capital:**

Opening balance	2 343 804	-
Receipts	84 175	2 343 804
Conditions met - Transferred to revenue	(2 079 151)	-
	<b>348 828</b>	<b>2 343 804</b>

This grant is provided in assistance to SMMEs and specifically a contribution towards the Mayixhale Business Hub and Wolwedans Business Space.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Electrical Master Plan Grant**

**Operational:**

Opening balance	226 207	-
Receipts	3 345	611 720
Conditions met - Transferred to revenue	(212 949)	(385 511)
	<b>16 603</b>	<b>226 209</b>

This grant is a contribution to ensure effective functioning of municipal electrical infrastructure and to maximise the provision of basic electricity to citizens.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: WCape Municipal Energy Resilience Grant**

**Operational:**

Opening balance	-	-
Receipts	-	500 000
Conditions met - Transferred to revenue	-	(500 000)
	-	-

This grant is a contribution to support the implementation of renewable energy and energy resilience projects. The funds was received for a Cost of Supply Study.

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**23. Unspent conditional grants and receipts (continued)**

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: LG Public Employment Support Grant**

**Operational:**

Receipts	-	1 300 000
Conditions met - Transferred to revenue	-	(1 300 000)
	-	-

This grant is a contribution to coordinate and ensure the implementation of targeted, short term public employment programmes for communities identified as being in distress. The municipality utilised the funding through it's General Street Cleaning project.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Establishment and Support of a K9 Unit Grant**

**Operational:**

Opening balance	-	-
Receipts	909 710	-
Conditions met - Transferred to revenue	(276 087)	-

**Capital:**

Opening balance	-	-
Receipts	2 212 869	-
Conditions met - Transferred to revenue	(1 972 650)	-
	<b>873 842</b>	-

This grant is provided for resource funding in support of established K9 unit.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Title-Deeds Restoration Grant**

**Operational:**

Opening balance	-	-
Receipts	4 012 861	-
Conditions met - Transferred to revenue	(129 953)	-
	<b>3 882 908</b>	-

This grant is provided for the eradication of the title-deeds registration backlog and professional fees associated with it, including beneficiary verification.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

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**23. Unspent conditional grants and receipts (continued)**  
**Provincial: Wcape Municipal Interventions Grant**

**Capital:**

Opening balance	-	-
Receipts	250 000	-
Conditions met - Transferred to revenue	(250 000)	-
	<b>-</b>	<b>-</b>

This grant is provided in assistance to Municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations. The grant for 2022/23 financial year was specifically used for provision of safety area High Mast lighting for KwaNonqaba area in Mossel Bay.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Emergency Municipal Load Shedding Relief Grant**

**Capital:**

Opening balance	-	-
Receipts	5 128 669	-
Conditions met - Transferred to revenue	-	-
	<b>5 128 669</b>	<b>-</b>

This grant is provided for implementation of emergency measure to mitigate the impact of load-shedding on municipal services, businesses and the economy. The grant for 2022/23 financial year will be used for purchasing of standby generators for critical water pumpstations in Mossel Bay area.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**District: Community Safety**

**Capital:**

Opening balance	1 403 525	7 772
Receipts	84 057	1 403 525
Conditions met - Transferred to revenue	(894 665)	-
Re-payment of Unspent grant	-	(7 772)
	<b>592 917</b>	<b>1 403 525</b>

The amounts transferred to Mossel Bay Municipality in the current and previous financial years was from the Garden Route District Municipality to be used for safety initiatives in Mossel Bay.

The projects for 2020/21 year was completed and the conditions met. The remaining balance of R 7 772 was a saving and have thus been paid back to Garden Route District Municipality during the previous financial year.

**Mossel Bay Municipality**  
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Figures in Rand	2023	2022
<b>23. Unspent conditional grants and receipts (continued)</b>		
<b>Public Contributions and Other Receipts</b>		
<b>Operational:</b>		
Opening balance	17 577	150 639
Receipts	273 443	71 850
Conditions met - Transferred to revenue	(267 120)	(204 911)
<b>Capital</b>		
Opening balance	3 457 362	71 816
Receipts	8 227 583	3 385 545
	<b>11 708 845</b>	<b>3 474 939</b>

Mossel Bay Municipality received various public contributions. The current year contributions include funds received for the Relief Charitable Fund as well as an amounts for contributions to Capital projects as part of development contracts for Renosterbos, Hartland and Outeniquabosch estates. The previous year contributions additionally includes a contribution from Tourism Trade and Investment.

Refer to Note 49 for a prior period correction made to the public contributions.

**24. Consumer deposits**

Electricity	21 924 843	20 710 297
Water	16 658 240	15 357 368
	<b>38 583 083</b>	<b>36 067 665</b>

No Guarantees are held in lieu of electricity and water. No interest accrues on consumer deposits.

**25. Payables from exchange transactions**

Trade payables	155 745 743	146 252 421
Payments received in advanced	38 524 779	38 256 937
Accrued expenditure	157 339	103 734
Retentions	14 070 268	11 469 937
Other payables	1 070 301	731 599
Other deposits	9 446 852	9 027 503
Auditor-General of South Africa	-	2 565
	<b>219 015 282</b>	<b>205 844 696</b>

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30-day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice / statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Increased retention funds due to new housing, roads and electricity infrastructure projects.

Refer to Note 49 for detail regarding the correction of prior period errors.



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Figures in Rand	2023	2022
<b>26. Non-current deposits</b>		
<b>Santos Pavillion Repair Fund</b>		
Balance at beginning of year	322 827	313 534
Interest on investment	21 645	9 293
	<b>344 472</b>	<b>322 827</b>

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 93-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100 000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

<b>27. Self-insurance reserve</b>		
Balance at the beginning of the year	172 103 209	125 751 217
Contributions from Operating account and other contributions	1 461 590	47 489 704
Funding Capital Projects	(124 717)	(1 137 712)
	<b>173 440 082</b>	<b>172 103 209</b>

The Self-insurance Reserve is fully funded and invested in financial instruments.

<b>28. Capital replacement reserve</b>		
Balance at the beginning of the year	161 869 514	108 484 244
Contributions from Operating account and other contributions	138 607 378	124 163 385
External Services contribution	31 964 932	31 069 714
Land Sales contribution	21 643 646	11 090 518
Funding Capital Projects	(129 096 401)	(112 938 347)
	<b>224 989 069</b>	<b>161 869 514</b>

The Capital Replacement Reserve is fully funded and invested in financial instruments.

All contributions to the Capital Replacement Reserve (CRR) is made in terms of Council approved Funding and Reserves Policy. An increase in development contributions and land sales was experienced during the financial year.

<b>29. Service charges</b>		
Sale of electricity	549 549 633	539 501 456
Sale of water	153 746 644	148 999 913
Refuse removal	83 497 150	84 374 942
Sewerage and sanitation charges	79 243 301	82 816 580
	<b>866 036 728</b>	<b>855 692 891</b>

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs.

These service charges revenues are the net amounts after taking into account revenue foregone of R128 087 086 (2022: R 80 683 772). The reason for the change from previous year is due to Council approved policy changes in regards to Indigent assistance.

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<b>30. Rent of facilities and equipment</b>		
Premises	12 038 556	11 134 912
Facilities and equipment	656 395	428 893
	<b>12 694 951</b>	<b>11 563 805</b>

Included in above Rental revenue - Premises is the rent billed for renting out of the Point and Santos / De Bakke Caravan Parks.

**31. Interest received - external investments**

<b>Interest revenue</b>		
Current bank account	3 035 083	1 490 796
Long-term investments	10 806 247	8 244 150
Short-term investments	41 244 339	27 221 154
	<b>55 085 669</b>	<b>36 956 100</b>

Increased investment interest due to better investment opportunities and interest rates increase.

**32. Other income**

Administrative Handling Fees	1 355 692	1 501 475
Building Plan Approval Fees	14 379 933	13 143 711
Collection charges	3 138 778	3 717 028
Development charges	31 964 932	27 684 169
Fire services	(8 472)	584 737
Land usage fees	2 987 782	3 072 383
Other	5 785 498	7 451 566
Sale of Redundant inventory	-	1 101 169
	<b>59 604 143</b>	<b>58 256 238</b>

Refer to Note 49 for detail regarding the correction of prior period errors.

The fire services revenue amount is indicated in the current year as a total negative amount of R8 472. The reason for this is due to a fire services amount repaid during the year which relates to the previous financial year. The amount repaid to specific customer amounted to R28 849 and is seen as immaterial to correct in the prior period.

**33. Availability charges**

Sale of Electricity	11 101 900	9 881 173
Sale of Water	7 281 862	8 051 163
Sewerage and Sanitation charges	5 970 264	5 615 880
	<b>24 354 026</b>	<b>23 548 216</b>

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>34. Property rates</b>		
<b>Rates received</b>		
Agricultural	3 005 390	3 342 750
Assessment Rate: Letting	1 294	1 298
Business and commercial	26 098 532	27 602 082
Industrial properties	8 541 995	6 826 791
Public benefit organisations	212 504	276 263
Public service infrastructure properties	274 166	53 004
Residential properties	156 416 649	131 202 491
Residential properties - vacant land	11 980 117	9 862 700
Special rated area - CID	707 095	570 043
State-owned properties	484 707	465 602
Less: Income forgone	(15 599 220)	(9 660 756)
	<b>192 123 229</b>	<b>170 542 268</b>

#### Valuations

Business and commercial	3 837 296 000	3 402 187 540
Agricultural / Farming	3 670 563 000	3 448 980 125
Industrial properties	1 302 996 000	878 914 000
Mining properties	3 451 000	-
Municipal properties	881 186 000	837 140 900
National monuments	35 619 000	37 416 000
Public benefit organisations	264 102 000	280 007 000
Place of worship - Church	328 638 000	199 390 000
Place of worship - Parsonage	26 990 000	95 114 000
Protected areas	29 756 000	12 337 000
Less: Income forgone	455 250 000	42 476 000
Public service infrastructure impermissible	22 968 000	23 303 000
State-owned properties	600 024 000	495 944 000
Residential properties	49 575 561 000	34 627 599 685
Vacant - Business	196 294 000	138 218 000
Vacant - Industrial	67 390 000	-
Vacant - Residential	2 739 368 000	1 923 453 093
	<b>64 037 452 000</b>	<b>46 442 480 343</b>

The valuation of properties takes place every five years in terms of the Municipal Property Rates Act, No.6 of 2004. The last General Valuation Date was 1 July 2021, and was implemented 1 July 2022. Generally there are 2 Supplementary Valuation Rolls per year. The basic rate for land and buildings range between R0.000819 and R0.007860 respectively. Qualifying pensioners receive an additional rebate of either 50% or 30% on property rates depending on their monthly income. The first R15 000 valuation on all residential properties are impermissible. A rebate is allowed on the valuation of residential properties up to R110 000 valuation. With regards to indigent households, where the joint income of the household amount to less than four times or two times the monthly government old age pension or where the valuation of the property is less than R125 000, a rebate is allowed on the valuation up to R125 000 of the property's valuation plus 100% rebate for Level 1 Indigent Households and Households housing a person with a disability or 50% rebate for Level 2 Indigent Household.

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**35. Government grants and subsidies recognised**

**Operating grants**

National Government: Equitable share	119 020 001	105 409 001
National Government: Financial Management Grant	1 549 999	1 550 000
National Government: Expanded Public Works Programme Integrated Grant	1 935 000	1 672 000
Provincial Government: Integrated Housing & Human Settlement Development and Development	6 327 412	9 638 210
Provincial Government: Community Library Services Grant	10 296 642	9 870 218
Provincial Government: Title-Deeds Restoration Grant	129 953	-
Provincial Government: Financial Management Capacity Building Grant	107 850	167 023
Provincial Government: Community Development Workers Grant	78 020	9 557
Provincial Government: Financial Management Capability Grant	93 135	-
Provincial Government: Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant	341 335	5 746 520
Provincial Government: Municipal Accreditation and Capacity Building Grant	253 944	254 023
Provincial Government: Municipal Electrical Master Plan Grant	212 949	385 511
Provincial Government: WCape Mun Energy Resilience Grant	-	500 000
Provincial Government: LG Public Employment Support Grant	-	1 300 000
Provincial Government: Municipal Service Delivery and Capacity Building Grant	42 377	70 000
Provincial Government: Establishment and Support of A K9 Unit Grant	276 087	-
Provincial Department Agencies - Wcape Tourism Trade and Investment Promotion Agency	-	25 000
	<b>140 664 704</b>	<b>136 597 063</b>

**Capital grants**

National Government: Municipal Infrastructure Grant	27 046 000	28 114 770
National Government: Integrated National Electrification Programme	17 061 000	10 026 000
Provincial Government: Informal Settlements Upgrading Partnership Grant	33 536 310	18 022 513
Provincial Government: Regional Socio-economic programme (RSEP)	1 046 637	53 071
Provincial Government: Community Library Services Grant	59 407	-
Provincial Government: Development of Sport and Recreation Facilities Grant	311 725	2 100
Provincial Government: Municipal Service Delivery and Capacity Building Grant	138 630	74 907
Provincial Government: Greenest Town Competition	-	4 022
Provincial Government: DEDAT SMME Booster Fund	2 079 151	-
Provincial Government: Establishment and Support of a K9 Unit	1 972 650	-
Provincial Government: Municipal Interventions Grant	250 000	-
District Municipality: Community Safety	894 664	-
	<b>84 396 174</b>	<b>56 297 383</b>

**Total Operating and Capital grants** **225 060 878** **192 894 446**

**Government Grants and Subsidies spent per vote**

Municipal Manager	6 473 000	38 856 053
Corporate Services	279 005	176 580
Financial Services	1 550 000	1 550 000
Technical Services	130 742 568	89 140 078
Community Services	40 199 938	34 655 665
Development & Planning	43 924 265	42 543 785
Governance Services	3 143 402	952
	<b>226 312 178</b>	<b>206 923 113</b>

Included in the above summary of Grants and subsidies spent per Vote are Construction contract revenue as these are all Housing Topstructure projects for which the Municipality received a Grant from Provincial Government. Refer to note 4 for total construction contract revenue amount of R1 251 298 (2022: R 14 028 668) included.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>36. Public contributions and donations</b>		
Donated assets	3 098 848	112 772
Public corporations	1 812 276	1 380 964
	<b>4 911 124</b>	<b>1 493 736</b>

#### Donated Assets:

During the 2022/2023 year the municipality recognised donated Electricity infrastructure to the amount of R2 508 112 which was received from various developers and includes donated street lights, minisubs and reticulation assets. The Municipality also recognised donated ICT equipment received at our libraries to the amount of R352 432. These are the biggest portion of the donated assets recognised above.

During the 2021/22 year the municipality recognised donated Computer and Office equipment received at our Libraries to the amount of R112 772.

#### Public corporations amount includes:

- An amount of R1 356 851 recognised for PetroSA portion of contribution towards the Desalination plant.
- An amount of R267 120 recognised for Relief/Charitable funds of the Mayor.

### 37. Fines, Penalties and Forfeits

Traffic fines	22 602 880	16 233 882
Tender withdrawal penalties	180 000	-
Illegal connection fines	1 738 254	557 811
Forfeits	1 538 031	2 069 591
Other fines, penalties and forfeits	176 139	163 268
	<b>26 235 304</b>	<b>19 024 552</b>

Other fines, penalties and forfeits includes Pound fees, Library penalties and fines for Councillors.

Refer to Note 49 for detail regarding the correction of prior period errors.

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<b>38. Employee related costs</b>		
Basic salaries and wages	230 925 034	218 821 212
Annual bonuses	17 374 300	16 774 162
Social contributions - Medical aid	17 797 957	16 784 632
Social contributions - Pension fund	40 000 757	37 274 851
Social contributions - UIF	1 876 091	1 795 099
Other social contributions - Industrial council and Group life insurance	6 534 536	6 072 377
Allowances - Acting	1 997 413	1 730 517
Allowances - Housing benefits	1 208 317	1 228 588
Allowances - Overtime payments	18 861 328	15 410 606
Allowances - Standby	5 655 260	5 066 369
Allowances - Travel or motor vehicle usage	7 159 150	6 956 978
Allowances - Other	4 322 585	3 693 650
Post-retirement benefit contributions - Healthcare	18 692 797	16 054 000
Post-retirement benefit contributions - Long service awards	3 821 699	3 365 000
Post-retirement benefit contributions - Pension	84 000	84 000
Post-retirement benefits - Actuarial losses / (gains) on Employee Benefit Provision	(4 092 727)	(15 064 911)
Contribution to leave gratuity provision	1 604 388	1 713 938
Less: Employee costs capitalised to PPE/Inventory	(14 133 976)	(13 324 424)
<b>Total employee related costs excluding key management positions</b>	<b>359 688 909</b>	<b>324 436 644</b>

The remuneration of key management positions consists of the following:

**Municipal Manager**

Annual remuneration	1 333 488	743 469
Performance bonuses	263 130	16 756
Contributions to UIF, Medical and Pension Funds	270 680	136 589
Car allowance	102 000	26 661
Cellular or Telephone allowance	36 000	8 637
Industrial council	130	41
	<b>2 005 428</b>	<b>932 153</b>

**Chief Finance Officer**

Annual remuneration	1 204 917	1 093 645
Performance bonuses	186 751	176 105
Contributions to UIF, Medical and Pension Funds	97 566	92 125
Car allowance	72 000	72 000
Cellular or Telephone allowance	36 000	30 600
Industrial council	130	124
	<b>1 597 364</b>	<b>1 464 599</b>

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**38. Employee related costs (continued)**

**Remuneration of individual executive director positions:**

**Director Planning and Development**

Annual Remuneration	1 292 790	1 217 094
Performance Bonuses	141 368	133 783
Contributions to UIF, Medical and Pension Funds	296 175	280 815
Car Allowance	108 000	108 000
Cellular or Telephone allowance	36 000	30 600
Industrial council	130	124
	<b>1 874 463</b>	<b>1 770 416</b>

**Director Community Safety**

Annual Remuneration	-	733 209
Performance Bonuses	1 179	78 587
Contributions to UIF, Medical and Pension Funds	-	139 585
Car Allowance	-	76 500
Cellular or Telephone allowance	-	22 950
Industrial council	-	93
	<b>1 179</b>	<b>1 050 924</b>

**Director Corporate Services**

Annual Remuneration	691 446	1 348 233
Performance Bonuses	63 901	138 871
Contributions to UIF, Medical and Pension Funds	36 466	193 994
Car Allowance	42 000	120 000
Cellular or Telephone allowance	19 067	30 600
Group insurance	-	5 891
Industrial council	76	124
	<b>852 956</b>	<b>1 837 713</b>

**Director Technical Services**

Annual Remuneration	1 705 787	1 620 909
Performance Bonuses	176 566	168 319
Contributions to UIF, Medical and Pension Funds	304 565	291 208
Car Allowance	102 000	102 000
Cellular or Telephone allowance	36 000	30 600
Group insurance	7 164	7 164
Industrial council	130	124
	<b>2 332 212</b>	<b>2 220 324</b>

**Director Community Services**

Annual Remuneration	1 166 754	1 054 301
Performance Bonuses	126 095	118 907
Contributions to UIF, Medical and Pension Funds	267 546	253 034
Car Allowance	120 000	120 000
Cellular or Telephone allowance	36 000	30 600
Industrial council	130	124
	<b>1 716 525</b>	<b>1 576 966</b>



**Mossel Bay Municipality**  
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Figures in Rand	2023	2022
<b>38. Employee related costs (continued)</b>		
<b>Total employee related costs</b>		
Employee costs - municipal staff	359 688 922	324 436 644
Employee costs - senior managers & municipal manager	10 380 117	10 853 088
	<b>370 069 039</b>	<b>335 289 732</b>

**39. Remuneration of councillors**

Executive Mayor	934 685	949 358
Deputy Executive Mayor	757 349	688 836
Mayoral Committee Members	3 563 795	3 551 171
Speaker	757 349	771 099
Councillors	7 123 124	6 597 907
Councillors' Pension Contributions	225 554	183 103
Councillors' Medical Aid Contributions	51 840	64 800
	<b>13 413 696</b>	<b>12 806 274</b>

**In-kind benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor have access to council-owned vehicles for ceremonial and official functions.

Full-time Councillors are equipped with computers.

**40. Depreciation, amortisation and asset impairment**

<b>Depreciation</b>		
Property, plant and equipment	136 786 457	123 864 798
Investment property	1 120 136	1 443 102
Living Resources	5 792	-
<b>Amortisation</b>		
Intangible assets	84 432	199 077
<b>Asset impairment</b>		
Impairments	43 942	245 262 284
Reversal of impairments	(86 518)	(449 800)
	<b>137 954 241</b>	<b>370 319 461</b>

The amount (R245m) of impairments recognised in the previous financial year is due to the implementation of the latest valuation roll.

The depreciation charge for the year relating to the Water Treatment Plants is reallocated to water inventory consumed. Refer to notes 14 and 16 for reconciliations of all Depreciation for the year.

Refer to Note 49 for detail regarding the correction of prior period errors.

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<b>41. Debt impairment and Bad Debts written off</b>		
Debt impairment	11 938 682	49 446 288
Reversal of debt impairment	(51 301 981)	(702 317)
	(39 363 299)	48 743 971
Bad debts written off	78 907 504	16 914 122
	<b>39 544 205</b>	<b>65 658 093</b>

Traffic fines written off is included in the total for Bad debts written off and amounted to R 8 325 900 as at 30 June 2023 (2022: R 10 775 150).

Bad debts written off to the amount of R73m during the current financial year is mainly due to the write-off of irrecoverable indigent debtor accounts following a change in Council's policy on the criteria of indigent households.

**42. Finance costs**

Other financial liabilities	13 449 061	8 788 424
Landfill Sites (Provisions)	(468 292)	7 056 472
Non-Current deposits / Grants	612 185	91 051
	<b>13 592 954</b>	<b>15 935 947</b>

The negative amount reflected in the Landfill Site (Provisions) is the result of a change in the provision that exceeded the carrying value of the assets.

The reason for the increase in Finance costs relating to the Grants is due to increased interest on bigger unspent grant amounts allocated to the specific project.

**43. Bulk purchases**

Electricity - Eskom	436 942 993	429 308 778
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Bulk purchases are the cost of commodities not generated by the Municipality, but which the Municipality distributes to consumers. The Municipality purchases electricity in bulk from Eskom and then redistributes it to consumers.

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<b>44. Contracted services</b>		
<b>Consultants and Professional Services</b>		
Business and Advisory	1 332 740	5 123 100
Infrastructure and Planning	5 552 970	6 049 101
Legal cost	13 420 956	5 276 197
Other	123 602	113 007
<b>Contractors</b>		
Building	6 653 132	23 571 219
Chipping	3 227 402	-
Maintenance of buildings and facilities	6 496 711	4 455 347
Maintenance of unspecified assets	38 872 024	41 963 381
Safeguard and security	9 150 583	7 608 256
Sewerage services	3 838 843	6 415 010
Tracing agents and debt collectors	5 477 743	5 488 381
Other	7 337 976	5 494 180
<b>Outsourced Services</b>		
Administrative and Support staff	3 588 335	2 461 659
Alien vegetation control	2 557 706	2 264 399
Business and Advisory	3 717 538	5 003 770
Cleaning services	15 463 250	14 388 246
Clearing and Grass cutting services	11 708 996	10 837 622
Organic and building refuse removal	7 010 213	6 704 784
Refuse removal	10 390 888	9 494 801
Removal of structures and illegal signs	3 212 980	3 715 098
Swimming supervision	2 816 257	2 226 840
Other	5 095 544	5 803 810
	<b>167 046 389</b>	<b>174 458 208</b>

Consultants - Business and Advisory: The cost between the two financial years has decreased due to cost of Property Valuations which was done in the 2021/2022 financial year.

Consultants - Legal Cost: The increase from previous year is due to settlement cost of legal cases.

Contractors - Building: All Housing Topstructure expenditure is indicated under this item. The expenditure per year will vary depending on the amount of Grants and expenditure thereof in the specific year.

Refer to Note 49 for detail regarding the correction of prior period errors.

**45. Transfers and subsidies paid**

Bursary Scheme	200 985	167 023
Sport Council	131 330	126 000
SPCA	1 253 384	1 155 250
Subsidy: Benefit Discount Scheme	111 978	148 447
District Municipality	102 300	119 350
Tourism	6 358 924	5 794 746
Public Protection and Safety	3 050 000	-
Other	319 633	329 911
	<b>11 528 534</b>	<b>7 840 727</b>

The increase in Transfers and Subsidies paid is due to a new transfer payment made to the Joint Operations Centre NPC under Public Protection and Safety.

# Mossel Bay Municipality

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#### 45. Transfers and subsidies paid (continued)

##### Other Donations:

As at 30 June 2023 Other Donations were made in the financial year to the amount of R319 633 (2022: R 329 911). This is made up by the following donations: R223 383 Mayoral discretionary fund payouts and R96 250 worth of Other Donations (R13 750 was donated to each of the following: Piet Julies Aids action group, @Peace care centre, Mossel Bay Care centre, Caws 4 Paws, Heart to Heart care centre and Education and Training hub for Autism received R27500).

#### 46. Inventory consumed

Consumables	23 286 226	20 527 389
Material and supplies	22 461 914	19 542 788
Land	-	38 335
Water	57 990 912	44 077 018
	<b>103 739 052</b>	<b>84 185 530</b>

Increase in Water inventory consumed is mainly due to the cost of sale per kilolitre increased from R6.46 in 2022 to R7.56 in 2023.

#### 47. General expenses

Advertising	2 143 457	1 925 586
Auditors remuneration	5 349 141	4 630 976
Commission paid	7 656 307	7 567 883
Communication - Telephone & Postage	3 361 426	3 651 937
Dumping fees	5 710 784	8 514 286
External computer expenses	12 058 948	11 617 480
Insurance	4 778 908	4 398 840
Lease rentals	4 182 360	4 080 091
Municipal expenses	3 176 332	3 113 488
Other expenses	6 390 495	6 516 807
Skills Development Fund Levy	3 041 305	2 854 162
Subscriptions and membership fees	3 933 670	3 751 514
Workmen's Compensation Fund	2 167 315	1 943 554
	<b>63 950 448</b>	<b>64 566 604</b>

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<b>48. Cash generated from operations</b>		
Surplus (deficit)	124 165 571	(162 970 094)
<b>Adjustments for:</b>		
Depreciation and amortisation	137 996 812	125 506 968
Depreciation and amortisation - Water Treatment Plants	517 388	435 259
Gain and Loss on sale of assets and liabilities	2 754 859	3 381 444
Investment Income - external investments	(10 806 247)	(8 244 150)
Finance costs	13 592 954	15 935 947
Impairment of Assets / Reversal of impairment	(42 576)	244 812 484
Debt impairment / Reversal of impairment	(39 363 298)	48 743 971
Bad debts written off	78 907 504	16 914 122
Movements in operating lease assets and accruals	(3 967 526)	(4 324 984)
Movements in retirement benefit assets and liabilities / Provisions	17 514 225	23 071 147
Inventory land derecognition	-	38 335
Donated Assets	(3 098 849)	(112 772)
Sale of Redundant Inventory	-	(1 101 168)
Actuarial loss / (gain)	(4 092 727)	(15 064 911)
<b>Changes in working capital:</b>		
Inventories	(14 171 313)	(4 415 206)
Receivables from exchange transactions	(49 257 586)	(67 197 665)
Other receivables from non-exchange transactions	(11 803 753)	(3 480 801)
Payables from exchange transactions	11 761 082	5 389 750
VAT	(502 747)	(4 771 131)
Unspent conditional grants and receipts	13 888 944	(3 094 921)
Consumer deposits	2 515 418	2 573 973
	<b>266 508 135</b>	<b>212 025 597</b>

Refer to Note 49 for detail regarding the correction of prior period errors.

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<b>49. Prior period errors and reclassifications</b>				
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>2022 previously reported</b>	<b>Reclassifi- cations</b>	<b>Prior period errors / Change in Accounting policy</b>	<b>2022 restated</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Inventories	21 000 671	-	-	21 000 671
Unpaid construction contract advances	2 342 760	-	-	2 342 760
Current portion of long-term receivables	366 690	-	-	366 690
Receivables from exchange transactions	108 600 837	-	14 398 267	122 999 104
Receivables from non-exchange transactions	17 698 336	-	4 254	17 702 590
VAT receivable	14 888 607	-	(1 878 035)	13 010 572
Short term investments	525 544 655	-	-	525 544 655
Cash and cash equivalents	62 538 988	-	-	62 538 988
	<b>752 981 544</b>	<b>-</b>	<b>12 524 486</b>	<b>765 506 030</b>
<b>Non-current Assets</b>				
Property, plant and equipment	2 454 683 394	-	(4 751 856)	2 449 931 538
Investment property	385 507 512	-	-	385 507 512
Intangible assets	985 329	-	(30 668)	954 661
Heritage assets	4 223 599	-	-	4 223 599
Long term receivables	17 166	-	-	17 166
Operating lease asset	99 941 298	-	-	99 941 298
Investments	137 174 000	-	-	137 174 000
	<b>3 082 532 298</b>	<b>-</b>	<b>(4 782 524)</b>	<b>3 077 749 774</b>
<b>TOTAL ASSETS</b>	<b>3 835 513 842</b>	<b>-</b>	<b>7 741 962</b>	<b>3 843 255 804</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Current portion of Other financial liabilities	17 821 746	-	-	17 821 746
Current Employee benefit obligations	43 987 317	-	-	43 987 317
Current Provisions	2 874 538	-	-	2 874 538
Unspent conditional grants and receipts	12 400 304	-	3 385 545	15 785 849
Consumer deposits	36 067 665	-	-	36 067 665
Payables from exchange transactions	205 869 192	-	(24 496)	205 844 696
	<b>319 020 762</b>	<b>-</b>	<b>3 361 049</b>	<b>322 381 811</b>
<b>Non-current Liabilities</b>				
Other financial liabilities	135 791 527	-	-	135 791 527
Operating lease liability	802 823	-	-	802 823
Employee benefits	139 868 778	-	-	139 868 778
Provisions	143 605 235	-	-	143 605 235
Non-current deposits	322 827	-	-	322 827
	<b>420 391 190</b>	<b>-</b>	<b>-</b>	<b>420 391 190</b>
<b>TOTAL LIABILITIES</b>	<b>739 411 952</b>	<b>-</b>	<b>3 361 049</b>	<b>742 773 001</b>
<b>TOTAL NET ASSETS</b>	<b>3 096 101 890</b>	<b>-</b>	<b>4 380 913</b>	<b>3 100 482 803</b>
<b>NET ASSETS</b>				
Self-insurance reserve	172 103 209	-	-	172 103 209
Capital replacement reserve	161 869 514	-	-	161 869 514
Accumulated surplus	2 762 129 167	-	4 380 913	2 766 510 080
	<b>3 096 101 890</b>	<b>-</b>	<b>4 380 913</b>	<b>3 100 482 803</b>

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**49. Prior period errors and reclassifications (continued)**

**STATEMENT OF FINANCIAL PERFORMANCE**

	2022 previously reported	Reclassifi- cations	Prior period errors	2022 restated
<b>Revenue from exchange transactions</b>				
Service charges	850 167 945	-	5 524 946	855 692 891
Construction contracts	14 028 668	-	-	14 028 668
Rental of facilities and equipment	11 563 805	-	-	11 563 805
Agency services - Provincial Traffic	7 481 660	-	-	7 481 660
Interest received - outstanding debtors	7 448 944	-	-	7 448 944
Interest received - external investments	36 956 100	-	-	36 956 100
Other income	61 641 783	-	(3 385 545)	58 256 238
<b>Revenue from non-exchange transactions</b>				
Taxation revenue				
Availability charges	23 548 216	-	-	23 548 216
Property rates	170 542 268	-	-	170 542 268
Interest earned - outstanding property rates	551 359	-	-	551 359
Licences and permits	1 297 821	-	-	1 297 821
Transfer revenue				
Government grants and subsidies	192 894 446	-	-	192 894 446
Public contributions and donations	1 493 736	-	-	1 493 736
Fines, Penalties and Forfeits	18 995 802	-	28 750	19 024 552
<b>TOTAL REVENUE</b>	<b>1 398 612 553</b>	<b>-</b>	<b>2 168 151</b>	<b>1 400 780 704</b>



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**49. Prior period errors and reclassifications (continued)**

	2022 previously reported	Reclassifi- cations	Prior period errors / Change in accounting policy	2022 restated
<b>EXPENDITURE</b>				
Employee related cost	335 289 732	-	-	335 289 732
Remuneration of councillors	12 806 274	-	-	12 806 274
Depreciation, amortisation and asset impairment	368 541 198	-	1 778 267	370 319 465
Bad debts written off	16 914 122	-	-	16 914 122
Finance cost	15 935 947	-	-	15 935 947
Bulk purchases	429 308 778	-	-	429 308 778
Contracted services	174 446 669	-	11 540	174 458 209
Transfers and subsidies paid	7 840 727	-	-	7 840 727
Inventory consumed	84 185 530	-	-	84 185 530
General Expenses	64 566 604	-	-	64 566 604
<b>TOTAL EXPENDITURE</b>	<b>1 509 835 581</b>	<b>-</b>	<b>1 789 807</b>	<b>1 511 625 388</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>				
OPERATING SURPLUS / (DEFICIT)	(111 223 028)	-	378 344	(110 844 684)
Gain / (loss) on disposal of assets and liabilities	6 636 846	-	(1 335 038)	5 301 808
Inventories losses / write-downs	(8 683 252)	-	-	(8 683 252)
Reversal of impairment loss / (Impairment loss) on receivables	(48 743 971)	-	-	(48 743 971)
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(162 013 405)</b>	<b>-</b>	<b>(956 694)</b>	<b>(162 970 099)</b>
<b>CASH FLOW STATEMENT</b>				
	2022 previously reported	Reclassifi- cations	Prior period errors / Change in accounting policy	2022 restated
Net cash from operating activities	212 033 007	-	-	212 025 597
Net cash from investing activities	(270 986 750)	-	-	(270 979 288)
Net cash from financing activities	29 405 876	-	-	29 405 876
Total cash movement for the year	(29 547 867)	-	-	(29 547 867)
Cash and cash equivalents at the beginning of the year	92 086 160	-	-	92 086 160
	<b>62 538 293</b>	<b>-</b>	<b>-</b>	<b>62 538 293</b>

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**49. Prior period errors and reclassifications (continued)**  
 The reclassifications and correction of the error(s) are as follows:

**49.1 Reclassifications**

No reclassifications were done during the year under review.

**49.2 Correction of Error 1 - Service Connections**

Partial disposals of Service Connections not processed as at 30 June 2022.

<b>Affected line items</b>	<b>2022</b>
Property, plant and equipment	(1 311 387)
(Gains) / losses on disposal of assets and liabilities	1 311 387
	-

**49.3 Correction of Error 2 - Finalisation of Cost**

Incorrect Finalisations reversed, both cost and Depreciation and new additions processed.

<b>Affected line items</b>	<b>2022</b>
Property, plant and equipment	16 884
Depreciation, amortisation and asset impairment	(16 884)
	-

**49.4 Correction of Error 3 - Ensuring the completeness of the Stormwater Network**

Ensuring of completeness of asset register by updating the Storm water network information based on the outcome of the the masterplan investigations.

<b>Affected line items</b>	<b>2022</b>
Property, plant and equipment	728 811
Depreciation, amortisation and asset impairment	307 834
Accumulated surplus - 2021 and prior	(1 036 645)
	-

**49.5 Correction of Error 4 - Reactivation of disposed assets**

New moveable additions due to incorrect or missed finalisation entries and re-instate previously disposed assets missing during asset counts.

<b>Affected line items</b>	<b>2022</b>
Property, plant and equipment	62 878
Depreciation, amortisation and asset impairment	25 656
(Gains) / losses on disposal of assets and liabilities	(882)
Accumulated surplus - 2021 and prior	(87 652)
	-

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**49. Prior period errors and reclassifications (continued)**

**49.6 Correction of Error 5 - Ensuring the completeness of the Stormwater Network**

Ensuring the completeness of asset register by updating the Storm water network information based on the outcome of the masterplan investigations.

<b>Affected line items</b>	2022
Property, plant and equipment	2 617 001
Depreciation, amortisation and asset impairment	(174 341)
Accumulated surplus - 2021 and prior	(2 442 660)
	-

**49.7 Correction of Error 6 - Finalisation of Cost**

Finalisation of project completed on or before 30 June 2022.

<b>Affected line items</b>	2022
Property, plant and equipment	(4 526 233)
Depreciation, amortisation and asset impairment	1 619 354
Contracted services	11 539
Accumulated surplus - 2021 and prior	2 895 340
	-

**49.8 Correction of Error 7 - Classification changes**

Classification changes, disposals of assets no longer in use as well as reclassification of expenditure.

<b>Affected line items</b>	2022
Property, plant and equipment	(2 241 480)
Depreciation, amortiation and asset impairment	(28 471)
Accumulated surplus - 2021 and prior	2 269 951
	-

**49.9 Correction of Error 8 - Finalisation of Cost**

Finalisation of projects completed on or before 30 June 2022.

<b>Affected line items</b>	2022
Property, plant and equipment	(98 330)
Intangible assets	(30 668)
Depreciation, amortisation and asset impairment	45 120
(Gains) / losses on disposal of assets and liabilities	24 533
Accumulated surplus - 2021 and prior	59 345
	-

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**49. Prior period errors and reclassifications (continued)**

**49.10 Correction of Error 9 - Hartland Developers Donations**

As per Section 4 of the Memorandum of Agreement between Mossel Bay Municipality and K2011133641 (SA) Proprietary Limited in accordance with Council Resolution E160-09/2020, an additional capital payment will be made to Mossel Bay Municipality together with the capital contribution in respect of each erf or unit, at the time of application for a rates clearance certificate. These amounts received have previously been recognised as capital contribution revenue, and should have been recognised as a reserve.

<b>Affected line items</b>	2022
Unspent conditional grants and receipts	(3 385 545)
Other Income - Development charges	3 385 545
	-

**49.11 Correction of Error 10 - Provincial Traffic fines**

Adjustment to previous year's transactions on Provincial Traffic Fines as per report received from the TCS system.

<b>Affected line items</b>	2022
Receivables from non-exchange transactions	4 254
Payables from exchange transactions	24 496
Fines, penalties and forfeits	(28 750)
	-

# Mossel Bay Municipality

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#### 49. Prior period errors and reclassifications (continued)

##### 49.12 Correction of Error 11 - Incorrect billing of water service charges (factor 10 meters)

Correction in line with Communication of Audit Finding 1 of 2023. Shift Water Service charges revenue to previous and prior year in line with correction of factor application on meter readings.

Affected line items	2022
Receivables from exchange transactions	14 398 267
VAT receivable	(1 878 035)
Service charges - Sale of Water	(6 995 286)
Accumulated surplus - 2021 and prior	(5 524 946)
	-

#### 50. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

#### 51. Change in accounting estimates

##### Change in Useful lives

The Municipality has reassessed the useful lives of Property, plant and equipment (including the restoration cost of landfill sites based on the estimated closure date of each landfill site), Investment Property and Intangible assets and residual values of Property, plant and equipment which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

Movement in depreciation and amortisation	2023	2024	2025	2026
Before change in estimate	9 214 501	10 852 660	1 885 764	45 835
After change in estimate	7 312 694	8 055 328	3 109 272	1 672 368
<b>Net effect (Decrease) / Increased charges</b>	<b>(1 901 807)</b>	<b>(2 797 332)</b>	<b>1 223 508</b>	<b>1 626 533</b>

##### Change in estimate of Rehabilitation costs

A decrease in the estimated cost for the rehabilitation cost of D'Almeida and Friemersheim landfill sites occurred. In terms of iGRAP 2 the reduction will be treated as a credit to the capital asset to the maximum of the carrying value of the respective restoration cost asset, whilst the rest will be set off against the unwinding of the interest. Refer to Note for 42 finance costs.

Movement in provision	2023 - D'Almeida	2023 - Friemersheim
Before change in estimate	20 178 365	6 242 631
After change in estimate	10 584 907	3 587 562
<b>Net effect (Decrease) / Increased charges</b>	<b>(9 593 458)</b>	<b>(2 655 069)</b>

#### 52. Comparison with budget

Reconciliation of budget surplus / (deficit) with the surplus / (deficit) in the Statement of Financial Performance:	2023 R
Net surplus / (deficit) per the statement of financial performance	124 165 571
Net surplus / (deficit) as per approved budget	59 132 613
<b>Variance to be explained (refer to Statement of Comparison of Budget and Actual amounts for detail)</b>	<b>(65 032 958)</b>

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**52. Comparison with budget (continued)**

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2022 to 30 June 2023. The budget information is therefore on a comparable basis to the actual amounts.

<b>Expenditure per VOTE: OPERATIONAL</b>	Budget:	Actuals:	Variance:
Vote 1 - Municipal Manager and Executive Council	61 953 638	60 897 564	1 056 074
Vote 2 - Corporate Services	81 964 358	69 113 598	12 850 760
Vote 3 - Financial Services	67 571 413	62 622 195	4 949 218
Vote 4 - Infrastructure Services	875 483 785	844 012 067	31 471 718
Vote 5 - Community Services	214 319 661	203 817 136	10 502 525
Vote 6 - Planning and Economic Development	72 569 802	55 604 390	16 965 412
Vote 7 - Community Safety	108 844 942	101 077 897	7 767 045
	<b>1 482 707 599</b>	<b>1 397 144 847</b>	<b>85 562 752</b>

<b>Below the line items</b>	Budget	Actual	Variance
Loss on disposal of assets and liabilities	-	9 832 838	(9 832 838)
Inventories losses/write-downs	-	8 777 459	(8 777 459)
Impairment loss on receivables	(38 534 471)	(39 363 299)	828 828
	<b>(38 534 471)</b>	<b>(20 753 002)</b>	<b>(17 781 469)</b>

<b>Grand total</b>	Budget	Actual	Variance
Exp per VOTE + Below the line items	1 444 173 128	1 376 391 845	67 781 283

# Mossel Bay Municipality

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#### 52. Comparison with budget (continued)

##### Detail of Material Variances:

Municipal Manager & Executive Council: The underspending was mainly due to savings on Audit fees.

Corporate Services: The underspending is mainly due to savings on Depreciation cost, IT related costs and the realisation of an Actuarial Gain in the current financial year.

Financial Services: The underspending was mainly due to savings on contracted services for debt collection and savings on Operational costs, specifically on Bank charges, Computer services and Insurance costs.

Infrastructure Services: The underspending was mainly due savings on Bulk Electricity purchases which can be attributed to the current Loadshedding disaster. Other reasons for underspending are Bad debt write-offs budgeted but not realised, depreciation charges and underspending on Employee related costs.

Community Services: The underspending is mainly due to finance cost on Landfill site provision which is reflected as negative expenditure due to change in provision exceeding the carrying value of the assets. Further underspending on Cleaning services and Employee related costs.

Planning & Economic Development: The underspending is mainly due to underspending on Housing grant allocations to the amount of R12.8m. Savings also realised on contracted services and Depreciated was less than anticipated with budget process.

Community Safety: The underspending was mainly due to savings on contracted services for Security and a big savings on Employee related costs due to the Director position being vacant for the financial year.

##### **Expenditure per VOTE: CAPITAL**

	Budget:	Actual:	Variance:
	R	R	R
Vote 1 - Municipal Manager and Executive Council	669 529	500 316	169 213
Vote 2 - Corporate Services	10 458 894	9 582 758	876 136
Vote 3 - Financial Services	2 400 568	1 227 854	1 172 714
Vote 4 - Infrastructure Services	163 858 305	147 470 835	16 387 470
Vote 5 - Community Services	20 998 812	23 153 637	(2 154 825)
Vote 6 - Planning and Economic Development	64 753 228	42 533 774	22 219 454
Vote 7 - Community Safety	21 701 895	18 063 376	3 638 519
	<b>284 841 231</b>	<b>242 532 550</b>	<b>42 308 681</b>

##### Detail of Material Variances:

Corporate Services: The main reason in underspending is due to structural engineers finalising specifications for the Mounting mast for antennas.

Financial Services: The main reason in underspending is due to savings on budgets for replacement of assets relating to insurance claims.

Infrastructure Services: The underspending is mainly due to grant funding for Loadshedding relief grant received only in April 2023. Roll-over applications was motivated and approved by province to be spent in the 23/24 financial year. In year processes was delayed for some construction processes, but are on the way and CRR funds was approved by council to be rolled over to next financial year.

Community Services: The overspending is due to the increased restoration costs of landfill sites.

Planning & Integrated Services: The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. An application will be done to Provincial Treasury for the roll-over of grant funding.

Community Safety: The underspending is mainly due projects delay for purchasing of rubber ducks. An application will be done to Provincial Treasury for the roll-over of grant funding.



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<b>53. Utilisation of Long-term liabilities reconciliation</b>		
Long-term liabilities raised (Refer note 20)	173 506 365	153 613 273
Used to finance property, plant and equipment	(173 506 365)	(153 613 273)
	-	-

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See Note 13 for Cash and Cash Equivalents and to Note 12 for Short-term Investments).

**54. Unauthorised expenditure**

**Reconciliation of unauthorised expenditure**

Opening balance	237 074 760	36 246 537
Unauthorised expenditure current year	2 154 825	237 074 760
Approved by council or condoned	-	(36 246 537)
Transfer to receivables for recovery - not condoned	-	-
<b>Unauthorised expenditure awaiting authorisation</b>	<b>239 229 585</b>	<b>237 074 760</b>

The overspending of R2 154 825 under Community Services vote in the 2022/23 year is due to the recognition of the Landfill site asset as per the report by management expert on the Provision for the Rehabilitation of Landfill sites.

The overspending of R229 562 484 under the Planning and Economic Development vote in the 2021/22 year is due to Impairment losses recognised on Municipal Property after consideration of the latest valuation roll.

The overspending of R7 512 276 under the Community Services vote in the 2021/22 year is due to the recognition of the Landfill site asset as per the report by management expert on the Provision for the Rehabilitation of Landfill sites. The increase in the asset is due to the discount rate used on provision.

Disciplinary steps/criminal proceedings:

2022/23 : Disciplinary board Committee still to consider current year Unauthorised expenditure.

2021/22 : Investigated by Disciplinary board Committee and referred to Council for approval. No financial loss due to unauthorised expenditure. The Disciplinary board Committee found that no official acted negligently.

Non-cash	2 154 825	237 074 760
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**Non-cash analysed as follows:**

Impairment loss / Reversal of impairments	-	229 562 484
Capital additions - Landfill site provision asset	2 154 825	7 512 276
	<b>2 154 825</b>	<b>237 074 760</b>

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<b>55. Irregular expenditure</b>		
<b>Reconciliation of irregular expenditure</b>		
Opening balance	1 214 491	-
Irregular expenditure current year	1 896 960	1 184 739
Recovered	-	-
To be recovered - contingent asset	-	-
Adjustment of prior year disclosure	839 965	29 752
<b>Irregular expenditure awaiting write-off</b>	<b>3 951 416</b>	<b>1 214 491</b>

**2023**

**Incident**

Irregular Expenditure regarding the excess payments made with regards to contractors for Open Space Management and Collection of Refuse. (E115-05/2023)

Irregular Expenditure regarding the excess payments made with regards to contractors for Open Space Management and Collection of Refuse in relation to the entire TDR109/2020/2021. (E201-08/2023)

Adjustment of prior year disclosure: 2022 - Total R839 965  
 In the 2020 irregular expenditure listed below was decreased from the note as Council resolved that the funds had to be recovered and was subsequently listed as and contingent assets was increased by the same. Guidance was however received that the disclosed amount of irregular expenditure can only be decreased once the amounts have actually been recovered or written-off.

**2022**

**Incident**

Irregular Expenditure regarding reallocation allowance that was paid (Non-compliance with SCM regulation 44 - in service of the state) - R2180

Irregular Expenditure identified as a result of payments on TDR19/2019 exceeding the total award amount. R677 284

Irregular Expenditure identified as a result of payments on TDR67/2020/2021 exceeding the total award amount. R505 274

**Adjustment of prior year disclosure: 2021 - Total R29 752**

The Auditor-General identified Irregular Expenditure as a result of non-compliance i.r.o. SCM Regulation 44 (in service of the state).

**Disciplinary steps/criminal proceedings**

Investigated by Disciplinary board Committee and referred to Council. Council resolved irregular expenditure of R35 124 was incurred and the possible negligence to be investigated. (E115-05/2023)

Investigated by Disciplinary board Committee and referred to Council. Council resolved irregular expenditure of R1 861 835,91) was incurred and the possible negligence to be investigated. (E201-08/2023)

**Disciplinary steps/criminal proceedings**

Was reported to the Accounting Officer and will be taken to the Disciplinary Board for Investigation.

Was reported to the Accounting Officer and will be taken to the Disciplinary Board for Investigation.

Was reported to the Accounting Officer and will be taken to the Disciplinary Board for Investigation.

**56. Fruitless and wasteful expenditure**

**Reconciliation of fruitless and wasteful expenditure**

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>-</b>	<b>-</b>

Expenditure was assessed and no fruitless expenditure found in current or previous financial years.

Refer to note 61 for detail of any contingent asset relating to Fruitless and Wasteful expenditure.

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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003)**

**Non-compliance with Municipal Finance Management Act**

No material non-compliance to the MFMA to report for the year under review.

**Non-compliance with provisions in MFMA and MBRR concerning tabling of an Adjustment Budget**

In terms of Section 23(3) of the Municipal Budget and Reporting Regulations (MBRR) the Municipality must at the next available council meeting, but within 60 days of the approval of the relevant provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in Municipal Council.

In terms of Section 23(4) of the Municipal Budget and Reporting Regulations the Municipality must at the first available opportunity after the unforeseeable and unavoidable expenditure was incurred and in terms of Section 29(3) of the Municipal Finance Management Act (MFMA) within 60 days after the expenditure was incurred pass an adjustments budget otherwise expenditure is unauthorised.

Provincial Governments has communicated a Provincial Adjustments budget on 24 November 2022 with Municipalities in Western Cape. According to legislation, the Municipality must table an adjustments budget within 60 days, which is then in effect 24 January. The Mayor has approved Unforeseen expenditure on 25 November and 07 December 2022 which required a budget to be tabled within 60 days.

The municipality has revised its budget for the February Adjustments budget in terms of section 28(2) (a, b, d, f, g) and combined the three different adjustments budgets to relieve capacity issues. A application for extension of deadlines was sent in terms of the MFMA and MBRR to the Minister of Finance in Western Cape, which was accepted.

**Contributions to SALGA**

Opening balance	-	-
Current year subscription / fee	4 149 043	3 686 765
Amount paid - current year	(4 149 043)	(3 686 765)
Amount paid - previous years	-	-
	-	-

**Audit fees**

**External audit fees**

Opening balance	2 230	9 841
Current year fee	5 349 141	4 630 976
Amount paid - current year	(5 349 141)	(4 628 746)
Amount paid - previous years	(2 230)	(9 841)
	-	<b>2 230</b>

**Internal audit fees**

Opening balance	79 838	189 903
Current year fee	1 603 243	1 167 470
Amount paid - current year	(1 058 769)	(1 087 632)
Amount paid - previous years	(79 838)	(189 903)
	<b>544 474</b>	<b>79 838</b>

**PAYE and UIF**

Opening balance	-	-
Current year subscription / fee	52 018 614	48 819 966
Amount paid - current year	(52 018 614)	(48 819 966)
Amount paid - previous years	-	-
	-	-

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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003)**  
**(continued)**

**Pension, Provident and medical aid contributions, Group insurance**

Opening balance	-	-
Current year subscription / fee	111 202 010	104 757 162
Amount paid - current year	(111 202 010)	(104 757 162)
Amount paid - previous years	-	-
	-	-

Disclosure to be added on amount overpaid

**VAT**

VAT (payable) / receivable	13 513 319	13 010 572
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All VAT returns have been submitted by the due date throughout the year.

**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
None	-	-	-
30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
S Dubula	2 858	9 739	12 597
RJG Sethuntsha	3 445	51 303	54 748
	<b>6 303</b>	<b>61 042</b>	<b>67 345</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days:

2023	Highest outstanding amount	Aging (in days)
ME Furness	5 959	90+ days
2022	Highest outstanding amount	Aging (in days)
ME Furness	10 010	90+ days
WP Fipaza	1 577	90+ days
J Siyoko	89	90+ days
S Dubula	9 739	90+ days
MA Mkonto	15 387	90+ days
RJG Sethuntsha	53 759	90+ days
FB Porter	337	90+ days

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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003)**  
**(continued)**

**Supply chain management regulations**

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

**Types of deviations**

Sole Supplier	8 069 212	3 838 000
Emergency	5 842 340	5 769 912
Exceptional case and it is impractical or impossible to follow the official procurement process	38 837 393	35 031 399
	<b>52 748 945</b>	<b>44 639 311</b>

**Awards to close family members of persons in the service of the state**

Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the services of the state in the previous 12 months:

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<b>Awarded to:</b>	<b>Connected person</b>	<b>Position held in state</b>	<b>2023</b>	<b>2022</b>
3rd Generation Trading PTY LTD	Renay Pillay	Environmental officer - PetroSA	2 845 047	2 105 919
Afezekiswa Mining and Construction CC	SN Kolwapi	Intern - Gauteng Housing department	421 600	-
Alveo Water (Pty) Ltd	Yazeed Daniels	School Finance and Record Officer at Western Cape Education Department	171 429	176 935
Amandle/Khubeka JV	John Emanuel Jacobs	Principal Inspector - National Government Employmen and Labour	8 663 116	-
	Unita Frazenburg	Registrar of Deeds - National Government Kimberley Deeds Office	-	-
	Eben Frazenburg	Teacher - WC Education Department	-	-
	Jacqueline Frazenburg	Teacher - WC Education Department	-	-
	Bruay Frazenburg	Municipal Prosecutor - City of Cape Town (Traffic Department)	-	-
Beneatas (Pty) Ltd	Marulyn Kannemeyer	Councillor - Mossel Bay Municipality	57 845	-
CH Fire Services CC	Unchin Kannemeyer	Snr SCM Practitioner: Compliance and Contract Administration - Mossel Bay Municipality	151 922	61 521
Chumani Architects (Pty) Ltd	Mareen Williams	Nurse - Mossel Bay Provincial Hospital	545 138	150 000
CML Civil Construction	Z van Wyk	Teacher - WC Education Department	24 800	-
DG Incentives (Pty) Ltd	Nonhlanhla Kumalo	Manager - Ports Regulator of SA	86 415	-
Diphororo Consulting (Pty) Ltd	Ntombana Del Sekgaphane	Official - Sector Education and Training Authority (SETA)	222 120	-
Drs Dietrich Voigt Mia Partners	Christene Maas-Loftus	Senior Medical officer - Department of Health	451	-
Ducharme Asset Management Accounting (Pty) Ltd	Lamahlibi Mbekeni	Snr Legal Admin officer - Department of Rural Development and Land Reform	-	980 659
Emakozeni Trading Enterprises CC Trading as Harvey World Travel Engineering Advice Services Western Cape (PTY) LTD	RS Zikode	Official - Department of Trade and Industry	203 684	145 001
	Shaun Westerberg	Manager: Building Development - Mossel Bay Municipality	343 213	1 744 743
	Erlene Westerberg	Personal Assistant: Municipal Manager - Mossel Bay Municipality	-	-
GIBB (PTY) LTD	Various employees : See Below		750 162	-
	Dianne Alderman	Teacher - EC Dept of Education	-	-
	Rajiv Beharie	Senior Engineer - Eskom	-	-
	Ian Bowker	Head of Dept - Dept of Asset Mngmnt and Maintenance in Transport	-	-

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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003)**  
**(continued)**

Irma Brink	Teacher - FS Dept of Education	-	-
Sonnika Cilliers	Teacher - Dept of Education	-	-
Liezel Cloete	Lecturer - Dept of Higher Education and Training	-	-
Dolerencia Davids	Admin officer - City of Cape Town	-	-
Hilton Davids	Admin officer - City of Cape Town	-	-
Jacqueline Gooch	Head of Dept - Dept of Transport and Public Works	-	-
Thando Gqobo	Civil Engineering Technician - Ethekweni Municipality	-	-
MB Haq	Town Planner - City Engineers	-	-
Conrad Hering	Electrical Engineer - Dept of Transport and Public Works	-	-
Siyamthanda Jafta	Assistant Mngr - EC Dept of Transport	-	-
Heinrich Jaskolka	Magistrate - Dept of Justice	-	-
Yvette Joubert	Teacher - WC Education Department	-	-
Tebho Kabi	Senior Technician - Eskom	-	-
Douglas Kiewiet	Area Mngr - Dept of Water Affairs	-	-
Unathi Lekonyana	Deputy Director - National Treasury	-	-
Gerda Magnus	Acting Deputy Director General - Dept of Higher Education and Training	-	-
Nokuzola Mandla	Control Works inspector - EC Dept of Human Settlements	-	-
Nokuthula Mkhize	Accounting Clerk - National Dept of Water Affairs	-	-
Londani Mkhumbuzi	Senior Clerk - KwaDukuza Municipality	-	-
David Moffett	Director Spatial Planning - Dept of Rural Development and Land Reform	-	-
Alan Moon	Head: Business Continuity - City of Cape Town	-	-
K Naidoo	Head of Dept Maths- Dept of Education	-	-
Herbert Netzhikweta	Senior Inspector - Dept of Minerals Resource	-	-
Phumlani Ngcamu	Snr Civils Technician - Ethekweni Municipality	-	-
Donovan O'Reilly	Warrant Officer - SAPS	-	-
Fawizia Peer	Deputy Mayor - Ethekweni Municipality	-	-
Funanani Phidza	Director ICT - Economic Development	-	-
Rendani Phidza	Snr Control Officer - Sports and Recreation	-	-
Thendo Phidza	Jnr Service Engineer - Eskom	-	-



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<b>57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)</b>				
	Vuyokazi Sicwebu	PMU Manager - Ndlambe Municipality	-	-
	Sadra Singh	HR Officer - Dept of Education	-	-
	F Strampe	Chief Accounting Clerk - SAPS	-	-
Gouws N.E Transport	MH Pongolo	Parks Supervisor - Mossel Bay Municipality	381 634	620 840
Ikapa Reticulation and Flow CC	Sophia Davids	WCED - Special needs teacher	2 711 464	6 394 549
Improchem (Pty) Ltd	Dr Mokhele	Special Advisor - Minister of Science	21 898 717	10 109 603
Just-Breeze General Trading CC	Dr Matshidiso Mphahlele-Ntladi	Dentist: Department of Health (Limpopo)	3 055 337	4 861 595
Leanco Business Services & Training Centre CC	C Neethling	Councillor - George Municipality	24 600	-
Legendary Caterers (Pry) Ltd	L M Daniels	Official - Dept of Social Development	89 850	-
Lifesaving Medical Rescue	C Klaasen	First respondent - Department of Health	2 816 257	-
Lowveld Venom Suppliers	C A Hobkirk	Ranger - Mpumalanga Tourism and Parks Agency	19 100	-
Manho's Funerals (Pry) Ltd	KR Moolman	Senior Process Controller - PetroSA	11 720	-
Mossel Bay Tourism Bureau	Carel Venter	Director: Planning and Economic Development - Mossel Bay Municipality	6 864 064	5 794 746
	Venolea Fortuin	Councillor - Mossel Bay Municipality	-	-
	Mark Furness	Councillor - Mossel Bay Municipality	-	-
NCC Environmental Services (PTY) LTD	Chandre Rhoda	Invasive species programme manager - City of Cape Town	29 700	1 018 263
Nedbank Limited	Venussha Subramoney	Teacher - Department of Education	1 000 000	-
Poongavanum General Cleaning Services T/A Rig Marketing	Renay Pillay	Environmental officer - PetroSA	1 400 969	1 596 749
Prima Part	Vicky Basson	Manager: Budget and Reporting - Mossel Bay Municipality	254 926	105 408
RS Rose Enterprises (Pry) Ltd	R Rose	Senior Process Controller - Petro SA	113 260	-
Red Ant Security Relocation Eviction Services (Pty) Ltd	Noxolo Lesiela	Organisational Design and Development Practitioner - Mogale City Local Municipality	1 625 616	3 249 186
Setlatlapi Business Enterprise	P C Lerefolo	Official - Eskom	91 464	-
Signage Guys	Enrico Claassens	Warrant Officer - SAPS	18 525	-
Siphakame Skills Development	Ntobeko Vacu	Economic growth officer - Drakenstein Municipality	-	411 984
South Cape Fire Services CC	Merlin Carl Seconds	Electrical Attendant - Mossel Bay Municipality	88 560	-
Swannie's Auto Clinic	Rudi Swanepoel	Sergeant Detective - KwaNonqaba Police Station	543 360	506 430
	Benita Swanepoel	Sergeant - SAPS (Uniform Division)	-	-

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<b>57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)</b>				
Urhwebo-E-Transand	Craig Mostert	Occupational Health and Safety Officer - Mossel Bay Municipality	-	9 383 750
Vredebest removals (Pty) Ltd	Dehan Barnard	Traffic officer - Mossel Bay Municipality	-	1 896
Zutari (Pty) Ltd	Various employees: see below		6 368 545	7 769 569
	HC Ahlschiager	Legal representative - Special Investigation Unit	-	-
	S Seagens	Head of Security Architecture - City of Cape Town	-	-
	K Nadasen	Director: Key Account Manager - National Department of Public Works	-	-
	T Mncube	Specialist category manager (SCM) - Airports Company South Africa	-	-
	M Msiwa	Official - KZN: Office of the Premier	-	-
			<b>63 894 610</b>	<b>57 189 346</b>

The transactions are concluded in full compliance with the Supply Chain Management Policy of the Council and the transactions are considered to be at arms length.

No awards made to Councillors, Senior Managers or Employees of Mossel Bay Municipality.

**Levies paid to other government organisations**

Skills Development Fund Levy	3 041 305	2 854 162
Bargaining Council Levy	137 457	126 331
	<b>3 178 762</b>	<b>2 980 493</b>

**Material losses**

**Electricity distributed losses**

Units purchased (kWh)	293 657 128	315 121 678
Units lost during distribution (kWh)	39 182 107	43 612 164
Percentage lost during distribution	13,34 %	13,84 %

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

**Water distributed losses**

Mega litres purified	8 827	8 160
Mega litres lost during distribution	1 161	1 340
Percentage lost during distribution	13,15 %	16,42 %

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

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<b>58. BBBEE Performance</b>		
Information on compliance with the Broad-Based Economic Empowerment Act (B-BBEE Act) is included in the Annual Report under the section 5.12 titled B-BBEE Compliance Performance Information.		
<b>59. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already approved and contracted for</b>		
• Infrastructure	220 086 111	23 323 792
• Community	4 180 359	1 081 998
• Other	1 152 038	79 695 367
	<b>225 418 508</b>	<b>104 101 157</b>
<b>Approved but not yet contracted</b>		
• Infrastructure	6 059 713	13 941 581
• Community	-	6 168 466
• Other	-	-
	<b>6 059 713</b>	<b>20 110 047</b>
<b>Total capital commitments will be financed from</b>		
Borrowing	64 935 817	-
Capital replacement reserve	47 258 653	40 343 508
Capital replacement reserve / Government grants	73 610 606	2 186 422
Government grants	45 673 146	81 681 274
Public contributions / donations	-	-
	<b>231 478 222</b>	<b>124 211 204</b>

The commitments presented above are inclusive of VAT.

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**60. Related parties**

Parties are considered to be related if:

- One party has the ability to control the other party; or
- Exercise significant influence over the other party in making financial and operating decisions.

**Related party balances**

**Related party transactions**

**Other Related Parties**

Mossel Bay Tourism	6 318 924	5 794 746
Vredebest Removals (Pty)Ltd	-	1 896
Joint Operation Centre	3 050 000	-

One Director and two councillors of Mossel Bay Municipality are board members of the Mossel Bay Tourism Bureau (Mr Carel Venter, Ms Venolea Fortuin and Mr Mark Furness).

Mr Dehan Barnard is one of the Directors of the Vredebest Removals and is employed at Mossel Bay as Traffic Officer.

Councillor Leon Van Dyk is one of the Directors of the Joint Operation Centre NPC.

The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

**Administration fees paid to (received from) related parties**

Porter, F	(12 500)	-
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Fine paid by Councillor Porter to Mossel Bay Municipality in terms of Item 2 of the Code of Conduct for Councillors. A total fine of R30 000 will be paid over 12 months.

**Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

**Mossel Bay Municipality**  
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**60. Related parties (continued)**

**Remuneration of management**

**Councillors/Mayoral committee members**

**2023**

<b>Name</b>	<b>Basic salary</b>	<b>Travel and Subsistence exp</b>	<b>Termination benefits</b>	<b>Medical Aid Contributions</b>	<b>Pension Fund Contributions</b>	<b>Other benefits received</b>	<b>Total</b>
Barker, Anco	198 034	-	-	-	-	109 278	307 312
Baron, Elroy Absolom	277 325	-	-	-	-	140 442	417 767
Bavuma, Joseph Johannes	277 325	-	-	-	-	139 162	416 487
Bayman, John Clifford	465 370	-	-	-	81 745	230 372	777 487
Bobelo, Nosiphiwo Veronica	2 797	-	-	-	-	932	3 729
Booisen, Niklaas Cedric	421 615	-	-	17 280	74 370	219 088	732 353
Botha, Willem Stephanus	283 467	-	-	-	-	141 209	424 676
Buda, Witness Thembeni	188 332	-	-	-	28 250	120 194	336 776
Claassen, Donovan Chavei	182 066	-	-	-	32 337	118 188	332 591
Coetzee, Lodewyk Juan	254 956	-	-	-	-	131 705	386 661
Dellemijn, Anton	513 265	-	-	-	-	219 088	732 353
Dubula, Sibobalo	186 752	-	-	-	27 650	118 188	332 590
Fipaza, Wineka Primrose	2 179	-	-	-	-	726	2 905
Fortuin, Venolia	509 242	-	-	17 280	20 615	230 379	777 516
Furness, Mark Edgar	513 265	-	-	-	-	219 088	732 353
Gouws J	216 582	-	-	-	-	120 194	336 776
Groenewald, Barend Hendrik Jacobus	2 179	-	-	-	-	726	2 905
Gwaza, Noxolo	186 752	-	-	-	27 650	118 188	332 590
Janse van Rensburg, Anna Susanna Maria	216 582	-	-	-	-	120 194	336 776
Jansen, C	2 179	-	-	-	-	726	2 905
Kamfer, Davie	216 281	-	-	-	-	119 917	336 198
Kannemeyer, Marulyn	220 982	-	-	17 280	39 063	140 442	417 767
Kotzé, Dirk	682 969	-	-	-	-	275 657	958 626
Le Roux, Nicky	415 949	-	-	17 280	74 871	216 087	724 187
Levendal, Harry Joseph	6 887	-	-	-	-	2 296	9 183



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**60. Related parties (continued)**

Liebenberg, Willem Hendrik	214 402	-	-	-	-	118 188	332 590
Lichaba, Petrus	2 179	-	-	-	-	726	2 905
Matyesini, Zitulele Nelson	186 619	-	-	-	27 783	118 188	332 590
Mbandezi, Sebenzile Stanford	2 179	-	-	-	-	726	2 905
Mbolompo, Nobuzwe Julia	2 179	-	-	-	-	726	2 905
Meyer, Erica	242 179	-	-	17 280	17 866	140 442	417 767
Mkonto, Mzini Andile	214 402	-	-	-	-	118 188	332 590
Mvumvu, Thabo President	277 325	-	-	-	-	140 442	417 767
Porter, Faizell Baselero	214 402	-	-	-	-	118 188	332 590
Ruiters, Rosina Henrietta	199 302	-	-	17 280	-	120 194	336 776
Sethuntsha, Rethabile Jabulile Grace	186 619	-	-	-	27 783	118 188	332 590
Siyoko, Julia	2 179	-	-	-	-	726	2 905
Terblanche, Petru	5 510	-	-	-	-	1 837	7 347
Van Dyk, Leon	510 897	-	-	-	-	218 299	729 196
	<b>8 703 705</b>	<b>-</b>	<b>-</b>	<b>103 680</b>	<b>479 983</b>	<b>4 467 524</b>	<b>13 754 892</b>

**2022**

Name	Basic salary	Travel and Subsistence exp	Termination benefits	Medical Aid Contribution	Pension Fund Contribution	Other benefits received	Total
Barker, Anco	131 674	-	-	-	-	70 185	201 859
Baron, Elroy Absolom	235 709	-	-	5 760	-	121 290	362 759
Bavuma, Joseph Johannes	168 821	-	-	-	-	82 567	251 388
Bayman, John Clifford	459 134	-	-	-	44 320	208 617	712 071
Bobelo, Nosiphiwo Veronica	81 775	-	-	5 760	5 696	45 584	138 815
Booisen, Niklaas Cedric	412 754	-	-	17 280	53 423	201 952	685 409
Botha, Willem Stephanus	173 910	-	-	-	-	84 264	258 174
Buda, Witness Thembeni	177 672	-	-	-	26 651	108 907	313 230
Claassen, Donovan Chavei	123 883	-	-	-	7 792	70 184	201 859
Coetzee, Lodewyk Juan	131 674	-	-	-	-	70 185	201 859
De Klerk, Maria Cornelia	72 648	-	-	-	-	38 723	111 371
Dellemijn, Anton	483 457	-	-	-	-	201 952	685 409
Dubula, Sibobalo	125 012	-	-	-	6 663	70 184	201 859

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#### 60. Related parties (continued)

Fipaza, Wineka Primrose	62 259	-	-	-	10 389	38 723	111 371
Fortuin, Venolia	431 417	-	-	17 280	55 474	208 857	713 028
Furness, Mark Edgar	483 457	-	-	-	-	201 952	685 409
Gouws J	204 322	-	-	-	-	108 908	313 230
Groenewald, Barend Hendrik Jacobus	47 628	-	-	-	9 458	33 535	90 621
Gwaza, Noxolo	125 012	-	-	-	6 663	70 184	201 859
Janse van Rensburg, Anna Susanna Maria	204 322	-	-	-	-	108 908	313 230
Jansen, C	72 648	-	-	-	-	38 723	111 371
Kamfer, Davie	194 289	-	-	-	-	103 560	297 849
Kannemeyer, Marulyn	203 431	-	-	12 960	25 078	121 290	362 759
Kotzé, Dirk	598 506	-	-	-	-	240 302	838 808
Le Roux, Nicky	254 038	-	-	11 520	47 317	130 055	442 930
Levendal, Harry Joseph	201 491	-	-	-	28 072	91 027	320 590
Liebenberg, Willem Hendrik	131 674	-	-	-	-	70 185	201 859
Lichaba, Petrus	67 896	-	-	-	4 752	38 723	111 371
Matyesini, Zitulele Nelson	120 570	-	-	-	11 105	70 184	201 859
Mbandezi, Sebenzile Stanford	62 259	-	-	-	10 389	38 723	111 371
Mbolompo, Nobuzwe Julia	63 764	-	-	-	8 884	38 723	111 371
Meyer, Erica	207 558	-	-	17 280	16 631	121 290	362 759
Mkonto, Mzini Andile	131 674	-	-	-	-	70 185	201 859
Mvumvu, Thabo President	241 469	-	-	-	-	121 290	362 759
Porter, Faizell Baselero	131 674	-	-	-	-	70 185	201 859
Ruiters, Rosina Henrietta	177 532	-	-	17 280	9 511	108 907	313 230
Sethuntsha, Rethabile Jabulile Grace	120 570	-	-	-	11 105	70 184	201 859
Siyoko, Julia	57 377	-	-	5 760	9 511	38 723	111 371
Terblanche, Petru	177 890	-	-	5 760	-	75 724	259 374
Van Dyk, Leon	404 516	-	-	-	-	175 991	580 507
	<b>7 957 366</b>	<b>-</b>	<b>-</b>	<b>116 640</b>	<b>408 884</b>	<b>3 979 635</b>	<b>12 462 525</b>

Other benefits received includes Travel and Cellphone allowances.

It must be noted that the Related party disclosure differs from the Remuneration of Councillors note due to accrual entries.

The note has been adjusted to remove the Travel and Subsistence expenditure disclosed in previous year Annual Financial Statements due to specific exclusion of reimbursement for expenditure in the applicable GRAP standard.



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**60. Related parties (continued)**

**Executive management**

**2023**

<b>Name</b>	Fees for services as a member of management	Basic salary	Bonuses and performance related payments	Other long-term benefits	Travel and Subsistence exp	Other benefits received	Total
Giliomee, MG	-	-	37 102	-	-	177	37 279
Puren, C	-	1 252 635	134 430	-	-	422 309	1 809 374
Naidoo, S	-	1 705 787	168 319	-	-	449 859	2 323 965
Jantjies, E	-	-	138 871	-	-	177	139 048
Fredericks, O	-	1 128 675	178 747	-	-	223 295	1 530 717
Potgieter, A	-	666 413	-	-	-	106 607	773 020
Nel, E	-	1 088 504	120 691	-	-	438 119	1 647 314
Venter, CJ	-	1 292 790	133 783	-	-	440 305	1 866 878
	-	<b>7 134 804</b>	<b>911 943</b>	-	-	<b>2 080 848</b>	<b>10 127 595</b>

**2022**

<b>Name</b>	Fees for services as a member of management	Basic salary	Bonuses and performance related payments	Leave payout	Termination benefits	Other long-term benefits	Travel and Subsistence exp	Other benefits received	Total
Giliomee, MG	-	41 318	178 330	252 821	398 221	-	-	74 559	945 249
Puren, C	-	1 037 140	104 783	-	-	-	-	360 761	1 502 684
Naidoo, S	-	1 620 909	168 319	-	-	-	-	431 095	2 220 323
Jantjies, E	-	1 348 233	138 871	136 851	-	-	-	356 707	1 980 662
Fredericks, O	-	1 093 645	58 702	-	-	-	-	194 849	1 347 196
Nel, E	-	1 054 301	118 907	-	-	-	-	403 758	1 576 966
Venter, CJ	-	1 217 094	133 783	-	-	-	-	419 538	1 770 415
	-	<b>7 412 640</b>	<b>901 695</b>	<b>389 672</b>	<b>398 221</b>	-	-	<b>2 241 267</b>	<b>11 343 495</b>

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 60. Related parties (continued)

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Other benefits received includes Motor Vehicle allowance, Telephone allowance, Medical Aid contribution, Post Retirement fund contribution, Group insurance, UIF and Industrial council levies.

It must be noted that the Related Party disclosures differ from the Note on Employee Related Costs due to accrual entries.

The note has been adjusted to remove the Travel and Subsistence expenditure disclosed in previous year Annual Financial Statements due to specific exclusion of reimbursement for expenditure in the applicable GRAP standard.

Key Management and Councillors receive and pay for services from the municipality on the same terms and conditions as other ratepayers / residents. Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

The amounts outstanding are unsecured and will be settled in cash.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

#### General information on amounts of outstanding balances in relation to related parties:

The same terms and conditions apply to the outstanding balances as for all consumers of municipal services.

No guarantees are given or received in relation to related party transactions.

No provision for doubtful debts are made in relation to the amounts of outstanding balances and no expense was recognised during the period in respect of bad or doubtful debts due from related parties.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 61. Contingencies

##### Contractual disputes

Below is a list of possible liability claims where the outcome was unknown at 30 June 2023 with the maximum unforeseen liability for the Municipality:

	2023	2022
Allandale and Others v Mossel Bay Municipality: claim for flood damages.	-	16 516 054
Stonetrade Trust v Mossel Bay Municipality: claim with regard to Mid-Income housing.	64 220 976	64 220 976
Attpower (Pty) Ltd v Mossel Bay Municipality: claim based on the so-called breach of contract.	-	227 844 296
Delict JF van Niekerk and Other v Mossel Bay Municipality: letter of demand was received from 53 registered owners in the Municipal Jurisdiction who were affected by the landslip in the Seemeeu Park residential area.	89 562 000	125 000 000
A summons was received for a public liability claim which could not be settled with the insurance brokers. Damages due to injuries is claimed.	250 000	250 000
	<b>154 032 976</b>	<b>433 831 326</b>

The Allandale case is no longer disclosed as a contingent liability. The main action was shelved, and the Applicant will need to bring a substantive application to proceed. The chances of the case being continued again seems to be remote and in line with GRAP 19 paragraph 35 such contingent liabilities do not have to be disclosed.

A settlement agreement was reached during the financial year under review between Mossel Bay Municipality and Attpower Developments (Pty) Ltd.

The reduction in contingency amount for the Seemeeupark Landslip case is due to notices to remove Cause of Complaints were lodged. A further Notice to Amend was received in April 2023. Amended Particulars of Claim was filed.

Guarantees of employees housing loans:

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases.

Note: Council has received the funds on one of the guarantees, but are awaiting confirmation of cancellation of the guarantee.

	2023	2022
The maximum amount of the guarantees to which council has a right to recovery.	31 285	24 285

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 61. Contingencies (continued)

##### Other contingent liabilities:

##### Arbitration cases:

There is currently one dispute under arbitration and conciliations between the municipality and person applied for a position. An amount of R575 982 is estimated for the claim, but the outcome and timing is not available.

##### VAT on Library Grant funds:

The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Mossel Bay Municipality is not assigned a Library function, and is also not acting formally in terms of an SLA as agent of the province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from SARS, till such time that clarity is obtained it will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest and penalties as per the latest rates of SARS.

	2023	2022
VAT on Library grant funds including interest and penalties	19 614 451	13 577 764

#### 62. Risk management

##### Financial risk management

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high-quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the Municipality's investment policy. These limits are reviewed annually by the CFO and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are put on auxiliary.

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 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).

##### Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the Municipality are backed by appropriate assets and it has adequate liquid resources. Council has an approved Long-term financial plan which brought policies and procedures in place to monitor the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

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**62. Risk management (continued)**

**Exposure to financial risks**

Financial assets exposed to credit risk at year end were as follows:

**Maximum Credit Risk of Financial instrument**

Long term receivables	309 450	383 856
Unpaid Construction contract advances	7 160 318	2 342 761
Receivables from exchange transactions	140 739 924	116 308 884
Receivables from non-exchange transactions	3 886 742	3 719 965
Investments	167 174 000	137 174 000
Short-term investments	559 963 409	525 544 655
Cash and cash equivalents	53 759 880	62 538 988
<b>Maximum Credit Risk Exposure</b>	<b>932 993 723</b>	<b>848 013 109</b>

Change in previous year risk due to addition of Unpaid construction contract advances and Availability charge receivables.

**Market risk**

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. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

**Interest rate risk**

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes. The possible impact on financial instruments is disclosed in note 67.

**63. Events after the reporting date**

The following event having financial implications requiring disclosure occurred subsequent to 30 June 2023.

Municipal Manager remuneration:

On 10 August 2023, Council item E196/08-2023 was approved by Council, whereby the Municipal Manager's remuneration package was amended to be in line with the approval obtained from the National Minister of Corporate Governance and Traditional Affairs. A letter was sent to the Minister to seek further clarification on the conditions set so as to make the necessary adjustments to the financial statements. The outcome of the clarification is unknown, hence no changes was made in the Annual Financial Statements as yet.

**64. Accounting by principals and agents**

**Details of the arrangements are as follows:**

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**64. Accounting by principals and agents (continued)**

<b>Municipality as Agent / Principle</b>	<b>Other Party in agreement</b>	<b>Purpose of Arrangement</b>	<b>Description of Arrangement</b>	<b>Significant Terms and Conditions of Arrangement</b>
Agent	Provincial Department of Transport	Motor Vehicle registration	The Municipality undertakes to handle Motor vehicle license issuing on behalf of the Department of Transport and collects a commission of 12% plus VAT.	The municipality collect motor registration fees on behalf of Provincial Administration. Payment is made weekly based on the e-Natis reports Agency fees to the value of 12% plus VAT is withhold from the payment to the Province
Agent	Provincial Department of Transport	Drivers Licence applications	The Municipality undertakes to handle Driver's licence applications on behalf of the Department of Transport.	The value of application fees is determined by the Provincial administration. The Municipality recognise all fees collected as agency fees.
Agent	Provincial Department of Transport	Administration of Drivers licence cards - RTMC (Road Traffic Management Company)	The Municipality undertakes to issue Driver's licence cards on behalf of the Department of Transport.	The municipality collect all application fees on behalf of Provincial Administration and recognise the revenue as agency fees. The cost for the production of a drivers licence card, for each successful applicant, is paid by the Municipality to the service provider appointed by Provincial Administration based on an invoice of RTMC (Road Traffic Management Company)
Agent	Department of Justice	Administration of Court fees	The Municipality undertakes to collect Court Fines on behalf of the Department of Justice and get no commission for this service.	The municipality collect content of court fees on behalf of the Dept of Justice, which is paid over on a monthly basis. The Municipality has no rights to an administration fee on the content of court fees.

# Mossel Bay Municipality

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#### 64. Accounting by principals and agents (continued)

Agent	Provincial Department of Human Settlements	Administration of the Building of Houses	The Human settlements Department has an agreement with the municipality to administer the process for building of houses for third parties in terms of Chapter 3 of the National Housing Code. For the year under review Mossel Bay Municipality was the Agent for the following housing projects: Wolwedans Housing project.	<p>A) Mossel Bay Municipality does not have the power to determine the significant terms and conditions of the transactions, Department of Human Settlements is responsible for the construction of houses and is responsible for preparing contracts and project agreements and Appointing contractors for housing development.</p> <p>B) Mossel Bay Municipality, is only the fund administrator, therefore Mossel Bay Municipality does not have the ability to use resources from the transactions substantially for its own benefit.</p> <p>C) Department of Human Settlement is responsible for fulfilling the rights and obligations under the contractual arrangement entered into with contractors and/or other service providers. Thus, Mossel Bay Municipality is not exposed to variability in the result of the transactions.</p>
Principal	Utilities	Prepaid electricity vendor	Mossel Bay Municipality requires a prepayment vending and management system, which includes inspection of pre-paid meters and tamper management.	The system must provide for all types of payment methods. System must be operation on a 24 hour per day, 7 days a week, 365 days a year basis. No changes during the reporting period.
Principal	Easypay	Municipal account payment	That the Municipality's accounts for services owed to it by customers be paid at various Collectors and Easypay will accept payments on the Municipality's behalf and pay over to Municipality at a collection cost.	Funds shall be transferred daily in a consolidated total via ACM transfer to the Municipality's nominated bank account. No changes during the reporting period



# Mossel Bay Municipality

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#### 64. Accounting by principals and agents (continued)

Principal	Pay@	Municipal account payment	That the Municipality make use of the Pay@ account payment system available in retail and other networks and Pay@ shall provide the required systems to interface with Networks to enable the Data to be presented and payments to be made by the Municipality's customers.	Data of municipal accounts shall be updated regularly. Systems shall be maintained and commission, supply and install systems necessary for provisioning of the Payment solution. No Changes during the reporting period.

#### Municipality as agent

##### Resources held on behalf of the principal(s), but recognised in the municipality's own financial statements

The resources regarding the Licensing Department, Dept of Justice and Department of Human Settlements remain their own and do not form part of the Municipality's financial statements.

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R8 148 171 (2022: R7 481 660 ).

Motor Vehicle registration - Dept of Transport	4 447 486	4 053 017
Drivers Licence applications - Dept of Transport	3 700 685	3 428 643
RTMC - Dept of Transport	-	-
Court Fees - Dept of Justice	-	-
Administration of Housing - Dept of Human Settlements	-	-
	<b>8 148 171</b>	<b>7 481 660</b>

##### Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity have a net effect of R56 850 that is still owed by the Municipality and will be paid over to the Department of Transport / Department of Justice in the new financial year.

Corresponding rights of reimbursement that have been recognised as assets have a net effect of R5 308 and relates to Motor Vehicle registrations.

##### Category(ies) of revenue received / expenses paid on behalf of the principal, are:

The two categories of revenue received on behalf of the principal is Licensing fees (includes Vehicle licences, Drivers licences and Drivers licence cards) and Court fees.

##### Amount of revenue received /expenses paid on behalf of the principal during the reporting period

Agent Principal arrangement	2023	2022
Motor Vehicle registration - Dept of Transport	42 626 405	39 810 337
Drivers Licence applications - Dept of Transport	880 506	878 243
RTMC - Dept of Transport	4 277 160	4 233 528
Court Fees - Dept of Justice	889 850	287 800
Administration of Housing - Dept of Human Settlements	-	-
	<b>48 673 921</b>	<b>45 209 908</b>

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**64. Accounting by principals and agents (continued)**

**Receivables and / or payables recognised based on the rights and obligations established in the binding arrangement(s)**

Name of Receivables / Payable recognised	Receivables / Payable	2023	2022
Motor Vehicle registration	Payable	-	-
Drivers licence applications	Receivable	(5 308)	29 480
Court fees	Payable	56 850	58 800
	-	<b>51 542</b>	<b>88 280</b>

**Reconciliation of the carrying amount of receivables**

Drivers licence applications	2023	2022
Opening balance	29 480	30 823
Revenue that principal is entitled to	880 506	878 243
Amounts transferred to the Principal	(915 294)	(879 586)
	<b>(5 308)</b>	<b>29 480</b>

**Reconciliation of the carrying amount of payables**

Payables (Motor Vehicles registrations, RTMC and Court Fees)	2023	2022
Opening balance	58 800	30 000
Revenue that principal is entitled to	47 793 415	44 331 665
Amounts transferred to the principal	(42 680 735)	(39 525 656)
Commission	(5 114 630)	(4 777 209)
	<b>56 850</b>	<b>58 800</b>

**Municipality as principal**

**Resources (including assets and liabilities) of the municipality under the custodianship of the agent**

No assets or liabilities of Mossel Bay Municipality are under the custodianship of Utilities, Easypay or Pay@.

**Fee(s) paid as compensation to the agent**

Commission paid	2023	2022
Utilities - Prepaid electricity vendor	6 247 038	6 257 887
Easypay - Municipal account payment	684 874	587 058
Pay@ - Municipal account payment	724 395	722 938
	<b>7 656 307</b>	<b>7 567 883</b>

**Resource(s) and / or cost implications for the municipality if the principal-agent arrangement is terminated**

There are no resource or cost implications for the municipality if the arrangements are terminated.

**65. Going concern**

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R2 826 219 234 and that the municipality's total assets exceed its liabilities by R3 224 648 385.

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.

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**65. Going concern (continued)**

The ability of the municipality to continue as a going concern is dependent on a number of factors. In assessment whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

Further to that the Municipality has put in place cost containment measures to curb unnecessary spending. All stakeholders are referred to the Municipal Budget as well as Long Term Financial Plan which is used to assess whether the going concern assumption is appropriate.

**66. Interests in other entities**

**Interests in joint arrangements**

**Material joint arrangements**

**Joint arrangement**

Name of the joint arrangement:	Construction and operations of a jointly-owned 15 Mega litres per day Seawater Desalination facility
Nature of the entity's relationship with the joint arrangement:	Contract with PetroSA on Construction and operations of a jointly-owned 15 Mega litres per day Seawater Desalination facility
Domicile and legal form of the joint arrangement:	Contract signed between Mossel Bay Municipality and PetroSA for Construction and Operations of Desalination plant.
Proportion of ownership interest or participating share held by the entity:	Title and ownership of the Desalination facility shall vest in the Municipality and PetroSA proportional to their respective funding contributions.
Proportion of voting rights held:	The Municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred, income from the sale or use of its share of the Desalination plant, together with its share of the expenses incurred on the Desalination plant, and any expenses it incurs in relation to its interest in the asset.

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**67. Financial instruments disclosure**

**Categories of financial instruments at amortised cost**

**FINANCIAL ASSETS**

**Investments**

Long-term investments 167 174 000 137 174 000

**Short-term investments**

Standard Bank 126 432 922 220 528 187

ABSA Bank 65 358 937 -

Nedbank 368 171 550 305 016 468

**Short-term investment deposits**

Short-term investment deposits - 20 458 615

**Cash and cash equivalents**

Bank balances 53 742 926 42 058 736

Cash on hand 16 954 21 637

**Long-term receivables**

Land Sales Debtors 1 013 1 356

Bursary Obligations 279 390 233 574

Housing Selling Schemes 29 047 148 926

**Unpaid Construction contract advances**

Unpaid Construction contract advances 7 160 318 2 342 761

**Receivables from exchange transactions**

Electricity 52 183 959 49 722 837

Water 40 125 274 30 876 290

Sewerage 8 642 630 7 256 993

Refuse 8 958 829 7 462 741

Land sales 305 419

Housing selling schemes 10 276 2 702

Housing rental 12 270 5 167

Other (Merchandising, Jobbing, Contracts and Service charges) 30 806 381 20 981 735

**Other receivables from non-exchange transactions**

Other 781 276 1 299 019

Availability charges - Electricity 1 403 092 1 014 230

Availability charges - Sanitation and Sewerage 771 643 626 529

Availability charges - Water 930 731 780 187

**932 993 723 848 013 109**

**FINANCIAL LIABILITIES**

**Other financial liabilities**

Long term loan 173 506 365 153 613 273

**Payables from exchange transactions**

Trade payables 155 745 741 146 252 421

Accrued Expenditure 157 339 103 734

Retentions 14 070 268 11 469 937

Other payables 1 070 301 731 599

Other deposits 9 446 852 9 027 503

Auditor-General of South Africa - 2 565

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<b>67. Financial instruments disclosure (continued)</b>		
<b>Consumer deposits</b>		
Electricity	21 924 843	20 710 297
Water	16 658 240	15 357 368
<b>Non-current deposits</b>		
Santos Pavillion Repair Fund	344 472	322 827
<b>Employee benefit obligations</b>		
Performance bonus accrual	915 477	868 431
Staff leave accrual	23 818 173	23 068 357
Bonus accrual	8 354 514	8 457 333
Employee Overtime / Standby allowance accrual	2 339 131	1 945 104
Long Service awards	19 178 038	21 066 809
<b>Unspent conditional grants and receipts</b>		
Unspent conditional grants and receipts	22 783 507	12 310 911
<b>Cash and cash equivalents</b>		
Bank overdraft	-	-
	<b>470 313 261</b>	<b>425 308 469</b>

Comparatives have been restated due to correction of prior period errors. Refer to Note 49.

Changes are made to the Other receivables from Non-exchange transactions totals by adding Availability charges amounts which are also financial instruments and removing Government grants and subsidies amount that is a statutory receivable.

**Methods and assumptions are used to determine the amortised cost of each class of financial instrument**

Cash and Cash Equivalents: The carrying amount approximates the amortised cost due to the relatively short-term nature of these financial assets.

Trade and Other receivables / payables: The carrying amount of trade and other receivables (net of provision for debt impairment) / payables approximates amortised cost due to the relatively short-term nature of these assets / liabilities.

Long-term Receivables / payables: Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are at amortised cost based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis point increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 67. Financial instruments disclosure (continued)

Adjustment in interest rates: The effect of a 1% increase / decrease in interest rate would have the following effect:

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**67. Financial instruments disclosure (continued)**

**2023**

<b>Net effect of interest-bearing instruments on surplus</b>	<b>Balance</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Effective interest rate</b>	<b>Effect of a 1% adjustment in interest rate</b>
	-	-	-	- %	-
<b>Financial assets</b>					
Cash and cash equivalents	53 759 880	3 792 303	-	6,52 %	581 494
Receivables from exchange transactions	140 739 924	6 781 230	-	5,28 %	1 285 244
Receivables from non-exchange transactions	3 886 742	-	-	- %	-
Short-term investments	559 963 409	39 500 661	-	7,28 %	5 427 540
Investments	167 174 000	11 792 705	-	7,75 %	1 521 740
Long-term receivables	309 450	14 910	-	4,30 %	3 467
Unpaid Construction contract advances	7 160 319	-	-	- %	-
	-	-	-	- %	-
<b>Financial liabilities</b>					
Trade and other payables from exchange transactions	155 745 741	-	-	- %	-
Non-current deposits	344 472	-	21 644	6,49 %	(3 336)
Consumer deposits	-	-	-	- %	-
Unspent conditional grants and receipts	22 783 507	-	590 540	3,37 %	(175 472)
Other financial liabilities	173 506 365	-	13 449 062	8,22 %	(1 635 598)
Finance lease obligation	-	-	-	- %	-
Subtotal					
	<b>1 285 373 809</b>	<b>61 881 809</b>	<b>14 061 246</b>	<b>49,21 %</b>	<b>7 005 079</b>

**2022**

<b>Net effect of interest-bearing instruments on surplus</b>	<b>Balance</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Effective interest rate</b>	<b>Effect of a 1% adjustment in interest rate</b>
	-	-	-	- %	-
<b>Financial assets</b>					
Cash and cash equivalents	62 538 987	3 186 726	-	4,12 %	773 126
Receivables from exchange transactions	116 308 883	7 195 073	-	6,55 %	1 098 718
Receivables from non-exchange transactions	3 719 965	-	-	- %	-
Short-term investments	525 544 655	26 779 561	-	5,43 %	4 935 075
Investments	137 174 000	6 989 814	-	5,72 %	1 221 740
Long-term receivables	383 855	23 746	-	5,09 %	4 668
Unpaid Construction contract advances	2 342 760	-	-	- %	-
	-	-	-	- %	-
<b>Financial liabilities</b>					
Trade and other payables from exchange transactions	146 252 421	-	-	- %	-
Non-current deposits	322 827	-	9 293	2,92 %	(3 182)
Consumer deposits	-	-	-	- %	-
Unspent conditional grants and receipts	12 310 910	-	81 758	1,02 %	(79 843)
Other financial liabilities	153 613 273	-	8 788 424	6,54 %	(1 344 752)
	<b>1 160 512 536</b>	<b>44 174 920</b>	<b>8 879 475</b>	<b>37,39 %</b>	<b>6 605 550</b>

Refer to Note 49 for detail regarding the correction of prior period errors.



# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 68. Segment information

##### General information

##### Identification of segments

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The seven key functional segments comprise of:

- Municipal Manager and Executive Council
- Corporate Services
- Financial Services
- Infrastructure Services
- Community Services
- Planning and Economic Development
- Community Safety

Management does not at present have reliable separate financial information of assets and liabilities for the different segments, except for the capital additions as disclosed. Processes are in process of being put in place to generate this information at transaction level and in the most cost effective manner.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 68. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2023

	Municipal Manager and Executive Council	Corporate Services	Financial Services	Infrastructure Services	Community Services	Planning and Economic Development	Community Safety	Total
<b>Revenue</b>								
<b>Revenue from exchange transactions</b>								
Service charges	-	-	-	782 539 578	83 497 150	-	-	866 036 728
Construction contracts	-	-	-	-	-	1 251 298	-	1 251 298
Rental of facilities and equipment	-	-	-	104 269	1 333 624	11 257 060	-	12 694 953
Agency services - Provincial Traffic	-	-	-	-	-	-	8 148 171	8 148 171
Interest received - outstanding debtors	695 042	-	-	5 153 483	1 123 306	11 582	-	6 983 413
Interest received - external investments	-	-	55 085 669	-	-	-	-	55 085 669
Other income	32 521 775	11 516	5 119 637	1 985 021	1 512 106	18 129 825	324 267	59 604 147
<b>Revenue from non-exchange transactions</b>								
<b>Taxation revenue</b>								
Availability charges	-	-	-	24 354 025	-	-	-	24 354 025
Property rates	707 095	-	191 416 133	-	-	-	-	192 123 228
Interest earned - outstanding property rates	-	-	895 873	-	-	-	-	895 873
Licences and Permits	-	-	-	-	28 059	-	1 289 116	1 317 175
<b>Transfer revenue</b>								
Government grants & subsidies recognised	6 472 998	279 005	1 550 000	130 742 568	40 199 938	42 672 966	3 143 405	225 060 880
Public contributions and donations	438 059	-	-	4 041 590	428 432	-	3 043	4 911 124
Fines, penalties and forfeits	1 548 043	-	-	1 918 254	16 832	-	22 752 174	26 235 303
Internal recoveries	54 600 759	63 703 612	(12 656 352)	63 117 549	4 434 701	4 308 621	71 765	177 580 655
<b>Total segment revenue</b>	<b>96 983 771</b>	<b>63 994 133</b>	<b>241 410 960</b>	<b>1 013 956 337</b>	<b>132 574 148</b>	<b>77 631 352</b>	<b>35 731 941</b>	<b>1 662 282 642</b>

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	Municipal Manager and Executive Council	Corporate Services	Financial Services	Infrastructure Services	Community Services	Planning and Economic Development	Community Safety	Total
<b>68. Segment information (continued)</b>								
<b>Expenditure</b>								
Employee related costs	11 691 936	49 798 316	38 411 133	107 964 114	76 784 829	29 785 613	55 633 104	370 069 045
Remuneration of councillors	13 413 696	-	-	-	-	-	-	13 413 696
Depreciation, amortisation and asset impairment	78 358	3 072 051	748 467	101 862 428	23 942 566	4 552 053	3 698 328	137 954 251
Bad debts written off	5 626 384	-	913 121	46 414 029	17 628 070	-	8 325 900	78 907 504
Finance costs	612 186	-	-	12 800 225	180 544	-	-	13 592 955
Bulk purchases	-	-	-	436 942 993	-	-	-	436 942 993
Contracted services	15 255 340	2 784 496	9 384 226	46 417 938	59 025 473	11 801 203	22 377 717	167 046 393
Transfers and subsidies paid	319 633	200 985	-	-	233 630	6 470 902	4 303 384	11 528 534
Inventory consumed	297 738	514 136	444 714	80 121 950	16 853 058	356 645	5 150 812	103 739 053
General expenses	13 602 293	12 743 615	12 720 534	11 488 390	9 168 965	2 637 973	1 588 678	63 950 448
	68 060	20 128	132 141	115 260 589	39 709 181	10 056 553	12 334 678	177 581 330
Internal charges								
<b>Total segment expenditure</b>	<b>60 965 624</b>	<b>69 133 727</b>	<b>62 754 336</b>	<b>959 272 656</b>	<b>243 526 316</b>	<b>65 660 942</b>	<b>113 412 601</b>	<b>1 574 726 202</b>
Gain / (loss) on disposal of assets and liabilities	-	(139 765)	(15 527)	540 704	(7 358 907)	13 013 343	(17 248)	6 022 600
Inventories losses / write-downs	-	-	-	(8 777 459)	-	-	-	(8 777 459)
Reversal of impairment loss / (Impairment loss) on receivables	(1 086 303)	-	(237 019)	33 809 056	13 549 262	9 100	(6 680 797)	39 363 299
<b>Total segmental surplus / (deficit)</b>	<b>34 931 844</b>	<b>(5 279 359)</b>	<b>178 404 078</b>	<b>80 255 982</b>	<b>(104 761 813)</b>	<b>24 992 853</b>	<b>(84 378 705)</b>	<b>124 164 880</b>
<b>Assets</b>								
Capital additions during the year	500 316	9 582 758	1 227 854	147 470 835	23 153 637	42 533 774	18 063 376	242 532 550

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**68. Segment information (continued)**

**2022**

	Municipal Manager and Executive Council	Corporate Services	Financial Services	Infrastructure Services	Community Services	Planning and Economic Development	Community Safety	Total
<b>Revenue</b>								
<b>Revenue from exchange transactions</b>								
Service charges	-	-	-	771 317 952	84 374 941	-	-	855 692 893
Construction contracts	-	-	-	-	-	14 028 668	-	14 028 668
Rental of facilities and equipment	-	-	-	-	1 119 925	10 405 912	37 966	11 563 803
Agency service - Provincial Traffic	-	-	-	-	-	-	7 481 660	7 481 660
Interest received - outstanding debtors	623 233	-	-	5 262 923	1 535 567	27 220	-	7 448 943
Interest received - external investments	-	-	36 956 100	-	-	-	-	36 956 100
Other income	31 263 940	1 409	5 318 356	1 965 625	2 066 190	16 779 434	861 281	58 256 235
<b>Revenue from non-exchange transactions</b>								
<b>Taxation revenue</b>								
Availability charges	-	-	-	23 548 217	-	-	-	23 548 217
Property rates	570 043	-	169 972 223	-	-	-	1	170 542 267
Interest earned - outstanding property rates	-	-	551 359	-	-	-	-	551 359
Licences and permits	-	-	-	-	44 032	-	1 253 789	1 297 821
<b>Transfer revenue</b>								
Government grants & subsidies recognised	38 856 055	176 580	1 550 000	89 140 078	34 655 665	28 515 117	953	192 894 448
Public contributions and donations	179 912	-	-	1 201 053	112 772	(1)	-	1 493 736
Fines, penalties and forfeits	2 067 322	-	-	557 811	27 745	-	16 371 675	19 024 553
Internal recoveries	33 580 377	56 954 694	5 231 847	58 573 168	4 455 775	2 951 631	5 883 435	167 630 927
<b>Total segment revenue</b>	<b>107 140 882</b>	<b>57 132 683</b>	<b>219 579 885</b>	<b>951 566 827</b>	<b>128 392 612</b>	<b>72 707 981</b>	<b>31 890 760</b>	<b>1 568 411 630</b>

# Mossel Bay Municipality

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	Municipal Manager and Executive Council	Corporate Services	Financial Services	Infrastructure Services	Community Services	Planning and Economic Development	Community Safety	Total
<b>68. Segment information (continued)</b>								
<b>Expenditure</b>								
Employee related costs	9 011 967	35 490 880	36 297 948	101 286 183	73 129 472	27 467 108	52 606 179	335 289 737
Remuneration of councillors	12 806 274	-	-	-	-	-	-	12 806 274
Depreciation, amortisation and asset impairment	56 702	2 150 663	643 036	96 355 137	18 458 263	249 708 741	2 946 911	370 319 453
Bad debts written off	474 344	-	93 916	4 049 492	1 521 220	-	10 775 150	16 914 122
Finance costs	91 049	-	-	8 251 330	7 593 567	-	-	15 935 946
Bulk purchases	-	-	-	429 308 778	-	-	-	429 308 778
Contracted services	6 298 145	2 565 810	13 884 871	52 888 533	49 653 368	27 895 038	21 272 447	174 458 212
Transfers and subsidies paid	264 911	167 023	-	-	245 350	6 008 193	1 155 250	7 840 727
Inventory consumed	221 019	401 601	384 168	62 234 782	14 361 704	472 414	6 109 840	84 185 528
General expenses	12 193 557	12 249 752	12 955 269	10 976 350	12 310 400	2 531 522	1 349 764	64 566 614
Internal charges	29 902	24 711	128 982	112 288 299	35 021 695	8 059 070	12 077 592	167 630 251
<b>Total segment expenditure</b>	<b>41 447 870</b>	<b>53 050 440</b>	<b>64 388 190</b>	<b>877 638 884</b>	<b>212 295 039</b>	<b>322 142 086</b>	<b>108 293 133</b>	<b>1 679 255 642</b>
Gain / (loss) on disposal of assets and liabilities	(218 419)	(14 812)	(154 053)	1 013 952	(56 579)	4 659 232	72 487	5 301 808
Inventories losses / write-downs	-	-	(24 562)	(8 658 690)	-	-	-	(8 683 252)
Reversal of impairment loss / (Impairment loss) on receivables	-	-	(760 232)	(37 144 849)	(10 575 260)	(59 720)	(203 909)	(48 743 970)
<b>Total segmental surplus/(deficit)</b>	<b>65 474 593</b>	<b>4 067 431</b>	<b>154 252 848</b>	<b>29 138 356</b>	<b>(94 534 266)</b>	<b>(244 834 593)</b>	<b>(76 533 795)</b>	<b>(162 969 426)</b>
<b>Assets</b>								
Capital additions during the year	226 368	4 203 644	3 056 593	114 577 547	32 471 243	26 744 955	5 966 473	187 246 823

Refer to Note 49 for detail regarding the correction of prior period errors.

# Mossel Bay Municipality

## Annual Financial Statements for the year ended 30 June 2023

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#### 68. Segment information (continued)

##### Measurement of segment surplus or deficit, assets and liabilities

##### Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

##### The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations

Inter-segment transfers: segment revenue and segment expense include revenue and expense arising from internal charges and recoveries between segments. Such transfers are usually accounted for at cost and are eliminated on consolidation. The amount of these transfers was R 177 581 330 (2022: R 167 630 251).

##### Information about geographical areas

Management does not at present have reliable separate financial information of geographical areas for decision making purposes. Processes are in process of being put in place to generate this information at transaction level and in the most cost effective manner.

**Mossel Bay Municipality**  
**Annual Financial Statements for the year ended 30 JUNE 2023**

**APPENDIX A**

<b>SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023</b>										
<b>External loans</b>	<b>Institution</b>	<b>Interest rate</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2022</b>	<b>Received during the period</b>	<b>Redeemed / written off during the period</b>	<b>Unamortised discount on loans</b>	<b>Balance at 30 JUNE 2023</b>	<b>Carrying value of PPE</b>	<b>Other costs in accordance with the MFMA</b>
<b>LONG-TERM LOANS</b>										
DBSA loan R30m	Development Bank of South Africa	10.55%	30/06/2027	10 000 000		2 000 000	-	8 000 000	-	-
ABSA loan R4.8m	ABSA Bank	9.00%	01/07/2026	2 376 403		525 464		1 850 938		
ABSA loan R6.5m	ABSA Bank	9.50%	2027/07/01	3 896 738		655 094		3 241 644		
Nedbank loan R5.6m	Nedbank	9.10%	01/07/2028	3 826 691		515 291		3 311 400		
DBSA loan R10m	Development Bank of South Africa	9.47%	30/06/2029	7 003 806		1 000 544		6 003 262		
DBSA loan R35m	Development Bank of South Africa	9.47%	30/06/2029	27 222 222		3 888 889	-	23 333 333		
DBSA loan R12m	Development Bank of South Africa	9.47%	30/06/2029	9 333 334		1 333 333		8 000 000		
DBSA loan R7.8m	Development Bank of South Africa	9.47%	30/06/2029	6 066 666		866 667	-	5 200 000		
Nedbank loan R2.2m	Nedbank	7.36%	30/06/2025	1 394 546		428 166	-	966 380		
Nedbank loan R1.35m	Nedbank	5.54%	30/06/2031	1 246 972		92 107		1 154 864		
Nedbank loan R13.68m	Nedbank	5.54%	30/06/2031	12 635 978		933 355		11 702 623		
Nedbank loan R18m	Nedbank	5.54%	30/06/2031	16 626 287		1 228 098		15 398 189		
Nedbank loan R10.6m	Nedbank	5.87%	30/06/2031	9 772 475		758 157		9 014 318		
Nedbank loan R17.8m	Nedbank	5.87%	30/06/2031	16 411 156		1 273 191		15 137 964		
Nedbank loan R6m	Nedbank	5.93%	30/06/2032	6 000 000		401 649		5 598 352		
Nedbank loan R5m	Nedbank	5.93%	30/06/2032	5 000 000		334 707		4 665 293		
Nedbank loan R14.8m	Nedbank	5.93%	30/06/2032	14 800 000		972 195		13 827 805		
Nedbank loan R14.5m	Nedbank	10.33%	30/06/2033		14 500 000			14 500 000		
Nedbank loan R18.1m	Nedbank	10.33%	30/06/2033		18 100 000			18 100 000		
Nedbank loan R4.5m	Nedbank	10.33%	30/06/2033		4 500 000			4 500 000		
<b>Total long-term loans</b>				<b>153 613 274</b>	<b>37 100 000</b>	<b>17 206 908</b>	<b>-</b>	<b>173 506 366</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>153 613 274</b>	<b>37 100 000</b>	<b>17 206 908</b>	<b>-</b>	<b>173 506 366</b>	<b>-</b>	<b>-</b>





APPENDIX B

APPROPRIATION STATEMENT AS AT 30 JUNE 2023

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
<b>2023</b>											
<b>FINANCIAL PERFORMANCE</b>											
<b>Revenue</b>											
Property rates	187 231 481	3 764 013	190 995 494	-	-	190 995 494	192 123 228	-	1 127 734	101%	103%
Service charges	902 005 650	-16 260 300	885 745 350	-	-	885 745 350	890 390 755	-	4 645 405	101%	99%
Rental of facilities and equipment	8 572 239	1 080 475	9 652 714	-	-	9 652 714	12 694 951	-	3 042 237	132%	148%
Interest earned - external investments	36 590 684	13 291 470	49 882 154	-	-	49 882 154	55 085 669	-	5 203 515	110%	151%
Interest earned - outstanding debtors	8 189 450	-928 050	7 261 400	-	-	7 261 400	7 879 287	-	617 887	109%	96%
Dividends received	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!
Fines, penalties and forfeits	4 964 827	13 295 141	18 259 968	-	-	18 259 968	26 235 303	-	7 975 335	144%	528%
Licences and permits	1 315 737	-1 266	1 314 471	-	-	1 314 471	1 317 174	-	2 703	100%	100%
Agency services	8 528 104	290 743	8 818 847	-	-	8 818 847	8 148 171	-	-670 676	92%	96%
Transfers recognised - operational	157 889 720	583 153	158 472 873	-	-	158 472 873	143 728 277	-	-14 744 596	91%	91%
Other revenue	33 555 723	23 676 547	57 232 270	-	-	57 232 270	59 604 147	-	2 371 877	104%	178%
Gains	500 000	-	500 000	-	-	500 000	15 855 437	-	15 355 437	3171%	3171%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 349 343 615</b>	<b>38 791 926</b>	<b>1 388 135 541</b>	<b>-</b>	<b>-</b>	<b>1 388 135 541</b>	<b>1 413 062 400</b>	<b>-</b>	<b>24 926 859</b>	<b>102%</b>	<b>105%</b>
<b>Expenditure</b>											
Employee related costs	408 917 455	-3 785 591	405 131 864	-	-305 476	404 826 388	370 069 042	-	-34 757 346	91%	90%
Remuneration of councillors	15 638 320	-1 403 443	14 234 877	-	-	14 234 877	13 413 697	-	-821 180	94%	86%
Debt impairment	39 086 764	12 745 674	51 832 438	-	-	51 832 438	39 544 204	-	-12 288 234	76%	101%
Depreciation & asset impairment	122 227 220	73 802	122 301 022	-	-	122 301 022	137 954 237	-	15 653 215	113%	113%
Finance charges	15 668 614	-1 191 886	14 476 728	-	-	14 476 728	13 592 954	-	-883 774	94%	87%
Bulk purchases	444 610 761	12 574 070	457 184 831	-	-	457 184 831	436 942 993	-	-20 241 838	96%	98%
Inventory consumed	88 132 456	10 512 466	98 644 922	-	3 394 122	102 039 044	103 739 049	-	1 700 005	102%	118%
Contracted services	180 314 270	14 951 437	195 265 707	-	865 113	196 130 820	167 046 390	-	-29 084 430	85%	93%
Transfers and subsidies	11 220 570	821 246	12 041 816	-	-	12 041 816	11 528 534	-	-513 282	96%	103%
Other expenditure	76 871 348	-4 312 425	72 558 923	-	-3 953 759	68 605 164	72 727 908	-	4 122 744	106%	95%
Losses	500 000	-	500 000	-	-	500 000	9 832 586	-	9 332 586	1967%	1967%
<b>Total expenditure</b>	<b>1 403 187 778</b>	<b>40 985 350</b>	<b>1 444 173 128</b>	<b>-</b>	<b>-</b>	<b>1 444 173 128</b>	<b>1 376 391 593</b>	<b>-</b>	<b>-67 781 535</b>	<b>95%</b>	<b>98%</b>
<b>Operating Surplus/(Deficit)</b>											
	<b>-53 844 163</b>	<b>-2 193 424</b>	<b>-56 037 587</b>	<b>-</b>	<b>-</b>	<b>-56 037 587</b>	<b>36 670 807</b>	<b>-</b>	<b>92 708 394</b>	<b>-65%</b>	<b>-68%</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	105 151 000	10 019 200	115 170 200	-	-	115 170 200	84 396 177	-	-30 774 023	73%	80%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	3 098 849	-	3 098 849	#DIV/0!	#DIV/0!
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>51 306 837</b>	<b>7 825 776</b>	<b>59 132 613</b>	<b>-</b>	<b>-</b>	<b>59 132 613</b>	<b>124 165 832</b>	<b>-</b>	<b>65 033 219</b>	<b>210%</b>	<b>242%</b>
Taxation	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!
<b>Surplus/(Deficit) for the year</b>	<b>51 306 837</b>	<b>7 825 776</b>	<b>59 132 613</b>	<b>-</b>	<b>-</b>	<b>59 132 613</b>	<b>124 165 832</b>	<b>-</b>	<b>65 033 219</b>	<b>210%</b>	<b>242%</b>



APPENDIX B

APPROPRIATION STATEMENT AS AT 30 JUNE 2023

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE AND FUNDS SOURCES</b>											
Total capital expenditure	284 937 019	-95 788	284 841 231		-	284 841 231	242 532 550		-42 308 681	85%	85%
<b>CASH FLOWS</b>											
Net cash from / (used) in operating activities	203 661 875	-5 001 990	198 659 885		-	198 659 885	264 883 238		66 223 353	133%	130%
Net cash from / (used) in investing activities	-251 398 519	-24 359 557	-275 758 076		-	-275 758 076	-279 515 836		-3 757 760	101%	111%
Net cash from / (used) in financing activities	45 612 635	-22 955 036	22 657 600		-	22 657 600	5 853 490		-16 804 110	26%	13%
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-2 124 008</b>	<b>-52 316 582</b>	<b>-54 440 590</b>	-	-	<b>-54 440 590</b>	<b>-8 779 107</b>		<b>-16 804 110</b>	<b>16%</b>	<b>413%</b>
Cash and cash equivalents at the beginning of the year	15 085 454	47 453 534	62 538 988		-	62 538 988	62 538 987				
<b>Cash and cash equivalents at year end</b>	<b>12 961 446</b>	<b>-4 863 048</b>	<b>8 098 398</b>	-	-	<b>8 098 398</b>	<b>53 759 880</b>	-	<b>-16 804 110</b>	<b>664%</b>	<b>415%</b>

APPENDIX B

APPROPRIATION STATEMENT AS AT 30 JUNE 2023

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
<b>2022</b>											
<b>FINANCIAL PERFORMANCE</b>											
<b>Revenue</b>											
Property rates	167 277 466	28 843	167 306 309	-	-	167 306 309	170 542 268		3 235 959	102%	102%
Service charges	885 701 574	-12 716 484	872 985 090	-	-	872 985 090	879 241 109		6 256 019	101%	99%
Rental of facilities and equipment	8 057 263	430 153	8 487 416	-	-	8 487 416	11 563 804		3 076 388	136%	144%
Interest earned - external investments	26 422 131	760 653	27 182 784	-	-	27 182 784	36 956 100		9 773 316	136%	140%
Interest earned - outstanding debtors	5 048 930	2 808 113	7 857 043	-	-	7 857 043	8 000 302		143 259	102%	158%
Dividends received	-	-	-	-	-	-	-		-	#DIV/0!	#DIV/0!
Fines, penalties and forfeits	8 317 554	3 952 898	12 270 452	-	-	12 270 452	19 024 551		6 754 099	155%	229%
Licences and permits	1 285 791	-8 152	1 277 639	-	-	1 277 639	1 297 821		20 182	102%	101%
Agency services	7 645 674	536 332	8 182 006	-	-	8 182 006	7 481 660		-700 346	91%	98%
Transfers recognised - operational	139 689 616	22 009 318	161 698 934	-	-	161 698 934	152 006 694		-9 692 240	94%	109%
Other revenue	27 348 557	8 690 865	36 039 422	-	-	36 039 422	58 256 239		22 216 817	162%	213%
Gains	-	-	-	-	-	-	8 516 683		8 516 683	#DIV/0!	#DIV/0!
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 276 794 556</b>	<b>26 492 539</b>	<b>1 303 287 095</b>	<b>-</b>	<b>-</b>	<b>1 303 287 095</b>	<b>1 352 887 231</b>		<b>49 600 136</b>	<b>104%</b>	<b>106%</b>
<b>Expenditure</b>											
Employee related costs	385 111 599	-14 468 454	370 643 145	-	-	370 643 145	335 289 728		-35 353 417	90%	87%
Remuneration of councillors	15 044 049	-1 921 780	13 122 269	-	-	13 122 269	12 806 275		-315 994	98%	85%
Debt impairment	52 576 355	-3 830 291	48 746 064	-	-	48 746 064	65 658 094		16 912 030	135%	125%
Depreciation & asset impairment	134 887 650	-12 511 631	122 376 019	-	-	122 376 019	370 319 452		247 943 433	303%	275%
Finance charges	10 549 343	5 641 915	16 191 258	-	-	16 191 258	15 935 947		-255 311	98%	151%
Bulk purchases	411 329 540	-1 900 061	409 429 479	-	-65 000	409 364 479	429 308 778		19 944 299	105%	104%
Inventory consumed	88 430 904	3 335 356	91 766 260	-	2 118 159	93 884 419	84 185 525		-9 698 894	90%	95%
Contracted services	179 045 693	31 971 075	211 016 768	-	-249 402	210 767 366	174 458 205		-36 309 161	83%	97%
Transfers and subsidies	6 780 140	1 444 132	8 224 272	-	-77 000	8 147 272	7 840 728		-306 544	96%	116%
Other expenditure	77 714 819	936 894	78 651 713	-	-1 726 756	76 924 957	73 249 856		-3 675 101	95%	94%
Losses	4 470 044	-1 104 936	3 365 108	-	-	3 365 108	3 214 874		-150 234	96%	72%
<b>Total expenditure</b>	<b>1 365 940 136</b>	<b>7 592 219</b>	<b>1 373 532 355</b>	<b>-</b>	<b>1</b>	<b>1 373 532 356</b>	<b>1 572 267 461</b>	<b>-</b>	<b>198 735 105</b>	<b>114%</b>	<b>115%</b>
<b>Operating Surplus/(Deficit)</b>	<b>-89 145 580</b>	<b>18 900 320</b>	<b>-70 245 260</b>	<b>-</b>	<b>-1</b>	<b>-70 245 261</b>	<b>-219 380 230</b>	<b>-</b>	<b>-149 134 969</b>	<b>312%</b>	<b>246%</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	100 688 000	25 337 436	126 025 436	-	-	126 025 436	56 297 383		-69 728 053	45%	56%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-		-	#DIV/0!	#DIV/0!
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	112 772		112 772	#DIV/0!	#DIV/0!
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11 542 420</b>	<b>44 237 756</b>	<b>55 780 176</b>	<b>-</b>	<b>-1</b>	<b>55 780 175</b>	<b>-162 970 075</b>		<b>-218 750 250</b>	<b>-292%</b>	<b>-1412%</b>
Taxation	-	-	-	-	-	-	-		-	#DIV/0!	#DIV/0!
<b>Surplus/(Deficit) for the year</b>	<b>11 542 420</b>	<b>44 237 756</b>	<b>55 780 176</b>	<b>-</b>	<b>-1</b>	<b>55 780 175</b>	<b>-162 970 075</b>		<b>-218 750 250</b>	<b>-292%</b>	<b>-1412%</b>

APPENDIX B

APPROPRIATION STATEMENT AS AT 30 JUNE 2023

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE AND FUNDS SOURCES</b>											
Total capital expenditure	241 609 372	33 622 805	275 232 177		-	275 232 177	187 246 824		-87 985 353	68%	77%
<b>CASH FLOWS</b>											
Net cash from / (used) in operating activities	156 895 267	59 267 685	216 162 952		-	216 162 952	212 033 038		-4 129 914	98%	135%
Net cash from / (used) in investing activities	-163 070 872	-138 611 306	-301 682 178		-	-301 682 178	-270 986 758		30 695 420	90%	166%
Net cash from / (used) in financing activities	12 843 961	-4 325 441	8 518 521		-	8 518 521	29 405 875		20 887 354	345%	229%
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6 668 356</b>	<b>-83 669 062</b>	<b>-77 000 706</b>	<b>-</b>	<b>-</b>	<b>-77 000 706</b>	<b>-29 547 845</b>	<b>-</b>	<b>47 452 860</b>	<b>38%</b>	<b>-443%</b>
Cash and cash equivalents at the beginning of the year	4 823 020	87 263 140	92 086 160		-	92 086 160	92 086 160				
<b>Cash and cash equivalents at year end</b>	<b>11 491 377</b>	<b>3 594 078</b>	<b>15 085 454</b>	<b>-</b>	<b>-</b>	<b>15 085 454</b>	<b>62 538 314</b>	<b>-</b>	<b>47 452 860</b>	<b>415%</b>	<b>544%</b>

