



Msukaligwa Local Municipality



2022/2023 Draft Annual Report

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



To be Provided in the Final Report.

MUNICIPAL MANAGER'S OVERVIEW



To be Provided in the Final Report.

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1.1. INTRODUCTION TO BACKGROUND DATA

The municipality performs its functions in terms of Section 152 and 153 of the Constitution of the Republic of South Africa, Act 108 of 1996. In addition to these provisions, Schedule 4, Part B of the Constitution further provides for the functional areas of the local municipality and for the municipality to render such services. However, it should be borne in mind that some of the functions may not be applicable to this municipality as some are rendered by the District Municipality since the municipality does not have capacity to render those services. Those services that are not rendered by this municipality are indicated in this document.

Improving the lives of the citizens of the municipality through the provision of improved service delivery remains at the centre of the municipal priorities hence the municipality has through the District, conditional grants and other funding mechanisms extended its services to rural/farms communities by providing water through boreholes and water tankers, sanitation and electricity. To date, the majority of farm settlements have access to basic water, sanitation through VIP toilets and electricity though challenges are experienced in some areas where water boreholes get dry. As a result of limited resources, there are some areas that still need services provision at rural/farm area, which the municipality is giving attention to.

All urban areas within the municipality have access to running water, which includes informal settlements areas where water is provided through communal taps. The municipality has met the millennium target of eradicating the bucket system in all its towns with the exception of informal settlements where pit latrines are still used. In dealing with the informal settlements, the municipality has plans in place to relocate those settlements where in-situ development is not possible and developed those that could be developed.

T 1.2.1

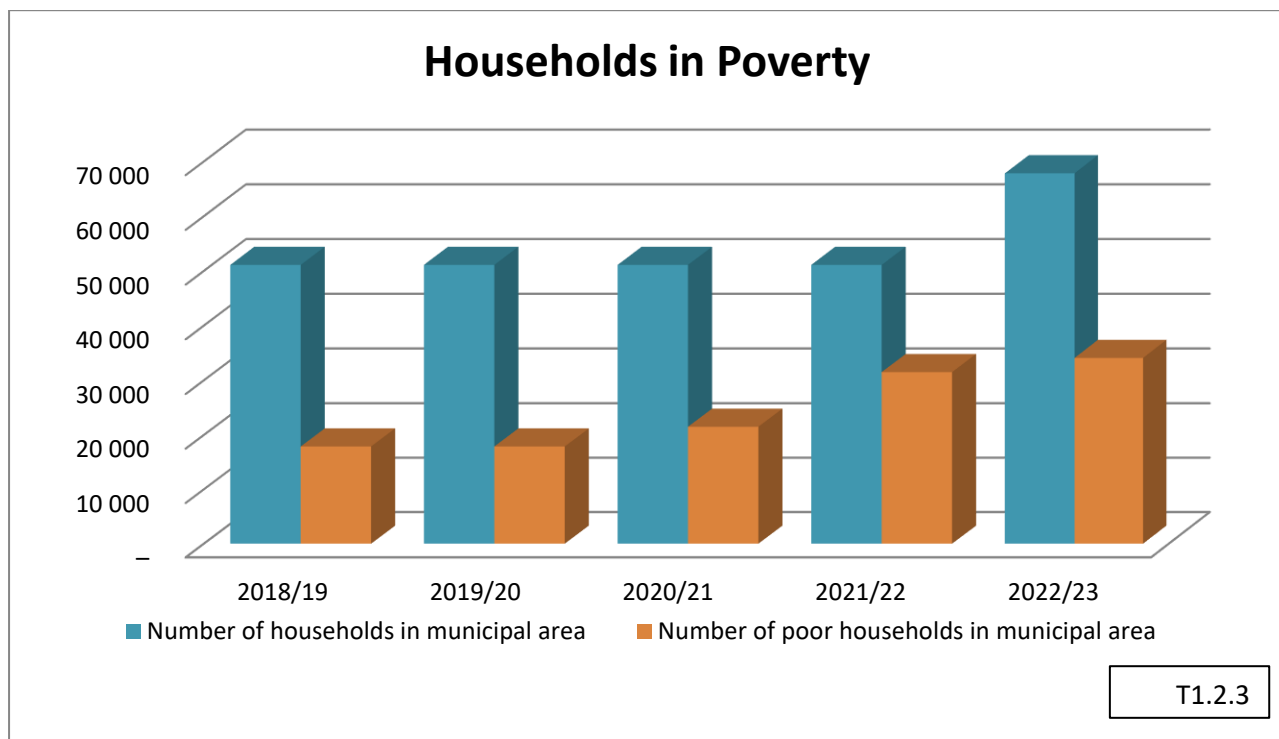
1.1.2. MUNICIPAL DEMOGRAPHICS

The population dynamics of the Msukaligwa Local Municipality is based on statistics derived from *Statistics South Africa 2011 to 2022 Census*. *Statistics South Africa* data had been used for the demographics and where data could not be derived from Statistics South Africa, other sources with more reliable and latest data would have been used. The population of Msukaligwa grew by 49 937 persons during the period 2011 to 2022 at an average annual population growth of 2.8%. Based on the historic growth rate, the municipality would have reached a total of 217 272 persons by 2030. Considering these estimates, this imply that the municipality must continuously and incrementally prepare to provide the necessary services infrastructure to accommodate the growing population.

As for households, the municipality has seen a significant increase in households from 40 932 to 67 827 being an increase of 26 895 households between 2011 and 2022. Although there has been an increase in households, there was a decline in household size from 3.6 to 2.9 in 2022.

Population Details						
Age Groups	2016 (Community Survey)			2022		
	Male	Female	Total	Male	Female	Total
0-4	8818	8886	17704			
5-9	7433	7109	14542			
10-14	6774	6741	13515			52619
15-19	7860	7904	15764			
20-24	8853	8933	17786			
25-29	9461	9600	19061			
30-34	8155	7017	15172			
35-39	6117	5843	11960			
40-44	4823	4551	9374			
45-49	3775	3567	7342			
50-54	2942	3151	6093			
55-59	2847	2727	5574			
60-64	1815	2102	3917			137527
65-69	1360	1496	2856			
70-74	788	1331	2119			
75-79	301	589	890			
80+	319	620	939			9168
TOTAL	82442	82166	164608	97066	102248	199314

Source: Statistics South Africa, Census 2022

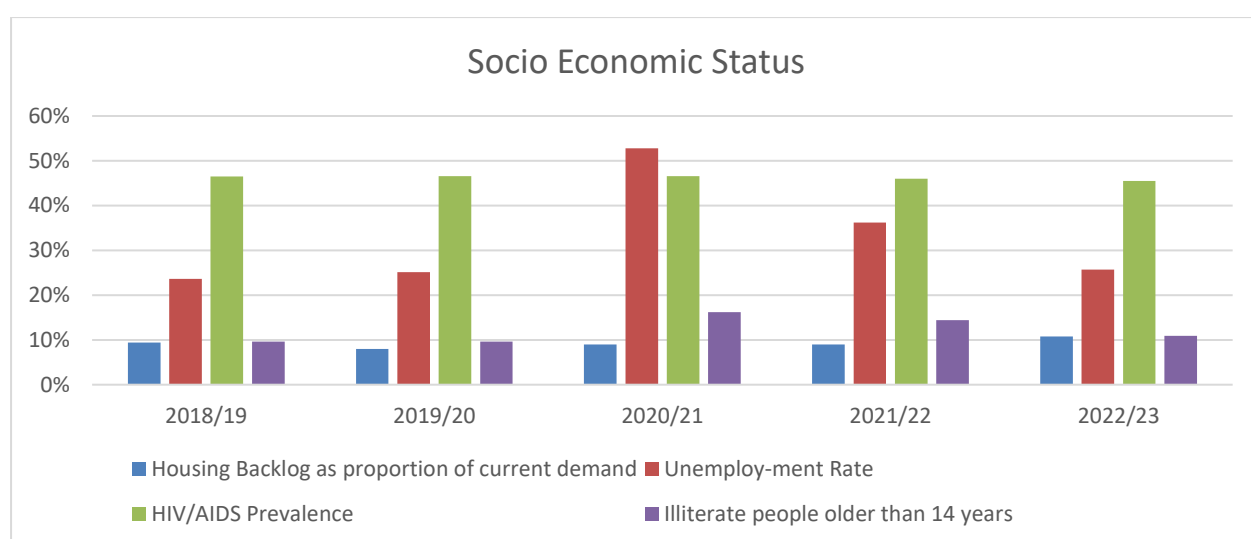


Source: Dept. of Economic Development and Tourism – SERO Report, December 2023

Socio Economic Status (as a %)				
Year	Housing Backlog as proportion of current demand	Unemployment Rate	HIV/AIDS Prevalence	Illiterate people older than 14 years
2018/19	9.4%	23.6%	46.5%	9,6%
2019/20	8%	25.1%	46.5%	9,6%
2020/21	9%	52,8%	46.5%	16,2%
2021/22	9.4%	36.1%	46%	14,4%
2022/23	10.8%	25.7%	45,5%	10,9%

T1.2.4

Source: Dept. of Economic Development and Tourism – SERO Report and Statistics South Africa, Community Survey 2016



Source: Dept. of Economic Development and Tourism – SERO Report 2023 and Statistics South Africa, Census 2022

1.1.3. ENVIRONMENTAL OVERVIEW

1.1.3.1. Topography and Surface Hydrology

Msukaligwa LM is characterized by the gently undulating highland topography with fairly broad to narrowly incised valleys of headwater drainages. The rural areas are also characterized by typical Highveld landscapes in the western and central parts, and more undulating terrain with dense commercial forests in the eastern parts. Interesting landscapes are found in the Chrissiesmeer pan veld area.

There are a number of marshy areas or vleis in the upper parts of the valleys and numerous pans, which vary from insignificant vegetated depressions to large deeply etched features with bare clayey floors. An ecologically important concentration of pans and freshwater lakes is located in the Chrissiesmeer area.

The Local Municipality is roughly dissected by the (continental) divide between the Upper Vaal and Usuthu / Pongola WMA's. In the north of the Local Municipality, certain sub-catchments drain into the Olifants and Inkomati WMA's. The headwaters of the Vaal River are found in the western half of the Local Municipality and drain in a southwesterly direction along with the Tweefontein River. The Usuthu River rises in the northeast of the Local Municipality. The headwaters of the Inkomati River flow northwards from the Local Municipality into the Inkomati WMA, and the headwaters of the Olifants and Klein-Olifants River drain the far north-west of the Local Municipality.

1.1.3.2. *Climate*

Msukaligwa LM falls under the central Mpumalanga climatic zone characterized by warm, rainy summers and dry winters with sharp frosts. Rainstorms are often violent (up to 80mm per day) with severe lightning and strong winds, sometimes accompanied by hail. The winter months are droughty with the combined rainfall in June, July and August making up only 3.9% of the annual total (734mm).

The average daily maximum temperature in January (the hottest month) is 25.2°C and in July (the coldest month) is 16.7°C. Due to its position near the escarpment, the area is somewhat windier than is typical for the South - Eastern Mpumalanga Highveld, although the majority of winds are still light and their direction is controlled by topography.

1.1.3.3. *Geology and Soils*

Msukaligwa Local Municipality is underlain predominantly by arenite and dolerite intrusions of the Karoo Supergroup. Other underlying rock types include quartz monzonite, granite and basalt. The central-western part of the study area is underlain by the Ermelo coal field, where the predominant rocks are sedimentary, i.e. sandstones, shales and siltstones of the Eccca Group that contains erinaceous strata of the coal-bearing Vryheid formation.

1.1.3.4. *Vegetation and Biodiversity*

Existing vegetation in the undeveloped areas of Msukaligwa Local Municipality consists predominantly of typical highveld grasslands. Grasslands are dominated by a single layer of grasses and the amount of cover depends on rainfall and the degree of grazing. Trees are absent, except in a few localized habitats and geophytes are often abundant.

1.1.3.5. *Challenges/ the Major Threats to the Natural Environment*

The following are challenges or threats to the natural environment within the local municipality:

- (a) human population growth, transformation of land and urbanization;
- (b) mining, especially open-cast coal mining;
- (c) crop cultivation and afforestation.
- (d) overgrazing;
- (e) loss of riverine and wetland/marsh habitat through human intervention;
- (f) Air quality as the Local Municipality was amongst the five Local Municipalities that were declared as Highveld Priority Area in 2007;
- (g) Unavailability of environmental section and environmental officials to implement environmental management programmes;
- (h) Unavailability/ limited/ outdated environmental planning tools;
- (i) Unsustainable developments within the Local Municipality;
- (j) Climate change leading to biodiversity destruction and other natural disasters;
- (k) Alien invasive plants that are replacing indigenous plants while also encroaching water bodies thereby reducing water level in them.

1.1.3.6. *Efforts made to Address the Challenges*

- (a) Landfill sites are maintained on a regular basis to ensure clean environment;
- (b) Plans were put in place for conducting sewer analysis to deal with sewer spillages within the municipality;
- (c) Provisions made in the IDP for the upgrading of existing waste water treatment plants and construction of new plants;
- (d) Environmental management programmes incorporated in the IDP;
- (e) Awareness campaigns through waste management education are being conducted;
- (f) Participating in government environmental management initiatives that promote job creation and sustainable livelihoods;
and
- (g) Support all government initiatives to protect natural resources.

Natural Resources	
Major Natural Resource	Relevance to Community
Coal	Mining opportunities, transportation, employment opportunities and economic development.
Arable land	Agricultural production, forestry, employment opportunities, economic development and poverty alleviation.
	T1.2.7

1.2. SERVICE DELIVERY OVERVIEW

1.2.1. SERVICE DELIVERY INTRODUCTION

The municipality is responsible for delivery of basic services to its communities in terms of the provisions of both Section 152 and Schedule 4 of the Constitution of the Republic of South Africa, which provides for the object of Local Government that requires municipalities to provide the following:

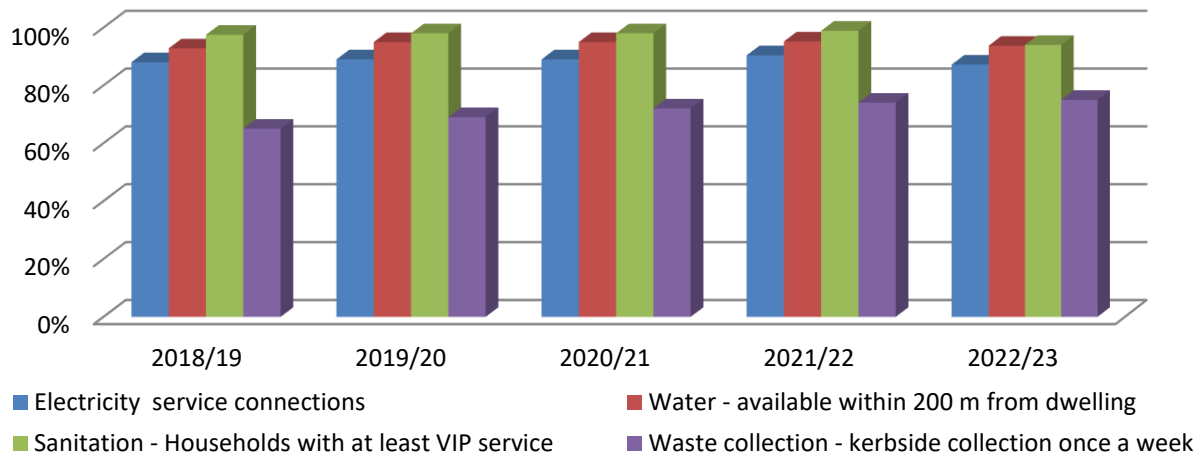
- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organizations in the matters of local government.

Section 152 (2) further provides that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)

Therefore, the Integrated Development Plan of the municipality is prepared in line with the provisions of the Municipal Systems Act, the Constitution of the Republic of South Africa and all other legislative mandates to ensure sustainable and quality service delivery to its communities.

T 1.2.1

Proportion of households with access to basic services



T1.3.2

Source: Statistics South Africa, Census 2022 & Municipal 2022/2023 APR

1.2.2. ACCESS TO BASIC SERVICES

As depicted in the diagram above, service delivery in respect of electricity, water and sanitation shows a decrease which is not actually a decrease. Due to population growth, the number of households had increased, resulting in informal settlements without adequate services. Communal water supply within 200m from dwellings has also been reduced as a result of formalization of most of the informal settlements and water is connected to the yards or houses where houses are built. There is quite a significant progress made in electricity connections to households except areas where houses were not yet completed and in the informal settlements that cannot be formalized. There are some areas that need to be electrified and they are in the municipal plans to be electrified.

Provision of VIP sanitation services at farm areas has covered most the areas in the municipality and after the unsuccessful implementation of the piloted convertible water borne toilets system, the municipality will continue to provide sanitation services through the VIP toilets where it is not possible to provide the water borne sewer system. Accordance Statistics South African 2022 Census data, about 6% of the households still do not have proper sanitation and mostly are those in the informal settlements within various towns including Nganga Township in Warburton where sewer reticulation was completed but no connections were made due to challenges related to water supply.

With regards to waste collection, household waste is collected twice a week in all townships except Everest Park, Long Homes, Klipbou and Ermelo suburbs which is collected once a week. The municipality has over the years managed to extend refuse collection services to areas where it was not before and due to limited resources regular collection sometimes becomes a challenge.

T1.2.3

1.3. FINANCIAL HEALTH OVERVIEW

1.3.1. FINANCIAL OVERVIEW

The municipality had a cash flow challenge due to high levels of non-payment, distribution losses and illegal connections. In endeavouring to address the cash flow challenges a Financial Recovery Plan was developed and implemented with short-, medium- and long-term objectives. The latter are as follows:

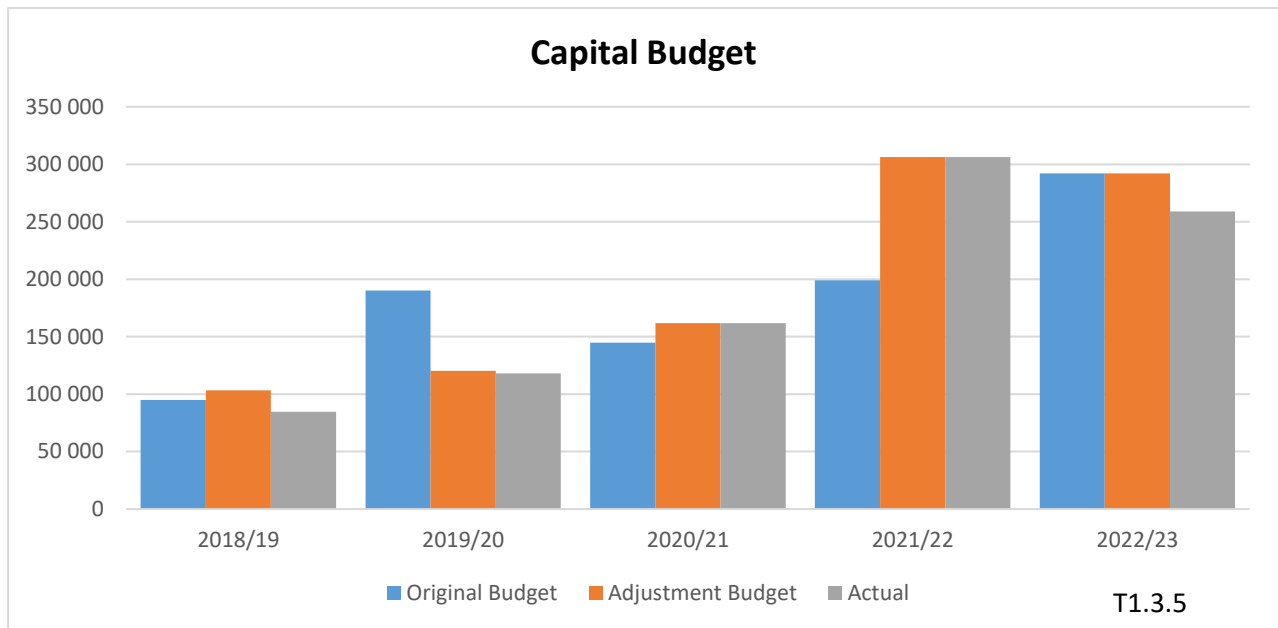
- (a) Strategy One: Restructure the Budget
- (b) Strategy Two: Revise Tariff Policies and Tariff Increases
- (c) Strategy Three: Revenue Enhancement
- (d) Strategy Four: Financial Administration
- (e) Strategy Five: Cash Management Strategy
- (f) Strategy Six: Human Resource Management

T1.3.1

Financial Overview: Year 2022-23			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	231,689	243,694	242,694
Taxes, Levies and tariffs	619,319	671,532	615,036
Other	59,637	67,210	178,575
Sub Total	910,645	982,436	1,036,305
Less: Expenditure	1,125,364	1,135,779	1,231,130
Net Total*	-214,719	-153,343	-194,825
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	22%
Repairs & Maintenance	3%
Finance Charges & Impairment	18%
T 1.4.3	

Total Capital Expenditure: 2021-22 to 2022-23			
			R'000
Detail	2020-21	2021-22	2022-23
Original Budget	144,748	199,069	292,052
Adjustment Budget	161,876	306,216	292,052
Actual	161,876	306,216	258,869
			T 1.4.4



COMMENT ON CAPITAL EXPENDITURE

All capital grants were spent at 100%, except Regional Bulk Infrastructure Grant (RBIG) of which 33% was not spent. Which will be roll-over in the next financial year.

T 1.3.5.1

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality as part of its organisational development (OD) processes has put in place measures aimed at addressing the issues that had led to the provincial intervention in terms of section 139 of the Municipal Finance Management Act, No. 56 of 2003. The municipality has had to adapt its processes following the declaration of the state of disaster arising from the Corona virus pandemic and lockdown measures by the government. Amongst the annual OD processes that the municipality undertook was the review of the organisational structure, the adoption and implementation of human resources policies, capacity building of both Councillors and employees.

Msukaligwa local municipality has re-enforced the implementation of the following organizational development interventions for the year under review.

1.4.2. WORKPLACE SKILLS PLAN

The Municipality developed, adopted and implemented a Workplace Skills Plan that is informed by the training needs that Councillors and employees submitted to the Skills Development Facilitator as well as the training needs that have been identified through the

independent skills audit that the municipality conducted in the year under consideration. The following targets that are informed by informed by the budgetary considerations were set for the Work Skills Plan:

	Target	Actual
Number of Councillors trained	38	36
Number of officials trained	50	65

The training of the elected members was informed by the identification of training needs through the guidance of the Office of the Speaker, SALGA and in line with the effective implementation of the Workplace Skills Plan (WSP) and Annual Training Programme (ATP)

1.4.3. BATHO PELE SERVICE STANDARDS

The Municipality adopted and implemented the 'Batho Pele' Service Charter in all functional areas of the Municipality through the implementation of the following:

- (a) Batho Pele Services Charter
- (b) Personnel Name tags
- (c) Customer Care Centre
- (d) Security / Information Desk in the main building

The Municipal Call Centre has been established and equipped to allow for members of the community be able to report any service delivery related complaints. The call centre is reasonably functional but will do so incrementally but once fully functional the plan is for community members to be able to communicate their complaints or issues using various digital platforms such as through the telephone, sms, emails etc.

1.4.4. EMPLOYMENT EQUITY PLAN

The Municipal Employment Equity Plan has been approved by the Council to reflect the employment equity targets from the non-designated and designated groups in line with the principles of good governance. Refer to Chapter 4 for detailed numerical targets.

1.4.5. EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The Municipality has adopted its revised Performance Management Framework on the 9th of December 2022 and an Individual Performance Management Policy approved in May 2021 both of which are currently being implemented to establish an effective Performance Management System. Currently it is being implemented on employees appointed in terms of Section 54A and Section 56 of the Municipal Systems Act. With the Municipal Staff Regulation of 2021 being promulgated, the municipality is planning to cascade performance management to employees below Senior Management level in the ensuing financial year. An e-PMS has also been introduced and the municipality has migrated from manual to fully web-based ePMS for SDBIP reporting cycle.

1.4.6. EMPLOYEE VALIDATION PROCESS

The municipality has conducted an employee validation process to identify ghost workers which required that each employee to present themselves to be validated through their identification document and employee number. The validation process was able to validate all the employees and there were no ghost workers identified.

T1.4.1

1.5. AUDITOR GENERAL REPORT

1.5.1. AUDITOR GENERAL REPORT 2021/2022

In terms of section 131(1) and (2) of the Municipal Finance Management Act, 2003, a municipality must address any issues raised by the Auditor General in an audit report. The Mayor of a municipality must ensure compliance by the municipality with this subsection.

The MEC for local government in the province must-

- (a) Assess all annual financial statements of municipalities in the province, the audit report on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor General in an audit report; and
- (b) Report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.

The municipality has received a Qualified Audit Opinion for the 2022/2023 financial year with the following matters:

- (1) Payables from exchange transactions
- (2) Irregular Expenditure
- (3) Material distribution losses of electricity
- (4) Material distribution losses of water
- (5) Restatement of corresponding figures
- (6) Underspending of the conditional grant

There is total number of **77** findings for the financial under review as per the Management letter which shows an improvement when compared with 2020/2021 financial year of **185** findings.

Findings per Department

- | | |
|------------------------------|-------------|
| (a) Finance Department: | 57 Findings |
| (b) Corporate Department: | 5 Findings |
| (c) Office Of The MM: | 15 Findings |
| (d) Technical Services: | No Findings |
| (e) Community Services: | No Findings |
| (f) Planning & Economic Dev: | No Findings |

1.5.2. ADDRESSING AUDITOR GENERAL FINDINGS

An Audit Action plan has been developed to address the audit findings and will be monitored on a regular basis and ensure the following processes are implemented:

- (a) Monitoring the progress on the implementation of the Auditor General recommendations on a monthly basis.
- (b) Management to provide progress report on addressing the issues raised by the Auditor General on a monthly basis.
- (c) Internal audit and Audit Committee will conduct follow up on the implementation of action plans on a quarterly basis.

1.5.3. OVERALL IMPLEMENTATION OF ACTION PLANS

The overall implementation of the Auditor General findings Action Plan for the 2022/23 financial year as at the end of June 2023 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not Addressed
83	24	1	58

The Municipality is committed to achieve clean administration and to achieve Unqualified Audit Opinion. For the third year running the Municipality received Qualified Audit Opinion, with reduced qualification paragraphs from 4(four) to 2(two). And Audit Action Plan has been developed with the aim to strengthen the Municipal Internal Control environment, compliance with applicable laws and regulations and improved Financial Management practice. The monitoring and implementation of the Audit Action plan is managed in the Municipal Manager office.

T 1.5.1

1.6. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and Integrated Development Plan (IDP) process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and Integrated Development Plan (IDP) commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit the prior year's Draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to Municipal Manager	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited draft Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the Integrated Development Plan (IDP) Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget and finalization of the draft Integrated Development Plan (IDP) for the next financial year. Draft Annual Report and Oversight Reports to be used as input.	January

T1.6.1

Chapter 2

CHAPTER 2 – GOVERNANCE

2.

2.1. POLITICAL GOVERNANCE



Cllr. N.S Xaba
Speaker



Cllr. M. P. Nkosi
Executive Mayor



Cllr. P.T Sibeko
Chief Whip

MEMBER OF THE MAYORAL COMMITTEE



Cllr BJ Motha
MMC for Planning and Economic
Development Department



Cllr. TJ Madlala
MMC for Corporate Services
Department



Cllr TC Motha
MMC for Technical Services
Department



Cllr E.C Msezane
MMC for Finance Department



Cllr. S.E Ngovene
MMC for Community and Social Services
Department

COUNCILLORS

Refer to **Appendix A** where a full list of Councillors is captured (including committee allocations and attendance at council meetings).

T2.1.2

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Msukaligwa Local Municipality adhered to administrative governance legislations and regulations and complied with the follows:

1. The Integrated Development Plan (IDP) for 2022/2023 financial year was adopted in accordance with the provisions of the Municipal Systems Act.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2022/2023 was approved by the Executive Mayor in compliance with the provisions of the Municipal Finance Management Act (MFMA).
3. Performance Agreements for 2022/2023 financial year were signed in compliance with legislation by the section 56 employees and submitted to the Member of the Executive Council (MEC) for Cooperative Governance and Traditional Affairs (COGTA) as per the provisions of the performance regulations.
4. Performance Management is implemented at the strategic level for Section 56 employees as required by the Municipal Systems Act.
5. Audit Committee meetings were held in the 2022/2023 financial year as per the agreed schedule.
6. Mid- year performance reports for 2022/2023 was submitted to the Council as per Section 72 of the Municipal Finance Management Act (MFMA) including the 3rd and the 4th quarter Service Delivery and Budget Implementation Plan (SDBIP) reports.
7. The municipality engaged the services of consultants to assist in dealing with findings identified by the Auditor General pertaining to administrative governance as well as compilation of the AFS.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE



Mr. M. Kunene
MUNICIPAL MANAGER

DIRECTORS

Mr. P S Mabuza
Director: Corporate Service

Ms. P Z Duma
Director: Technical Services

Mr. P J Nhlabathi
Chief Financial Officer

Mr. M S Lukhele
Director: Community & Social
Services Department

Ms. H Maganya
Director: Planning and Economic Development

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1. INTERGOVERNMENTAL STRUCTURE

Intergovernmental structures in which engagements are taking place comprise the Provincial Planners Forum, District IDP Management Committee, District Development Model forum, District and Local IDP Rep Forum and PCF meetings with other plenary meetings in which the municipality participates for plenary and strengthening of IGR.

In the Provincial Planners Forum, issues that affect municipal planning and provincial planning cycles are discussed in order to have a coordinated planning within these two spheres of government also allowing interrogation of plans to establish the best possible approaches to the planning process. These meetings assist in providing municipalities with better understanding on how municipal planning cycles influence the proper planning of the District municipalities and other spheres of government.

The District or Local forums and committees provide a platform for interaction on planning issues, information sharing and learning from best practices between municipalities and other spheres of government. There has been a great improvement on the packaging of the municipal IDP and valuable insights in Spatial approaches obtained from these engagements.

T2.3.2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Public Participation Policy and Public Participation strategy that outline the various measures on how the municipality engages with the community members was adopted and is being implemented by the municipality. The municipality has had to adapt to other mechanisms in order to engage with the community in order not to violate the prohibition of gatherings in terms of the Covid-19 lockdown regulations. Some of these measures include the use of social media platforms to engage with the community.

In terms of Section 152 of the Constitution of the Republic of South Africa, Local Government Municipal Systems Act, Act 32 of 2000 as amended and Local Government Structure Act, Act 117 of 1998, Municipalities are required to:

- (a) Encourage the involvement of communities and the community organisations in matters of Local Government.
- (b) Develop the culture of participatory development.
- (c) Establish ward committees as a vehicle for community participation.

Community Participation takes place to involve communities during the following processes:

- (a) The preparation, implementation and review of the Integrated Development Plan (IDP).
- (b) The establishment, implementation and review of its Performance Management System
- (c) Preparation of the Budget.

The following are structures established to promote community participation:

- (a) Integrated Development Planning (IDP) Representative Forum
- (b) Ward Committees and Ward Community Meetings
- (c) Local Geographic Names Committee
- (d) Community Development Workers
- (e) Newsletters
- (f) Radio broadcast slots
- (g) Municipal Official Web site
- (h) Municipal Official Facebook page

Community Participation Programmes per ward were developed and implemented.

Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward-based public participation.

T 2.4.0

2.5. PUBLIC MEETINGS

2.5.1. COMMUNICATION FORUMS

The municipality's communication unit is responsible for the overarching implementation of the communication policy, strategy, information dissemination, Presidential Hotline, media monitoring, media liaison, Communication research, Municipal newsletters, website content development, virtual meetings and management, events management and corporate advertisement / branding.

Communication of information is also done by the municipality by contributing to the Gert Sibande District Municipality and Mpumalanga South African Local Government Association quarterly newsletters.

2.5.2. COMMUNICATION INSTITUTIONAL ARRAGEMENT

The Communication Unit has been established, however the unit is not fully capacitated and the municipality is having plans to capacitated the unit. The unit is placed in the Office of the Municipal Manager.

2.5.3. COMMUNICATION FORUM

The municipality attends and participates at the District and Provincial Government Communicators Fora.

2.5.4. LEGISLATIVE FRAMEWORK

There are various legislations that governs the establishment and the functioning of local Government Communication structures which amongst others include the following:

- (1) Constitution Act 108 of 1996
 - (a) **Section 152 (1) (e):** that municipalities must encourage the involvement of communities and community organizations in matters of local government.
 - (b) **Section 160(7):** A municipal council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it's reasonable to do so.
- (2) Local Government: municipal Systems Act, 2000
 - (a) **Section 21:** communication with local community must take place through the following.
 - (i) in the local newspaper or newspapers of its area;
 - (ii) in t newspaper or newspapers circulating in its area and determined by the council as a newspaper of record; or
 - (iii) by means of radio broadcasts covering the area of the municipality.
- (3) Promotion of Access to information Act, Act No.2 of 2000
 - (a) This act operationalizes sections 8 and 32 of the constitution, it fosters the culture of transparency and accountability and promotes effective access to information to protect an individual's rights.
- (4) Promotion of Administrative Justice Act. Act No 3 of 2000
 - (a) The act requires that all decisions of administrative bodies have to be lawful, procedurally fair and reasonable.
 - (b) People have the right to be given reasons for decisions that adversely affect them which are taken by the government officials.
- (5) Protection of Disclosure Act, Act No 26 of 2000
 - (a) The act protects people who speak out against government corruption, dishonesty and bad administration.

T 2.5.1

2.6. INTEGRATED DEVELOPMENT PLAN (IDP) PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers' Performance Plans?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.6.1

COMPONENT D: CORPORATE GOVERNANCE

2.7. RISK MANAGEMENT

2.7.1. RISK MANAGEMENT

The municipality needs to have systems that can proactively and continuously identify, evaluate, analyse, measure and manage risks that might directly or indirectly affect the municipality so that it is able to put in control measures to address those risks.

The Municipality has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy. Risk assessments are conducted annually for all the Departments to identify risks that impact on the achievement of objectives. As per the strategic risk and operational risk assessment conducted during the financial year under review, 98 risks were identified with their magnitudes as follows:

Risk Magnitude	No of Risk per Risk Magnitude as per Strategic Risk Register	No of Risk per Risk Magnitude as per Operational Risk Register
Maximum Risk	1	2
High Risk	5	52
Medium Risk	0	18
Low Risk	0	3
Minimum Risk	0	0
Total number of Risk Identified	6	75

Progress made on identified risk areas are evaluated on a quarterly basis, the quarterly reviews would also identify new or emerging risks. The risk management unit's task is to identify and propose measures to contain, avoid or transfer the risk concerned. Currently, there are systems in place to monitor the identified risks and a continuous yearly risk management implementation plan was designed together with the risk register to monitor and manage all identified risks.

Risk awareness workshops are conducted to create awareness of risk management to all levels of the Municipality. A Risk Management, Anti-Fraud and Corruption Committee that advises management on the overall system of risk management has been appointed. An external Chairperson was appointed to add value to risk management in the Municipality. The Audit Committee advises the Municipality on risk management and independently monitors the effectiveness of the system of risk management at Audit Committee meetings. The Municipality conducts quarterly/monthly risk evaluation and monitor the risk action plan (Mitigating Strategies).

T2.7.1

2.8. FRAUD AND CORRUPTION MANAGEMENT

2.8.1. FRAUD AND CORRUPTION MANAGEMENT

The Municipality has reviewed and approved an Anti-Fraud Policy and Strategy and the Anti-Fraud implementation plan as a control measure put in place to reduce the occurrence of fraud and corruption related activities. The municipality has to ensure that Integrity and accountability are infused into its operational architecture to discourage and eliminate Corruption, dishonesty, misconduct and unethical behaviour among public officials, which represent serious threats to the basic principles of public service. A Risk Management Committee, Anti-Fraud and Corruption that is chaired by an independent person was also established and appointed by the Council, the committee's duties are to review and monitor the implementation of the anti-fraud and corruption plan and related issues to the higher governance structure such as the Audit Committee and to the Council.

The municipality also approaches the fight against fraud and corruption in a proactive way where fraud risks assessments are conducted as another way of fraud detection and prevention, the National Anti-Fraud Hotline is also promoted for use to report fraud and corruption. The Municipality also make use of the social media platforms such as Facebook to create awareness on the fight against fraud and corruption. Anti-fraud and corruption policies and plans are uploaded in the Municipal website (both intranet and internet) as another way of raising awareness on anti-fraud and corruption within official of the Municipality and the community at large. Lastly, anti-fraud and corruption workshops or awareness's are incorporated in the induction programme of the Municipality to ensure that newly appointed employees are well informed on anti-fraud and corruption related policies and controls.

T2.8.1

2.9. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	<Yes / No>	Publishing Date
Annual and adjustment budget and budget-related policies	Yes	2022/06/15 2022/09/21 2022/11/03
All current budget-related policies	Yes	2022/09/21 2022/09/26
The previous annual report (2021/2022)	Yes	2022/07/14
The annual report (2020/2021) published/to be published	Yes	2022/09/06
All current performance agreements for 2022/2023 as required in terms of section 57(1) (b) of the Municipal Systems Act.	Yes	2022/10/13
All service delivery agreements (2022/2023)	No	
All long-term borrowing contracts (2022/2023)	No	
All supply chain management contracts above a prescribed value (give value) for 2021/2022	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2022/2023	No	
Contracts agreed in 2022/2023 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2022/2023	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2022/2023	Yes	2022/07/14
		T2.9.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipal Website is functional and accessible to the public. The following documents are available on the website:

- (a) Integrated Development Plan (IDP)
- (b) Service Delivery Budget implementation Plan (SDBIP)
- (c) Performance Contracts and Agreements for s54A and 56 Managers
- (d) Budget and Budget related policies
- (e) Annual Financial Statements
- (f) Annual Reports
- (g) Tenders
- (h) By-Laws and other related information.

The Municipal libraries have internet access for the public to access information and the Msukaligwa Local Municipality website address is www.msukaligwa.gov.za.

T2.9.1.1

2.10. BY-LAWS

The by-laws were approved by the Council and the gazetting thereof has been delayed owing to financial constraints.

By-laws Introduced during 2022/23				
Newly Developed	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	Date of Publication
No gazetted by-laws in the financial year under review.				

T2.10.1

2.11. PUBLIC SATISFACTION SURVEY

2.11.1. PUBLIC SATISFACTION SURVEY

The municipality has not conducted any public satisfaction survey in the financial under review. However, COGTA has done a random survey in 2018/2019 FY which served as a baseline from which the municipality should work on to conduct the surveys.

T2.11.0

Chapter 3

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

COMPONENT A: BASIC SERVICES

3.

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

3.1. WATER PROVISION

3.1.1. INTRODUCTION TO WATER PROVISION

Msukaligwa Local Municipality is a water services authority which provides water to all households and businesses within its areas.

- (1) The raw water sources for Msukaligwa
 - (a) Brummer dam for Ermelo Town
 - (b) Douglas dam for Ermelo Town
 - (c) Department of Water and Sanitation (DWS) (Jericho scheme) for Ermelo Town, Davel and Breyten
 - (d) Torbanite dam for Breyten and Chrissiesmeer
 - (e) Mpuluzi River for Lothair.
 - (f) Boreholes, for Sheepmoor, Warburton and Farming and rural areas.

Achievements

The Municipality has in the past year implemented the 2022/2023 financial year IDP. The municipality had since 2016 provided water to **1 960** households which constitute **3.8%** increase in households with access to basic level of water services. As at the end of the 2022/23 financial year, the backlog on water provision has been at 4.5% (2 283 households). The process of providing water to communities will continue until all households are provided with water.

- (2) Municipal Infrastructure Grant (MIG) has funded the following water projects:
 - (a) Installation of Water House Connections at Breyten Ext 4 (Enkanini)
 - (b) Construction of A 8 ML reservoir at Ermelo Ext 44 & associated pipework

The above projects were implemented at an amount of **R 1,743,061.64** and the projects were all completed.

- (3) Regional Bulk Infrastructure Grant (RBIG) has funded the following water projects:
 - (a) Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality

The above projects were implemented at an amount of **R 134,926,809.00** and it's implemented in phases.

Drinking water compliance for 2022/2023:

The Msukaligwa water treatment works achieved 93.7% compliance for Microbiological Compliance and 94.0% for Chemical Compliance. These results indicate that there were 6.3% failures on Microbial Compliance 6% failures for Chemical Compliance. This assessment was performed by DWS during the Blue Drop Assessments of 2022. The department has developed action plans for each municipality which didn't perform well during the BD Audits with which each municipality will complete as per the requirements set and submit in order to update their individual scores / performance. The overall Blue Drop Score for the municipality is 21.6%.

T3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2018/19	0	0	0		
2019/20	0	0	0		
2020/21	0	0	0		
2021/22	0	0	0		
2022/23	0	0	0		

T3.1.2

Water Service Delivery Levels					
Description	Households				
	2018/19	2019/20	2020/2021	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Water: (above min level)</i>					
Piped water inside dwelling	25,991	25,991	25,991	25,991	43,982
Piped water inside yard (but not in dwelling)	18,534	18,846	18,846	18,935	18,935
Using public tap (stand pipes)					
Other water supply (within 200m)	3,714	3,714	3,714	3,714	637
Minimum Service Level and Above sub-total	48,239	48,551	48,551	48,640	63,554
Minimum Service Level and Above Percentage	94.4%	95%	95%	95,2%	93,7%
<i>Water: (below min level)</i>					
Using public tap (more than 200m from dwelling)	0	0	0	0	0
Other water supply (more than 200m from dwelling)	2,850	2,538	2,538	2,449	4,273
No water supply	0	0	0	0	0
Below Minimum Service Level sub-total	2,850	2,538	2,538	2,449	4,273
Below Minimum Service Level Percentage	5.6%	5%	5%	4,8%	6,3%
Total number of households*	51,089	51,089	51,089	51,089	67,827

* - To include informal settlements

T3.1.3

The wording "within/more 200m from dwellings" be replaced with "stand pipes" as it challenging to measure.

Households - Water Service Delivery Levels below the minimum					
Description	Households				
	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	46,270	48,551	48,551	48,640	62,917
Households below minimum service level	0	0	0	0	637
Proportion of households below minimum service level	0	0	0	0	0
Informal Settlements					
Total households	4,819	2,538	2,538	2,449	4273
Households that's below minimum service level	3,576	3,576	3,576	2,449	4273
Proportion of households that's below minimum service level	6.9%	4.97%	4.97%	4.8%	6.3%
T3.1.4					

Water Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic water	Increase the number of households accessing water supply	48,239	48,551	48,551	48,551	48,640	48,640	49,565	63720	63870
Km of water AC pipes replaced with U-PVC pipes	Water pipe bursts repaired or replaced within 24hrs of being reported.	N/A	N/A	N/A	N/A	N/A	N/A	2 km	3.084 km	0
Number of water meters installed	Consumers metered for water consumption	N/A	N/A	N/A	N/A	N/A	N/A	200	47	1500
% of call-outs responded to within 24hrs after being reported	Water pipe bursts repaired or replaced within 24hrs of being reported	95%	98.7%	95%	98.65%	95%	99.99%	100%	100%	100%
Number of households provided with Ventilation Improved Pit Toilets (VIPs) by 30 June 2023	Households provided with access to basic level of sanitation services	N/A	N/A	N/A	N/A	N/A	N/A	334	334	230
% of callouts responded to within 24 hours (sanitation/waste water)	Well maintained services infrastructure	95%	99%	95%	98.65%	95%	100%	98%	100%	0

Water quality sampling results for both water and wastewater compiled	Drinking water quality compliant to SANS 241	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
Review of the WSDP and Water Safety Plan and approved by Council	Compliance with the Water Services Act	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Number of reports on the status and performance of wastewater treatment plant	Environmentally compliant wastewater treatment plants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Number of reports on the status and performance of the water treatment plants	Environmentally compliant water treatment plants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
T3.1.6										

Financial Performance 2022-23: Water Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	325,434	309,687	318,366	277,336	-12%	
Expenditure:						
Employees	89,106	24,703		26,773	8%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	71,043	118,271	79,057	5,613	-2007%	
Total Operational Expenditure	160,149	142,974	79,057	32,386	-341%	
Net Operational Expenditure	-165,285	-166,713	-239,309	-244,950	32%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8	

Capital Expenditure 2022-23: Water Services						R' 000
Capital Projects	2022-23					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	3,523,705.67	3,472,759.00	3,472,759.00	100%		
Installation Of Water House Connections at Breyten Ext 4 (Enkanini)	1,303,929.30	1,252,982.63	1,252,982.63	100%	1252983	
Construction of A 8 MI Reservoir at Ermelo Ext 44 & associated pipeworks	2,219,776.37	2,219,776.37	2,219,776.37	100%	2219776	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.1.9	

3.2. WASTEWATER (SANITATION) PROVISION

3.2.1. INTRODUCTION TO SANITATION PROVISION

Msukaligwa is responsible for the provision of sanitation services to all households and businesses within its jurisdiction in accordance with Schedule 5, part B of the Constitution. Since the municipality comprises of rural and urban areas, sanitation services is provided through construction of VIP toilets (convertible water borne toilets) at rural areas and water borne toilets at urban areas. The sanitation service extends to sucking of septic tanks at those areas with septic tanks.

Achievements

The municipality had in the past financial (2022/2023) focused on improving the sanitation services at formalised informal settlements and in order to provide households with water-borne toilets. Focus was on providing water first while preparations were made for installation of the sewer infrastructure. Therefore, the following are the sanitation projects implemented within the 2021/2022 financial year:

- (1) Municipal Infrastructure Grant (MIG) has funded the following sanitation projects:
 - (a) Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2
 - (b) VIP Toilets in Msukaligwa Farm areas
 - (c) Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo
- (2) Water Services Infrastructure Grant (WSIG) has funded the following sanitation projects:
 - (a) Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipelines
 - (b) The Refurbishment of the Chrissiesmeer Oxidation Ponds
 - (c) The Refurbishment of the Lothair Oxidation Ponds

The sanitation capital projects as implemented through the MIG and WSIG funding were multi-year projects, and they were all completed except the latter. The amount spent on MIG and WSIG was R 15 695 460.65 and R 60 000 000 respectively.

Though water-borne sewer is provided in the urban areas, the ageing infrastructure remains a huge challenge resulting in regular blockages and effluent overflows, which was attended to on an ad hoc basis due to the lack of adequate funding to address the problem completely.

Wastewater treatment compliance for 2022/2023:

The Msukaligwa wastewater treatment work performance was reviewed against using the DWS Special standards for waste treatment works. The municipality shown slight improvement on the Green Drop score during the 2021 assessment (**17%**) versus assessments conducted in 2013 (**7.4%**). There was also a very slight improvement on the Green Drop Risk Rating scores (**94% in 2021 versus 98% in 2013**). It should be noted that there's still a lot of work that still needs to be done as it's estimated that R50 million is required to bring all the wastewater treatment plants to their original operational state.

T3.2.1

Sanitation Service Delivery Levels					
*Households					
Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	38,895	38,895	39,396	39,492	53,583
Flush toilet (with septic tank)	465	465	465	465	465
Chemical toilet	497	497	497	497	497
Pit toilet (ventilated)	2,006	2,006	2,006	2,006	2,340
Other toilet provisions (above min. service level)	9,029	8,072	8,072	8,072	6,872
Minimum Service Level and Above sub-total	50,892	49,935	50,436	50,532	63,757
Minimum Service Level and Above Percentage	99.6%	97.7%	98.7%	98.9%	94%
Sanitation/sewerage: (below minimum level)					
Bucket toilet	0	0	0	0	0
Other toilet provisions (below min. service level)	0	0	0	0	0
No toilet provisions	197	1,154	653	557	4,070
Below Minimum Service Level sub-total	197	1,154	653	557	4,070
Below Minimum Service Level Percentage	0.4%	2.3%	1.27%	1.1%	6%
Total households	51,089	51,089	51,089	51,089	67,827
*Total number of households including informal settlements					T3.2.3

Waste Water (Sanitation) Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic sanitation	Increase in number of households having access to basic level of sanitation.	51,743	49,935	50,436	50,535	50,532	50,532	50,532	64,091	64,321
Number of households provided with Ventilation Improved Pit Toilets (VIPs)	Households provided with access to basic level of sanitation	N/A	N/A	N/A	N/A	N/A	N/A	334	334	230
% of callouts responded to within 24 hours (sanitation/wastewater)	Well maintained services infrastructure	100%	95.6%	95%	98.65%	95%	100%	98%	100%	0
Number of reports on the status and performance of wastewater treatment plant	Environmentally compliant wastewater treatment plants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
										T3.2.6

Financial Performance 2022-23: Sanitation Services					
					R'000
Details	2021-22	2022-23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	53,758	63,813	72,040.00	63,857	0%
Expenditure:					
Employees	58,133	131,945	-	15,029,679	99%
Repairs and Maintenance		-	-	-	#DIV/0!
Other		1,928,998	-	1,642,216	-17%
Total Operational Expenditure	58,133	2,060,943	-	16,671,895	88%
Net Operational Expenditure	4,375	1,997,130	-72,040	16,608,038	88%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Capital Expenditure 2022-23: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	76,646,176.91	14,673,559.41	15,644,187.36	107%	
Installation Of Sewer Reticulation In Wesselton Extension 11 Phase 1 and Phase 2	7,575,149.22	6,129,017.30	6,129,017.30	100%	6,129,017.30
Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo	-	666,206.11	666,206.11	100%	666,206.11
The Upgrading Of Kwazanele Waste Water Treatment Works	970,627.95	-	970,627.95	100%	970,627.95
VIP Toilets in Msukaligwa Farm areas	8,100,399.74	7,878,336.00	7,878,336.00	100%	7,878,336.00
Refurbishment of Chriesmeer Oxidation ponds	17,719,921.32		17,719,921.32	100%	17,719,921.32
Refurbishment of Lothair Oxidation ponds	19,895,893.39		19,895,893.39	100%	19,895,893.39
Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline	22,384,185.29		22,384,185.29	100%	22,384,185.29
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9

3.3. ELECTRICITY

3.3.1. INTRODUCTION TO ELECTRICITY

The municipality is licensed to provide electricity in Ermelo, Wesselton, Kwa-Dela, Breyten and Silindile. The rest of the admin units as well rural areas of the municipality get electricity supply directly from Eskom. An electricity Master plan has been reviewed and approved by the Council in 2019 for a period of 5 years to address the operations and maintenance challenges. The Master Plan is valid for a period of 5 years, when considering the rapid growth of the population.

Achievement

The municipality has through the assistance of Department of Mineral Resources and Energy under Social Labour Plan (SLP) for the year under review managed to Refurbish Breyten 11kV Substation. This has brought about stability and safety in the operations of the Breyten 11kV Substation.

This has been achieved through an installation of new switchgears complete with a protection scheme to safeguard Eskom apparatus and benefit various settlements of the municipality in Breyten at a cost of R 1,3 mil by surrounding SLPs.

Households with access to electricity is stable at 47053 which constitutes 92,1%. No backlog on electrification under MLM's area of supply however, Eskom electrification projects were deferred to 23/24 financial year due to inadequate funds.

T3.3.1

Electricity Service Delivery Levels Households					
Description	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Energy: (above minimum level)</i>					
Electricity (at least min. service level)	5,171	5,263	5,236	5,263	
Electricity - prepaid (min. service level)	26,728	26,806	26,806	26,806	
Electricity – Eskom	13,979	14,155	14,155	14,455	
Minimum Service Level and Above sub-total	45,878	45,878	45,878	46,178	59,145
Minimum Service Level and Above Percentage	90%	89,8%	89,8%	90,4%	87%
<i>Energy: (below minimum level)</i>					
Electricity (< min. service level)					
Electricity - prepaid (< min. service level)					
Other energy sources	5,775	5,211	5,211	4,911	8,682
Below Minimum Service Level sub-total	5,775	5,211	5,211	4,911	8,682
Below Minimum Service Level Percentage	11.3%	10,2%	10,2%	9,6%	13%
Total number of households	51,089	51,089	51,089	51,089	67,827
					T3.3.3

Electricity Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic level of electricity	Eradication of electricity backlogs	45,314*	46,884*	45,878*	46,634*	45,878	46,178	46,528	51,145	51242
Number of electricity meters installed	Consumers provided with metered electricity	N/A	N/A	N/A	457	500	525	600	425	800
Refurbishment of the Breyten 11Kv sub-station	Uninterrupted power supply to consumers	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
Refurbishment of MV/LV overhead network at Industrial & Laffnie street		N/A	N/A	N/A	N/A	N/A	N/A	1 km	1 km	1,1 km
Number of reports on the implementation of NERSA audit recommendations		N/A	N/A	N/A	N/A	N/A	N/A	4	4	0
Maintenance of 88 KV main sub-station	Optimal operation and power supply to consumers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Number of irreparable steel/fibre glass	Safety of power supply facilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10

Electricity Service Policy Objectives Taken from Integrated Development Plan (IDP)										
kiosks replaced with concrete kiosks										
Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	Uninterrupted power supply to water treatment works	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
										T3.3.5

Source: STATSSA 2022 Census and Own records

* Figures include projects funded by Eskom which may differ from figures as contained in the Annual Performance Report linked to the SDBIP. The reasons for excluding Eskom figures in the APR are that the municipality do not have direct control on such projects or expenditure.

Financial Performance 2022-23: Electricity Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	256,356,000.00	260,019,000.00	272,125,000.00	237,292,000.00	-10%	
Expenditure:						
Employees		47,971,584.00	-	37,954,952.81	-26%	
Repairs and Maintenance		-	-	-	#DIV/0!	
Other			-		#DIV/0!	
Total Operational Expenditure	-	47,971,584.00	-	37,954,952.81	-26%	
Net Operational Expenditure	-256,356,000.00	-212,047,416.00	-272,125,000.00	-199,337,047.19	-6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7	

Capital Expenditure 2022-23: Electricity Services

R' 000

Capital Projects	2022-23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4,000,000.00	4,000,000.00	4,000,000.00	-	
Installation of Retrofit Technology	4,000,000.00	4,000,000.00	4,000,000.00	-	4,000,000.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.3.8

3.4. PROJECTS MANAGEMENT

3.4.1. INTRODUCTION TO PROJECTS MANAGEMENT

The municipality has established a project management unit dealing with overall project management from projects planning, application for funding, monitoring and reporting of projects progress to confirmation of projects completion and signing off of completed projects.

Projects dealt with by the unit are listed on **Appendix F** and **N** of this report.

T3.3.1

Projects Management Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Number of jobs opportunities created through EPWP	Achieving the EPWP target	457	365	547	365	547	331	461	450	461
Percentage Municipal Infrastructure Grant (MIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Water Services Infrastructure Grant (WSIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Integrated National Electrification	To ensure that funds allocated are spent on planned	100%	98%	100%	100%	100%	100%	0	0	100%

Programme (INEP) spent annually	infrastructure projects										
Energy Efficiency and Demand-side Management Grant	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	0	

T3.3.6 a

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

3.5.1. INTRODUCTION TO WASTE MANAGEMENT

Core functions of waste management are to render the following:

- (a) Solid waste removal and prevention illegal dumping
- (b) Development and Enforcement of Waste Management By-Laws
- (c) Establishment and Management of landfill sites
- (d) Cleaning of public open spaces.

The municipality is currently operating two registered landfill sites situated in Ermelo and Breyten while the others are utilized as transfer stations. Waste recorded from Ermelo landfill site is reported regularly on the South African Waste Information Centre (SAWIC). Medical and other hazardous wastes are not disposed at the municipality's landfill sites. Generators of such waste dispose of it privately. The municipality monitor the handling and disposal of medical waste.

Municipal Infrastructure Grant (MIG) has funded the following solid waste projects:

- (a) Procurement of the Yellow Fleet for the waste management.

T3.5.1

Solid Waste Service Delivery Levels					
Description	Households				
	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Solid Waste Removal: (Minimum level)					
Removed at least once a week	34,231	35,324	36,952	37,816	52,343
Minimum Service Level and Above sub-total	34,231	35,324	36,952	37,816	52,343
Minimum Service Level and Above percentage	67%	69%	72%	74%	77%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	809	809	809	809	
Using communal refuse dump	3,041	3,041	3,041	3,041	
Using own refuse dump	6,974	6,974	6,974	6,974	
Other rubbish disposal	2,176	2,176	2,176	2,176	
No rubbish disposal	3,858	2,765	1,137	273	
Below Minimum Service Level sub-total	16,858	15,765	14,137	13,273	15,484
Below Minimum Service Level percentage	33%	31%	28%	26%	23%
Total number of households	51,089	51,089	51,089	51,089	67,827

T3.5.2

Waste Management Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to waste collection.	Number of households with access to refuse removal	35,061	35,324	36,154	36,952	37,782	37816	38,572	52,343	52,783
Number of illegal dumping sites eradicated	illegal waste dumping spots are identified and cleared	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0
Number of waste educational campaigns conducted quarterly each year.	Education and creating awareness to communities on cleanliness and environmental conservation.	12	19	13	13	13	12	8	12	8
Number of waste minimization projects supported	Clean and waste free environment	8	6	6	3	6	26	8	8	0
Number of waste disposal sites maintained on a daily basis	Well managed waste disposal sites	2	2	2	2	2	2	2	2	0
Number of waste transfer stations maintained per quarter	Well managed waste disposal sites	3	3	3	3	3	3	3	3	0
										T3.4.4

Financial Performance 2022-23: Solid Waste Management Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	45,055	58,454	54,135	66,189	12%	
Expenditure:						
Employees	64,643	24,888	-	24,072.00	-3%	
Repairs and Maintenance	-				#DIV/0!	
Other	-	5,408		6,476	16%	
Total Operational Expenditure	64,643	30,296	-	30,548	1%	
Net Operational Expenditure	19,588	-28,158	-54,135	-35,641	21%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7	

Capital Expenditure Year 0: Waste Management Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.4.9	

3.6. HUMAN SETTLEMENT

3.6.1. INTRODUCTION TO HOUSING

The mandate of the housing section in the Municipality is to facilitate and support the provision of human settlement services within the municipality together with the department of Human Settlements, which include the following:

- (a) Identifying of land for human settlement
- (b) Support Department of Human Settlements in identifying potential beneficiaries for low cost housing.
- (c) Management and maintaining of housing waiting list database.
- (d) Management of housing rental stock.
- (e) Managing and Controlling of illegal land invasions.
- (f) Facilitation of land transfers.

T3.5.1

Housing Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: provision of Sustainable Human Settlement										
Number of quarterly meetings held with the Provincial Department of Human Settlement	Continuous communication between the municipality and the DHS on development is maintained	4	5	4	5	4	6	4	6	4
Number of informal settlements formalized	Communities are settled on approved townships to access municipal services	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3

T3.5.3

Financial Performance 2022-23: Housing Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	2,980	2,627	2,703	2,597	-1%	
Expenditure:						
Employees	3,917	5,142	6,153	3,561	-44%	
Repairs and Maintenance	-				#DIV/0!	
Other	-	8,539	-	12,808	33%	
Total Operational Expenditure	3,917	13,681	6,153	16,369	16%	
Net Operational Expenditure	937	11,054	3,450	13,772	20%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.5.5

Capital Expenditure Year 0: Housing Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>						T 3.5.6

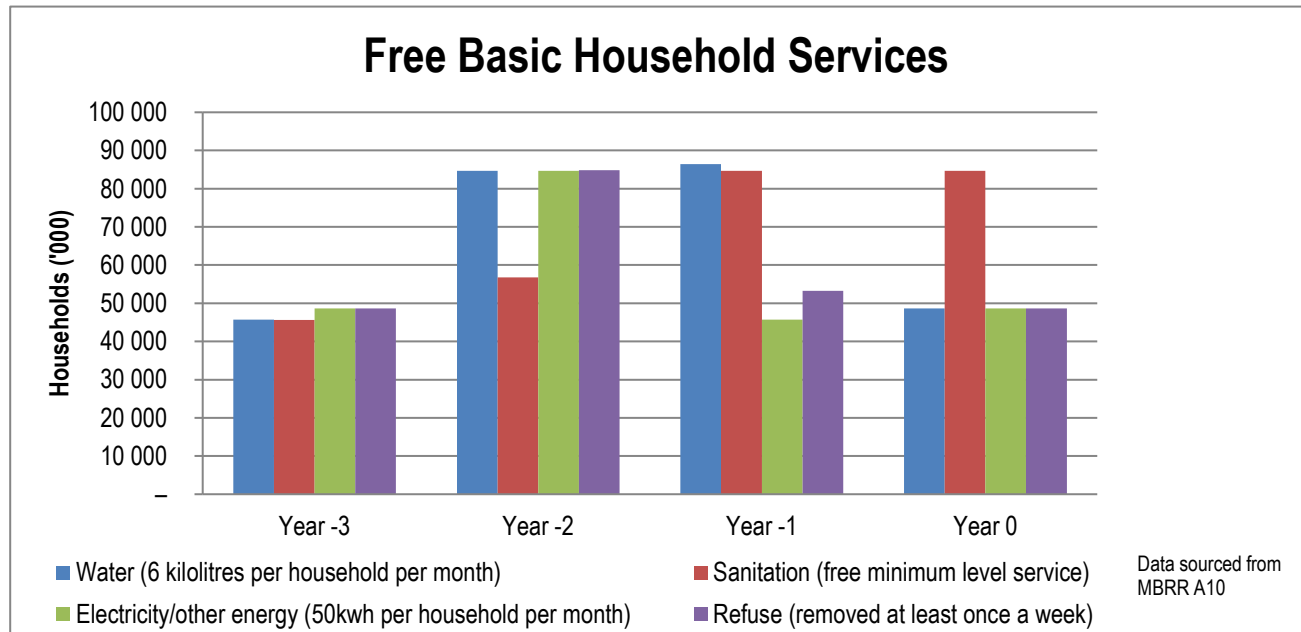
3.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

3.7.1. INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The indigent household subsidy policy was approved as part of budget related policies on the 30th of May 2023. The municipality supported **6,703 registered** indigents of the **8,000** planned indigent households in 2021/22 financial year. The municipality budgeted **R 37 781 992** from equitable share to support indigent consumers and assist with free 6kl of water and 50 kwh of electricity which is provided only to indigent households.

(1) Indigents were supported as follows:

- (a) Free 6kl of water is provided to all registered indigent households.
- (b) 50kw basic electricity
- (c) Free refuse removal (Basic charge per month)
- (d) Free sanitation services (Basic charge per month)
- (e) Property rates – R 55 000 reduction on property value



The following table illustrates how the indigent households that were supported in **2022/2023**:

Electricity	Water	Sewer	Refuse	Rates	Total Amount
R 2 751 000	R 4 243 932	R 13 379 090	R 13 591 322	R 816 648	R 37 781 992

COMPONENT B: ROAD AND STORMWATER

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

3.8. ROADS AND STORM WATER MANAGEMENT

3.8.1. INTRODUCTION TO ROADS AND STORM WATER MANAGEMENT

Road access needs to be provided to all residents, the police and emergency first responders in Msukaligwa. Grants received from Municipal Infrastructure Grant (MIG) and Gert Sibande District Municipality (GSDM) enables the Municipality to upgrade, maintain and re-build municipal roads. During the Integrated Development Planning (IDP) process, projects were identified at the community consultative meetings. Council takes final resolution on projects that will be implemented.

Achievements

In the **2022/2023** financial year, **4.27km** roads have been upgraded from gravel to paved roads. The asphalt roads need to be resurfaced in order to maintain their asset value and for the financial year under review, **45,583.73m²** of tarred roads have been resurfaced.

(1) Municipal Infrastructure Grant (MIG) has funded the following roads & Stormwater projects:

- (a) Upgrading of the Wesselton Extension 3 Boxer intersection (0.876km)
- (b) Rehabilitation of Emadamini Ext 6 Taxi collector (1.100km)
- (c) Upgrading of KwaZanele Masizakhe road (0.940km)
- (d) Construction of N17 intersections at Warburton Nganga (0.450km)
- (e) Rehabilitation of Mthambama street (0.904km)
- (f) Construction of Emadamini stormwater channel

(2) OWN Funds has funded the following road project:

- (a) Resurfacing of Hoster Road through municipal support programme.

The total costs for upgrading of the roads from gravel to paved surface was **R 29,692,337.41 MIG** with a total length of **4.27km** which projects were fully completed by the end of 2022/2023 financial year. The resurfacing of Hoster Road was done through the municipal support programme and Msukaligwa Local Municipality co-funded with R1,000,000.00. The Construction of Emadamini stormwater channel was interrupted during implementation and the project had to be stopped.

The total of 55.83km of Gravel roads were bladed and new gravel material was imported to repair roads. Sidewalks are maintained by replacing broken concrete tiles, as well as constructing new sections where there was a need.

Msukaligwa Local Municipality together with Gert Sibande District Municipality and Msobo Coal Mine through the municipal support programme has resurfaced Steyn, Hoy, Wall and Breytenbach Street in Breyten. Msukaligwa co-funded to GSDM and resurfaced Hoster Street in Ermelo Nederland Park that is used as a main taxi route for Ext 32, 33 and 34.

T3.7.1

Gravel Roads Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt or paved	Gravel roads graded /maintained
2018/19	3301.13	0	3.3	143.2
2019/20	3301.13	0	0.56	123.6
2020/21	144.345	0	2.775	144,345
2021/22	185.5	0	0.72	185.5
2022/23	181,6	0	3,886	181,6
Total	185.5		7.36	185.5

T3.7.2

Asphalted Roads Infrastructure					
Kilometers					
	Total asphalted and paved roads	New asphalt or paved roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt and paved roads maintained
2017/18	250.7 km	0.5 km	0 km	0 km	249 km
2018/19	251.2 km	3.3 km	0 km	3339 m ²	251.2 km
2019/20	254.5 km	0.58 km	0 km	27,404.54 m ²	254.58 km
2020/21	255,1 km	2.775 km	0 km	23,319.31 m ²	257,5 km
2021/22	257,9 km	0.7 km	0 km	10222,4 m ²	257,9 km
2022/23	261,79 km	3.886			
Total		7.85 km	0 km	64285.24 m²	

T3.7.3

Roads and Storm Water Management Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To Provide Sustainable Basic Services and Sustainable Infrastructure										
Kilometres of roads/streets upgraded to asphalt/paved	Well maintained roads infrastructure and storm water drainage systems	3.25 km	0.58 km	2.8 km	2,775 m ²	2,34km	0,72km	3,985 km	4.096 km	1.8 km
Square meters of roads re-surfaced/ patched	Well maintained roads infrastructure	12,000 m ²	27,404.54 m ²	12,000 m ²	23,319 m ²	12,000 m ²	10222 m ²	32090 m ²	45583,73 m ²	40000 m ²
Km of gravel roads maintained	Well maintained roads infrastructure	20 km	124.699 km	20 km	144,345 km	20km	185,5k m	30 km	55,73 km	30 km
Number of storm water inlets maintained	Storm water drainage systems maintained	30	156	60	115	60	100	0	0	240

Financial Performance 2022-23: Road Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	11,625	12,081	12,081	121,036	90%	
Expenditure:						
Employees	10,514	11,543	-	11,972	4%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	68,848	73,801	67,426	70,418	-5%	
Total Operational Expenditure	79,362	85,344	67,426	82,390	-4%	
Net Operational Expenditure	67,737	73,263	55,345	-38,646	290%	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8	

Capital Expenditure 2022-23: Road Services						R' 000
Capital Projects	2022-23					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	32,966,929.09	34,729,644.92	34,729,644.92	100%		
Construction of two Intersections to join SANRAL's N17 at Warburton, Nganga Road and associated St - Phase 2	5,680,218.75	6,629,689.67	6,629,689.67	100%	6,629,689.67	
Upgrading of the Wesselton Extension 3 Boxer intersection	2,580,972.76	3,969,338.82	3,969,338.82	100%	3,969,338.82	
Rehabilitation of Emadamini Ext 6 Taxi collector	3,790,365.42	3,790,365.42	3,790,365.42	100%	3,790,365.42	
Upgrading of KwaZanele Masizakhe road	1,899,899.97	1,899,899.97	1,899,899.97	100%	1,899,899.97	
Construction of paved roads in Wesselton Mthambama Street	6,433,805.52	6,433,805.52	6,433,805.52	100%	6,433,805.52	
Construction of the roads at Wesselton OR Tambo Taxi Collector Phase 1	5,685,666.67	513,370.61	513,370.61	100%	513,370.61	
Construction of the storm water chanel at Wesselton Ext 6 eMadamini	6,000,000.00	4,523,886.86	4,523,886.86	100%	4,523,886.86	
Construction of the roads at Wesselton Msheveni Street	896,000.00	6,969,288.05	6,969,288.05	100%	6,969,288.05	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.9	

3.9. STORM WATER DRAINAGE

Storm water drainage forms part of the roads and storm water management reported in section 3.8 of this report.

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

This component deals with planning and local economic development within the municipality.

3.10. PLANNING AND ECONOMIC DEVELOPMENT

3.10.1. INTRODUCTION TO PLANNING AND ECONOMIC DEVELOPMENT

The purpose and function of the Town Planning and Building Control Section is to facilitate the effective implementation and enforcement of the Msukaligwa Spatial Development Framework, the Msukaligwa Land Use Scheme 2021, the Msukaligwa Spatial Planning and Land Use Management By-Law of 2016, the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) and the National Building Regulations. The objectives of the enforcement of the above-mentioned pieces of legislation and policy directives seek to give effect to the following:

- (a) indicate where public and private land development and infrastructure investment should take place;
- (b) indicate desired or undesired utilization of space in a particular area;
- (c) delineate the urban area within a well-defined urban edge;
- (d) identify areas where strategic intervention is required; and
- (e) Indicate areas where priority spending is required.
- (f) ensure compliance with applicable land use and building regulations

The Town Planning Section is composed of the following sub-functions:

- (a) Spatial Planning and Land Use Management
- (b) Building Control Management
- Geographic Information System (GIS) Management

T3.8.1

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Planning application received	1		56		209	
Determination made in year of receipt	0		42		192	
Determination made in following year	0		10		17	
Applications withdrawn	0		1		0	
Applications outstanding at year end	1		3		0	

T3.10.2

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure integrated long-term planning										
Number of IDP/Budget Process Plans approved by Council annually	IDP/budget process plan developed and approved by Council every year	1	1	1	1	1	1	1	1	1
Number of Council Approved IDPs by 31 May and submitted to the MEC within 10 days of approval and publicised for public information within 14 days of approval	Council approved IDP by May annually, submitted to the MEC within 10 days of approval and publicized for public information within 14 days of approval	2	2	2	2	2	2	2	2	2
Number of IDP ward consultative meetings held annually	19 IDP public participation meeting held by October each year	19	16	19	19	19	19	19	17	19
Number of Budget/IDP consultative meeting held annually	19 Budget / IDP public participation meetings held by 30 April each year	19	19	19	19	19	19	19	15	19
Number of quarterly IDP Rep-Forums held	4 IDP Rep forums held quarterly each year.	4	2	4	2	4	2	4	4	4
Number of performance agreements signed annually	Six performance agreement signed each year for Senior Managers	6	6	6	6	6	6	6	6	6
Number of performance evaluations conducted annually	2 formal performance evaluations conducted annually	2	3	2	2	2	0	4	4	4
Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 August each year	1 Annual Performance Report compiled in terms of Sec. 46 of MSA submitted to Council, PT, AG & COGTA by August each year	1	1	1	1	1	1	1	1	1
Number of Annual Reports submitted to relevant stakeholders by 31 March each year	2 Annual Report compiled and submitted to Council, PT, AG & COGTA (draft and final AR)	2	2	2	2	2	2	2	2	2

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Number of SDBIP quarterly reports tabled in Council annually	Four (4) quarterly SDBIP reports prepared and submitted to the Council each year	4	4	4	4	4	4	4	4	4
Number of SDBIPs approved 28 days after budget approval	One municipal SDBIP approved by the Executive Mayor 28 days after the approval of the annual budget.	1	1	1	1	1	1	1	1	1
Number of Internal Audit Annual Plans approved	Internal Audit Annual Plan approved by the Audit Committee	1	0	1	1	1	0	1	0	1
Number of Audit Committee meetings held annually	4 quarterly Audit Committee meetings held	4	7	4	4	4	7	4	6	4
Annual Risk Register developed and approved	1 Annual Risk Register developed and approved by RMC	1	1	1	1	1	0	1	0	1
Number of quarterly risk management reports submitted to Risk Management Committee (RMC) annually	4 Risk Management report submitted RMC by June each year	4	4	4	4	4	4	4	4	4
Number of audit findings reduced	To improve the municipality's audit outcome							2	10	0
Percentage of action plan implemented to address strategic and operational risks identified per quarter		N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	0
Number of media analysis reports produced annually	4 Quarterly media analysis reports produced	12	11	12	12	12	12	12	12	0
Number of postings on official Facebook account annually	Postings on official Facebook made continuously as and when required	200	938	400	400	959	742	400	972	0
Number of website updates made annually	Website updates made continuously	120	228	120	120	286	0	120	222	0

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
	as and when required									
Percentage of compliant building plans processed within 60 days	100% of compliant building plans applications received and processed within 60 days of receipt	100%	87.5%	100%	100%	100%	100%	100%	100%	100%
Number of building and land use contraventions issued quarterly	Building and land use contraventions issued quarterly	100	108	100	102	100	100	100	100	100
Percentage building and land use contraventions referred to Legal section after 60 days (Within 90 days from date of first notice)	100% building and land use contraventions referred to Legal section	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of compliant Land Use and Land Development Applications considered by the Land Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of SPLUMA compliant Certificates issued within 28 days	To ensure Building Regulations and land use compliant structures and organized settlements	N/A	N/A	N/A	N/A	100%	100%	100%	100%	0
Percentage of land use and building complaints investigated within 14 days	To ensure that all land use building complaint are timeously investigated and addressed.	N/A	N/A	N/A	N/A	100%	100%	100%	100%	0
To reduce Municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure	N/A	N/A	N/A	N/A	N/A	N/A	50%	0%	0
To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified	N/A	N/A	N/A	N/A	N/A	N/A	70%	70%	0

T3.10.3

Financial Performance 2022-23: Planning Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	2,312	2,420	2,450	2,066	-17%	
Expenditure:						
Employees	7,592	10,407	14,420	9,779	-6%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	3,615	3,260	3,259	3,660	11%	
Total Operational Expenditure	11,207	13,667	17,679	13,439	-2%	
Net Operational Expenditure	8,895	11,247	15,229	11,373	1%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5	

Capital Expenditure Year 0: Planning Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.10.6	

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The major project in the planning unit which has rolled-over from preceding years was the establishment of a township on Portion 17 of the Farm Nootgedacht 262-IT. The township establishment application was approved by the Gert Sibande District Municipal Planning Tribunal in March 2022. The project can be considered to be 80% complete as the only remaining item is the opening of the township register (for title deeds) and proclamation of the township. In the 2020/21 Financial year, the PED department also worked on the development of a SPLUMA compliant land use scheme. The project was completed in 2021, with the land use scheme being proclaimed in March 2021. The PED department also facilitated the approval of the formalisation of the KaMabuza Informal Settlement, the formalisation was approved in October 2021. This a multiyear project funded by the department of Human Settlements, the project can be considered to be 50% as all the town planning approvals have been obtained, save for the registration of the General Plan. In the 2021/22 financial, the municipality received an application for the formalisation of the Nyibe informal settlement. The project is also funded by the department of human settlements. The project is still undergoing the town planning compliance procedure.

In as far as our mandate to ensure compliance by enforcing applicable municipal land use and building regulations, achieving 100% in how we administer land use and building contraventions means that we are able to effectively respond to public complaints and detected cases of non-compliance within the legislated timeframes. We are further committed to maintaining the above status quo.

Since the promulgation of the Spatial Planning and Land Use Management By-Law on the 23rd of April 2016, the Section has been successfully implementing the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA) in the assessment of new land use and development applications.

T3.10.7

3.11. LOCAL ECONOMIC DEVELOPMENT

3.11.1. INTRODUCTION TO ECONOMIC DEVELOPMENT

The purpose of Local Economic Development (LED) is to facilitate the growth and sustenance of the local economic capacity for all communities; and to improve economic future prospects that would enhance the quality of life for all. The purpose is also to ensure that plans are in place to improve the socio-economic status of the municipality through infrastructure development. Through the engagements and partnership with other stakeholders, a number of Local Economic Development (LED) objectives such as business opportunities for locals, youth skills development, employment and poverty alleviation were achieved.

The development of the Local Economic Development (LED) strategy for Msukaligwa local municipality was viewed as part of the broader Local Economic Development (LED) Planning process and the development of this strategy took into account work previously done as well as the new developments.

The municipality has reviewed its LED strategy which is a plan that identifies projects of a catalytic nature to address existing and new developments within the municipal area. That is, projects that will have a meaningful impact on the local economy of Msukaligwa Local Municipality and subsequently address the nation-wide triple challenges of unemployment, inequalities and poverty.

The municipality is also working hard to re-establish the Local Economic Development Forum, which will be a platform where LED stakeholders engage on matters relating to the economic growth of the municipality.

(1) Key stakeholders in Local Economic Development (LED) planning, implementation and evaluation are:

- (a) Government
- (b) State enterprises
- (c) Private sector
- (d) Community structures

(2) The LED Vision Elements and Objectives:

Key Vision Elements:

- (a) Creation of job opportunities and the empowerment of local communities.
- (b) SMME development and support.
- (c) Sustainable growth and development based on sectoral competitiveness of the local space.
- (d) Addressing socio-economic challenges faced by local communities, such as poverty, unemployment and skills levels.

3.11.2. JOB CREATION PROJECTS

There is also an initiative from the State Owned Enterprise, TRANSNET, to extend the railway line from Lothair to Swaziland in order to improve transportation of goods between South Africa and Swaziland, which will in turn alleviate the road transportation burden as well as creating job opportunities. Another initiative from the State Owned Enterprise, SANRAL, is the construction of the Ermelo Ring Road, which will in turn contribute to job opportunities. In improving the transport system, the government commits to shift the transportation of coal from road to rail in order to protect the provincial roads through a planned construction of Majuba

Rail coal line linking to the existing rail line in Msukaligwa to Majuba power station. The Majuba rail coal line project has been commissioned and number jobs were created.

Since the commissioning of the above-mentioned project, skills transfer for non-contractual targets has resulted in 560 candidates to be trained. In terms of skills development the following skills were transferred to locals:

- (a) Artisanal assistants;
- (b) Environmental officers;
- (c) Laboratory technicians;
- (d) Operators; and
- (e) Quality

Economic Sector Contribution to the District Economy		
Sector	2021/22	2022/23
Agric, forestry and fishing	18.5%	17%
Mining and quarrying	5.6%	7.4%
Manufacturing	5.6%	5.4%
Wholesale and retail trade	23.3%	21,6%
Finance, property, etc.	24.5%	23,5%
Govt, community and social services	23.0%	21%
Construction services	17.0%	15,3%
Transport	31.0%	29%
Utilities	19.2%	19,4%
Total	16.7%	16.7%
	T3.11.2	

Jobs Created during 2022/23 by Local Economic Development (LED) Initiatives (Excluding Extended Public Works Programme (EPWP) projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Initiative A	450	None	None	
Initiative B	None	None	None	
Initiative C	None	None	None	
				T3.11.5

Job creation through Extended Public Works Programme (EPWP) * projects			
Year	Extended Public Works Programme (EPWP) Projects	Community Workers Programme (CWP)	Jobs created through Extended Public Works Programme (EPWP) projects
	No.	No.	No.
2018/2019	26 projects	0	680 Jobs created
2019/2020	17 Projects	0	443 Jobs created
2020/2021	26 projects	0	365 jobs created
2021/2022	20 projects	0	331 jobs created
2022/2023	19 Projects	0	450 jobs created

* - Extended Public Works Programme

T3.11.6

Local Economic Development Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										
Service Objective: To encourage shared economic growth and development										
Number of Sector Labour Plans meetings held	Businesses adherence to their social responsibility plans	N/A	N/A	N/A	N/A	N/A	N/A	20	20	4
Number of Local SMMEs and Cooperatives supported and registered	Support provided to SMMEs	12	13	20	20	20	26	20	21	30
Number of projects implemented through SLP	Ensure that companies comply with their social responsibility	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0
Number of short-term job opportunities created via Public Employment programmes (EPWP, CWP, etc.)	Job opportunities created in terms of the EPWP guidelines	457	365	547	331	461		461	450	461
Number of LRC meetings convened	Coordination of CWP Local Reference Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Number of the LED Workshops held	Support is given to SMMEs to participate in the economy.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Re-establishment and launching of the LED Forum	Ensuring the functionality of the LED Forum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1

Number of LED Forum Meetings held	Functional Local economic development forum	4	0	0	0	0	0	0	0	3
Number of monthly Social Labour Plans meetings held by 30 June 2019	Local economic growth	12	12	20	20	20	20	24	20	0
T3.11.7										

Financial Performance 2022-23: Local Economic Development Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	#DIV/0!	
Expenditure:						
Employees	3,789.00	1,938.00	1,939.00	4,710.00	59%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	-	-	-	-	#DIV/0!	
Total Operational Expenditure	3,789.00	1,938.00	1,939.00	4,710.00	59%	
Net Operational Expenditure	3,789.00	1,938.00	1,939.00	4,710.00	59%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.11.9

Capital Expenditure Year 0: Economic Development Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!	#DIV/0!	
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.11.10

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

3.12. LIBRARIES AND COMMUNITY FACILITIES

3.12.1. INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

The Public Libraries of Msukaligwa are positioned to be a local gateway to information and knowledge. They provide an opportunity for lifelong learning, independent decision-making and cultural development of individuals and social groups. The Libraries are established, supported and funded by Msukaligwa Municipality together with the Provincial Government. Msukaligwa Libraries provide access to information, knowledge and expand the imagination through a range of resources and services because the libraries are equally accessible to all members of the community regardless of race, nationality, gender, religion, language, disability, economic and employment status and educational attainment.

(1) The libraries carry out a number of programmes such as:

- (a) Readathon Programme
- (b) World Book Day
- (c) South African Library Week

(2) We have a total of ten (10) libraries and nine (9) libraries are fully functional while Cassipark Library is closed for renovation. The libraries are situated in the following areas:

- (a) Ermelo
- (b) Wesselton
- (c) Cassim park
- (d) Chrissiesmeer
- (e) Davel
- (f) Breyten
- (g) Kwazanele
- (h) Silindile
- (i) Thusiville
- (j) KwaChibikulu

The Libraries have been able to provide resources and services in a variety of medium to meet the needs of individuals and groups for education, information and personal development including recreation and leisure. They are constantly playing an important role in the development and maintenance of a democratic society by giving the individual access to a wide and varied range of knowledge, ideas and opinions. One of our achievements was being able to create and strengthen the reading habits in children from an early age. Libraries have managed to engage most schools within the vicinity of the libraries to participate in the activities of the libraries, which are aimed at enhancing and empowering the learners of these schools.

All Libraries are a local centres of information making all kinds of knowledge and information readily available to users. The other one of our achievements as Msukaligwa Libraries is that we have managed to bridge the gap between the

information rich and the information poor by providing public access to the Internet as well as providing information in traditional formats.

Eight libraries provide electronic corners in their facilities which give free access to the internet and personal computing, Cassimpark is closed for renovation and Kwachibikulu the provincial department installed networkpoints. Therefore, Msukaligwa Libraries continue to provide services, which are aimed at meeting the needs of the local communities and continue to be a dynamic information hub in line with government's pathway to the 4th Industrial Revolution.

T3.12.1

Libraries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of libraries events and educational campaigns held	Culture reading and learning for learners at school promoted	5	6	2	0	2	2	10	10	8
Number of library stakeholders' engagements held	Stakeholder being regularly consulted on libraries developments	N/A	N/A	N/A	N/A	N/A	N/A	4	5	0

T3.12.3

Financial Performance 2022-23: Libraries; Archives; Museums; Galleries; Community Facilities; Other						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	100	80	160	131	39%	
Expenditure:						
Employees	6,578	7,095	7,095	6,954	-2%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	20,610	20,267	20,201	19,666	-3%	
Total Operational Expenditure	27,188	27,362	27,296	26,620	-3%	
Net Operational Expenditure	27,088	27,282	27,136	26,489	-3%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

T 3.12.5

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other

R' 000

Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.12.6

3.13. CEMETERIES AND CREMATORIUMS

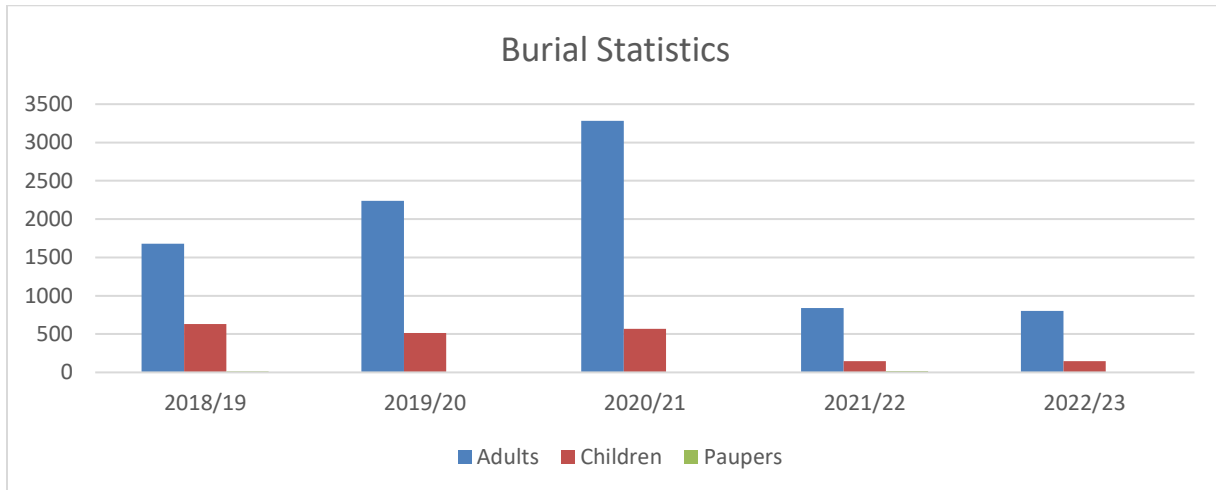
3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIUMS

The top priorities of the municipality in relation to cemeteries are to provide burial space as required by legislation and maintain it to the required standards, securing and fencing of the cemeteries and the enforcement of the by-laws. Msukaligwa municipality has 21 cemeteries of which 6 of them are still in an operational state whereas 15 are closed. It is imperative to provide the community with burial facilities that will be able to meet the demand. It is envisaged that the Municipality will not run out of burial space for the next five to ten years. Plans are in place to extend cemetery services to areas where they are currently not provided i.e. Warburton/Nganga.

T3.13.1

Burial Statistics

Group	2018/19	2019/20	2020/21	2021/22	2022/23
Adults	1680	2238	3281	841	802
Children	632	513	570	145	147
Paupers	13	3	0	17	6
					T3.13.2



T 3.13.2a

The burial statistics are only for those cemeteries that are registered. There are areas where the burials are not accounted for due to the cemeteries or graveyards not being registered. Some graveyards are located on private farms which cannot be account for.

Cemeteries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of cemeteries maintained annually	Well maintained and aesthetic cemeteries	14	14	14	15	14	14	14	14	0
										T3.13.3

Financial Performance 2022-23: Cemeteries and Crematoriums						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	803	937	937	772	-21%	
Expenditure:						
Employees	3,560	3,789	9,806	3,931	4%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other		168	-	306	45%	
Total Operational Expenditure	3,560	3,957	9,806	4,237	7%	
Net Operational Expenditure	2,757	3,020	8,869	3,465	13%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.13.5	

Capital Expenditure 2022-23: Cemeteries and Crematoriums

R' 000

Capital Projects	2022-23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.13.6

(1) There are two main challenges in rendering proper services which are:

- (a) The staff component at the municipal units outside of Ermelo is not assigned to specific tasks and they are doing rotational work from one division to the other. Only the Ermelo unit staff is assigned to specific tasks.
- (b) The other challenge in rendering proper services is obsolete equipment which the municipality is unable to replace due to financial constraints.

COMMENT ON THE PERFORMANCE OF CEMETERIES OVERALL

The priority projects were to fence all the existing and new cemeteries and to establish new cemeteries in those areas where there are no cemeteries. Most of the cemeteries have been fenced, and only seven (7) out of 21 of the existing cemeteries have not been fenced and are in the Municipality's plans to be fenced. The only area without a registered cemetery is Warburton/Nganga and the municipality is a process of establishing a cemetery at that area or unit.

T3.13.7

3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

Child care, aged care and social programmes are not the competency of the Local municipality but the District Municipality.

T3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control, biodiversity and landscape

3.15. POLLUTION CONTROL

This function does not fall within the municipality's competency and is being performed by the District Municipality.

3.16. BIO-DIVERSITY AND LANDSCAPE (INCL. OPEN SPACES AND SIDEWALKS)

3.16.1. INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

These services include the administration, development and upgrading of parks, maintenance of open spaces, parks, sidewalks, street trees and general cleanness of the towns and its grounds. The main priorities in the parks division is to repair and replace all dilapidated playing ground facilities and to maintain parks, sidewalks and municipal terrains. Support is given to communities during the cleaning campaigns through provision of equipment and cleaning material.

T3.16.1

3.16.2. SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The towns are divided into sections for the cleaning and cutting of grass as well as the general maintenance of parks and open spaces. Therefore, the cutting of grass in parks, open spaces and sidewalks is done on a monthly basis. Inadequate staff and equipment remain a challenge leading to some areas not being attended to on time as per the maintenance plan.

T3.16.2

Parks (Open Spaces) Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of parks maintained annually	Well maintained parks	27	26	27	27	27	27	27	27	0

T3.16.3

Employees: Parks (Open Spaces)						
Job Level	2019/20	2020/21		Employees No.	Vacancies (fulltime equivalents) No.	% Vacancies (as a % of total posts)
	Employees No.	Posts No.				
Forms part of the cemeteries and crematoriums in section 3.13						

T3.16.4

Financial Performance Year 0: Bio-Diversity; Landscape and Other						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.16.5	

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.16.6	

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17. HEALTH SERVICES

This is the function of the Provincial Department of Health.

3.18. CLINICS

This is the function of the Provincial Department of Health. The municipality only renders support services in respect municipal services and services infrastructure.

3.19. AMBULANCE SERVICES

This is the Function of the Department of Health and private ambulance services. The municipality renders emergency support services in respect of rescue and fire services. The services include use of Jaws of Life in case vehicle accidents and rescue services in case fire in buildings and veld fires.

3.20. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

This is the function of the District Municipality.

COMPONENT G: SECURITY AND SAFETY

This component includes: Traffic; fire; disaster management, licensing, control of animals and control of public nuisances, etc.

3.21. TRAFFIC SERVICES

3.21.1. INTRODUCTION TO TRAFFIC SERVICES

The Traffic Department is responsible for traffic-law enforcement and the administration thereof. This function also ensures the technical sustainability of road traffic signs, signals and markings throughout the municipal area. The main focus is to ensure a reduction in the road accidents death rate, compliance to road rules and regulations and free flow of traffic. The following activities are performed to ensure improvement in the municipal traffic services:

- (a) High visibility patrols;
- (b) Effective law enforcement;
- (c) Effective law speed enforcement;
- (d) Attend to accident scenes;
- (e) Escort duties for funerals, abnormal loads and dignitaries;
- (f) Traffic education in schools;
- (g) Road blocks;
- (h) Point duties;
- (i) Scholar patrols; and
- (j) Other related traffic duties.

T3.21.1

Municipal Traffic Service Data						
	Details	2020/21	2021/22	2022/23		2023/24
		Actual No.	Actual No.	Estimates No.	Actual No.	Estimates No.
1	Number of traffic accidents during the year	1 093	1273	1300	1263	
2	Number of by-law infringements attended	20	17	20	22	
3	Number of traffic officers in the field on an average day	7	10	10	10	
4	Number of traffic officers on duty on any average day	1 093	10	10	10	
						T3.21.2

Traffic Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of road safety awareness campaigns conducted at school	Promoting road safety awareness at schools and public at large	12	18	9	0	9	7	12	13	12
Number of roadblocks conducted	Road safety and Crime prevention	12	23	12	20	12	18	12	16	12
										T3.21.3

Financial Performance Year 0: Police						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Police Officers						
Other employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.20.5

Capital Expenditure Year 0: Police						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.20.6

COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL

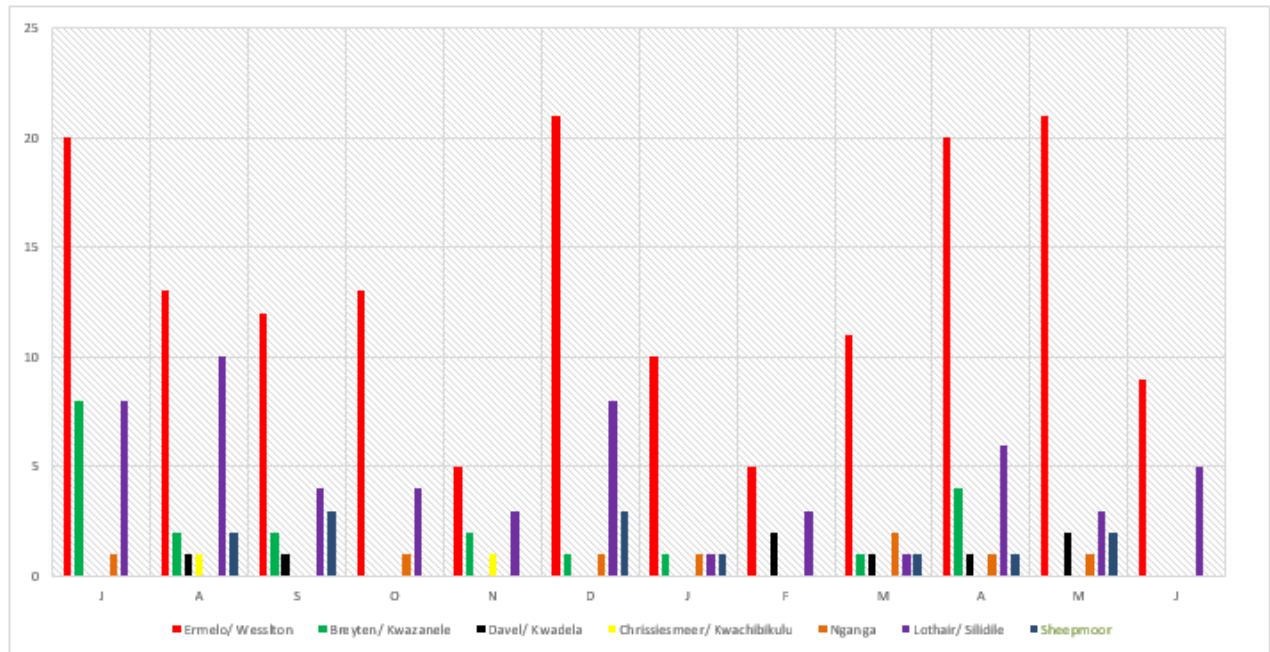
In relation to Traffic control and Safety under the Community and Social Services Department, the municipality has a responsibility for law enforcement and the issuing of traffic fines amongst other related functions. The section is facing a number of challenges ranging from capacity constraints to limited working tools, whereas the municipal area has experienced a steady vehicle population growth over the years. A proper budgetary allocation is an important consideration in order to improve the quality of service delivery from the section.

T3.21.7

3.22. FIRE AND RESCUE SERVICES

3.22.1. INTRODUCTION TO FIRE SERVICES

Year 2022/23– Msukaligwa Special Service Calls (Motor vehicle accidents/ rescues/ hazardous material incidents)



T3.22.1

Municipal Fire Service Data						
	Details	2020/21	2021/22	2022/23		2022/24
		Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No
1	Total fires attended in the year	176	210	210	249	249
2	Total of other incidents attended in the year	109	222	222	276	276
3	Average turnout time - urban areas	13	12	12	10	10
4	Average turnout time - rural areas	23	23	23	23	23
5	Fire fighters in post at year end	28	27	27	26	46
6	Total emergency vehicles at year end	10	8	8	8	10
7	Average number of appliance off the road during the year	0	3	0	3	0
						T3.22.2

Fire Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Percentage of fire and emergency community safety incidents attended to within pre-determined timeframes in accordance with SANS 10090	Turnaround time compared to National guidelines	67%	78%	70%	77%	78%	83%	82%	84%	85%
Number of fire safety inspections conducted	Fire Safety inspections and risk visits conducted in terms of National guidelines	540	598	540	742	700	664	700	763	741
Number of fire safety awareness campaigns conducted (PIER)	Provide fire safety awareness to communities and schools	24	35	9	22	20	42	40	54	52
										T3.22.3

Financial Performance 2022-23: Fire Services						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	1,829	2,031	2,807	2,116	4%	
Expenditure:						
Fire fighters						
Other employees	12,928	18,106	17,903	14,856	-22%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	12,293	14,718	9,974	13,634	-8%	
Total Operational Expenditure	25,221	32,824	27,877	28,490	-15%	
Net Operational Expenditure	23,392.00	30,793.00	25,070.00	26,374.00	-17%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.21.5	

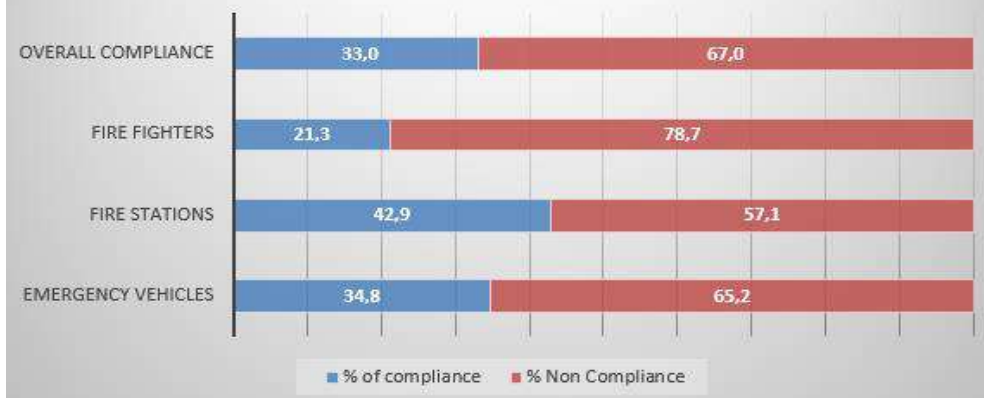
Capital Expenditure 2022-23: Fire Services						R' 000
Capital Projects	2022-23					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	280	
Project B	0	0	0	#DIV/0!	150	
Project C	0	0	0	#DIV/0!	320	
Project D	0	0	0	#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.21.6	

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

- (1) The municipality is providing a fire and rescue service which is intended to be employed for, a) preventing the outbreak or spread of a fire, b) fighting or extinguishing a fire, c) the protection of life or property against a fire or other threatening danger, d) the rescue of life or property from a fire or other danger, e) subject to the provisions of the Health Act, 1977 (Act No. 63 of 1977), the rendering of emergency medical service as an integral part of the fire and rescue service.

The municipality is required to ensure that its service is maintained at 75% or higher. During 2022 - 2023 an overall compliance of 33% was recorded for the provision of fire and rescue services.

Municipal Compliance Towards The Provision of Fire and Rescue Services (SANS 10090)



Section 3 of the Fire Brigade Services Act, Act 99 of 1987 requires that a municipality which got an establish service must maintain its service in accordance with the prescribed requirements (SANS 10090, Community Protection Against Fire) and due to the current financial budget allocations for the provision of a fire service, funding of capital projects are not always possible.

In terms of the minimum requirements as per Section 3 of the FBSA read with SANS 10090, the municipality in terms of its constitutional obligation is classified as a “Category 1” fire services (A fire service as given for category 5(a) as monitored by relevant performance indicators or statistics, or both, and which is able to meet performance criteria as given for category 5(b) more than 75 % of the time, measured annually through, 1) risk profile of area of jurisdiction, 2) weight and speed of response, 3) call receipt and processing requirements, 4) vehicle/equipment availability and maintenance, 5) incident management procedures, 6) pre-fire planning and risk visits, 7) training/personnel, 8) water supplies and 9) fire safety functions.

Although funding is not always available a five (5) year fire service master plan was approved by council to address the identified needs for the next five years.

- (2) Fire Protection Association (National Veld and Forest Fire Act, Act 101 of 1998)
The municipality is a member with both the fire protection associations seated within the municipal area, namely Umpiluzi Fire Protection Association and Msukaligwa Fire Protection Association. The appointed Chief Fire Officer under the Fire Brigade Services Act, is also the appointed Fire Protection Officer for the two Fire Protection Associations and are performing such duties as the Chief Executive Officer for both FPA's.
- (3) Smart Goals Summary
The service will continue to update their legal agreements and by-laws to ensure they are at the most appropriate stage of readiness. Additionally improve upon existing capital funding to ensure a consistent long term stable level of funding has not been achieved. The Fire Services will strive to improve upon their training to enhance the Health and Safety of the Fire Fighters. Additionally, live fire training along with specialty skills training will be started.
- 4. During 2022, Fire Station 3 (Lothair) was also open and services in in the Lothair and Warburton areas are now provided quicker and more effective.

The enhancing of the emergency management capabilities of the municipality is an on-going responsibility of the fire service with all its stakeholders.

T3.22.7

4.1. DISASTER MANAGEMENT

4.1.1. INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Function manages and controls the key performance areas associated with the disaster management and security functionality through inputs into the design, development of approved policies, alignment of procedures, systems and controls guiding critical interventions and processes with respect to loss control, risk reduction and elimination and, providing advice, information and guidelines on critical initiatives related to legislative imperatives with a view to sustaining interventions and supporting an integrated approach to protecting Council property and the building of resilient individuals, households and communities within the context of the Integrated Development Plan (IDP).

The unit is also responsible for rendering an effective and efficient customer care management service and the allocation of adequate resources to address identified security threats and risks.

(1) The function of the Disaster Management Section services is administered as follows and includes:

- (a) To prevent or reduce the severity of hazards
- (b) To ensure the preparedness of the community itself
- (c) To provide an effective response should disaster occur
- (d) To provide recovery after disaster

(2) The strategic objectives of this function are to:

- (a) To reduce or avoid the human, physical and economic losses suffered by individuals, society and community at large.
- (b) To enhance management system or function within the municipal area for the safety of the community and households including the property protection.
- (c) To promote an integrated and co-coordinated approach to disaster management.
- (d) To act as information repository for disaster management related issues.
- (e) To promote research to all aspects of disaster management.
- (f) To disseminate information regarding disaster management in the municipal area.
- (g) To promote the recruitment, training and participation of volunteers in the municipality.
- (h) To establish a disaster management advisory forum consisting of all role-players
- (i) To provide an integrated and coordinated disaster management policy framework that focuses on prevention or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective responses as required by the act

T3.23.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT

(1) Summary of achievements

- (a) The Unit has managed to conduct a number of disaster management awareness campaigns around the municipal area of jurisdiction.
- (b) Impact assessments were conducted on time to all incidents reported to the function and those families or individuals were provided with necessary assistance from the Disaster Management Centre.
- (c) The approval of the Reviewed Disaster Management Plan Council Resolution: **LM 504/10/2023**.

The key issues for 2022/2023 FY were:

- (a) Shortage of staff
- (b) Budget Constraints

T3.23.2

Disaster Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Percentage of disaster incidents responded to within 24 hours	Providing disaster relief to affected communities	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of disaster awareness campaigns Conducted	Educating community on possible disasters and mitigation thereof.	12	11	9	10	12	13	12	12	12
										T3.23.3

Financial Performance 2022-23: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc						R'000
Details	2021-22	2022-23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	4,589	5,001	5,002	5,528	10%	
Expenditure:						
Employees	30,702	32,469	38,487	37,166	13%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	-	34,672	-	32,599	-6%	
Total Operational Expenditure	30,702	67,141	38,487	69,765	4%	
Net Operational Expenditure	26,113	62,140	33,485	64,237	3%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.22.5	

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc

R' 000

Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.22.6

4.2. LICENSING

4.2.1. INTRODUCTION TO LICENSING SERVICES

The licencing function of the municipality deals with services including registration and licencing of vehicles, testing of roadworthiness of vehicles and issuing of road worthiness certificates, conducting learners and driving licences tests, issuing of learners and drivers licences, issuing of professional driving permits, administering instructors' certificates and issuing of temporary and special permits.

The licencing services had however been transferred to the Provincial Department of Community Safety, Security and Liason at the municipality is no more responsible for the services.

T3.24.1

Municipal Licencing Service Data

Details	2020/21	2021/22	2022/23	2023/24
	Actual No.	Actual No.	Actual No.	Estimate No.
1 Total number applications for learners licenses received	3,000	2,106		
2 Total number of applications for driving licenses received	4,000	3,575		
3 Total number vehicles tested for roadworthiness	1,200	1,086		
				T3.24.2

Licensing Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of learner driver licence applications received and processed	Competent drivers	3,000	1,852	3,000	2,252	2400	2,106	2,400	1868	0
Number of driver licence applications received and processed	Competent drivers	4,000	5,057	4,000	3,767	2000	3,575	2,000	3695	0
Number of for road worthiness application Received and processed.	Safe and roadworthy vehicles	1,220	991	1,200	715	400	1,086	400	1642	0
										T3.24.3

COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

The licensing services has been transferred to Provincial Department of Community Safety, Security and Liason and no more with the municipality from the 2023/2024 financial year.

T3.24.5

COMPONENT H: SPORT AND RECREATION

This component includes sports fields; sports halls; stadiums; swimming pools; and sport promotion.

4.3. SPORT AND RECREATION

4.3.1. INTRODUCTION TO SPORT AND RECREATION

The mandate of the section is to provide, maintain and manage sports and recreational facilities. Promotion of sports and assisting athletes who participate at regional, provincial and national level with transport and other logistical arrangements also form part of the municipality's mandate.

The municipality is currently managing and maintaining 19 sports facilities that cut across all sporting codes. Only Ermelo has facilities of reasonable standards while the other six units within the municipality are still having challenges with sub-standard sports facilities.

Due to financial constraints, the municipality could not provide support to sporting activities for the financial year under review.

T3.25.0

4.3.2. SERVICE STATISTICS FOR SPORT AND RECREATION

The municipality facilitates and supports the following sporting codes:

Soccer; Rugby; Netball; Tennis; Korfball; Wrestling; Gymnastics; Basketball; Volleyball; Swimming; Karate; Table tennis; Indigenous games, bowling, golf, athletics, pool, squash, pigeon racing club, hockey and Cricket.

T3.25.1

Sports Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of sports facilities maintained	Well maintained sports facilities	12	12	12	12	12	12	12	0	0

T3.25.2

Financial Performance Year : Sport and Recreation							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	-	12	67	67	10	-570%	
Expenditure:							
Employees	1 322	1 375	2 974	2 974	2 828	-5%	
Repairs and Maintenance	-	-	200	200	140	-43%	
Other	9 995	8 877	8 713	8 713	17	-49769%	
Expenditure	11 317	10 252	11 886	11 886	2 985	-298%	
Expenditure	(11 317)	(10 240)	(11 819)	(11 819)	(2 975)	-297%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.23.4

Capital Expenditure: Sport and Recreation						R' 000
Capital Projects	2021/22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	-	-	-	0%		

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

None.

T3.25.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

4.4. EXECUTIVE AND COUNCIL

(1) The municipality is having a Mayoral Committee, which are leading different Portfolio Committees:

- (a) MMC for Corporate Services – MMC TJ Madlala
- (b) MMC for Technical Services- MMC TC Motha
- (c) MMC for Planning and Economic Development- MMC BJ Motha
- (d) MMC for Community and Social Services - MMC SE Ngovene
- (e) MMC for Finance – MMC EC Msezane.

(2) Council has appointed 08 Section 79 Committees with Chairpersons.

- (a) Corporate Services - Cllr Khalishwayo
- (b) Technical Services - Cllr S Cindi
- (c) Planning and Economic Development - Cllr VJ Maseko
- (d) Community and Social Services - Cllr PH Sibiya
- (e) Finance Committee - Cllr TP Zulu
- (f) Local Geographic Names Committee - Cllr M Mkhaliiphi
- (g) Municipal Public Accounts Committee - Cllr BJ Motha
- (h) By-Laws and Policies – Cllr NR Nkosi

Financial Performance: The Executive and Council							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational	-	-	-	-	-	#DIV/0!	
Expenditure:							
Employees	-	-	33 938	33 938	25 761	-32%	
Repairs and Maintenance	-	-	90	90	85	0%	
Community Participation	-	-	2 583	2 583	11 748	0%	
Total Operational	-	-	36 611	36 611	37 595	3%	
Net Operational	-	-	(36 611)	(36 611)	(37 595)	3%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.24.5	

Capital Expenditure: Financial Services						R' 000
Capital Projects	2021/22					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	-	-	-	0%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>						T 3.25.6

4.5. FINANCIAL SERVICES

The total staff component for Financial Services is planned at 105 employees and 72 positions have been filled.

4.6. HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The functions of the human resource unit includes:

- Recruitment, selection, appointment and orientation of staff
- Implementation of capacity building programme for Councillors and Officials
- Formulation of Human Resource Strategies

T3.28.1

Chapter 4

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

Council Resolution **LM 102/05/2022** approved an ideal organogram for the Municipality with a staff compliment **1068** positions and 605 positions were filled in the year under review.

T4.0.1

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2021/2022	2022/2023			
	Employees No.	Approved Posts No.	Employees No.	Vacant Variance %	Filled Variance %
Water and Sanitation	74	102	80	22	22%
Electricity	32	79	36	43	54%
Waste Management	79	115	86	29	25%
Human Settlement	8	18	8	10	56%
Roads and Storm Water Management	34	81	39	42	52%
Land use and spatial development	7	11	7	4	36%
Local Economic Development	3	10	3	7	70%
Libraries	18	40	18	22	55%
Parks Sports and Cemeteries	52	89	53	36	40%
Traffic Services	15	28	16	12	43%
Fire Services	27	48	27	21	44%
Disaster Management	7	10	7	3	30%
Law Enforcement and Security Services	0	4	0	4	100%
Licensing	22	36	21	15	42%
Executive and Council	7	15	8	7	47%
Financial Services	86	118	96	22	19%
Human Resource Services	8	12	8	4	33%
Totals	479	816	513	303	37%
Office of the Director Technical Services	2	2	2	0	0%
Office of the Director Planning and Development	2	2	2	0	0%
Office of Director community and Social Services	2	2	2	0	0%
IDP	4	4	4	0	0%
Office of Director Corporate Services	2	2	2	0	0%
Corporate Services	50	59	50	9	15%
Office of CFO	2	3	2	1	33%
Office of the Municipal Manager	3	3	4	-1	-33%
Internal Audit	3	4	3	1	25%

Risk	2	40	2	38	95%
Communications	2	12	5	7	58%
Technical Services (PMU)	5	6	5	1	17%
Tech workshop	8	14	9	5	36%
TOTALS	87	153	92	61	40%

T4.1.1

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

Vacancy Rate 2022/2023

Designations	Total Approved Post No.	Filled Posts No.	Percentage		Days
			Vacant	Filled	
Municipal Manager	1	1	0%	100%	0
Chief Finance Officer	1	1	0%	100%	0
Director Corporate Services	1	1	0%	100%	0
Director Community Services	1	1	0%	100%	0
Director Technical Services	1	1	0%	100%	0
Director Planning and Economic Development	1	1	0%	100%	0
Municipal Traffic Officer	25	6	60	40	0
Fire Fighter	41	27	35	65	0
Managers (Excluding Finance)	31	23	26	74	0
Finance Managers	07	08	0	100	0
Supervisors (Excluding Finance)	02	02	50	50	0
Finance Supervisors	00	0	0	0	0
Total	112	72	36	64	0

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

Turn-over Rate

Financial Year	Total number of employees as of beginning of Financial Year	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
2018/19	569	04	34	5.98%
2019/20	597	83	31	5.2%
2020/21	635	15	30	5%
2021/22	569	29	39	5%
2022/23	605	47	52	7.7%

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

T4.1.3

COMMENT ON VACANCIES AND TURNOVER

In 2022/2023 financial year, the following senior management positions were filled:

- (a) Municipal Manager – Filled
- (b) Chief Finance Officer – Filled
- (c) Deputy Chief Financial Officer – Filled
- (d) Director Corporate Service – Filled
- (e) Director Planning and Economic Development – Filled
- (f) Director Technical Service – Filled
- (g) Director Community and Social Services – Filled

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Msukaligwa Local Municipality has a Human Resources Section whose function is to develop and implement policies, provide guidance to employees on issues of personnel administration, skills development and industrial relations. The municipality adopted the Human Resources Plan and Strategy and is implementing these by prioritising the critical service delivery vacancies to be filled.

T4.2.0

4.2. POLICIES

The following policies were adopted by the municipality and councillors as well as employees were trained on these policies through separate workshops. The policies are being implemented by the municipality.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Recruitment, Selection Promotion and Retention Policy	100%	100%	Adopted by the Council and implemented
2	Overtime	100%	100%	Adopted by the Council and implemented
3	Incapacity due to ill health	100%	100%	Adopted by the Council and implemented
4	Attendance and punctuality	100%	100%	Adopted by the Council and implemented
5	Remuneration work outside the municipality	100%	100%	Adopted by the Council and implemented
6	Leave policy	100%	100%	Adopted by the Council and implemented
7	Succession planning policy	100%	100%	Adopted by the Council and implemented
8	Scares skills	100%	100%	Adopted by the Council and implemented
9	HR strategy	100%	100%	Adopted by the Council and implemented
10	HR plan	100%	100%	Adopted by the Council and implemented
11	Code of Conduct for employees	100%	100%	The Council implements the Code of Conduct which was agreed at between the parties in the Bargaining Council

12	Delegations, Authorisation & Responsibility	100%	100%	Adopted by the Council and implemented
13	Disciplinary Code and Procedures	100%	100%	Currently using main collective agreement
14	Essential Services	100%	100%	Currently using the main collective agreement on essential services.
15	Employee Assistance	100%	100%	Adopted by the Council and implemented
16	Grievance Procedures	100%	100%	Currently using the main collective agreement on essential services.
17	Workplace HIV/Aids	100%		Draft
18	Occupational Health and Safety	100%	100%	Adopted by council and implemented
19	Sexual Harassment	100%		Draft
20	Skills Development	100%	100%	Adopted by council and implemented
				T4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

Corporate Services department has developed Human Resources policies and has reviewed the critical policies. Other policies are being reviewed as and when there are changes in legislation and regulations.

T4.2.2

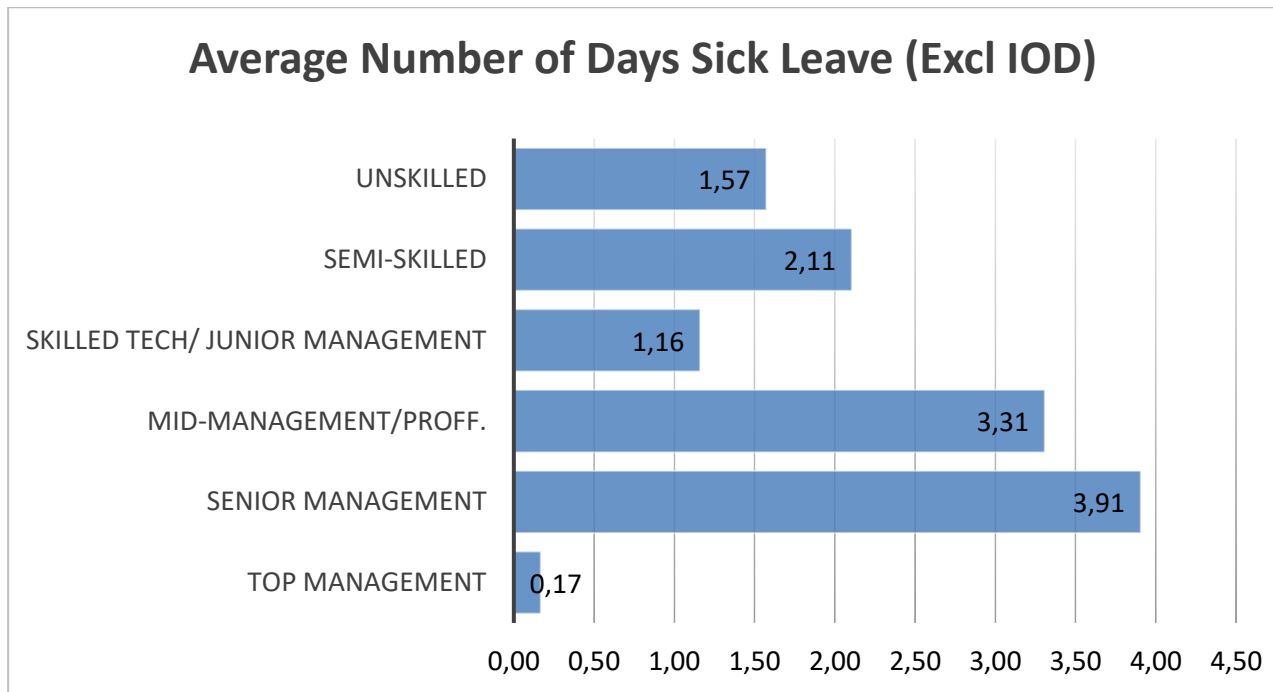
4.3. INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Average injury leave taken per employee %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	181	2		Clause 15 paragraph 1.5.1 in the Mpumalanga collective agreement applies	
Temporary total disablement	0	0	0	0	
Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
Total	181	02	0.50%		
*Average injury leave taken per employee: Calculated by taking Column 3 divide by Column 2 X 100					
Average Injury Leave per employee Days: Calculated by taking Column 2 divide by Column 3					
				T4.3.1	

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Occupational Levels	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in occupational level*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Top Management	01	N/A	01	06	0,2	R
Senior Management	125	N/A	04	32	3,9	R235870
Mid-Management/Prof	258	N/A	11	78	3,3	R 474944.42
Skilled Tech/ Junior Management	317	N/A	18	273	1,2	R288128.65
Semi-Skilled	40	N/A	01	19	2,1	R 23698.89
Unskilled	310	N/A	19	197	1,6	R 16550.26
Total	1051	N/A	54	605	1,7	

* - Number of employees in post at the beginning of the year
 *Average calculated by taking sick leave in column 2 divided by total employees in column 5 T4.3.2

For the purpose of this Report that Municipal Manager and Directors are reported on as Top Management.



T4.3.3

COMMENT ON INJURY AND SICK LEAVE

Sick leave taken by employees did not have a significant impact on the total budget of the Municipality in the year 2021/2022.

T4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
None	N/A	N/A	N/A	N/A
				T4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			
			T4.3.6

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix										
Management level	Gender	Employee s in post as at 30 June 2023 No.	Number of skilled employees required and actual as at 30 June 2022							
			Learnership		Skills programmes & other short courses		Other forms of training		Total	
			Plann ed 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022	Planned 30 June 2021	Actual 30 June 2022
MM and S57	Female	0	1	0	0	0	0	0	1	0
	Male	1	1	0	1	1	0	0	1	0
Councillors, senior officials, and managers	Female	25	30	26	14	7	0	0	30	15
	Male	56	30	23	24	13	0	0	30	19
Technicians and associate professionals	Female	16	10	2	5	2	5	0	20	4
	Male	61	10	6	5	2	5	0	20	8
Professionals	Female	24	5	0	5	0	5	0	15	0
	Male	12	5	0	5	0	5	0	15	0
Sub total	Female	57	26	7	26	24	15	4	67	10
	Male	94	37	4	37	36	10	1	84	41
Total		151	63	11	63	60	25	5	151	76
										T4.4.1

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

Corporate Services Department conducted a skills audit and information gathering sessions with various departments, which informed the Works Skills Plan (WSP) and Annual Training Programme (ATP). The findings of the Skills Audit revealed that there was a significant number of employees that require assistance with the recognition of prior learning, employees whose skills were mismatched to the work they are doing etc. The municipality is incrementally implementing the findings of the skills audit report.

The following training intervention is highlighted:

- a. Minimum Competency Training Programme in partnership with Provincial Treasury.
- b. Various Ad Hoc Training interventions to respond to institutional skills shortage and comprise the following:

Training / Course	No. of Officials Attended	No. Councillors Attended
Legal cost training	2	0
Municipal financial management programme	11	10
Integrated development programme	0	0
Training on how to review financial statement	3	3
Training on municipal governance guidelines	2	0
Performance management	2	2
Training on OHS representatives	25	0
Training on Fire marshal	15	0
Bachelor of Public Administration	3	3
Bachelor Commerce Supply Chain Management	1	1
Training on first aid	27	0
Total	91	26

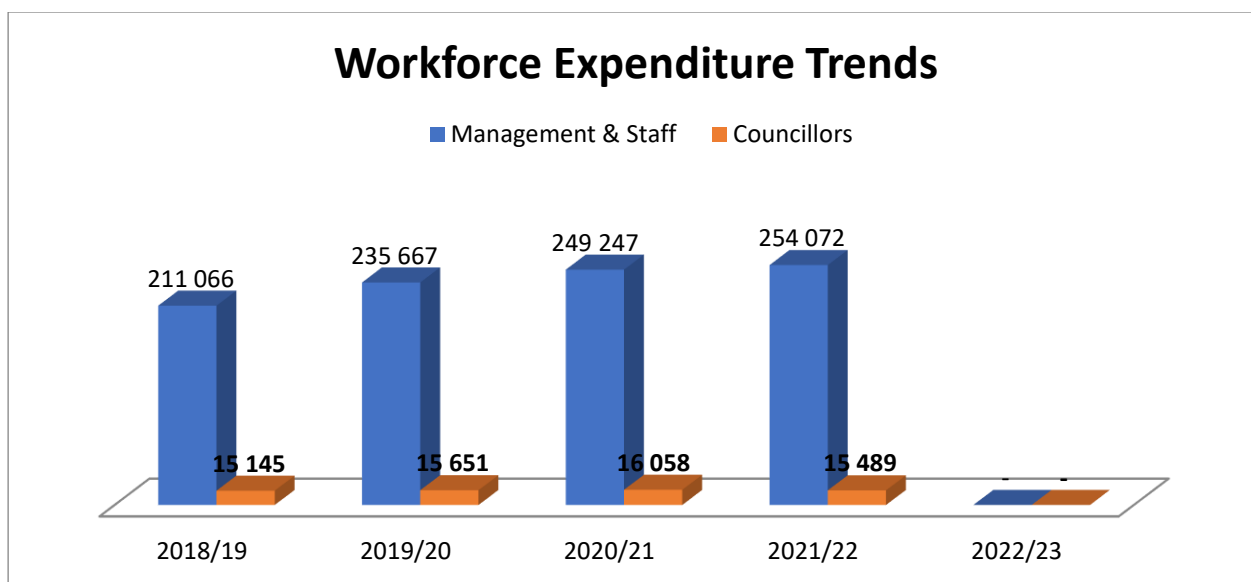
The actual expenditure on Minimum Competency Training programme was **R407 313.90** and the other Ad Hoc Training intervention was **R338 099.94**

T4.4.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

	2018/19	2019/20	2020/21	2021/22	2022/23
Management & Staff	211066	235667	249247	254072	XXXX
Councillors	15 145	15 651	16 058	15489	XXXX



T4.5.1

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Top Management	Female	None
	Male	None
Senior Management	Female	None
	Male	None
Professional Qualified	Female	None
	Male	None
Skilled Technical	Female	None
	Male	None
Semi-Skilled	Female	None
	Male	None
Unskilled & Defined	Female	None
	Male	None
Total		

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).

T4.5.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0

T4.5.3

Employees appointed to posts not approved

Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				

T4.5.4

DISCLOSURES OF FINANCIAL INTERESTS

Disclosure forms were issued to all employees and Councillors and were returned to be kept in employee files.

T4.5.5

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- (a) Component A: Statement of Financial Performance
- (b) Component B: Spending Against Capital Budget
- (c) Component C: Financial Position

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

MP302 Msukaligwa - Table B1 Budget Summary

Description	Budget Year 2022/2023								
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
	A	1,00 A1	2,00 B	3,00 C	4,00 D	5,00 E	6,00 F	7,00 G	8,00 H
R thousands									
Financial Performance									
Property rates	191 336 759,00	191 336 759,00	-	-	-	-	-8 213 309,00	-8 213 309,00	183 123 450,00
Service charges	441 196 899,00	441 196 899,00	-	-	-	-	-45 641 477,00	-45 641 477,00	395 555 422,00
Investment revenue	300 000,00	300 000,00	-	-	-	-	-	-	300 000,00
Transfers recognised - operational	207 727 429,00	207 727 429,00	-	-	-	-	429 517,00	429 517,00	208 156 946,00
Other own revenue	65 607 298,00	65 607 298,00	-	-	-	-	-10 370 328,00	-10 370 328,00	55 236 970,00
Total Revenue (excluding capital transfers and contributions)	906 168 385,00	906 168 385,00	-	-	-	-	-63 795 597,00	-63 795 597,00	842 372 788,00
Employee costs	271 208 849,00	271 208 849,00	-	-	-	-	11 681 903,00	11 681 903,00	282 890 752,00
Remuneration of councillors	17 648 339,00	17 648 339,00	-	-	-	-	-	-	17 648 339,00
Depreciation & asset impairment	139 145 623,00	139 145 623,00	-	-	-	-	1 469 918,00	1 469 918,00	140 615 541,00
Finance charges	-	-	-	-	-	-	29 200 000,00	29 200 000,00	29 200 000,00
Inventory consumed and bulk purchases	419 508 278,00	419 508 278,00	-	-	-	-	-91 563 503,00	-91 563 503,00	327 944 775,00
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	295 999 416,00	295 999 416,00	-	-	-	-	-95 216 970,00	-95 216 970,00	200 782 446,00
Total Expenditure	1 143 510 505,00	1 143 510 505,00	-	-	-	-	-144 428 652,00	-144 428 652,00	999 081 853,00
Surplus/(Deficit)	-237 342 120,00	-237 342 120,00	-	-	-	-	80 633 055,00	80 633 055,00	-156 709 065,00

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	199 068 571,00	199 068 571,00	-	-	-	-	-	-	199 068 571,00
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-38 273 549,00	-38 273 549,00	-	-	-	-	80 633 055,00	80 633 055,00	42 359 506,00
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-38 273 549,00	-38 273 549,00	-	-	-	-	80 633 055,00	80 633 055,00	42 359 506,00
Capital expenditure & funds sources									
Capital expenditure	243 924 223,00	243 924 223,00	-	-	-	-	-6 537 964,00	-6 537 964,00	237 386 259,00
Transfers recognised - capital	199 068 571,00	199 068 571,00	-	-	-	-	-167 172,00	-167 172,00	198 901 399,00
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	44 855 652,00	44 855 652,00	-	-	-	-	-6 370 792,00	-6 370 792,00	38 484 860,00
Total sources of capital funds	243 924 223,00	243 924 223,00	-	-	-	-	-6 537 964,00	-6 537 964,00	237 386 259,00
Financial position									
Total current assets	517 941 163,00	517 941 163,00	-	-	-	-	-113 796 080,00	-113 796 080,00	404 145 083,00
Total non current assets	2 708 750 730,00	2 708 750 730,00	-	-	-	-	6 120 727,00	6 120 727,00	2 714 871 457,00
Total current liabilities	1 015 605 592,00	1 015 605 592,00	-	-	-	-	603 083 199,00	603 083 199,00	1 618 688 791,00
Total non current liabilities	60 797 970,00	60 797 970,00	-	-	-	-	18 653 533,00	18 653 533,00	79 451 503,00
Community wealth/Equity	2 150 288 331,00	2 150 288 331,00	-	-	-	-	-770 946 865,00	-770 946 865,00	1 379 341 466,00
Cash flows									
Net cash from (used) operating	246 784 724,00	246 784 724,00	-	-	-	-	-10 455 607,00	-10 455 607,00	236 329 117,00
Net cash from (used) investing	-243 924 223,00	-243 924 223,00	-	-	-	-	2 208 789,00	2 208 789,00	-241 715 434,00
Net cash from (used) financing	-3 511 336,72	-17 434 000,00	-	-	-	-	13 923 000,00	13 923 000,00	-3 511 000,00
Cash/cash equivalents at the year end	69 350 141,28	55 427 478,00	-	-	-	-	-56 463 374,00	-56 463 374,00	-1 035 896,00

Cash backing/surplus reconciliation										
Cash and investments available	22 632 478,00	22 632 478,00	-	-	-	-	-18 641 114,00	-18 641 114,00	3 991 364,00	
Application of cash and investments	512 223 083,00	512 223 083,00	-	-	-	-	746 244 035,00	746 244 035,00	1 258 467 118,00	
Balance - surplus (shortfall)	-489 590 605,00	-489 590 605,00	-	-	-	-	-764 885 149,00	-764 885 149,00	-1 254 475 754,00	
Asset Management										
Asset register summary (WDV)	2 708 750 730,00	2 708 750 730,00	-	-	-	-	6 120 727,00	6 120 727,00	2 714 871 457,00	
Depreciation	139 145 623,00	139 145 623,00	-	-	-	-	1 469 918,00	1 469 918,00	140 615 541,00	
Renewal and Upgrading of Existing Assets	78 661 321,00	78 661 321,00	-	-	-	-	-42 581 302,00	-42 581 302,00	36 080 019,00	
Repairs and Maintenance	29 465 151,00	29 465 151,00	-	-	-	-	-7 204 205,00	-7 204 205,00	22 260 946,00	
Free services										
Cost of Free Basic Services provided	42 128 374,00	42 128 374,00	-	-	-	-	-16 711 331,00	-16 711 331,00	25 417 043,00	
Revenue cost of free services provided	14 865 470,00	14 865 470,00	-	-	-	-	3 962 269,00	3 962 269,00	18 827 739,00	
Households below minimum service level										
Water:	3 892,00	-	-	-	-	-	-	-	3 892,00	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	
Refuse:	1,00	-	-	-	-	-	-	-	1,00	

Financial Performance of Operational Services							R '000
Description	2021/22	2022/23			2022/23		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%	
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%	
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%	
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%	
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%	
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%	
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%	
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%	
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%	
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%	
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%	
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%	
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%	
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%	
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%	
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%	
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

COMMENT ON FINANCIAL PERFORMANCE

The procurement of goods and services is done in line with the Supply Chain Management regulations, PPPFA of 2011 and in line with the approved budget and Integrated Development Plan (IDP) of the Council, which strives for a procurement process that is to be fair, equitable, cost effective and competitive.

T5.1.2

5.2. GRANTS

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received the following grants:

Grant Performance				
R' 000				
Description	Year 2021/22	Year 2022/23		
	Actual	Budget	Adjustments Budget	Actual
Operating Transfers and Grants				
National Government:	226 751	206 811	-	207 210
Equitable share	219 070	199 061	-	199 442
Expanded Public Works Programme Integrated Grant	2 062	1 968	-	1 986
Department of Water Affairs	-	-	-	-
Local Government Financial Management Grant	3 000	3 000	-	3 000
Municipal Infrastructure Grant	2 618	2 782	-	2 782
Provincial Government:	-	-	-	-
Health subsidy	-	-	-	-
Housing	-	-	-	-
Ambulance subsidy	-	-	-	-
Sports and Recreation	-	-	-	-
Municipal Infrastructure Grant	-	-	-	-
District Municipality:	-	-	-	-
	-	-	-	-
	-	-	-	-
Other grant providers:	-	-	-	-
	-	-	-	-
Total Operating Transfers and Grants	226 751	206 811	-	207 210

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T5.2.1

5.3. ASSETS MANAGEMENT

ASSETS MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Goal of asset management is to achieve the required level of service in the most effective manner, which is achieved through management of asset's life cycle. The utilisation and management of property, plant and equipment is the prime mechanism by which a Municipality can fulfil its constitutional mandates for the Delivery of sustainable services, Social and economic development, Promoting a safe and healthy environment and Providing the basic needs to the community. The Municipal Manager is accountable for the management of the assets of the Municipality, including the safeguarding and the maintenance of those assets. The staff involved in assets management is as follows and reports to the Chief Financial Officer: Manager Assets; Accountant Assets Management and Assets clerks.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2021/22

Asset 1				
Name	INFRASTRUCTURE ASSET			
Description	MV SUBSTATION			
Asset Type	SWITCHGEAR			
Key Staff Involved	YES			
Staff Responsibilities	ELECTRICAL SECTION			
	Year -3	Year -2	Year -1	Year 0
Asset Value	2 753 322.95	2 818 878.26	2 884 433.57	2 949 988.88
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	ELECTRICITY DISTRIBUTION			
Describe Key Issues	ELECTRICITY DISTRIBUTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
Asset 2				
Name	INFRASTRUCTURE ASSET			
Description	WATER RESERVOIR			
Asset Type	RESERVOIR			
Key Staff Involved	YES			
Staff Responsibilities	WATER SECTION			
	Year -3	Year -2	Year -1	Year 0
Asset Value	2 074 176.82	2 118 308.24	2 162 439.66	2 206 571.08
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	WATER DISTRIBUTION			
Describe Key Issues	WATER DISTRIBUTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT POLICY			
Asset 3				

Name	TRANSPORT ASSET			
Description	UD Trucks			
Asset Type	COMPACTOR TRUCKS			
Key Staff Involved	YES			
Staff Responsibilities	WASTE MANAGEMENT UNIT			
	Year -3	Year -2	Year -1	Year 0
Asset Value	1 717 600.00	1 860 733.33	2 003 866.67	2 147 000.00
Capital Implications	CONDITIONAL CAPITAL FUNDING			
Future Purpose of Asset	WASTE COLLECTION			
Describe Key Issues	WASTE COLLECTION			
Policies in Place to Manage Asset	ASSETS MANAGEMENT AND FLEET POLICY			
	T 5.3.2			

COMMENT ON ASSET MANAGEMENT:

Before a Municipality can spend funds on a project the Municipal Council must consider the project costs covering all the financial years until the project is operational, as well as all future operational costs and revenue for the project. The Council of Msukaligwa Local Municipality has considered all the above in terms of the projects and the projects were approved for implementation. The above projects were funded from Conditional Grants and all supporting documents are available on file for audit inspection.

T 5.3.3

Repair and Maintenance Expenditure: 2022/23				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	81 522 000	81 522 000	29 442 494	36%
	T 5.3.4			

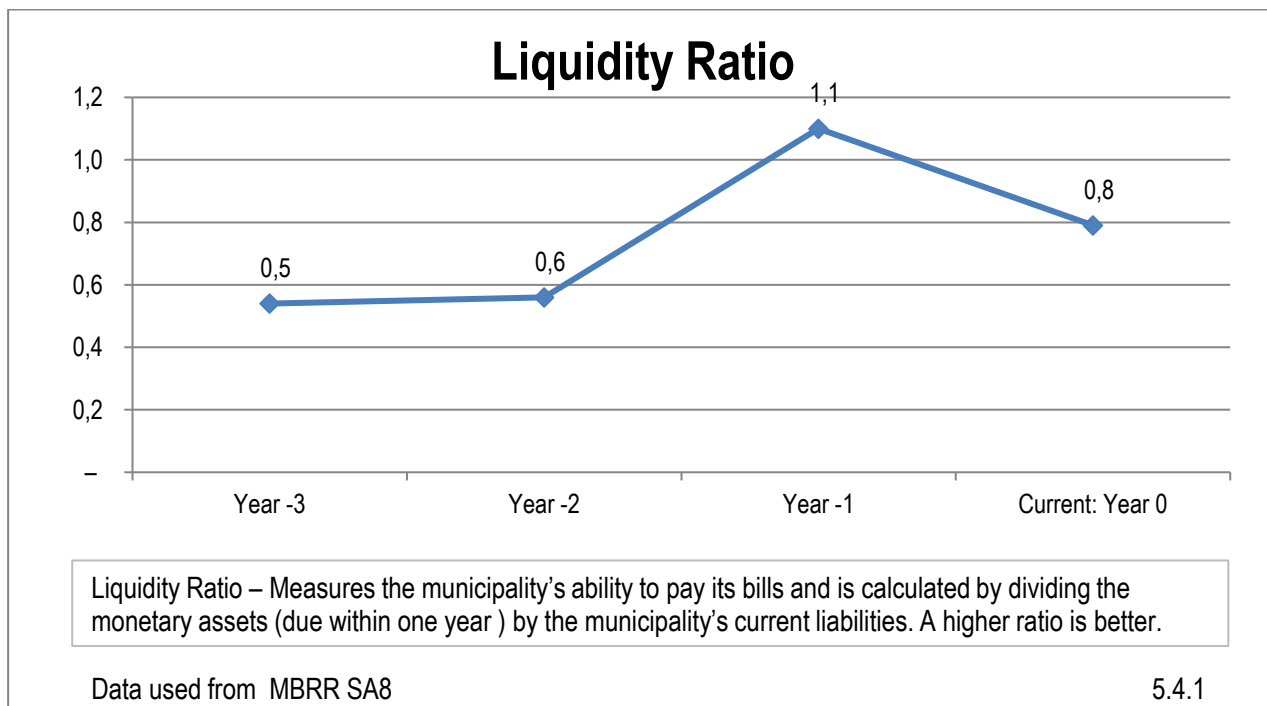
5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Expenditure management			
1.1	Creditor-payment period	1005 Days	1001 Days
1.2	Deficit was realised for the year (total expenditure exceeded total revenue)	No	No
	Amount of surplus / (deficit) for the year	R44 137 395	R16 362 248
Revenue management			
2.1	Debt-collection period (after impairment)	181 Days	168 Days
	• Amount of debtor's impairment provision	R903 260 425	R748 003 763
	• Amount of accounts receivable	R231 917 030	R203 856 316
2.2	Debt-impairment provision as a percentage of accounts receivable	80%	79%
	• Amount of debt-impairment provision	R903 260 425	R748 003 763
	• Amount of accounts receivable (before impairment)	R1 135 177 455	R951 860 079
2.3	Percentage distribution losses – electricity	60%	60%
	• Amount of units generated / purchased	193 793 818	222 003 278
	• Amount of units sold to consumers	77 412 400	88 762 868
2.4	Percentage distribution losses – water	76%	76%
	• Amount of units generated / purchased	9 815 960	8 275 789
	• Amount of units sold to consumers	2 318 818	1 989 225
Asset maintenance and renewal			
3.1	Percentage spending on repairs and maintenance	2%	1%
	• Amount of expenditure on repairs and maintenance	R50 243 216	R 29 955 437
	• Amount of property, plant and equipment (carrying value)	R2 651 634 315	R2 555 795 186
3.2	Total capital expenditure as percentage of total expenditure	26%	33%
	• Amount of capital expenditure	R241 341 000	R314 942 000
	• Amount of total expenditure (operating + capital)	R950 184 000	R965 876 000
3.3	Asset renewal / rehabilitation expenditure as a percentage of total capital expenditure	33%	10%

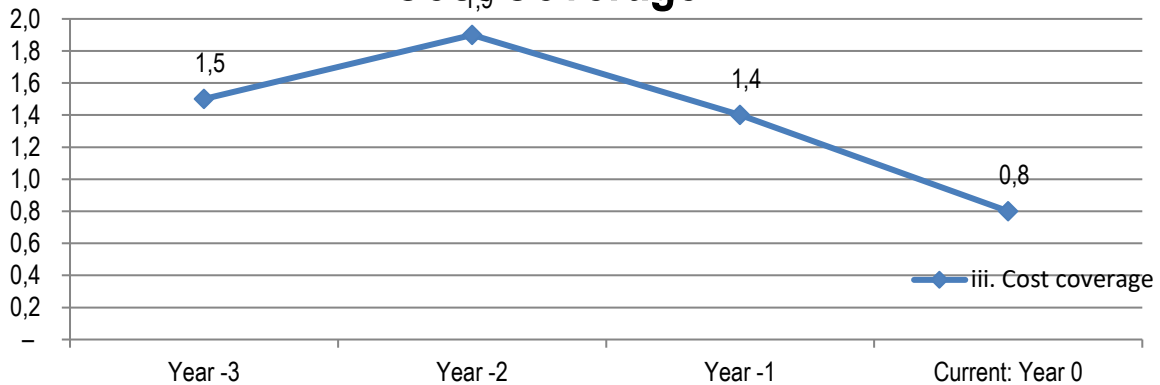
	<ul style="list-style-type: none"> Amount of asset renewal / rehabilitation expenditure 	R50 243 216	R 29 955 437
3.4	Asset renewal / rehabilitation expenditure as a percentage of total depreciation and impairment	167%	200%
	<ul style="list-style-type: none"> Amount of depreciation and impairment 	R139 284 236	R142 480 537
Asset and liability management			
4.1	Total debt / borrowings vs total revenue for the year	140%	142%
	<ul style="list-style-type: none"> Amount of debt / borrowings Amount of revenue for the year 	R1 805 437 028 R1 291 741 687	R1 617 697 241 R1 143 169 040
4.2	Current liabilities as a percentage of next year's budgeted resources	353,4%	245,3%
	<ul style="list-style-type: none"> Amount of current liabilities Total budgeted income for the next year, excluding employee costs and remuneration of councillors 	R1 641 186 651 R918 787 000	R 1 467 567 709 R982 436 000
4.3	Net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	<ul style="list-style-type: none"> Amount of net current asset / (liability) position 	(R1 174 444 154)	(R1 134 147 852)
4.4	Net non-current liability position was realised (total non-current liabilities exceeded total non-current assets)	No	No
	<ul style="list-style-type: none"> Amount of net non-current asset / (liability) position 	R2 668 717 672	R2 584 283 973
4.5	Net liability position was realised (total liabilities exceeded total assets)	No	No
	<ul style="list-style-type: none"> Amount of net asset / (liability) position 	R1 494 273 518	R1 617 697 241
4.6	Liquid assets as a percentage of total current liabilities (acid test percentage)	27%	22%
	<ul style="list-style-type: none"> Amount of liquid assets 	R23 589 169	R13 003 712
4.7	Current ratio	0,28	0,23
	<ul style="list-style-type: none"> Amount of current assets 	R466 742 497	R333 419 857
4.8	Total debt to total assets ratio	0,55	0,53
	<ul style="list-style-type: none"> Amount of debts Amount of assets 	R1 805 437 028 R3 299 710 546	R1 617 697 241 R3 067 833 262

Cash management			
4.9	Year-end bank balance was in overdraft	No	No
	<ul style="list-style-type: none"> Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft) 	R78 704 967	R9 673 827
4.10	Cash plus investments less applications	R78 704 967	R9 673 827
	<ul style="list-style-type: none"> Amount of year-end bank balance (cash and cash equivalents) 	R78 704 967	R9 673 827
	<ul style="list-style-type: none"> Amount of total investments (short and long term) 	-	-
	<ul style="list-style-type: none"> Less: amount of cash applications/ commitments 	-	-
4.11	Cash coverage	0,7 months	0,1 months
	<ul style="list-style-type: none"> Amount of monthly expenditure 	R105 166 000	R98 586 000

These amounts have not been adjusted for uncorrected misstatements that resulted in the modification of the audit opinion



Cost Coverage

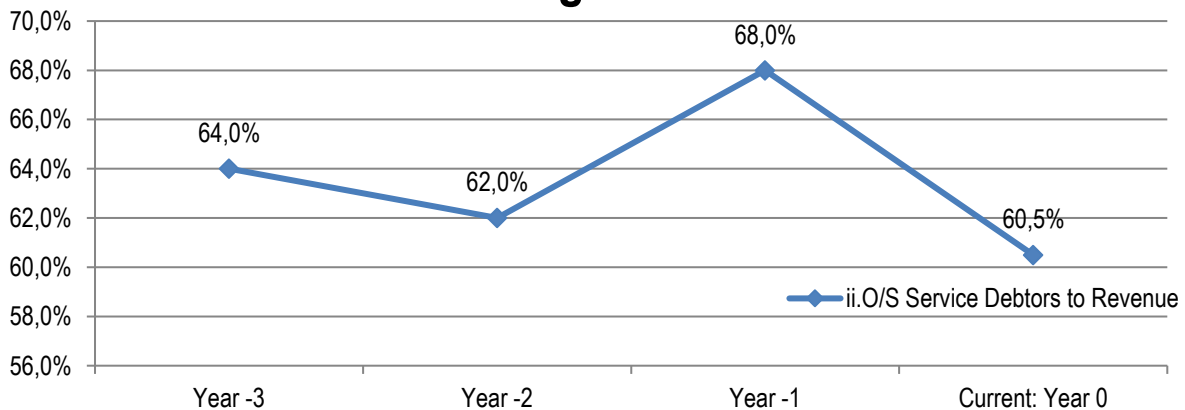


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRB SAR

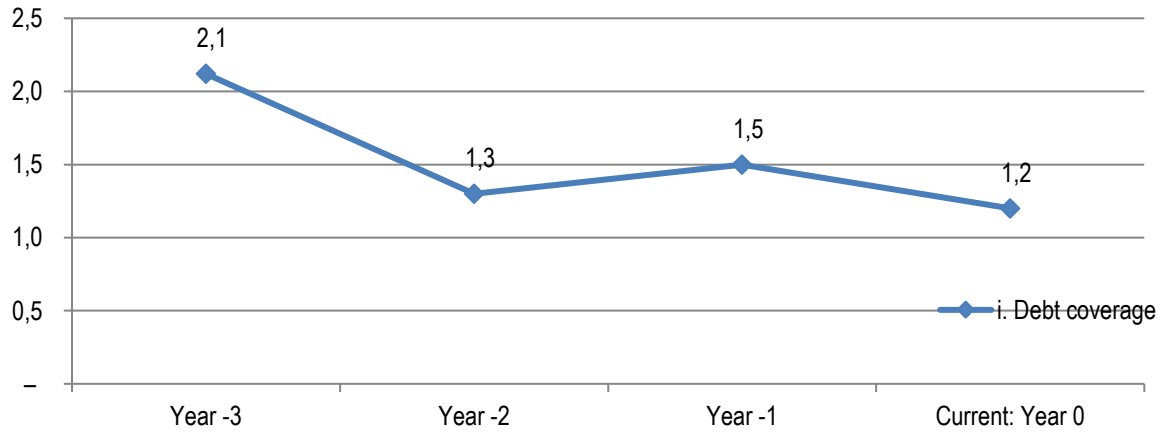
5.4.2

Total Outstanding Service Debtors



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

Debt Coverage

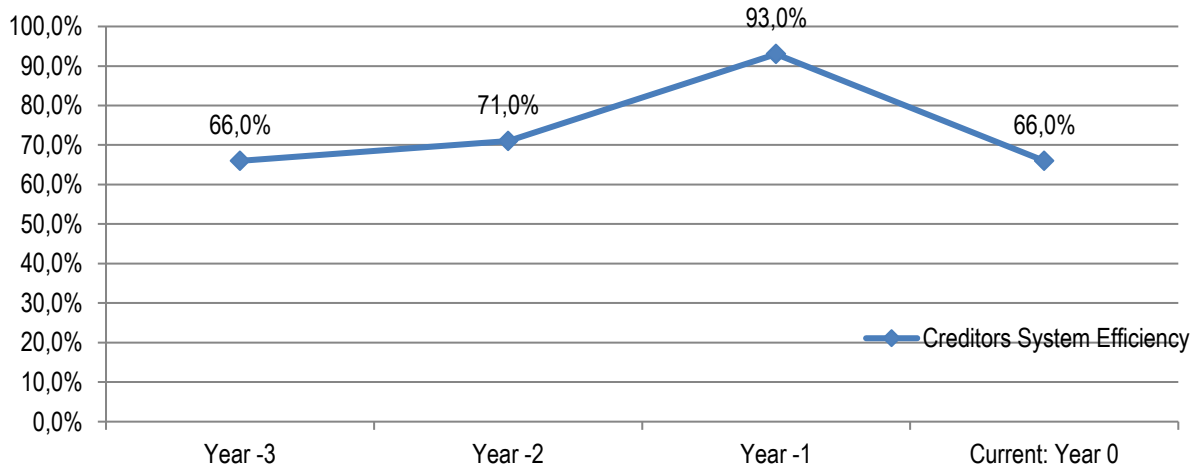


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

5.4.4

Creditors System Efficiency

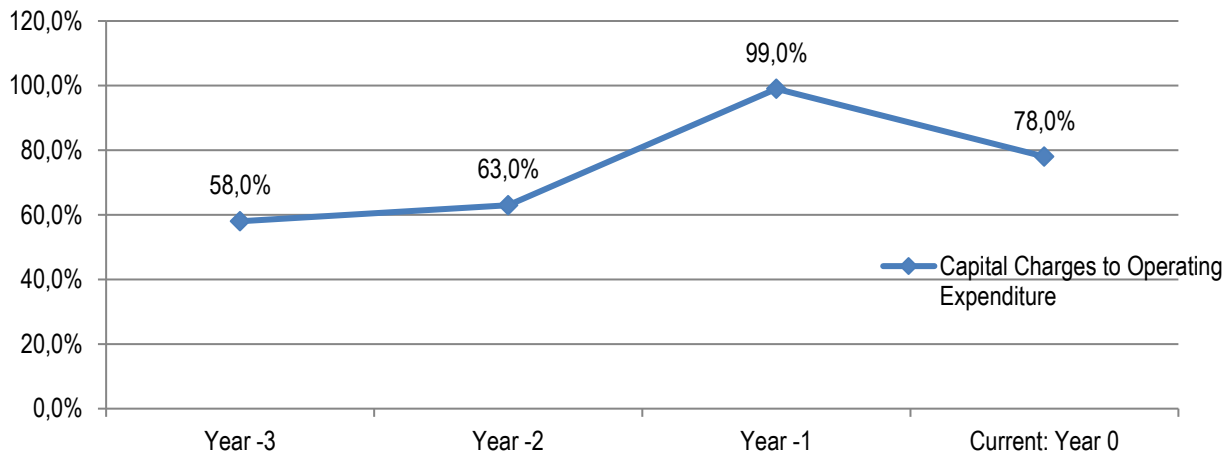


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

5.4.5

Capital Charges to Operating Expenditure

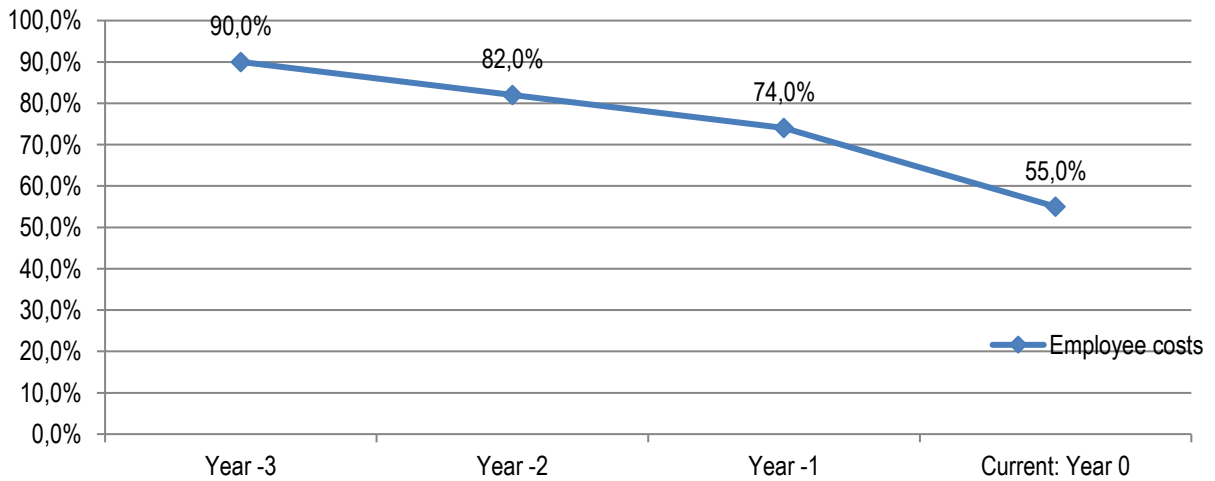


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

5.4.6

Employee Costs

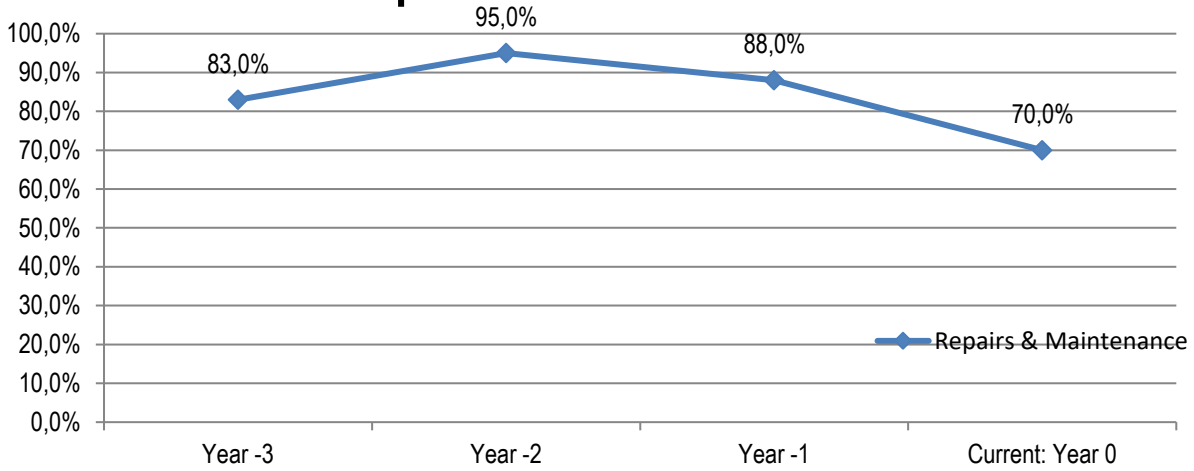


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

5.4.7

Repairs & Maintenance



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

Data used from MBRR SA8

5.4.8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION: SPENDING AGAINST CAPITAL BUDGET

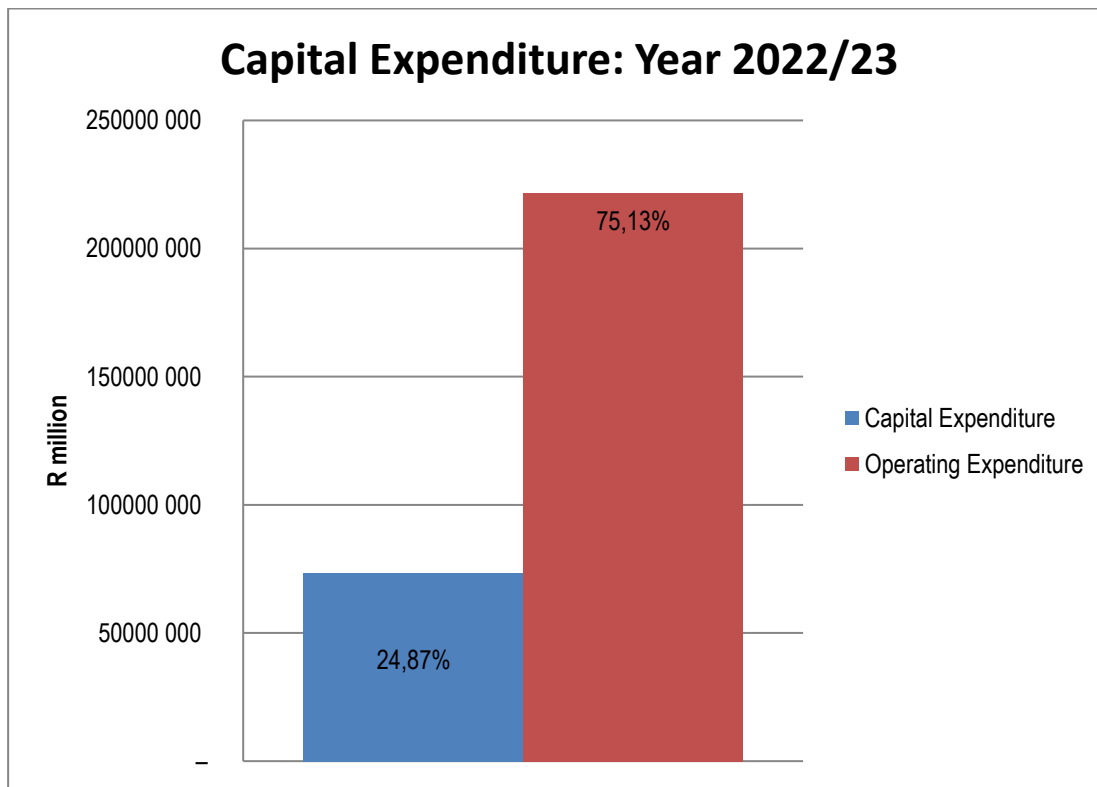
The capital spending in the municipality is mainly financed by means of external grants received from the National Treasury.

The municipality has improved in terms of capital expenditure as compared to the previous financial year with a 100% expenditure recorded in the year being reported. Projects were planned and implemented on time hence the improvement on expenditure.

T5.5.1

T5.5.0

5.5. CAPITAL EXPENDITURE

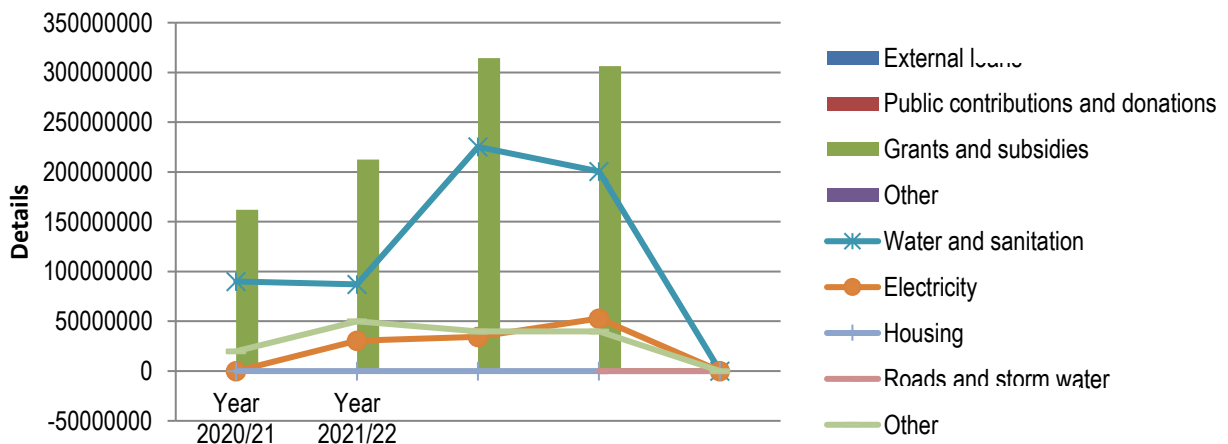


5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2021/22 to 2022/23							R' 000
Details	2021/22	2022/23					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	0	0	0	0	0.00%	0.00%	
Public contributions and donations	0	0	0	0	0.00%	0.00%	
Grants and subsidies	303435	292052	296052	258869	1.37%	-11.36%	
Other	0	0	0	0	0.00%	0.00%	
Total	303435	292052	296052	258869	1.37%	-11.36%	
Percentage of finance							
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Grants and subsidies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital expenditure							
Water and sanitation	240578	235000	235000	194814	0.00%	-17.10%	
Electricity	10000	4000	4000	4000	0.00%	0.00%	
Housing	0	0	0	0	0.00%	0.00%	
Roads and storm water	52856	57052	57052	57052	0.00%	0.00%	
Other	0	0	0	0	0.00%	0.00%	
Total	303434	296052	296052	255866	0.00%	-17.10%	
Percentage of expenditure							
Water and sanitation	79.3%	79.4%	79.4%	76.1%	0.0%	100.0%	
Electricity	3.3%	1.4%	1.4%	1.6%	0.0%	0.0%	
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Roads and storm water	17.4%	19.3%	19.3%	22.3%	0.0%	0.0%	
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

T 5.6.1

Source of Finance and Capital Expenditure



5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS IN 2021/2022 FY

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year			Variance Current Year	
	Original Budget (R 000)	Adjustment Budget (R 000)	Actual Expenditure (R 000)	Original Variance (%)	Adjustment variance (%)
Regional Bulk Water Scheme for Breyten Cluster 2 Work in progress	R86 748 868.95		R85 824 374.37	0	0
Regional Bulk Water Supply Scheme for Davel Cluster 3	R36 781 222,78		R36 781 222.78	0	0
Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline Work in Progress	R21 613 766.04		R21 613 766.04	0	0
Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks Work in progress	R20,970,833.77		R20,970,833.77	0	0
Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation Work in Progress	R16 759 250.00		R12 335 700.10	0	0
Capital Expenditure of 5 largest projects*					

Name of Project - A	Regional Bulk Water Supply Scheme for Breyten Cluster 2
Objective of Project	Provide Bulk Water Supply
Delays	None
Future Challenges	None
Name of Project - A	Regional Bulk Water Scheme for Breyten Cluster 2

Name of Project - B	Regional Bulk Water Supply Scheme for Davel Cluster 3
Objective of Project	Provide Bulk Water Supply
Delays	None
Future Challenges	None
Name of Project - B	Regional Bulk Water Supply Scheme for Davel Cluster 3

Name of Project - C	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline
Objective of Project	Upgrade Outfall Sewer pipeline
Delays	None
Future Challenges	None
Name of Project - C	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline

Name of Project - D	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Objective of Project	8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Delays	None
Future Challenges	None
Name of Project - D	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks

Name of Project - E	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation
Objective of Project	20MVA, 88/11KV Transformer in Ermelo KV Substation
Delays	None
Future Challenges	None
Name of Project - E	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation
T5.7.1	

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2022/23	
Asset 1	
Name	Regional Bulk Water Supply Scheme for Breyten Cluster 2
Description	
Asset Type	
Key Staff Involved	
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to the community
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy
T5.7.2	

Asset 2	
Name	Regional Bulk Water Supply Scheme for Davel Cluster 3
Description	
Asset Type	
Key Staff Involved	PMU,
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to the community
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

Asset 3	
Name	Construction Of A 8 MI Reservoir At Ermelo Ext 44 & associated pipeworks
Description	
Asset Type	Water
Key Staff Involved	PMU
Staff Responsibilities	Monitoring and evaluating the project
Capital Implications	
Future Purpose of Asset	Provision of access to hygienic sanitation services.
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2023				
Households (HHs)	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	63,554	94%	4,273	6%
Sanitation	63,757	94%	4,070	6%
Electricity	59,145	87%	8,682	13%
Waste management	50,973	75%	16,851	25%
Housing	0	0	0	0

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

T5.8.1

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9. CASH FLOW

Cash Flow Outcomes				
Description	2021/22	2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	456,076	614,136	623,992	473,715
Government - operating	204,476	225,906	243,353	282,513
Government - capital	306,217	297,835	296,394	258,869
Interest	1,099	932	3,133	4,854
Dividends	-			-
Payments				
Suppliers and employees	(650,934)	(838,995)	(803,410)	(708,844)
Finance charges				
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	316,934	299,814	363,462	311,109
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1,174		1,441	443
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(314,942)	(297,835)	(297,835)	(241,341)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(313,768)	(297,835)	(296,394)	(240,898)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(1,338)		-	(1,180)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,338)	-	-	(1,180)
NET INCREASE/ (DECREASE) IN CASH HELD	1,828	1,979	67,068	69,031
Cash/cash equivalents at the year begin:	7,846	1,020	8,662	9,674

Cash/cash equivalents at the year end:	9,674	2,999	75,730	78,705
Source: MBRR A7				T 5.9.1

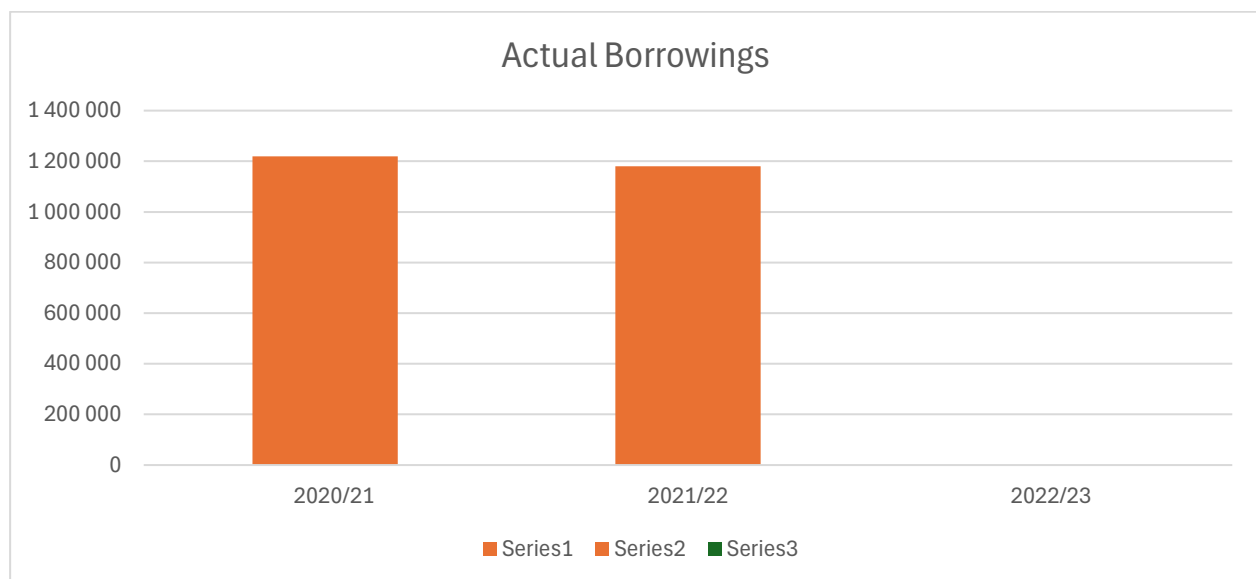
COMMENT ON CASH FLOW OUTCOMES

The average payment rate for the year is 78%. Actions to improve the collection rate are underway as the ideal ratio of 95% needs to be achieved.

T 5.9.1

5.10. BORROWING AND INVESTMENTS

Actual Borrowings 2020/21 – 2022/23			
Instrument	2020/21	2021/22	2022/23
	R	R	R
Municipality	Nil	Nil	Nil
Long-Term Loans (annuity/reducing balance)	Nil	Nil	Nil
Long-Term Loans (non-annuity)	Nil	Nil	Nil
Local registered stock	Nil	Nil	Nil
Instalment Credit	Nil	Nil	Nil
Financial Leases	1 219 090	1 179 875	Nil
Finance Granted By Cap Equipment Supplier	Nil	Nil	Nil
Marketable Bonds	Nil	Nil	
			T5.10.1



COMMENT ON BORROWINGS

The financial lease for 1 x Fire vehicle were finalised in 2018/2019./ A three year finance leases were taken up in 2019/2023 for photocopier and printing, telephphone system as well as ITC equipment for operational puposes

T5.10.2

Municipal Investments					
Investment* type	2018/19 Actual (R 000)	2019/20 Actual (R 000)	2020/21 Actual (R 000)	2021/22 Actual (R 000)	2022/23 Actual (R 000)
Securities - National Government	Nil	Nil	Nil	Nil	Nil
Listed Corporate Bonds	Nil	Nil	Nil	Nil	Nil
Deposits - Bank	Nil	20 721 971	2 876 927	5 593 397	56 413 720
Deposits - Public Investment Commissioners	Nil	Nil	Nil	Nil	Nil
Deposits - Corporation for Public Deposits	Nil	Nil	Nil	0	Nil
Bankers' Acceptance Certificates	Nil	Nil	Nil	0	Nil
Negotiable Certificates of Deposit - Banks	Nil	Nil	Nil	0	Nil
Guaranteed Endowment Policies (sinking)	Nil	Nil	Nil	0	Nil
Repurchase Agreements - Banks	Nil	Nil	Nil	0	Nil
Municipal Bonds	Nil	Nil	Nil	0	Nil
Other	Nil	Nil	Nil	0	Nil
Municipality Total	Nil	20 721 971	2 876 927	5 593 397	56 413 720

T5.10.4

5.11. PUBLIC PRIVATE PARTNERSHIPS

None.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Municipality implemented a supply chain management policy in line with the provisions of Supply Chain Management Regulation.

T5.12.1

5.13. GRAP COMPLIANCE

GRAP COMPLIANCE

The annual financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention. The annual financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

As far as it has been practicable, applicable standards have been adopted retrospectively and prior-year figures have been restated to achieve comparability requirements.

It should be noted that these Annual Financial Statements have been audited in line with the Minister of Finance in terms of General Notice 991 and 992 of 2005 to comply with Section 126 of the MFMA from the normal submission date of 31 August each year.

T5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2019/2020

6.

6.1. AUDITOR GENERAL REPORTS 2021/22

The Auditor General report for 2021/22 is presented as an annexure after the municipal AFS and the municipality has received a Qualified Audit Opinion as detailed in the attached report.

6.2. MFMA COMPLIANCE

All MFMA and DORA returns are submitted by the municipality as required monthly, quarterly and annually.

Name of return	Submitted to
MONTHLY	
Financial Management Grant	PT and NT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	PT and NT
Section 71 Budget Statements	PT and NT
Supply Chain Management	NT/PT
MIG returns	PT and NT
Equitable Share	COGTA
QUARTERLY	
MFMA Implementation and monitoring checklist	NT
Municipal entities	N/A
Public Private Partnerships	N/A
Long-term contracts	NT
Borrowing	NT
ANNUALLY	
Appendix A	NT
Operating Statement Budget (OSB)	PT and NT
New Budget Regulations 1 April 2009	NT / PT

SIGNED BY CFO _____

DATE _____

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

GLOSSARY

	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

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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	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr. M. P. Nkosi	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Finance Committee 	Executive Mayor	100%	0%
Cllr. S. N. Xaba	FT	<ul style="list-style-type: none"> • Council • Rules and Ethics • By-Laws and Policies 	Speaker	100%	0%
Cllr, B.G. Motha	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Planning and Economic Development 	Ward 8 - ANC	92%	8%
Cllr T.C. Motha	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Technical Services 	PR - ANC	77%	23%
Cllr E.C. Msezane	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Finance Committee 	PR - ANC	92%	8%
Cllr S. E. Ngovene	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Community & Social Services 	PR Ward 11 - ANC	100%	0%
Cllr. T.J. Madlala	FT	<ul style="list-style-type: none"> • Council • Mayoral Committee • Corporate Services 	Ward 3- ANC	92%	8%
Cllr P.T Sibeko	FT	<ul style="list-style-type: none"> • Council • Whip of Council 	PR - ANC	100%	0%
Cllr S.S. Buthelezi	PT	<ul style="list-style-type: none"> • Council 	Ward 1 - ANC	100%	0%
Cllr S.M. Mabuza	PT	<ul style="list-style-type: none"> • Council 	Ward 2 - ANC	100%	0%
Cllr T. J. Maduna	PT	<ul style="list-style-type: none"> • Council • Women Caucus 	Ward 4 - ANC	100%	0%
Cllr. B.L. Ndlazi	PT	<ul style="list-style-type: none"> • Council 	Ward 6 - ANC	100%	0%
Cllr. V.C.N. Madini	PT	<ul style="list-style-type: none"> • Council 	Ward 5 - ANC	100%	0%
Cllr. B.A. Mahlalela	PT	<ul style="list-style-type: none"> • Council 	PR - ANC	100%	0%

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr. T.P. Zulu	PT	<ul style="list-style-type: none"> • Council • Finance Committee • Corporate Services • Community & Social Services • Municipal Public Accounts Committee • Women Caucus 	Ward 9 - ANC	100%	0%
Cllr S. P. Khalishwako	PT	<ul style="list-style-type: none"> • Council • Corporate Services • Technical Services • Municipal Public Accounts Committee • Finance Committee 	Ward 10 - ANC	62%	8%
Cllr M.M. Mkhaliphi	PT	<ul style="list-style-type: none"> • Council • Local Geographical Name • Corporate Services • Planning & Economic Development • Municipal Public Accounts Committee • By-Laws & Policies • Rules & Ethics 	Ward 12 - ANC	92%	8%
Cllr. N.R. Nkosi	PT	<ul style="list-style-type: none"> • Council • By-Laws and Policies 	Ward 13 - ANC	85%	0%
Cllr. Z. E. Zulu	PT	<ul style="list-style-type: none"> • Council 	Ward 14 - ANC	77%	15%
Cllr V.J. Maseko	PT	<ul style="list-style-type: none"> • Council • Planning & Economic Development • Municipal Public Accounts Committee 	Ward 15 - ANC	92%	0%
Cllr. P. H. Sibiya	PT	<ul style="list-style-type: none"> • Council • Community and Social Services • Finance Committee • Technical Services 	Ward 16 - ANC	92%	0%
Cllr. S.S. Cindi	PT	<ul style="list-style-type: none"> • Council • Technical Services 	Ward 17 - ANC	100%	0%

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
		<ul style="list-style-type: none"> Local Geographical Name Municipal Public Accounts Committee 			
Cllr. B. J. Nkosi	PT	<ul style="list-style-type: none"> Council 	Ward 18 - ANC	100%	0%
Cllr M.A. Nzimande	PT	<ul style="list-style-type: none"> Council Municipal Public Accounts Committee 	Ward 19 - ANC	85%	15%
Cllr M.R. Yende	PT	<ul style="list-style-type: none"> Council Municipal Public Accounts Committee Planning & Economic Development 	PR - EFF	100%	15%
Cllr A.M Mahlangu	PT	<ul style="list-style-type: none"> Council 	PR – EFF	92%	8%
Cllr M.Z. Nkosi	PT	<ul style="list-style-type: none"> Council 	PR - EFF	100%	0%
Cllr M.F.J. Ndlovu	PT	<ul style="list-style-type: none"> Council 	PR – EFF	100%	0%
Cllr S.F. Ngwenya	PT	<ul style="list-style-type: none"> Council Women Caucus Local Geographical Name 	PR – EFF	85%	8%
Cllr R.T. Nzimande	PT	<ul style="list-style-type: none"> Council 	PR – EFF	92%	0%
Cllr Z. Breydenbach	PT	<ul style="list-style-type: none"> Council Women Caucus By-Laws & Policies Municipal Public Accounts Committee 	Ward 7 - DA	100%	0%
Cllr S. C. Mathebula	PT	<ul style="list-style-type: none"> Council By-Laws & Policies Local Geographical Name 	PR – DA	92%	8%
Cllr B.I. Mabuza	PT	<ul style="list-style-type: none"> Council Rules & Ethics Community & Social Services 	PR – DA	85%	8%
Cllr	PT	<ul style="list-style-type: none"> Council 	PR - EFF	92%	8%
Cllr M. Z. Nkosi	PT	<ul style="list-style-type: none"> Council 	PR - EFF	100%	0%
Cllr D. F. Arnoldi	PT	<ul style="list-style-type: none"> Council Finance Committee 	PR -	100%	0%
Cllr J.D.A. Blignaut	PT	<ul style="list-style-type: none"> Council 	PR – FF+	92%	0%

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
		<ul style="list-style-type: none"> • Rules & Ethics • Municipal Public Accounts Committee • Technical Services • Community & Social Services 			
Cllr J.J. Scholtz	PT	<ul style="list-style-type: none"> • Council • Finance Committee • By-Laws & Policies 	PR -	100%	0%
Cllr M. S. Malaza	PT	<ul style="list-style-type: none"> • Council • Planning & Economic Development 	PR – DA	100%	0%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Corporate Services Committee	To exercise oversight on corporate services matters.
Public Safety Committee	To exercise oversight on Public Safety matters.
Technical Services Committee	To exercise oversight on Technical Services matters.
Community Services Committee	To exercise oversight on Community Services matters.
Finance Committee	To exercise oversight on Financial matters.
Rules and Ethics Committee	Oversight role on the code of conduct of Councillors.
By- Law and Policies Committee	Policy formulation, development and implementation.
Local Geographical Names Committee	Standardization and renaming of identified features and public facilities.
Led and Tourism Committee	Promotion of viable economic environment for sustainable growth.
Budget Evaluation committee	Evaluate the income and expenditure activities of the municipality and make recommendations to section 80 committees for oversight.
Local Aids Forum Council	Creating awareness on the scourge of HIV and AIDS pandemic including coordination HIV awareness programmes in various workplaces
Local labour Forum Committee	Advice on issues of mutual interest involving management and the workforce.
Moral Regeneration Movement Committee	Promotion of moral values within the society.
Municipal Public Account Committee	<ul style="list-style-type: none"> To promote good governance, transparency and accountability on the use of public funds and perform any tasks delegated by Council in terms of relevant applicable legislations, To conduct investigation in the recovery of unauthorized, irregular and fruitless expenditure in terms of section 32 of the Municipal Finance Management Act (MFMA), To review the Municipality and its entities Annual Report and to develop an oversight report on the Annual Report.
Gender Youth and People with disabilities Committee	Playing an advocacy role in the protection of the rights and interests of the vulnerable groups comprising women, youth and people with disability.

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Mr. P. S. Mabuza – Director Corporate Services
Finance	Mr P. J. Nhlabathi – Chief Financial Officer
Technical Services	Mr F. R. Ntekele – Director Technical Services
Planning & Economic Development	Ms H. Maganya - Director Planning and Economic Development
Community & Social Services	Mr M. S. Lukhele – Director Community and Social Services
Office of the Municipal Manager	Mr M. Kunene – Municipal Manager
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2	
(T2.2.2).	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	Yes
Electricity and gas reticulation	Yes	Yes
Fire fighting services	Yes	No
Local tourism	No	Yes
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	Yes
Municipal public transport	No	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N/A	N/A
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	N/A	N/A
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No

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Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	Yes
Facilities for the accommodation, care and burial of animals	No	Yes
Fencing and fences	Yes	No
Licensing of dogs	N/A	N/A
Licensing and control of undertakings that sell food to the public	No	Yes
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	Yes
Municipal abattoirs	No	Yes
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	Yes
Pounds	No	Yes
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
One	Cllr S.S Buthelezi Zinhle Ngomane Surprise Nkosi Sphamandla Nkosi Thandeka Zamahlubi Radebe Innocent Mabuza Daniel Mavuso Nomalungelo Maseko	Yes	07	07	03
Two	Cllr S.M Mabuza Manqoba Nkosi Solly Nkosi John Norman Nkambule Phindile Agnes Mthethwa Lucky Benny Malinga Lindokuhle Enerst Mavuso Sithembiso Priscilla Hlengethwa Nokusa Sweetness Nkosi Sibongile Jane Mahlangu	Yes	06	06	02
Three	Cllr T.J Madlala Elijah Makhahlela Ngcongwane Sikhona Mkomo Nkululeko Mkhonza Nueem Ismail Ahmed Vally Ivan Thamsanqa Zulu Vusumuzi James Mavimbela	Yes	07	06	04
Four	Cllr T.J Maduna Fonono Dumisani Ntshangase Mxolisi Phineus Masilela Sibusiso A. Hlophe Thandeka F. Nkosi	Yes	05	05	03

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Innocent Sanele Mbindane Ntombi Zwane Dumisani Mahlangu Nosipho Fezile Vilakazi Simangele Godness Mashigo Gift Ndlangamandla				
Five	Cllr V.C Madini Thembi Gracious Zwane Whitey Sipho Simelane Sabetha Hazel Selepe Mzwandile Zulu Nqobile Lindokuhle Sibiya Samkelisiwe Nkambule Thembelihle Gama Zanele Magagula Habofande Ignatius Mokholane Patrick Richard Nkosi	Yes	06	06	05
Six	Cllr B.L Ndlazi Thandiwe Mkhwanazi Alvina Masimula Nonjabulo Jele Busisiwe Shongwe Nonsikelelo Portia Cindi Bagezile Masango Lumkile Jagger Skhumbuzo Phakathi Anastacia Mpatho Shongwe Ayanda Nkambule	Yes	06	04	01
Seven	Cllr Z Breydenbach Given Rendani Matamele Nkosinatho Robert Mabasa Johanna Maleka Lucky Simphiwe Mpungose	Yes	05	05	02

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Veli Mokoena Samuel Ragedi Masilo Malusi Ngcobo Maria Myburg Michael Philip Dos Reis Gerrit Christiaan Breydenbach				
Eight	Cllr B.G Motha Phathekile Maureen Magagula Makhehla J. Nkosi Thandeka Mthombeni Linah Ntombane Nkosi Lolo Busi Ngwenya Delisile Ester Mtsheweni Sandile Desmond Nkosi Siyabonga Herbet Shabalala Walter Msibi Sfiso Ngwenya	Yes	04	05	02
Nine	Cllr T.P Zulu Sibonelo Mhlanga Mildred Dudu Mayisela Jaybie Sibanyoni Marry-Jane Nomcebo Myeza Sibusiso Msibi Stanley Trust Nomakhosi Hlophe Simangele J Nkosi Lungile Angel Maseko Apolo Isaiah Nkambule	Yes	06	06	03
Ten	Cllr S. Ngovene Nurse Jabulile Nkosi Nurse Irene Mkhonto Sammy Mohlape Thabile Getrude Dlamini Nomacala Sophie Mofokeng Ntombizodwa Shabangu Vusi Willie Zitha	Yes	07	07	04

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Thembinkosi Derick Zwane Lovers December Mahlangu Sizwe Bafana Nkosi				
Eleven	Cllr S. Khalishwayo Sibusiso Ngqotheni Sifiso Thabiso Hadebe Thapelo Bongani Mshayisa Nompumelelo Mtshali Deliwe Alice Dhladhla Mandla Maseko Thokozisi Mthethwa Ntompela Ellie Mndawe Mpostoli Zulu Ntingile Nkosi	Yes	07	06	05
Twelve	Cllr Mkhaliphi Nhlanhla Slabbert Cynthia Nkosi Deli Nkosi Sinethemba Nkosi Sunday Mdluli Nhlanhla Nkosi Vusumuzi Mayisela Mveleni D.Zulu Nkosinathi Magwagwa Jacob Dumisani Dlamini	Yes	07	07	05
Thirteen	Cllr N.R Nkosi Sbongile Nhlabathi Esther .Rosa . Shabangu Thabo Sidwell Masina Doctor William Mnisi Sonto Mdladla Jacob Dumisani Dlamini Joseph Mahlangu Zanele Mlangeni Betty Mdluli Sibusiso Xaba Senzo J . Sibeko	Yes	06	06	03

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Fourteen	Cllr Z.E Zulu Bheki Richard Motsweni Mbali G. Zulu Sonto M. Maseko Fikile Ester Nzima Dumsani Joseph Mthembu	Yes	05	05	02
Fifteen	Cllr V.J Maseko Nhlakanipho Mdluli Mthokozisi Mathebula Bonginkosi Gininda Sizwe Blessing Khaba Sanele Ndlovu Nomkhosi Lucia Shiba Richard Manana Lungelwa G. Mkhonza	Yes	06	06	04
Sixteen	Cllr P.H Sibiya Mbongelwa Milton Mtungwa Nomusa Makwakwa Gugu Nkosi Nolthando Zwane Vuyile Tshabalala Thomas Makangane Siphesihle Mnisi Sibongile Nkosi Jabhi Makhanye Nontobeko Nkosi	Yes	08	08	05
Seventeen	Cllr S. Cindi Phindile Mafuna Thamsanqa Mokoena Phethile Zodwa Mkhatshwa Mfanimpela Maseko Jeremia Gwende Nkosi Thandukwazi Mavin Magagula Busisiwe Ngubeni Xolani Lindokuhle Kutu	Yes	10	08	07

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Eighteen	Cllr B.J Nkosi	Yes	05	05	03
	Doctor Phakathi				
	Thembisile Prudence				
	Mndebele				
	Duduzile Nkosi				
	Ntombifuthi Mathebula				
	Makhosonke Nsibande				
	Winnie Zwane				
	Bongane Methula				
	Delisile Nkosi				
Sicolile Mkhonza					
Nineteen	Cllr M.A Nzimande	Yes	06	06	03
	Manqoba Ntuli				
	Sindiso T . Mokoena				
	Thulile Elsie Nkosi				
	Sydney A .Ndlovu				
	Zanele Zulu				
	Siphelile Masuku				
	Tshepo Mabizela				
	Mondli Henry Ngomane				
	Danile Christina				
Mahlangu					
Nkululeko Sithole					

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APPENDIX F – WARD INFORMATION

Ward Title: Ward 2				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
1	Rehabilitation of Emadamini Ext 6 Taxi collector	23/06/2021	Multi-year	R12 015 754.79
T F.1				

Ward Title: Ward 8				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
2.	Construction of A 8 MI Reservoir at Ermelo Ext 44 & associated pipework	01/09/2020	Multi-year	R 31 953 643.07
3.	design and construction (Turnkey) for the replacement of a 20 MVA, 88/11 KV transformer in Ermelo.	16/06/2021	Multi-year	R16 759 250.00
T F.1				

Ward Title: Ward 6,7,8,16				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
4.	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline.	12/07/2021	Multi-year	R 22,384,185.29
T F.1				

Ward Title: Ward 12,15				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
5.	The Refurbishment of the Lothair Oxidation Ponds	07/09/2022	Multi-year	R 19,895,893.39
T F.1				

Ward Title: Ward 19				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)

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6.	The Refurbishment of the Chrissiesmeer Oxidation Ponds	08/09/2022	Multi-year	R 17,719,921.32
T F.1				

Ward Title: Ward 12,13,14,15,19				
Capital Projects: Seven Largest in 2022/223 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (20/20FY)
7.	Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality	16/03/2021	Multiyear	R134 926 809.00
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	63,554	63,757	59,145	50,973	X
Households without minimum service delivery	4,273	4,070	8,682	16,854	
Total Households*	67,827	67,827	67,827	67,827	
Houses completed in year	X				
Shortfall in Housing units	X				
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for the Municipality (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2022/2023
1	Provision of adequate water supply.	All the water projects that were implemented during the Financial Year only one (1) completed and are as follows: <ul style="list-style-type: none"> Installation Of Water House Connections at Breyten Ext 4 (Enkanini)
2	Provision of hygienic sanitation services.	All of the sanitation projects that were implemented during the Financial Year only two (2) completed and are as follows: <ul style="list-style-type: none"> Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2 VIP Toilets in Msukaligwa Farm areas Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in ErmeloRefurbishment of Ermelo WWTW
3	Provision roads and storm water management	The following projects were implemented and completed except 2 projects and 1 contract cancelled: <ul style="list-style-type: none"> Upgrading of the Wesselton Extension 3 Boxer intersection Rehabilitation of Emadamini Ext 6 Taxi collector Upgrading of KwaZanele Masizakhe road

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		<ul style="list-style-type: none"> • Construction of paved roads in Wesselton Mthambama Street • Construction of the roads at Wesselton OR Tambo Taxi Collector Phase 1 • Construction of the storm water chanel at Wesselton Ext 6 eMadamini- contract cancelled
4	Electricity	<p>The Municipality implemented a project; installation of high mast within its jurisdiction. Other projects that were implemented are as follows:</p> <ul style="list-style-type: none"> • EEDSM (Retrofitting of the highmast lights and street lights)
T F.3		

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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/2021

Municipal Audit Committee Recommendations			
Date of Committee	Audit Committee recommendations during 2022/2023	Action Taken	Recommendations adopted (enter Yes); not adopted (provide explanation)
27 JULY 2021	The Audit Committee requested a detailed report on how the overtime will be reduced on a month-to-month basis, and control measures put in place by management to address the issue.	Report is attached	Yes
12 NOVEMBER 2021	The Audit Committee requested an update on how far the Municipality is in the formulation of the strategy to reduce overtime and ensure that it remains within the budget.	Monthly performance report will be provided	Yes
27 JULY 2021	The Audit Committee requested that we deal with the compliance report as well.	Report to be table to the next audit committee sitting	Yes
27 JULY 2021	The Audit Committee requested a report on how prepaid revenue is performing from month to month and be a standing agenda item going forward.	Narrative is added on the not addressed column	Yes
27 JULY 2021	The Audit Committee requested that a comprehensive report be submitted in the next meeting indicating the relationship we have with BCX currently.	Implementation dates have been revised	Yes
27 JULY 2021	The Audit Committee requested that we add narratives on the action plans to ensure that we know what they mean when they say the action is not addressed	A Financial Recovery Plan report has been submitted S80 and to be presented to Audit Committee	Yes
12 NOVEMBER 2021	The Audit Committee noted the Financial Recovery Plan and requested that the Acting CFO present the report as a summary or PowerPoint in the next special meeting tabling the Audit report.	The actual performance on the indicators has been corrected to reflect percentages.	Yes
12 NOVEMBER 2021	The Audit Committee requested management to correct the reporting format on KPI's 46-48 and make it percentages and not numbers so that they are in line with the set criteria.	The reasons under achievement were corrected on KPI to reflect the institutional performance	Yes
12 NOVEMBER 2021	The Audit Committee further indicated that reasons for non-achievement on KPI's (KPI 49) must be revisited to talk to the organization not sections as the report is an organizational report.	The Draft Annual Report for the 2020/2021 was tabled in Council on the 28th of January 2022 and submitted to relevant stakeholders	Yes
12 NOVEMBER 2021	The Audit Committee raised a concern on the appointment of meter readers, as this matter has been long overdue, and it was resolved	Nine (9)-Meter Readers for Ermelo were appointed however of the 9-meter	Yes

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	that the Director Corporate Services must try and fast tract the recruitment process.	readers appointed only seven (7) who are still interested and have accepted the offer.	
21 JANUARY 2022	Follow up on the Annual Report	The revenue projected collection has been estimated at 69% on all services and 78% on Electricity on the 2022/2023 Budget.	Yes
21 JANUARY 2022	Revenue projections must be realistic and must be revised downwards from the 80% payment rate to the range of 63% to 65%, which is the actual payments for the past six months and that all departments must revisit and reduce their line items.	Contract with service provider had ended May 2021	Yes
21 JANUARY 2022	The Audit Committee member further indicated that the conditions of the SLA of the current debtor collectors be evoked as they are ineffective and ensure that all claims are thoroughly reviewed and as per the work done.	Meeting was held with the former TROIKA and MPAC	Yes
21 JANUARY 2022	Audit committee to meet with TROIKA and MPAC and be able to engage them on the situation the municipality is currently facing.	Recons are being done on a monthly basis	Yes
21 JANUARY 2022	Finance to ensure that Reconciliations on all bank accounts are done	Sittings of the pre-audit meetings have been conducted on the 15 June 2022	Yes
14 MARCH 2022	A pre-audit Committee meeting that management must have prior to meeting with the Audit Committee, so that management ensures that it has discussed and addressed all issues to be tabled to the Committee.	Sittings of the pre-audit meetings have been conducted 15 June 2022	Yes
14 MARCH 2022	Acting Municipal Manager to have post-audit committee meeting, in order to review all concerns raised by the Audit Committee, and to allocate roles and responsibilities of the resolutions made by the Committee	Management has reviewed the Resolution Register, on the pre-audit meeting held on the 15 June 2022	Yes
14 MARCH 2022	Management to provide an adequate and updated resolution register on the next Audit Committee meeting, indicating actions, time frames and responsible individual for resolutions taken	Report to be presented on the Audit Committee meeting to be held on the 29th June 2022	Yes
14 MARCH 2022	The Audit Committee recommended that the municipality should start dealing with its AFS preparation plan, which management should deal with before the sitting of the next Audit Committee ordinary meeting.	Meeting was held	Yes

APPENDICES

14 MARCH 2022	The Audit Committee to meet with the MPAC in order to consider the annual report/Oversight report.	Meeting was held on the 29th March 2022	Yes
14 MARCH 2022	A meeting between the Audit Committee and the TROIKA to be scheduled.	FRP report to be presented by the Acting Chief Financial Officer	Yes
14 MARCH 2022	Audit Committee recommended that management needs to give a detail report/action plan that will give progress that has been done thus far in the implementation of the FRP and the actions to be executed in addressing the continuous challenges faced in the implementation of the FRP. (Financial Recovery Plan summary progress report must be in PowerPoint)	Report is attached	Yes

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Medium/ Long Term Contracts (Largest Contracts Entered into 2022/2023 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
Makey Building Construction	Refurbishment of Chrissiesmeer Oxidation Ponds	23-Jan-23	Multi-year	Technical department	R16,227,201.04
A1 Glass Aluminium	Refurbishment of Lothair Oxidation Ponds	23-Jan-23	Multi-year	Technical department	R18,104,290.00
Ndhlabili Construction and Projects	Construction of Road at Wesselton, Msheveni Street	30-Jan-23	Multi-year	Technical department	R 15,195,158.27
CV & SS TRADING ENTERPRISE CC	VIP Toilets in Msukaligwa Farm areas	17-Oct-22	10-Mar-23	Technical department	R7,878,336.00
Sibusisosobuhle Trading Enterprise	Construction of paved roads in Wesselton Mthambama Street	23-Jan-23	23-Jun-23	Technical department	R 7,101,379.73
Zondle Trading	Installation Of Sewer Reticulation In Wesselton Extension 11 Phase 1 and Phase 2	23-Jan-23	30-Jun-23	Technical department	R 7,025,857.17
Element Consulting Engineers	Installation of Retrofit Technology	28-Sep-22	30-Jun-23	Technical department	R 4,000,000.00
					T H.1

Public Private Partnerships Entered into					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	2021/22	R' 000
				Project manager	Value
No PPPs entered with the municipality	-	-	-	-	-
					T H.2

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule								
Service Objectives	Outline Service Targets	2017/18		2018/19		2019/20		2020/21
		Target	Actual	Target	Actual	Target	Actual	Future
Service Indicators	Service Targets							
Service Objective: To provide sustainable basic services and sustainable infrastructure								
None – Contained in Appendix M								
								T I

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	MP Nkosi	Nil
Speaker	NS Xaba	Nil
Council Whip	PT Sibeko	Nil
Member of the Mayco	ZE Zulu	Nil
Member of the Mayco	EC Msezane	Nil
Member of the Mayco	SE Ngovene	Nil
Member of the Mayco		
Councillor	LL Nhlapho	Nil
Councillor	JDA Blignaut	Nil
Councillor	TC Motha	Nil
Councillor	BL Ndlazi	Nil
Councillor	BG Motha	Nil
Councillor	MS Malaza	Nil
Councillor	BI Mabuza	Nil
Councillor	TP Zulu	Nil
Councillor	MR Yende	Nil
Councillor	PH Sibiya	Nil
Councillor	JJ Scholtz	Ermelo Sand CC, Pro Fire Ermelo, Pro Engineering Bolts and Nuts
Councillor	MA Nzimande	Nil
Councillor	T Nkosi	Nil
Councillor	NR Nkosi	Nil
Councillor	MZ Nkosi	Nil
Councillor	BI Nkosi	Nil
Councillor	SF Ngwenya	Nil
Councillor	SE Ngovene	Nil
Councillor	MFJ Ndlovu	ICT Logistics, Palmsco Group
Councillor	VCN Madini	Nil
Councillor	SM Mabuza	Nil
Councillor	TJ Maduna	Nil
Councillor	BA Mahlalela	Nil
Councillor	VJ Maseko	Nil
Councillor	SC Mathebula	Nil
Councillor	MM Mkhaliphi	Nil

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	Name	Description of Financial interests* (Nil / Or details)
Councillor	DVF Arnoldi	Ecological Services
Councillor	Z Breytenbach	Ermelo Properties
Councillor	SSS Buthelezi	Nil
Councillor	SS Cindi	Nil
Councillor	SP Khalishwako	Sasol Inzalo shares, Amabuzi , Siyasho Ngani CC, Cormmerial Farm
Councillor	TJ Madlala	Nil
Councillor	AM Mahlangu	Nil
Councillor	RT Nzimande	Nil
Municipal Manager		
Chief Financial Officer		
Deputy Chief Financial Officer	S Phiri	Nil
Directors	PS Mabuza	Nil
	SI Malaza	Nil
	FR Ntekele	Nil
	D Maake	Nil
Other S57 Officials	None	

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A
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APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		181,646	207,037	230,134	17,180	202,863	230,134	(27,271)	-12%	230,134
Service charges - electricity revenue		240,824	246,323	254,046	19,283	226,614	254,046	(27,432)	-11%	254,046
Service charges - water revenue		64,326	67,192	75,529	7,330	74,243	75,529	(1,286)	-2%	75,529
Service charges - sanitation revenue		48,774	52,787	58,547	4,742	57,677	58,547	(871)	-1%	58,547
Service charges - refuse revenue		40,181	45,048	50,142	4,009	49,300	50,142	(842)	-2%	50,142
Rental of facilities and equipment		2,720	2,700	2,851	248	2,920	2,851	69	2%	2,851
Interest earned - external investments		1,098	932	3,133	600	4,854	3,133	1,722	55%	3,133
Interest earned - outstanding debtors		29,709	31,001	35,060	3,462	37,111	35,060	2,051	6%	35,060
Dividends received								-		
Fines, penalties and forfeits		4,771	5,177	5,174	13	177	5,174	(4,997)	-97%	5,174
Licences and permits		3,666	3,636	3,636	4,902	4,925	3,636	1,289	35%	3,636
Agency services		8,001	8,490	8,490	2,396	2,396	8,490	(6,094)	-72%	8,490
Transfers and subsidies		207,661	231,689	243,694	(8,000)	228,404	243,694	(15,291)	-6%	243,694
Other revenue		6,113	8,633	11,999	541	6,966	11,999	(5,033)	-42%	11,999
Gains		67,088	-	-	3,964	4,843	-	4,843	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		906,577	910,645	982,436	60,669	903,294	982,436	(79,142)	-8%	982,436

APPENDICES

APPENDIX K (I): REVENUE AND EXPENDITURE PERFORMANCE BY FUNCTIONAL CLASSIFICATION

MP302 Msukaligwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		502,049	479,945	522,045	12,320	448,831	522,045	(73,214)	-14%	522,045
Executive and council		241,446	259,023	263,043	(6,500)	228,519	263,043	(34,524)	-13%	263,043
Finance and administration		260,602	220,922	259,002	18,820	220,312	259,002	(38,691)	-15%	259,002
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,465	11,139	12,081	594	6,437	12,081	(5,644)	-47%	12,081
Community and social services		907	1,017	1,096	97	929	1,096	(168)	-15%	1,096
Sport and recreation		160	164	174	15	178	174	4	2%	174
Public safety		6,418	7,032	7,809	168	2,118	7,809	(5,692)	-73%	7,809
Housing		2,980	2,627	2,703	314	3,213	2,703	510	19%	2,703
Health		-	299	299	-	-	299	(299)	-100%	299
<i>Economic and environmental services</i>		16,750	17,518	17,549	7,424	9,362	17,549	(8,186)	-47%	17,549
Planning and development		5,094	5,422	5,453	127	2,066	5,453	(3,387)	-62%	5,453
Road transport		11,656	12,096	12,096	7,297	7,297	12,096	(4,799)	-40%	12,096
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		680,602	693,974	726,666	41,819	440,013	726,666	(286,653)	-39%	726,666
Energy sources		256,356	260,019	272,125	19,884	233,294	272,125	(38,831)	-14%	272,125
Water management		325,434	309,687	318,366	8,154	83,261	318,366	(235,106)	-74%	318,366
Waste water management		53,758	65,813	72,040	5,319	63,857	72,040	(8,183)	-11%	72,040
Waste management		45,055	58,454	64,135	8,461	59,601	64,135	(4,534)	-7%	64,135
<i>Other</i>	4	145	121	147	13	151	147	3	2%	147
Total Revenue - Functional	2	1,210,012	1,202,697	1,278,488	62,169	904,794	1,278,488	(373,694)	-29%	1,278,488
Expenditure - Functional										
<i>Governance and administration</i>		271,025	213,196	177,695	13,587	163,645	177,695	(14,049)	-8%	177,695
Executive and council		59,773	48,197	54,471	(50)	55,979	54,471	1,508	3%	54,471
Finance and administration		211,252	165,000	123,224	13,637	107,667	123,224	(15,557)	-13%	123,224
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		119,583	121,569	123,894	18,141	105,803	123,894	(18,091)	-15%	123,894
Community and social services		61,449	63,620	69,582	13,431	61,633	69,582	(7,949)	-11%	69,582
Sport and recreation		28,510	19,684	19,984	964	15,624	19,984	(4,360)	-22%	19,984
Public safety		25,220	32,824	27,877	3,326	24,374	27,877	(3,503)	-13%	27,877
Housing		3,917	5,142	6,153	421	4,142	6,153	(2,011)	-33%	6,153
Health		486	299	299	-	30	299	(269)	-90%	299
<i>Economic and environmental services</i>		94,358	100,992	98,665	5,950	74,163	98,665	(24,503)	-25%	98,665
Planning and development		14,996	15,606	19,618	1,397	15,617	19,618	(4,001)	-20%	19,618
Road transport		79,362	85,386	79,047	4,553	58,545	79,047	(20,502)	-26%	79,047
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		585,697	689,503	735,412	156,168	509,503	735,412	(225,909)	-31%	735,412
Energy sources		300,337	433,182	439,991	126,571	377,206	439,991	(62,785)	-14%	439,991
Water management		160,149	144,544	116,524	24,037	73,207	116,524	(43,317)	-37%	116,524
Waste water management		61,568	61,092	142,696	1,565	27,711	142,696	(114,984)	-81%	142,696
Waste management		63,643	50,685	36,201	3,996	31,378	36,201	(4,823)	-13%	36,201
<i>Other</i>		101	105	105	9	75	105	(30)	-28%	105
Total Expenditure - Functional	3	1,070,763	1,125,364	1,135,771	193,855	853,189	1,135,771	(282,582)	-25%	1,135,771
Surplus/ (Deficit) for the year		139,248	77,333	142,718	(131,686)	51,605	142,718	(91,113)	-64%	142,718

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
R						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Original Budget	Adjustment Budget	
Audited AFS Note 23	R	R	R	%	%	
Municipal Systems Improvement Grant	0	0	0	0%	0%	
Finance Management Grant	3 000 000	3 000 000	3 000 000	0%	0%	
EPWP	2 062 310	2 062 310	2 062 310	0%	0%	
SETA Grants	303 131	300 131	303 131	0%	0%	
PMU	2 618 300	2 618 300	2 618 300	0%	0%	
Municipal Disaster Relief Fund Grant	0	0	0	0%	0%	
GSDM Contribution COVID-19	0	0	0	0%	0%	
Total	7 983 741	7 983 741	7 983 741	0%	0%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

The Financial management grant were spent according to the FMG support plan. Funds were utilized to employ interns, assist with the compiling of the Annual Financial Statements. The EPWP grant were utilised to appoint and ensure payment of contract workers.

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APPENDICES

APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2022/2023

Project Name	Ward No.	2022/2023 FY Budget	Expenditure	Project Status
Installation Of Water House Connections at Breyten Ext 4 (Enkanini)	13	R 1,225,260.41	R 1 225 260.41	Project completed
Construction of A 8 MI Reservoir at Ermelo Ext 44 & associated pipeworks	8	R 2,260,863.23	R 29,692,779.84	Project practically completed
Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2	9	R 7,153,534.76	R 0.00	Project practically completed.
VIP Toilets in Msukaligwa Farm areas	8,12,14,15	R 7,875,719.78	R 0.00	Project completed
Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo	16	R 666,206.11	R 7,640,187.94	Implementation SLA with DHS (Overall -98% Construction (Electrical -90% Construction))
Construction of two Intersections to join SANRAL's N17 at Warburton, Nganga Road and associated St	12	R 6,629,689.67	R 192,231.15	Project practically completed.
Upgrading of the Wesselton Extension 3 Boxer intersection	1	R 3,969,338.82	R 5,770,805.32	Project completed
Rehabilitation of Emadamini Ext 6 Taxi collector	2	R 3,790,365.42	R 8,225,389.37	Project completed
Upgrading of KwaZanele Masizakhe road	14	R 1,899,899.96	R 5,167,208.22	Project completed
Construction of paved roads in Wesselton Mthambama Street	17	R 7,618,694.82	R 0.00	Project practically completed.
Construction of the roads at Wesselton OR Tambo Taxi Collector Phase 1	1,9	R 513,370.61	R 323 929.43	Design completed (design only)
Construction of the storm water chanel at Wesselton Ext 6 eMadamini	2	R 597,574.99	R 0.00	Contractor Appointed
Construction of the roads at Wesselton Msheveni Street	17	R 8,675,474.68	R 0.00	Implementation (39%)
Procurement of the Yellow Fleet for the waste management	N/A	R 1,773,750.00	R 4,800,000.00	Compactor Truck Delivered
Installation of Highmast Lights	4,12,15	R 315,932.69	R 1 134 730.55	Project completed
	10,11 & 18	R 2,086,574.05	R3 933 478.65	Implementation (97.2%)
EEDSM	16	R4, 000, 000.00	R4 000 000.00	Project completed

APPENDICES

Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality	12,13,14,15,19	R134 926 809.00	R403 560 935.9	Implementation
Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline.	16	R 22,384,185.29	R 22,384,185.29	Implementation (98.7%)
The Refurbishment of the Chrissiesmeer Oxidation Ponds	19	R 17,719,921.32	R 17,719,921.32	Implementation (80%)
The Refurbishment of the Lothair Oxidation Ponds	15	R 19,895,893.39	R 19,895,893.39	Implementation (60%)
design and construction (Turnkey) for the replacement of a 20 MVA, 88/11 KV transformer in Ermelo.	7 & 8	R16 164 162.97	R15 161 822,97	Implementation (97.5%)

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/2021

See Appendix M

APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Schools are provided with all municipal services except solid waste collections at farm schools.				
Clinics (NAMES, LOCATIONS)				
Clinics are provided with all municipal services.				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				TP

APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<u>Clinics:</u>		
Farm areas	High	Mobile clinics not doing regular visits. Communities have to travel to towns to access health services and some do not afford transport fares. The elderly are the most affected.
<u>Housing:</u>		
Ermelo extension 32, 34, Nganga, Wesselton ext.3 and other areas.	Medium	There is a complaint about houses that are taking too long to be built or completed and those that were not built at all while beneficiaries are approved as beneficiaries on the Dept. of Human Settlement database.
<u>Schools (Primary and High):</u>		
Khayelisha settlement at Ward 9	Medium	The settlement has grown and due to the population growth and urban migration. So, there is a need for a primary school. The current Wesselton Primary school is too far for small kids and often parents struggle to pay transport fees for the kids.

APPENDIX Q – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No grants were made by the municipality.

APPENDIX R – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

There were no returns made in accordance with Section 71 of the MFMA.

VOLUME II

ANNUAL FINANCIAL STATEMENTS

**Audited
By**
2023 -11- 30
**Auditor General South Africa
Mpumalanga Business Unit**



**Msukaligwa Local Municipality
Annual Financial Statements
for the year ended 30 June 2023**

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity

Local Municipality

Mayoral committee

Executive Mayor

Cllr. M.P. Nkosi

Speaker

Cllr. N.S Xaba

Chief Whip

Cllr. P.T Sibeko

MMC - Corporate Services

Cllr. T.J Madlala

MMC - Technical Services

Cllr. T.C Motha

MMC - Community and Social Services

Cllr. S.E Ngovene

MMC - Finance

Cllr. E.C Msezane

MMC - Planning Economic Development

Cllr. B.G Motha

Councillors

Cllr. D.V.F Arnoldi

Cllr. J.D.A Blignaut

Cllr. Z Breydenbach

Cllr. S.S.S Buthelezi

Cllr. S.S Cindi

Cllr. S.P Khalishwayo

Cllr. B.I Mabuza

Cllr. S.M Mabuza

Cllr. V.C.N Madini

Cllr. T.J Maduna

Cllr. B.A Mahlatela

Cllr. M.S Malaza

Cllr. V.J Maseko

Cllr. S.C Mathebula

Cllr. M.M Mkhaliphi

Cllr. B.L Ndlazi

Cllr. M.F.J Ndllovu

Cllr. S.F Ngwenya

Cllr. L.L Nhlapho

Cllr. B.J Nkosi

Cllr. M.Z Nkosi

Cllr. N.R Nkosi

Cllr. T Nkosi

Cllr. M.A Nzimande

Cllr. R.T Nzimande

Cllr. J.J Scholtz

Cllr. P.H Sibiya

Cllr. M.R Yende

Cllr. T.P Zulu

Cllr. Z.E Zulu



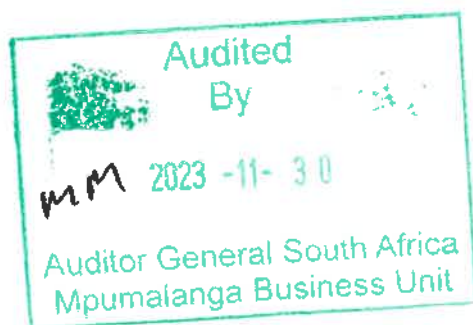
Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

General Information

Grading of local authority	4
Accounting Officer	Mr. M. Kunene (Appointed 12 August 2022)
Chief Financial Officer (CFO)	Mr P.J.Nhlabathi (Appointed 01 December 2022)
Registered office	Civic Centre C/o Kerk and Taute Street Emelo 2350
Business address	Civic Centre C/o Kerk and Taute Street Emelo 2350
Postal address	PO Box 48 Emelo 2350
Bankers	First National Bank Limited
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	Julie Mahommed Attorneys Maphanga Attorneys Mhlongo Khumalo Attorneys Mohlala Attorneys Motimele Attorneys Sefalafala Attorneys Sibeko Incorporated TMN Kgomo and Associates
Rounding	All amounts have been rounded to the nearest R1
Website	www.msukaligwa.gov.za
Contact number	Tel: 017 8611 Msuka (086 116 7852) Fax: 017 801 3851



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

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

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Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Abbreviations

ACFO	Acting Chief Financial Officer
AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
COVID 19	Corona Virus 2019
DCSSL	Department of Community Safety, Security And Liaison
GRAP	Generally Recognised Accounting Practice
GSDM	Gert Sibande District Municipality
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
LG SETA	Local Government Sectoral and Training Authority
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
PPP	Public Private Partnership
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 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.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7 - 7 .

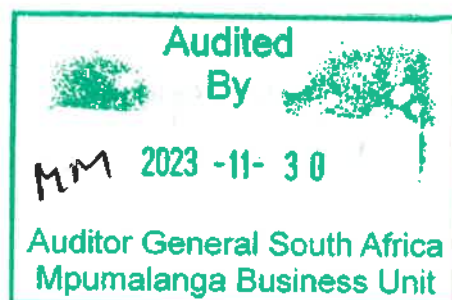
The annual financial statements set out on page 10 - 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed.



Mr. M. Kunene
Accounting Officer

Ermelo

31 August 2023



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Audit Committee Report

1. Audit committee members and attendance

The Audit committee consists of the members listed hereunder and should meet four times a year, as per its approved terms of reference. During the current year 07 meetings were held.

Name of member	Number of meetings attended
F. Mudau	7
N. Maseko	6
P. Mangoma	7
M. Mmapheto	7
P.B Mosomane (Resigned)	1

2. Audit committee responsibility

The Audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The Audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

3. The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient, and transparent. In line with the MFMA and the King IV report on Corporate Governance requirements, Internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective, and further provides recommendations where deficiencies are identified. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal audit, the Audit report on the annual financial statements and the implementation of the action plan in addressing issues raised in the AG report, it was noted there were matters reported that indicate material deficiencies in the system of internal control or any deviation therefrom. Accordingly, the Audit Committee has made recommendations to these deficiencies and we can report that the system of internal controls over financial reporting for the period under review was fairly efficient and effective. .

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The Audit committee is fairly satisfied with the content and quality of monthly and quarterly report prepared and issued by the Accounting Officer of the municipality during the year under review.

4. Internal audit

The Audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Accounting Office's Report

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

1. Review of activities

Operations

Net surplus of the municipality was R29,962,001 (2022: surplus R16,196,616).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Provincial Executive of the Mpumalanga Provincial Government intervened in the municipality in terms of section 139(1)(b) of the Constitution and Section 139(5) of the Constitution read with Section 139 of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003).

As part of the intervention by the Provincial Executive, the Municipal Financial Recovery Services unit within the Provincial Treasury has been requested to assist with the development of a financial recovery plan for Msukaligwa Local Municipality. The financial recovery plan was developed, approved and implemented in the current financial year under review and has been monitored on a monthly basis.

The primary responsibility to avoid, identify and resolve financial problems rests with the Msukaligwa Council and the Plan must be monitored by Council, the Executive Mayor and the Municipal Manager to ensure successful implementation, and places significant implementation responsibility on the Municipal Manager, Chief Financial Officer and other senior managers.

The Municipality should move away from short term and reactionary planning to a long term stable and sustainable framework, hence the Municipality must prioritise the development of a long term spatial and financial plan that is realistic and achievable and based on sound socio-economic analysis. The financial indicators issued in MFMA Circular 71 should also be used as a basis for such a long-term financial plan.

3. Subsequent events

The municipality reviewed historical Unauthorised, Irregular and Fruitless and Wasteful Expenditure, conducted such investigated as were necessary or viable and determined that substantially all of this should be written off. No matters were referred to the disciplinary board.

The Licensing function that the municipality performed on behalf the the Department of Safety, Security and Liaison (DCSSL) was transferred back to DCSSL, and the municipality will no longer be involved in these activities.

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

4. Accounting Officers' interest in contracts

The accounting officer does not have any direct or indirect interest's in contracts.

5. Accounting policies

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

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
Mr. M. Kunene
Mr. C.J. Lisa



Changes
Appointed 12 August 2022
Appointed 28 February 2022 - 11 August 2022

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Accounting Office's Report

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibilities in lieu of the MFMA, MSA and related Regulations as issued from time to time by National Treasury. We further note responsibilities with regards to the requirements of King IV. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Audit and risk committee

In the year under review, the Audit committee was established, and the Audit Committee members appointed, as well as the Chairperson of the Risk Committee are as follows:

Audit Committee members:

Position	Name	Date appointed
Chairperson	Ms F. Mudau	02 August 2021
Members:	Ms P.B Mosomane	02 August 2021
	Ms. N Maseko	02 August 2021
	Ms P. Mangoma	02 August 2021
	Mr M. Mmapheto	02 August 2021

Risk Committee member:

Position	Name	Date appointed
Chairperson	Mr L.A.T. Gafane	02 August 2021

In terms of Section 166 of the Municipal Finance Management Act, (Act 56 of 2003), the municipality, must appoint members of the Audit Committee. Notwithstanding that councillors appointed by the parent municipality constituted the municipal Audit Committees, National Treasury policy requires that municipalities should appoint further members of the entity's audit committees who are not councillors of the municipality onto the audit committee.

Internal audit

The municipality has a fully functional Internal Audit Unit. This is in compliance with the Municipal Finance Management Act, 2003.

The Internal Audit Function must apply to IIA Standards during the course of implementation of their work. Reports are submitted quarterly to the ARC for consideration and approval.

8. Bankers

The bankers of the municipality are First National Bank Limited which is used for daily operations as well as investing of grant funding.

9. Auditors

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



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Accounting Office's Report

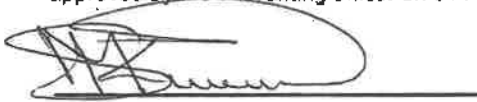
10. Public Private Partnership

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

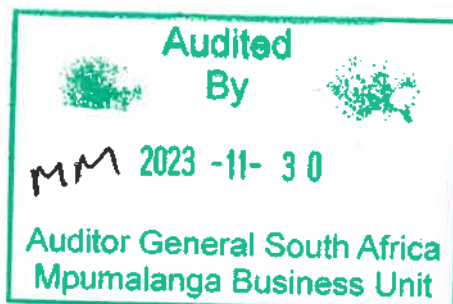
- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement.

The municipality has no PPP agreements.

The annual financial statements set out from page 10 - 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023.



Mr. M. Kunene
Accounting Officer



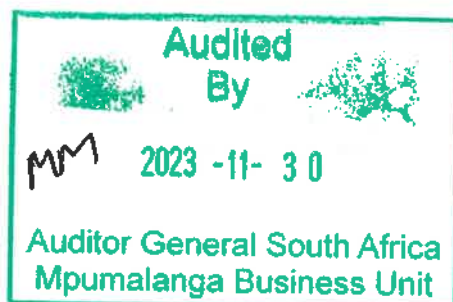
Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	7	23,589,169	13,003,712
Receivables from exchange transactions	8&10	165,017,303	145,467,135
Receivables from non-exchange transactions	9&10	59,479,145	59,846,831
VAT receivable	11	131,040,711	105,428,352
Cash and cash equivalents	12	78,704,967	9,673,827
		457,831,295	333,419,857
Non-Current Assets			
Investment property	3	181,143,053	178,381,508
Property, plant and equipment	4	2,646,809,304	2,555,795,184
Intangible assets	5	15,786	61,916
Heritage assets	6	174,895	174,895
		2,828,143,038	2,734,413,503
Total Assets		3,285,974,333	3,067,833,360
Liabilities			
Current Liabilities			
Finance lease obligation	13	-	1,179,875
Payables from exchange transactions	14	1,572,219,991	1,439,577,601
Consumer deposits	15	20,450,245	19,243,836
Employee benefit obligation	16	3,864,000	5,605,000
Unspent conditional grants and receipts	17	44,723,686	1,593,484
		1,641,257,922	1,467,199,796
Non-Current Liabilities			
Employee benefit obligation	16	68,931,001	68,197,000
Provisions	19	95,319,376	81,932,532
		164,250,377	150,129,532
Total Liabilities		1,805,508,299	1,617,329,328
Net Assets		1,480,466,034	1,450,504,032
Accumulated surplus		1,480,466,034	1,450,504,032
Total Net Assets		1,480,466,034	1,450,504,032



* See Note 55

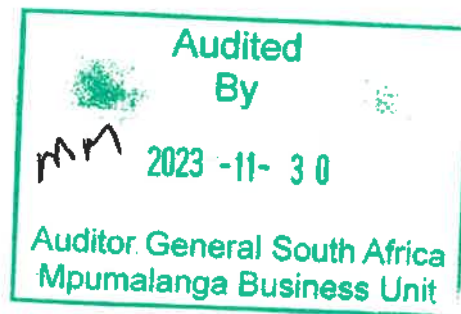
Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	406,533,731	384,621,407
Rental of facilities and equipment	21	2,921,300	2,721,920
Agency services		6,885,735	8,000,655
Other income	22	11,710,800	17,580,750
Interest earned	23	41,965,472	30,807,680
Total revenue from exchange transactions		470,017,038	443,732,412
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	205,140,723	183,825,668
Transfer revenue			
Government grants & subsidies	17	498,252,576	510,840,268
Fines	25	5,703,614	4,770,692
Debt forgiven	26	110,686,413	-
Donations received	27	2,451,356	-
Total revenue from non-exchange transactions		822,234,882	699,436,628
Total revenue		1,292,251,720	1,143,169,040
Expenditure			
Employee related costs	28	(272,438,556)	(254,316,321)
Remuneration of councillors	29	(17,362,089)	(15,492,684)
Debt Impairment	30	(158,399,257)	(121,120,243)
Depreciation and amortisation	31	(135,027,979)	(138,304,410)
Impairment loss	32	(8,561,635)	(4,176,127)
Losses on disposal of assets	33	(14,061,750)	(28,170,062)
Finance costs	35	(99,008,949)	(96,415,445)
Bulk purchases	36	(389,261,449)	(398,819,858)
Contracted services	37	(61,884,869)	(46,556,464)
Repairs and Maintenance	34	(50,243,216)	(29,955,437)
General Expenses	38	(70,427,586)	(49,873,463)
Total expenditure		(1,276,677,335)	(1,183,200,514)
Operating surplus (deficit)		15,574,385	(40,031,474)
Fair value adjustments	3&39	3,377,545	66,567,036
Actuarial gain	16	7,440,524	5,856,510
Inventories (losses)/gains		3,569,547	(16,195,456)
		14,387,616	56,228,090
Surplus for the year		29,962,001	16,196,616



* See Note 55

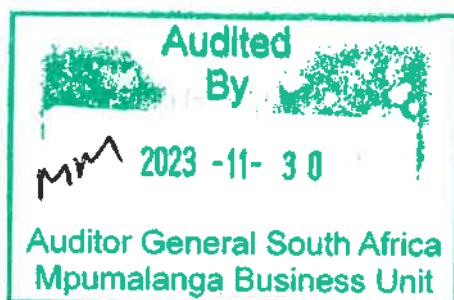
Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated Opening Balance	1,260,793,732	1,260,793,732
Adjustments		
Prior year adjustments	173,513,684	173,513,684
Balance at 01 July 2021 as restated*	1,434,307,416	1,434,307,416
Changes in net assets		
Surplus/(Deficit) for the year	16,196,616	16,196,616
Total changes	16,196,616	16,196,616
Opening balance as previously reported	1,310,124,818	1,310,124,818
Adjustments		
Prior year adjustments	140,379,215	140,379,215
Restated* Balance at 01 July 2022 as restated*	1,450,504,033	1,450,504,033
Changes in net assets		
Surplus / (Deficit) for the year	29,962,001	29,962,001
Total changes	29,962,001	29,962,001
Balance at 30 June 2023	1,480,466,034	1,480,466,034



* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates and Traffic fines		164,079,438	132,423,893
Services		309,831,249	323,652,489
Grants		541,382,778	510,692,848
Interest income		4,854,425	1,099,056
		<u>1,020,147,890</u>	<u>967,868,286</u>
Payments			
Employee costs		(295,617,426)	(263,188,126)
Suppliers		(413,941,046)	(387,746,291)
		<u>(709,558,472)</u>	<u>(650,934,417)</u>
Net cash flows from operating activities	40	<u>310,589,418</u>	<u>316,933,869</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(240,821,524)	(314,942,273)
Proceeds from sale of investment property	3	443,121	1,174,126
Net cash flows from investing activities		<u>(240,378,403)</u>	<u>(313,768,147)</u>
Cash flows from financing activities			
Finance lease payments		(1,179,875)	(1,337,564)
Net increase/(decrease) in cash and cash equivalents		<u>69,031,140</u>	<u>1,828,158</u>
Cash and cash equivalents at the beginning of the year		9,673,827	7,845,669
Cash and cash equivalents at the end of the year	12	<u>78,704,967</u>	<u>9,673,827</u>



* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	411,350,000	26,915,000	438,265,000	406,533,731	(31,731,269)	
Rental of facilities and equipment	2,700,000	151,000	2,851,000	2,921,300	70,300	
Agency services	-	-	-	6,885,735	6,885,735	
Other income	20,759,000	3,366,000	24,125,000	11,710,800	(12,414,200)	
Interest received	31,933,000	6,260,000	38,193,000	41,965,472	3,772,472	
Total revenue from exchange transactions	466,742,000	36,692,000	503,434,000	470,017,038	(33,416,962)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	207,037,000	23,097,000	230,134,000	205,140,723	(24,993,277)	
Transfer revenue						
Government grants & subsidies	523,741,000	16,006,000	539,747,000	498,252,576	(41,494,424)	
Fines, Penalties and Forfeits	5,177,000	(3,000)	5,174,000	5,703,614	529,614	
Debt forgiven	-	-	-	110,686,413	110,686,413	
Donations	-	-	-	2,451,356	2,451,356	
Total revenue from non-exchange transactions	735,955,000	39,100,000	775,055,000	822,234,682	47,179,682	
Total revenue	1,202,697,000	75,792,000	1,278,489,000	1,292,251,720	13,762,720	
Expenditure						
Employee related costs	(276,107,000)	(1,431,000)	(277,538,000)	(272,438,556)	5,099,444	
Remuneration of councillors	(18,513,000)	-	(18,513,000)	(17,362,089)	1,150,911	
Repairs and maintenance	-	-	-	(50,243,216)	(50,243,216)	
Depreciation and amortisation	(140,616,000)	9,002,000	(131,614,000)	(135,027,979)	(3,413,979)	
Expenses from service concession arrangements	-	-	-	(8,561,635)	(8,561,635)	
Finance costs	-	(28,000,000)	(28,000,000)	(99,008,949)	(71,008,949)	
Debt Impairment	(156,536,000)	48,232,000	(108,304,000)	(158,399,257)	(50,095,257)	
Bulk purchases	(319,126,000)	-	(319,126,000)	(389,261,449)	(70,135,449)	
Contracted Services	(75,718,000)	10,990,000	(86,708,000)	(61,884,869)	24,823,131	
Cost of housing sold	-	-	-	(14,061,750)	(14,061,750)	
General Expenses	(138,748,000)	(2,532,000)	(141,280,000)	(70,427,586)	70,852,414	
Total expenditure	(1,125,364,000)	14,281,000	(1,111,083,000)	(1,276,677,335)	(165,594,335)	
Operating surplus	77,333,000	90,073,000	167,406,000	15,574,385	(151,831,615)	
Fair value adjustments	-	-	-	3,377,545	3,377,545	
Actuarial gains/losses	-	-	-	7,440,524	7,440,524	
Inventories losses	-	-	-	3,569,547	3,569,547	
	-	-	-	14,387,616	14,387,616	
Surplus / (Deficit)	77,333,000	90,073,000	167,406,000	29,962,001	(137,443,999)	

Audited
By
2023
Auditor General South Africa
Moumalanga Business Unit

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	(17,000)	-	(17,000)	23,589,169	23,606,169	
Receivables from exchange transactions	-	-	-	165,017,303	165,017,303	
Receivables from non-exchange transactions	-	-	-	59,479,145	59,479,145	
Consumer Debtors	554,684,000	12,503,000	567,187,000	-	(567,187,000)	58 1.15
VAT receivable	-	-	-	644,248,832	644,248,832	
Call investment deposits	-	6,602,000	6,602,000	-	(6,602,000)	
Cash and cash equivalents	252,685,000	(13,341,000)	239,344,000	78,704,967	(160,639,033)	
	807,352,000	5,764,000	813,116,000	971,039,416	157,923,416	

Non-Current Assets

Investment property	120,037,000	300,264,000	420,301,000	181,143,053	(239,157,947)	
Property, plant and equipment	2,660,807,000	2,886,486,000	5,547,293,000	2,646,809,304	(2,900,483,696)	
Intangible assets	-	62,000	62,000	15,786	(46,214)	
Heritage assets	202,000	121,000	323,000	174,895	(148,105)	
	2,781,046,000	3,186,933,000	5,967,979,000	2,828,143,038	(3,139,836,962)	
Total Assets	3,588,398,000	3,192,697,000	6,781,095,000	3,799,182,454	(2,981,912,546)	

Liabilities

Current Liabilities

Payables from exchange transactions	1,648,508,000	1,634,606,000	3,283,114,000	1,572,219,990	(1,710,894,010)	
VAT payable	-	-	-	513,208,121	513,208,121	
Consumer deposits	3,511,000	12,222,000	15,733,000	20,450,245	4,717,245	
Employee benefit obligation	-	-	-	3,864,000	3,864,000	
Unspent conditional grants and receipts	-	-	-	44,723,686	44,723,686	
Provisions	22,161,000	61,458,000	83,619,000	-	(83,619,000)	
	1,674,180,000	1,708,286,000	3,382,466,000	2,154,466,042	(1,227,999,958)	

Non-Current Liabilities

Finance lease obligation	2,643,000	(4,063,000)	(1,420,000)	-	1,420,000	
Employee benefit obligation	-	-	-	68,931,001	68,931,001	
Provisions	80,331,000	(116,785,000)	(36,454,000)	95,319,376	131,773,376	
	82,974,000	(120,848,000)	(37,874,000)	164,250,377	202,124,377	
Total Liabilities	1,757,154,000	1,587,438,000	3,344,592,000	2,318,716,419	(1,025,875,581)	

Net Assets	1,831,244,000	1,606,259,000	3,436,503,000	1,480,466,035	(1,956,036,965)	
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Net Assets

Reserves

Accumulated surplus	1,831,244,000	1,606,259,000	3,436,503,000	1,480,466,035	(1,956,036,965)	
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Audited
By
2023 -11- 30
MM
Auditor General South Africa
Mpumalanga Business Unit

Msukaligwa Local Municipality

(Registration number MP302)

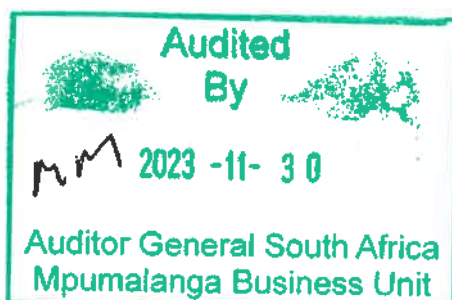
Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	133,248,000	17,323,000	150,571,000	132,423,893	(18,147,107)	
Services	385,213,000	20,998,000	406,211,000	322,561,210	(83,649,790)	
Grants	523,741,000	16,006,000	539,747,000	510,692,848	(29,054,152)	
Interest income	932,000	2,201,000	3,133,000	-	(3,133,000)	
Other receipts	95,675,000	(28,465,000)	67,210,000	-	(67,210,000)	
	1,138,809,000	28,063,000	1,166,872,000	965,677,951	(201,194,049)	
Payments						
Suppliers and Employee costs	(838,995,000)	35,585,000	(803,410,000)	(652,655,582)	150,754,418	
Net cash flows from operating activities	299,814,000	63,648,000	363,462,000	313,022,369	(50,439,631)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(297,835,000)	-	(297,835,000)	-	297,835,000	
Proceeds from sale of property, plant and equipment	-	1,441,000	1,441,000	-	(1,441,000)	
Net cash flows from investing activities	(297,835,000)	1,441,000	(296,394,000)	-	296,394,000	
Cash flows from financing activities						
Net increase/(decrease) in cash and cash equivalents	1,979,000	65,089,000	67,068,000	313,022,369	245,954,369	
Cash and cash equivalents at the beginning of the year	1,020,000	7,642,000	8,662,000	-	(8,662,000)	
Cash and cash equivalents at the end of the year	2,999,000	72,731,000	75,730,000	313,022,369	237,292,369	

For reasons, please refer to note 58. Explanations are generally not given for variances under 10%, or where the value of the balance is under R1 million. The variance on accumulated surplus is the result of all other variances, therefore this is not discussed.



Msukaigwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

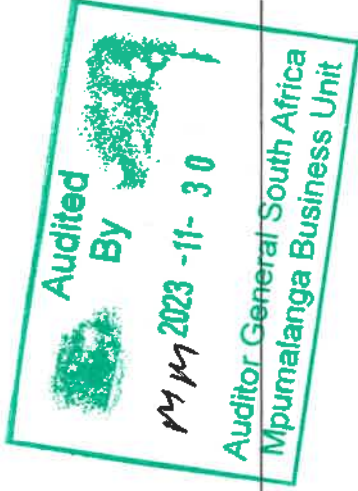
Appropriation Statement

Figures in Rand

Reported unauthorised expenditure

Expenditure authorised in terms of section 32 of MFMA

Balance to be restated audited outcome



Appropriation Statement

Figures in Rand

	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 as % of final budget	Actual outcome as % of original budget
Financial Performance										
Property rates	207,036,964	23,097,448	230,134,412	-	-	230,134,412	205,140,723	(24,993,689)	89 %	99 %
Service charges	411,350,023	26,914,838	438,264,861	-	-	438,264,861	406,533,731	(31,731,130)	93 %	99 %
Investment revenue	931,901	2,200,661	3,132,562	-	-	3,132,562	41,965,472	38,832,910	1,340 %	4,503 %
Transfers recognised - operational	231,688,750	12,005,565	243,694,315	-	-	243,694,315	239,383,267	(4,311,048)	98 %	103 %
Other own revenue	59,637,287	7,572,687	67,209,974	-	-	67,209,974	154,746,834	87,536,860	230 %	259 %
Total revenue (excluding capital transfers and contributions)	910,644,925	71,791,199	982,436,124	-	-	982,436,124	1,047,770,027	65,333,903	107 %	115 %
Employee costs	(276,107,422)	(1,431,156)	(277,538,580)	-	-	(277,538,580)	(272,438,556)	5,100,024	98 %	99 %
Remuneration of councillors	(18,513,108)	18,513,108	-	-	-	-	(17,362,069)	(17,362,069)	DIV/0 %	94 %
Debt impairment	(156,536,098)	48,232,470	(108,303,628)	-	-	(108,303,628)	(158,399,257)	(50,095,629)	146 %	101 %
Depreciation and asset impairment	(140,615,541)	9,002,398	(131,613,143)	-	-	(131,613,143)	(135,027,979)	(3,414,836)	103 %	96 %
Finance charges	-	(28,000,000)	(28,000,000)	-	-	(28,000,000)	(99,008,949)	(71,008,949)	354 %	DIV/0 %
Materials and bulk purchases	(319,125,639)	-	(319,125,639)	-	-	(319,125,639)	(389,261,449)	(70,135,810)	122 %	122 %

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Other expenditure	(214,466,163)	(38,210,318)	(252,676,481)	(206,179,056)	-	-	47,497,425	81 %	96 %
Total expenditure	(1,125,363,971)	8,106,500	(1,117,257,471)	(1,117,257,471)	(1,117,257,471)	(1,117,257,471)	(159,419,864)	114 %	113 %
Surplus/(Deficit)	(214,719,046)	79,897,699	(134,821,347)	(134,821,347)	(134,821,347)	(228,907,308)	(94,066,961)	170 %	107 %
Transfers recognised - capital	292,052,250	4,000,000	296,052,250	296,052,250	296,052,250	258,869,309	(37,182,941)	87 %	89 %
Surplus (Deficit) after capital transfers and contributions	77,333,204	83,897,699	161,230,903	161,230,903	161,230,903	29,962,001	(131,268,902)	19 %	39 %
Surplus/(Deficit) for the year	77,333,204	83,897,699	161,230,903	161,230,903	161,230,903	29,962,001	(131,268,902)	19 %	39 %
Capital expenditure and funds sources									
Total capital expenditure	297,835,249	129,344,795	427,180,044	427,180,044	427,180,044	595,537,808	168,357,764	139 %	200 %
Cash flows									
Net cash from (used) operating	299,814,785	498,756,309	798,571,094	798,571,094	798,571,094	310,589,418	(487,981,676)	39 %	104 %
Net cash from (used) investing	(297,835,249)	(129,344,795)	(427,180,044)	(427,180,044)	(427,180,044)	(240,378,403)	186,801,641	56 %	81 %
Net cash from (used) financing	-	-	-	-	-	(1,179,876)	(1,179,875)	DIV/0 %	DIV/0 %
Net Increase/(decrease) in cash and cash equivalents	1,979,536	369,411,514	371,391,050	371,391,050	371,391,050	69,031,140	(302,359,910)	19 %	3,487 %
Cash and cash equivalents at the beginning of the year	1,020,000	8,642,000	9,662,000	9,662,000	9,662,000	9,673,827	11,827	100 %	948 %
Cash and cash equivalents at year end	2,999,536	378,053,514	381,053,050	381,053,050	381,053,050	78,704,967	302,348,083	21 %	2,624 %

Audited
 By
 2023-11-30
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 Mpumalanga Business

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
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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.

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.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables and/or loans and receivables

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

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



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.



Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Other

All assets and liabilities have been grossed up (i.e. not offset against each other), except where offsetting is required or permitted by a Standard of GRAP or where offsetting reflects the substance of the transaction or event.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

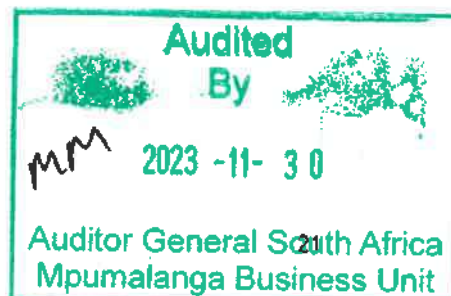
Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

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

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



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

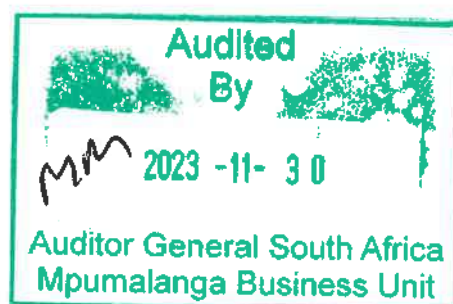
If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).



Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Property, plant and equipment

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

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.

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.

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

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

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

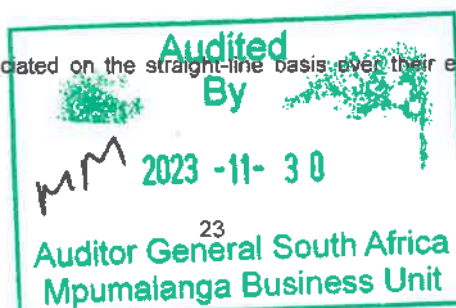
Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Range of values used
Buildings	Straight-line	25 - 50 Years
Land - Landfill	Straight-line	Per expert report
Plant and machinery	Straight-line	4 - 15 Years
Furniture and fixtures	Straight-line	4 - 15 Years
Motor vehicles	Straight-line	5 - 15 Years
IT equipment	Straight-line	2 - 5 Years
Infrastructure - Mechanical equipment	Straight-line	10 - 20 Years
Civil structures	Straight-line	15 - 50 Years
Electricity - Distribution cables	Straight-line	40 - 50 Years
Electricity - Equipment	Straight-line	15 - 45 Years
Electricity - Public lighting	Straight-line	30 - 40 years
External facilities	Straight-line	7 - 30 Years
Roads - Bridges	Straight-line	30 - 80 Years
Roads - Furniture	Straight-line	8 - 80 Years
Roads - S structure	Straight-line	10 - 50 Years
Roads - Traffic Management	Straight-line	10 - 15 Years
Sewerage - Pipe line	Straight-line	40 - 50 Years
Sewerage - Pump station	Straight-line	10 - 55 Years
Sports and playground	Straight-line	10 - 40 Years
Stormwater - Drainage construction	Straight-line	50 - 70 Years
Stormwater - Drainage unlined	Straight-line	10 - 15 Years
Water - Dams and reservoirs	Straight-line	50 - 80 Years
Water - Other	Straight-line	15 - 20 Years
Water - Pipes and grid	Straight-line	50 - 90 Years
Water - Pumps and tanks	Straight-line	15 - 20 Years
Intangible assets - Computer software	Straight-line	3 - 5 Years
Library books	Straight-line	5-10 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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.

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.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.



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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies



1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

- (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.

If the related asset is measured using the revaluation model:

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

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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



Accounting Policies

1.7 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale,
- there is an intention to complete and use or sell it,
- there is an ability to use or sell it,
- it will generate probable future economic benefits or service potential,
- there are available technical, financial and other resources to complete the development and to use or sell the asset,
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.8 Heritage assets

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

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

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

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

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

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

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

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

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



Accounting Policies

1.8 Heritage assets (continued)

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

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

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

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

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

1.9 Financial instruments

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

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

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

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

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

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

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

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or



Accounting Policies

1.9 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

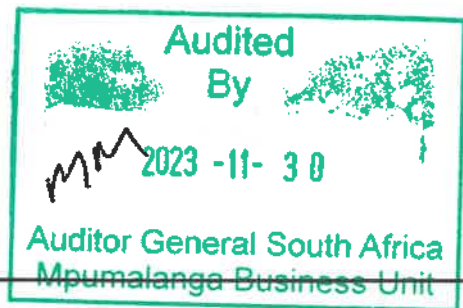
Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

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

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

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

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



Accounting Policies

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

Class	Category
Trade receivables from exchange transactions	Financial asset measured at amortised cost
Trade receivables from non exchange transactions	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Vat Payable	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
Employee benefit provisions	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Gains and losses

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

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

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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1.9 Financial instruments (continued)

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

Presentation

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

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

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

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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.

1.10 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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1.10 Statutory receivables (continued)

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

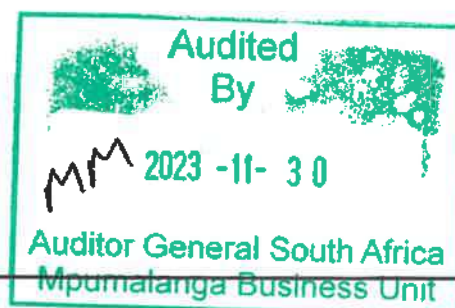
Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had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

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1.10 Statutory receivables (continued)

Derecognition

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

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

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

1.11 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

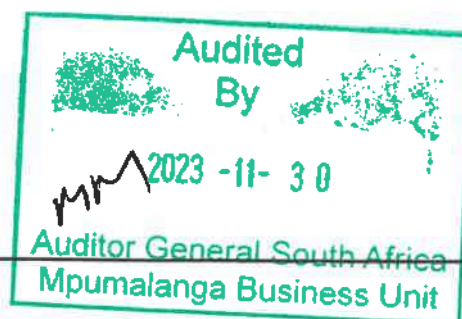
1.12 Inventories

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

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1.12 Inventories (continued)

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

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

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

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

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

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

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

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

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

1.13 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

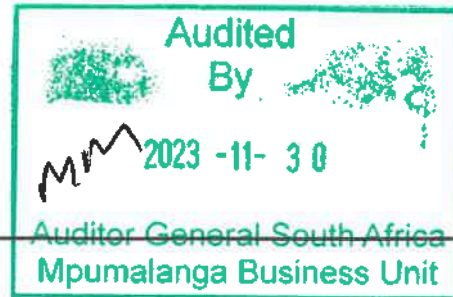
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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1.13 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

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1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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

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

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

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

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

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



Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

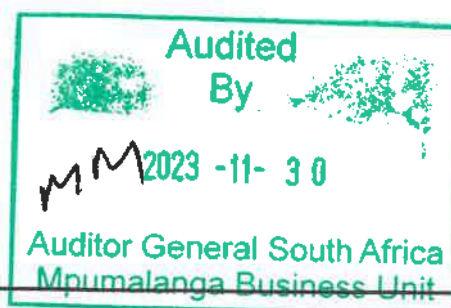
Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

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

Useful life is either:

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

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

Assets that are used for administrative purposes and are otherwise interchangeable are classified as non-cash-generating assets.

Infrastructure and community assets are to provide services and are classified as non-cash generating assets.

Investment properties rented at market related rates are classified as cash-generating assets.

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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



Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.15 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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1.15 Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

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.

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1.16 Employee benefits (continued)

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.

The municipality provides post-retirement medical aid benefits on retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

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

- 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 recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense or income unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

The expense or income shall include the following:

- current service cost;
- interest cost;
- 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.

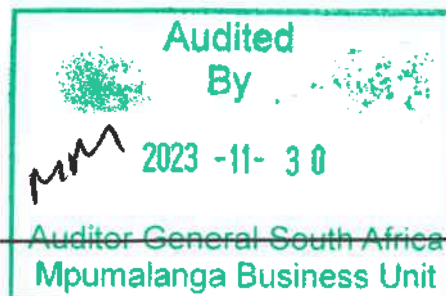
Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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1.15 Employee benefits (continued)

Defined benefit plans

Defined benefit plans are benefit plans other than defined contribution plans.

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 municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

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 recognises 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 of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The municipality accounts 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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 the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

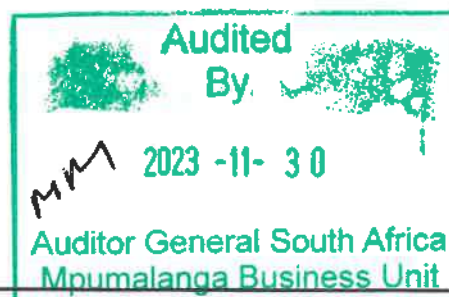
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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1.15 Employee benefits (continued)

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality 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 municipality 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).

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

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality 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.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

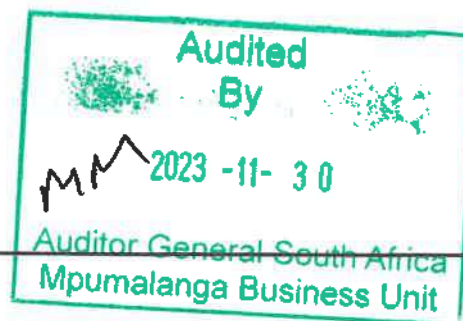
Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

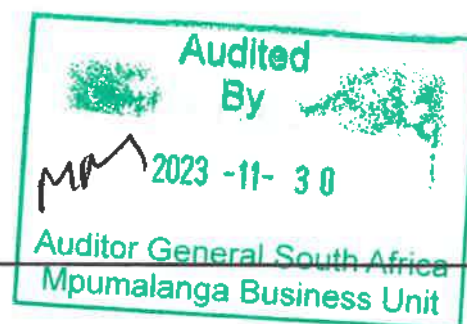
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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1.16 Provisions and contingencies (continued)

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

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

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

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

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

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

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

Decommissioning, restoration and similar liability

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

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

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

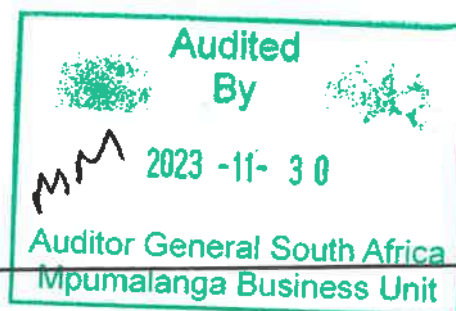
The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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1.16 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.17 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, contracts should relate to something other than the business of the municipality.

1.18 Revenue from exchange transactions

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

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

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

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1.18 Revenue from exchange transactions (continued)

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

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.19 Revenue from non-exchange transactions

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

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

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

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1.19 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

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

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.19 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

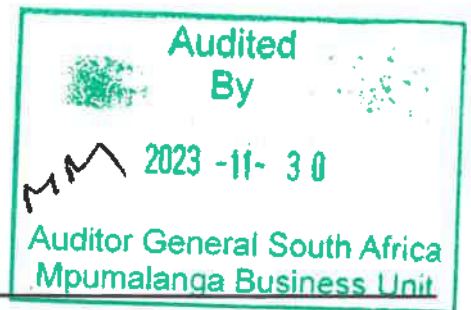
Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

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1.20 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.21 Investment income

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

1.22 Borrowing costs

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

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

1.23 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.

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.

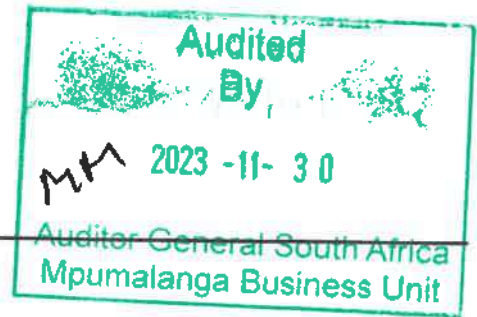
Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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1.23 Accounting by principals and agents (continued)

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.

1.24 Comparative figures

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

1.25 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.26 Fruitless and wasteful expenditure

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

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

1.27 Irregular expenditure

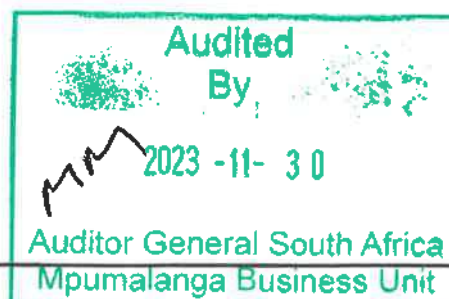
Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

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1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met. Refer to note 57.

1.29 Budget information

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

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

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

The approved budget covers the fiscal period from 01/07/2022 to 30/06/2023.

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

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

1.30 Related parties

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

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

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

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

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

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

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

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

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

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1.31 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.

1.32 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 an 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 (for purposes of this Standard) 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.

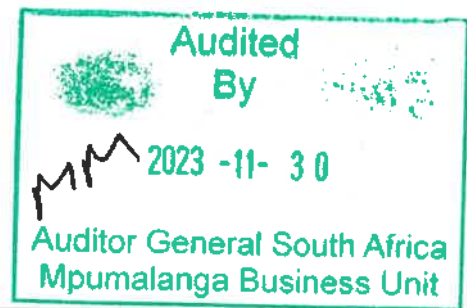
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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 an entity'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 an 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.



Accounting Policies

1.32 Living and non-living resources (continued)

Useful life is the period over which an asset is expected to be available for use by an municipality, or the number of production or similar units expected to be obtained from the asset by an municipality.

1.33 Value added tax

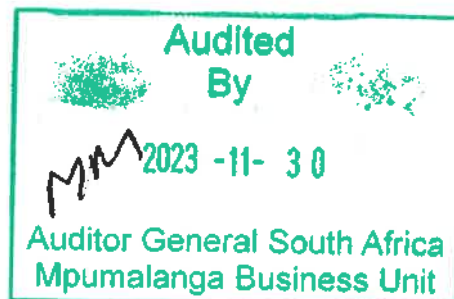
The municipality is registered with the SARS for VAT on the payment basis, in accordance with the Section 15(2)(a) of the Value Added Tax Act no 89 of 1991.

1.34 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the entity.

Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.



Notes to the Annual Financial Statements

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new standards or interpretations were adopted in the current year. Directive 14 Application of Standards of GRAP by Public Entities became effective, but is not applicable to the municipality.

2.2 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• IGRAP 21 The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• IGRAP 7 (Revised) Limit on a Defined Benefit Asset Min Fund Requirement and Interact	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (Revised) Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (Revised) Financial Instruments	01 April 2025	Unlikely there will be a material impact, however this is still being assessed

The ASB indicates that the Guideline on The Application of Materiality to Financial Statements is not authoritative, but application is recommended; this is being reviewed to determine the impact on the financial statements and if these would be desirable.

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3. Investment property

	2023	2022
Cost / Valuation	181,143,053	178,381,508
Accumulated depreciation and accumulated impairment	-	-
Carrying value	181,143,053	178,381,508
Cost / Valuation	178,381,508	181,143,053
Accumulated depreciation and accumulated impairment	-	-
Carrying value	178,381,508	181,143,053

Investment property

Reconciliation of investment property - 2023

Opening balance	Disposals	Fair value adjustments	Total
178,381,508	(616,000)	3,377,545	181,143,053

Investment property

Reconciliation of investment property - 2022

Opening balance	Disposals	Fair value adjustments	Total
114,595,362	(2,780,890)	66,567,036	178,381,508

Investment property

Investment Property

The Municipality is recognising Investment Property using the Fair Value model (reflecting market conditions at the reporting date).

During the financial year the Municipality adjusted the fair values of its investment properties on 30 June 2023 using the First National Bank Property Barometer which indicated that the Monthly FNB House Price index grew by 1,9% year on year.

The previous year's (2021/2022 financial year) gains were due to the gains resulting from the implementation of a new Municipal Valuation Roll, as determined by an independent professional valuer.



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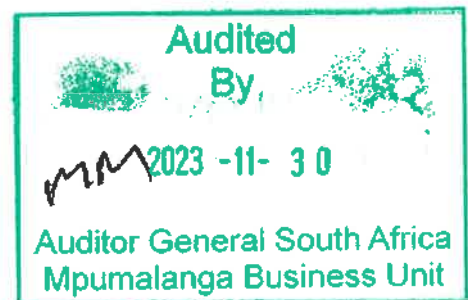
2022

3. Investment property (continued)

The outcome of the fair value adjustment is indicated below:

	2023	2022
Fair Value Adjustment: Gains	3,377,544	66 567 036

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.



Msukaligwa Local Municipality

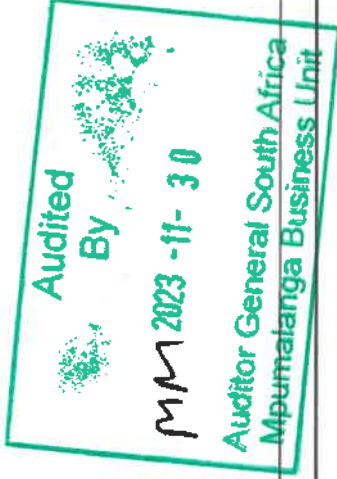
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Notes to the Annual Financial Statements

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4. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	146,021,836	-	146,021,836	146,021,836
Plant and machinery	6,585,129	(4,119,390)	2,465,739	6,445,130
Furniture, fixtures and Office equipment	10,385,699	(7,558,617)	2,827,082	14,259,378
Motor vehicles	55,084,596	(14,664,329)	40,400,267	50,595,082
IT equipment	9,586,720	(5,589,006)	3,997,714	7,711,975
Community	488,407,712	(299,402,286)	189,005,426	503,432,801
Library books	10,295,562	(4,730,113)	5,565,449	10,295,562
Electrical	706,471,395	(401,707,931)	304,763,464	708,884,265
Roads	1,587,850,200	(1,054,332,299)	533,517,901	1,572,516,312
Lease assets	2,447,837	(2,447,837)	-	2,447,837
Sanitation	864,214,469	(357,126,533)	507,087,936	810,593,132
Water supply	1,513,836,842	(609,464,902)	904,373,940	1,398,599,645
Solid waste	33,292,751	(26,510,201)	6,782,550	28,157,622
Total	5,434,482,748	(2,787,673,444)	2,646,809,304	5,259,960,578
			[2,704,165,394]	2,555,795,184



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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Impairment loss	Total
Land	146,021,836	-	-	-	-	-	146,021,836
Community and operational buildings	200,986,171	1,208,860	-	(377,158)	(12,658,118)	(154,329)	189,005,426
Electrical infrastructure	318,518,504	11,918,744	(3,804,542)	(3,545,936)	(18,242,597)	(80,709)	304,763,464
Roads and storm water	554,683,289	32,832,929	(3,503,365)	(3,209,117)	(46,547,031)	(738,804)	533,517,901
Sanitation	478,090,432	6,586,817	52,598,762	(3,730,273)	(19,192,990)	(7,264,812)	507,087,936
Solid waste	5,837,533	5,173,597	-	(12,208)	(4,216,372)	-	6,782,550
Water supply	795,984,180	32,465,170	105,234,311	(2,632,094)	(26,367,013)	(310,614)	904,373,940
Furniture, fixtures and Office equipment	3,139,232	237,689	-	(8,563)	(535,600)	(5,676)	2,827,082
Computer equipment	3,038,023	1,969,006	-	(6,563)	(999,898)	(2,854)	3,997,714
Leased assets	1,112,320	-	-	-	(1,112,320)	-	-
Library books	6,584,134	-	-	-	(1,018,685)	-	5,565,449
Motor vehicles	36,870,075	5,833,101	-	(821,556)	(3,480,200)	(1,153)	40,400,267
Plant and machinery	2,929,455	150,000	-	-	(611,033)	(2,683)	2,465,739
	2,555,795,184	98,375,913	150,525,166	(14,343,468)	(134,981,857)	(8,561,634)	2,646,809,304



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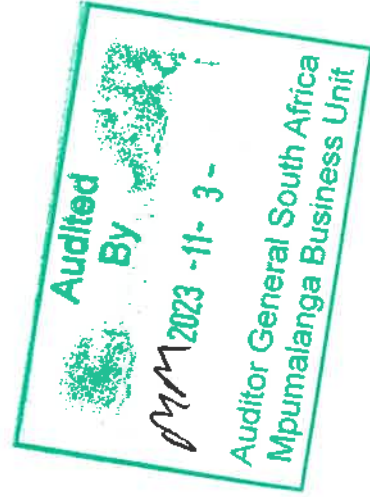
Notes to the Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Impairment loss	Total
Land	151,898,276	-	-	(5,876,440)	-	-	146,021,836
Community and operational buildings	222,910,704	30,000	-	(8,636,585)	(13,195,378)	(122,570)	200,986,171
Electrical infrastructure	315,519,625	5,773,056	16,078,474	(460,277)	(17,864,630)	(527,744)	318,518,504
Roads and stormwater	587,100,533	7,667,862	11,945,677	(280,253)	(49,942,511)	(1,808,019)	554,663,289
Sanitation	458,410,874	36,952,749	4,007,437	(1,685,579)	(19,256,228)	(338,821)	478,090,432
Solid waste	6,648,948	1,786,836	-	(235)	(2,596,304)	(1,712)	5,837,533
Water supply	602,822,321	38,605,031	188,486,089	(5,660,698)	(27,015,331)	(1,253,232)	795,984,180
Computer equipment	3,184,638	758,479	-	(108,879)	(791,605)	(5,610)	3,038,023
Furniture and fixtures & Office equipment	4,101,423	139,710	-	(350,324)	(739,723)	(11,854)	3,139,232
Leased assets	2,447,837	-	-	-	(1,335,517)	-	1,112,320
Library books	7,472,495	130,324	-	-	(1,018,685)	-	6,584,134
Motor vehicles	42,456,782	3,444,516	-	(3,361,566)	(3,658,716)	(10,941)	38,870,075
Plant and machinery	3,072,026	908,867	-	(199,668)	(843,653)	(8,117)	2,929,455
	2,408,048,482	96,198,430	220,517,677	(28,620,504)	(138,256,281)	(4,088,620)	2,565,796,184



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4. Property, plant and equipment (continued)

Reconciliation of work in progress

[Where the entity holds heritage assets, but has not accounted for such assets using GRAP 17 or using an accounting policy based on GRAP 103, consider whether disclosure, including a description of the nature and extent, of these assets is useful to the users of the annual financial statements.]

	2023	Opening	Additions	Impairment	Expense	Completion	Total
Community and Operational Buildings		1,961,265	1,063,860	-	-	(1,063,860)	1,961,265
Electrical		16,215,293	7,709,604	-	-	(11,514,146)	12,410,751
Roads		17,050,099	29,844,735	-	(519,630)	(32,828,470)	13,546,734
Sanitation		36,824,998	65,787,869	(7,713,924)	(6,802,289)	(6,586,817)	81,709,837
Water supply		284,260,265	138,253,538	-	-	(33,019,227)	389,494,576
Subtotal		356,311,920	242,659,606	(7,713,924)	(7,121,919)	(85,012,520)	499,123,163
		356,311,920	242,659,606	(7,713,924)	(7,121,919)	(85,012,520)	499,123,163
		Opening	Additions	Impairment	Expense	Completion	Total
Community and Operational Buildings		1,961,265	43,000	-	(13,000)	(30,000)	1,961,265
Electrical		136,819	21,851,531	-	-	(5,773,056)	16,215,294
Roads		5,104,422	19,613,539	-	-	(7,667,862)	17,050,099
32817561		32,817,561	42,083,648	-	-	(38,076,211)	36,824,998
Water supply		95,774,176	225,967,658	-	-	(37,481,569)	284,260,265
Subtotal		135,794,243	309,559,376	-	(13,000)	(89,028,698)	356,311,921
		135,794,243	309,559,376	-	(13,000)	(89,028,698)	356,311,921

Project impaired

The decision was taken by Council to impair an incomplete Work-in-Progress project (Internal Sewer Network in Breyten Ext 5) that were never finalised and could not effectively be unbundled due to lack of proper documentation after the contractor was dismissed. This project has been reported as slow-moving ever since the 2019 financial year, without any movement.



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4. Property, plant and equipment (continued)

Projects expensed

Two projects were expensed that did not meet the definition of Property, Plant and Equipment for capitalisation purposes, as defined by GRAP 17. The contract on a road project was terminated and the expenses could not be capitalised. The completion of a sanitation project, Construction of VIP toilets on Private Farms was expensed, as the toilets were erected on private land and not municipal property.

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.





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4. Property, plant and equipment (continued)

Disposals

Gain on Disposal: Total R 454 600

A gain was realised on a vehicle that was written down to a carrying value of zero, when it was traded in as partial settlement of the purchase of a new vehicle.

Loss on Disposal: Total R 14 343 471

During the financial year the municipality incurred disposals/write-offs on its Property, Plant and Equipment due to various factors.

These included, amongst others, infrastructure that were upgraded (for example, roads that have been replaced by new brick paved roads, including upgrades to its storm water drainage systems) or infrastructure that were downgraded and written off due to theft, vandalism, fire damage, lightning damage, normal breakage or building demolition.

The majority of these involuntarily write-offs were due to acts of vandalism and thefts and reclassification from Land to Property, Plant and Equipment infrastructure.

Infrastructure Assets:

- Community and operational buildings: R 377 159

Write-off of various assets at public open spaces, sports and recreations facilities, as well as damage to municipal offices.

- Electrical: R 3 545 936

Various pole mounted transformers were written off due to lightning damage. Several streetlights were also derecognised, as well as damaged distribution kiosks.

- Roads and Storm Water drainage: R 3 209 118

Various dilapidated road signs, road structures, kerbing and storm water drainage collection points were written off due to being upgraded and rebuilt or being damaged.

- Sanitation: R 3 730 273

The sewerage treatment works in Breyten West, Kwazanele East and Davel were upgraded, and various submersible pumps, electrical motors, pipes, and valves were written off and replaced.

- Solid waste: R 12 209

Dilapidated waste bins were written off, as well as the perimeter fencing at the Breyten Landfill site.

- Water Supply: R 2 632 094

Various boreholes and handpumps were written off due to disrepair. Various water pumps and other mechanical equipment were written off and replaced at the Kwazanele and Davel water treatment works.

Movable Assets:

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4. Property, plant and equipment (continued)

- Computer Equipment: R6 563
- Motor Vehicles: R821 556
- Furniture, Fixtures and Fittings: R 8 563

Detailed descriptions, component types and Rand values assigned to each of the above written off assets can be found in the Fixed Asset Register of the municipality.

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5. Intangible assets

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	139,149	(123,363)	15,786	139,149	(77,233)	61,916

Reconciliation of intangible assets - 2023

Computer software, other

Opening balance	61,916					
				Amortisation	(46,130)	
						Total
						15,786

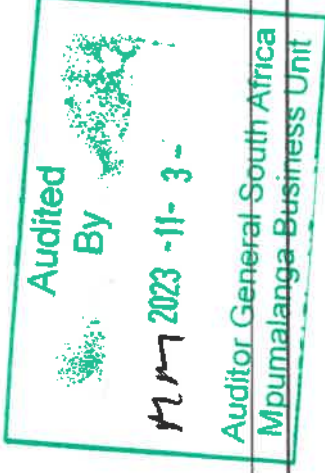
Reconciliation of Intangible assets - 2022

Computer software, other

Opening balance	108,045					
				Amortisation	(46,129)	
						Total
						61,916

Other information

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.



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6. Heritage assets

	2023		2022			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	174,895	-	174,895	174,895	-	174,895

Reconciliation of heritage assets 2023

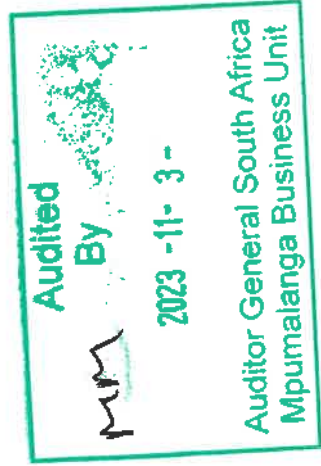
Art Collections, antiquities and exhibits

Opening balance	174,895
Total	174,895

Reconciliation of heritage assets 2022

Art Collections, antiquities and exhibits

Opening balance	192,195
Disposals	(17,300)
Total	174,895



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7. Inventories

Consumables	23,054,154	12,930,043
Water	535,015	73,669
	23,589,169	13,003,712

8. Receivables from exchange transactions

Consumer debtors - Electricity	51,222,126	47,324,146
Consumer debtors - Water	51,597,240	45,033,283
Consumer debtors - Sewerage	24,853,265	21,215,276
Consumer debtors - Refuse	24,944,025	19,696,933
Consumer debtors - Services	10,007,970	9,864,660
Consumer debtors - Rentals	1,857,256	1,924,366
Consumer debtors - Land sales	6,985	6,498
Fleet card	527,479	401,016
Refunds and prepayments	957	957
	165,017,303	145,467,135

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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9. Receivables from non-exchange transactions

Fines	578,105	1,055,677
Consumer debtors - Rates	58,901,040	58,791,154
	<u>59,479,145</u>	<u>59,846,831</u>

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10. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	233,373,842	192,031,864
Consumer debtors - Electricity	200,976,077	170,288,310
Consumer debtors - Water	276,941,150	235,810,790
Consumer debtors - Sewerage	183,333,366	149,823,663
Consumer debtors - Refuse	181,360,356	146,964,944
Consumer debtors - Service debtors	51,666,706	49,674,098
Consumer debtors - Rentals	8,731,968	7,223,755
Consumer debtors - Land sale	44,117	42,655
	1,136,427,582	951,860,079

Less: Allowance for impairment

Consumer debtors - Rates	(174,472,802)	(133,240,710)
Consumer debtors - Electricity	(149,753,951)	(122,964,164)
Consumer debtors - Water	(225,343,910)	(190,777,507)
Consumer debtors - Sewerage	(158,480,101)	(128,608,387)
Consumer debtors - Refuse	(156,416,331)	(127,268,011)
Consumer debtors - Service debtors	(41,658,736)	(39,809,438)
Consumer debtors - Rentals	(6,874,712)	(5,299,389)
Consumer debtors - Land sale	(37,132)	(36,157)
	(913,037,675)	(748,003,763)

Net balance

Consumer debtors - Rates	58,901,040	58,791,154
Consumer debtors - Electricity	51,222,126	47,324,146
Consumer debtors - Water	51,597,240	45,033,283
Consumer debtors - Sewerage	24,853,265	21,215,276
Consumer debtors - Refuse	24,944,025	18,696,933
Consumer debtors - Service debtors	10,007,970	9,864,660
Consumer debtors - Rentals	1,857,256	1,924,366
Consumer debtors - Land sale	6,985	6,498
	223,389,907	203,856,316

Rates

Current (0 -30 days)	11,789,491	11,945,717
31 - 180 days	14,228,574	17,647,178
181 - 360 days	10,187,454	8,956,659
361 - 720 days	10,039,935	8,275,153
720+ days	12,655,586	11,930,444
	58,901,040	58,755,151

Electricity

Current (0 -30 days)	13,109,635	14,728,224
31 - 180 days	11,809,839	11,472,194
181 - 360 days	6,498,719	4,603,470
361 - 720 days	5,342,818	4,786,594
720+ days	14,461,115	11,733,664
	51,222,126	47,324,146

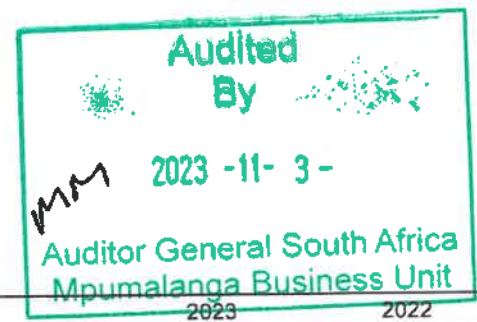
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10. Consumer debtors disclosure (continued)

Water

Current (0 -30 days)	6,715,955	4,500,339
31 - 180 days	7,087,995	8,510,516
181 - 360 days	6,293,927	5,084,834
361 - 720 days	7,156,280	7,165,805
720+ days	24,343,083	19,771,789
	51,597,240	46,033,283

Sewerage

Current (0 -30 days)	2,877,488	2,802,223
31 - 180 days	5,144,141	4,824,797
181 - 360 days	4,563,252	3,264,932
361 - 720 days	4,024,063	4,080,063
720+ days	8,244,321	6,243,261
	24,853,265	21,215,276

Refuse

Current (0 -30 days)	2,527,689	2,282,420
31 - 180 days	5,083,796	3,933,075
181 - 360 days	4,577,069	2,929,079
361 - 720 days	3,817,850	4,006,446
720+ days	8,937,621	6,545,913
	24,944,025	19,696,933

Service Debtors

Current (0 -30 days)	379,552	358,565
31 - 180 days	711,224	623,752
181 - 360 days	623,097	1,137,000
361 - 720 days	874,816	779,898
121 - 365 days	7,419,281	6,964,445
	10,007,970	9,864,660

Rental Debtors

Current (0 -30 days)	99,803	106,211
31 - 180 days	314,968	328,265
181 - 360 days	231,214	292,242
361 - 720 days	311,322	300,699
720+ days	899,949	896,949
	1,857,256	1,924,366

Land sales

Current (0 -30 days)	18	18
31 - 180 days	90	90
181 - 360 days	108	109
361 - 720 days	217	348
720+ days	6,552	5,933
	6,985	6,498

11. VAT receivable

VAT	131,040,711	105,428,352
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12. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	5,798	8,686
Bank balances	9,670,322	1,102,843
Short-term deposits	69,028,847	8,562,298
Total	78,704,967	9,673,827

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
FNB Primary Account - Current Account - 62822833267	9,821,679	2,471,759	1,452,036	9,670,322	1,102,843	3,264,903
FNB - Call Account - 62837049031	56,413,720	5,593,397	2,876,927	56,413,720	5,593,397	2,876,927
FNB Licensing Account - Current Account - 62858041272	12,117,985	1,069,028	1,695,619	12,615,127	2,968,901	1,695,619
Total	78,353,384	9,134,184	6,024,582	78,699,169	9,665,141	7,837,449

13. Finance lease obligation

Minimum lease payments due

- within one year

- 1,219,090

less: future finance charges

- 1,219,090

- (39,214)

Present value of minimum lease payments

- 1,179,876

Present value of minimum lease payments due

- within one year

- 1,179,875

The lease term was 3 years. Interest rates were fixed at the contract date. Leases have fixed repayments. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.

The lease agreement has concluded and the machines are being rented on a month-to-month basis until a new contract is procured..

14. Payables from exchange transactions

13th cheque accrual	5,491,542	4,937,912
Employee related payable and accruals	6,843,268	13,513,091
Leave pay accrual	21,984,258	19,834,373
Licensing and registration	(10,830,462)	7,099,766
Receivables paid in advance	34,814,780	34,923,354
Retentions and guarantees held	20,127,549	15,949,977
Trade payables	1,493,789,056	1,343,319,128
Total	1,572,219,991	1,439,677,601

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15. Consumer deposits

Consumer deposits	20,330,726	19,133,784
Sundry deposits	119,519	110,052
	<u>20,450,245</u>	<u>19,243,836</u>

16. Employee benefit obligations

The municipality provides a post-employment medical aid plan to some employees - this is a defined benefit plan; as well as a defined benefit plan in the form of a long-service award.

Changes in the present value of the employee benefit obligations are as follows:

Opening balance	73,802,000	72,227,000
Contributions paid	(5,579,476)	(3,302,490)
Net expense recognised in the statement of financial performance	4,572,476	4,877,490
	<u>72,795,000</u>	<u>73,802,000</u>

Net expense recognised in the statement of financial performance

Current service cost	3,729,000	3,777,000
Interest cost	8,284,000	6,957,000
Actuarial (gains) losses	(7,440,524)	(5,856,510)
	<u>4,572,476</u>	<u>4,877,490</u>

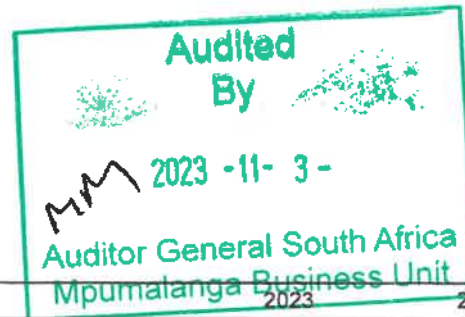
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16. Employee benefit obligations (continued)

Current liabilities

Post-Retirement Medical Aid	2,493,000	2,389,000
Long Service Award	1,371,000	3,216,000
	3,864,000	5,605,000

Non-current liabilities

Post-Retirement Medical Aid	56,684,000	57,555,000
Long Service Award	12,247,000	10,642,000
	68,931,000	68,197,000

Combined

Post-Retirement Medical Aid	59,177,000	59,944,000
Long Service Award	13,618,000	13,858,000
	72,795,000	73,802,000

Post-retirement medical aid plan

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 (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors).

The following assumptions were used:

Key assumptions

Discount rate	14.12%	11.82%
Consumer Price Index	8.57%	6.93%
Medical Aid Contribution Inflation	10.07%	8.43%
Net Effective Discount Rate	3.68%	3.13%
Maximum Subsidy Inflation Rate	7.18%	5.95%
Net-of-maximum-subsidy-inflation discount rate	6.48%	5.54%
Average Retirement Age	62	62

Mortality during employment is based on the SA 85-90 tables, and mortality post-employment is based on the PA(90) -1 tables with a 1% mortality improvement p.a. from 2010.

	2023	2022	2021	2020	2019
History of liability	59,177,000	59,944,000	59,130,000	50,854,000	53,621,000

Long service award liability

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16. Employee benefit obligations (continued)

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)	Description
5	2%	5 / 250 x annual salary
10	4%	10 / 250 x annual salary
15	8%	20 / 250 x annual salary
20,25,30,35	12%	30 / 250 x annual salary
40	16%	40 / 250 x annual salary
45	18%	45 / 250 x annual salary

In estimating the unfunded liability for LSA of Msukaligwa Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors).

The following assumptions were used:

Key assumptions

Discount rate	10.85%	10.87%
Consumer Price Index	5.93%	6.33%
General earnings inflation rate (long-term)	6.93%	7.33%
Net effective discount rate	3.67%	3.30%
Average retirement age	62	62

Mortality during employment is based on the SA 85-90 tables.

	2023	2022	2021	2020	2019
History of the liability	13,618,000	13,858,000	13,097,000	11,759,000	11,138,000

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Local Government Sector Education and Training Authority grant	1,237,255	392,062
Municipal disaster relief grant	1,500,000	-
Provincial Treasury Support Grant	1,213,240	-
Regional bulk infrastructure grant	40,073,191	501,422
Sport and recreation grant - National Lottery	700,000	700,000
	<u>44,723,686</u>	<u>1,593,484</u>

Movement during the year

Balance at the beginning of the year	1,593,484	-
Additions during the year	540,994,701	185,372,431
Income recognition during the year	(497,864,499)	(183,778,947)
	<u>44,723,686</u>	<u>1,593,484</u>

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

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

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17. Unspent conditional grants and receipts (continued)

See note 18 for reconciliation of grants from National/Provincial Government.

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

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18.

Revenue from operating grants

Equitable share	227,520,000	199,442,000
Expanded public works programme grant	1,766,000	1,985,690
Financial management grant	3,000,000	3,000,000
Local government sector education and training authority grant	310,507	196,000
Provincial Treasury Support Grant	6,786,760	-
	<u>239,383,267</u>	<u>204,623,690</u>

Revenue from capital grants

Energy Efficiency Demand-Side Management Grant	4,000,000	-
Integrated national electrification programme	-	10,000,000
Municipal infrastructure grant	57,052,250	52,856,100
Municipal infrastructure grant - PMU	3,002,750	2,781,900
Regional bulk infrastructure grant	134,814,309	200,578,578
Water services infrastructure grant	60,000,000	40,000,000
	<u>258,869,309</u>	<u>306,216,578</u>
	<u>498,252,576</u>	<u>510,840,268</u>

Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	271,806,624	311,654,117
Unconditional grants received	227,520,000	199,442,000
	<u>499,326,624</u>	<u>511,096,117</u>

Equitable share

Current-year receipts	227,019,000	198,537,000
Conditions met - transferred to revenue	(227,520,000)	(199,442,000)
Roll over not approved - EPWP	-	588,000
Rollover not approved - RBIG	501,000	317,000
	<u>-</u>	<u>-</u>

This grant funds the basic services for registered indigents as well as municipals operations.

Energy Efficiency Demand-Side Management Grant

Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(4,000,000)	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 17).

This grant is intended to provide subsidies to municipalities to implement energy efficiency and demand-side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Expanded Public Works Programme

Balance unspent at beginning of year	-	587,691
Current-year receipts	1,766,000	1,986,000
Conditions met - transferred to revenue	(1,766,000)	(1,985,691)
Withheld from Equitable Share	-	(588,000)
	<u>-</u>	<u>(588,000)</u>

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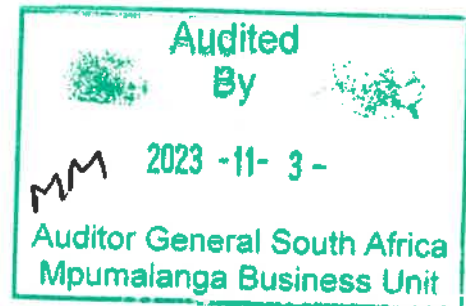
Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
18. (continued)		
	-	-
Conditions still to be met - remain liabilities (see note 17).		
To expand work creation efforts using labour-intensive delivery methods identified focus areas, in compliance with the EPWP guidelines.		
Financial Management Grant		
Equitable share allocated	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(3,000,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The grant funds the implementation of the financial reforms required by the MFMA. This includes the funding of the financial management internship program.



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18. (continued)

Local Government Sector Education and Training Authority grant

Balance unspent at beginning of year	392,062	136,213
Current-year receipts	1,155,700	451,849
Conditions met - transferred to revenue	(310,507)	(196,000)
	<u>1,237,255</u>	<u>392,062</u>

Conditions still to be met - remain liabilities (see note 17).

This grant was received from the Local government SETA institution for the training of municipal staff in various categories of learning and skills development.

Sport and recreation grant - National Lottery

Balance unspent at beginning of year	700,000	700,000
--------------------------------------	---------	---------

Conditions still to be met - remain liabilities (see note 17).

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

Municipal Disaster Relief Grant

Balance unspent at beginning of year	-	1,980
Current-year receipts	1,500,000	-
Withheld from Equitable Share	-	(1,980)
	<u>1,500,000</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 17).

This is a disaster fund allocation that was received from National treasury per the Division of revenue act to fund the COVID 19 pandemic that started in March 2020.

Integrated National Electrification Programme

Current-year receipts	-	10,000,000
Conditions met - transferred to revenue	-	(10,000,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 17).

This grant is solely for electricity and to enhance the electricity network infrastructure.

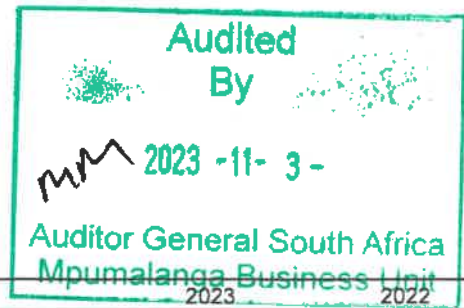
Municipal infrastructure grant

Current-year receipts	57,052,250	52,856,100
Conditions met - transferred to revenue	(57,052,250)	(52,856,100)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 17).

The municipal infrastructure grant is for the construction of roads, basic sewerage and water infrastructure to provide for new, rehabilitation and upgrading of municipal infrastructure.

Municipal infrastructure grant - PMU



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18. (continued)

Current-year receipts	3,002,750	2,781,900
Conditions met - transferred to revenue	<u>(3,002,750)</u>	<u>(2,781,900)</u>
	-	-

Conditions still to be met - remain liabilities (see note 17).

An amount of 5% of the MIG allocation is set aside to fund the Project management planning (PMU) office. The office is responsible for the overall management of capital projects.

Regional bulk infrastructure grant

Balance unspent at beginning of year	501,422	317,000
Current-year receipts	175,000,000	201,080,000
Conditions met - transferred to revenue	<u>(134,927,231)</u>	<u>(200,578,578)</u>
Withheld from Equitable Share	(501,000)	(317,000)
	<u>40,073,191</u>	<u>501,422</u>

Conditions still to be met - remain liabilities (see note 17).

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. To implement bulk infrastructure with a potential of addressing water conservation and water demand management projects of facilitate. The fund allocated to the local municipalities but administered and spent by the Gert Sibande District Municipality.

Water services infrastructure grant

Current-year receipts	60,000,000	40,000,000
Conditions met - transferred to revenue	<u>(60,000,000)</u>	<u>(40,000,000)</u>
	-	-

Conditions still to be met - remain liabilities (see note 17).

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities. It provide basic and intermittent water and sanitation supplies that ensures provision of services of identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support drought relief projects in affected municipalities.

Provincial Support Grant

Current-year receipts	8,000,000	-
Conditions met - transferred to revenue	<u>(6,786,760)</u>	<u>-</u>
	<u>1,213,240</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 17).

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

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19. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Total
Landfill site	81,932,532	13,366,844	95,319,376

Reconciliation of provisions - 2022

	Opening Balance	Change in discount factor	Total
Landfill site	73,430,066	8,502,466	81,932,532

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation, in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), whereby the municipality is required to execute the environmental management program to restore the landfill sites at Ermelo, Breyten, Davel, Lothair and Chrissiesmeer to comply with the permit requirements.

The provision was determined by an independent expert as at 30 June 2023 and approximates the discounted expected future cash flows using reasonable estimation techniques. The discount rate used for the landfill sites is based on a bond rate that matures as close as possible to the future date of the rehabilitation. The final rehabilitation of the landfill sites are expected to be over a period of 18 years, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

The value of the provision is based on the expected future cost to rehabilitate the various sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The municipality estimates the useful lives and makes assumptions as to the useful lives of these, assets, which influence the provision for future costs.

Key assumptions used:

Total area expected to be rehabilitated: 179 595 square metres (2021: 179 596 square metres)

Average rate per square metre: R563 excl. VAT (2021: R432 excl. VAT)

The area to be rehabilitated can be reconciled to the different sites as follows:

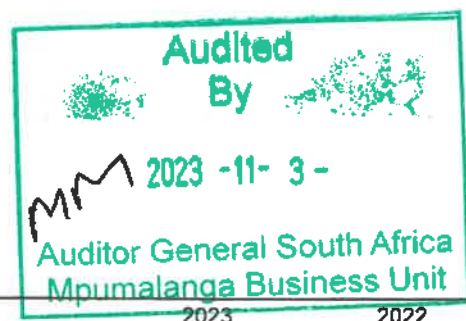
Ermelo	: 109 370 square metres
Breyten	: 38 041 square metres
Davel	: 8 051 square metres
Lothair	: 20 081 square metres
Chrissiesmeer	: 4 052 square metres

Each of the landfill sites has adequate footprint and airspace available for the disposal of solid waste until at least 2024, except for Lothair.

Lothair:

The Lothair landfill site has ceased to operate. Closure works have not yet commenced despite there being a limit of 3 years for this activity to commence. Based on historical evidence, the Lothair landfill operated as communal dump (as opposed to a sanitary landfill). Waste disposal was generally contained to a specific area and intermittently covered. It should be noted that the site has not been developed within the area specified in the waste licence. It is therefore assumed that the footprint of the waste pile is as per evidence in historical imagery and that the Municipality will amend the coordinates of the site in the closure licence.

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20. Service charges

Sale of electricity	225,322,436	231,380,573
Sale of water	74,234,690	64,285,929
Sewerage and sanitation charges	57,676,547	48,773,955
Refuse removal	49,300,058	40,180,950
	<u>406,533,731</u>	<u>384,621,407</u>

21. Rental of facilities and equipment

Premises		
Premises	2,215,527	2,315,118
	<u>2,215,527</u>	<u>2,315,118</u>
Facilities and equipment		
Rental of equipment	705,773	406,802
	<u>705,773</u>	<u>406,802</u>
	<u>2,921,300</u>	<u>2,721,920</u>

22. Other income

Advertising	268,409	321,128
Cemetery and burial	771,396	803,200
Commission	543,410	421,882
Connection fees	1,291,734	4,139,151
Fire brigade services	1,735,715	1,526,068
Insurance claim	-	21,400
Licenses and permits	3,463,634	3,624,184
Photocopies	322,556	263,140
Planning and development	1,786,208	2,028,058
Sundry income	689,663	4,245,070
Tender fees	838,075	187,469
	<u>11,710,800</u>	<u>17,580,750</u>

23. Interest earned

Interest revenue		
Consumer debtors	37,111,047	29,708,624
Investment revenue	4,854,425	1,099,056
	<u>41,965,472</u>	<u>30,807,680</u>

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24. Property rates

Rates levied

Agricultural	20,102,007	19,146,475
Business and commercial	78,055,924	70,042,341
Public benefit organisations	167,592	164,147
Public service purposes	25,409,352	23,571,833
Public service infrastructure	57,434	54,351
Residential	74,520,216	63,192,944
Vacant stands	6,828,197	7,653,577
	205,140,722	183,825,668

Valuations

Agriculture	8,959,876,000	8,960,056,000
Business and commercial	3,224,526,800	2,949,225,700
Municipal	938,803,300	911,614,800
Public benefit organisation	299,644,500	300,444,500
Public service infrastructure	51,685,700	50,873,200
Public service purposes	991,023,300	992,523,300
Residential	8,805,281,100	8,801,538,100
Vacant stands	304,534,000	322,264,000
	23,575,374,700	23,288,539,600

Valuations on land and buildings are performed every 4 to 5 years. The last general valuation came into effect on 1 July 2021. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new valuation roll reflects the changes in classification (particularly on state owned properties) in terms of the Municipal Property Rates Amendment Act.

A general rate of 0.9975 (2022: 0.9500) is applied to property valuations to determine assessment rates. Rebates of 10% (2022: 15%) plus R15000 impermissible rates, section 17(1)(h) of the MPRA, are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being 30 June 2023 (30 June 2022). Interest at 0.542% per month (2022: 0.833%) is levied on rates outstanding.

The current general valuation was valid until 30 June 2023, however this has been extended by another two years to 30 June 2025.

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25. Fines

Fire, library and other	20,738	9,334
Rezoning	156,576	174,408
Traffic	5,526,300	4,586,950
	6,703,614	4,770,692

26. Debt forgiven

In June 2023, debt owing by the municipality to the Department of Safety, Security and Liaison (DCSSL) was substantially written off by DCSSL, in preparation for the transfer of the licencing function from the municipality back to the department (see events after the reporting date note 47). The amount of the write-off was R109 226 728; billings for May and June were not written off, and these were paid by the municipality after year end. This had implications for fruitless and wasteful expenditure as all interest to end April 2023 was included in the balance written off, see note 49.

27. Donations received

COGTA	1,116,222	-
Private Companies	1,335,134	-
	2,451,356	-

Donor	Value	Nature of donation
Vunene Mining	112,806	Furniture and Fittings for Chrissiesmeer Library and Town Hall
Msobo Mining	124,883	Furniture and Fittings for Kwachibikulu Library
COGTA	1,116,222	Stormwater Culverts
Benicon Mining	1,097,445	Refurbishment of 11kv Substation in Breyten
	2,451,356	

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28. Employee related costs

Acting allowances	1,370,923	1,429,565
Basic	142,062,624	134,839,534
Bonus	11,846,699	10,879,705
Car allowance	10,620,794	10,833,596
Cell and data allowances	871,685	155,270
COVID levy	1,997,432	1,188,888
Group Insurance	2,589,441	2,370,931
Housing benefits and allowances	486,380	659,602
Leave expense	2,149,885	480,642
Long service awards	2,284,962	1,167,000
Medical aid company contributions	13,698,976	13,031,943
Bargaining council	78,667	69,631
Overtime payment	23,360,488	23,194,815
Pension Fund	28,275,768	25,752,560
Post-retirement medical aid	2,547,937	2,610,000
SDL	2,229,744	2,084,285
Shift and standby allowance	13,900,947	13,448,950
UIF	1,298,339	1,238,724
Ward committees	3,067,500	1,830,000
	264,739,191	247,265,641

Municipal Manager - M Kunene

Annual Remuneration	853,527	-
Car Allowance	151,575	-
Phone Allowance	26,371	-
Contributions to UIF, Medical and Pension Funds	172,728	-
	1,204,201	-

Mr M Kunene was appointed to the position of municipal manager on 12 August 2022.

Prior to this, Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2022 (See below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager (See below).

Acting Municipal Manager - CJ Lisa

Annual Remuneration	253,847	512,933
Phone Allowance	5,000	10,000
Contributions to UIF, Medical and Pension Funds	2,943	5,948
	261,790	528,881

Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2022 (see below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager. Mr Lisa was appointed by COGTA and, therefore, does not hold another post within the municipality.

Acting Municipal Manager - BC Sibeko

Annual Remuneration	-	174,130
Car Allowance	-	43,999
Contributions to UIF, Medical and Pension Funds	-	51,281
Acting Allowance	-	110,226
	-	379,636

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28. Employee related costs (continued)

Mr SI Malaza was appointed acting municipal manager on 26 February 2021 to November 2021 (See Director of Community and Social Services below). Mr BC Sibeko was appointed acting municipal manager from November 2021 to February 2022. Mr Sibeko does not hold an executive post within the municipality, therefore, his remuneration is only shown for the months during which he acted as municipal manager. Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager (see above).

Remuneration of Chief Financial Officer - PJ Nhlabathi

Annual Remuneration	382,147	-
Car Allowance	140,000	-
Performance Bonuses	14,000	-
Contributions to UIF, Medical and Pension Funds	102,524	-
	638,671	-

Mr Nhlabathi was appointed to the post of CFO in December 2022; Mr SM Phiri was acting as CFO for this period (see below)

Remuneration of the Acting Chief Financial Officer - SM Phiri

Annual Remuneration	338,051	616,898
Car Allowance	65,999	131,998
Phone Allowance	10,000	1,000
Contributions to UIF, Medical and Pension Funds	78,388	129,831
Acting Allowance	89,210	173,652
	581,648	1,053,379

Mr SM Phiri was acting in the role for substantially the full 2022 financial year and, therefore, is reflected here as a key decision maker in this year. In 2023, Mr SM Phiri's remuneration above is for the period in which he was acting as CFO only.

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	2023	2022
28. Employee related costs (continued)		
Director - Corporate Services - PS Mabuza		
Annual Remuneration	853,250	800,782
Car Allowance	181,575	180,000
Phone Allowance	24,000	20,000
Contributions to UIF, Medical and Pension Funds	214,570	213,045
	1,273,395	1,213,827
Director - Community and Social Services - MS Lukhele		
Annual Remuneration	418,113	-
Car Allowance	135,000	-
Phone Allowance	14,000	-
Contributions to UIF, Medical and Pension Funds	110,828	-
	677,941	-
Mr Lukhele was appointed as Director - Community and Social Services on 1 December 2022.		
Acting Director - Community and Social Services - FS Maseko		
Annual Remuneration	196,558	-
Car Allowance	43,717	-
Phone Allowance	7,000	-
Standby and Housing Allowance	65,936	-
Contributions to UIF, Medical and Pension Funds	54,904	-
Acting Allowance	37,283	-
	406,398	-
Mr Maseko was appointed to act in the position of Director - Community and Social Services for the period Mr Maseko does not otherwise hold an executive position in the municipality and, therefore, his remuneration above is for the period in which he was acting as Director - Community and Social Services only.		
Director - Community and Social Services - SI Malaza		
Annual Remuneration	226,076	742,922
Car Allowance	8,000	96,000
Phone Allowance	2,000	23,592
Contributions to UIF, Medical and Pension Funds	13,610	146,455
Acting Allowance	-	283,076
	249,686	1,292,045
Mr SI Malaza was acting in the role of Municipal Manager/Accounting Officer for the second half of the 2021 year and part of 2022.		
Mr Malaza left the municipality on 31 July 2022.		
Director - Technical Services - ZP Duma		
Annual Remuneration	39,359	-
Car Allowance	20,000	-
Contributions to UIF, Medical and Pension Funds	731	-
	60,090	-
Ms Duma was appointed to the post of Director - Technical Services on 12 June 2023.		



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28. Employee related costs (continued)

Acting Director - Technical Services - KT Zitha

Annual Remuneration	117,935	-
Car Allowance	32,571	-
Phone Allowance	3,000	-
Contributions to UIF, Medical and Pension Funds	25,871	-
Acting Allowance	58,958	-
	<u>238,335</u>	<u>-</u>

Mr Zitha was appointed to act in the position of Director - Technical Services for the period: 11 February 2023 - 30 April 2023.

Director - Technical Services - FR Ntekele

Annual Remuneration	860,109	913,470
Car Allowance	120,675	180,000
Phone Allowance	16,000	20,000
Contributions to UIF, Medical and Pension Funds	120,920	176,645
	<u>1,117,704</u>	<u>1,290,115</u>

Mr Ntekele left the municipality on 10 February 2023.

Acting Director - Planning and Economic Development - H Maganya

Annual Remuneration	418,534	-
Car Allowance	99,677	-
Phone Allowance	13,290	-
Contributions to UIF, Medical and Pension Funds	119,038	-
	<u>650,539</u>	<u>-</u>

Ms Maganya has been appointed to act in the position of Director - Planning and Economic Development on 12/12/2022.

Director - Planning and Economic Development - D Maake

Annual Remuneration	311,889	971,697
Car Allowance	8,000	96,000
Performance Bonuses	2,000	23,592
Contributions to UIF, Medical and Pension Funds	18,076	201,509
	<u>339,965</u>	<u>1,292,798</u>

Mr Maake left the municipality on 31 July 2022.

General employee related costs and key management

Employee Related Costs	264,739,191	247,265,641
Key Management	7,699,365	7,050,683
	<u>272,438,556</u>	<u>254,316,324</u>

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29. Remuneration of councillors

Executive Mayor	983,048	616,939
Speaker	795,508	521,428
Chief Whip	755,239	612,354
Mayoral Committee Members	3,752,747	2,530,278
Councillors	11,075,547	11,211,685
	<u>17,362,089</u>	<u>16,492,684</u>

Additional Information

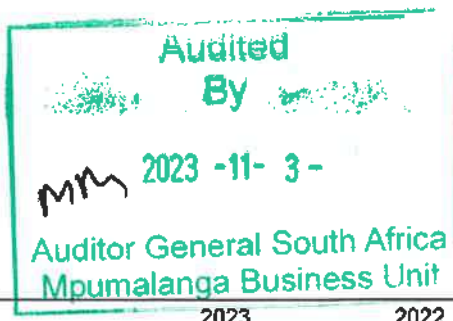
The details for individual councillors are set out in the related parties note 45.

30. Debt Impairment

Allowance for impairment - Consumer debtors	152,523,224	116,170,093
Allowance for impairment - Traffic fines	5,876,033	4,950,150
	<u>158,399,257</u>	<u>121,120,243</u>

31. Depreciation and amortisation

Property, plant and equipment	134,981,850	138,258,281
Intangible assets	46,129	46,129
	<u>135,027,979</u>	<u>138,304,410</u>



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32. Impairment loss

Impairments

Total: R8,561,636

During the financial year, the municipality impaired various assets within Property, Plant and Equipment. This followed a process of physical verification and conditioning grading, which prompted the municipality to review the remaining useful life of the assets.

These impairments are aligned with the Impairment Methodology adopted by the municipality and contained in its Asset Management Policy. The Asset Management Policy is aligned with the municipality's Accounting Policy and complies with GRAP 21 and 26.

Infrastructure Assets

Community and Operational Buildings: R154 329

The condition of various municipal buildings, the Ermelo Civic Centre, open spaces, as well as sport and recreation facilities deteriorated during the past financial which prompted the municipality to impair these assets.

Electrical: R80 709

The condition of high and medium voltage mini substations, as well as public lighting deteriorated to such an extent that the municipality impaired these assets.

Roads and Storm Water: R738 804

The condition of various road surfaces, road structures and storm water drainage inlet and collection structures deteriorated to such an extent which prompted the municipality to impair these assets.

Sanitation: R7 264 812

The decision was taken by Council to impair an incomplete Work-in-Progress project (Internal Sewer Network in Breyten Ext5) that were never finalised and could not effectively be unbundled due to lack of proper documentation after the contractor was dismissed. This project has been reported as slow-moving ever since the 2019 financial year, without any movement.

Water Supply: R310 614

The condition of various boreholes around the municipality deteriorated to such an extent that the municipality impaired these assets.

Movable Assets

Computer Equipment R2 855

The condition of a laptop computers deteriorated which necessitated the municipality to impair the assets.

Furniture and Office Equipment R5 676

The condition of various office chairs, bookcases and tables deteriorated which necessitated the municipality to impair the assets.

Machinery and Equipment R2 883

The overall condition of certain gardening tools and workshop equipment deteriorated which prompted the municipality to impair these assets.

Motor Vehicles R1 153

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32. Impairment loss (continued)

The condition of a trailer deteriorated to such an extent that the municipality decided to impair this asset.

Detailed descriptions, components types and photographs of the assets impaired are available in the Fixed Asset Register of the municipality.

33. Loss on disposal of assets

Losses on Property plant and equipment	(13,888,871)	(26,545,998)
Loss on Heritage Assets	-	(17,300)
Gains / (loss) on Investment property	(172,878)	(1,606,764)
	<u>(14,061,749)</u>	<u>(28,170,062)</u>

34. Repairs and Maintenance

Plant, Machinery and Equipment	8,106,294	4,073,991
Motor Vehicles	5,063,437	2,903,215
Buildings	212,611	318,712
Electrical	19,757,659	9,261,666
Roads	1,869,390	3,832,968
Sanitation	626,742	695,079
Water Supply	14,607,083	8,869,806
	<u>50,243,216</u>	<u>29,955,437</u>

35. Finance costs

Trade and other payables	82,472,487	82,617,469
Finance leases	39,215	125,346
Land fill site	8,213,247	6,715,630
Employee benefits	8,284,000	6,957,000
	<u>99,008,949</u>	<u>96,415,445</u>

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36. Bulk purchases

	2023	2022
Electricity	317,779,412	320,872,715
Water	71,482,037	77,947,143
	<u>389,261,449</u>	<u>398,819,858</u>

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37. Contracted services		
Outsourced Services		
Accounting services	8,069,370	4,452,701
Debt Collectors	528,094	-
Electrical	3,557,282	3,050,624
Maintenance of equipment	10,263	68,848
Prepaid electricity - Commission	3,210,014	3,073,295
Professional Staff	-	(75,383)
Security services	33,076,949	26,455,426
Consultants and Professional Services		
Infrastructure and Planning	777,241	1,953,013
Legal Cost	12,655,656	7,577,940
	61,884,869	46,556,464



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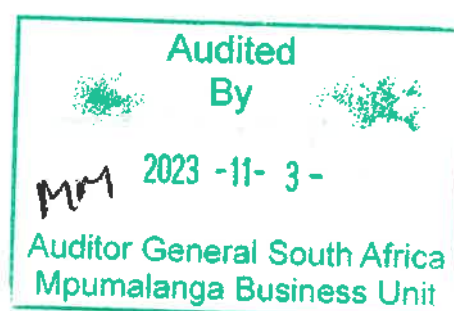
Notes to the Annual Financial Statements

Figures in Rand	2023	2022
38. General expenses		
Advertising	442,108	233,035
Auditors remuneration	6,663,173	6,375,576
Bank charges	2,606,037	2,358,284
Cash shortfall	195,285	-
Cleaning	2,276,571	636,716
Communication and stationery	7,232,276	5,134,287
Community support	101,000	25,400
Consulting and professional fees	1,385,353	4,890,001
Consumables	12,004	48,640
Conferences and seminars	108,637	90,264
Fuel and oil	18,317,531	9,265,468
Insurance	5,459,914	4,847,105
Internal Billing	-	(1,901,326)
Materials - Covid-19	32,060	431,930
Protective clothing	1,999,555	1,156,058
Software expenses	6,777,164	7,943,022
Staff welfare	2,310,201	2,324,400
Subscriptions and membership fees	3,253,074	2,683,068
Training	496,452	520,910
Travel - local	3,635,793	2,810,625
VIP toilets	7,123,398	-
	70,427,586	49,873,463

The VIP toilets were built for use by the community, but are on privately owned land, therefore the municipality does not have control of these, therefore these were raised as an expense.

39. Fair value adjustments

Investment property (Fair value model)	3,377,545	66,567,036
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40. Cash generated from operations		
Surplus	29,962,001	16,196,616
Adjustments for:		
Depreciation and amortisation	135,027,979	138,304,410
Losses on disposals of assets	14,061,750	28,170,062
Fair value adjustments	(3,377,545)	(66,567,036)
Impairment Loss	8,561,635	4,176,127
Debt impairment	158,399,257	121,120,243
Movements in retirement benefit assets and liabilities	(1,006,999)	1,575,000
Movements in provisions	13,386,844	8,502,466
Donations received	(2,451,356)	-
Debt forgiven	(110,686,413)	-
Changes in working capital:		
Inventories	(10,585,457)	13,059,827
Receivables from exchange transactions	(130,816,840)	(104,339,412)
Receivables from non-exchange transactions	(46,764,899)	(56,172,467)
Payables from exchange transactions	243,328,806	229,082,727
VAT	(25,612,359)	(14,918,039)
Change in landfill valuation (under investing activities)	(5,173,597)	(1,786,836)
Unspent conditional grants and receipts	43,130,202	(147,420)
Consumer deposits	1,206,409	677,601
	310,589,418	316,933,869



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41. Risk management

Financial risk management

The municipality is exposed to a variety of financial risks: market risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk, but the exposure is limited to the the municipality's management thereof. Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Generally, financial instruments play a much more limited role in creating or changing risks in entities that apply GRAP. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The Municipality managing of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

At 30 June 2023	Less than 1 year	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	1,572,219,991	-	-
At 30 June 2022	Less than 1 year	Between 2 and 5 years	Between 2 and 5 years
• Payables from exchange transactions	1,439,577,601	-	-
• Finance lease obligation	1,219,090	-	-



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41. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Municipality or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality from customers and investment securities. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Each class of financial instrument is disclosed separately. Maximum exposure to credit risk not covered by collateral is specified. Financial instruments covered by collateral are specified. Credit risk consists mainly of cash deposits, cash equivalents. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposure to any significant credit risk. Consumer debtors and other debtors are individually evaluated annually at statement of financial position date for impairment or discounting. Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. There were material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, and is not concentrated in any particular sector. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivables from exchange transactions	165,017,303	145,467,135
Receivables from non-exchange transactions	59,479,145	59,846,831
Bank balances and cash	78,704,967	9,673,827

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.



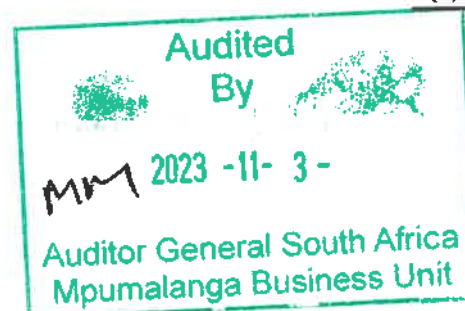
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42. Financial instruments disclosure		
Categories of financial instruments		
2023		
Financial assets		
		At amortised cost
Trade and other receivables from exchange transactions		165,017,303
Trade and other receivables from non-exchange transactions		59,479,145
Cash and cash equivalents		78,704,967
		303,201,415
Financial liabilities		
		At amortised cost
Trade and other payables from exchange transactions		(1,572,219,991)
Consumer deposits		(20,450,245)
Employee benefit obligation		(72,795,000)
Unspent conditional grants and receipts		(44,723,686)
		(1,710,188,922)
2022		
Financial assets		
		At amortised cost
Trade and other receivables from exchange transactions		145,467,135
Trade and other receivables from non-exchange transactions		59,846,831
Cash and cash equivalents		9,673,827
		214,987,793
Financial liabilities		
		At amortised cost
Trade and other payables from exchange transactions		(1,439,577,601)
Consumer deposits		(19,243,836)
Employee benefit obligation		(73,802,000)
Unconditional grants and receipts		(1,593,484)
Finance lease obligation		(1,179,875)
		(1,636,396,796)



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	2023	2022
43. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Electrical	4,124,659	4,121,283
• Roads	7,942,661	14,287,255
• Sanitation	834,280	19,329,015
• Water supply	7,106,219	10,033,289
	<u>20,007,819</u>	<u>47,770,842</u>
Authorised operational expenditure		
Already contracted for but not provided for		
• Consulting and Professional Fees	6,096,233	10,335,294
• Security (Guarding of municipal property)	38,934,092	70,121,827
• Supply and delivery	5,828,452	18,966,632
• Repairs and maintenance	2,241,771	-
	<u>53,100,548</u>	<u>99,423,753</u>
Total commitments		
Total commitments		
Authorised capital expenditure	20,007,819	47,770,842
Authorised operational expenditure	53,100,548	99,423,753
	<u>73,108,367</u>	<u>147,194,595</u>

This committed expenditure relates to plant and equipment and will be financed by available National grants, bank facilities, retained surpluses, existing cash resources, funds internally generated.

The 2022 Capital Commitments were previously disclosed as 41,677,599; this was adjusted to the above after the project files were reviewed in the current year.

The commitments above are stated exclusive of VAT.



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44. Contingencies

Contingent liabilities

Issue under consideration

This issue involves land that was earmarked for business and churches but was later disposed of or allocated in a manner which was not in line with the development and the agreement reached in 1995. NEWCHO as the developer is intending to sue the Municipality for damages. The Municipality was served with summons in 2015.

Potential liability
6,483,579

Status

Summons were issued Notice of intention to defend was filed Plea was filed Discovery has been done The matter is at the pre-trial stage The attorneys of NEWCHO have submitted a settlement proposal which has been discussed and the amount was reduced to R 1 Million as per the letter dated 02 July 2020. Then on the 21 of July 2020 the Municipality has further proposed the settlement of R 500 000 and we are still awaiting the response thereto.

Attorney

TMN Kgomo and Associates

An Employee of the Municipality was electrocuted while on duty on the 27th of May 2011. He is claiming damages alleging that he was injured as a result of the sole negligence of the Municipality.

1,220,500

Summons were issued

TMN Kgomo and Associates

Action was taken by SAMWU on behalf of Hlophe and others against the municipality for losses due to unlawful variation of the terms of the employment in 2011. The municipality is opposing the claims and pleadings are currently still exchanged, the matter has not been set down for a trial date.

800,000

This matter is still pending in the labour Court. However an information was supplied to our attorneys that we were paying the employees 1.5 prior to 2011 and from 2013. Then further information will be provided on the amount outstanding for that period. A meeting has been held on the 13th of November 2014 with a view to have an amicable solution on this matter. As the Municipality we need to do a calculation. A detailed report will be presented to Council on this matter.

Sefalafala Attorneys



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44. Contingencies (continued)

The Plaintiff is suing the Municipality together with the Minister of Police for pain and suffering as a result of injuries sustained when he was detained in custody as a result of the case of theft of the machine of the Municipality.

This matter comes from the procurement processes on debt collection wherein the Plaintiff submitted a tender for that service. The Plaintiff realised that they were appointed after seeing their name on the website as part of those who were awarded the tender. They are suing the Municipality for future loss of income.

A vehicle belonging to the resident was involved in the accident as a result of the negligence of the Municipality not to mark the area where it was working with the red tape in 2014.

The employees of the Municipality went on a protest which turned violent and there was damage to property of the Municipality in 2013. As result there were employees who were arrested for that. Some of the employees were withdrawn from the case and others were acquitted. Then one of the employees is suing the Municipality for unlawful arrest.

Children were playing in Thusville and one of them was electrocuted by an electricity line in 2015 and he suffered damages in the form of the pain and suffering and future loss of income.

A resident's motor vehicle was involved in an accident in 2014 and as a result the resident suffered damages.

The Municipality was served with summons from the Department of Water and Sanitation suing the Municipality for the payment of R 184 124 516.50 for the outstanding amount in the supply of bulk water since 2002.

2023	2022
6,000,000	
50,000,000	
162,385	
65,000	
25,000,000	
600,000	
184,124,517	

Mhlomo Khumalo Attorneys
Julie Mohammed Attorneys
TMN Kgomo and Associates
TMN Kgomo and Associates
Mohlala Attorneys
Mohlala Attorneys
TMN Kgomo and Associates

Summons were issued
The notice of intention to defend has already been filed and the matter is pending in the High Court.
Summons were issued
Summons were issued and the matter is defended
Summons were issued
Summons were issued
Summons were issued

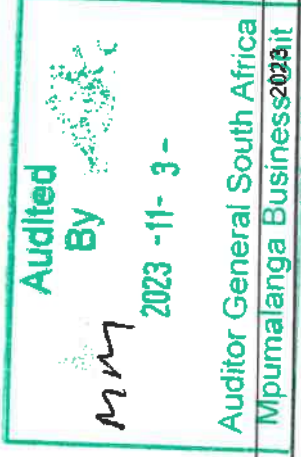


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	2022			
44. Contingencies (continued)				
The Municipality is sued for negligence as a result of not maintaining the electricity infrastructure which resulted in the damage of properties of the residents when the electricity was switched on in 2010.	311,467	Summons were issued	TMN Kgomo and Associates	
The Municipality is sued for the damage caused on the Telkom lines when the employees were fixing the damages water pipes.	230,423	Summons were issued	Mohlala Attorneys	
The Plaintiff is suing the Municipality for the damages caused on his vehicle as a result of hitting the pothole on a Municipal road.	10,560	Summons were issued against the Municipality and the matter was referred to our insurance which repudiated the claim because it was lodged very late. The matter is defended in person because the claimed amount is low versus the legal costs	None (Own defence)	
Damages to vehicle to due to potholes in the road.	83,800	Summons were issued	Mhlongo Khumalo Attorneys	
The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.	8,778,153	Summons were issued	Mhlongo Khumalo Attorneys	
The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.	4,539,707	Notice of intention to defend was filed	Mhlongo Khumalo Attorneys	
The Municipality is sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle	18,941	Summons were issued	None (Own defence)	
The Municipality is being sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle	26,400	Summons were issued and the matter is being defended	None (Own defence)	
The Municipality has been served with summons for the breach of contract on the tender that was withdrawn for the maintenance of the Ermelo Landfill site. The company is claiming for the future loss of income.	20,000,000	The Municipality is defending the matter and the answering affidavit was filed. An application in terms of rule 35 has been served by the Defendant to the Plaintiff.	Mohlala Attorneys	
The Municipality has been served with summons claiming an amount in respect of services rendered relating to fire-fighting fire.	1,142,061	The Municipality has filed the notice of intention to defend and will raise a special plea.	Motimele Attorneys	

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44. Contingencies (continued)
The Municipality has been served with summons for the damages caused on the house of the resident allegedly when the municipal staff was fixing a water pipe.
The Municipality has been served with summons for vehicle damages allegedly caused by a pothole.
The Municipality was served with the summons for payment for the services rendered by the service provider for the un-blocking of a sewer.

500,000

The Municipality has filed the notice of intention to defend and will raise a special plea.

Maphanga Attorneys

156,509

The Municipality has filed a notice of intention to defend the claim.

None (Own Defence)

120,000

The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.

None (Own Defence)

310,374,002

Contingent assets

Issue under consideration

The service providers are considered to have performed substandard work in the construction of a water reservoir which resulted in the reservoir bursting. At that stage the service providers had already been paid a certain sum of money for the job. The Municipality is claiming back the money already paid to the service providers (consultants and the contractor).

Potential Asset
5,687,831

Status
Summons were issued by the Municipality.

Attorney
Gildenhuys Matlatjje Attorneys

5,687,831



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45. Related parties

Members of key management

Municipal Manager & Accounting Officer at the date of signing - **Mr. M Kunene**
Appointed 12 August 2022.

Acting Municipal Manager & Accounting Officer - 28 February - 11 **Mr. CJ Lisa**
August 2022

Acting Municipal Manager & Accounting Officer - 26 February 2021 - 26 **Mr. SI Malaza**
November 2021

Chief Financial Officer

Acting Chief Financial Officer - 1 June 2020 - **Mr. PJ Nhlabathi**

Director - Corporate Services **Mr. SM Phiri**

Director - Community and Social Services **Mr. PS Mabuza**

Director - Planning and Economic Development **Mr. MS Lukhele**

Director - Technical Services **Ms. H Maganya**

Executive Mayor **Ms. ZP Duma**

Speaker **Cllr. MP Nkosi**

Chief Whip **Cllr. NS Xaba**

Mayoral Committee **Cllr. PT Sibeko**

Cllr. TJ Madlala

Cllr. BG Motha

Cllr. TC Motha

Cllr. EC Msezane

Cllr. SE Ngovene

Cllr. D.V.F Arnoldi

Cllr. J.D.A Blignaut

Cllr. Z Breydenbach

Cllr. S.S.S Buthelezi

Cllr. S.S Cindi

Cllr. S.P Khalishwayo

Cllr. B.I Mabuza

Cllr. S.M Mabuza

Cllr. V.C.N Madini

Cllr. T.J Maduna

Cllr. B.A Mahlalela

Cllr. M.S Malaza

Cllr. V.J Maseko

Cllr. S.C Mathebula

Cllr. M.M Mkhaliphi

Cllr. B.L Ndlazi

Cllr. M.F.J Ndlovu

Cllr. S.F Ngwenya

Cllr. L.L Nhlapho

Cllr. B.J Nkosi

Cllr. M.Z Nkosi

Cllr. N.R Nkosi

Cllr. T Nkosi

Cllr. M.A Nzimande

Cllr. R.T Nzimande

Cllr. J.J Scholtz

Cllr. P.H Sibiya

Cllr. M.R Yende

Cllr. T.P Zulu

Cllr. Z.E Zulu

Councillors



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45. Related parties (continued)

Remuneration of management

Management class: Mayoral Committee Members

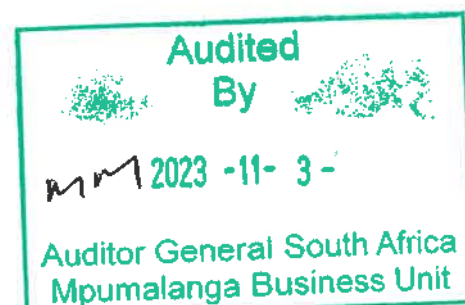
2023

Name	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
MP Nkosi (Executive Mayor)	614,477	232,000	92,172	44,400	983,049
NS Xaba (Speaker)	486,450	185,770	78,888	44,400	795,508
PT Sibeko (Chief Whip)	459,645	175,109	76,085	44,400	755,239
TJ Madlala	455,663	174,576	73,908	44,400	748,547
BG Motha	454,770	172,206	73,738	44,400	745,114
TC Motha	458,444	174,476	74,362	44,400	751,682
EC Msezane	462,397	174,871	75,004	44,400	756,672
SE Ngovene	509,205	115,135	81,992	44,400	750,732
	3,901,051	1,404,143	626,149	355,200	6,286,543

2022

Name	Annual Remuneration	Car Allowance	Telephone Allowance	Contributions to UIF, Medical Aid and Pension	Total
MP Nkosi (Executive Mayor)	169,764	61,109	25,465	24,474	280,812
NS Xaba (Speaker)	142,377	54,578	23,775	28,626	249,356
PT Sibeko (Chief Whip)	216,038	82,815	28,818	28,626	356,297
TJ Madlala	169,720	65,060	27,585	28,626	290,991
BG Motha	139,948	53,647	22,772	28,626	244,993
TC Motha	161,009	61,720	26,178	28,626	277,533
EC Msezane	194,977	74,742	31,669	28,626	330,014
SE Ngovene	288,051	-	45,838	28,626	362,515
Out-going council members					
BJ Mkhaliphi (Executive Mayor)	209,213	79,453	31,687	15,774	336,127
MP Nkosi (Speaker)	167,370	63,563	25,365	15,774	272,072
PE Mashiane (Chief Whip)	156,909	59,590	23,785	15,774	256,058
JA Bal	156,909	59,590	23,785	15,774	256,058
JS Bongwe	156,909	59,590	23,785	15,774	256,058
TA Mnisi	148,886	59,590	31,831	15,774	256,081
EC Msezane	156,909	59,590	23,785	15,774	256,058
	2,634,989	894,637	416,123	335,274	4,281,023

The new council was established and then reconstituted, as a result, several councillors acted in various positions; the names above represent the office bearers at year end.



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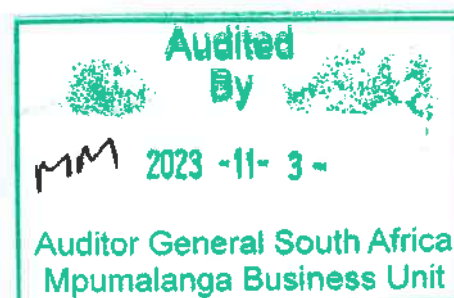
2022

45. Related parties (continued)

Management class: Councillors

2023

	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension	Cellphone and Data Allowance	Total
DVF Arnoldi	193,581	74,206	31,522	44,400	343,709
JDA Bignaut	178,723	94,838	112,322	44,400	430,283
Z Breydenbach	195,319	74,206	31,798	44,400	345,723
SSS Buthlezi	196,220	75,218	31,954	44,400	347,792
SS Cindi	330,708	-	52,681	44,400	427,789
SP Khalishwako	330,184	-	52,598	44,400	427,182
BI Mabuza	193,582	74,206	31,522	44,400	343,710
SM Mabuza	265,194	-	42,288	44,400	351,882
VCN Madini	262,097	-	41,797	44,400	348,294
TJ Maduna	258,749	-	41,266	44,400	344,415
BA Mahlalela	228,760	-	77,362	44,400	350,522
MS Malaza	258,108	-	41,164	44,400	343,672
VJ Maseko	248,031	95,078	40,331	44,400	427,840
SC Mathebula	258,109	-	41,164	44,400	343,673
MM Mkhaliphi	330,708	-	52,681	44,400	427,789
BL Ndlazi	258,749	-	41,266	44,400	344,415
MFJ Ndlovu	215,883	48,559	34,861	44,400	343,703
SF Ngwenya	215,883	48,559	34,869	44,400	343,711
LL Nhlapho	211,742	48,559	34,198	43,800	338,299
BJ Nkosi	258,109	-	41,164	44,400	343,673
MZ Nkosi	194,463	73,193	31,659	44,400	343,715
NR Nkosi	248,031	95,078	40,335	44,400	427,844
T Nkosi	193,581	74,206	31,532	44,400	343,719
MA Nzimande	256,493	77,898	41,747	44,400	420,538
RT Nzimande	257,494	-	41,067	44,400	342,961
JJ Scholtz	193,581	74,206	31,522	44,400	343,709
PH Sibiya	321,351	-	51,196	44,400	416,947
MR Yende	193,581	74,206	31,532	44,400	343,719
TP Zulu	330,993	-	52,726	44,400	428,119
ZE Zulu	260,290	-	41,510	44,400	346,200
	7,338,297	1,102,216	1,303,634	1,331,400	11,075,547



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45. Related parties (continued)

2022

	Fees for services as a member of management	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
DVF Arnoldi	118,887	45,574	19,366	28,626	212,453
JDA Blignaut	76,878	45,908	72,254	28,626	223,666
Z Breydenbach	118,887	45,574	19,366	28,626	212,453
SSS Buthelezi	206,830	79,285	33,670	28,626	348,411
SS Cindi	185,689	-	29,598	28,626	243,913
SP Khalishwako	181,748	-	28,973	28,626	239,347
LNV Kubheka	35,530	-	5,668	6,413	47,611
BI Mabuza	118,887	45,574	19,366	28,626	212,453
SM Mabuza	186,597	-	29,742	28,626	244,965
VCN Madini	291,463	-	46,376	28,626	366,465
TJ Maduna	179,881	-	28,677	28,626	237,184
BA Mahlalela	334,650	-	63,836	28,626	427,112
TE Mahlangu	81,991	31,430	13,356	19,733	146,510
MS Malaza	158,517	-	25,288	28,626	212,431
VJ Maseko	139,266	53,385	22,661	28,626	243,938
SC Mathebula	158,517	-	25,288	28,626	212,431
MM Mkhaliphi	185,689	-	29,612	28,626	243,927
BL Ndlazi	179,881	-	28,677	28,626	237,184
MFJ Ndlovu	158,517	-	25,288	28,626	212,431
SF Ngwenya	158,517	-	25,288	28,626	212,431
LL Nhlapho	20,498	-	3,270	3,700	27,468
BJ Nkosi	158,517	-	25,288	28,626	212,431
MZ Nkosi	148,268	11,786	23,756	28,626	212,436
NR Nkosi	139,266	53,385	22,661	28,626	243,938
T Nkosi	118,887	45,574	19,366	28,626	212,453
MA Nzimande	229,951	-	36,619	28,626	295,196
RT Nzimande	158,516	-	22,241	28,626	209,383
JJ Scholtz	118,887	45,574	19,366	28,626	212,453
PH Sibiya	163,163	-	26,025	28,626	217,814
MR Yende	118,887	45,574	19,366	28,626	212,453
TP Zulu	195,185	-	31,104	28,626	254,915
ZE Zulu	231,219	-	36,820	28,626	296,665

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45. Related parties (continued)

Out-going council members

	Annual Remuneration	Car Allowance	Contributions to medical aid and pension fund	Cellphone and data allowance	Total
JDA Bignaut	44,220	25,144	32,133	15,774	117,271
MJ Blose	66,208	25,144	10,082	15,774	117,208
Z Breydenbach	66,208	25,144	10,082	15,774	117,208
ZK Dhludhlu	66,208	25,144	10,082	15,774	117,208
GS Greyling	66,208	25,144	10,082	15,774	117,208
BI Jiyane	66,208	25,144	10,082	15,774	117,208
LNV Kubheka	66,208	25,144	10,082	15,774	117,208
DJ Litau	61,785	32,268	36,164	15,774	145,991
FJ Mabasa	66,208	25,144	10,082	15,774	117,208
D Mabunda	66,208	25,144	10,082	15,774	117,208
BI Mabuza	66,208	25,144	10,082	15,774	117,208
TJ Madlala	84,967	32,268	12,916	15,774	145,925
ME Madonsela	67,405	32,268	30,528	15,774	145,975
NH Magegula	84,967	32,268	12,916	15,774	145,925
LS Mahlangu	66,208	25,144	10,082	15,774	117,208
LA Maseko	66,208	25,144	10,082	15,774	117,208
MZM Mashiane	66,208	25,144	10,082	15,774	117,208
VV Mazibuko	66,208	25,144	10,082	15,774	117,208
LD Mndebele	84,967	32,268	12,916	15,774	145,925
PF Moloyi	66,208	25,144	10,082	15,774	117,208
TC Motha	84,967	32,268	12,916	15,774	145,925
BNN Ndlovu	52,818	25,144	23,510	15,774	117,246
DM Nkambule	66,208	25,144	10,082	15,774	117,208
T Nkosi	66,208	25,144	10,082	15,774	117,208
ZJ Nkosi	84,967	32,268	12,916	15,774	145,925
JJ Nzimande	66,208	25,144	10,082	15,774	117,208
M Sibeko	66,208	25,144	10,082	15,774	117,208
PT Sibeko	84,967	32,268	12,995	15,774	146,004
BJM Sithole	66,208	25,144	10,082	15,774	117,208
HF Swart	66,208	25,144	10,082	15,774	117,208
MR Yende	66,208	25,144	10,082	15,774	117,208
	7,184,464	1,385,079	1,289,864	1,348,994	11,208,401

Refer to note Remuneration of councillors 29.



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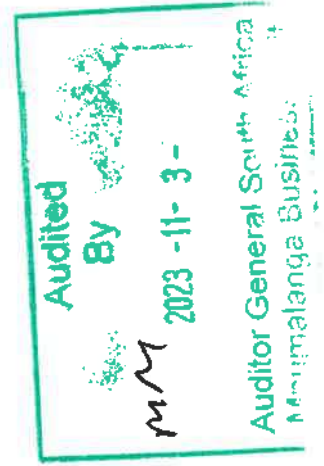
2023 2022

45. Related parties (continued)

Management class: Key management (officials)

2023

Name	Annual remuneration	Car Allowance	Phone Allowance	Contributions to UIF, Medical Aid and Pension	Standby and Housing Allowance	Acting Allowance	Total
M Kunene - Municipal Manager	853,527	151,575	26,371	172,728	-	-	1,204,201
CJ Lisa - Acting Municipal Manager	253,847	-	5,000	2,943	-	-	261,790
PJ Nhlabathi - Chief Financial Officer	382,147	140,000	14,000	102,524	-	-	638,671
SM Phiri - Acting-Chief Financial Officer	338,051	65,999	10,000	78,388	-	89,209	581,647
PS Mabuza - Director Corporate Services	853,250	181,575	24,000	214,570	-	-	1,273,395
MS Lukhele - Director - Community and Social Services	418,113	135,000	14,000	110,828	-	-	677,941
FS Maseko - Acting Director - Community and Social Services	196,558	43,717	7,000	54,904	65,936	37,283	405,398
SI Malaza - Director Community and Social Services	226,076	8,000	2,000	13,610	-	-	249,686
H Maganya - Director - Planning and Economic Development	418,534	98,677	13,290	119,038	-	-	650,539
D Maaake - Director Planning and Development	311,889	8,000	2,000	18,076	-	-	339,965
ZP Duma - Director - Technical Services	39,359	20,000	-	731	-	-	60,090
KT Zitha	117,935	32,571	3,000	25,871	-	58,958	238,335
FR Ntekele - Director Technical Services	860,109	120,675	16,000	120,920	-	-	1,117,704
	6,269,395	1,006,789	136,661	1,035,131	65,936	185,450	7,699,362



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	2023		2022			
	2023	2022	2023	2022		
45. Related parties (continued)						
2022						
	Annual remuneration	Car Allowance	Phone Allowance	Contributions to UIF, Medical Aid and Pension	Acting Allowance	Total
Name						
CJ Lisa - Acting Municipal Manager	512,933	-	10,000	5,948	-	528,881
BC Sibeko - Acting Municipal manager	174,130	43,999	-	51,281	110,226	379,636
SM Phiri - Acting-Chief Financial Officer	616,898	131,998	1,000	129,831	173,652	1,053,379
PS Mabuza - Director Corporate Services	800,782	180,000	20,000	213,045	-	1,213,827
SI Malaza - Director Community and Social Services/ Acting Municipal Manager	742,922	96,000	23,592	146,455	283,076	1,292,045
D Maahe - Director Planning and Development	971,697	96,000	23,592	201,509	-	1,292,798
FR Ntekele - Director Technical Services	913,470	180,000	20,000	176,645	-	1,290,115
	4,732,832	727,997	98,184	924,714	566,954	7,050,681

Refer to note Employee related costs 28.

In 2022, Mr Phiri was acting in the role as indicated for the full year, therefore, he considered to have been a key decision maker and a related party for disclosure purposes.



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46. Going concern

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

The senior management echelon of the municipality is fully constituted as all vacant director posts were filled by year end.

However, there are indicators of operational and financial distress.

The municipality has material contingent liabilities of R310,374,002, as well as trade and other payables of R1,572,219,991 against receivables of R224,496,448, which may pose a risk to future operations.

Although, at 30 June 2023, the municipality had an accumulated surplus of R 1,480,466,034 and that the municipality's total assets exceed its liabilities by R 1,480,466,034, this is largely due to non-current assets such as Property, plant and equipment, rather than working capital. In terms of current assets and liabilities, the Municipality has net liabilities of R1,183,426,627(2022: R1,133,779,939).

The Municipality reported a surplus of R 29,962,00166,521,774 for the period (2022: surplus R 16,196,616); however, this includes debt forgiven by DCSSL of R109,226,728, which was an extraordinary transaction.

The ability of the Municipality to continue its operations for the foreseeable future is supported by the following:

Approved budget for the Medium Term Expenditure Revenue Framework ending 2023

Approved Division of Revenue Act with estimated allocation of equitable share and capital the next 3 years (2023/24FY R 252 878 000, 2024/25FY R 265, 269, 000, 2025/26FY R277,737,000)

The municipality has approved a funding plan which is intended to restore the financial viability of the municipality.

47. Events after the reporting date

The municipality reviewed historical Unauthorised, Irregular and Fruitless and Wasteful Expenditure, conducted such investigated as were necessary or viable and determined that substantially all of this should be written off. No matters were referred to the disciplinary board.

The Licensing function that the municipality performed on behalf the the Department of Safety, Security and Liaison (DCSSL) was transferred back to DCSSL, and the municipality will no longer be involved in these activities.

48. Unauthorised expenditure

Opening balance as previously reported	413,255,590	276,339,946
Opening balance as restated	<u>413,255,590</u>	<u>276,339,946</u>
Current year transactions	-	-
Add: Expenditure identified - current	137,510,000	136,915,644
Closing balance	<u>550,765,590</u>	<u>413,255,590</u>

The municipality is currently investigating the unauthorised expenditure; reports have been served before MPAC.



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49. Fruitless and wasteful expenditure		
Opening balance as previously reported	162,400,386	89,198,307
Opening balance as restated	162,400,386	89,198,307
Current year transactions		
Interest and penalties on arrear amount - Eskom	23,526,159	17,727,748
Interest and penalties on arrear amount - DWS	51,482,052	49,681,248
Interest and penalties on arrear amount - DCSSL	7,156,940	5,792,227
Interest and penalties on arrear amount - PRODIBA	-	150
Interest and penalties on arrear amount - SARS VAT	333,669	476
Interest and penalties on arrear amount - SARS PAYE	-	230
Written off by DCSSL (current and prior years)	(24,547,969)	-
Closing balance	220,351,237	162,400,386

The municipality is currently investigating the unauthorised expenditure; reports have been served before MPAC.

DCSSL wrote off substantially all of the interest for the year and historically as part of moving the function of issuing licenses back to the department from the municipality.

50. Irregular expenditure

Opening balance	371,377,358	285,528,760
Opening balance as restated	371,377,358	285,528,760
Current year transactions		
Current year expenditure	23,990,932	43,581,841
Identified in the current year for 2022 year	-	11,392,716
Identified in the current year for 2021 year	-	30,874,041
Closing balance	395,368,290	371,377,358

The municipality is currently investigating the unauthorised expenditure; reports have been served before MPAC.

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2,956,211	2,520,685
Amount paid - current year	(2,956,211)	(2,520,685)
	-	-

Audit fees

Opening balance	-	2,213,865
Current year fee	7,663,770	7,203,334
Amount paid - current year	(7,422,274)	(9,417,199)
	241,496	-



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Figures in Rand	2023	2022
51. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Payroll taxes and levies		
Opening balance	3,227,295	3,310,458
Current year fee	41,929,271	39,955,697
Amount paid - current year	(41,738,940)	(40,038,860)
	<u>3,417,626</u>	<u>3,227,295</u>

The unpaid amounts above represent June declarations, which are typically paid in the first week of July as permitted by SARS.

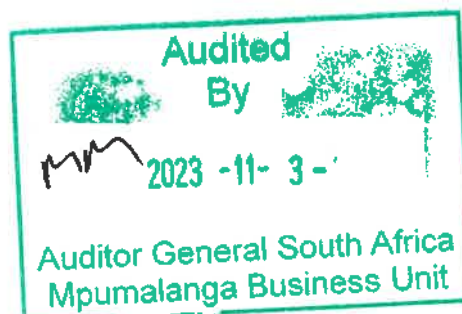
Pension and Medical Aid Deductions

Opening balance	5,291,483	-
Current year fee	72,990,983	68,207,218
Amount paid - current year	(72,990,983)	(62,915,735)
Amount paid - previous years	(5,291,483)	-
	<u>-</u>	<u>5,291,483</u>

VAT

VAT receivable	644,248,832	528,621,478
VAT payable	(513,208,121)	(423,193,126)
	<u>131,040,711</u>	<u>105,428,352</u>

All VAT returns have been submitted by the due date throughout the year.



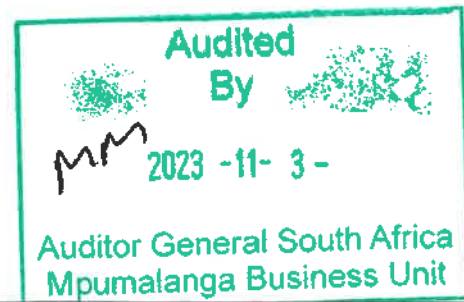
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51. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
DVF Arnoldi	6,089	-	6,089
Z Breydenbach	1,865	-	1,865
BA Mahlalela	3,123	-	3,123
AM Mahlangu	2,164	30,001	32,165
VJ Maseko	2,344	64,567	66,911
SC Mathebula	140	8,818	8,958
MM Mkhaliphi	92	901	993
BG Motha	1,208	-	1,208
MFJ Ndlovu	66	9,604	9,670
MP Nkosi	2,785	4,659	7,444
NR Nkosi	50	-	50
JJ Scholtz	6,344	770	7,114
	26,270	119,320	145,590
30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
DVF Arnoldi	7,160	-	7,160
JDA Blignaut	1,933	-	1,933
Z Breydenbach	1,619	-	1,619
VCN Madini	1,987	8,280	10,267
BA Mahlalela	1,545	-	1,545
TE Mahlangu	1,926	21,740	23,666
VJ Maseko	2,369	86,273	88,642
SC Mathebula	1,584	34,908	36,492
MM Mkhaliphi	79	554	633
TC Motha	553	3,175	3,728
EC Msezane	2,777	2,050	4,827
BL Ndlazi	3,526	19,454	22,980
MFJ Ndlovu	66	9,341	9,407
MP Nkosi	3,890	-	3,890
NR Nkosi	1,463	7,638	9,101
JJ Scholtz	10,598	5,909	16,507
NS Xaba	2,077	-	2,077
TP Zulu	158	-	158
	45,310	199,322	244,632

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52. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Supplier name	Deviation date	Reason for deviation	Description	Amount
MMN Engineering	08/07/2022	Impractical	Repair and maintenance of Waste collection Truck, Front loader , Bomang roller and TLB	215,757
Gilbert Mining	14/07/2022	Impractical	Repair and maintenance of transformers	574,115
MMN Engineering	03/08/2022	Impractical	Emergency purposes, the company is a sole provider chlorine, cylinders and chemical for water	31,992
TG And KZ Ncongweni	09/09/2022	Impractical	Repair and maintenance of the blockages of sewer line due to line being silted.	337,280
Gilbert Mining	22/11/2022	Impractical	Supplies of materials for repairs	877,017
Gilbert Mining	30/11/2022	Impractical	Supplies for materials for repairs of 300mm x150mm x4 core PVC WTP	485,001
Gilbert Mining	30/11/2022	Impractical	Supplies of materials for repairs	574,115
Gilbert Mining	15/07/2022	Impractical	Supplies of materials for repairs	18,354
Gilbert Mining	15/07/2022	Impractical	Supplies of materials for repairs	17,002
Kgwebisano Supplies And Service	28/11/2022	Impractical	Repair of low voltage (LV) power line at Industrial Street	376,798
CPT Limited TA Highvelder	21/07/2022	Impractical	Advert for the position of call/contact centre agent	4,617
CPT Limited TA Highvelder	10/08/2022	Impractical	Public notice for the amendments to the 2022/23 IDP	2,052
CPT Limited TA Highvelder	02/09/2022	Impractical	Newspaper public notice for the IDP/BUDGET/PMS process plan for 2023/24	2,564
CPT Limited TA Highvelder	05/09/2022	Impractical	Newspaper public notice for the IDP community consultative programme	5,129
CPT Limited TA Highvelder	04/08/2022	Impractical	Notice for small medium and micro enterprise workshop	2,564
CPT Limited TA Highvelder	13/07/2022	Impractical	Advert for rates determination	3,078
Truvelo Manufacturers Pty Ltd	13/02/2023	Impractical	Procurement of prolaser machine	5,363
Truvelo Manufacturers Pty Ltd	28/11/2022	Impractical	Prolaser machine training	16,000
CPT Limited TA Highvelder	20/06/2023	Impractical	Advertisement of various items by the municipality	32,628
CPT Limited TA Highvelder	05/06/2023	Impractical	Advert of promulgation of resolution of levying rates	4,540
CPT Limited TA Highvelder	09/03/2023	Impractical	Advertisement of various items by the municipality	6,525
				3,592,491

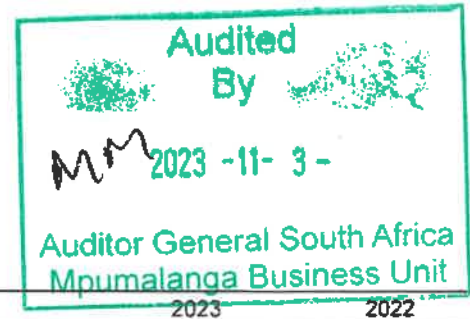
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53. Distribution losses

Values - Rand

Electricity	181,820,328	192,981,942
Water	14,433,928	53,302,821
	<u>196,254,256</u>	<u>246,284,763</u>

Values - Units

Electricity	116,381,419	133,240,410
Water	7,497,142	6,286,564
	<u>123,878,561</u>	<u>139,526,974</u>

Electricity

The municipality purchased 193,793,818 (2022: 222,003,278) units during the financial year and sold 77,412,400 (2022: 88,762,868) units during the financial year. This represents a loss of 60% (2022: 60%). Reasons for incurring electricity losses relates to the dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

Water

The municipality purchased 9,815,960 (2022: 8,275,789) units during the financial year, of which a total of 2,318,818 (2022: 1,989,225) units were sold. This represents a loss of 76% (2020: 76%). Reasons for incurring water losses relates to old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore insufficient staff, components and working vehicles which affect the reaction time.

54. Change in estimate

Property, plant and equipment

During the financial year, management made changes in estimate on certain assets within Property Plant and Equipment. Changes emanating from these reviews were accounted for as a change in accounting estimates in terms of GRAP 3. These were due to the change in useful life whereby economic value could be derived from the assets after final physical verification of these assets were performed.

The impact on depreciation is shown below:

Infrastructure	9,718,693	1,938,025
Community (Buildings)	110,700	42,284
Moveable assets	723,680	663,953

Detailed descriptions, component types of the assets in question are available in the Fixed Asset Register of the municipality.

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55. Prior-year adjustments

Presented below are those items contained in the statement of financial position, and statement of financial performance that have been affected by prior-year adjustments (note debit balances or transaction totals are reflected as positive and credits as negative so that the adjustments correspond with the related journal entries):

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Current Assets				
Inventories		13,003,712	-	13,003,712
Receivables from exchange transactions		146,660,286	(1,193,151)	145,467,135
Receivables from non-exchange transactions		59,810,828	36,003	59,846,831
VAT receivable		115,462,266	(10,033,914)	105,428,352
Cash and cash equivalents		9,661,537	12,290	9,673,827
Non-current assets				
Investment property		180,113,008	(1,731,500)	178,381,508
Property, plant and equipment		2,537,476,313	18,318,871	2,555,795,184
Intangible assets		61,916	-	61,916
Heritage assets		174,895	-	174,895
Finance lease obligation		(1,179,875)	-	(1,179,875)
Payables from exchange transactions		(1,574,804,067)	135,226,466	(1,439,577,601)
Consumer deposits		(19,243,836)	-	(19,243,836)
Employee benefit obligation		(5,605,000)	-	(5,605,000)
Unspent conditional grants and receipts		(1,337,635)	(255,849)	(1,593,484)
Employee benefit obligation		(68,197,000)	-	(68,197,000)
Provisions		(81,932,532)	-	(81,932,532)
Accumulated surplus		(1,310,124,816)	(140,379,216)	(1,450,504,032)
		-	-	-

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55. Prior-year adjustments (continued)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Restated
Service charges		(389,925,396)	5,303,989	(384,621,407)
Rental of facilities and equipment		(2,721,920)	-	(2,721,920)
Agency services		(8,000,655)	-	(8,000,655)
Other income		(13,956,891)	(3,623,859)	(17,580,750)
Interest earned		(30,806,311)	(1,369)	(30,807,680)
Property rates		(183,825,668)	-	(183,825,668)
Government grants & subsidies		(511,096,117)	255,849	(510,840,268)
Fines		(4,770,692)	-	(4,770,692)
Employee related costs		254,072,082	244,239	254,316,321
Remuneration of councillors		15,489,401	3,283	15,492,684
Repairs and Maintenance		29,442,494	512,943	29,955,437
Depreciation and amortisation		137,641,766	662,644	138,304,410
Impairment loss		4,090,039	86,088	4,176,127
Finance costs		87,000,055	9,415,390	96,415,445
Debt Impairment		121,120,243	-	121,120,243
Bulk purchases		391,565,584	7,254,274	398,819,858
Contracted services		45,202,243	1,354,221	46,556,464
Losses on disposal of assets		17,650,037	10,520,025	28,170,062
General Expenses		48,726,711	1,146,752	49,873,463
Fair value adjustments		(66,567,036)	-	(66,567,036)
Actuarial gain		(5,856,510)	-	(5,856,510)
Inventories (losses)/gains		16,195,456	-	16,195,456
(Surplus)/Deficit for the year		(49,331,085)	33,134,469	(16,196,616)

Changes to disclosure

Commitments: The commitments note was revised based on audit queries and a review of the commitment register and project files. The original balance for capital commitments was understated and was changed from R41,677,599 to R47,770,842; see note: 43

Irregular Expenditure: Additional expenditure was identified in 2023 relating to prior years. See note: 50

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

The balance of the Fleet Card was allocated to Trade and other payables under Payables from Exchange Transactions, however, this card tends to have a debit balance at any given time, therefore, this was reallocated to Receivables from Exchange.

Statement of Financial Position

Receivables from Exchange transactions
Payables from Exchange Transactions

401,015
(401,015)

-

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56. Prior period errors

Error 1

An invoice for the Department of Water and Sanitation was only captured after year end; as a result, Payables from Exchange Transactions - Trade Payables was understated by R18,518,574 and VAT Receivable, Bulk Purchases and Finance costs were understated accordingly. Irregular expenditure was also understated with the Finance Costs of R7,925,327.

Statement of Financial Position

VAT Receivable	1,177,857
Payables from Exchange Transactions	(18,518,574)
Statement of Financial Position	
Bulk Purchases	9,415,390
Finance Costs	7,925,327
	<u>-</u>

Error 2 - Payables understated

An invoice for the Department of Safety, Security and Liason was captured incorrectly, and minor misallocations of interest and bank charges in the related bank account were also identified. As a result, Payables from Exchange Transactions was understated by R5,319,975, and Service charges overstated. Interest Income, and General Expenditure were understated as well. Note: There is no VAT on these invoices.

Statement of Financial Position

Payables from Exchange Transactions	(5,319,975)
Statement of Financial Performance	
Service Charges	5,303,989
Interest Income	(1,369)
General Expenses	17,355
	<u>-</u>

Error 3

A lot of new information was obtained relating to historical charges and, in particular, credit notes for the Department of Water and Sanitation. As a result, Payables from Exchange was overstated by R147,145,190. Accumulated surplus was understated, and VAT receivables was overstated.

Statement of Financial Position

VAT Receivable	(6,861,489)
Payables from Exchange Transactions	147,145,191
Accumulated Surplus	(140,283,702)
	<u>-</u>

Error 4

A number of sundry creditors were incorrectly accrued at year end. As a result, Payables from Exchange Transactions was understated by R1,899,813, and Repairs and Maintenance, Contracted Services, and General Expenses were understated. The VAT element had been captured correctly.

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56. Prior period errors (continued)

Statement of Financial Position

Payables from Exchange Transactions

(1,899,813)

Property, plant and equipment

228,993

Statement of Financial Performance

Repairs and Maintenance

512,942

Contracted Services

1,114,387

General Expenses

26,620

(16,871)

Error 5

Employee related costs for a number of new employees were not set up correctly in the Payroll system, resulting in them being posted to Payables from Exchange - Employee related payables and accruals. As a result, Employee Related Costs, Remuneration of Councillors, General Expenses and Payables from Exchange were understated.

Statement of Financial Position

Payables from Exchange Transactions

(247,663)

Statement of Financial Performance

Employee Related Costs

244,242

Remuneration of Councillors

3,283

General Expenses

138

-

Error 6

An invoice for Eskom was accrued without separating the VAT component. As a result, Bulk Purchases was overstated with R248,135 and VAT Receivable was understated with the same amount.

Statement of Financial Position

VAT Receivable

248,135

Statement of Financial Performance

Bulk Purchases

(248,135)

-

Error 7

All receipts relating to the LG SETA were recognised as income, however only R196,000 was spent in relation to this grant; therefore, Unspent conditional grant and receipts was understated by R255,849, and Government grants and subsidies was overstated by the same amount.

Statement of Financial Position

Unspent conditional grants and receipts

(255,849)

Statement of Financial Performance

Government grants and subsidies

255,849

-

Error 8

During the 2023 asset verification, a number of errors were identified, particularly relating to the timing of disposals and land not recognised. As a result, Property, plant and equipment was understated by R18,089,878, Investment property was overstated by R1,731,500, Accumulated surplus understated by R27,328,221, Payables from Exchange understated by R298,913, Loss on disposal of assets understated by R10,520,025, Depreciation and amortisation understated by R662,644, Impairment understated by R86,087, Loss on Disposal of Assets understated by R10,520,025.

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56. Prior period errors (continued)

Statement of Financial Position

Investment property	(1,731,500)
Property, plant and equipment	18,089,878
Payables from exchange transactions	(298,913)
Accumulated surplus	(27,328,221)

Statement of Financial Performance

Depreciation and amortisation	662,644
Impairment	86,087
Gains/(loss) on Disposal of Assets	10,520,025

-

Error 9

A number of unsubstantiated balances were identified, which had not changed in the current or prior year; these were written off. Receivables from exchange was overstated by R1,921,436 relating to prepaid electricity, where nothing is owing from the supplier; Payables from exchange was overstated by R349,728 (previously disclosed as Creditors Return of Payments in the note); an account reflected in Payables from Exchange under Licensing has a balance of R252,519, which had not changed since 2019; petty cash was understated and one of the accounts had a negative R12,289 balance, which was clearly in error.

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56. Prior period errors (continued)

Statement of Financial Position

Receivables from Exchange Transactions	(1,921,436)
Payables from Exchange	602,247
Cash and cash equivalents	12,289
Accumulated surplus	1,306,900
	-

Error 10

Invoices were identified in 2023 which related to the 2022 financial year, therefore Payables from exchange was understated by R916,264, VAT Receivable was understated by R119,513, Contracted Services was understated by R279,000, and General Expenses understated by R517,751.

Statement of Financial Position

VAT Receivable	119,513
Payables from Exchange Transactions	(916,264)
Statement of Financial Performance	
Contracted Services	279,000
General Expenses	517,751
	-

Error 11

Long standing differences between Receivables and Payables from Exchange Transactions (Receivables paid in advance) and the debtors age analysis were cleared against accumulated surplus.

Statement of Financial Position

Receivables from Exchange Transactions	327,268
Receivables from Non-Exchange Transactions	36,003
Payables from Exchange Transactions	(741,472)
Accumulated surplus	378,201
	-

Error 12

The decision was taken to clear unallocate receipts annually to the Statement of Financial Performance, and to clear the historical backlog (R3,623,859 in 2023 and R7,586,862 in 2022 and earlier) and cumbersome account number structure, so that this balance can be managed more efficiently in future.

Statement of Financial Position

Payables from Exchange Transactions	11,210,721
Accumulated Surplus	(7,586,862)
Statement of Financial Performance	
Other Income	(3,623,859)

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66. Prior period errors (continued)

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57. Segment information

General information

Identification of segments

The municipality has five major segments linked to the primary services offered.

Electricity is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

Water is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

Sewerage is a key service department, and, through significant infrastructure holdings, generates economic benefits and service potential to the community.

The Community and Health department concerned with and generates economic gains and service potential through refuse removal as well as the management of community assets and areas, including libraries, parks and landfill sites. Incidental to its activities, it generates fine revenue.

The Finance vote is administrative, however it generates economic benefits in the form of interest on invested funds, and sundry income from the sale of tender documents, etc. Further, the administration of property rates is co-ordinated by the finance department. The Finance department is responsible for most of the asymmetrical allocations in the segments: expenses and assets are allocated to the segments, but the related payables, VAT and interest expenses are allocated to the Finance department. Inventory is held under the Finance department.

The other segments are administrative in nature and any revenue generated by these is incidental to their operations. Vehicles, road infrastructure assets, and office furniture and equipment make up the majority of Property, plant and equipment not allocated to reportable segments.

The table below is exclusive of interdepartmental billings (which are offset under Expenses in the Statement of Financial performance)..

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Revenue							
Service Revenue	(225,322,437)	(74,234,690)	(57,676,547)	(49,297,438)	-	(2,620)	(406,533,731)
Agency Services	-	-	-	(6,885,735)	-	-	(6,885,735)
Other Income	(1,616,608)	(1,118,975)	-	(117,044,951)	(1,549,950)	(2,182,952)	(123,513,436)
Rental Of Facilities And Equipment	-	-	-	(177,708)	-	(2,743,593)	(2,921,300)
Interest Income	(6,353,352)	(9,018,114)	(6,180,015)	(5,900,630)	(14,513,361)	-	(41,965,472)
Rates	-	-	-	-	(205,140,723)	-	(205,140,723)
Grants	(4,000,000)	(191,866,559)	-	-	(3,000,000)	(299,386,017)	(498,252,576)
Fines	-	-	-	(5,547,038)	-	(156,576)	(5,703,614)
Donations	-	(1,097,445)	-	-	-	(237,689)	(1,335,134)
Total segment revenue	(237,292,397)	(277,336,783)	(63,856,561)	(184,853,499)	(224,204,034)	(304,709,447)	(1,292,251,721)



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Mpumalanga Business Unit

57. Segment information (continued)

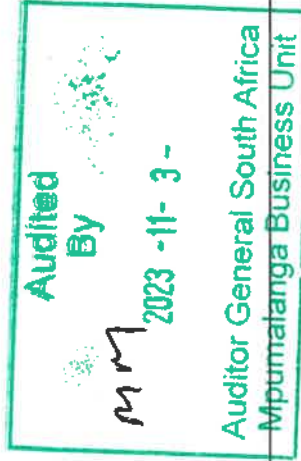
Expenditure	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Employee Related Costs	25,165,592	19,157,238	15,029,679	77,621,142	40,344,370	95,120,533	272,438,554
Remuneration Of Councillors	-	-	-	-	-	17,362,091	17,362,091
Depreciation	16,242,597	26,367,010	23,409,357	8,932,127	611,034	57,465,855	135,027,979
Impairment	80,709	-	7,265,966	154,329	-	1,060,633	8,561,636
Debt Impairment	24,093,664	31,123,130	26,723,234	33,421,577	41,451,837	1,761,099	158,594,542
Finance Costs	317,779,412	71,482,037	-	-	82,472,487	16,536,461	99,008,948
Bulk Purchases	6,767,296	-	-	-	-	-	389,261,449
Contracted Services	19,873,289	23,056,209	1,029,969	33,087,211	9,232,755	12,797,606	61,884,869
Repairs and Maintenance	(3,688,181)	12,826,879	734,438	3,851,603	17,509	2,414,638	50,243,216
Expenses	-	-	-	9,184,512	14,398,682	36,975,869	70,232,299
Actuarial Gain	-	-	-	(7,440,524)	(3,377,545)	-	(7,440,524)
Fair Value Gains	3,545,936	2,632,094	4,564,038	377,159	-	-	(3,377,545)
Gains/Losses On Disposal of Assets	-	-	-	(3,569,547)	-	2,942,523	14,061,750
Gains/Losses On Inventory	-	-	-	-	-	-	(3,569,547)
Total segment expenditure	411,660,314	186,644,697	78,756,682	155,619,588	185,161,129	244,457,309	1,262,289,717
Total segmental surplus/(deficit)							(29,962,004)
Assets							
Inventory	-	-	-	-	23,589,170	-	23,589,170
Receivables From Exchange	51,222,126	51,597,241	24,853,265	5,247,092	17,652,386	13,917,715	164,489,824
Receivables From Non-Exchange	-	-	-	578,105	58,901,040	-	59,479,145
Vat Receivable	(15,677,192)	(18,605,283)	(13,369,572)	(11,242,424)	189,725,845	209,338	131,040,711
Cash And Cash Equivalents	304,763,463	904,777,174	507,087,938	137,418,829	78,704,966	-	78,704,966
Property plant and equipment	-	-	-	-	29,487,662	763,274,239	2,646,808,305
Investment Property	-	-	-	-	181,143,053	-	181,143,053
Intangible Assets	-	-	-	-	-	15,786	15,786
Heritage Assets	-	-	-	-	-	174,895	174,895
Total segment assets	340,308,397	937,769,131	618,571,630	132,001,602	579,204,122	777,591,972	3,285,446,866

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57. Segment information (continued)

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Liabilities							
Provisions	-	-	-	(81,932,532)	-	(13,386,844)	(95,319,376)
Consumer Deposits	(20,330,726)	-	-	-	(119,519)	-	(20,450,245)
Employee Benefit Obligation	-	-	-	-	-	(72,795,001)	(72,795,001)
Unspent Grants	(2,961,203)	335,505,809	0	-	1,566,397	(378,844,690)	(44,723,687)
Payables From Exchange	-	-	-	17,930,228	(1,584,116,653)	(5,506,085)	(1,571,692,510)
Total segment liabilities	(23,281,929)	335,505,809	-	(64,002,304)	(1,582,669,774)	(470,532,621)	(1,804,980,819)

2022

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Revenue							
Service Revenue	(231,380,573)	(64,285,929)	(48,773,955)	(40,181,691)	-	-	(384,622,148)
Rental Of Facilities And Equipment	-	-	-	(159,924)	-	(2,561,255)	(2,721,179)
Agency Services	-	-	-	(8,000,655)	-	-	(8,000,655)
Other Income	(4,353,978)	(39,902)	-	(9,911,240)	(857,094)	(2,421,170)	(17,583,384)
Interest Income	(5,317,290)	(7,673,551)	(4,983,619)	(4,751,238)	(8,081,981)	2,635	(30,805,044)
Rates	-	-	-	-	(183,825,669)	-	(183,825,669)
Grants	(10,000,000)	(253,434,678)	-	-	(3,000,000)	(244,405,590)	(510,840,268)
Fines	-	-	-	(4,596,284)	-	(174,408)	(4,770,692)
Total segment revenue	(251,051,841)	(326,434,061)	(53,757,574)	(67,601,032)	(195,764,744)	(249,559,788)	(1,143,169,039)

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	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
57. Segment information (continued)							
Liabilities							
Finance Lease	-	-	-	-	(1,179,875)	-	(1,179,875)
Payables From Exchange	-	-	-	8,865,549	(1,443,089,676)	(4,952,457)	1,439,176,564
Consumer Deposits	(19,133,784)	-	-	-	(110,052)	-	(19,243,837)
Employee Benefit Obligation	-	-	-	-	-	(73,802,000)	(73,802,000)
Unspent Grants	(2,951,203)	200,578,578	-	-	1,858,831	(201,079,690)	(1,593,484)
Provisions	-	-	-	(73,430,066)	-	(8,502,466)	(81,932,532)
Total segment liabilities	(22,084,987)	200,578,578	-	(64,564,517)	1,442,620,773)	(288,336,614)	1,616,928,312)
Total liabilities as per Statement of financial Position							1,617,329,328

Following prior period adjustments, the prior year segment information has been restated.

Information about geographical areas

The municipality's operations are in the Mpumalanga Province, it's major geographical areas within the Province are Ermelo, Breyton, Davel, Sheepmoor, Chrissiesmeer, Lothair and Warburton. Information is not readily available by geographical location, and this was considered too expensive to pursue for the purpose of these financial statements, however, as the application of mSCOA is refined within the municipality, this is expected to change.



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58. Budget differences

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58. Budget differences (continued)

The following variances are generally on balances or amounts over R1m where the variance is over 10%. The variance on Accumulated surplus is the sum of all other variances, therefore this is not discussed.

1.01 - Service revenue

This decreased due to increased loadshedding and load-reduction.

1.02 - Other income

There was less development in the area due to the difficult economic environment, therefore there was a decrease in connection fees and planning and economic development charged.

1.03 - Interest received

This is a result of increased interest on debtors due to non-payment as well as interest on the regional bulkwater infrastructure grant funds.

1.04 - Property rates

There was less development in the area than anticipated in the budget.

1.05 - Government grants and subsidies

This is due to unspent amounts on grants, particularly the Regional BulkWater Infrastructure Grant.

1.06 - Donations

It is inherently difficult to estimate donations for the year; donations of books and furniture were received.

1.07 - Debt forgiven

This was not anticipated in the budget as the details of the transfer of the licensing function were unclear at the time.

1.08 - Remuneration of Councillors

The approved 3% increase on councillors remuneration was lower than the anticipated/budgetted 4.9%.

1.09 - Repairs and maintenance

This saving is due to cost curtailment measures.

1.10 - Finance costs

This is due to high interest charges, particularly on Eskom and the Department of Water and Sanitation, which were not adequately budgetted for.

1.11 - Bulk Purchases

This was a result of the high increase in tariffs, particularly on electricity (18,49%) which was not anticipated in the budget.

1.12 - Contracted services

This is due to cost curtailment measures.

1.13 - General expenses

This was impacted by the increased use in fuel to power the municipalities generator during loadshedding.

1.14 - Losses on disposal of assets and liabilities

This is inherently difficult to anticipate in the budget.

1.15 Fair Value gains

This is inherently difficult to estimate in the budget, and reflects the difficult economic environment.

1.16 - Actuarial Gains

This is due to changes in the staff complement, and relevant economic indicators affecting medical aid and long service award provision. This is inherently too complex to budget for.

1.17 - Inventory Losses

This is a result of inventory counted which was not recorded on the system, and may be related to the high losses in the previous financial year.

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand



58. Budget differences (continued)

Statement of financial position

1.16 - Inventories

The stock on hand at year end was higher than anticipated; this is linked to the gain on inventory resulting from the stock count.

1.19 - Consumer debtors

These increased due to non-payment by debtors.

1.20 - Call investment deposits and Cash and cash equivalents

This is a result of grant funds received and not yet spent, particularly on the Regional Bulk Water Infrastructure grant.

1.21 - VAT receivable

This is a result of higher costs such as bulk purchases.

1.24 - Property plant and equipment

This is a result of the procurement of new fleet vehicles as well as on-going projects which were further along than anticipated.

1.25 - Payables from exchange transactions

This relates to the higher cost of items such as bulk purchases, and lower repayments than anticipated due to non-payment by debtors.

1.26 - Consumer deposits

There was an error in the amount budgetted, and this did not reflect the prior year balance correctly.

1.26 - Unspent conditional grants

This relates primarily to the Regional Bulk Water Infrastructure Grant which was unspent at year end.

1.27 - Provisions

This includes the employee benefits obligation and the landfill rehabilitation provision; these are inherently difficult to predict due to the complexity of the calculations, and the increase in the landfill provision was far higher than the decrease in the employee benefits obligations.

Statement of Cashflows

1.28 - Net cash flows from operating activities

Cash for property rates and consumer debtors was lower than anticipated in the budget.

Payments to suppliers were significantly lower due to cost curtailment as well as pressure created by lower receipts from debtors.

1.29 - Net cash flows from investing activities

Spending on PPE was higher than anticipated due to projects being further along than anticipated, and the purchase of new fleet vehicles.

1.30 - Net cash flows from financing activities

The budget did not reflect lease payments during the year.

VOLUME III

AUDITOR GENERAL REPORT

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Msukaligwa Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Msukaligwa Local Municipality set out on pages xx to xx, 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 and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Msukaligwa Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the 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 qualified opinion

Payables from exchange transactions

3. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for in line with GRAP 104, *Financial instruments*. I was unable to determine the full extent of the misstatement as it was impractical to do so. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as trade payables. I could not confirm the payables from exchange transaction by alternative means. The payables from exchange transactions included in the risk management and financial instrument disclosure in note 42 and 43 to the financial statements also included these amounts. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transaction stated at R1,57 billion (2022: R1,43 billion) disclosed in note 14 to the financial statements.

Irregular expenditure

4. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This has resulted in an understatement of irregular expenditure. I was unable to quantify the full extent of the understatement to irregular expenditure of R410,95 million (2021-22: R371,37 million) as disclosed in note 52 to the financial statements as it was impracticable to do so.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty related to going concern

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
9. I draw attention to note 48 to the financial statements, which indicates that the municipality had material contingent liabilities as well as trade and other payables against receivables. As stated in the note, these events or conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material distribution losses of electricity

11. As disclosed in note 55 to the financial statements, material electricity losses of R181,82 million (2021-22: R192,98 million) was incurred, which represents 60% (2021-22: 60%) of total electricity purchased. Losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

Material distribution losses of water

12. As disclosed in note 55 to the financial statements, material water losses of R54,02 million (2021-22: R53,30 million) was incurred, which represents 76% (2021-22: 76%) of total water purchased. Losses were due to old infrastructure, unavailability of working material, insufficient staff, components and working vehicles.

Restatement of corresponding figures

13. As disclosed in note 57 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

Underspending of the conditional grant

14. As disclosed in note 18 to the financial statements, the municipality materially underspent on the Regional bulk infrastructure grant by R40,07 million.

Other matter

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

Unaudited disclosure notes

16. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, 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.
18. 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

19. 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.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance

against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Key Performance Area 2 - Basic service delivery and infrastructure development	XX	To provide sustainable and reliable services to communities
Key Performance Area 3 - Local economic development	XX	To coordinate efforts to address unemployment and poverty

23. I evaluated the reported performance information for the selected key performance areas 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.

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets taken to improve performance.

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the key performance areas are as follows:

Key Performance Area 2 – Basic service delivery and infrastructure development

Indicator: Number of water meters installed

27. The reported measures taken to improve performance against the under-achievement of water meters installed did not agree to the supporting evidence. The supporting evidence indicated that meters were delivered hence ensuring early delivery of water meters as reported in the annual performance report is inadequate.

Various indicators

28. The evidence and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievements of the following indicators reported against the targets in the annual performance report:

Indicator description	Planned target	Reported achievement
% of households with access to basic level of water by 30 June 2023	95,3%	95,3%
% of households with access to waste removal at least once a week by 30 June 2023	76%	76,6%
% of callouts responded to within 24 hours (Water)	95%	99%
% of callouts responded to within 24 hours (sanitation/wastewater)	98%	100%

29. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
Km of water AC pipes replaced with U-PVC pipes by 30 June 2023	3,084
Number of households provided with ventilation improved pit toilets (VIPs) by 30 June 2023	334
Km of gravel roads upgraded to asphalt or paved surface by 30 June 2023	4,096
Square metre of potholes patched by 30 June 2023	45 583,73
Km of roads re-gravelled and bladed by 30 June 2023	55,73 km
Refurbishment of Breyten 11kv sub by 30 September 2022	1

Key Performance Area 3 – Local economic development

Indicator: Number of work opportunities created through public employment programmes (incl. Expanded Public Works Programme (EPWP), Community Work Programme (CWP) and other related employment programmes) by 30 June 2023

30. The indicator was included in the approved service delivery and budget implementation plan and integrated development plan but then not clearly defined during planning processes. It was also not determined how the related target would be measured and what evidence would be needed to support the achievement. Consequently, the information might be less useful for measuring performance.
31. An achievement of 450 was reported against a target of 461. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

32. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – Basic service delivery and infrastructure development and KPA 3 – Local economic development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on the audit of compliance with legislation

Introduction and scope

35. 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.

36. 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.
37. 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.
38. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

39. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Consequence management

40. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
41. Losses resulting from fruitless and wasteful expenditure were written-off as irrecoverable without being certified by council as irrecoverable, in contravention of section 32(2)(b) of the MFMA/ municipal budget and reporting regulations 75(2).

Expenditure management

42. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
43. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with applicable SCM legislation.
44. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R82 521 559, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by Eskom and the Department of Water and Sanitation (DWS).
45. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R235 125 294, as disclosed in note 50 to the annual financial statements, in contravention of section

62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by spending not being in accordance with the final approved budget.

Procurement and contract management

46. The preference point system was not applied to some of the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
47. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
48. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM Regulation 46(2)(e) and the code of conduct for councillors issued in terms of the Municipal Systems Act.

Strategic planning and performance management

49. The performance management system and related controls were inadequate as it did not describe how the performance measurement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1)

<h3>Other information in the annual report</h3>
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50. 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 key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
51. 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.
52. 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 key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
53. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

54. 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.
55. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
56. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
57. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
58. Management did not review and monitor compliance with applicable laws and regulations.

Material irregularities

59. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

60. The material irregularities identified are as follows:

Material irregularity: Interest incurred on Eskom invoices not paid within 30 days of receiving the relevant invoice or statement.

61. The municipality did not comply with Section 65 (2) (e) of the MFMA which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise.
62. The municipality did not ensure that all invoices from Eskom were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.
63. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred by the municipality for the outstanding debt as per the invoices which still needs to be paid.
64. The accounting officer was notified of this material irregularity on 1 March 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on 30 March 2023 with the actions taken to resolve the material irregularity. The following actions have been taken to resolve the material irregularity:

- The accounting officer initiated negotiations with the appointed service provider to assist in disconnections on a monthly basis to address the electricity challenges the municipality is currently facing. Thus far, negotiations have resulted in revenue collections
- On 6 December 2022, financial assistance from the provincial treasury towards the procurement of meters was approved and received for the purchase of electricity meters. Targets for installation are included in the annual planning documents and the majority of these meters have been installed to date
- On 29 September 2023, the debt-relief application to National Treasury was approved which will result in a third of the debt owing to Eskom being written off over a three-year period. Furthermore, the accounting officer committed to compile a repayment plan after deliberations with Eskom on 1 December 2023, which will be implemented and monitored.

65. I will follow-up on the implementation of actions during my next audit.

Material irregularity: Department of Water and Sanitation (DWS) invoices not paid within 30 days of receiving the relevant invoice or statement.

66. The municipality did not comply with Section 65 (2) (e) of the MFMA which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise.

67. The municipality did not ensure that all invoices from DWS were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.

68. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred by the municipality for the outstanding debt as per the invoices which still needs to be paid.

69. The accounting officer was notified of this material irregularity on 1 March 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on 30 March 2023 with the actions taken to resolve the material irregularity. The following actions have been taken to resolve the material irregularity:

- The accounting officer initiated negotiations with DWS and provincial treasury to conclude on the write off a large portion of debt owing as a result of disputes lodged. Further deliberations are to be held. A meeting was held on 20 November 2023 with DWS and Gert Sibande and a further meeting is planned for 7 December 2023 together with Treasury
- On 06 December 2022, financial assistance from Provincial Treasury towards the procurement of meters was approved and received for the purchase of water meters. Targets for installation are included in the annual planning documents. Installation of meters are still in progress

- On 22 June 2023, a service provider was appointed to address water cut-offs, reconnection, installation, and meter inspections. Further impacts are expected to be seen from the investigations into water challenges. As at the date of this audit report, this action was still in progress.

70. I will follow-up on the implementation of actions during my next audit.

Auditor-General

Mbombela

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 key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c). 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 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, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Systems Act 32 of 2000	<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b)</p> <p>Parent municipality with ME: Sections 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)</p>
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)

VOLUME IV

ANNUAL PERFORMANCE REPORT



Msukaligwa Local Municipality

Annual Performance Report for 2022/2023 Financial Year

1. BACKGROUND

Section 46 of the Local Government Municipal Systems Act, Act 32 of 2000 provides that "a municipality must prepare for each financial year an annual report consisting of:

- (a) a performance report reflecting:-
 - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
 - (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
 - (iii) measures that were or are to be taken to improve performance;
- (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (c) an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
- (d) any other reporting requirements in terms of other applicable legislation".

Section 121 of the Municipal Finance Management Act, Act 56 of 2003 further provides for every municipality and municipal entities to prepare an annual report for each financial year in accordance with provisions of Chapter 12 of the Act. According to the provisions of Section 121 (2) of the MFMA, the purpose of the Annual Report is:-

- (a) "to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity".

Therefore, it is against this background that Msukaligwa local municipality has prepared and submits this annual performance report for the 2022/2023 financial year to the MEC for CoGTA, Provincial Treasury and Auditor General as prescribed by the said legislations. The performance report of the municipality is based on six Key Performance Areas which are:

- Municipal Transformation and Organizational Development;
- Basic Service Delivery;
- Local Economic Development;
- Financial Viability and Management;
- Good Governance and Public Participation; and
- Spatial Planning and Rationale.

The said KPAs are resident across the Msukaligwa municipality's six departments which are:

- Corporate Services;
- Technical Services;
- Community and Social Services;
- Finance;
- Office of the Municipal Manager; and
- Planning and Economic Development

This report will cover the 2022/2023 financial year starting from the 1st of July 2022 to the 30th of June 2023 and will be focusing on the performance of the municipality as set out in the approved Service Delivery and Budget Implementation Plan for the 2022/2023 financial year.

2. IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM

There is a performance management unit that has been established in the municipality which is currently not fully-fledged as it consists of only two incumbents being the PMS Manager and PMS Officer. However, both a performance management framework and an individual performance management policy have been approved by the Council to guide all processes of monitoring and reporting of performance. The municipality has managed to comply with most statutory requirements in relation to the implementation of performance management and monitoring of institutional performance. As a basis for organizational planning and performance management, the municipality adopted its five-year IDP in May 2022, reviewed in May 2023 and will be annually reviewed in terms of Section 34 of the Municipal Systems Act, 2000. The following processes were undertaken by the municipality to comply with legislative provisions as well as to implementing performance management:

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Preparation and submission of 2021/2022 4 th quarter performance report to Council.	Section 52 of Municipal Finance Management Act, 2003	Report was prepared and submitted to Council on the 27th of October 2022	None	Complied
Preparation and submission of 2021/2022 Annual performance report to Auditor General.	Section 46 of the Municipal Systems Act, 2000	Annual performance report prepared and submitted to the AG on the 31st of August 2022.	None	Complied
IDP Steering Committee meetings held to discuss the draft IDP review processes	Consultative process in terms of Sec. 28 of the Municipal Systems Act, 2000	4 of the 5 planned Steering committee meetings were held	Most of the items that were to be discussed in the steering committee meetings that were not held, were discussed in general management meetings.	Complied
Preparation and submission of the IDP/Budget/PMS Process Plan to Council for approval.	Sec. 28 (1) and (2) of the Municipal Systems Act, 2000	Process plan approved by Council on the 30th of August 2022.	None	Complied
Publicizing of the IDP/Budget/PMS Process Plan for public information.	Sec. 28 (3) of the Municipal Systems Act, 2000	An advert was prepared and publicized 2nd of September 2022 on Municipal Facebook page and notice boards	None	Complied
Submission of the IDP/Budget/PMS Process Plan to COGTA	Procedure linked to Sec. 28 (3) of the Municipal Systems Act, 2000 for monitoring purposes.	The approved process plan was Submitted on the 1st of September 2022 to COGTA	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Publicizing of the IDP community consultative programme	Sec, 21 and 28 of the Municipal Systems Act, 2000	An advert on dates and venues for consultative meetings was prepared and publicized on the 9th of September 2022 on the local newspaper.	None	Complied
Conducting IDP public consultation process and reconciling information on community priority issues and preparing a report for management.	Section 16 and 17 of the Municipal Systems Act, 2000	Public consultations conducted on the 13th of September to 13th of October 2022 through physical wards consultations.	2 ward meetings could not be held due to non-attendance by community but ward development plans were given to Councillors to convene meetings with ward committees to establish the community issues.	Complied
Preparation and submission of 2021/2022 Draft Annual Report.	Circular 63 of the MFMA, Section 46 of the Municipal Systems Act, 2000 and Section 121 of the MFMA	Draft Annual Report was prepared and submitted to the Treasury and AG together with the AFS on the 31st of August 2022 .	None	Complied
Tabling of the 2021/2022 draft Annual Report and invite for public comments as well as submission to the AG, PT and COGTA	Section 127(2) of the Municipal Finance Management Act 2003	Draft Annual Report tabled in Council on the 27th of January 2023 . The draft AR was publicized for public comments on February 16th, 2023 , on municipal Facebook and notice boards.	The Draft Annual Report was tabled in February 2021 as a result of the exemption/extension given through Government Notice No. 43582 of 05 August 2020	Complied
Tabling of the 2023/2024 Draft IDP in Council	Section 25 of the Municipal Systems Act	The draft IDP was tabled in Council on the 30th of March 2023 . Submitted to MEC for Local Government on the 06th of April 2023 . Publicised for public inspection	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
		on the 13 th of April 2023 on the Official Facebook page and notice boards		
Tabling of the 2021/2022 Annual Report	Section 121 (1) of the Municipal Finance Management Act 2003	The 2021/2022 Annual Report was tabled in Council on the 30 th of March 2023 being the final AR.	None	Complied
Tabling and approval of the final 2023/24 IDP	Section 25 of the Municipal Systems Act	The final IDP was approved by Council on the 30 th of May 2023 and publicized for public inspection on the 8 th of June 2023 on municipal notice boards and Official Facebook page.	None	Complied

3. FILLING OF VACANT POSITIONS

In order for the municipality to provide services efficiently, it is imperative that all approved critical positions be filled. The municipal Council has approved an organizational structure with an ideal staff complement of 869. Currently there are 869 approved positions out of which only a total 615 were funded and filled and 254 positions remain vacant as at the end of the 2023/2024 financial year. The following is a summary of filled and vacant positions:

3.1. Section 54A and 56 Managers

Position	No. of approved posts	No. of post filled	No. of vacancies	Comments/Reasons for vacancies
Municipal Manager	1	1	0	None
Chief Financial Officer	1	1	0	None
Director Technical Services	1	1	0	None
Director Corporate Services	1	1	0	None
Director Community and Social Services	1	1	0	None
Director Planning and Economic Development	1	1	0	None

3.2. Compliance with the Employment Equity Act

In compliance with the Employment Equity Act, 1998, the municipality had appointed two African females at the senior management level (Section 56 manager) occupying the positions of Director Planning and Economic Development and Director Technical Services respectively. The municipality will continue to implement its Employment Equity Plan by endeavouring to include targeted groups in various positions across the municipality.

3.3. Women appointments at Section 56 Posts

No. of Sec. 56 posts approved	Women appointed in Sec. 56 posts	No. of vacancies for Women Sec. 56 posts	Comments/Reasons for vacancies
6	2	0	None

4. DEVELOPMENT AND IMPLEMENTATION OF SPECIFIC HR POLICIES

The HR policies have been developed in accordance with the organizational Structure to respond to the needs and interests of the community as contained in the IDP of the municipality reflecting, amongst other things, key aspects of employment equity for equal representation.

Policy	Developed/ Reviewed	Approved	Implemented	Reasons for Non-compliance	Remedial Action
Recruitment and selection policy	Yes	Yes	Yes	None	None
Skills Development Plan	Yes	Yes	Yes	None	None
Employment Equity Plan	Yes	Yes	Yes	None	None
Human Resource Strategy and Plan	Yes	Yes	Yes	None	None
Other HRM & HRD Policies	Yes	Yes	Yes	None	None

5. THE AUDITOR GENERAL REPORT AND FINDING

The municipality received a Qualified Audit Opinion for the 2021/2022 financial. The report of the Auditor General as well as the action plan for the financial year ending June 2022 is attached as **Annexure "B"**. The findings of the AG are being addressed in accordance with the Action Plan although others will take time to address due to prior year errors.

6. FINANCIAL PERFORMANCE OF THE MUNICIPALITY

The average payment rate for the financial year under review was 63% based on billing of services and property rates and there are also distribution losses of 76% and 60% on water and electricity respectively. Therefore, these losses had resulted in the municipality not being able to pay its creditors within 30 days, especially bulk creditors such as Eskom and the Department of Water and Sanitation.

The deficit or surplus for the financial year under review will be available after conclusion of the 2022/2023 AFS.

6.1. Conditional Grants 2022/2023 – Monetary

	MIG CURRENT	INEP CURRENT	EEDSMG	FMG	WSIG	EPWP	RBIG
ALLOCATION	R 57 052 250	R 10 000 000	R 4 000 000	R 3 000 000	R 60 000 000	R 1 766 000	R175 000 000
EXPENDITURE	R 57 052 250	R 10 000 000	R 4 000 000	R 3 000 000	R 60 000 000	R 1 766 000	R134 829 038
% SPENT	100%	100%	100%	100%	100%	100%	77%
UNSPENT	R 0	R 0	R 0	R 0	R 0	R 0	R 40 170 962

TOTAL UNSPENT GRANTS R 40 170 962

The overall expenditure of the municipality on the allocated Conditional Grants was as at the 30th of June 2023 at 96.22%. The municipality, however had received the RBIG grant which is managed and implemented by the District Municipality. The expenditure on the RBIG grant then brings the overall grant expenditure to 77.33%. All grants implemented by the municipality were spent as per their conditions regardless of the municipality's cash flow challenges.

7. BASIC SERVICES DELIVERY PROGRESS

Below are service delivery progress figures as well as backlogs from 2016 to the end of June 2023.

Services	Total No. of Households Community Survey 2016	Households serviced Community Survey 2016	New developments after Community Survey 2016	Progress as at end of June 2023	Backlog as at end of June 2023	% backlog as at end of June 2023
Water	51,089	46,846	1,960	48,806	2,283	4,5%
Sanitation	51,089	49,794	1,072	50,866	223	0,4%
Electricity	51,089	44,683	1,495	46,178	4,911	9,6%
Refuse Removal	51,089	33,231	5,955	39,186	11,903	23.3%

The figures for electricity include connections made by Eskom at areas licensed to Eskom.

8. EXTERNAL SERVICE PROVIDERS PERFORMANCE

This section serves to report on the evaluated Service Provider's performance in respect of their contracts and the products that the Service Providers have delivered. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

Scale	Criteria
5	Completion of the project before the scheduled time and within budget
4	Completion of project within time frame and budget
3	Average
2	Completion of project within time frame but outside the allocated budget or vice versa
1	Failure to complete the project
	Failure to commence with the project

CORPORATE SERVICES

Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action
1.	Supply installation and maintenance of lan and wan (lte internet line)	Compusol it technologies pty ltd	19-apr-21	36 months	19-apr-21	18-apr-24	Ongoing contract	Good	5	5	None
2.	Render services for printing solution equipment, multifunctional copier, renta, maintenance	Emalangi technologies pty ltd	01-apr-20	36 months	01-apr-20	30-mar-23	Ongoing contract	Good	4	4	None
3.	Render microsoft licences	Microsoft (altron karibina-partner)	12-oct-20	36 months	12-oct-20	11-oct-23	Ongoing contract	Good	5	5	None
4.	Supply installation and maintenance of hosted voip (telephone) and contact center	Emalangi technologies pty ltd	01-jul-20	36 months	01-jul-20	30-jun-23	Ongoing contract	Good	4	4	None

5.	Supply and delivery of mobile devices	Mobile telephone network (mtn)	Apr-22	36 months	Apr-22	Mar-24	Ongoing contract	Good	4	4	None
6.	Supply and delivery of mobile devices	Vodacom (proprietary) limited	03-Nov-20	24 months	03-Nov-20	02-nov-22	Ongoing contract	Good	5	5	None
TECHNICAL SERVICES											
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action
7.	Repair and Maintenance of Pumps and Motors	N & C Maintenance and Spares	01-Jun-12	24 months	01-Jun-21	07-Jul-23	Contract lapsed	None	5	5	None
8.	Repair and Maintenance of Boreholes and Windmills	BE For Ever Trading	01-Feb-23	36 months	01-Feb-23	31-Jan-26	Contract still on-going	None	5	5	None
9.	Supply and Delivery of Water Purification Chemicals and Maintenance of Purification Equipment	Ifa Leihu Technologies	01-Dec-22	24 months	01-Dec-22	30-Nov-24	Contract still on-going	None	5	5	None
10.	Supply and Delivery of Water Purification Chemicals and Maintenance of Purification Equipment	Improchem	01-Dec-22	24 months	01-Dec-22	30-Nov-24	Contract still on-going	Failure to deliver due to delays in payments	3	3	None
11.	Repair and Maintenance of Yellow Fleet, Trucks, Tractors and Trailers	MMN Engineering	01 October 2022	3 years	01 October 2022	30 September 2025	Ongoing	None	5	5	None
12.	Supply and delivery of tyre components,	Hardie Tyres	01 Mar 2021	3 years	01 Mar 2021	28 Feb 2024	Ongoing	None	5	5	None

13.	batteries and exhaust system. Provision and supply of maintenance spares, parts and components.	Ermelo Mecca Motor spares	09 May 2022	3 years	09 May 2022	08 May 2025	Ongoing	None	5	5	None
14.	Installation of Sewer reticulation of Wesselton Extension 11 Phase 1 & 2	KUMELCON (PTY) LTD.	23-Aug-22	5 months	10-Feb-23	30-Jun-23	100% Complete	Excessive Hard rock encountered	3	3	Project management lacking i.e. budget maintenance Contractor is performing amidst finalization of scope vs budget.
15.		Zondle Trading	23-Jan-23						4	4	Contractor is performing amidst finalization of scope vs budget.
16.	Refurbishment of Lothair Oxidation Ponds	Morula Consulting Engineers and Project Manager	07-Sep-22	5	03-Mar-21	30-Sep-23	90%	Excessive sludge and underground water encountered	2	2	Reliability (failure to meet set targets) Lack of professionalism (unprepared for meetings)
17.		A1 Gass and Aluminium	23-Jan23						3	3	Overall good performance that is affected by variations required to complete the Works.
18.	Construction of Paved roads at Wesselton Mithabama Street	Africando Civil and Projects Managers	03-Oct-23	5	10-Feb-23	30-Jun23	100% Complete	Community stopping the project, inclement weather.	4	4	Project was completed and Budget maintenance was obtained to achieve project objective
		Sovulane Projects JV Phambili Bo Guliwe	23-Jan-23						4	4	The JV has performed below average due to lack of professionalism and capital to buy material.
19.	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation	Gemini Garden JV Skotane	20-Jul-21	9	20-Jul-21	30-Apr-23	98%	Lack of proper project management, failure to plan the material with lead time and	2	2	

20.	Upgrading of the Wesselton Extension 3 Boxer intersection	2MC Consulting	23-Jun-21	6	14-Mar-22	12-Sep-22	100% project completed	poor cashflow management.	3	3	3	PSP designed well and failed to properly manage the construction or failed to enforce quality instruction
		Shwings Construction (Pty) Ltd	03-Mar-22						3	3	3	SP have been lacking resource distribution management, which may lead to failure to complete on schedule.
21.	Rehabilitation of Emadami Ext 6 Taxi collector	Thoko Consulting	23-Jun-21	6	14-Mar-22	16-Sep-22	92%					PSP failed to identify saving to complete additional works required for the practical completion of the project.
		Ndiza Solutions (Pty) Ltd	03-Mar-22						3	3	3	Upon receipts of fund for executing additional works, the SP delayed the execution of works.
22.	Upgrading of KwaZanele Masizakhe road	Kumelcon Vdan Construction	23-Jun-21	6	14-Mar-22	27-Aug-22	100% Complete	Underground services; Incomplete weather	3	3	3	Project completed on time 30/11/2022
			03-Mar-22						4	4	4	
23.	Electrification of 350 units at KwaZanele Extension 6	Morula Consulting	23-Jun-21	3	14-Mar-22	TBA	100%	Late procurement of electrical meters delaying testing and commissioning.	2	2	2	Poor project management techniques compromised planned completion of the project.

													2	2	Project completed 20/12/2022.	
24.	Construction of 3.6MVA, Bulk, KwaZanele Sub	Oakantswe Construction & Projects	3-Mar-22											2	Project Completed on time: 30 / 06 /2022	
		Morula Consulting	23-Jun-21	3	14-Mar-22	30-Jun-22	100% Complete				N/A		2	2		
		Kgwebiswano Supplies & Services	3-Mar-22										4	4		
25.	Installation of High mast light	Skotane development Consultants	28-Oct-21	3	06-Dec-21	31-Mar-22	100% Construction				Delay in Eskom Power connections		2	2	Project completed 12 May 2023.	
26.	Installation of high mast light	Gemini trading Gardem	16-Oct-22	7	21-Oct-22	30-Jun-23	97%				Delay in Eskom Power connections		3	3	Delays by ESKOM	
		BTMN Engineers	12-Jul-21										3	3	Project progressing under acceleration. Improved project management techniques will assist towards planned completion.	
27.	Upgrading of Ermelo Ext 32, 33 & 34	Thulaisepo General Trading	30-Mar-22	14	22-Apr-22	30-Jun-23	21.5% Construction				Late appointment of Contractor.		4	4		
COMMUNITY AND SOCIAL SERVICES																
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action					
28.	Provision of security services	LL Security Services	01-Oct-21	36 Months	01-Oct-21	30-Sep-24	On going	None	4	4	The security company is performing well with regard to rendering services.					
FINANCE DEPARTMENT																

Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action
29.	Appointment of a service provider for the indigent system and supplier verification –	Visual Revenue Management Solutions	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	None	4	4	Ongoing
30.	Appointment of a panel of service providers for the supply and delivery of water materials	Bindza Trading (Pty) Ltd.	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	None	4	4	Ongoing
31.	Appointment of a panel of service providers for the supply and delivery of water materials	Ybs Projects (Pty) Ltd T/A Hydro Equip	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
32.	Appointment of a panel of service providers for the supply and delivery of water materials	Unamusa Road And Civils (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
33.	Appointment of a panel of service providers for the supply and delivery of water materials	Nrb Piping Systems	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
34.	Appointment of a panel of service providers for the supply and delivery of water materials	Notefull Gauteng (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing

35.	Appointment of a panel of service providers for the supply and delivery of water materials	Muhloholeri Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
36.	Appointment of a panel of service providers for the supply and delivery of water materials	Mphethehe And Jobe Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
37.	Appointment of a panel of service providers for the supply and delivery of water materials	Mphela Mphela Enterprise (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
38.	Appointment of a panel of service providers for the supply and delivery of water materials	Mawee Civils And Project Management (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
39.	Appointment of a panel of service providers for the supply and delivery of water materials	Lizwelami Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
40.	Appointment of a panel of service providers for the supply and delivery of water materials	Likusasa Lethu Ohs Investments And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
41.	Appointment of a panel of service providers for the supply and	Dallas Equipment Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing

48.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Akunamuva Trading	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	4	Ongoing
49.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Kgoilelela Meopatlutsi (Pty) Ltd	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	4	Ongoing
50.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	M17 Project And Construction	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	4	Ongoing
51.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Likusasa Lethu Ohs Investments And Projects	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	4	Ongoing
52.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	7m Holdings	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	4	Ongoing
53.	Appointment of a panel of service providers for the supply and delivery of low voltage and	Prest Business Suppliers Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing

	underground and the low voltage overhead cables																				
58.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Fabritech Eng. And Supplier Group (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4											Ongoing
59.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Bindza Trading (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4											Ongoing
60.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	A1 Glass And Aluminium	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4											Ongoing
61.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and	A1 Glass And Aluminium	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4											Ongoing

62.	the refurbishment of transformers and mini-substation	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	N & C Maintenance And Spares (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
63.	the refurbishment of transformers and mini-substation	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Gemini Garden Trading 400 Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
64.	the refurbishment of transformers and mini-substation	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Uncut Electrical And Mechanical Engineering (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing

65.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Sobozela Trading (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
66.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Bees Technologies	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
67.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Jamela Consulting Engineering & Project Management	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
68.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Cv And Ss Trading (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing
69.	Appointment of a panel of service providers for the supply and	Thabacom Enterprise	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	Ongoing

	delivery of pothole patching materials																						
70.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	4													Ongoing
71.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	4													Ongoing
72.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	4													Ongoing
73.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	4													Ongoing
74.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	4	4													Ongoing
75.	Panel of service provider for the provision of travel agent services	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	4	4													Ongoing
76.	Panel of service provider for the provision of travel agent services	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	4	4													Ongoing

77.	Panel of service provider for the provision of travel agent services	Olegle Trading	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	4	Ongoing
78.	Distribution of monthly municipal services accounts	Mailtronic Direct Marketing Cc	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	4	Ongoing
79.	Supply and delivery of electricity meters (pre-paid and conventional)	Kgoshi Electrical Cc	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	4	Ongoing
80.	Supply and delivery of electricity meters (pre-paid and conventional)	Msk Projects And Logistics (Pty) Ltd	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	4	Ongoing
81.	Supply and delivery of electricity meters (pre-paid and conventional)	Luckyboy Trading Enterprise	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	4	Ongoing
82.	Supply and delivery of electricity meters (pre-paid and conventional)	Conlog (Pty) Ltd	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	4	Ongoing
83.	Compilation of AFS and FAR	BDO	01 July 2021	3 years	01 July 2021	30 June 2023	On going	N/A	4	4	Service provider performed satisfactory. Needs to improve on skills transfer to the Finance Department. Service provided by the supplier is average. Support provided is costly, the system is not fully integrated, Budget module not
84.	Integrated Municipal Financial Management And Internal Control System	Business Connexion (Financial System)	10 Feb 2020	60 Months	10 Feb 2020	09 Feb 2025	Ongoing Contract	None	3	4	

85.	Provision Insurance Services	KUNENE MAKOPO	01 October 2020	36 months	01 October 2020	30 September 2023	Ongoing	N/A	3	4	functioning as yet. Many essential functions are not activated. Service provider performed satisfactory. Insurance claims are not being processed on time.
86.	Compilation and maintenance of the general and supplementary Valuation Roll(for years 2020-2023)	Valuers Africa	01 July 2020	3 years	01 July 2020	30 June 2023	On Going	none	4	4	Service provider performed satisfactory. Compiled appropriate General valuation roll and attended to objections satisfactory, hence the implementation of the valuation roll
87.	Provision of meter reading services	Inzalo utility management Services	15 Dec 2020	3 years	15 Dec 2020	14 Dec 2023	Ongoing	None	3	4	Service provider performed average and provide unsatisfactory performance. Uploading of data below expected performance. module on devices and error codes not corresponding to the actual information.
88.	Supply of mini sub station	Sibusisobuhle	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	5	3	None
89.	Supply and delivery of underground cables	Boagi Projects	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	3	3	The service provider is failing to deliver on time.

90.	Supply and delivery of PPE and uniform	N G Mavuso Transport Services	09 Sep 2020	3 years	09 Sep 2020	08 Sep 2023	Ongoing	None	4	3	None
OFFICE OF THE MUNICIPAL MANAGER											
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action
91.	Provide PMS system and Support	Innovation Government Software Solutions	09 May 2022	36 Months	09 May 2022	08 May 2025	Ongoing	None	5	5	None
PLANNING AND ECONOMIC DEVELOPMENT											
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	2022/2023 (1-5)	Comments/ Corrective action
92.	Appointment Of A Service Provider For The Development Of Policy And Development Charges In Terms Of The Msukaligwa By-Laws On Spatial Planning And Land Use Management, 2016	Gap Development Planners (PTY) LTD	23-Nov-2022	12 Months	23-Nov-2022	22-Nov-2023	On going	none	4	4	Service received from consultants was satisfactory.
93.	Appointment Of Service Provider For The Formalisation Of Marikana Informal Settlement Situated On Portion 6 Davellfontein 267	Ngoti Development Consultants	03-Nov-2022	24 Months	03-Nov-2022	02-May-2024	On going	none	4	4	Service received from consultants is satisfactory at this stage

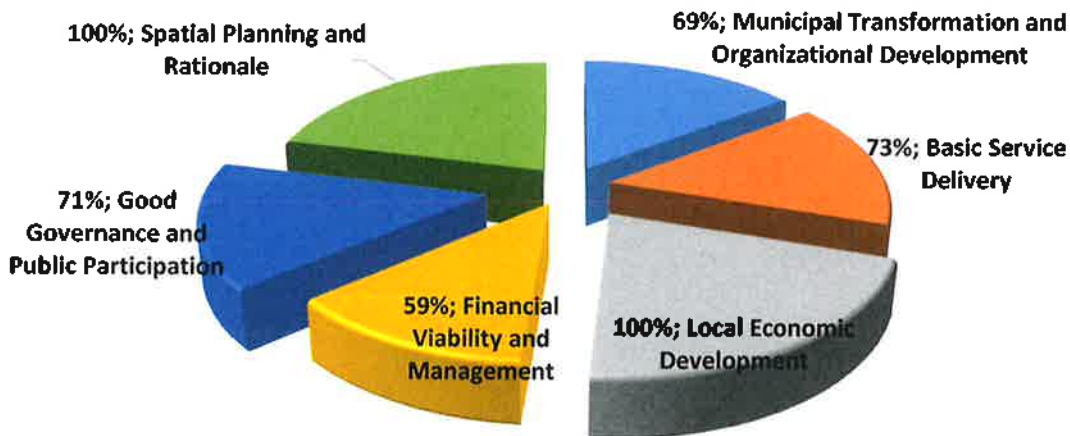
94.	Appointment Of A Service Provider For The Proposed Township Establishment On Portion 15 Of The Farm Ferniehaugh 70, It Projects	Mahlori Development Consultants CC	23-Nov-2022	24 Months	23-Nov-2022	22-May-2024	On going	none	4	4	Service received from consultants is satisfactory at this stage
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9. ANNUAL ORGANIZATIONAL PERFORMANCE REPORT FOR 2022/2023

The municipality has on average achieved 72% performance across all the six Key Performance Areas with Financial Viability and Management and Municipal Transformation and Organizational Development (MTOD) being the lowest at 59% and 69% respectively. This is as result of KPIs not achieved due slow indigent registrations, late estate accounts, low revenue collection and interest incurred in DWS, DCSSL and ESKOM, Cascading of Performance Management and overtime expenditure and other factors as depicted in the report attached as Annexure A. When considering performance per Department, an average achievement for the Institution is also 72% with Planning & Economic Development achieving 100% followed by Community & Social Services and Technical Service Departments achieving 73% being the highest. It should further be noted that the achievements are based on the number of indicators achieved and those that are partially achieved are regarded as not achieved. Below is a summary of the organizational performance:

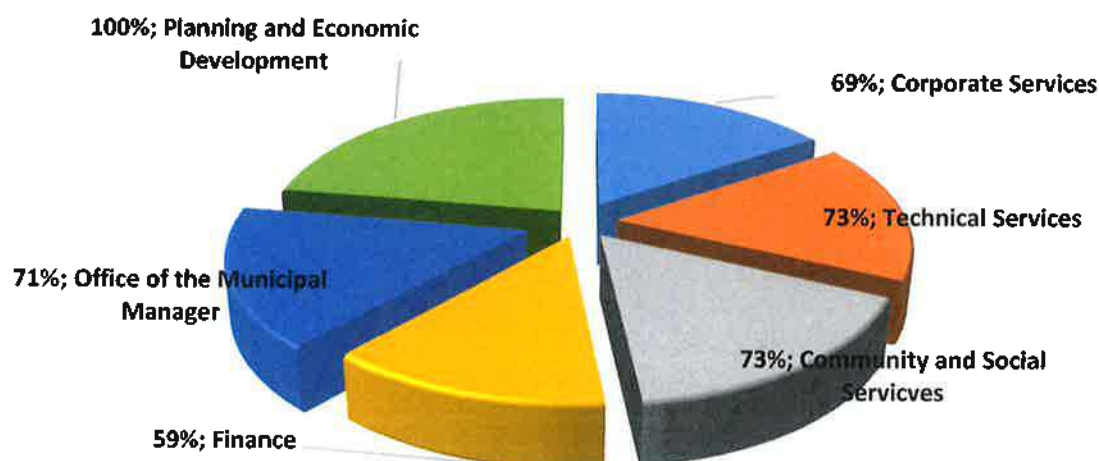
Key Performance Area	% Performance			
	2019/2020	2020/2021	2021/2022	2022/2023
Municipal Transformation Organizational Development	39%	46%	50%	69%
Basic Services Delivery	77%	76%	64%	73%
Local Economic Development	100%	100%	100%	100%
Financial Viability and Management	53%	69%	65%	59%
Good Governance and Public Participation	75%	80%	65%	71%
Cross Cutting Issues/Spatial Planning and Rationale	71%	100%	100%	100%
Average	69%	71%	65%	72%

2022/2023 PERFORMANCE PER KPA



Department	% Performance			
	2019/2020	2020/2021	2021/2022	2022/2023
Corporate Services	39%	46%	50%	69%
Technical Services	73%	79%	57%	73%
Community and Social Services	82%	73%	81%	73%
Planning and Economic Development	78%	100%	100%	100%
Finance	53%	69%	65%	59%
Office of the Municipal Manager	75%	80%	65%	71%
Average	67%	71%	65%	72%

2022/2023 PERFORMANCE PER DEPARTMENT



The table below provides a summary on the performance of indicators per KPA and it should be noted that it is based only on whether the indicator has been achieved or not; meaning that partially achieved indicators are counted as not achieved. These include performance on implementation of capital projects.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Municipal Transformation & Institutional Development	16	11	5	<ul style="list-style-type: none"> ▪ Challenges in the implementation of the Municipal Staff Regulations on Cascading of Performance Management. ▪ Expiry of training service providers contract. ▪ Expenditure on overtime. ▪ Inability to address some risks.
Basic Service Delivery	66	48	18	<ul style="list-style-type: none"> ▪ Inclement weather delaying some projects. ▪ Excessive overtime expenditure. ▪ Inability to address some risks due to some risks linked to other departments. ▪ Breakdowns on yellow fleet. ▪ Challenges with shortage of working tools and material. ▪ Under-performance due to demand driven performance indicators. ▪ Breakdowns on yellow fleet. ▪ Insufficient budget.
Local Economic Development	04	04	0	<ul style="list-style-type: none"> • None
Financial Viability	34	20	14	<ul style="list-style-type: none"> ▪ Slow indigent registrations. ▪ Late estate accounts and defaulting consumers. ▪ Dysfunctional meters. ▪ Insufficient revenue collection. ▪ Interest incurred in DWS, DCSSL and ESKOM ▪ Delay response time by service providers on quotation and deliveries
Good Governance & Public Participation	21	15	6	<ul style="list-style-type: none"> ▪ Disruption of IDP and Budget Consultative meetings by community and poor attendance.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
				<ul style="list-style-type: none"> High over time expenditure at Call Centre and Political office bearers' drivers. Inability to address some AG findings within the financial year.
Spatial Planning & Rationale	13	13	0	<ul style="list-style-type: none"> None
TOTAL	154	111	43	

10. ALIGNMENT OF THE APR, SDBIP AND IDP

It is to be pointed out that the SDBIP has been aligned to the IDP and budget and that the Annual Performance Report has therefore been compiled in accordance with the set targets in the municipal SDBIP.

The municipality has a result of the revision of the budget during the mid-year review as well as compliance with the SMART principles, revised its 2022/2023 SDBIP. Some indicators could not be achieved since the municipality does not have direct control over them and had to be removed. The following is a summary of the changes or amendments made on the revised 2022/2023 SDBIP:

INDICATOR/ PROJECT NO.	INDICATOR OR PROJECTS DESCRIPTION	SOURCE OF FUNDING	AMENDMENTS TO THE SDBIP
004	Work-study Conducted by 30 June 2023	OPEX	Indicator removed – Budget constraints.
A10	Number of Municipal Halls rehabilitated by June 2023	Capex	New Indicator Added to the SDBIP to revamp the town hall.
021	Number of Reports on the Implementation of Blue drop assessment recommendations compiled by 30 June 2023	DWS	Indicator removed – Assessments are done by National DWS and the frequency is inconsistent.
025	Number of Reports on the Implementation of Green drop assessment recommendations compiled by 30 June 2023	DWS	Indicator removed – Assessments are done by National DWS and the frequency is inconsistent.
026	% households with access to electricity by 30 June 2023	INEP	Indicator removed – There was no INEP allocation for electricity in this financial year.
017	% households with access to basic level of water by 30 June 2023	MIG	Quarter 4 target was removed as it was mistakenly captured.
035	Number of job opportunities created via Public Employment Programmes (EPWP, CWP etc.)	MIG	The indicator has been moved from Technical Services to Planning and Economic Development
A02	Refurbishment of MV/LV by 30 June 2023	MIG	Quarter 4 target was removed due to slow progress on procurement processes.
A04	Energy Efficiency and Demand-side Management Grant by 30 June 2023	EEDSM Grant	Indicator revised - To read " <i>Percentage Energy Efficiency and Demand-side Management Grant spent by 30 June 2023</i> "
044	Number of new cemeteries established by 30 June 2023	Capex	Indicator removed - Delays in the proclamation processes
045	Number of new Libraries established by 30 June 2023	MIG	Indicator removed – Funds redirected for emergency road projects.
048	Number of libraries fenced by 30 June 2023	Province	Indicator removed – The function is with the provincial department and the municipality could not source the funds.

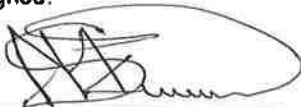
049	Number of new licensing regulatory service centre established by 30 June 2023	Province	<u>Indicator removed</u> – Council has resolved to move the licensing function to the province.
063	Fully equipped traffic vehicle to track unpaid fines procured by 30 June 2023	Capex	<u>Indicator removed</u> – The municipality did not receive a response for the application of funds from Road Traffic Management Corporation (RTMC).
064	Road marking vehicle procured by 30 June 2023	Capex	<u>Indicator removed</u> – The municipality did not receive a response for the application of funds from Road Traffic Management Corporation (RTMC).
070_1	Number of households billed every month for the year ending 30 June 2023	OPEX	<u>Indicator revised</u> - To read " <i>Percentage deviation / variance on households billed every month for the year ending 30 June 2023</i> "
070_2	Number of households read every month for the year ending 30 June 2023	OPEX	<u>Indicator revised</u> - To read " <i>Percentage deviation / variance of households read every month for the year ending 30 June 2023</i> "
074	Percentage of Service Level Agreements (SLAs) finalised within 30 days	OPEX	<u>Indicator revised</u> - To read " <i>Percentage of SLAs signed within 30 days after appointment date</i> "
ESN 22 (EWNN 72)	The Upgrading of KwaZanele Waste Water Treatment works.	MIG	<u>Project removed</u> - The project registration was delayed. The project was also incorrectly coded as EWNN 72 instead of ESN 22.
ESN 32 & 33	Installation of Sewer Reticulation In Wesselton Extension 11 Phase 1& 2	MIG	Budget allocation revised from R 7 575 149.22 to R 6 129 017.30
ESNN 18	Upgrading of Ermelo Ext. 32, 33 and 34 sewer outfall pipeline	MIG	Budget allocation revised from R 22 287 079.55 to R 22 384 185.29
ESN 39	VIP Toilets in Msukaligwa Farm Areas	MIG	Budget allocation revised from R 8 100 399.74 to R 7 878 336.00
P30	Electro-Mechanical Upgrades to Extension 32, 33 And 34 Pump stations In Ermelo	MIG	<u>Projects Added</u> to the SDBIP. Budget allocated is R 666 206.11
EWNN 82	Installation of Water House Connections at Breyten Ext 4 (Enkanini)	MIG	Budget allocation revised from R 1 303 929.30 to R 1 252 982.63
ER 070 (b)	Construction of three intersections to join SANRAL's N17 at Warburton, Nganga road and associated St.	MIG	Budget allocation revised from R 5 680 218.75 to R 6 629 689.67
ER 170	Upgrading of the Wesselton Extension 3 Boxer intersection	MIG	Budget allocation revised from R 2 580 972.76 to R 3 969 338.82
ER 172	Construction of the storm water channel at Ext 6 eMadamini	MIG	Budget allocation revised from R 6 000 000 to R 4 523 886.86
ER 177	Construction of Paved Road in Wesselton O R Tambo Taxi Collector Phase 1	MIG	Budget allocation revised from R 5 685 666.97 to R 513 370.61
ER 178	Construction of the road at Wesselton Musheveni Street	MIG	Budget allocation revised from R 896 000.00 to R 6 969 288.05
EE 141	Installation of High mast lights	MIG	Budget allocation revised from R 2 141 688.33 to R 2 402 536.67
AEP 01	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	Capex	Budget allocation revised from R 8 467 351.68 to R 4 423 549.90

AEP 02	Implementation of Energy Efficiency and Demand Side Management within Msukaligwa Local Municipality	EEDSM Grant	Projects Added to the SDBIP. Budget allocated is R 4 000 000
ATP 01	Upgrading of Marikana informal Settlement 6/276-IS	Capex	Projects Added to the SDBIP. Budget allocated is R 1 500 000
ATP 02	Township Establishment at Silindile/ Lothair	Capex	Projects Added to the SDBIP. Budget allocated is R 1 000 500
ATP 03	Township Establishment Wesselson	Capex	Projects Added to the SDBIP. Budget allocated is R 2 100 000

8. Conclusion

It can be observed from the reported performance that Financial Services is the lowest in achieving its target at 59% emanating from various issues followed by Corporate Services at 69%. Delays in appointing service provider and financial constraints are the most contributors to the poor performance. When comparing the overall institutional performance with the same period in the previous financial year, it is evident that the municipality's overall performance has improved by 7%, which we hope for significant improvement in future. Excessive overtime expenditure remains an area of concern which the municipality must mobilize necessary resources to reduce this expenditure. We have also observed the low revenue collection and slow registration of indigent beneficiaries which also affected the performance of the municipality. A detailed annual performance report is attached below.

Signed:



Mr. M. Kunene
Municipal Manager

31 Aug 23
Date

2022/2023 SDBIP ANNUAL PERFORMANCE REPORT

**KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT
CORPORATE SERVICES DEPARTMENT**

STRATEGIC OBJECTIVE: TO BUILD A CAPABLE WORKFORCE TO DELIVER SERVICES

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Vacancy Management													
001	To enhance the institutional capacity to achieve the constitutional mandate of the institution	Number of funded vacant positions filled by 30 June 2023	43 funded vacancies filled	56	54	10	5	24	93	Achieved	The reason for over-achievement was because the municipality filled vacancies as part of the strategy to curb overtime and to address service delivery challenges due to shortage of staff.	None	- Appointment letters - Listing of appointments
Functional Area: Human Resource Management and Development													
002	To ensure that performance management is cascaded to lower levels of management and assessed.	% PMS cascaded to lower levels of management by 30 June 2023	1% (6) Snr Management only	20%	N/A	N/A	N/A	6%	6%	Not Achieved	The Municipality was piloting cascading to lower level however COGTA through a circular, postponed the implementation to the 01 of July 2023.	Performance agreements for Managers will be signed in the next quarter.	- Signed performance agreements

003	To ensure a responsive and capable workforce	Review of the organisational structure by 30 June 2023	1	1	N/A	N/A	1	1	1	Achieved	None	None	- Council approved Organizational Structure and Council Resolution
005	To ensure capacity building to employees in terms of WSP	Number of municipal officials trained as per Skills Development Plan by 30 June 2023	115	34	30	8	6	78	Not Achieved	The panel of training service providers contract expired end of January 2023 and training could not be conducted for the remaining employees.	Appointment of a new panel of training service providers and ensure that in future adverts for service providers are done at least 3 months before the expiry of the contract.	- Attendance registers	
006	To ensure capacity building of Municipal Councillors	Number of Councillors trained as per Skills Development Plan by 30 June 2023	44	20	21	25	1	67	Achieved	The reason for over-achievement was that the Office of the Premier had invited the Municipal Councillors to participate on the protocol and Etiquette workshop	None	- Attendance registers and Certification where applicable	
007	To reduce municipal expenditure	Percentage reduction on overtime	50%	25%	60%	77%	96%	96%	Not Achieved	The continued hiring of the Municipal halls. Cost incurred by	Implement overtime reduction strategy.	- Quarterly expenditure reports	

	and enhance revenue	expenditure by 30 June 2023								the driver of the Speaker and the Executive Mayor.			
Functional Area: Policies and Standard Operating Procedures													
008	To ensure all institutional policies are in place and reviewed as prescribed by legislation	Review of policies / HR strategy / Plan by 30 June 2023	13 Policies reviewed	N/A	N/A	N/A	N/A	23	23	Achieved	The reason for over-achievement is the implementation of the new staff regulation that required the review and development of new Human Resources Policies.	None	- Approved Policies and Council Resolutions
Functional Area: Governance and Public Participation													
009	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	3 Audit findings	N/A	2	N/A	N/A	2	2	Achieved	None	None	- AG Audit Report
A05	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	53 risks action plans developed	0	56%	63%	63%	Not Achieved	Not Achieved	Replacement of outdated equipment in accordance with ICT standard.	Allocation of Budget to address some of the ICT old equipment and OHS matters.	None	- Quarterly Reports
010	To ensure public participation in the affairs of	Number of functional ward committee	168 Ward committee meetings held	57	57	58	228	228	228	Achieved	None	None	- Minutes and attendance registers

	the municipality	meetings held by 30 June 2023																	
011	To ensure communication to public on the state of affairs of the municipality	Annual Mayoral State of the Municipal Address held by 31 May 2023	1 SOMA	1	N/A	N/A	N/A	1	1	1	Achieved	None	None	None	- Adverts and SOMA brief				
012	To ensure communication to public on the state of affairs of the municipality	Number of Mayoral Outreach Programmes held by 30 June 2023	1 Outreach conducted	4	2	5	5	2	14	Achieved	The reason for over achievements was the Office of The Premier requested to bring the Provincial Youth Day to the municipality which became an extra outreach programme.	None	None	- Outreach report					
Functional Area: Leadership and Strategic Direction																			
014	To provide executive and legislative leadership over the matters of the institution as provided for by the Constitution.	Number of Council meetings held by 30 June 2023	18 Council meetings	4	3	4	4	4	14	Achieved	Council had to convene to consider service delivery issues that had to be dealt with including compliance matters.	None	None	- Attendance Register and listing of meetings					
015	To ensure that resolutions of	Percentage of Council	90% of Council	95%	98%	94%	98%	95%	96%	Achieved	The variance reason is because	None	None	- Listing Council					

KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

TECHNICAL SERVICES DEPARTMENT

STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Water and Sanitation													
017	To ensure that all households have access to basic level of drinking water	% Households with access to basic level of water by 30 June 2023	48 551 (95.03%) access to water	95.3%	N/A	N/A	95.3% (166)	N/A	95.3%	Achieved	None	None	<ul style="list-style-type: none"> - Progress reports. - Practical completion certificates
018	To ensure well maintained services infrastructure	Km of water AC pipes replaced with U-PVC pipes by 30 June 2023	80 km of AC pipes around Msukaligwa Municipality	2 km	0.474 km	2.22 km	0.252 km	0.138 km	3.084 km	Achieved	KPI is demand driven based on reported pipe bursts.	None	<ul style="list-style-type: none"> - Maintenance report
019	To ensure that all consumers are metered for water consumption	Number of water meters installed by 30 June 2023	303 new water meters installed	200	N/A	0	N/A	47	47	Not Achieved	Meters were delivered late and the DBSA team that was suppose to install meters was withdrawn	Ensure early delivery of water meters.	<ul style="list-style-type: none"> - Meter installations listing - Job Cards

020	To ensure well maintained infrastructure	% of callouts responded to within 24 hours (water)	99.5% of burst/damaged water pipes repaired within 24hrs	95%	99.6	100%	97.3%	99%	99%	99%	Achieved	Target overachieved due to demand	None	- Maintenance report - Job Cards
023	To ensure that all households have access to basic level of sanitation	Number of households provided with Ventilation Improved Pit Toilets (VIPs) by 30 June 2023	2006 households with access to VIP	334	N/A	N/A	334	N/A	334	334	Achieved	None	None	- Progress reports. - Practical completion certificates
024	To ensure well maintained infrastructure	% of callouts responded to within 24 hours (sanitation/wastewater)	98% of sewer main lines repaired within 24hrs	98%	99.7%	100%	97%	100%	100%	100%	Achieved	Target over-achieved because it is demand driven. The activity requires that it be addressed swiftly as it is a health hazard	None	- Maintenance report - Job Cards
Functional Area: Electricity														
027	To ensure that power supply to all consumers is metered	Number of electricity meters installed by 30 June 2023	525 meters installed	600	123	93	85	127	428	Not Achieved	Inadequate resources for meter registration and installations. Due to loadshedding, network is unstable and	Establishment of dedicated meter installations team.	- Meter installations listing and Job cards	

A01	Ensure sustainability of electricity supply	Refurbishment of Breyten 11kV sub by 30 September 2022	1	N/A	N/A	1	1	N/A	1	Achieved	None	power outages hinders effective and efficient installations.	None	- Report on refurbishment
A02	Ensure sustainability of electricity supply	Refurbishment of MV/LV by 30 June 2023	1	N/A	1	N/A	1	N/A	1	Achieved	None		None	- Report on refurbishment and completion certificate
A03	Improve compliance to Distribution license	Number of reports on the Implementation of NERSA audit recommendations by 30 June 2023	4	1	1	1	1	1	4	Achieved	None		None	- Report on implementation of the NERSA audit
Functional Area: Roads and Storm Water														
028	To ensure improved standard of municipal roads	Km of gravel roads upgraded to asphalt or paved surface by 30 June 2023	0.72 km upgraded	3.985 km	2.04 km	N/A	0.876 km	1.18 km	4.096 km	Achieved	The budget adjustment contributed to the extension of scope of work at Mthambama street as well as the close monitoring of projects.	None	- Progress Reports - Practical completions certificate	

029	To ensure improved standard of municipal roads	Km of roads re-gravelled and bladed by 30 June 2023	42.99 km of gravel roads	30 km	N/A	0	13.23 km	42.5 km	55.73 km	Achieved	Target overachieved due to assistance received from GSDM	None	- Listing of roads re-gravelled and their lengths
031	To ensure well maintained roads	M ² of potholes patched by 30 June 2023	9683.61M ²	32090 m ²	2698.31	23971 m ²	8498.57 m ²	10415.85m ²	45 583.73m ²	Achieved	Target overachieved with assistance received from GSDM	None	- Monthly reports
Functional Area: Job creation and SMME Development													
032	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Municipal Infrastructure Grant (MIG) spent by 30 June 2023	100% Spent on MIG	100%	11%	42%	71%	100%	100%	Achieved	None	None	- MIG Expenditure Report - Payment certificates
033	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Water Services Infrastructure Grant (WSIG) spent by 30 June 2023	100% Spent on WSIG	100%	12%	27%	44%	100%	100%	Achieved	None	None.	- WSIG Expenditure Report - Payment certificates
A04	To ensure that funds allocated are spent on planned	Energy Efficiency and Demand-side Management Grant by 30 June 2023	100% spent	100%	0%	65%	98%	100%	100%	Achieved	None	None	- EESDM Expenditure Report - Payment certificates

infrastructure project																			
Functional Area: Human Resource Management and Development																			
007_1	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	R 12m spent on overtime	50%	32.7%	51%	77%	101%	101%	101%	Not Achieved	Shortage of capital and human resources.	The municipality is in process of recruiting staff acquisition of tools of trade (Machinery and Equipment)	- Quarterly expenditure reports					
Functional Area: Governance and Public Participation																			
009_1	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	2 Audit findings	2	N/A	N/A	0	N/A	0	N/A	0	The municipality does not have a central reporting system which can accommodate walk ins as well as callouts.	Centralizing of the reporting system via the call centre.	- Updated AG Audit Action Plan					
A06	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	24 risks action plans developed	70%	73%	73%	75%	77%	77%	77%	Achieved	Sufficient Budget was allocated during budget adjustment.	None	- Quarterly Reports					

KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

COMMUNITY & SOCIAL SERVICES DEPARTMENT

STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Solid Waste Disposal and Environmental Management													
036	To ensure that households are provided with the minimum solid waste removal services	% Households with access to waste removal at least once a week by 30 June 2023	74% (37 816) access to waste removal	76% (38828)	74.7% (333)	75.6% (473)	76.2% (331)	76.6% (233)	76.6% (39186)	Achieved	The indicator is demand driven hence there are more households who are registered and receive the service.	None	- List of new households that received the services
037	To ensure that illegal waste dumping spots are identified and cleared	Number of illegal dumping sites eradicated by 30 June 2023	20 illegal dumping spots identified	2	N/A	1	N/A	1	2	Achieved	None	None	- Clean up Registers - Reports
038	To promote awareness on waste management to communities	Number of Waste Management educational campaigns	12 Waste Management educational campaigns held	8	4	4	2	2	12	Achieved	Support was received from the District, the Environmental Section of the District	None	- Attendance Registers

039	To promote awareness and encourage communities to minimize waste	held by 30 June 2023	Number of Waste Minimization projects supported by 30 June 2023	8	2	1	2	3	8	Achieved	assisted with the Awareness.	None	- Attendance registers - Reports
040	To ensure that all waste disposal sites are maintained regularly in accordance with NEMA	Number of waste disposal sites maintained on a monthly basis	2 waste disposal sites maintained	2	2	2	2	2	2	Achieved	None	None	- Land fill sites maintenance reports
041	To ensure that all waste disposal sites are maintained regularly in accordance with NEMA	Number of waste transfer stations maintained per quarter	3 waste transfer stations maintained	3	3	3	3	3	3	Achieved	None	None	- Waste transfer stations maintenance reports
Functional Area: Sustainable Human Settlement													
042	To ensure that municipal cemeteries are maintained regularly	Number of cemeteries maintained by 30 June 2023	14 cemeteries maintained	14	14	14	14	14	14	Achieved	None	None	- Register on cemeteries maintained

043	To ensure that municipal parks are maintained regularly	Number of parks maintained by 30 June 2023	27 parks maintained	27	27	27	27	27	27	27	27	27	Achieved	None	None	- Register on parks maintained
Functional Area: Social and Community Development																
046	To promote the culture reading and learning for learners at school	Number of libraries educational campaigns held by 30 June 2023	28 libraries educational campaigns held	10	2	3	3	2	10	2	3	3	Achieved	None	None	- Attendance Registers - Reports and photos
047	To consult with stakeholder on library development	Number of library stakeholders' engagements held by 30 June 2023	New indicator	4	1	2	1	1	5	1	1	1	Achieved	None	There was one unplanned stakeholder consultation that took place as there was a need to do so.	- Reports and attendance register
Functional Area: Licensing and Regulatory Services																
052	To ensure competent learner drivers are issued learner drivers licence	Number of learner driver licence applications received and processed by 30 June 2023	1857 learner driver licence applications received and processed	2400	677	444	411	336	1868	336	411	411	Not Achieved	None	The indicator is Demand driven hence the under-performance	- RD 323 Natis Report
053	To ensure competent drivers are issued drivers licence	Number of driver licence applications received and processed by 30 June 2023	3133 driver licence applications received and processed	2000	1135	772	924	864	3695	864	924	924	Achieved	None	The indicator is Demand driven hence the over-performance	- RD 323 Natis Report

054	To ensure that roadworthy vehicles are issued roadworthy certificates	Number of Vehicle Road worthiness tests applications received and processed by 30 June 2023	1056 Vehicle Road worthiness tests applications received and processed	400	516	494	389	243	1642	Achieved	The indicator is Demand driven hence the over-performance	None	- RD 323 Natis Report
Functional Area: Fire and Emergency Services													
055	To ensure that fire and emergency incidents are attended to within the prescribed timeframe	Percentage of fire and emergency incidents attended within the pre-determined timeframe in accordance with SANS 10090 by 30 June 2023	92% of fire and emergency incidents attended	82%	86%	84%	79%	86%	84%	Achieved	Most calls occurred within 25km from the stations.	None	- Fire incident response report
056	To ensure that fire inspections are conducted in buildings as prescribe by law	Number of fire safety inspections conducted by 30 June 2023	598 fire safety inspections conducted	700	193	290	195	85	763	Achieved	More requests received for fire inspections than planned schedule.	None	- Fire Safety Inspections report
057	To ensure that scholars and communities	Number of fire awareness campaigns	60 Fire awareness conducted	40	21	5	10	18	54	Achieved	More requests received from the public	None	- Awareness campaign forms and Listing

	are educated of the dangers and prevention of fires	conducted (PIER) by 30 June 2023																		
Functional Area: Disaster Management																				
058	To ensure that scholars and communities are educated on disasters and preventions thereof	Number of disaster awareness campaigns conducted by 30 June 2023	13 disaster awareness campaigns conducted	12	3	3	3	3	3	3	12	Achieved	None	None	None					- Awareness campaign forms and Listing
059	To ensure that all disaster incidents are attended to within the prescribed timeframe	Percentage of disaster incidents attended within 24 hours	100% disaster incidents attended timeously	100%	100%	100%	100%	100%	100%	100%	100%	Achieved	None	None	None					- Disaster assessment forms and listing
Functional Area: Traffic Services and Law Enforcement																				
061	To ensure that scholars are educated on road safety and accidents prevention measures	Number of road-safety awareness campaigns conducted at schools by 30 June 2023	7 road-safety awareness campaigns conducted at schools	12	3	3	3	3	3	3	13	Achieved	Due to the call on the career day from the Department of Education	None	None					- Awareness campaign forms and Listing
062	To ensure motorists compliance	Number of roadblocks	18 road-blocks conducted	12	5	7	3	1	16	Achieved	The indicator has over-achieved due	None	None	None	None					- Invitation letters

	to road safety rules and regulations	conducted by 30 June 2023								to festive activities	Signed proof of the activities conducted	
Functional Area: Human Resource Management and Development												
007_2	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	R 4.3m spent on overtime	50%	23%	44%	71%	98%	98%	Not Achieved	Constant breakdown of compactors trucks, shortage of staff because of individual illness that our drivers are experiencing, increase number of new households that are given the service and increase of transfer stations. Competent compactor truck drivers and general workers will be recruited. A service provider was appointed for the repairs and maintenance of the yellow fleet.	- Quarterly expenditure reports
Functional Area: Governance and Public Participation												
009_2	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	2 Audit findings	2	N/A	N/A	13	N/A	13	Not Achieved	The target was incorrectly captured, and the correct target is 17 with 13 been resolved.	- AG Audit Report
A07	To mitigate and address identified strategic and	Percentage of action plan implemented to address strategic and	75 risks action plans developed	70%	46%	49%	52%	60%	60%	Not Achieved	Other risks were not addressed due to budgetary constraints.	- Quarterly Reports

	operational risks	operational risks identified per quarter by 30 June 2023											some of the risks.	
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KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

STRATEGIC OBJECTIVE: TO COORDINATE EFFORTS TO ADDRESS UNEMPLOYMENT AND POVERTY

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Economic Development													
100	To ensure businesses adhere to their social responsibility plans	Number of Sector Labour Plans meetings held by 30 June 2023	20 Sector Labour Plans meetings held	20	5	5	5	5	20	Achieved	None	None	- Invitations, minutes and attendance registers
101	To ensure SMMEs are supported to participate in the economy	Number of Local SMMEs and Cooperatives supported by 30 June 2023	21 SMMEs and Cooperatives supported	20	5	6	5	5	21	Achieved	The number was exceeded as this function is demand based.	None.	- Minutes and attendance registers
102	To ensure that companies comply with their social responsibility	Number of projects implemented through SLP by 30 June 2023	New indicator	2	N/A	N/A	N/A	2	2	Achieved	None	None	- Completion or handover certificate

035	To ensure that job opportunities are created in terms of the EPWP guidelines	Number of work opportunities created through Public Employment Programmes (incl. EPWP, CWP and other related employment programmes) by 30 June 2023	332 jobs Created	461	158	103	136	94	491	Achieved	The Municipality appointed contractors for capital projects and it increased the number of jobs created.	None	- EPWP Report - Listing of staff
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KEY PERFORMANCE AREA 4: FINANCIAL VIABILITY AND MANAGEMENT

FINANCIAL SERVICES DEPARTMENT													
KEY PERFORMANCE AREA: TO IMPROVE THE VIABILITY AND MANAGEMENT OF MUNICIPAL FINANCES													
No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Revenue Management and Credit Control													
065	To ensure that all meters are functioning properly for accurate billing	Number of electricity meters reports generated for functionality by 30 June 2023	New indicator	4	1	1	1	1	4	Achieved	None	None	- Meter audit report
065_1	To ensure that all meters are functioning properly for accurate billing	Number of water meters reports generated for functionality by 30 June 2023	New indicator	4	1	1	1	1	4	Achieved	None	None	- Meter audit report
066	To ensure indigent consumers are registered and receive Free Basic Services	Number of households in the municipal area registered as indigent by 30 June 2023	6698 households registered as indigent	11000	1892	1188	411	0	3491	Not Achieved	Currently busy with the registration for 23/24 financial year.	Councillors to motivate on meetings for indigent qualifying consumers to come and register.	- Accumulated indigent subsidies report

069	To ensure budget allocation for indigent consumer	Percentage of the municipality's operating budget spent on indigent relief for free basic services by 30 June 2023	New indicator	0.6%	28%	48%	55%	59%	47%	Not Achieved	Budget estimate based on draft assumption as the municipality was embarking on new indigent registration programme.	Improve awareness campaigns in all media platforms To budget accordance with the existing indigent data from the previous financial year	- Budget expenditure report
070	To ensure necessary strategies are implemented to collect revenue	Percentage revenue collected by 30 June 2023	72% in revenue collected	75%	67%	83%	63%	74%	74%	Not Achieved	Due non-payment of accounts, high escalation of illegal connections, non-payment by late estate and defaulting consumers on service charges.	Increased effort on the debt collection and credit control through the utilisation of the appointed Debt Collector	- Billing report (age analysis)
070_1	5% deviation/ variance billing	Percentage deviation / variance on meters read every month for the year	New indicator	5%	22%	22%	21%	21%	22%	Not Achieved	Meter malfunctioning due to ageing infrastructure	Procurement of meters from funding allocated by Provincial Treasury Fast-track the	- Meter book activity report - Exception report

071_1	To reduce the debt book (Property rates and Basic Charges)	Amount reduction on property rates debt book by 30 June 2023	New indicator	R 45 000 000	R 11,489,413	R 7,336,875	R 9,597,079	R 10,461,305	R 38,884,671	Not Achieved	Incorrect consumer database, culture of non-payment and none distribution of Municipal accounts.	Continuous update of consumer information Appointment of the service provider for the distribution of municipal account Appointment of the debt collector	- Debt book - Demand letters - Cut off list - Summons
071_2	To reduce the debt book (Other trading Services)	Amount reduction on trading services debt book by 30 June 2023	New indicator	R 237000 000	R 28,901,129.95	R 20,754,856	R 28,833,731	R 28,374,593	R 106,864,309	Not Achieved	Lower payment of Municipal services due to defaulting late estate, by-passing of water and electricity services.	Implementation of Credit control and Debt collection policy	- Debt book - Demand letters - Cut off list - Summons
072	To ensure compliance to the Municipal Property Rates Act	Percentage of compliance to MPRA implementation processes for the year ending June 2023	100% compliance	100%	100%	100%	97.6%	100%	100%	Achieved	None	None	- Valuation roll and Supplementary valuations and Reconciliations
Functional Area: Expenditure Management													
068	To ensure creditors are paid within 30 days of	Percentage of municipal payments made to	New indicator	100%	74%	88%	3326%	100%	100%	Achieved	None	None	- Creditor's payment average list

068_1	invoicing as prescribed by legislation	service providers who submitted complete forms within 30-days of invoice submission	Zero percent incurred on Fruitless and Wasteful Expenditure by 30 June 2023	New indicator	0%	4%	4%	5%	5%	5%	Not Achieved	Interest incurred in DWS, DCSSL and ESKOM, due to cashflow constraint and historical debt.	Participate in the Eskom debt relief programme Resolving the dispute with DWS Transfer back the Licencing function to DCSSL Strictly implementation of Credit control and Debt collection	- Payment Vouchers - Fruitless and Wasteful expenditure register
068_2	To continuously improve the viability and management of municipal finances	Number of VAT returns prepared and submitted on a monthly basis	New indicator	12	3	2	4	3	12	Achieved	None	None	None	- VAT Returns - Fruitless and Wasteful expenditure register
068_3	To continuously improve the viability and management	Number of EMP201 returns prepared and submitted on a monthly basis	New indicator	12	3	3	3	3	12	Achieved	None	None	None	- EMP201 Returns - Fruitless and Wasteful expenditure register

	of municipal finances																				
068_4	To continuously improve the viability and management of municipal finances	Number of EMP501 returns prepared and submitted by-annually	New indicator	2	1	N/A	N/A	3	3	3	1	2	3	12	3	1	2	Achieved	None	None	- EMP501 returns - Fruitless and Wasteful expenditure register
068_5	To improve internal controls on monthly creditors reconciliation	Number of creditors reconciliations prepared and submitted monthly	New indicator	12	3	3	3	3	3	3	3	3	12	3	12	3	12	Achieved	None	None	- Signed monthly creditors reconciliations
Functional Area: Asset Management																					
073	To ensure that all assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 June 2023	2 FAR updates conducted	2	N/A	1	N/A	1	N/A	1	1	2	2	2	2	2	2	Achieved	None	None	- Assets Register
Functional Area: Supply Chain Management																					
067	To ensure that procurement of services is concluded within 90 days (Bids)	Average number of days from the point of advertising to the letter of award per 80/20 procurement process	90 days	90	90	90	90	90	90	90	90	90	90	90	90	90	90	Achieved	None	None	- Tender Register / listing - Appointment letters

074	To ensure that SALs are signed within 10 days of appointing a service provider	Percentage of Service Level Agreements (SLAs) finalised within 30 days	100%	0%	0%	25%	21%	21%	Not Achieved	It takes more time to reach agreement with the Service Provider Slow pace in finalising Service Level Agreements (SLA). It takes more time to reach agreement with the Service Providers	Corporate Services to fast track the signing of SLA's To improve in the appointments and signed of SLA's, before the service or goods are requested	- SLAs Listing / Register - Signed Service Level Agreements
075	To ensure that goods below R 30 000 are procured within 30 days of submission of a requisition	Number of days taken to procure goods and services below R 30 000 by 30 June 2023	10	10	42	20	20	20	Not Achieved	Late capturing of purchase requisition and purchase orders Delay response time by service providers on quotation and deliveries.	To ensure that requisition are captured within reasonable time from end-user and orders are issued and followed up after issued. Improve compliance with conditions on the issued purchase order.	- Procurement requisition register - Goods received note
075_1	To ensure that goods between R 30 000 and R 200 000 are procured within 30 days	Number of days taken to procure goods and services between R 30 000 and R	30	30	29	30	30	30	Achieved	None	None	- Procurement requisition register - Goods received note

	submitted to all relevant stakeholders as prescribed by the MFMA	Statements compiled and submitted to relevant stakeholders by 31 August 2022.	relevant stakeholders										- Proof of submission
078	To ensure compliance to Section 72 of the MFMA	Number of Section 72 Reports submitted to the Mayor, NT and PT by 25 th of January 2023	1 Section 72 Report submitted	1	N/A	N/A	1	3	N/A	1	Achieved	None	<ul style="list-style-type: none"> - Section 72 Report - Proof of submission to EM, NT and PT
079	To monitor unauthorised expenditure number of budget vs. actual monthly reports	Number of budget vs. actual monthly reports after the end of each quarter	12 Budget/Actual Variant report	12	3	3	3	3	3	12	Achieved	None	<ul style="list-style-type: none"> - Budget/Actual Variant report
080	To ensure compliance to Section 11 of the MFMA	Number of section 11 quarterly reports submitted to Council, PT and AG within 30 days after the end of each quarter	4 section 11 quarterly reports submitted	4	1	1	1	1	1	4	Achieved	None	<ul style="list-style-type: none"> - Sec 11 Reports - Council resolution - Proof of submission to AG and PT

081	To ensure compliance to Section 32 of the MFMA	Number of Section 32 quarterly reports submitted to Council, PT and AG within 30 days after the end of each quarter	4	1	1	1	1	1	1	4	Achieved	None	None	- Proof of submission to AG and PT COGTA
A013	To ensure compliance with Section 98 of the MFMA	Number of bank reconciliations conducted by 30 June 2023	36	9	9	9	9	9	9	36	Achieved	None	None	- Signed bank reconciliations
Functional Area: Human Resource Management and Development														
007_3	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	50%	18%	36%	55%	65%	65%	65%	65%	Not Achieved	Overtime increases due to ageing infrastructure. Municipality has opened on weekends for payment of Municipal services.	Development of Operational and Maintenance Plan Final the development of the overtime strategy. Improve control on overtime management.	- Quarterly expenditure reports
Functional Area: Governance and Public Participation														
009_3	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	37	N/A	N/A	42	N/A	N/A	65	65	Achieved	Prompt response to achieve unqualified Audit Findings	Enforce internal control measures	- AG Audit Report

A08	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	46 risks action plans developed	70%	38%	52%	15%	58%	58%	Not Achieved	Lack of tools of trade Lack of capacity Some risks action plan need funding to be addressed.	Improve internal capacity and to implement approved revenue strategies and funding support	- Quarterly Reports
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KEY PERFORMANCE AREA 5: PUBLIC PARTICIPATION, GOOD GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE: TO STRENGTHEN PUBLIC PARTICIPATION, CORPORATE GOVERNANCE AND ACCOUNTABILITY

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Legal, Compliance and Public Participation													
082	To ensure compliance to Section 29 of the Municipal Systems Act, 2000	Number of IDP and Budget process plans approved by 30 August 2022	1 IDP/Budget process plans approved	1	1	N/A	N/A	N/A	1	Achieved	None	None	- Approved Process plan. - Process Plan Resolution. - Public notice of the Process Plan - Submission Letter.
083	To ensure that the Draft and Final IDPs are	Number of Council Approved IDPs by 31	2 IDPs approved by the Council.	2	N/A	N/A	1	1	2	Achieved	None	None	- Public notice for IDP consultations. - Draft IDP.

084	To ensure that communities are consulted during the drafting of the IDP as provided for By MSA	Number of IDP ward consultative meetings held by 31 October 2022	19 ward consultative meetings held	19	7	10	N/A	N/A	N/A	15	17	Not Achieved	2 ward meetings could not be held due to non-attendance by community.	Ward development plans were given to ward Councillors to convene meetings with ward committees to solicit community needs/priorities. The matter has been reported to the office of the Speaker and the	<ul style="list-style-type: none"> - Council Resolution for Draft IDP. - Public Notice inviting comments on the IDP. - Submission letter for Draft IDP. - Final Approved IDP. - Council Resolution for final IDP. - Submission letter for final IDP - Public notice for approved IDP
085	To ensure that communities are consulted	Number of Budget/IDP consultative meetings	19 Budget/IDP consultative meetings	19	N/A	N/A	15	N/A	15	Not Achieved	4 ward meetings could not be held due to non-	Not Achieved	4 ward meetings could not be held due to non-	The matter has been reported to the office of the Speaker and the	<ul style="list-style-type: none"> - Public notice for Budget consultations

		during the drafting of the Budget as provided for by Chapter 4 of the MSA and Sec. 22 of the MFMA	held by 30 April 2023	meetings held														attendance and disruptions by community	Executive Mayor for future intervention.	- Attendance Registers	
086	To ensure that all relevant stakeholders are consulted on the planning and implementation	Number of quarterly IDP representative forums held by 30 June 2023	4	1	1	N/A	2	4	Achieved	None	None							None		- Public notice for IDP Rep Forums. - Invitations - Attendance Registers	
Functional Area: Marketing and Communication																					
087	To keep the institution informed on most important issues requiring urgent attention	Number of media analysis reports produced by 30 June 2023	12	3	3	3	3	12	Achieved	None	None							None		- Listing of the reports - Media analysis reports	
088	To ensure information dissemination and feedback from public	Number of postings on official Facebook account by 30 June 2023	400	291	250	218	216	975	Achieved	The KPI is demand driven hence the over-achievement.	None									- Listing of the postings - Screen shots of the postings on Facebook	
089	To ensure important and	Number of website	120	124	18	42	40	222	Achieved	The website updates are	None									- Listing of the postings	

093	To ensure that both Draft and Final Annual Reports are approved by Council within prescribed timeframe and submitted to relevant stakeholders	Number of Annual Reports compiled and submitted to relevant stakeholders by 31 March 2023	2	N/A	2	N/A	2	N/A	2	2	N/A	2	Achieved	None	None	- Signed Annual Report. - Proof of submission - Proof of publications
094	To ensure that quarterly performance reports are tabled in Council	Number of SDBIP quarterly reports tabled in the Council by 30 June 2023	4	1	1	1	1	1	1	4	1	1	Achieved	None	None	- Quarterly performance reports - Council Resolutions
095	To ensure compliance to MFMA on the approval of the municipal SDBIP	Number of SDBIPs approved 28 days after the budget approval by 30 June 2023	1	N/A	N/A	N/A	N/A	N/A	1	1	1	1	Achieved	None	None	- Approved SDBIP. - Council Resolution - Proof of publications
Functional Area: Internal Audit (IA)																
096	To ensure that Internal Audit Annual Plans	Internal Audit Annual Plans	1	N/A	N/A	N/A	N/A	N/A	0	0	0	0	Not Achieved	The Risk assessment had not been	The Internal Audit Annual Plan will be	- Approved Internal Audit Annual Plan

	plan is approved by Audit Committee in terms of Sec 165 MIFMA	approved by 30 June 2023	Annual Plans															conducted, in order for the plan to be drafted.	finalised and approved within the first Quarter of the 2023/2024 financial year.	- Audit Committee minutes	
097	To ensure that Audit Committee meetings are held as scheduled	Number of Audit Committee meetings held by 30 June 2023	7 Audit committee meetings held	4	2	1	2	1	6	Achieved	There was a Special Audit Committee meeting for review of AFS.	None	- Invitations, minutes and attendance registers								
Functional Area: Risk Management																					
098	To ensure that the Annual Risk Register is approved by the Risk Committee	Annual Risk Register developed and approved by 30 June 2023	0 Risk Register developed	1	N/A	N/A	N/A	0	0	Not Achieved	Risk assessments are conducted in Q4 therefore it is impossible to report in same quarter as they are finalised in the end of the financial year.	The Annual risk register will be finalised and submitted in the first quarter.	- Approved Annual Risk Register								
099	To ensure that risk management reports are submitted RMC	Number of quarterly risk management reports submitted to Risk Management Committee (RMC) by 30 June 2023	4 risk management reports submitted to RMC	4	1	1	1	1	4	Achieved	None	None	- Risk reports submitted to RMC.								

009_4	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	3 Audit findings	2	N/A	N/A	10	N/A	10	Not Achieved	Remaining findings will be addressed in the ensuing financial year. The target was incorrectly captured and the correct target should be 15 Findings as per Audit plan attached as POE.	The findings will be addressed in the SDBIP and amended TIDs in which the Auditor General will make a follow up.	- AG Audit Report
A09	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	6 risks action plans developed	70%	56%	53%	100%	100%	100%	Achieved	Sufficient Budget was allocated during budget adjustment.	None	- Quarterly Reports
Functional Area: Human Resource Management and Development													
007_5	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	R 126 000 spent on overtime	50%	26.6%	58%	54%	109%	109%	Not Achieved	High over time expenditure at Call Centre and Political office bearers' drivers	Introduction of a shift system to minimize overtime.	- Quarterly expenditure reports

KEY PERFORMANCE AREA 6: SPATIAL PLANNING AND RATIONALE

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

STRATEGIC OBJECTIVE: TO ENSURE LONG TERM PLANNING THAT PROVIDES FOR SOCIAL COHESION AND TRANSFORMATION

No	Performance Objective	Key Performance Indicator	Baseline 2021/2022	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Sustainable Human Settlement													
103	To ensure that communities are settled on approved townships to access municipal services	Number of informal settlements formalised by 30 June 2023	New indicator	3	N/A	N/A	N/A	3	3	Achieved	None	None	- Approved Layout Plan
105	To ensure continuous communication on development between the municipality and DHS is maintained	Number of quarterly meetings held with the Provincial Department of Human Settlement by June 2023	4 meetings held	4	1	2	2	1	6	Achieved	Extra meeting was held to fast track the township establishment process in Nyibe.	None.	- Minutes and attendance register of meetings
Functional Area: Land Use Management													
106	To ensure timely processing of building plans	Percentage of compliant building plans processed	100% compliant building plans processed	100%	100%	88.45	100%	100%	100%	Achieved	None	None	- Building plan register - Building plans and approval or

107	To ensure that inspections on buildings land use are done and contraventions notices are served	within 60 days Number of building and land use contraventions issued quarterly	within 60 days 102 building and land use contraventions issued	25	25	25	25	25	25	100	100%	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Listing of notices and notices served	disapproval letters
108	To ensure timely referral and processing of buildings land use contraventions	Percentage of building and land use contraventions referred to Legal section after 60 days (Within 90 days from date of first notice)	100% building and land use contraventions referred to Legal section	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Listing of notices issued, and notices issued - Memo to legal services	
109	To ensure timely consideration of compliant Land Use and Land Development Applications	Percentage of compliant Land Use and Land Development Applications considered by the Land Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Listing of applications considered by LDO	

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
Community and Social Services																
CHW 69	Trading Services	11	Waste Management	Refuse – Solid waste	Upgrading of landfill sites to transfer stations (Davel, Lothair, Sheepmoor and Chrissiesmeer)	10, 12, 11 & 19	01-July-22	30-June-23	R 6 000 000	R 0	100% project completion	0%	Not Achieved	There was no budget allocated for this project, for the financial year under review.	Due to lack of funding for upgrades, a compact or truck was procured to collect waste from the different towns and dispose at registered landfill sites.	

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved /Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
CHW 66		11	Waste Management	Refuse – Solid waste	Purchase of Refuse Containers (Skip 4m3)	All	01-July-22	30-June-23	R 160 000	R0	100% project completion	0%	Not Achieved	There was no budget allocated for this project, for the financial year under review.	Budget has been made available for the skip bins.	
CHW 67		11	Waste Management	Refuse – Solid waste	Purchase of Refuse Containers (Skip 1.1m3)	All	01-July-22	30-June-23	R 200 000	R0	100% project completion	0%	Not Achieved	There was no budget allocated for this project, for the financial year under review.	Budget has been made available for the skip bins.	
CHW 151		11	Waste Management	Refuse – Solid waste	Procurement of yellow fleet for waste Management	All	05-Jul-22	31-May-23	R 1 773 750	R 1 773 750	Procurement	100%	Achieved	The purchase order was placed early in September as a result the service provider was able to deliver.	None	Invoices and Delivery Notes
Technical Services																

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ESN 32 & 33		12	Waste Water Management	Sewerage Network	Installation of Sewer Reticulation In Wesselton Extension 11 Phase 1	9	21-Oct-22	26-May-23	R 7 575 149.22	R 7 153 534.76	100% Project completion	100% Project completion	Achieved	None	None	Progress Reports / Practical completions certificate
ESN N 18		12	Waste Water Management	Sewerage Network	Upgrading of Ermelo Ext. 32, 33 and 34 sewer outfall pipeline	16	06-Apr-22	30-Jun-23	R 22 287 079.55	R 22 228 367.54	100% Project handover	99%	Not Achieved	Awaiting for the contractor to address the snag list that was identified during the inspection.	To instruct the contractor through the engineer to fast track the completion of the identified snag list.	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ESN 40		12	Waste Water Management	Waste Water Treatment	Refurbishment of Chrissiesmeier Oxidation Ponds	19	14-Oct-22	25-Jun-23	R 17 719 915.58	R 17 875 739.07	100% project handover	82.5%	Not Achieved	Long lead time from material manufacturers (suppliers). SIMME stopping the project because they thought that the project supposed to be awarded to one of them. Increment weather. Underground water seeping through.	Installation of subsoil drainage systems.	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ESN 41		12	Waste Water Management	Waste Water Treatment	Refurbishment of Lothair Oxidation Ponds	15	14-Oct-22	25-Jun-23	R 19 895 893.39	R 19 895 893.39	100% Project handover	79.45%	Not Achieved	Long lead time from material manufacturers (suppliers). SMME demanding sub-contracting. Inclement weather. Underground water seeping through.	Installation of subsoil drainage systems.	Progress Reports / Practical completions certificate
ESN 39		12	Waste Water Management	Sewerage Network	VIP Toilets in Msukaligwa Farm Areas	15	05-Aug-22	27-Jan-23	R 7 878 336.00	R 7 875 719.78	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
EWN N 63		12	Waste Water Management	Sewerage Network	Construction of a 8 Ml Reservoir at Ermelo Ext 44 & associated pipe works	8	26-Jan-2021	30-Sep-2022	R 2 219 776.37	R 2 260 863.23	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
P30		12	Waste Water Management	Sewerage Purification	Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	16	1-Oct-2020	15-Dec-21	R 666 206.11	R 666 206.11	Project completed (100%)	97.3%	Not Achieved	Project delayed due to DHS cashflow challenges.	Awaiting for Acceleration Plan and Revised Program of Works	Progress Reports / Practical completions certificate
EWN N 82		13	Water Management	Water Network	Installation of Water House Connections at Breyten Ext 4 (Enkanini)	13	23-Sep-22	28-Feb-23	R 1 252 982.63	R 1 225 260.41	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
EWN N 85	Trading Services	13	Water Management	Water Network	Regional Bulk Water Scheme for Breyten Cluster 2 in Msukaligwa LM	12,13,14,15,19	25-Feb-21	30-May-24	R 62 609 050	R 122 405 615.47	99% Project Handover	89.65%	Not Achieved	Delayed Eskom Upgrades to energise test and commission water pumps at pump stations.	Eskom is engaged to fast-track completion of Eskom upgrades at torbanite pump station	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER 070 (b)		10	Road Transport, Road & Technical Services	Public Works	Construction of three intersections to join SANRAL's N17 at Warburton, Nganga road and associated St.	12	22-Aug-22	24-Feb-23	R 6 629 689,67	R 6 629 689,67	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
ER 170		10	Road Transport, Road & Technical Services	Public Works	Upgrading of the Wesselton Extension 3 Boxer intersection	1	15-Mar-22	16-Sep-22	R 3 969 338,82	R 3 969 338,82	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
ER 171	Trading Services	10	Road Transport, Road & Technical Services	Public Works	Rehabilitation of Emadami Ext 6 Taxi collector	2	15-Mar-22	16-Sep-22	R 3 790 365,42	R 3 790 365,42	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables
Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved / Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER 172		10	Road Transport, Road & Technical Services	Public Works	Construction of the storm water channel at Ext 6 eMadamini	2	25-Aug	30-Jun-23	R 4 523 886,86	R 597 574,99	100% Project Completion	15%	Not Achieved	The appointment of the contractor was terminated after the contractor requested termination as a result of unresolved community unrest.	The project is deferred to next financial year.	Progress Reports / Practical completions certificate
ER 136		10	Road Transport, Road & Technical Services	Public Works	Upgrading of KwaZanele Masizakhe road	14	15-Mar-22	30-Sep-22	R 1 899 899,97	R 1 899 899,96	100% Project completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
ER 177		10	Road Transport, Road & Technical Services	Public Works	Construction of Paved Road in Wesselton OR Tambo Taxi Collector Phase 1	1	25-Aug-22	27-Oct-23	R 513 370,61	R 513 370,61	11% Procurement & Tender	11%	Achieved	None	None	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ER 178		10	Road Transport, Road & Technical Services	Public Works	Construction of the road at Wesselton Msheveni Street	17	25-Aug-22	24-May-24	R 6 969 288,05	R 8 675 474,68	32.6% Construction	47.15%	Achieved	The actual performance increased due to the budget that was added to the original budget.	None	Progress Reports / Practical completions certificate
ER 179		10	Road Transport, Road & Technical Services	Public Works	Construction of paved roads in Wesselton Mthambama Street	17	25-Aug-22	30-Jun-23	R 6 433 806	R 7 618 694,82	100% Project Completion	100%	Achieved	None	None	Progress Reports / Practical completions certificate
EE 141	Trading Services	14	Electricity	Electricity infrastructure	Installation of High mast lights	Various wards	05-Aug-22	28-April-23	R 2 402 536,67	R 2 086 574,05	95.8% Construction	95.8%	Achieved	None	None	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
AEP 01		14	Electricity	Electricity infrastructure	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	8	16-Jul-21	25-Aug-22	R 4 423 549.90	R 2 826 122.92	99% Project handover	96.39%	Not Achieved	NEC and protection scheme are the only outstanding items in the works.	The outstanding works require 9 weeks from the date of specification approval, which is anticipated to 28th August 2023.	Progress Reports / Practical completions certificate
AEP 02		14	Electricity	Electricity infrastructure	Implementation of Energy Efficiency and Demand Side Management within Msukaligwa Local Municipality	Various wards	26-Oct-22	03-Apr-23	R 4 000 000	R 4 000 000	100% Implementation	100%	Achieved	None	None	Progress Reports / Practical completions certificate
ATP 01	Community and Public Safety	07	Human Settlements	Township Establishment	Upgrading of Marikana informal Settlement 6/276-IS	10	23-Nov-22	23-Jun-24	R 1 500 000	R 0	(50%) Layout Plan	50%	Achieved	None	None	Approved Layout Plan

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standards classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 June 2023		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
ATP 02		07	Human Settlements	Township Establishment	Township Establishment Warburton/ Nganga	12	23-Nov-22	23-Jun-24	R 1 000 500	R 0	(50%) Layout Plan	50%	Achieved	None	None	Approved Layout Plan
ATP 03		07	Human Settlements	Township Establishment	Township Establishment Wesselton	9	23-Nov-22	23-Nov-23	R 2 100 000	R 0	(50%) Layout Plan	50%	Achieved	None	None	Approved Layout Plan



Msukaligwa Local Municipality



REVISED SDBIP 2022/2023 FY

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1. BACKGROUND

The Service Delivery and Budget Implementation Plan (SDBIP) has been prepared in terms of Section 53 of the Municipal Finance Management Act, Act 56 of 2003. The Municipal Finance Management Act, Circular 13 which provides guidance and assistance to municipalities in the preparation of the Service Delivery and Budget Implementation Plan (SDBIP). Circular 13 further provides that the SDBIP provides the vital link between the Mayor, Council (executive) and the Administration, and facilitates the process for holding management accountable for its Performance. This is therefore a management, implementation and monitoring tool to assist the Mayor, Councillors, Municipal Manager, senior managers and Community on ensuring accountability.

The MFMA requires that the Mayor of a municipality must within 28 days of the approval of the municipal budget, approve the municipality's Service Delivery and Budget Implementation Plan and the annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act for the municipal manager and all senior managers. The performance contracts of the municipal manager and all senior managers must be linked to the measurable performance objectives approved with the Service Delivery and Budget Implementation Plan.

2. LEGISLATIVE FRAMEWORK

The development of the Service Delivery and Budget Implementation Plan is guided by legislative prescripts which are explained below.

Section 38 of the Municipal Systems Act, Act 32 of 2000, provides that, a municipality must establish a performance management system that is in line with the priorities, objectives, indicators and targets contained in its integrated development plan (IDP). The IDP provides the basis on which the SDBIP is developed as the strategic objectives, key performance indicators and performance target are set in the IDP. Therefore the SDBIP as well as the Performance Agreements of the Municipal Manager, senior managers and other categories of officials as may be prescribed must be in line with the IDP.

Section 53 (1) of the Municipal Finance Management Act deals with the budget processes and during these processes, the Act provides that:

The mayor of a municipality must-

Take all reasonable steps to ensure:-

- (i) that the municipality approves its annual budget before the start of the budget year;
- (ii) that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget; and
- (iii) that the annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act for the municipal manager and all senior managers-
 - (a) comply with this Act in order to promote sound financial management;
 - (b) are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan; and
 - (c) are concluded in accordance with section 57(2) of the Municipal Systems Act.

Section 53 (3) of the Municipal Finance Management Act provides that:

The mayor must ensure-

- (a) that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan; and

- (b) that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the Council and the MEC for local government in the province.

3. REVISION OF THE SDBIP

The SDBIP has a result of the revision of the budget as well as compliance with the SMART principles revised its 2022/2023 SDBIP. Some indicators could not be achieved since the municipality does not have direct control over them and had to be removed. The following is a summary of the changes or amendments made on the revised 2022/2023 SDBIP:

INDICATOR/ PROJECT NO.	INDICATOR OR PROJECTS DESCRIPTION	SOURCE OF FUNDING	AMENDMENTS TO THE SDBIP
004	Work-study Conducted by 30 June 2023	OPEX	<u>Indicator removed</u> – Budget constraints.
A10	Number of Municipal Halls rehabilitated by June 2023	Capex	<u>New Indicator Added</u> to the SDBIP to revamp the town hall.
021	Number of Reports on the Implementation of Blue drop assessment recommendations compiled by 30 June 2023	DWS	<u>Indicator removed</u> – Assessments are done by National DWS and the frequency is inconsistent.
025	Number of Reports on the Implementation of Green drop assessment recommendations compiled by 30 June 2023	DWS	<u>Indicator removed</u> – Assessments are done by National DWS and the frequency is inconsistent.
017	% households with access to basic level of water by 30 June 2023	MIG	<u>Quarter 4 target was removed</u> as it was mistakenly captured.
035	Number of job opportunities created via Public Employment Programmes (EPWP, CWP etc.)	MIG	The indicator has been <u>moved</u> from <u>Technical Services</u> to <u>Planning and Economic Development</u>
A02	Refurbishment of MV/LV by 30 June 2023	MIG	<u>Quarter 4 target was removed</u> due to slow progress on procurement processes.
A04	Energy Efficiency and Demand-side Management Grant by 30 June 2023	EEDSM Grant	<u>Indicator revised</u> - To read " <i>Percentage Energy Efficiency and Demand-side Management Grant spent by 30 June 2023</i> "
044	Number of new cemeteries established by 30 June 2023	Capex	<u>Indicator removed</u> - Delays in the proclamation processes
045	Number of new Libraries established by 30 June 2023	MIG	<u>Indicator removed</u> – Funds redirected for emergency road projects.
048	Number of libraries fenced by 30 June 2023	Province	<u>Indicator removed</u> – The function is with the provincial department and the municipality could not source the funds.
049	Number of new licensing regulatory service centre established by 30 June 2023	Province	<u>Indicator removed</u> – Council has resolved to move the licensing function to the province.

063	Fully equipped traffic vehicle to track unpaid fines procured by 30 June 2023	Capex	<u>Indicator removed</u> – The municipality did not receive a response for the application of funds from Road Traffic Management Corporation (RTMC).
064	Road marking vehicle procured by 30 June 2023	Capex	<u>Indicator removed</u> – The municipality did not receive a response for the application of funds from Road Traffic Management Corporation (RTMC).
070_1	Number of households billed every month for the year ending 30 June 2023	OPEX	<u>Indicator revised</u> - To read " <i>Percentage deviation / variance on households billed every month for the year ending 30 June 2023</i> "
070_2	Number of households read every month for the year ending 30 June 2023	OPEX	<u>Indicator revised</u> - To read " <i>Percentage deviation / variance of households read every month for the year ending 30 June 2023</i> "
074	Percentage of Service Level Agreements (SLAs) finalised within 30 days	OPEX	<u>Indicator revised</u> - To read " <i>Percentage of SLAs signed within 30 days after appointment date</i> "
ESN 22 (EWNN 72)	The Upgrading of KwaZanele Waste Water Treatment works.	MIG	<u>Project removed</u> - The project registration was delayed. The project was also incorrectly coded as EWNN 72 instead of ESN 22.
ESN 32 & 33	Installation of Sewer Reticulation In Wesselton Extension 11 Phase 1 & 2	MIG	Budget allocation revised from R 7 575 149.22 to R 6 129 017.30
ESNN 18	Upgrading of Ermelo Ext. 32, 33 and 34 sewer outfall pipeline	MIG	Budget allocation revised from R 22 287 079.55 to R 22 384 185.29
ESN 39	VIP Toilets in Msukaligwa Farm Areas	MIG	Budget allocation revised from R 8 100 399.74 to R 7 878 336.00
P30	Electro-Mechanical Upgrades to Extension 32, 33 And 34 Pump stations In Ermelo	MIG	<u>Projects Added</u> to the SDBIP. Budget allocated is R 666 206.11
EWNN 82	Installation of Water House Connections at Breyten Ext 4 (Enkanini)	MIG	Budget allocation revised from R 1 303 929.30 to R 1 252 982.63
ER 070 (b)	Construction of three intersections to join SANRAL's N17 at Warburton, Nganga road and associated St.	MIG	Budget allocation revised from R 5 680 218.75 to R 6 629 689.67
ER 170	Upgrading of the Wesselton Extension 3 Boxer intersection	MIG	Budget allocation revised from R 2 580 972.76 to R 3 969 338.82
ER 172	Construction of the storm water channel at Ext 6 eMadamini	MIG	Budget allocation revised from R 6 000 000 to R 4 523 886.86
ER 177	Construction of Paved Road in Wesselton O R Tambo Taxi Collector Phase 1	MIG	Budget allocation revised from R 5 685 666.97 to R 513 370.61
ER 178	Construction of the road at Wesselton Musheveni Street	MIG	Budget allocation revised from R 896 000.00 to R 6 969 288.05
EE 141	Installation of High mast lights	MIG	Budget allocation revised from R 2 141 688.33 to R 2 402 536.67

AEP 01	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	Capex	Budget allocation revised from R 8 467 351.68 to R 4 423 549.90
AEP 02	Implementation of Energy Efficiency and Demand Side Management within Msukaligwa Local Municipality	EEDSM Grant	<u>Projects Added</u> to the SDBIP. Budget allocated is R 4 000 000
ATP 01	Upgrading of Marikana informal Settlement 6/276-IS	Capex	<u>Projects Added</u> to the SDBIP. Budget allocated is R 1 500 000
ATP 02	Township Establishment at Silindile/Lothair	Capex	<u>Projects Added</u> to the SDBIP. Budget allocated is R 1 000 500
ATP 03	Township Establishment Wesselton	Capex	<u>Projects Added</u> to the SDBIP. Budget allocated is R 2 100 000

4. STRATEGIC INTENTION

Vision

The strategic vision of the organization sets the long term goal the Municipality wants to achieve. Msukaligwa Municipality's vision is short descriptive and a powerful statement of strategic intent.

A Beacon of Service Excellence

Mission

The mission of the Municipality speaks about the existence or reason for being of Msukaligwa Municipality and how the vision will be achieved.

- Enhancing community participation to steer development initiatives towards community needs;
- Advocating and stimulating local economy to promote economic growth and development;
- Improving good governance and measurable service delivery techniques;
- Enhancing effectiveness and efficiency in the utilization of available resources;
- Empowering our communities and the vulnerable groups in particular;
- Working in partnership with all its stakeholders; and
- Continuously mobilizing resources to achieve high standards in service delivery.

Corporate Values

The Municipality of Msukaligwa subscribes to the following public ethical values which guides the municipality to operate in a socially acceptable way and adhere to principle of corporate governance:

- ✚ Integrity;
- ✚ Professionalism;
- ✚ Excellence;
- ✚ Accountability;
- ✚ Responsive; and
- ✚ Innovation.

The Municipality has developed a comprehensive strategy on how it would be able to measure progress towards the attainment thereof. The strategy consists out of strategic objectives identified and then arranged on the different balanced scorecard perspectives for a strategic Map.

5. STRATEGY MAP

Perspective	Strategy Map	Impact	Objective
COMMUNITY SATISFACTION PERSPECTIVE		Patriotic Citizenry	To strengthen public participation, corporate governance and accountability
FINANCIAL PERSPECTIVE		Poverty alleviation and investment Good credit rating	Coordinate efforts to address unemployment and poverty To improve the viability and management of municipal finances
INSTITUTIONAL PERSPECTIVE		Unqualification	Strengthen public participation, corporate governance and accountability
LEARNING AND GROWTH PERSPECTIVE		Quality of life	To ensure long term planning that provides for social cohesion and spatial transformation
		Quality Services	To provide sustainable and reliable services to communities
		Skilled workforce	To build a capable workforce to deliver services

6. OPERATIONAL OBJECTIVES

In conjunction with the strategic objectives as depicted above, the Municipality also has the following Operational Objectives per vote in line with the provisions of the Municipal Standards Chart of Accounts (mSCOA).

STANDARD CLASSIFICATION	VOTE	FUNCTION	SUB-FUNCTION
Governance and Administration	01	Executive and Council	To provide for executive, strategic leadership, decision making, corporate services and general administration of the political offices of the municipality. Sub- functions include the Office of the Executive Mayor, Executive Councillors, Council general, Grants, Aids & Donations, Council General – Councillors, Municipal Manager and Director Corporate Services.
Governance and Administration	02	Budget and Treasury Office (Finance & Admin)	To ensure sound and sustainable management of the financial affairs of the Municipality by managing the budget and treasury office, advising and assisting the accounting officer and other directors in their duties and delegation contained in the MFMA. Sub- functions include the Revenue, Expenditure, Budget, Stores and all Financial related matters.
Governance and Administration	03	Corporate Services (Finance & Admin)	To ensure efficient and effective operation of the entire municipal administration. Sub- functions include Administration, Human Resources, Property Services - Civic Centre & Staff flats and Fleet Management.
Economic and Environmental Services	04	Planning and Economic Development	To ensure long term planning, sound social and economic development that provides for investment opportunities within the municipality. Sub- functions include Marketing & Communication, Town Planning, Integrated MIS, LED, Internal Audit, IDP and Building Control.
Community and Public Safety	05	Health	To provide for Occupational Health Services in the municipality.
Community and Public Safety	06	Community and Social Services	To co-ordinate efficient community service within the municipality. Sub- functions include Director Community Services, Cemeteries, Libraries, Welfare, Health, Clinics and TB Hospitals.
Community and Public Safety	07	Housing	To co-ordinate housing development within the municipality. Sub- functions include Housing and Sub-economic housing
Community and Public Safety	08	Public Safety	To ensure an effective public safety services through enforcement of laws and regulations. Sub- functions include Fire Brigade, Safety and Security, Traffic, Parking Meters, Disaster Management and Licensing.

Community and Public Safety	09	Sports and Recreation	To co-ordinate sporting activities, wellness and management of sports & recreation facilities and parks. Sub- functions include Caravan Parks, Parks & Grounds, Swimming pools, Sports & recreation, Sports fields general and Golf Course.
Economic and Environmental Services	10	Road Transport, Roads & Technical Services	To provide for the upgrading and maintenance of roads infrastructure and storm water management. Sub- functions include Director Technical Services, Public works, Workshops and Project Management Unit
Trading Services	11	Waste Management	To ensure a clean and environment. Sub- function includes Refuse or solid waste removal
Trading Services	12	Waste Water Management	To provide for sustainable sanitation services. Sub- functions include Sewerage Income, Sewerage Network and Sewerage Purification
Trading Services	13	Water	To provide for sustainable water services. Sub- functions include Water Income, Water Network and Water Purification
Trading Services	14	Electricity	To provide for sustainable electricity supply. Sub- functions include Electricity Income, Street lights and Private Works
Other	15	Other	Sub- functions include Airports and Tourism

7. MUNICIPAL REVENUE AND EXPENDITURE

The Tables below depicts the municipal revenue and expenditure as provided in terms of the Municipal Finance Management Act, Act 56 of 2003.

MP302 Msukaligwa - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 45265

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	207 037	230 134	-	-	-	-	-	-	230 134	242 332	254 206
Service charges - electricity revenue	2	246 323	254 046	-	-	-	-	-	-	254 046	300 969	187 646
Service charges - water revenue	2	67 192	75 529	-	-	-	-	-	-	75 529	79 532	83 429
Service charges - sanitation revenue	2	52 767	58 547	-	-	-	-	-	-	58 547	61 650	64 572
Service charges - refuse revenue	2	45 040	50 142	-	-	-	-	-	-	50 142	52 800	55 387
Rental of facilities and equipment		2 700	2 851	-	-	-	-	-	-	2 851	2 741	135
Interest earned - external investments		932	3 133	-	-	-	-	-	-	3 133	1 500	3 460
Interest earned - outstanding debtors		31 001	35 060	-	-	-	-	-	-	35 060	36 918	36 727
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5 177	5 174	-	-	-	-	-	-	5 174	5 448	5 715
Licences and permits		3 636	3 636	-	-	-	-	-	-	3 636	3 829	4 016
Agency services		8 490	8 490	-	-	-	-	-	-	8 490	8 940	9 376
Transfers and subsidies		231 689	243 694	-	-	-	-	-	-	243 694	260 523	289 889
Other revenue	2	8 633	11 999	-	-	-	-	-	-	11 999	12 896	12 919
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		910 645	982 436	-	-	-	-	-	-	982 436	1 070 078	1 009 483
Expenditure By Type												
Employee related costs		276 107	-	-	-	-	-	1 431	1 431	277 539	301 679	305 042
Remuneration of councillors		18 513	18 513	-	-	-	-	-	-	18 513	19 494	20 450
Debt impairment		156 536	108 304	-	-	-	-	-	-	108 304	114 044	119 632
Depreciation & asset impairment		140 616	131 613	-	-	-	-	-	-	131 613	138 589	145 379
Finance charges		-	28 000	-	-	-	-	-	-	28 000	8 484	32 812
Bulk purchases - electricity		319 126	319 126	-	-	-	-	-	-	319 126	336 039	352 505
Inventory consumed		81 522	81 522	-	-	-	-	-	-	81 522	104 532	109 027
Contracted services		75 718	92 808	-	-	-	-	8 364	8 364	101 172	84 366	94 113
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		57 226	59 845	-	-	-	-	7 564	7 564	67 409	70 538	65 433
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		1 125 364	839 730	-	-	-	-	17 359	17 359	1 133 197	1 177 767	1 244 393
Surplus/(Deficit)												
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(214 719)	142 706	-	-	-	-	(17 359)	(17 359)	(150 760)	(107 680)	(234 910)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		292 052	296 052	-	-	-	-	-	-	296 052	146 349	161 115
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		77 333	438 758	-	-	-	-	(17 359)	(17 359)	145 292	38 660	(73 795)
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		77 333	438 758	-	-	-	-	(17 359)	(17 359)	145 292	38 660	(73 795)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		77 333	438 758	-	-	-	-	(17 359)	(17 359)	145 292	38 660	(73 795)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		77 333	438 758	-	-	-	-	(17 359)	(17 359)	145 292	38 660	(73 795)

MP302 Msukaligwa - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 45265

Ref	Description	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																	
Revenue by Vote																	
	Vote 01 - Executive & Council	17 440	21 082	14 663	17 706	88 732	82 580	18 316	18 551	63 707	19 018	22 389	5 635	263 043	255 220	279 778	
	Vote 02 - Finance & Administration	-	-	-	-	18 232	18 453	18 316	18 551	18 563	19 018	26 026	50 954	259 002	262 183	281 674	
	Vote 03 -	9	9	12	9	10	10	10	9	14	9	11	11	124	214	47	
	Vote 04 - Sport And Recreation	296	284	600	33	(13)	129	107	195	70	111	741	5 195	7 809	8 223	8 626	
	Vote 05 - Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 06 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 07 - Health	439	422	368	432	546	475	487	367	497	395	370	355	5 154	5 427	2 708	
	Vote 08 - Planning And Development	83	80	86	86	83	59	73	73	90	79	130	524	1 445	1 349	1 357	
	Vote 09 - Community & Social Services	21 606	23 032	21 298	19 143	19 696	18 306	140 903	(104 886)	19 373	16 752	24 089	52 812	272 125	323 045	219 570	
	Vote 10 - Electricity	7 409	6 985	7 868	7 109	6 404	6 330	111 333	(98 590)	6 936	6 449	27 543	222 589	316 366	200 561	207 799	
	Vote 12 - Waste Water Management	5 552	5 437	5 352	5 321	5 250	5 283	5 274	5 267	5 266	5 296	6 007	12 012	72 040	76 305	80 388	
	Vote 13 - Waste Management	4 965	4 999	4 653	4 602	4 556	4 581	4 548	4 559	4 543	4 572	6 007	11 572	64 135	68 028	71 852	
	Vote 14 - Road Transport	-	-	-	-	-	-	-	-	-	-	251	2 766	3 018	3 290		
	Vote 15 - Other	12	12	12	12	13	13	13	13	13	13	1 022	11 081	12 228	13 507		
	Total Revenue by Vote	57 811	62 342	54 912	54 513	143 509	136 199	281 064	(174 442)	119 070	52 693	115 311	375 507	1 278 486	1 216 427	1 170 598	
Expenditure by Vote																	
	Vote 01 - Executive & Council	2 839	3 645	3 678	8 921	997	6 479	4 674	4 104	11 714	4 472	5 616	5 751	62 889	68 054	72 890	
	Vote 02 - Finance & Administration	8 705	6 149	7 764	6 710	8 354	9 358	8 173	7 616	9 292	9 427	5 979	38 496	126 023	131 460	124 082	
	Vote 03 -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 04 - Sport And Recreation	218	254	271	239	266	260	4 495	245	297	416	1 012	3 734	11 705	12 199	12 973	
	Vote 05 - Public Safety	1 509	1 517	1 775	1 642	1 925	1 763	3 557	1 663	1 945	1 778	2 137	8 002	29 214	29 667	30 598	
	Vote 06 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 07 - Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 08 - Planning And Development	826	763	831	835	898	1 092	886	1 040	1 192	1 152	2 306	8 878	20 700	22 097	23 238	
	Vote 09 - Community & Social Services	2 632	7 238	5 037	2 661	5 163	6 313	5 780	2 598	7 932	5 378	5 970	12 852	69 545	75 673	81 011	
	Vote 10 - Electricity	2 329	14 301	67 937	22 272	10 930	32 343	12 095	14 310	29 758	9 274	37 039	179 489	432 078	413 983	465 808	
	Vote 11 - Water Management	2 038	1 721	2 794	3 305	4 058	2 980	15 966	3 818	3 235	2 998	7 261	66 797	116 972	116 385	140 612	
	Vote 12 - Waste Water Management	1 335	1 270	1 321	1 632	1 718	1 884	12 143	1 157	1 426	1 452	25 868	88 627	139 123	147 044	154 048	
	Vote 13 - Waste Management	1 945	1 945	2 267	2 126	3 759	1 863	2 209	1 920	4 100	2 180	1 048	6 755	32 118	33 426	34 309	
	Vote 14 - Road Transport	1 742	1 840	1 982	1 958	5 203	2 004	27 294	1 984	4 866	1 922	6 354	24 743	81 892	98 599	98 126	
	Vote 15 - Other	773	774	891	719	833	838	829	794	814	880	967	2 398	11 511	12 463	12 833	
	Total Expenditure by Vote	26 892	41 417	96 550	53 010	44 104	66 476	98 101	41 250	76 572	41 331	101 547	446 521	1 133 771	1 161 047	1 250 539	
	Surplus/ (Deficit)	30 919	20 924	(41 637)	1 503	99 405	69 723	182 963	(215 693)	42 499	11 361	13 764	(71 014)	144 718	55 379	(79 942)	

MP302 Msukaligwa - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (functional classification) - 45265

Description - Standard classification	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework				
														Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Adjusted Budget	Adjusted Budget	Adjusted Budget		
Revenue - Functional																		
<i>Governance and administration</i>																		
Executive and council		17 440	21 082	14 663	17 706	106 964	101 033	18 318	18 551	82 270	19 018	49 415	56 588	522 045	517 403	561 452		
Finance and administration		-	-	0	-	88 732	82 590	0	-	63 707	-	22 389	5 635	263 043	255 220	279 778		
Internal audit		17 440	21 082	14 663	17 706	18 232	18 453	18 316	18 551	18 583	19 018	26 026	50 954	289 002	262 183	281 674		
<i>Community and public safety</i>																		
Community and social services		673	621	926	458	417	406	474	489	501	473	1 045	5 590	12 081	12 633	10 033		
Sport and recreation		79	76	82	81	78	55	69	68	85	74	101	248	1 096	1 017	936		
Public safety		13	14	16	14	14	14	14	14	18	13	16	14	174	214	103		
Housing		296	284	600	93	(13)	129	107	195	70	111	741	5 195	7 809	8 223	8 626		
Health		285	247	227	269	337	207	285	222	328	274	162	(141)	2 703	2 847	2		
<i>Economic and environmental services</i>																		
Planning and development		154	175	141	162	209	268	202	145	170	121	1 468	14 337	17 549	18 451	19 341		
Road transport		154	175	141	162	209	268	202	145	170	121	1 468	14 337	17 549	18 451	19 341		
Environmental protection		-	-	-	-	-	-	-	-	-	-	1 008	11 088	12 056	12 736	13 361		
<i>Trading services</i>																		
Energy sources		39 532	40 452	39 171	36 175	35 907	34 480	282 058	(193 650)	36 117	33 069	64 370	298 995	726 866	667 940	579 609		
Water management		21 006	23 032	21 298	19 143	19 696	18 306	140 903	(104 886)	19 373	16 752	24 089	52 812	272 125	323 045	219 570		
Waste water management		7 409	6 985	7 868	7 109	6 404	6 330	111 333	(98 590)	6 936	6 449	27 543	22 589	318 366	207 799	207 799		
Waste management		5 552	5 437	5 352	5 321	5 250	5 283	5 274	5 267	5 266	5 274	6 730	5 212	72 040	76 305	80 388		
Other		4 965	4 999	4 653	4 602	4 566	4 561	4 548	4 559	4 543	4 572	6 007	11 572	64 135	68 029	71 862		
		12	12	12	12	13	13	13	13	13	13	15	7	147	-	163		
Total Revenue - Functional		57 811	62 342	54 912	54 513	143 509	136 199	281 064	(174 442)	119 070	52 693	115 311	375 507	1 276 488	1 216 427	1 170 590		
Expenditure - Functional																		
<i>Governance and administration</i>																		
Executive and council		12 020	10 145	11 765	15 985	9 724	16 252	13 304	12 129	21 489	14 370	10 475	24 990	172 668	165 360	177 970		
Finance and administration		2 516	3 360	3 510	8 399	1 389	7 220	4 753	3 976	12 404	4 462	4 913	(5 278)	51 444	56 495	55 642		
Internal audit		9 504	6 985	8 256	7 596	8 335	9 032	8 551	8 153	9 094	9 888	5 562	30 267	121 224	128 885	122 328		
<i>Community and public safety</i>																		
Community and social services		4 906	10 245	7 692	5 084	7 961	6 762	14 223	5 008	10 674	7 875	10 072	28 095	120 494	128 197	135 880		
Sport and recreation		2 298	6 864	4 699	2 303	4 620	5 844	5 182	2 181	7 442	4 627	5 545	12 976	64 582	70 027	75 290		
Public safety		809	1 208	929	845	1 015	835	5 160	5 761	961	1 148	1 713	4 601	19 984	21 187	22 284		
Housing		1 518	1 526	1 782	1 648	1 932	1 769	3 563	1 688	1 959	1 768	2 159	8 165	29 477	29 944	30 959		
Health		280	647	281	288	295	314	317	366	312	312	631	2 110	6 153	6 675	6 845		
Other		-	-	-	-	-	-	-	30	-	-	26	243	299	364	382		
<i>Economic and environmental services</i>																		
Planning and development		2 730	2 773	3 157	2 824	6 335	3 397	28 392	3 196	6 228	3 332	7 983	28 214	90 665	113 835	118 196		
Road transport		1 065	1 042	1 200	1 205	1 284	1 454	1 180	1 329	1 382	1 361	2 104	5 031	19 618	22 219	23 680		
Environmental protection		1 665	1 731	1 957	1 718	5 051	1 942	27 232	1 899	4 844	1 972	5 893	23 182	79 047	91 616	94 516		
<i>Trading services</i>																		
Energy sources		7 230	18 253	73 928	29 002	20 176	30 064	42 171	20 910	39 170	15 745	73 003	365 196	741 839	733 526	818 578		
Water management		1 792	13 286	67 411	21 836	10 565	31 975	11 783	13 937	29 317	9 039	37 741	191 808	440 491	422 841	475 101		
Waste water management		2 147	1 744	2 920	3 399	4 124	3 095	16 026	3 887	3 316	3 062	7 716	71 048	122 424	122 125	146 634		
Waste management		1 345	1 277	1 329	1 191	1 728	1 437	12 152	1 167	1 437	1 464	26 158	91 832	142 732	150 834	158 023		
Other		1 945	1 945	2 267	2 126	3 769	1 863	2 209	1 920	4 100	2 180	1 389	10 498	36 201	37 726	38 820		
		7	2	7	6	8	2	10	7	3	8	9	37	105	110	118		
Total Expenditure - Functional		26 892	41 417	98 550	53 010	44 104	65 476	98 101	41 250	76 572	41 331	101 547	446 521	1 133 771	1 161 047	1 250 539		
Surplus/ (Deficit) 1.		30 919	20 924	(41 637)	1 503	99 405	69 723	182 963	(215 693)	42 499	11 361	13 764	(71 014)	144 718	55 379	(79 942)		

MP302 Msukaligwa - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 45265

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Revenue By Source																	
Property rates		16 583	16 576	16 389	16 618	16 972	17 088	17 123	17 113	17 119	16 903	21 873	39 676	230 134	242 332	254 206	
Service charges - electricity revenue		21 106	22 531	20 771	18 549	19 160	17 792	140 355	(105 474)	18 802	16 133	22 072	42 247	254 046	300 969	187 648	
Service charges - water revenue		6 708	6 286	7 154	6 379	5 663	5 575	110 577	(99 353)	6 154	5 710	7 267	7 408	75 529	79 532	83 429	
Service charges - sanitation revenue		5 083	4 967	4 674	4 829	4 748	4 773	4 763	4 749	4 722	4 742	5 551	4 757	58 547	61 650	64 572	
Service charges - refuse revenue		4 367	4 218	4 200	4 135	4 079	4 072	4 054	4 051	4 027	4 043	4 773	4 123	50 142	52 900	55 367	
Rental of facilities and equipment		238	230	241	248	243	223	264	232	294	231	255	162	2 851	2 741	135	
Interest earned - external investments		89	225	278	268	382	344	331	490	411	796	518	(979)	3 133	1 500	3 460	
Interest earned - outstanding debtors		2 827	2 827	2 913	2 933	3 000	3 031	3 118	3 161	3 239	3 263	3 395	1 354	35 060	36 918	38 727	
Dividends received																	
Fines, penalties and forfeits		14	14	15	14	22	8	19	16	17	8	431	4 697	5 174	5 448	5 715	
Licences and permits														3 636	3 829	4 016	
Agency services												708	7 763	8 490	8 940	9 378	
Transfers and subsidies			3 229	(3 000)		88 732	82 757		71	63 707	181	21 709	(13 890)	243 694	260 523	289 689	
Other revenue		582	763	1 073	506	414	536	442	496	514	620	1 383	4 649	11 999	12 886	12 919	
Gains		220	374	(0)	32	95		32		63	63	(72)	(807)				
Total Revenue		57 909	62 340	54 908	54 511	143 509	136 199	281 056	(174 447)	119 070	52 893	89 870	104 916	982 436	1 070 078	1 069 483	
Expenditure By Type																	
Employee related costs		21 369	21 650	22 454	22 326	22 250	22 244	23 233	22 249	22 490	22 206	23 281	31 737	277 539	301 679	305 042	
Remuneration of councillors		1 076	1 267	1 100	1 091	958	1 066	969	969	969	969	1 543	6 507	18 513	19 494	20 450	
Debt impairment												8 097	100 207	108 304	114 044	119 632	
Depreciation & asset impairment								68 821				9 917	52 875	131 613	138 569	145 379	
Finance charges												5 600	22 400	28 000	8 484	32 812	
Bulk purchases - electricity		352	11 374	65 049	19 577	5 931	28 893	564	10 343	24 376	4 781	26 594	123 292	319 126	336 039	352 505	
Inventory consumed		499	512	1 480	1 381	3 912	1 387	1 405	4 587	1 590	2 335	6 790	55 674	81 522	104 532	109 027	
Contracted services		68	5 286	4 590	1 239	4 345	8 889	1 686	1 676	11 525	5 404	12 504	43 968	101 172	84 368	94 113	
Transfers and subsidies																	
Other expenditure		3 529	1 288	1 887	7 397	6 707	5 998	1 422	1 426	15 621	5 636	7 169	9 310	67 409	70 538	65 433	
Losses																	
Total Expenditure		26 892	41 417	96 550	53 010	44 104	66 476	98 101	41 250	76 572	41 331	101 505	445 989	1 133 197	1 177 767	1 244 393	
Surplus/(Deficit)		30 918	20 923	(41 641)	1 500	99 405	69 723	182 955	(215 697)	42 499	11 361	(11 635)	(341 073)	(150 760)	(407 689)	(234 910)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Transfers and subsidies - capital (in-kind - all))												25 138	270 915	296 052	146 349	161 115	
Surplus/(Deficit) after capital transfers & contributions		30 918	20 923	(41 641)	1 500	99 405	69 723	182 955	(215 697)	42 499	11 361	13 503	(70 158)	145 292	38 660	(73 795)	

8. SUMMARY OF MUNICIPAL STRATEGIC GOALS:

No	Key Performance Areas (KPA)	Strategic Goals	Strategic Objective	Functional Area
1.	Municipal Transformation and Institutional Development	Business processes backed by effective ICT Effective systems and mechanisms of communication	To build a capable workforce to deliver services	Vacancy management Human Resource Management and Development Performance management Labour Relations Information and Communication Technology Policies and Standard Operating Procedures Governance and Public Participation Leadership and Strategic Direction Electricity Water and Sanitation Roads and Storm water management Solid Waste Disposal and Environmental Management Social and Community development Fire and Rescue Services Disaster Management Traffic services and Law Enforcement Licensing and Regulatory Services Economic development Job creation and SMME Development
2.	Basis Service Delivery and Infrastructure Development	Reliable and Sustainable Service Delivery	To provide reliable and sustainable services to communities	Revenue management and Credit Control Expenditure management Asset management Supply Chain Management Financial reporting and budgeting Legal, Compliance and Public Participation Performance Management, Monitoring and Evaluation Internal Audit Integrity Management and Fraud Prevention Risk Management Marketing and Communication Sustainable Human Settlement Land Use Management Spatial Planning
3.	Local Economic Development (LED)	Reduced Inequality, unemployment and poverty	To coordinate efforts that address unemployment, poverty and encourage shared economic growth and development	
4.	Financial Viability and Management	Financially viable municipality	To continuously improve the viability and management of municipal finances	
5.	Public Participation, Good Governance and Intergovernmental Relation	Clean governance and institutional capability Informed communities that own their developments	To strengthen public participation, corporate governance and accountability	
6.	Spatial Planning and Rationale	Social cohesion and spatial transformation	To ensure long term planning that provides for social cohesion and spatial transformation	

9. MUNICIPAL KEY PERFORMANCE INDICATORS AND TARGETS

This annexure enlists all 6 Key Performance Areas, its Strategic Objectives of the Municipality with its Key Performance Indicators and Targets.

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

STRATEGIC OBJECTIVE: TO BUILD A CAPABLE WORKFORCE TO DELIVER SERVICES

IDP Link	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Vacancy Management										
001	To enhance the institutional capacity to achieve the constitutional mandate of the institution	Number of funded vacant positions filled by 30 June 2023	Corporate Services	43 funded vacancies filled	32	14	10	0	56	<ul style="list-style-type: none"> - Appointment letters - Listing of appointments
Functional Area: Human Resource Management and Development										
002	To ensure that performance management is cascaded to lower levels of management and assessed.	% PMS cascaded to lower levels of management by 30 June 2023	Corporate Services	1% (6) Snr Management only	0	0	0	20%	20% Snr Management to Level 5	<ul style="list-style-type: none"> - Signed performance agreements
003	To ensure a responsive and capable workforce	Review of the organisational structure by 30 June 2023	Corporate Services	1 organisational structure	0	0	0	1	1	<ul style="list-style-type: none"> - Council approved Organizational Structure and Council Resolution
005	To ensure capacity building to employees in terms of WSP	Number of municipal officials trained as per Skills Development Plan by 30 June 2023	Corporate Services	65 officials trained on various skills	32	28	38	17	115	<ul style="list-style-type: none"> - Attendance registers.
006	To ensure capacity building of Municipal Councillors	Number of Councillors trained as per Skills Development Plan by 30 June 2023	Corporate Services	36 Councillors trained on various skills	38	2	2	2	44	<ul style="list-style-type: none"> - Attendance registers
007	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	Corporate Services	R 467 000 spent on overtime	12.5%	25%	37%	50%	50%	<ul style="list-style-type: none"> - Quarterly expenditure reports

Functional Area: Policies and Standard Operating Procedures

008	To ensure all institutional policies are in place and reviewed as prescribed by legislation	Review of policies / HR strategy / Plan by 30 June 2023	Corporate Services	13 Policies reviewed	0	0	0	13	13	- Approved Policies and Council Resolutions
Functional Area: Governance and Public Participation										
009	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	Corporate Services	3 Audit findings	0	0	2	0	2	- Updated AG Audit Action Plan
A05	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	Corporate Services	53 risks action plans developed	60%	60%	70%	70%	70%	- Quarterly Reports
010	To ensure public participation in the affairs of the municipality	Number of functional ward committee meetings held by 30 June 2023	Corporate Services	168 Ward committee meetings held	57	57	57	57	228	- Minutes and attendance registers
011	To ensure communication to public on the state of affairs of the municipality	Annual Mayoral State of the Municipal Address held by 31 May 2023	Corporate Services	1 SOMA	0	0	0	1	1	- Adverts and SOMA brief
012	To ensure communication to public on the state of affairs of the municipality	Number of Mayoral Outreach Programmes held by 30 June 2023	Corporate Services	1 Outreach conducted	1	1	1	1	4	- Outreach report
Functional Area: Leadership and Strategic Direction										
014	To provide executive and legislative leadership over the matters of the institution as provided for by the Constitution.	Number of Council meetings held by 30 June 2023	Corporate Services	18 Council meetings	1	1	1	1	4	- Attendance Register and listing of meetings
015	To ensure that resolutions of the Council are implemented	Percentage of Council resolutions implemented by 30 June 2023	Corporate Services	90% of Council resolutions implemented	95%	95%	95%	95%	95%	- Listing Council Resolutions - Resolutions implementation Report

016	To ensure oversight and recommendations to the Council on the Annual Report	Municipal Public Accounts Committee oversight reports on Annual Report tabled in Council by 31 st March 2023	Corporate Services	1 MPAC Report tabled in Council and approved	0	0	1	0	1	- MPAC report - Council Resolution
Functional Area: Facility Management										
A10	Ensure maintenance of Municipal owned Halls	Number of Municipal Halls rehabilitated by June 2023	Corporate Services	New indicator	0	0	0	1	1	- Completion Certificate

**KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT
STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES**

No	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Water and Sanitation										
017	To ensure that all households have access to basic level of drinking water	% households with access to basic level of water by 30 June 2023	Technical Services	48 551 (95.03%) access to water	0	0	95.3% (166)	0	95%	- Progress reports. - Practical completion certificates
018	To ensure well maintained services infrastructure	Km of water AC pipes replaced with U-PVC pipes by 30 June 2023	Technical Services	New indicator	0.5km	0.5km	0.5km	0.5km	2km	- Maintenance report
019	To ensure that all consumers are metered for water consumption	Number of water meters installed by 30 June 2023	Technical Services	303 new water meters installed	0	0	0	200	200	- Meter installations listing - Job Cards
020	To ensure well maintained services infrastructure	% of callouts responded to within 24 hours (water)	Technical Services	99.5% of burst/damaged water pipes repaired within 24hrs	95%	95%	95%	95%	95%	- Maintenance report - Job Cards
023	To ensure that all households have access to basic level of sanitation	Number of households provided with Ventilation Improved Pit Toilets (VIPs) by 30 June 2023	Technical Services	2006 households with access to VIP	0	0	334	0	334	- Progress reports. - Practical completion certificates
024	To ensure well maintained services infrastructure	% of callouts responded to within 24 hours (sanitation/wastewater)	Technical Services	98% of sewer main lines repaired within 24hrs	98%	98%	98%	98%	98%	- Maintenance report - Job Cards
Functional Area: Electricity										
026	To ensure that all households have access to basic level of electricity	% households with access to electricity by 30 June 2023	Technical Services	44 683 (89.8%) access to electricity	0	0	0	91% (350)	91%	- Progress reports. - Practical completion certificates
027	To ensure that power supply to all consumers is metered	Number of electricity meters installed by 30 June 2023	Technical Services	525 meters installed	150	150	150	150	600	- Meter installations

A01	Ensure sustainability of electricity supply	Refurbishment of Breyten 11kV sub by 30 September 2022	Technical Services	1 Switching station	0	0	1	0	1	1	0	listing and Job cards - Report on refurbishment - Report on refurbishment and completion certificate. - Report on implementation of the NERSA audit
A02	Ensure sustainability of electricity supply	Refurbishment of MV/LV by 30 June 2023	Technical Services	New Indicator	0	1	0	0	1	1	0	
A03	Improve compliance to Distribution license	Number of reports on the Implementation of NERSA audit recommendations by 30 June 2023	Technical Services	4 Reports produced	1	1	1	1	1	1	1	4
Functional Area: Roads and Storm Water												
028	To ensure improved standard of municipal roads	Km of gravel roads upgraded to asphalt or paved surface by 30 June 2023	Technical Services	0.72 km upgraded	2.5 km	0	0.82KM	0.680KM	0	0	0	3,985km - Practical completions certificate
029		Km of roads re-gravelled and bladed by 30 June 2023	Technical Services	42.99 km of gravel roads	0km	1.5km	27.5km	2.5 km	0	0	0	- Listing of roads re-gravelled and their lengths
031	To ensure well maintained roads	M ² of potholes patched by 30 June 2023	Technical Services	9683.61M ²	2600m ²	23,970m ²	3,520m ²	2000m ²	0	0	0	32,090 m ² - Monthly reports
Functional Area: Job creation and SMME Development												
032	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Municipal Infrastructure Grant (MIG) spent by 30 June 2023	Technical Services	100% Spent on MIG	25%	50%	75%	100%	100%	100%	100%	- MIG Expenditure Report - Payment certificates - WSIG
033	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Water Services Infrastructure Grant (WSIG) spent by 30 June 2023	Technical Services	100% Spent on WSIG	25%	50%	75%	100%	100%	100%	100%	- Expenditure Report - Payment certificates - EEDSM
A04	To ensure that funds allocated are spent on planned infrastructure project	Percentage Energy Efficiency and Demand-side Management Grant spent by 30 June 2023	Technical Services	100% spent	25%	50%	75%	100%	100%	100%	100%	- Expenditure Report

- Payment certificates

Functional Area: Human Resource Management and Development

007_1 To reduce municipal expenditure and enhance revenue
 Percentage reduction on overtime expenditure by 30 June 2023

R 12m spent on overtime

12.5%

25%

37%

50%

- Quarterly expenditure reports

Functional Area: Governance and Public Participation

009_1 To improve the municipality's audit outcome
 Number of audit findings reduced by 30 June 2023

2 Audit findings

0

0

2

0

2 - AG Audit Report

A06 To mitigate and address identified strategic and operational risks
 Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023

24 risks action plans developed

60%

60%

70%

70%

Quarterly Reports

**KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT
STRATEGIC OBJECTIVE: TO PROVIDE SUSTAINABLE AND RELIABLE SERVICES TO COMMUNITIES**

No	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Solid Waste Disposal and Environmental Management										
To ensure that households are provided with the minimum solid waste removal services										
036	To ensure that households are provided with the minimum solid waste removal services	% households with access to waste removal at least once a week by 30 June 2023	Community & Social Services	37 816 (74%) have access to waste removal	74.5% (245)	75% (256)	75.5% (255)	76% (256)	76% (1012)	- List of new households that received the services - Clean up Registers - Reports
037	To ensure that illegal waste dumping spots are identified and cleared	Number of illegal dumping sites eradicated by 30 June 2023	Community & Social Services	20 illegal dumping spots identified	0	1	0	1	2	- Clean up Registers - Reports
038	To promote awareness on waste management to communities	Number of Waste Management educational campaigns held by 30 June 2023	Community & Social Services	12 Waste Management educational campaigns held	2	2	2	2	8	- Attendance Registers
039	To promote awareness and encourage communities to minimize waste	Number of Waste Minimization projects supported by 30 June 2023	Community & Social Services	23 projects supported	2	2	2	2	8	- Attendance registers - Reports
040	To ensure that all waste disposal site are maintained regularly in accordance with NEMA	Number of waste disposal sites maintained on a monthly basis	Community & Social Services	2 waste disposal sites maintained	2	2	2	2	2	- Land fill sites maintenance reports
041	To ensure that all waste disposal site are maintained regularly in accordance with NEMA	Number of waste transfer stations maintained per quarter	Community & Social Services	3 waste transfer stations maintained	3	3	3	3	3	- Waste transfer stations maintenance reports
Functional Area: Sustainable Human Settlement										
To ensure that municipal cemeteries are maintained regularly										
042	To ensure that municipal cemeteries are maintained regularly	Number of cemeteries maintained by 30 June 2023	Community & Social Services	14 cemeteries maintained	14	14	14	14	14	- Register on cemeteries maintained
Functional Area: Social and Community Development										
To ensure that municipal parks are maintained										
043	To ensure that municipal parks are maintained	Number of parks maintained by 30 June 2023	Community & Social	27 parks maintained	27	27	27	27	27	- Register on parks

regularly		Services	28 libraries educational campaigns held	Community & Social Services	2	3	3	2	10	maintained - Attendance Registers - Reports and photos
046	To promote the culture reading and learning for learners at school	Number of libraries educational campaigns held by 30 June 2023		Community & Social Services	2	3	3	2	10	- Reports and attendance register
047	To consult with stakeholder on library developments	Number of library stakeholders engagements held by 30 June 2023		Community & Social Services	1	1	1	1	4	
Functional Area: Licencing and Regulatory Services										
052	To ensure competent learner drivers are issued learner drivers licence	Number of learner driver license applications received and processed by 30 June 2023		Community & Social Services	600	600	600	600	2400	- RD 323 Natis Report
053	To ensure competent drivers are issued drivers licence	Number of driver license applications received and processed by 30 June 2023		Community & Social Services	500	500	500	500	2000	- RD 323 Natis Report
054	To ensure that roadworthy vehicles are issued roadworthy certificates	Number of Vehicle road worthiness tests applications received and processed by 30 June 2023		Community & Social Services	100	100	100	100	400	- RD 323 Natis Report
Functional Area: Fire and Emergency Services										
055	To ensure that fire and emergency incidents are attended to within the prescribed timeframe	Percentage of fire and emergency incidents attended within the pre-determined timeframe in accordance with SANS 10090 by 30 June 2023		Community & Social Services	82%	82%	82%	82%	82%	- Fire incident response report
056	To ensure that fire inspections are conducted in buildings as prescribe by law	Number of fire safety inspections conducted by 30 June 2023		Community & Social Services	175	175	175	175	700	- Fire Safety Inspections report
057	To ensure that scholars and communities are educated of	Number of fire awareness campaigns conducted (PIER)		Community & Social	10	10	10	10	40	- Awareness campaign

	the dangers and prevention of fires	by 30 June 2023	Services	conducted	forms and Listing
Functional Area: Disaster Management					
058	To ensure that scholars and communities are educated on disasters and preventions thereof	Number of disaster awareness campaigns conducted by 30 June 2023	Community & Social Services	13 disaster awareness campaigns conducted	- Awareness campaign forms and Listing
				3	3
059	To ensure that all disaster incidents are attended to within the prescribed timeframe	Percentage of disaster incidents attended within 24 hours	Community & Social Services	100% disaster incidents attended timeously	- Disaster assessment forms and listing
				100%	100%
Functional Area: Traffic Services and Law Enforcement					
061	To ensure that scholars are educated on road safety and accidents prevention measures	Number of road-safety awareness campaigns conducted at schools by 30 June 2023	Community & Social Services	7 road-safety awareness campaigns conducted at schools	- Awareness campaign forms and Listing
				3	3
062	To ensure motorists compliance to road safety rules and regulations	Number of road-blocks conducted by 30 June 2023	Community & Social Services	18 road-blocks conducted	- Invitation letters
				3	3
				3	3
				12.5%	50%
Functional Area: Human Resource Management and Development					
007_2	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	Community & Social Services	R 4.3m spent on overtime	- Quarterly expenditure reports
				25%	50%
Functional Area: Governance and Public Participation					
009_2	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	Community & Social Services	2 Audit findings	- AG Audit Report
				0	2
A07	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	Community & Social Services	75 risks action plans developed	- Quarterly Reports
				60%	70%
				60%	70%

KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT

STRATEGIC OBJECTIVE: TO COORDINATE EFFORTS TO ADDRESS UNEMPLOYMENT AND POVERTY

No	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Economic Development										
100	To ensure businesses adhere to their social responsibility plans	Number of Sector Labour Plans meetings held by 30 June 2023	Planning and Economic Development	20 Sector Labour Plans meetings held	5	5	5	5	20	- Invitations, minutes and attendance registers
101	To ensure SMMEs are supported to participate in the economy	Number of Local SMMEs and Cooperatives supported by 30 June 2023	Planning and Economic Development	21 SMMEs and Cooperatives supported	5	5	5	5	20	- Minutes and attendance registers
102	To ensure that companies comply with their social responsibility	Number of projects implemented through SLP by 30 June 2023	Planning and Economic Development	New indicator	0	0	0	2	2	- Completion of handover certificate
035	To ensure that job opportunities are created in terms of the EPWP guidelines	Number of job opportunities created via Public Employment Programmes (EPWP, CWP etc.)	Planning and Economic Development	332 work opportunities created	50	50	150	211	461	- EPWP Report - Listing of staff

KEY PERFORMANCE AREA 4: FINANCIAL VIABILITY AND MANAGEMENT

KEY PERFORMANCE AREA: TO IMPROVE THE VIABILITY AND MANAGEMENT OF MUNICIPAL FINANCES

No	Performance Objective	Key Performance Indicator	Department	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
				Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Revenue Management and Credit Control									
065	To ensure that all meters are functioning properly for accurate billing	Number of electricity meters functionality by 30 June 2023	Financial Services	1	1	1	1	4	- Meter performance report
065_1	To ensure that all meters are functioning properly for accurate billing	Number of water meters reports generated for functionality by 30 June 2023	Financial Services	1	1	1	1	4	- Meter performance report
066	To ensure indigent consumers are registered and receive Free Basic Services	Number of households in the municipal area registered as indigent by 30 June 2023	Financial Services	3000	3000	2000	3000	11000	- Accumulated indigent subsidies register
069	To ensure budget allocation for indigent consumer	Percentage of the municipality's operating budget spent on indigent relief for free basic services by 30 June 2023	Financial Services	0.6% (R 1 395 000)	0.6% (R 1 395 000)	0.4% (R 930 000)	0.6% (R 1 395 000)	0.6% (R 5 115 000)	- Budget expenditure report
070	To ensure necessary strategies are implemented to collect revenue	Percentage revenue collected by 30 June 2023	Financial Services	70%	75%	75%	78%	75%	- Billing report (age analysis)
070_1	5% deviation/ variance billing	Percentage deviation / variance on meters read every month for the year ending 30 June 2023	Financial Services	5%	5%	5%	5%	5%	- Meter book activity report - Exception report
070_2	5% deviation/ variance households	Percentage deviation / variance of households visited every month for the year ending 30 June 2023	Financial Services	5%	5%	5%	5%	5%	- Meter book activity report - Exception report
071	To reduce the number of days taken to collect revenue from consumers	Averages debtors collection days by 30 June 2023	Financial Services	30	30	30	30	30	- Debtors age analysis - C4 schedule (Monthly)

071_1	To reduce the debt book (Property rates and Basic Charges)	Amount reduction on property rates debt book by 30 June 2023	Financial Service	New indicator	R 5 000 000	R 10 000 000	R 10 000 000	R 20 000 000	R 45 000 000	budget schedule) - Audited AFS - Debt book - Demand letters - Cut off list - Summons - Debt book - Demand letters - Cut off list - Summons - Valuation roll and Supplementary valuations and Reconciliations
071_2	To reduce the debt book (Other trading Services)	Amount reduction on trading services debt book by 30 June 2023	Financial Service	New indicator	R 37 000 000	R 50 000 000	R 70 000 000	R 70 000 000	R 237 000 000	- Demand letters - Cut off list - Summons
072	To ensure compliance to the Municipal Property Rates Act	Percentage of compliance to MPRA implementation processes for the year ending June 2023	Financial Service	100% compliance	100%	100%	100%	100%	100%	- Valuation roll and Supplementary valuations and Reconciliations
Functional Area: Expenditure Management										
068	To ensure creditors are paid within 30 days of invoicing as prescribed by legislation	Percentage of municipal payments made to service providers who submitted complete forms within 30-days of invoice submission	Financial Service	New Indicator	100%	100%	100%	100%	100%	- Creditor's payment average list - Payment Vouchers
068_1	To comply with Section 32 of the MFMA (Excluding Eskom, DWS & DCSSL)	Zero percent incurred on Fruitless and Wasteful Expenditure by 30 June 2023	Financial Service	New indicator	0%	0%	0%	0%	0%	- Fruitless and Wasteful expenditure register
068_2		Number of VAT returns prepared and submitted on a monthly basis	Financial Service	New indicator	3	3	3	3	12	- VAT Returns - Fruitless and Wasteful expenditure register
068_3		Number of EMP201 returns prepared and submitted on a monthly basis	Financial Service	New indicator	3	3	3	3	12	- EMP201 Returns - Fruitless and Wasteful

068_4	Number of EMP501 returns prepared and submitted bi-annually	Financial Service	New indicator	1	0	0	1	2	expenditure register - EMP501 returns - Fruitless and Wasteful expenditure register
068_5	To improve internal controls on monthly creditors reconciliation	Financial Services	New indicator	3	3	3	3	12	- Signed monthly creditors reconciliations
Functional Area: Asset Management									
073	To ensure that all assets are accounted for	Financial Services	2 FAR updates conducted	0	1	0	1	2	- Assets Register
Functional Area: Supply Chain Management									
067	To ensure that procurement of services is concluded within 90 days (Bids)	Financial Services	Average number of days from the point of advertising to the letter of award per 80/20 procurement process	90	90	90	90	90	- Tender Register / listing - Appointment letters
074	To ensure that SALs are signed within 30 days of appointing a service provider	Financial Services and Corporate	Percentage of SLAs signed within 30 days after appointment date	100%	100%	100%	100%	100%	- SLAs Listing / Register - Signed Service Level Agreements
075	To ensure that goods below R 30 000 are procured within 30 days of submission of a requisition	Financial services	Number of days taken to procure goods and services below R 30 000 by 30 June 2023	30 days	10 days	10 days	10 days	10 days	- Procurement requisition register - Goods received note
075_1	To ensure that goods between R 30 000 and R 200 000 are procured within 30 days of submission of a	Financial Services	Number of days taken to procure goods and services between R 30 000 and R 200 000 by 30 June 2023	30	30	30	30	30	- Procurement requisition register - Goods

requisition										received note	
A011	To comply with Section 32 and Regulation 36 of the MFMA	Number of deviation reports submitted to Council by 30 June 2023	Financial Services	New indicator	1	1	1	1	1	4	- Deviation Report - Irregular expenditure report - Section 80 reports - Council Resolutions - Stock count reports
A012	To ensure stores items are kept at optimum level	Number of stock counts conducted by 30 June 2023	Financial Services	New indicator	1	1	1	1	1	4	
Functional Area: Financial Reporting and Budgeting											
076	To ensure that the revised, draft and final budgets are approved by Council within the prescribed timeframes by the MFMA	Number of budgets approved by 31 May 2023	Financial Services	3 budgets approved	0	0	2	1	1	3	Adjustment budget for 2022/23 & Council resolution - Multi-year Draft Budget for 2023/26 & Council resolution - Approved Budget 2023/26 & Council resolution - Council Resolutions AFS - Submission letters - Proof of submission
077	To ensure that the AFS are completed and submitted to all relevant stakeholders as prescribed by the MFMA	Number of Annual Financial Statements compiled and submitted to relevant stakeholders by 31 August 2022.	Financial Services	1 AFS submitted to relevant stakeholders	1	0	0	0	0	1	
078	To ensure compliance to	Number of Section 72 Reports	Financial	1 Section 72	0	0	1	0	0	1	- Section 72

	Section 72 of the MFMA	submitted to the Mayor, NT and PT by 25 th of January 2023	Services	Report submitted					Report	
079	To monitor unauthorised expenditure number of budget vs. actual monthly reports	Number of budget vs. actual monthly reports after the end of each quarter	Financial Services	12 Budget/Actual Variant report	3	3	3	3	12	- Proof of submission to EM, NT and PT - Budget/Actual Variant report submitted to all HOD's
080	To ensure compliance to Section 11 of the MFMA	Number of section 11 quarterly reports submitted to Council, PT and AG within 30 days after the end of each quarter	Financial Services	4 section 11 quarterly reports submitted	1	1	1	1	4	- Sec 11 Reports - Council resolution - Proof of submission to AG and PT
081	To ensure compliance to Section 32 of the MFMA	Number of Section 32 quarterly reports submitted to Council, PT and AG within 30 days after the end of each quarter	Financial Services	4 Section 32 quarterly reports submitted	1	1	1	1	4	- Proof of submission to AG and PT - COGTA
A013	To ensure compliance with Section 98 of the MFMA	Number of bank reconciliations conducted by 30 June 2023	Financial Services	New indicator	9	9	9	9	36	- Signed bank reconciliations
Functional Area: Human Resource Management and Development										
007_3	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	Financial Services	R 275 000 spent on overtime	12.5%	25%	37%	50%	50%	- Quarterly expenditure reports
Functional Area: Governance and Public Participation										
009_3	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	Financial Services	53 Audit findings	0	0	37	0	37	- AG Audit Report
A08	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	Financial Services	46 risks action plans developed	60%	60%	70%	70%	70%	- Quarterly Reports

KEY PERFORMANCE AREA 5: PUBLIC PARTICIPATION, GOOD GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

STRATEGIC OBJECTIVE: TO STRENGTHEN PUBLIC PARTICIPATION, CORPORATE GOVERNANCE AND ACCOUNTABILITY

No	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Legal, Compliance and Public Participation										
082	To ensure compliance to Section 29 of the Municipal Systems Act, 2000	Number of IDP and Budget process plans approved by 30 August 2022	Municipal Managers Office	1 IDP/Budget process plans approved	1	0	0	0	1	<ul style="list-style-type: none"> - Approved Process plan. - Process Plan Resolution. - Public notice of the Process Plan Submission Letter. - Public notice for IDP consultations. - Draft IDP. - Council Resolution for Draft IDP. - Public Notice inviting comments on the IDP. - Submission letter for Draft IDP. - Final Approved IDP. - Council Resolution for final IDP.
083	To ensure that the Draft and Final IDPs are compiled and approved by Council in terms of Section 30, 31 and 32 of the Municipal Systems Act, 2000	Number of Council Approved IDPs by 31 May 2023 and submitted to the MEC within 10 days after approval and publicised for public information within 14 days thereafter	Municipal Managers Office	2 IDPs approved by the Council. (Draft and Final IDP)	0	0	1	1	2	<ul style="list-style-type: none"> - Approved Process plan. - Process Plan Resolution. - Public notice of the Process Plan Submission Letter. - Public notice for IDP consultations. - Draft IDP. - Council Resolution for Draft IDP. - Public Notice inviting comments on the IDP. - Submission letter for Draft IDP. - Final Approved IDP. - Council Resolution for final IDP.

published on the municipal website.

Office

- Screen shots of the postings

Functional Area: Performance Management, Monitoring and Evaluation

090	To ensure that all Directors sign their Performance Agreements at the beginning of the financial year	Number of performance agreements signed by 30 July 2022	Municipal Managers Office	6 performance agreements signed	6	0	0	0	6	- Signed performance agreements of senior managers
091	To ensure that all Directors' performance are assessed in terms of the Performance Regulations	Number of performance evaluations conducted 30 June 2023	Municipal Managers Office	0 performance evaluations conducted	1	1	1	1	4	- Performance Assessment reports for senior managers
092	To ensure that APR is compiled in terms of Sec 46 of the MSA and submitted to relevant stakeholders	Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 st August 2022	Municipal Managers Office	1 APR compiled and submitted to relevant stakeholders	1	0	0	0	1	- Signed APR - Proof of submission
093	To ensure that both Draft and Final Annual Reports are approved by Council within prescribed timeframe and submitted to relevant stakeholders	Number of Annual Reports compiled and submitted to relevant stakeholders by 31 March 2023	Municipal Managers Office	2 Annual Reports submitted to relevant stakeholders (Draft & Final)	0	0	2	0	2	- Signed Annual Report. - Proof of submission - Proof of publications
094	To ensure that quarterly performance reports are tabled in Council	Number of SDBIP quarterly reports tabled in the Council by 30 June 2023	Municipal Managers Office	4 SDBIP quarterly reports tabled	1	1	1	1	4	- Quarterly performance reports - Council Resolutions
095	To ensure compliance to MFMA on the approval of the municipal SDBIP	Number of SDBIPs approved 28 days after the budget approval by 30 June 2023	Municipal Managers Office	2 SDBIP approved (Original and Revised)	0	0	0	1	1	- Approved SDBIP. - Council Resolution - Proof of publications

Functional Area: Internal Audit (IA)

096	To ensure that Internal Audit Annual plan is approved by Audit Committee in terms of Sec 165 MFMA	Number of Internal Audit Annual Plans approved by 30 June 2023	Municipal Manager's Office	1 Internal Audit Annual Plans	0	0	0	1	1	- Approved Internal Audit Annual Plan - Audit Committee minutes
097	To ensure that Audit Committee meetings are held as scheduled	Number of Audit Committee meetings held by 30 June 2023	Municipal Manager's Office	7 Audit committee meetings held	1	1	1	1	4	- Minutes and attendance registers
Functional Area: Risk Management										
098	To ensure that the Annual Risk Register is approved by the Risk Committee	Annual Risk Register developed and approved by 30 June 2023	Municipal Managers Office	0 Risk Register developed	0	0	0	1	1	- Approved Annual Risk Register
099	To ensure that risk management reports are submitted RMC	Number of quarterly risk management reports submitted to Risk Management Committee (RMC) by 30 June 2023	Municipal Manager's Office	4 risk management reports submitted to RMC	1	1	1	1	4	- Risk reports submitted to RMC.
009_4	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	Municipal Manager's Office	3 Audit findings	0	0	2	0	2	- AG Audit Report
A09	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023	Municipal Manager's Office	6 risks action plans developed	60%	60%	70%	70%	70%	- Quarterly Reports
Functional Area: Human Resource Management and Development										
007_5	To reduce municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure by 30 June 2023	Financial Services	R 126 000 spent on overtime	12.5%	25%	37%	50%	50%	- Quarterly expenditure reports

KEY PERFORMANCE AREA 6: SPATIAL PLANNING AND RATIONALE

STRATEGIC OBJECTIVE: TO ENSURE LONG TERM PLANNING THAT PROVIDES FOR SOCIAL COHESION AND TRANSFORMATION

No	Performance Objective	Key Performance Indicator	Department	Baseline 2021/2022	Quarterly Targets 2022-2023				Annual Target 2022/2023	Means of Verification
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		
Functional Area: Sustainable Human Settlement										
103	To ensure that communities are settled on approved townships to access municipal services	Number of informal settlements formalised by 30 June 2023	Planning and Economic Development	New indicator	0	0	0	3	3	- Layout Plan
105	To ensure continuous communication on development between the municipality and DHS is maintained	Number of quarterly meetings held with the Provincial Department of Human Settlement by June 2023	Planning and Economic Development	4 meetings held	1	1	1	1	4	- Minutes and attendance register of meetings
Functional Area: Land Use Management										
106	To ensure timeous processing of building plans	Percentage of compliant building plans processed within 60 days	Planning and Economic Development	100% compliant building plans processed within 60 days	100%	100%	100%	100%	100%	- Building plan register - Building plans and approval or disapproval letters
107	To ensure that inspections on buildings land use are done and contraventions notices are served	Number of building and land use contraventions issued quarterly	Planning and Economic Development	102 building and land use contraventions issued	25	25	25	25	100	- Listing of notices and notices served
108	To ensure timeous referral and processing of buildings land use contraventions	Percentage of building and land use contraventions referred to Legal section after 60 days (Within 90 days from date of first notice)	Planning and Economic Development	100% building and land use contraventions referred to Legal section	100%	100%	100%	100%	100%	- Listing of notices issued and notices issued - Memo to legal services
109	To ensure timeous consideration of compliant Land Use and Land Development Applications	Percentage of compliant Land Use and Land Development Applications considered by the Land	Planning and Economic Development	100% compliant Land Use and Land Development	100%	100%	100%	100%	100%	- Listing of applications considered by LDO

	Development Officer within 30 days	Applications considered by LDO
110	To ensure Building Regulations and land use compliant structures and organized settlements Percentage of SPLUMA compliant Certificates issued within 28 days Planning and Economic Development	100% 100% 100% 100% 100%
111	To ensure that all land use building complaint are timeously investigated and addressed. Percentage of land use and building complaints investigated within 14 days Planning and Economic Development	100% 100%
Functional Area: Human Resource Management and Development		
007_4	To reduce municipal expenditure and enhance revenue Percentage reduction on overtime expenditure by 30 June 2023 Planning and Economic Development	12.5% 25% 37% 50% 50%
Functional Area: Governance and Public Participation		
A010	To mitigate and address identified strategic and operational risks Percentage of action plan implemented to address strategic and operational risks identified per quarter by 30 June 2023 Planning and Economic Development	60% 60% 70% 70%

- List of SPLUMA Applications received
- SPLUMA Certificate and decline letters
- List of land use and building complaints
- Inspection report
- Quarterly expenditure reports
- Quarterly Reports

10. CAPITAL AND OPERATIONAL PROJECTS 2022/2023

Institutional Projects and Deliverables													
Key Performance Area 2: Basic Services Delivery and Infrastructure Development													
	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Budget 2022/2023	Starting Date	Completion Date	Qtr Ending Sep/22	Qtr Ending Dec/22	Qtr Ending Mar/23	Qtr Ending Jun/23
Community and Social Services													
CHW 69	Trading Services	11	Waste Management	Refuse – Solid waste	Upgrading of landfill sites to transfer stations (Davel, Lothair, Sheepmoor and Chrissiesmeer)	10, 12, 11 & 19	R 6 000 000	01-July-22	30-June-23	Procurement	Order issued	74% Construction	100% project completion
CHW 66		11	Waste Management	Refuse – Solid waste	Purchase of Refuse Containers (Skip 4m3)	All	R 160 000	01-July-22	30-June-23	Procurement	Order issued	74% Construction	100% project completion
CHW 67		11	Waste Management	Refuse – Solid waste	Purchase of Refuse Containers (Skip 1.1m3)	All	R 200 000	01-July-22	30-June-23	Procurement	Order issued	74% Construction	100% project completion
CHW 151		11	Waste Management	Refuse – Solid waste	Procurement of yellow fleet for waste Management	All	R 1 773 750	05-Jul-22	31-May-23	Procurement	Order issued	100% project completion	
Technical Services													
ESN 32 & 33		12	Waste Water Management	Sewerage Network	Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 & 2	9	R 7 575 149.22	21-Oct-22	30-Jun-23	11% Planning and Designs	24.3% Construction	48% Construction	100% Project completion
ESNN 18		12	Waste Water Management	Sewerage Network	Upgrading of Ermelo Ext. 32, 33 and 34 sewer outfall pipeline	16	R 22 384 185.29	06-Apr-22	30-Jun-23	44.8% Construction	70% Construction	73.5% Construction	100% Project handover

Institutional Projects and Deliverables
Key Performance Area 2: Basic Services Delivery and Infrastructure Development

	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Budget 2022/2023	Starting Date	Completion Date	Qtr Ending Sep/22	Qtr Ending Dec/22	Qtr Ending Mar/23	Qtr Ending Jun/23
ESN 40		12	Waste Water Management	Waste Water Treatment	Refurbishment of Chrissiesmeer Oxidation Ponds	19	R 17 719 921.32	14-Oct-22	25-Jun-23	11% Planning and Designs	24.3% Construction	61.7% Construction	100% Project handover
ESN 41		12	Waste Water Management	Waste Water Treatment	Refurbishment of Loifair Oxidation Ponds	15	R 19 895 893.39	14-Oct-22	25-Jun-23	11% Planning and Designs	24.3% Construction	61.7% Construction	100% Project handover
ESN 39		12	Waste Water Management	Sewerage Network	VIP Toilets in Msukaligwa Farm Areas	15	R 7 878 336.00	05-Aug 22	10-Mar-23	16% Procurement and tender	57.5% Construction	90.7% Construction	100% Project completion
EWNN 63		12	Waste Water Management	Sewerage Network	Construction of a 8 Ml Reservoir at Ermelo Ext 44 & associated pipe works	8	R 2 219 776.37	26-Jan 2021	31- Mar 2023	100% Project completion	0	97.3% Construction	100% Project completion
P30		12	Waste Water Management	Sewerage Purification	Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	16	R 666 206.11	1-Oct 2020	15-Dec-21	0	0	90.7% Construction	Project completed (100%)
EWNN 82		13	Water Management	Water Network	Installation of Water House Connections at Breyten Ext 4 (Enkantini)	13	R 1 252 982.63	23-Sep-22	20-March-23	16% Procurement and tender	61.7% Construction	99% Project Handover	100% Project completion

Institutional Projects and Deliverables
Key Performance Area 2: Basic Services Delivery and Infrastructure Development

	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Budget 2022/2023	Starting Date	Completion Date	Qtr Ending Sep/22	Qtr Ending Dec/22	Qtr Ending Mar/23	Qtr Ending Jun/23
EWNN 85	Trading Services	13	Water Management	Water Network	Regional Bulk Water Scheme for Breyten Cluster 2 in Msukaligwa LM	12,13,14,15,19	R 62 609 050	25-Feb-21	30-May-24	62.5% Construction	70.5% Construction	89% Construction	99% Project Handover
ER 070 (b)		10	Road Transport, Road & Technical Services	Public Works	Construction of three intersections to join SANRAL's N17 at Warburton, Nganga road and associated St.	12	R 6 629 689.67	22-Aug-22	24-Feb-23	24.3% Construction	74.1% Construction	77.4% Construction	100% Project completion
ER 170		10	Road Transport, Road & Technical Services	Public Works	Upgrading of the Wesselson Extension 3 Boxer intersection	1	R 3 969 338.82	15-Mar-22	16-Mar-23	99% Project handover	100% Project completion	99% Project Handover	100% Project Completion
ER 171	Trading Services	10	Road Transport, Road & Technical Services	Public Works	Rehabilitation of Emadami Ext 6 Taxi collector	2	R 3 790 365.42	3-Mar-23	16-Sep-22	99% Project handover	100% Project completion	99% Project Handover	100% Project Completion
ER 172		10	Road Transport, Road & Technical Services	Public Works	Construction of the storm water channel at Ext 6 eMadami	2	R 4 523 886.86	25-Aug	30-Jun-23	6% Planning & Designs	14.5% Procurement & Tender	20.2% Construction	100% Project Completion
ER 136		10	Road Transport, Road & Technical Services	Public Works	Upgrading of KwaZanele Masizakhe road	14	R 1 899 899.97	15-Mar-22	30-Sep-22	99% Project handover	100% Project completion	100% Project completion	

Institutional Projects and Deliverables
Key Performance Area 2: Basic Services Delivery and Infrastructure Development

	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Budget 2022/2023	Starting Date	Completion Date	Qtr Ending Sep/22	Qtr Ending Dec/22	Qtr Ending Mar/23	Qtr Ending Jun/23
ER 177		10	Road Transport, Road & Technical Services	Public Works	Construction of Paved Road in Wesselton OR Tambo Taxi Collector Phase 1	1	R 513 370.61	25-Aug-22	27-Oct-23	6% Planning & Designs	12.5% Procurement & Tender	6% Planning & Designs	11% Planning & Designs
ER 178		10	Road Transport, Road & Technical Services	Public Works	Construction of the road at Wesselton Msheveni Street	17	R 6 989 288.05	25-Aug-22	24-May-24	1% Planning & Designs	6% Planning & Designs	24.3% Construction	32.6% Construction
ER 179		10	Road Transport, Road & Technical Services	Public Works	Construction of paved roads in Wesselton Mthabama Street	17	R 6 433 806	25-Aug-22	30-Jun-23	6% Planning & Designs	14.5% Procurement & Tender	55.5% Construction	100% Project Completion
EE 141	Trading Services	14	Electricity	Electricity infrastructure	Installation of High mast lights	Various wards	R 2 402 536.67	05-Aug-22	30-Jun-23	16% Procurement and tender	57.5% Construction	95.8% Construction	95.8% Construction
AEP 01		14	Electricity	Electricity infrastructure	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	8	R 4 423 549.90	16-Jul-21	30-Jun-23	100% Project completion	0	95.1% Construction	99% Project Handover
AEP 02		14	Electricity	Electricity infrastructure	Implementation of Energy Efficiency and Demand Side Management within Msukaligwa Local Municipality	Various wards	R 4 000 000	26-Oct-22	03-Apr-23	0	0	98.1% Implementation	100% Implementation

Institutional Projects and Deliverables

Key Performance Area 6: Spatial Planning and Rationale

Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Budget 2022/2023	Starting Date	Completion Date	Qtr Ending Sep/22	Qtr Ending Dec/22	Qtr Ending Mar/23	Qtr Ending Jun/23
Planning and Economic Development												
ATP 01	07	Human Settlements	Township Establishment	Upgrading of Marikana informal Settlement 6/276-IS	10	R 1 500 000	23-Nov-22	23-Jun-24	0	0	0	(50%) Layout Plan
ATP 02	07	Human Settlements	Township Establishment	Township Establishment Warburton/ Nganga	12	R 1 000 500	23-Nov-22	23-Jun-24	0	0	0	(50%) Layout Plan
ATP 03	07	Human Settlements	Township Establishment	Township Establishment Wesselton	9	R 2 100 000	23-Nov-22	23-Nov-23	0	0	0	(50%) Layout Plan



M KUNENE (MR.)
MUNICIPAL MANAGER
MSUKALIGWA LOCAL MUNICIPALITY

24/03/2023
 DATE



C.L.R. M. P. NKOSI (MS.)
EXECUTIVE MAYOR
MSUKALIGWA LOCAL MUNICIPALITY

24/03/2023
 DATE

VOLUME VI

COUNCIL RESOLUTIONS



MSUKALIGWA LOCAL MUNICIPALITY



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CORPORATE SERVICES DEPARTMENT Certified Council Resolution


5th Ordinary Council Meeting: 30 January 2024

LM 576/01/2024

A-484 COUNCIL RESOLUTION: ADOPTION OF THE DRAFT ANNUAL REPORT: 2022/2023 FINANCIAL YEAR

RESOLVED AS FOLLOWS:

1. That Council **NOTED** the report of the Executive Mayor regarding the tabling of the Draft Annual Report for the 2022/2023 financial year in terms of Section 127 (2) of the Municipal Financial Management Act (MFMA), Act No.56 of 2003.
2. That Council **APPROVED** the Municipality's Draft Annual Report for the 2022/2023 financial year as tabled in terms of the provisions of Section 127 of the Municipal Finance Management Act, 2003.
3. That in accordance with provisions of Section 21A of the Municipal Systems Act No.32 of 2000 as amended, the Accounting Officer of the Municipality must:
 - (a) Make public the Annual Report and invite the local community to submit representations on the report; and
 - (b) Submit the Annual Report to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for local government in Province (COGTA).
4. That Council **REFERRED** the Draft Annual report for the 2022/2023 financial year to the Municipal Public Account Committee (MPAC) for oversight and a comprehensive report should **BE SUBMITTED** to Council not later than two months from the day of the Council sitting in accordance with Section 129(1) (a) (b) (c) of the MFMA.


Certified as true resolution
Speaker of Council
Cllr N.S. Xaba

30 January 2024

Date