



Msukaligwa Local Municipality



2021/2022 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.

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

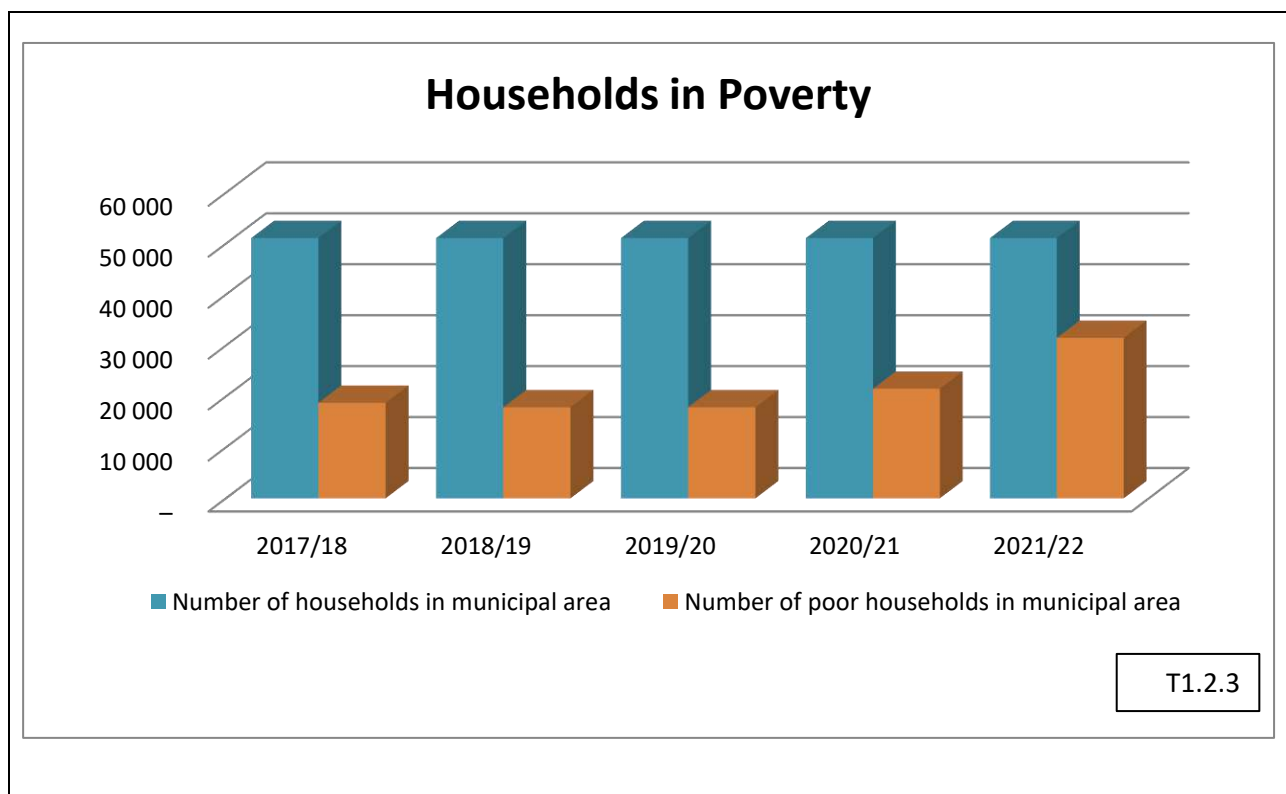
1.1.2. MUNICIPAL DEMOGRAPHICS

Msukaligwa population dynamics is based on statistics derived from *Statistics South Africa* 2011 to 2016 community survey. *Statistics South Africa* data had been used for the demographics and where data could not be derived from Statistics South Africa, other sources had been used. The population of Msukaligwa grew by 15 231 persons during the period 2011 to 2016 at an average annual growth of 2.2%. It is estimated based on the historic growth rate that municipality would have reached a total of 223 236 persons by 2030. Considering these estimates, these imply that the municipality must be prepared to provide necessary services infrastructure to accommodate the growing population.

As for households, the municipality has seen a significant increase in households from 40 932 to 51 089 being an increase of 10 157 households between 2011 and 2016. Although there has been an increase in households, there was a decline in household size from 3.6 to 3.2 in 2016.

Population Details							
Age Groups	2011			2016 (Community Survey)			Total
	Male	Female	Total	Male	Female	Total	
0-4	8,301	8,273	16,574	8818	8886	17704	17704
5-9	7,590	7,271	14,861	7433	7109	14542	14542
10-14	7,030	6,944	13,974	6774	6741	13515	13515
15-19	7,532	7,542	15,074	7860	7904	15764	15764
20-24	8,089	7,908	15,997	8853	8933	17786	17786
25-29	7,969	7,520	15,489	9461	9600	19061	19061
30-34	5,829	5,359	11,188	8155	7017	15172	15172
35-39	4,794	4,741	9,535	6117	5843	11960	11960
40-44	4,125	4,191	8,316	4823	4551	9374	9374
45-49	3,427	3,921	7,348	3775	3567	7342	7342
50-54	3,001	3,238	6,239	2942	3151	6093	6093
55-59	2,417	2,673	5,090	2847	2727	5574	5574
60-64	1,656	1,970	3,626	1815	2102	3917	3917
65-69	969	1,192	2,161	1360	1496	2856	2856
70-74	649	1,082	1,731	788	1331	2119	2119
75-79	365	638	1,003	301	589	890	890
80+	370	801	1,171	319	620	939	939
TOTAL	74,113	75,264	149,377	82442	82166	164608	164608

Source: Statistics South Africa, 2016 Community Survey

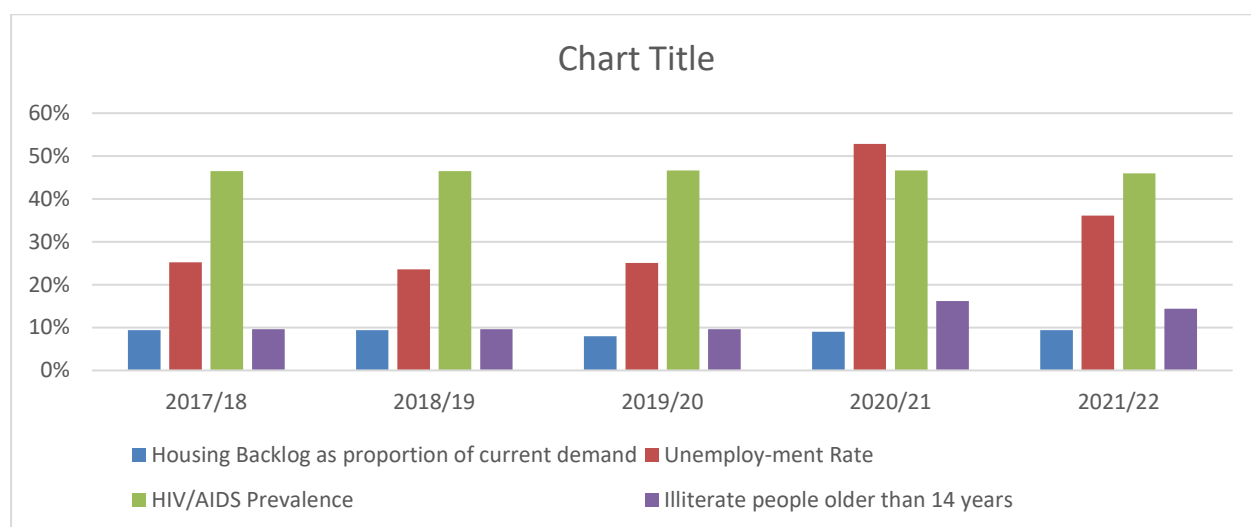


Source: Dept. of Economic Development and Tourism – SERO Report, December 2020

Socio Economic Status (as a %)				
Year	Housing Backlog as proportion of current demand	Unemployment Rate	HIV/AIDS Prevalence	Illiterate people older than 14 years
2017/18	9.4%	25,2%	46,5%	8,2%
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%

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 and Statistics South Africa, Community Survey 2016

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 Ecca 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:

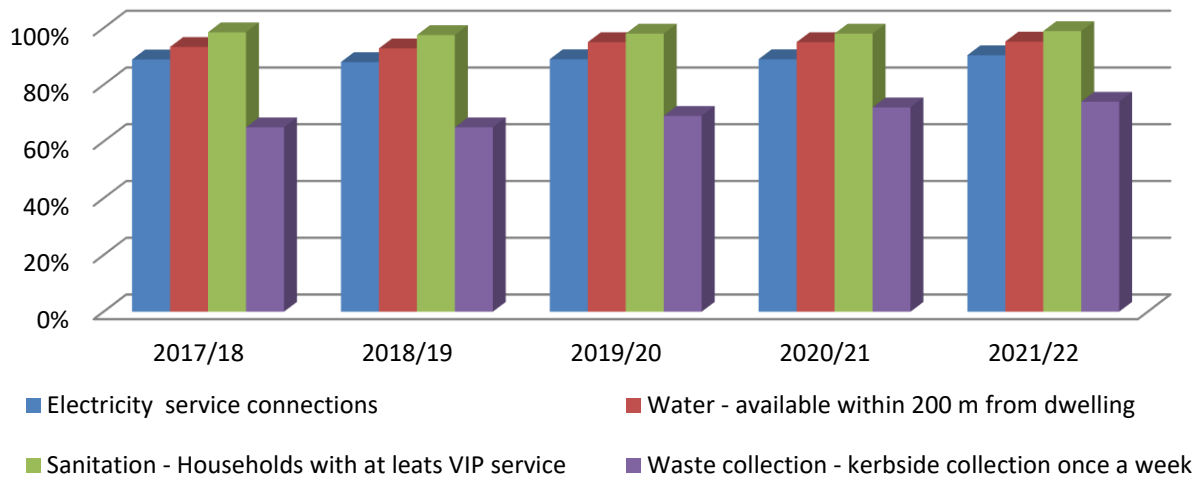
- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of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



Source: Statistics South Africa 2016 Community Survey & Municipal 2021/2022 APR
T1.2.2

1.2.2. ACCESS TO BASIC SERVICES

As depicted in the diagram above, service delivery in respect of electricity, water, sanitation and waste collection has improved over the past five years. The municipality continues to supply water through communal taps within 200m from dwellings in the informal settlements. We have seen formalization of some informal settlements in which water has been 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 to farm areas has covered most the areas in the municipality and since a decision was taken at the provincial level to replace the VIP toilets with convertible water borne toilets system, the proving of the VIP toilets was discontinued to be replaced with the new system. Due to some challenges with the convertible water borne system, the provision of sanitation through VIP toilets will continue until all farm dwellers have access to sanitation. About 1.1% of the households within Msukaligwa do not have toilets at all and plans are in place in the ensuing financial year to provide VIP toilets as well the establishment of new formal settlements to deal with informal settlements. The Nganga Township in Warburton have sewer reticulation completed but no connections were made due to challenges with water supply that is also being dealt with..

With regard 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 extend refuse collection services to Warburton and Sheepmoor in which collection is done once a week.

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:

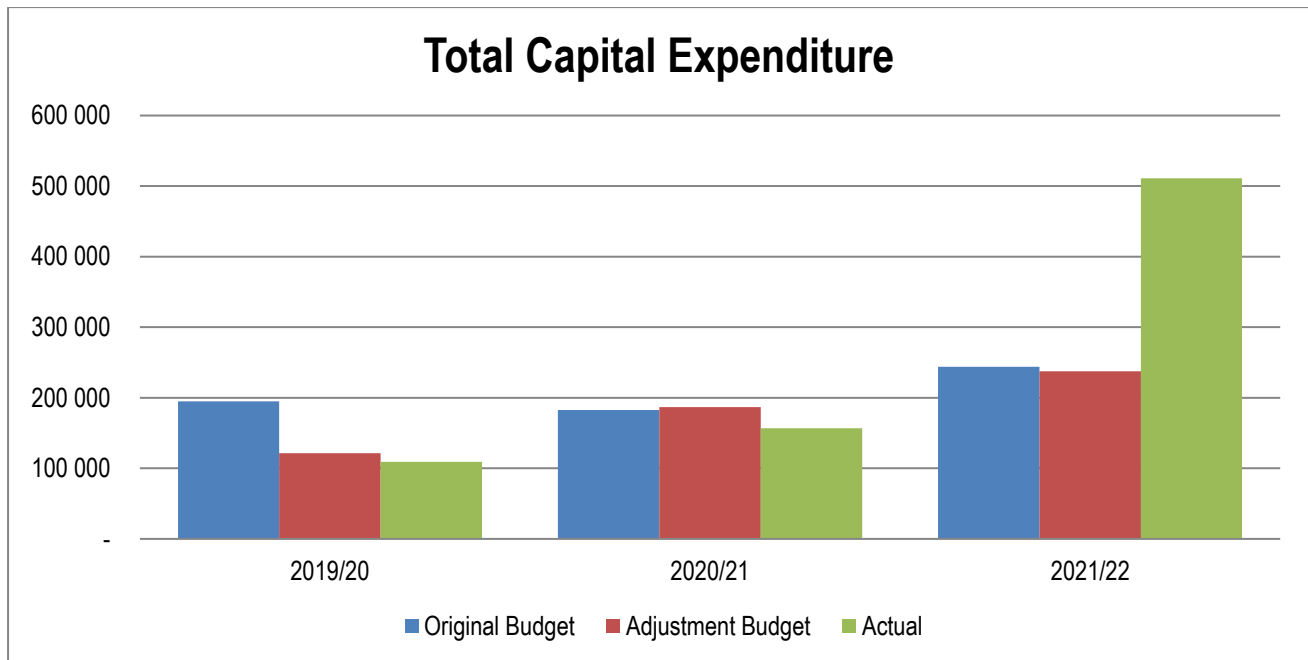
- (a) Strategy One: Restructure the Budget
- (b) Strategy Two: Revise Tariff Policies and Tariff Increases
- (c) Strategy Three: Revenue Enhancement
- (d) Strategy Four: Financial Administration
- (e) Strategy Five: Cash Management Strategy
- (f) Strategy Six: Human Resource Management

T1.3.1

Financial Overview – 2021/22				
R' 000				
Details	Original budget	Adjustment Budget	Final Budget	Actual
Income				
Grants	406 796	407 226	407 226	511 096
Taxes, Levies and tariffs	632 534	578 679	578 679	573 751
Other	65 906	55 536	55 536	60 257
Sub Total	1 105 236	1 041 440	1 041 440	1 145 104
Less Expenditure	(1 143 510)	998 882	998 882	152 001
Net Total*	(38 274)	42 558	42 558	993 103
* Note: surplus/(- deficit)				T1.4.2

Operating Ratios	
Detail	% 2021/22 vs 2020/2021
Employee Cost	27%
Repairs & Maintenance	2%
Finance Charges & Depreciation	26%
T1.4.3	

Total Capital Expenditure: 2021/22			
R'000			
Detail	2019/20	2020/21	2021/22
Original Budget	195 149	182 817	243 924
Adjustment Budget	121 552	186 840	237 386
Actual	109 370	156 791	511 097
T 1.4.4			



T1.3.5

COMMENT ON CAPITAL EXPENDITURE

Though some of the projects for 2020/2021 FY were spent according to the approved plans and in line with the alterations effected in response to the Corona virus pandemic, grants such as MIG and WSIG their spending was at 100%. It should be noted that in the RBIG the spending was at 5%, this grant is implemented by Gert Sibande District Municipality.

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 2021/2022 financial year with the following matters:

- (1) Payables from exchange transactions
- (2) VAT receivables
- (3) Irregular Expenditure
- (4) Consumer debtors – electricity
- (5) Material losses – Inventory, electricity and water
- (6) Fruitless and wasteful expenditure
- (7) Material loss on disposal of assets

There is total number of 78 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 will be compiled 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 2021/22 financial year as at the end of June 2022 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not Addressed
78			

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	December
16	Council adopts Oversight report	
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 2021/2022 financial year was adopted in accordance with the provisions of the Municipal Systems Act.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2021/2022 was approved by the Executive Mayor in compliance with the provisions of the Municipal Finance Management Act (MFMA).
3. Performance Agreements for 2021/2022 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 2021/2022 financial year as per the agreed schedule.
6. Mid- year performance reports for 2021/2022 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

Mr. R F Ntekele
Director: Technical Services

Mr. S M Phiri
Acting Chief Financial Officer

Mr. S I Malaza
Director: Community & Social
Services Department

Mr. D. Maake
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 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 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 in respect staff due to financial constraints. The unit is placed in the Office of 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	3
High Risk	5	62
Medium Risk	0	23
Low Risk	0	4
Minimum Risk	0	0
Total number of Risk Identified	6	92

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).

With the introduction of the National Lock-down by the South African Government during the beginning of the fourth quarter 2019/20 in terms of the National Disaster Act due to COVID-19, the municipality have conducted COVID-19 risk assessment as informed by Department of Labour COVID-19 regulations and Msukaligwa COVID-19 policy and work return strategy plan developed by human resources/OHS section. A COVID-19 Risk register was developed and approved, the progress on the implementation of COVID-19 risk action plans were reported and monitored by the Joint Occupational Health and Safety Committee on a monthly basis and by the Risk Management, Anti-Fraud and Corruption Committee on a quarterly basis.

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 (2020/2021)	Yes	2022/07/14
The annual report (2020/2021) published/to be published	Yes	2022/09/06
All current performance agreements for 2021/2022 as required in terms of section 57(1) (b) of the Municipal Systems Act.	Yes	2022/10/13
All service delivery agreements (2021/2022)	No	
All long-term borrowing contracts (2021/2022)	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 2021/2022	No	
Contracts agreed in 2021/2022 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 2021/2022	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/2022	Yes	2022/07/14
		T2.9.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipal Website is functional and accessible to the public. However, it needs an upgrade to allow for interactive access with the public and other spheres of government. The upgrade on the website is planned to take place in the 2022/2023 financial year. 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 2021/22				
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 2021/2022 financial year IDP. The municipality had since 2016 provided water to **1 794** households which constitute **3.8%** increase in households with access to basic level of water services. As at the end of the 2021/2022 financial year, the backlog on water provision has been at 4.8% (2,449 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 Reticulation in Wesselton Extension 11 Phase 1
 - (b) Installation Of Water Reticulation in Wesselton Extension 11 Phase 2
 - (c) Regional bulk water supply scheme for Davel cluster 3 in Msukaligwa Local Municipality
 - (d) Construction of A 8 MI Reservoir at Ermelo Ext 44 & associated pipeworks

The above projects were implemented at an amount of R 35 000 000 with 1 of the latter project not completed.

Drinking water compliance for 2021/2022:

The Msukaligwa water treatment work has achieved 93.5% compliance for Microbiological purification. The chemical compliance of 99.0% for Chemical chronic health effect. These results from treatment works has 6.5% failures on microbiological removals and 1% failures for Chemical that can have potential for chronic health effects.

T3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2016/17					
2017/18	0	0	0		
2018/19	0	0	0		
2019/20	0	0	0		
2020/21	0	0	0		

T3.1.2

Water Service Delivery Levels					
Description	Households				
	2017/18	2018/19	2019/20	2020/2021	2021/2022
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Water:</i> (above min level)					
Piped water inside dwelling	25,991	25,991	25,991	25,991	25,991
Piped water inside yard (but not in dwelling)	17,943	18,534	18,846	18,846	18,935
Using public tap (stand pipes)					
Other water supply (within 200m)	3,714	3,714	3,714	3,714	3,714
Minimum Service Level and Above sub-total	47,648	48,239	48,551	48,551	48,640
Minimum Service Level and Above Percentage	93.3%	94.4%	95%	95%	95.2%
<i>Water:</i> (below min level)					
Using public tap (more than 200m from dwelling)	0	0	0	0	
Other water supply (more than 200m from dwelling)	3,441	2,850	2,538	2,538	2,449
No water supply	0	0	0	0	0
Below Minimum Service Level sub-total	3,441	2,850	2,538	2,538	2,449
Below Minimum Service Level Percentage	6.7%	5.6%	4.97%	4.97%	4.8%
Total number of households*	51,089	51,089	51,089	51,089	51,089

* - 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				
	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	44,782	46,270	48,551	48,551	48,640
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0
Informal Settlements					
Total households	6,307	4,819	2,538	2,538	2,449
Households that's below minimum service level	3,441	3,576	3,576	3,576	2,449
Proportion of households that's below minimum service level	6.7%	6.9%	4.97%	4.97%	4.8%

T3.1.4

Water Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		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	48,148	48,239	48,239	48,551	48,551	48,551	48,640	48,640	49,565
To ensure well maintained services infrastructure	Km of water AC pipes replaced with U-PVC pipes	0	0	0	0	0	0	0	0	10 km
To ensure that all consumers are metered for water consumption	Number of water meters installed	0	0	0	0	200	585	1,000	303	2,000
Water pipe bursts repaired or replaced within 24hrs of being reported.	% of callouts responded to within 24hrs after being reported	100%	99%	95%	98.7%	95%	98,65%	95%	99,99%	100%
To ensure provision of quality drinking water	Number of reports on the implementation of blue drop assessment recommendations	0	0	0	0	0	0	0	0	4
	Number of quarterly water meters audit reports compiled	0	0	2	3	2	2	2	3	0
	Number of quarterly water quality compliance reports prepared	0	0	0	0	0	0	4	4	0
To ensure optimum performance of the water and sewer treatment plants	Number of quarterly plant performance reports prepared	0	0	0	0	0	0	4	4	0
To provide potable water in rural areas	Number of quarterly borehole maintenance report prepared	0	0	0	0	0	0	4	4	0

T3.1.6

Financial Performance: Water Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	856 031	971 950	1 105 237	1 041 441	906 577	-0	
Expenditure:							
Employees	46 739	19 218	16 866	16 866	18 129	7%	
Repairs and Maintenance	-	33 128	-	-	13 185	100%	
Other	62 835	109 023	107 695	107 695	130 153	17%	
Expenditure	109 575	142 151	124 561	124 561	161 467	23%	
Net Operational Expenditure	(38 958)	(60 830)	(6 687)	(6 687)	(160 560)	96%	
<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 Adjustment Budget by the Actual.</i>						T 3.1.8	

Capital Expenditure Year Water Services						R' 000
Capital Projects	Year 2021/22				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	87 080	223 051	219 545	-2%		
Project A	87 080	229 051	219 545	-2%		
<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. WASTE WATER (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 (2021/2022) 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) Refurbishment Of Davel Wastewater Treatment Works Refurbishment of Ermelo WWTW
 - (b) Installation Of Sewer Reticulation at Breyten Ext 4 (Enkanini)
- (2) Water Services Infrastructure Grant (WSIG) has funded the following sanitation projects:
 - (a) Construction of Oxidation ponds at Sheepmoor
 - (b) Refurbishment of Oxidation ponds-Breyten
 - (c) Feasibility study for Ermelo/Wesselton WWTW Upgrades
 - (d) Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline

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 4 060 316.60 and R 40 000 000 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.

Waste water treatment compliance for 2021/2022:

The Msukaligwa wastewater treatment work performance was reviewed against using the DWS Special standards for waste treatment works. The compliance for removal of Microbiological was 77.8% with 22.2 % failure to remove. The compliance for removal of Chemical was 42.9 % with 53.1 % failure to remove. The compliance for removal of physical materials was 83.3 % with 16.7 % failure to remove.

T3.2.1

Sanitation Service Delivery Levels					
*Households					
Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	38,452	38,895	38,895	39,396	39,492
Flush toilet (with septic tank)	465	465	465	465	465
Chemical toilet	497	497	497	497	497
Pit toilet (ventilated)	2006	2,006	2,006	2006	2006
Other toilet provisions (above min. service level)	8,893	9,029	8,072	8,072	8,072
Minimum Service Level and Above sub-total	50,313	50,892	49,935	50,436	50,532
Minimum Service Level and Above Percentage	98.5%	99.6%	97.7%	98.7%	98.9%
Sanitation/sewerage: (below minimum level)					
Bucket toilet	0	0	0	0	
Other toilet provisions (below min. service level)	0	0	0	0	
No toilet provisions	776	197	1,154	653	557
Below Minimum Service Level sub-total	776	197	1,154	653	557
Below Minimum Service Level Percentage	1.5%	0.4%	2.3%	1.27%	1.1%
Total households	51,089	51,089	51,089	51,089	51,089
*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	2018/19		2019/20		2020/21		2021/22		2022/23
		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										
Increase in number of households having access to basic level of sanitation.	Number of new households with access to sanitation service	50,824	50,892	51,743	49,935	50,436	50,436	50,535	50,532	50,832
Sewer blockages attended to within 24 hours of being reported	% of sanitation callouts responded to within 24 hours	100%	89%	100%	95.6%	95%	99.6%	95%	98%	98%
To ensure environmentally compliant waste water	Number of reports on the implementation of Green Drop assessment recommendations compiled	0	0	0	0	0	0	0	0	4
										T3.2.6

Financial Performance: Sanitation Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	39 906	53 759	65 193	65 193	12 814	-409%
Expenditure:						
Employees	13 542	14 940	14 046	14 046	16 024	12%
Repairs and Maintenance	–	623	–	–	729	100%
Other	15 833	25 404	37 991	37 991	44 815	15%
Total Operational Expenditure	29 375	40 967	52 037	52 037	61 568	15%
Net Operational Expenditure	10 531	12 791	13 156	13 156	(48 754)	127%
						T 3.2.8

Capital Expenditure: Sanitation Services					
R' 000					
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All projects	000 50	000 40	000 40	-25%	
<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 Eskom electrification programme for the year under review managed to electrify additional 346 households. This has seen the increase in households with access to electricity increasing from 45,878 to 46,224 which constitutes 90,4% of households with access to electricity. Through our equitable share we allocated R16 759 250.00 which has funded the bulk infrastructure for the construction of Design and Construction of 20MVA, 88/11KV Transformer in Ermelo Substation

This has been achieved through electrification projects at various settlements of the municipality at a cost of R 3,007,345.61 by Eskom in-kind grant.

An amount of R 10 million was funded through INEP and was spent for the Electrification of 350 units at KwaZanele Extension 6 and Construction of 3.6MVA, Bulk, KwaZanele Sub Station.

T3.3.1

Electricity Service Delivery Levels Households					
Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Energy: (above minimum level)</i>					
Electricity (at least min. service level)	5,171	5,171	5,263	5,263	5,263
Electricity - prepaid (min. service level)	26,578	26,728	26,806	26,806	26,806
Electricity – Eskom	13,641	13,979	14,155	14,155	14,455
Minimum Service Level and Above sub-total	45,390	45,878	45,878	45,878	46,178
Minimum Service Level and Above Percentage	88.8%	90%	89,8%	89,8%	90,4%
<i>Energy: (below minimum level)</i>					
Electricity (< min. service level)					
Electricity - prepaid (< min. service level)					
Other energy sources	5,699	5,775	5,211	5,211	4,911
Below Minimum Service Level sub-total	5,699	5,775	5,211	5,211	4,911
Below Minimum Service Level Percentage	11%	11.3%	10,2%	10.2%	9,6%
Total number of households	51,089	51,089	51,089	51,089	51,089

T3.3.3

Electricity Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		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										
To ensure households electricity backlog is eradicated	Number of households with access to basic level of electricity	46,040*	45,314*	46,884*	45,878*	46,634*	45,878	45,878	46,178	46,528
To ensure that power supply to all consumers is metered	Number of electricity meters installed	N/A	N/A	N/A	N/A	200	457	500	525	850
To ensure uninterrupted power supply to consumers	Refurbishment of the Breyten 11kV sub station	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Refurbishment of MV/LV overhead network at Industrial and Laffnie street	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
	Number of reports on the implementation of NERSA audit recommendations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
To ensure that performance of electricity meters is monitored or audited	Number of electricity meters audit reports compiled	N/A	N/A	N/A	N/A	2	2	2	2	0
To ensure that bulk electricity distribution is correctly measured and accounted for.	Number of bulk electricity meters installed	N/A	N/A	N/A	N/A	2	2	4	0	0
To ensure uninterrupted power supply to consumers	Number of main sub-stations maintained	N/A	N/A	N/A	N/A	1	1	3	2	0
To ensure regular maintenance of power supply facilities	Number of kiosks and transformers maintained	N/A	N/A	N/A	N/A	59	59	100	0	0
To provide public lighting to residents List under project	Number of high mast lights installed	N/A	N/A	N/A	N/A	N/A	N/A	5	0	0
To ensure regular maintenance of	Number of mini-sub maintained by 30 June 2022	N/A	N/A	N/A	N/A	N/A	N/A	40	0	0

Electricity Service Policy Objectives Taken From Integrated Development Plan (IDP)										
power supply facilities										
										T3.3.5

Source: STATSSA 2016 CS 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: Electricity Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	20 611	223 018	39 182	39 182	256 356	85%	
Expenditure:							
Employees	17 614	19 822	2 175	2 175	23 510	91%	
Repairs and Maintenance	-	9 573	1 000	1 000	9 397	89%	
Other	233 125	302 058	54 772	54 772	355 988	85%	
Expenditure	250 739	331 453	57 947	57 947	388 896	85%	
Expenditure	(230 128)	(108 435)	(18 765)	(18 765)	(132 540)	86%	
<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 Adjustment Budget by the Actual.</i>						T 3.3.7	

Capital Expenditure : Electricity Services						R' 000
Capital Projects	Year 2021/22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All project	500 30	792 34	823 11	-158%		
	0					
					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	2017/18		2018/19		2019/20		2020/21		2021/22
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Municipal Infrastructure Grant (MIG) spent annually	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Water Services Infrastructure Grant (WSIG) spent annually	N/A	N/A	100%	100%	100%	100%	100%	100%	100%
To ensure that funds allocated are spent on planned infrastructure projects	Percentage Integrated National Electrification Programme (INEP) spent annually	N/A	N/A	100%	98%	100%	0	100%	100%	100%
To ensure that job opportunities are created in terms of the EPWP guidelines.	Number of jobs opportunities created through EPWP	776	680	455	478	457	365	547	331	461

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. Electronic Waste (E-Waste) is collected and disposed of twice per year in collaboration with private partners.

T3.5.1

Solid Waste Service Delivery Levels					
Description	Households				
	2017/18 Actual No.	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.	2021/22
Solid Waste Removal: (Minimum level)					
Removed at least once a week	33,231	34,231	35,324	36,952	37,816
Minimum Service Level and Above sub-total	33,231	34,231	35,324	36,952	37,816
Minimum Service Level and Above percentage	65%	67%	69%	72%	74%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	809	809	809	809	809
Using communal refuse dump	3,041	3,041	3,041	3,041	3,041
Using own refuse dump	6,974	6,974	6,974	6,974	6,974
Other rubbish disposal	3,176	2,176	2,176	2,176	2,176
No rubbish disposal	3,858	3,858	2,765	1,137	273
Below Minimum Service Level sub-total	17,858	16,858	15,765	14,137	13,273
Below Minimum Service Level percentage	35%	33%	31%	28%	26%
Total number of households	51,089	51,089	51,089	51,089	51,089

T3.5.2

Waste Management Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		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										
To ensure that households are provided with waste removal services.	Number of households with access to refuse removal	34,061	34,231	35,061	35,324	36,154	36,952	37,782	37,816	38,572
To ensure that illegal waste dumping spots are identified cleared and eradicated.	Number of illegal dumping spots identified cleaned per quarter	25	25	20	29	20	49	20	36	0
	Number of illegal dumping sites eradicated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Uninterrupted domestic and businesses waste collection	Number of waste compactor trucks acquired	1	1	1	0	1	1	0	0	0
Clean and waste free environment	Number of waste minimization projects supported	2	2	8	6	6	3	6	26	8
Well managed waste disposal sites	Number of waste disposal sites maintained on a daily basis	2	2	2	2	2	2	2	2	2
Well managed waste disposal sites	Number of waste transfer stations maintained per quarter	3	3	3	3	3	3	3	3	3
Volume of waste being disposed measured for future planning purposes	Number of waste quantity reports submitted to SAWIC annually	2	2	12	12	12	12	12	12	0
Education and creating awareness to communities on cleanliness and environmental conservation	Number of waste educational campaigns conducted quarterly each year	8	8	12	19	13	13	13	12	8
										T3.4.4

Financial Performance: Solid Waste Management Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	32 383	54 366	58 454	58 454	45 055	-30%	
Expenditure:							
Employees	23 284	23 730	24 396	24 396	23 249	-5%	
Repairs and Maintenance	-	3 582	-	-	29	0%	
Other	39 273	30 424	21 173	21 173	30 026	29%	
Expenditure	62 557	57 736	45 569	45 569	53 303	15%	
Expenditure	(30 174)	(3 370)	12 885	12 885	(8 248)	256%	
<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: Waste Management Services						R' 000
Capital Projects	2021/22				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All projects	2472	2472	2472	0%		
Yellow Fleet: Compactor Truck	2400	2400	2400	0%		
Replacement of skips - Business	72			0%		
					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.

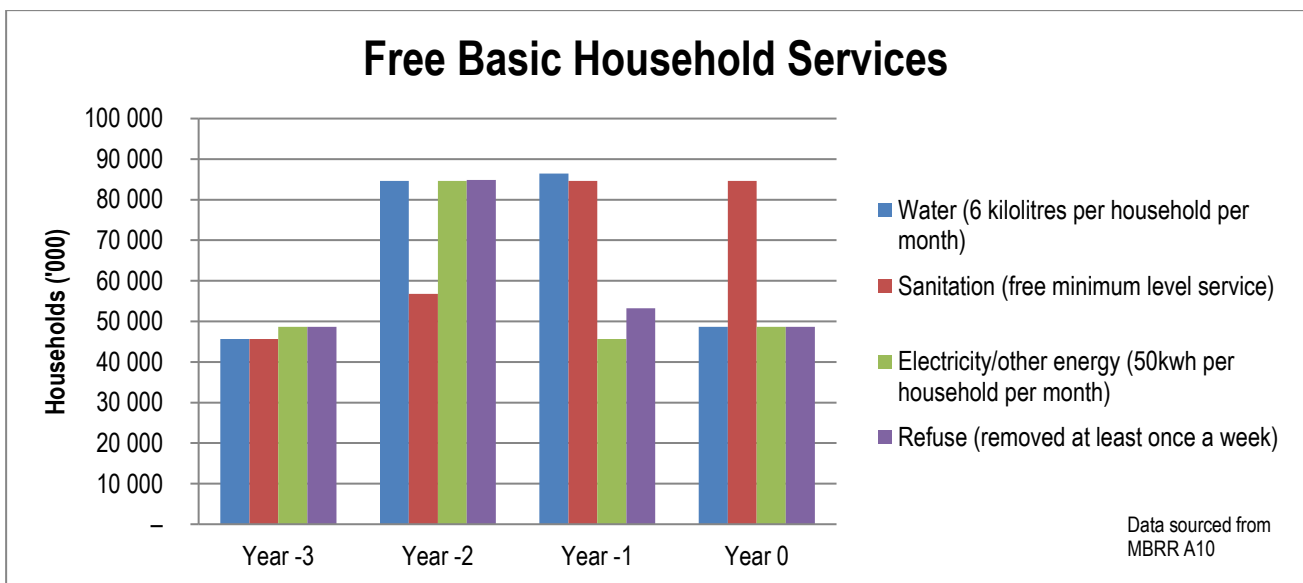
T3.5.1

Housing Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: provision of Sustainable Human Settlement										
To ensure continuous communication between the municipality and the DHS on development is maintained	Number of quarterly meetings held with the Provincial Department of Human Settlement	N/A	N/A	4	5	4	4	4	6	4
To ensure that communities are settled on approved townships to access municipal services	Number of 1informal settlements formalized	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1

T3.5.3

Financial Performance : Housing Services							R'000
Details	2019/20	2020/21	2021/22				
	Actual		Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue		-				0%	
Expenditure:							
Employees		-				0%	
Repairs and Maintenance	-	-	-	-	-	0%	
Other		-				0%	
Expenditure	-	-	-	-	-	0%	
Expenditure	-	-	-	-	-	0%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.5.5	

Capital Expenditure: Housing Services					
R' 000					
Capital Projects	2021/22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	-	-	-	0%	
Land for RDP houses	-	-	-	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 3.5.6					

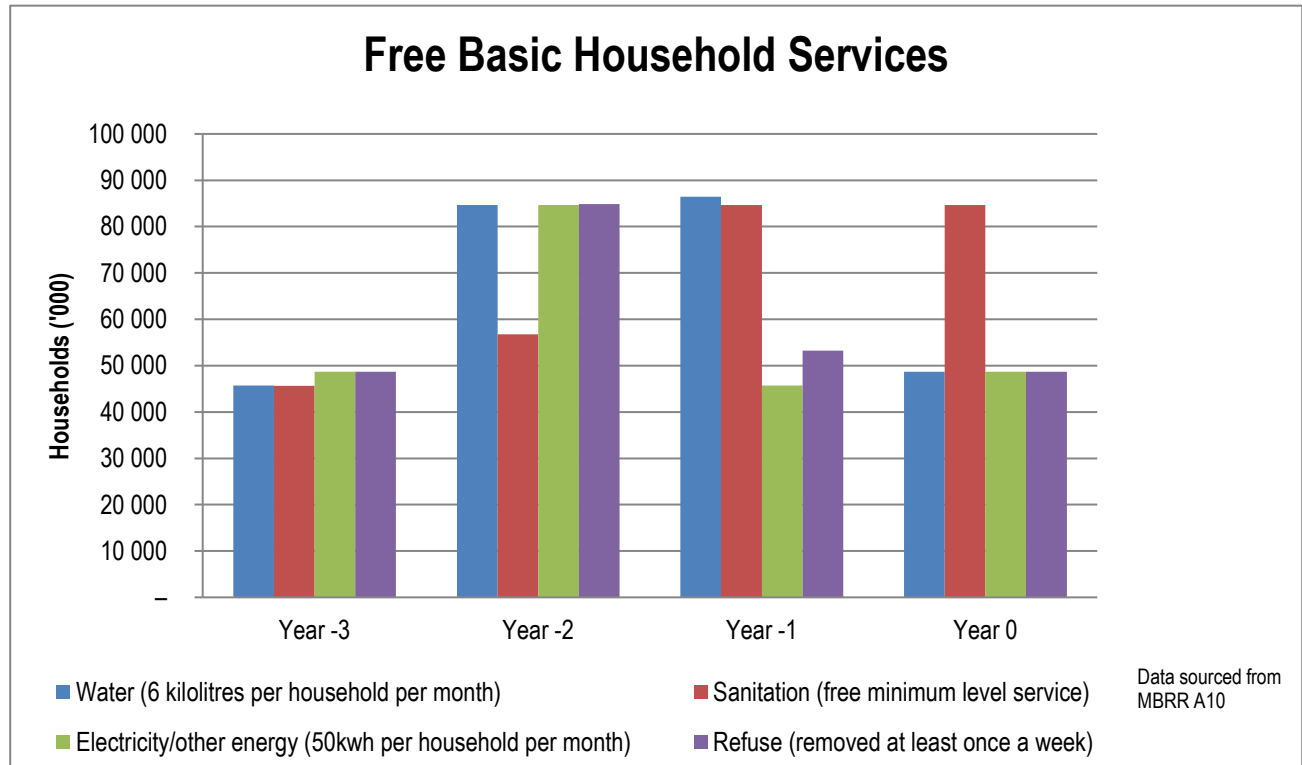


3.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

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 2022. 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 **2021/2022**:

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 **2021/2022** financial year, **0.72km** of the planned 2.775 km roads have been upgraded from gravel to paved roads. The remaining 2.055 km was in progress as at the end of the financial under review and was impacted by delays caused by the COVID-19 and other related factors. The asphalt roads need to be resurfaced in order to maintain their asset value and for the financial year under review, **24,922.2 m²** of tarred roads have been resurfaced.

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

- (a) Upgrade of Mavundla Street in Ward 17 Multi -Year
- (b) Upgrading of the Wesselton Extension 3 Boxer intersection
- (c) Rehabilitation of Emadamini Ext 6 Taxi collector
- (d) Upgrading of KwaZanele Masizakhe road
- (e) Construction of N17 intersections at Warburton Nganga

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

- (a) Construction of Wessels Street

The total costs for the upgrading of the roads from gravel to paved surface was **R 19 445 634.06 MIG and R 3 112 740.06 OWN funds** with a total length of **3.25 km** which projects were not fully completed by the end of 2019/2020 financial year and rolled over for completion in the 1st quarter of 2021/2022. Two (s) projects were completed while the others were on an average of 63% completion.

100 Storm water inlets systems were cleaned and broken pipes replaced. Gravel roads were continuously graded 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.

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
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
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	2018/19		2019/20		2020/21		2021/22		2022/23
		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	5 km	3.3 km	3.25 km	0.58 km	2.8 km	2,775 km	2.34 km	0.72 km	2.95 km
Km of tar roads re-surfaced	Well maintained roads infrastructure	20,000 m ²	1,924.9 m ²	12,000 m ²	27,404.54 m ²	12,000 m ²	23,319.34 m ²	12,000 m ²	10222,4 m ²	8000 m ²
Km of gravel roads maintained	Well maintained roads infrastructure	5 km	143.2 km	20 km	124.699 km	20 km	144.345 km	20 km	185.5 km	30 km
Number of storm water inlets maintained	Storm water drainage systems maintained	48	21	30	156	60	115	60	100	0

Financial Performance: Road Services						
R'000						
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	4 000	3 018	3 018		0%
Expenditure:						
Employees	10 713	11 393	21 257	21 257	10 904	-95%
Repairs and Maintenance	-	2 344	-	-	2 578	100%
Other	58 604	53 378	60 573	60 573	55 366	-9%
Total Operational Expenditure	69 317	67 115	81 830	81 830	68 848	-19%
Net Operational Expenditure	(69 317)	(63 115)	(78 812)	(78 812)	(68 848)	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.7.8

Capital Expenditure: Road Services					
					R' 000
Capital Projects	2021/22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All projects	-	-	-	#DIV/0!	

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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Planning application received	1	1	79	56	237	209
Determination made in year of receipt	0	0	57	42	229	192
Determination made in following year	1	0	21	10	8	17
Applications withdrawn	0	0	0	1	0	0
Applications outstanding at year end	0	1	1	3	0	0

T3.10.2

Planning Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
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	13	19	16	19	19	19	19	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	19	19
Number of quarterly IDP Rep-Forums held	4 IDP Rep forums held quarterly each year.	4	2	4	2	4	2	4	2	4
Number of performance agreements signed annually	Six performance agreement signed each year for Senior Managers	-	-	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
Number of Annual Performance Reports	1 Annual Performance	1	1	1	1	1	1	1	1	1

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 August each year	Report compiled in terms of Sec. 46 of MSA submitted to Council, PT, AG & COGTA by August each year									
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
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	1	1	0	1	1	1	0	1
Number of Audit Committee meetings held annually	4 quarterly Audit Committee meetings held	4	4	4	7	4	4	4	7	4
Number of Integrity Management and fraud prevention awareness programmes held annually	2 Integrity Management and fraud prevention awareness programmes held	2	0	2	0	2	0	2	0	0
Annual Risk Register developed and approved	1 Annual Risk Register developed and approved by RMC	1	1	1	1	1	1	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	0	4	4	4	4	4	4	4
Number of media analysis reports produced annually	4 Quarterly media analysis reports produced	0	0	12	11	12	12	12	12	12

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Number of postings on official Facebook account annually	Postings on official Facebook made continuously as and when required	0	0	200	938	400	400	959	742	400
Number of website updates made annually	Website updates made continuously as and when required	0	0	120	228	120	120	286	0	120
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%	100%	87.5%	100%	100%	100%	100%	100%
Number of building and land use contraventions issued quarterly	Building and land use contraventions issued quarterly	N/A	N/A	100	108	100	102	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	N/A	N/A	100%	100%	100%
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	N/A	N/A	100%	100%	100%
To reduce Municipal expenditure and enhance revenue	Percentage reduction on overtime expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50%

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
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	N/A	N/A	70%
										T3.10.3

Financial Performance: Planning Services						
						R'000
Details	2019/20	2020/21	2021/22		Actual	Variance to Budget
	Actual	Actual	Original Budget	Adjustment Budget		
Total Operational Revenue	2 623	-	4 833	4 833	10 372	0%
Expenditure:						
Employees	7 911	-	13 796	13 796	1 346	-925%
Repairs and Maintenance	-	-	-	-	-	0%
Other	1 469	-	4 660	4 660	2	-206827%
Total Operational Expenditure	9 380	-	18 456	18 456	1 349	-1268%
Net Operational Expenditure	(6 757)	-	(13 623)	(13 623)	9 023	251%
<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: Planning Services					
					R' 000
Capital Projects	Year 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 3.10.6

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	2020/21	2021/22
Agric, forestry and fishing	19.9%	18.5%
Mining and quarrying	11.8%	5.6%
Manufacturing	4.2%	5.6%
Wholesale and retail trade	21.2%	23.3%
Finance, property, etc.	23.7%	24.5%
Govt, community and social services	20.9%	23.0%
Construction services	15.4%	17.0%
Transport	28.5%	31.0%
Utilities	13.3%	19.2%
Total	15.4	16.7%
	T3.11.2	

Jobs Created during 2021/22 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	266	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.
2017/2018	16 projects	1100 Jobs created	184 Jobs created
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
* - Extended Public Works Programme			
T3.11.6			

Local Economic Development Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										
Service Objective: To encourage shared economic growth and development										
Number of monthly Sector Labour Plans meetings held by 30 June 2019	Local economic growth	12	12	12	12	20	21	20	20	20
Number of Local SMMEs and Cooperatives supported	Support provided to SMMEs	12	11	12	13	20	24	20	21	20
To ensure that companies comply with their social responsibilities	Number of projects implemented through SLP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
										T3.11.7

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 nine (9) libraries and eight (8) libraries are fully functional while KwaZanele library is not yet functioning due to staff issues and will be back to operation once this issue is sorted. 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) Thusville

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.

All nine libraries provide electronic corners in their facilities which give free access to the internet and personal computing. 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	2018/19		2019/20		2020/21		2021/22		2022/23
		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 library event and programmes rolled out	Library information reaching wider community	4	18	5	6	2	0	2	2	10
										T3.12.3

Financial Performance Year: Local Economic Development Services						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	-	-	-	-	-	0%
Repairs and Maintenance	-	-	-	-	-	0%
Other	-	-	-	-	-	0%
Total Operational Expenditure	-	-	-	-	-	0%
Net Operational Expenditure	-	-	-	-	-	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.11.9

Capital Expenditure: Economic Development 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 3.11.10

Financial Performance: Libraries and Community Facilities						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	37	32	14	14	10 372	100%
Expenditure:						
Employees	4 838	5 023	6 014	6 014	1 346	-347%
Repairs and Maintenance	-	-	5	5	-	0%
Other	1 147	1 053	770	770	2	0%
Total Operational Expenditure	5 985	6 076	6 789	6 789	1 349	-403%
Net Operational Expenditure	(5 948)	(6 044)	(6 775)	(6 775)	9 023	175%
<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: Libraries and Community Facilities;					
					R' 000
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
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 3.12.6

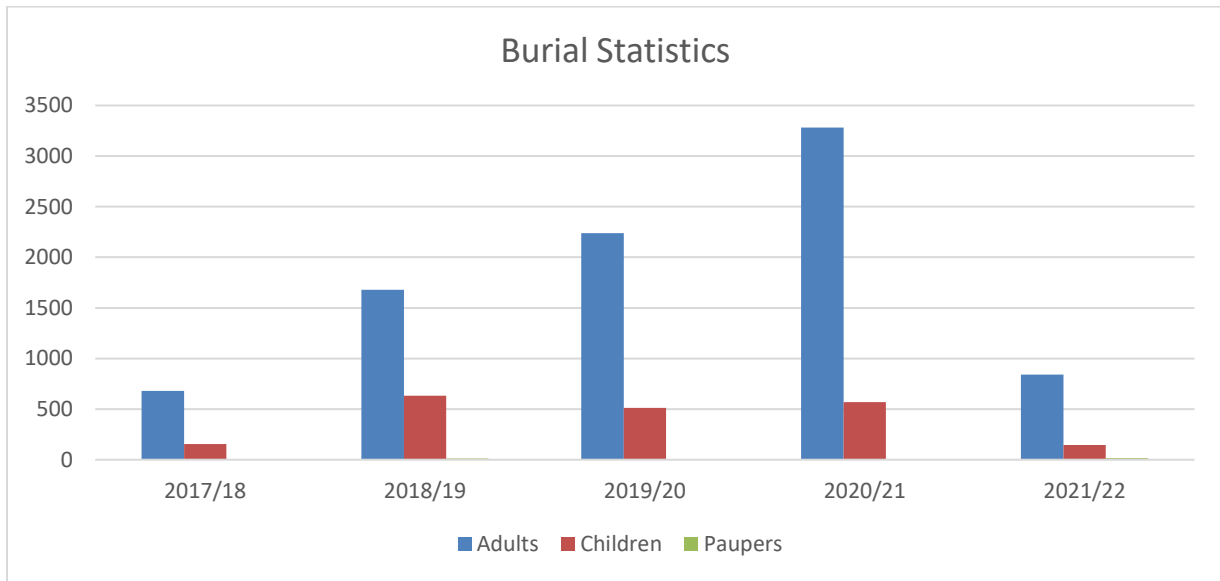
3.13. CEMETERIES AND CREMATORIIUMS

3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIIUMS

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
Adults	1680	2238	3281	841
Children	632	513	570	145
Paupers	13	3	0	17
				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	2018/19		2019/20		2020/21		2021/22		2022/23
		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	14
										T3.13.3

Financial Performance: Cemeteries and Crematoriums						
						R'000
Details	2019/20	2020/21	2021/22			Variance to Budget
	Actual	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	533	861	610	610	863	29%
Expenditure:						
Employees	2 977	3 186	6 014	6 014	3 511	-71%
Repairs and Maintenance	-	-	5	5	12	0%
Other	300	265	770	770	20	-3759%
Total Operational Expenditure	3 277	3 451	6 789	6 789	3 543	-92%
Net Operational surplus/deficit	(2 744)	(2 590)	(6 179)	(6 179)	(2 680)	-131%
<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: Cemeteries					
					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 3.13.6

(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	2018/19		2019/20		2020/21		2021/22		2022/23
		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	55	55	27	26	27	27	27	27	27

T3.16.3

Employees: Parks (Open Spaces)					
Job Level	2019/20	2020/21			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	% Vacancies (as a % of total posts)
Forms part of the cemeteries and crematoriums in section 3.13					
					T3.16.4

Financial Performance: Parks and Recreation						
						R'000
Details	2019/20	2020/21	2021/22			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	7 617	7 580	7 561	7 561	7 039	-7%
Repairs and Maintenance	-	-	200	200	65	0%
Other	943	568	585	585	397	0%
Total Operational Expenditure	8 560	8 148	8 346	8 346	7 501	-11%
Net Operational Expenditure	(8 560)	(8 148)	(8 346)	(8 346)	(7 501)	-11%
<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: Parks and recreation					
					R' 000
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
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 3.16.6

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	2019/20	2020/21	2021/22		2022/23
		Actual No.	Actual No.	Estimates No.	Actual No.	Estimates No.
1	Number of traffic accidents during the year	1158	1 093	1 093		
2	Number of by-law infringements attended	15	20	20		
3	Number of traffic officers in the field on an average day	10	7	7		
4	Number of traffic officers on duty on any average day	10	1 093	1 093		
						T3.21.2

Traffic Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		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	20	12	18	9	0	9	7	12
Number of roadblocks conducted	Roads safety and Crime prevention	12	19	12	23	12	20	12	18	12
										T3.21.3

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

Msukaligwa fire and rescue services is a public organization that provides predominantly emergency, firefighting and rescue services in the jurisdiction area of Msukaligwa Municipality (MP302). The fire service have two fire stations within its boundary and are staffed by full-time firefighters and currently providing a service to a population of 164,377 people and covering an area of 6016km².

The fire service also provide "fire protection" or fire prevention services, whereby firefighters visit homes and businesses and give fire safety advice to members of the public. We see fire protection or prevention as an important role for the fire services, as preventing a fire from occurring in the first place can obviously save lives.

The fire service also carry out an enforcement role, to ensure that commercial dwellings (hotels, offices, factories etc.) are equipped with adequate fire precautions to ensure that in the event of fire, people can safely evacuate the premises unharmed. This is also part of the protection or prevention role.

The Fire Service annually conducts a survey within its jurisdiction and use the data for deploying its assets for proper coverage. This data comes from travel time, range from stations, and population survey. This brings equal service to the entire community and gives the department efficient places to launch operations..

T3.22.1

Municipal Fire Service Data

	Details	2019/20	2020/21	2021/22		2022/23
		Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No
1	Total fires attended in the year	264	264	177		
2	Total of other incidents attended in the year	235	235	114		
3	Average turnout time - urban areas	13	13	13		
4	Average turnout time - rural areas	45	23	23		
5	Fire fighters in post at year end	22	28	22		
6	Total emergency vehicles at year end	5	10	3		
7	Average number of appliance off the road during the year	4	0	4		

T3.22.2

Fire Services Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
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	85%	79%	67%	78%	70%	77%	78%	83%	82%
Number of fire safety inspections conducted	Fire Safety inspections and risk visits conducted in terms of National guidelines	540	704	540	598	540	742	700	664	700
Number of fire safety awareness campaigns conducted (PIER)	Provide fire safety awareness to communities and schools	24	18	24	35	9	22	20	42	40

T3.22.3

Financial Performance: Fire Services							R'000
Details	Year 2019/20	Year 2020/21	Year 2021/22			Variance to Budget	
	Actual	Actual	Original Budget	Adjustment Budget	Actual		
Total Operational	2 561	923	1 267	1 267	1 839	31%	
Expenditure:						#DIV/0!	
Fire fighters	11 323	11 381	14 302	14 302	11 660	-23%	
Other employees	-	-	-	-	-	#DIV/0!	
Repairs and Maintenance	-	171	159	159	44	-264%	
Other	1 900	1 175	3 215	3 215	1 150	-180%	
Total Operational	13 223	12 727	17 676	17 676	12 854	-38%	
Net Operational	(10 662)	(11 804)	(16 409)	(16 409)	(11 015)	-49%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.21.5	

Capital Expenditure: Fire Services						R' 000
Capital Projects	2021/22				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	-	-	-	-		
<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) Summary of difficulties experienced

(a) Siting of fire stations and determination of station areas: (SANS 10090-Point 5.2.2.4)

No fire stations in Silindile, Warburton, Sheepmoor, Chrissiesmeer and Davel is still an ongoing burden. Services are still rendered to the entire municipal area via two fire stations. Due to the distance to be travelled, the fire service can only reach these town areas within 60 to 75 minutes which is far beyond the national standard to provide a response within 13 minutes to the communities in these towns.

(b) Fire truck availability: SANS 10090-Point 5.2.2.2

During 2019/20, only three fire trucks were operational to provide fire and rescue services in the entire municipal area of 6016km².

Currently the service does not have any reserve fire trucks to be used as front line runners should any one of the current fire trucks breaks down. (SANS 10090-Point 5.3.4 – Fire departments should maintain a reserve emergency vehicle fleet to ensure that the number of vehicles required to attend an incident, can be maintained even when frontline emergency vehicles are undergoing maintenance or repair.)

The slow progress on the appointment of a service provider to service and maintain the emergency fleet contributes to emergency vehicles being out of service for a prolonged period of time.

(c) Manning level: SANS 10090-Point 5.2.2.2.1.

Staffing level per shift are currently below the national norm due to the high vacancy rate within the fire and rescue service and the failure by human resources to fill the vacant positions. Station 2 (Breyten) still operates with only two fire fighters per shift.

Various requests and information have been submitted in this regard and to date the six (6) vacant and budgeted positions are not filled.

(d) Weight and speed of response:

During the monthly consolidation of the response times it was recorded that from the 55 emergency calls attended, 84% of the calls were attended in the pre-determined frames as provided in SANS 10090. This was achieved with only three fire trucks operational in June 2019, (SANS 10090-point 5.2.2) and with no rescue vehicle.

(e) Non-compliance: Basic conditions of employment act, Section 9 - Ordinary hours of work

The shift hours worked by the fire fighters are currently in excess of the permissible working hours of 40 hours per week. Shift hours per shift worked are current 120 hours per week.

(f) Telephone lines (SANS 10090-Point 5.2.3.2)

The telephone system at station 2 (Breyten) is out of service for the past year and there is no progress in this regard.

Currently community members are complaining that the call centre is not available when there is an emergency. The telephone line requirements for Msukaligwa municipality are as follows; 3 dedicated lines are required when you serve a community with a population of 125001 to 300000 people. Currently the call centre operates with one line that deals with, public queries, inquiries, complaints and emergency calls.

(g) Emergency access to emergency areas.

The service is experience difficulty to reach some emergency incidents in town areas (Wesselton, Ext 32, 33 & 34 and Kwazanele) due to deteriorating or no access roads to such areas.

(h) Stand addresses

Due to no proper display of stand numbers, the fire service is delayed due to the fact that the responding crews must drive around an area to obtain the correct location of the stand or area.

(i) By-law (promulgation)

The draft fire service by law will be presented in September 2020 to the By Law and Policy Committee for consideration and if supported during October 2020 be advertising in the local newspaper for community comments.

(2) Summary of accomplishments

Fire prevention and code enforcement remains a priority of the fire service to ensure pro-activeness in preventing fire incidents.

Community education programs are providing to educate adults and children about fire safety and injury prevention. Community preparedness programs are providing to the community in the form of training and education to give them basic knowledge to become self-sufficient following natural or human-made disasters.

The municipality is situated on the high veld and is annually facing the risk of losing millions in damages caused by run-away veld fires. In conjunction with Working on Fire aerial firefighting resources (Spotter fixed wing and a helicopter) are stationed at Ermelo and available to the municipality to assist with the combating of major run-away fires to prevent the loss of lives, property and the environment.

Approval of a five (5) year fire service master plan (Council resolution 704/06/2020).

(3) Fire Protection Association

The municipality is a fully paid up member with both the fire protection associations seated within the municipal area namely Impuluzi Fire Protection Association and Msukaligwa Fire Protection Association.

(4) 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.

The construction of the Lothair fire station (Station 3) did also get momentum as the requirements for the station was approved and the appointment of an architect was done.

During 2020/21 the Fire and Rescue Services has again petitioned for funding of additional fire engines and the opening of 4 additional fire stations in Msukaligwa Municipal area and due to financial constraints this was not successful..

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

3.23. DISASTER MANAGEMENT

3.23.1. 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

(3) 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 Council Resolution: LM798/10/2020)

The key issues for 2020/2021 FY were:

- (d) Shortage of staff
- (e) Budget Constraints

T3.23.2

Disaster Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
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	20	12	11	9	10	12	13	12

T3.23.3

Financial Performance Year: Disaster Management Etc							R'000
Details	2019/20	2020/21	2021/22				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Revenue	-	-	30 934	30 934	30 702	-1%	
Expenditure:						#DIV/0!	
Employees	-	4 962	4 919	4 919	4 168	-18%	
Repairs and Maintenance	-	-	15	15	2 172	99%	
Other	-	21 333	25 944	25 944	26 532	2%	
Expenditure	-	26 295	30 878	30 878	32 872	6%	
Expenditure	-	(26 295)	56	56	(2 170)	103%	
<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: Disaster Management						R' 000
Capital Projects	2021/22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
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 3.22.6

3.24. LICENSING

3.24.1. INTRODUCTION TO LICENSING SERVICES

The licencing function of the municipality deals with services including registration and licensing 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 top 3 priorities of the licensing division is to increase the number of people tested for learners and driving licences, limit the number of unroadworthy vehicle on municipal and provincial/national roads and maintain and ensure compliance to the National Road Traffic Act 93/1996 and other related legislations.

The plan was to establish service centres in Cassim Park, Lothair and Davel to alleviate overcrowding at the Ermelo Testing centre. The post office has been task with the renewal of motor vehicle licenses to ease overcrowding at Ermelo Testing Centre. The other plans were put into abeyance due to COVID 19 restrictions.

T3.24.1

Municipal Licensing Service Data

Details	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Estimate No.
1 Total number applications for learners licenses received	1,852	3,000	2,106	2,400
2 Total number of applications for driving licenses received	5,057	4,000	3,575	2,000
3 Total number vehicles tested for roadworthiness	991	1,200	1,086	400

T3.24.2

Licensing Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2018/19		2019/20		2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
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	4,300	2,777	3,000	1,852	3,000	2,252	2400	2,106	2,400
Number of driver licence applications received and processed	Competent drivers	4,000	6,858	4,000	5,057	4,000	3,767	2000	3,575	2,000
Number of for road worthiness application Received and processed.	Safe and roadworthy vehicles	1,220	1,568	1,220	991	1,200	715	400	1,086	400

T3.24.3

COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

The plan was to establish service centres in Cassim Park, Lothair and Davel to alleviate overcrowding at the Ermelo Testing centre.

T3.24.5

COMPONENT H: SPORT AND RECREATION

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

3.25. SPORT AND RECREATION

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

T3.25.0

3.25.2. 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	2018/19		2019/20		2020/21		2021/22		2022/23
		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 sports facilities maintained	Well maintained sports facilities	12	12	12	12	12	12	12	12	12

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%	
<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 3.23.4	

Capital Expenditure: Sport and Recreation						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 3.23.5

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.

3.26. 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					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
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	

3.27. FINANCIAL SERVICES

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

3.28. 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 668/05/2020** approved an ideal organogram for the Municipality with a staff complement **1290** positions and 562 positions were filled in the year under review.

T4.0.1

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2020/2021	2021/22			
	Employees No.	Approved Posts No.	Employees No.	Vacant Variance %	Filled Variance %
Water and Sanitation	75	94	74	21	78
Electricity	29	62	32	48	51
Waste Management	86	108	79	26.86	73.14
Human Settlement	09	12	8	33.30	66.66
Roads and Storm Water Management	37	75	34	54.67	45.30
Land use and spatial development	7	19	7	63.16	36.80
Local Economic Development	3	6	3	50	50
Libraries	18	18	18	0	0
Parks Sports and Cemeteries	61	88	52	40.90	59
Traffic Services	16	25	15	40	60
Fire Services	22	41	27	34.10	65.85
Disaster Management	13	9	7	22.20	77.78
Law Enforcement and Security Services	1	4	0	0	0
Licensing	24	43	22	48.80	51.17
Executive and Council	11	13	7	46.16	53.80
Financial Services	90	120	86	28.30	71.67
Human Resource Services	08	11	08	27.30	72.70
Totals	510	748	479	35.97	6400
Office of the Director Technical Services	02	02	02	0	0
Office of the Director Planning and Development	02	02	02	0	0
Office of Director community and Social Services	02		02	0	0
IDP	02	04	04	0	0
Office of Director Corporate Services	02		02	0	0
Corporate Services	57	75	50	33	77
Office of CFO	03		02	33	77
Office of the Municipal Manager	04	05	03	40	60
Internal Audit	03	3	03	0	0

Risk		3	02	33	77
Communications		8	05	37.5	62.5
Technical Services (PMU)	04	06	05	33	77
Tech workshop	06	13	08	38.5	61.5
TOTALS	578	121	569	34.7	65.3

T4.1.1

Vacancy Rate 2021/2022						
Designations	Total Approved Post No.	Filled Posts No.	Percentage		Days	
			Vacant	Filled		
Municipal Manager	1	0	100%	0	337	
Chief Finance Officer	1	0	100%	0	316	
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	10	60	40	0	
Fire Fighter	41	27	35	65	0	
Managers (Excluding Finance)	31	23	26	74	0	
Finance Managers	07	07	0	100	0	
Supervisors (Excluding Finance)	02	01	50	50	0	
Finance Supervisors	00	0	0	0	0	
Total	112	72	36	64	663	

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*
2017/18	578	02	3	5.7%
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%

*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 2021/2022 financial year, the following senior management positions were filled:

- (a) Municipal Manager – Vacant
- (b) Chief Finance Officer – Vacant
- (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

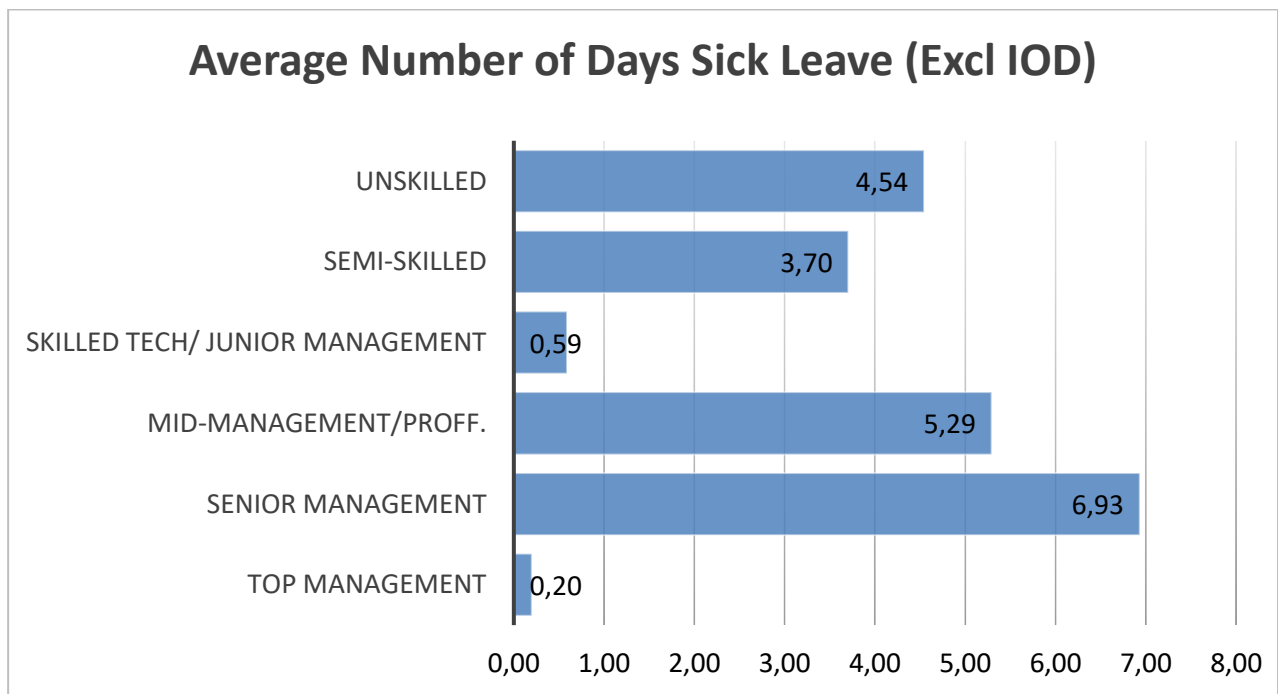
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Average injury leave taken per employee %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	199	1		Clause 15 paragraph 1.5.1 in the Mpumalanga collective agreement applies	
Temporary total disablement	0	0	0	0	
Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
Total	199	01	0.50%	22	
*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 Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in occupational level*	*Average sick leave per Employees Days	Estimated cost R' 000
Top Management	01	N/A	01	05	0,2	
Senior Management	208	N/A	20	30	6,9	R 392487.68
Mid-Management/Prof	307	N/A	17	58	5,2	R 565107.77
Skilled Tech/ Junior Management	114	N/A	26	194	0,6	R 144715.84
Semi-Skilled	226	N/A	30	61	3,7	R 149081.14
Unskilled	1004	N/A	120	221	4,5	R 531866.67
Total	1860	N/A	248	569	3,2	R 1787987.9

* - 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
Traffic Officer GM Hleza	The traffic officer was suspended as a result of being arrested by the Hawks for alleged bribery	07 March 2021	The employee was formally charged, and disciplinary hearing was finalised, and the employee was found guilty and dismissed from the employ of the Municipality. The employee referred the matter to SALGBC for conciliation and mediation.	09 November 2022
Traffic Officer GT Mgiba	the traffic officer was suspended as a results of being arrested by the Hawks for alleged bribery	21 April 2021	The employee was formally charged and disciplinary hearing was finalised and the employee was found guilty and dismissed from the employ of the Municipality. The employee referred the matter to SALGBC for conciliation and mediation.	The matter is scheduled for Arbitration on 01 December 2022
Electrician NM Hlatshwayo	The electrician was suspended for alleged theft and vandalism of Municipal property	15 June 2022	The employee is not yet formally charged pending appointment of new employer representative	Pending the appointment of the new Employer Representative as the initial employer representative has withdrawn.

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	Employees in post as at 30 June 2021 No.	Number of skilled employees required and actual as at 30 June 2022							
			Learnership		Skills programmes & other short courses		Other forms of training		Total	
			Planned 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	0	0	0	0	0	0	0	0
	Male	5	5	1	5	1	5	0	5	2
Councillors, senior officials, and managers	Female	16	16	0	16	10	0	0	16	10
	Male	22	22	0	22	16	0	0	22	16
Technicians and associate professionals	Female	15	5	5	5	7	5	1	15	13
	Male	57	5	0	5	13	5	0	15	13
Professionals	Female	26	5	2	5	7	5	3	15	12
	Male	10	5	3	5	6	5	1	15	10
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	0
Integrated development programme	0	26
Training on how to review financial statement	3	0
Training on municipal governance guidelines	2	0
Performance management	2	0
Training on OHS representatives	25	0
Training on Fire marshal	15	0
Bachelor of Public Administration	3	0
Bachelor Commerce Supply Chain Management	1	0
Training on first aid	27	0
Total	91	26

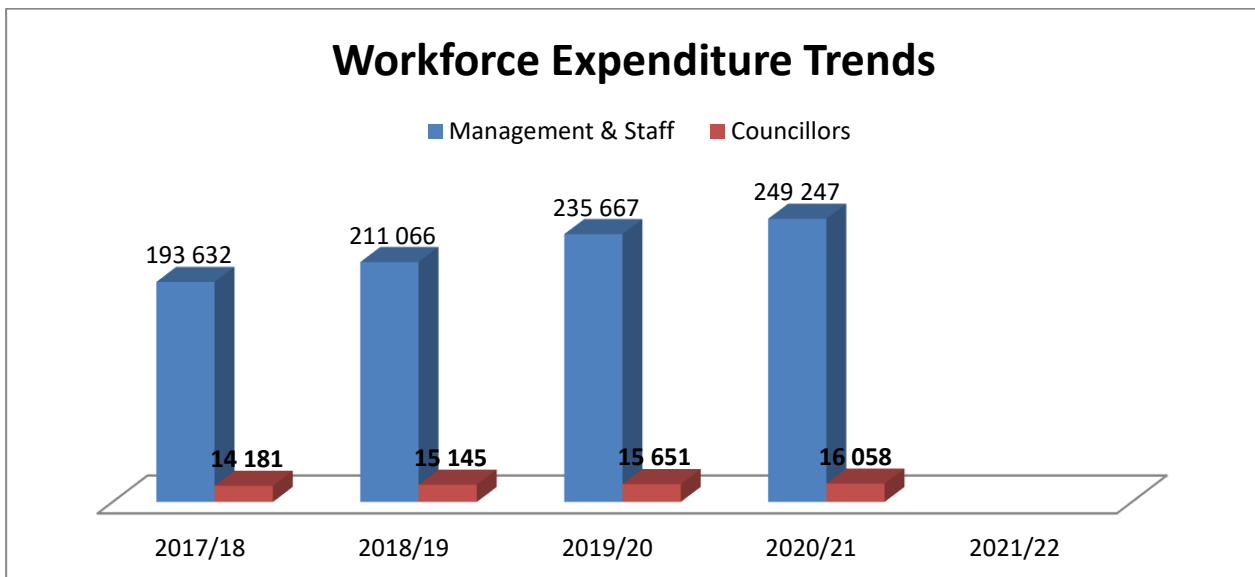
The actual expenditure on Minimum Competency Training programme was **R407 313.90** and the other Ad Hoc Training intervention was **R338 099.94**

T4.4.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

	2017/18	2018/19	2019/20	2020/21	2021/22
Management & Staff	193632	211066	235667	249247	
Councillors	14 181	15 145	15 651	16 058	



Source: MBRR SA22

T4.6.1

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 2021/2022								
	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	

R '000						
Description	Year 2020/21	Year 2021/22			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	6 366	10 027		10 455	4,09%	100,00%
Waste Water (Sanitation)	6 282	4 218		5 024	16,05%	100,00%
Electricity	57 841	73 882		62 733	-17,77%	100,00%
Waste Management	4 405	6 566		7 722	14,97%	100,00%
Housing	–				0,00%	0,00%
Component A: sub-total	74 895	94 692	–	85 933	-10,19%	100,00%
Waste Water (Stormwater Drainage)					0,00%	0,00%
Roads	3 406	4 359		4 080	-6,84%	100,00%
Transport	–	–	–	–	0,00%	0,00%
Component B: sub-total	3 406	4 359	–	4 080	-6,84%	100,00%
Planning	–	–	–	–	#DIV/0!	#DIV/0!
Local Economic Development	–	3 333	–	3 434	0,00%	0,00%
Component B: sub-total	–	3 333	–	3 434	2,93%	100,00%
Planning (Strategic & Regulatory)	2 552				0,00%	0,00%
Local Economic Development	–	–	–	–	0,00%	0,00%
Component C: sub-total	2 552	–	–	–	0,00%	0,00%
Community & Social Services	11 678	14 559		19 166	24,04%	100,00%
Environmental Protection	–				0,00%	0,00%
Health	–				0,00%	0,00%
Security and Safety	–	–		–	0,00%	0,00%
Sport and Recreation	144				#DIV/0!	#DIV/0!
Corporate Policy Offices and Other	117 149	76 592		104 620	26,79%	100,00%
Component D: sub-total	128 971	91 151	–	123 786	26,36%	100,00%
Total Expenditure	209 823	193 536	–	217 233	10,91%	100,00%
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 2020/21	Year 2021/22		
	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

Revenue and Expenditure by Vote

Vote Description	Ref	Budget Year 2021/2022								
		2020/2021 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	###									
Vote 01 - Executive & Council		241 587	200 300	226 225	0	211 705	226 225	(14 520)	-6,4%	226 225
Vote 02 - Finance & Administration		140 756	205 066	195 955	15 982	192 679	195 955	(3 276)	-1,7%	195 955
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		98	67	61	10	115	61	54	87,8%	61
Vote 05 - Public Safety		6 723	6 269	6 459	158	1 840	6 459	(4 618)	-71,5%	6 459
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		2 957	4 833	5 658	465	6 121	5 658	463	8,2%	5 658
Vote 09 - Community & Social Services		5 617	10 382	1 302	90	1 022	1 302	(280)	-21,5%	1 302
Vote 10 - Electricity		226 189	306 060	265 165	21 506	247 303	265 165	(17 862)	-6,7%	265 165
Vote 11 - Water Management		229 147	227 226	212 801	5 905	181 988	212 801	(30 813)	-14,5%	212 801
Vote 12 - Waste Water Management		53 759	65 193	60 681	4 530	53 758	60 681	(6 924)	-11,4%	60 681
Vote 13 - Waste Management		49 737	66 580	53 140	4 358	45 492	53 140	(7 648)	-14,4%	53 140
Vote 14 - Road Transport		2 623	2 660	2 792	-	2 350	2 792	(442)	-15,8%	2 792
Vote 15 - Other		12 757	10 602	11 202	1 569	11 770	11 202	569	5,1%	11 202
Total Revenue by Vote	###	971 950	1 105 237	1 041 441	54 574	956 144	1 041 441	(85 297)	-8,2%	1 041 441
Expenditure by Vote	###									
Vote 01 - Executive & Council		53 951	64 014	54 511	3 551	43 658	54 511	(10 853)	-19,9%	54 511
Vote 02 - Finance & Administration		186 830	169 711	152 222	13 972	123 410	152 222	(28 812)	-18,9%	152 222
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		11 898	12 282	11 886	257	5 859	11 886	(6 027)	-50,7%	11 886
Vote 05 - Public Safety		25 814	29 720	30 777	1 869	25 348	30 777	(5 429)	-17,6%	30 777
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		10 708	18 476	13 078	952	10 372	13 078	(2 705)	-20,7%	13 078
Vote 09 - Community & Social Services		59 173	67 278	67 634	9 865	60 809	67 634	(6 825)	-10,1%	67 634
Vote 10 - Electricity		334 610	456 233	422 705	132 274	382 900	422 705	(39 805)	-9,4%	422 705
Vote 11 - Water Management		145 908	135 182	130 311	6 866	50 868	130 311	(79 444)	-61,0%	130 311
Vote 12 - Waste Water Management		48 372	52 550	54 238	2 269	29 195	54 238	(25 043)	-46,2%	54 238
Vote 13 - Waste Management		63 526	41 496	41 662	19 373	50 651	41 662	8 989	21,6%	41 662
Vote 14 - Road Transport		84 843	85 785	84 082	2 600	42 032	84 082	(42 051)	-50,0%	84 082
Vote 15 - Other		10 475	10 784	10 865	1 152	10 270	10 865	(594)	-5,5%	10 865
Total Expenditure by Vote	###	1 036 108	1 143 511	1 073 970	194 999	835 371	1 073 970	(238 599)	-22,2%	1 073 970
Surplus/(Deficit) for the year	###	(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)	153 302	-471,3%	(32 529)

References

1. Insert 'Vote'; e.g. Department, if different to standard classification structure
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)

Repair and Maintenance Expenditure: 2021/22				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	29 465 000	21 882 000	19 580 000	34%
T 5.3.4				

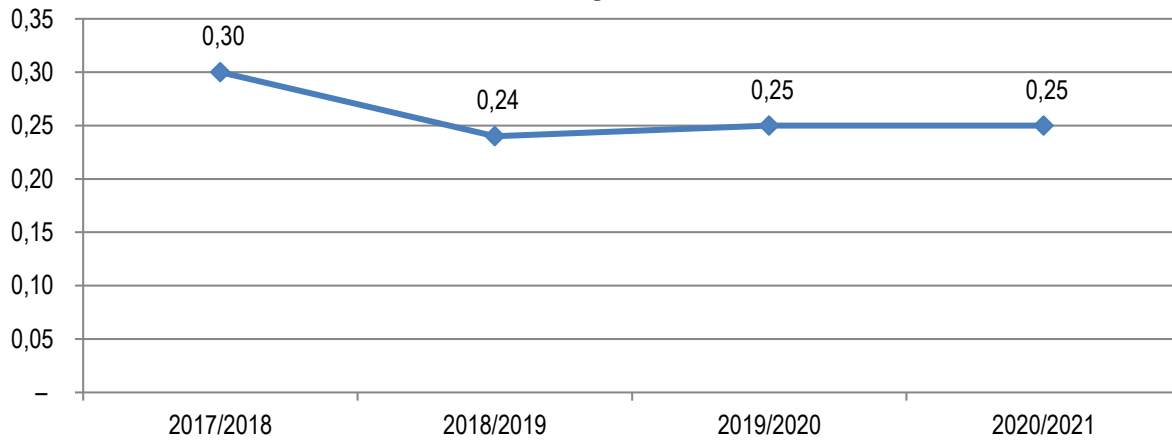
COMMENT ON ASSET MANAGEMENT

5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Description	Ideal ratio	Adjustment Budget 2020/21	Actual 30 June 2021
Liquidity ratio Current assets (Cash, debtors)/Current liability (Trade and payables and consumer deposits)	1,5:1 - 2:1 200% Assets Vs 100% Liabilities	0,36 : 1 36 % Coverage of liabilities	0,2521:1 25 % Coverage of liabilities
Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10-20%	16%	3,69%
Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	1.24%	1,79%
Collection Rate	95%	95 %	78,53 %
Net Debtors Days ((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	45 days	45 days	620 days
Creditors payment period Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	30 days	30 days	401 days
Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	Nil	Nil	Unauthorised R 257,614m Fruitless R 141,438m Irregular R 254,506m
Remuneration as % of Total Operating Expenditure	25-40%	29.9 %	27,25%

Description	Ideal ratio	Adjustment Budget 2020/21	Actual 30 June 2021
Contracted Services % of Total Operating Expenditure	5%	10%	6,3%
Grant dependency			
Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	NIL	88%	88,79%
Budget implementation			
Capital Expenditure Budget Implementation Indicator	100%	100%	28,83%
Operating Expenditure Budget Implementation Indicator	100%	100%	106,92%
Operating Revenue Budget Implementation Indicator	100%	100%	94,6 %
Service Charges and Property Rates Revenue Budget Implementation Indicator	100%	100%	100,94%
Electricity distribution losses			
(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) × 100	7-10%	10%	40%
Water distribution losses			
(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100	15-30%	30%	42%
			T5.4.1

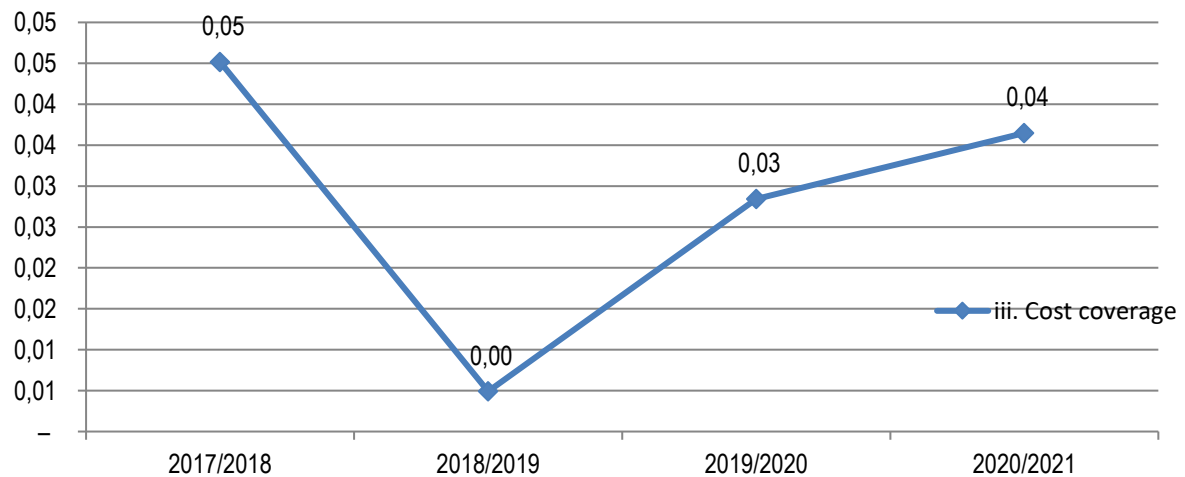
Liquidity Ratio



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

Data used from MBRR SA8

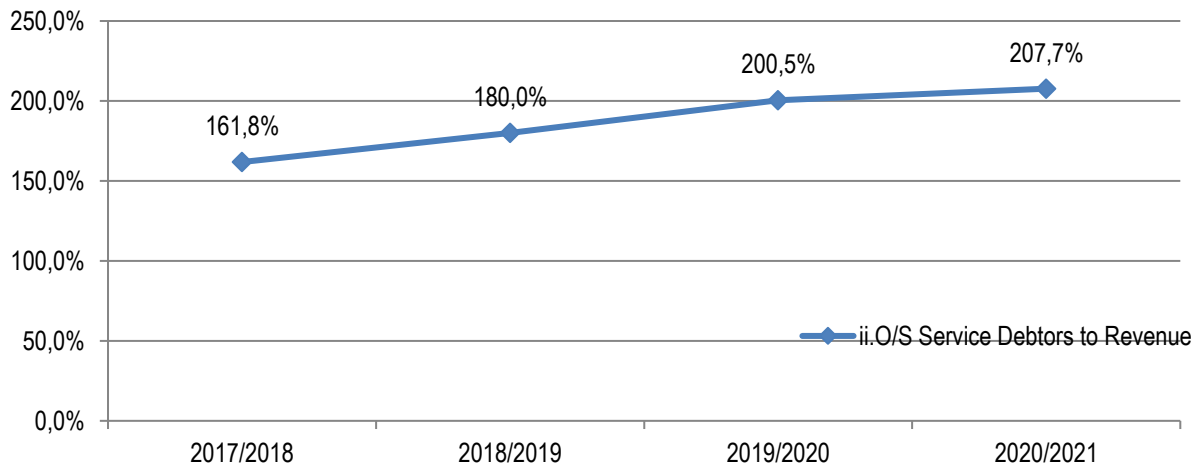
Cost Coverage



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

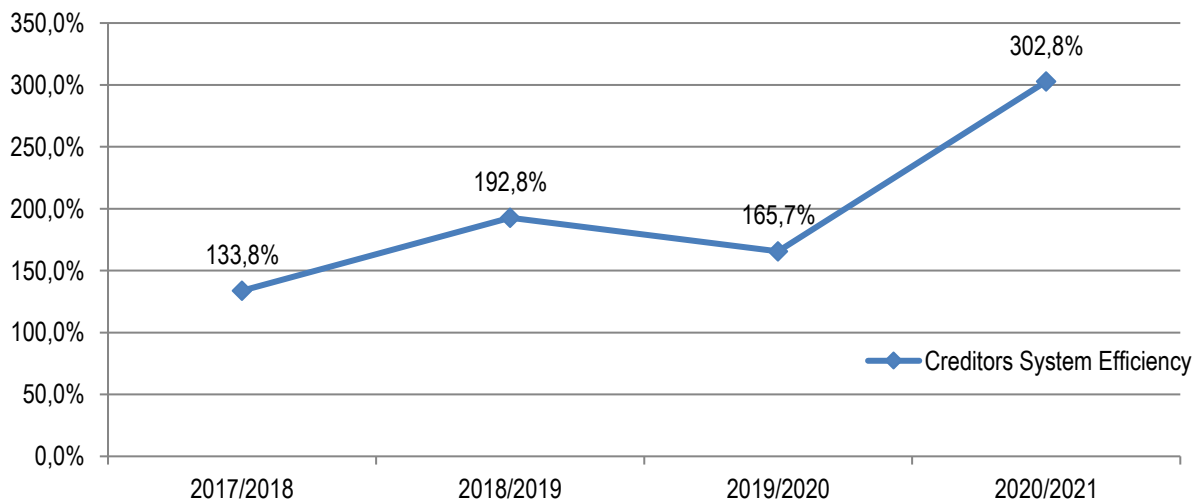
Data used from MBRR SA8

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.

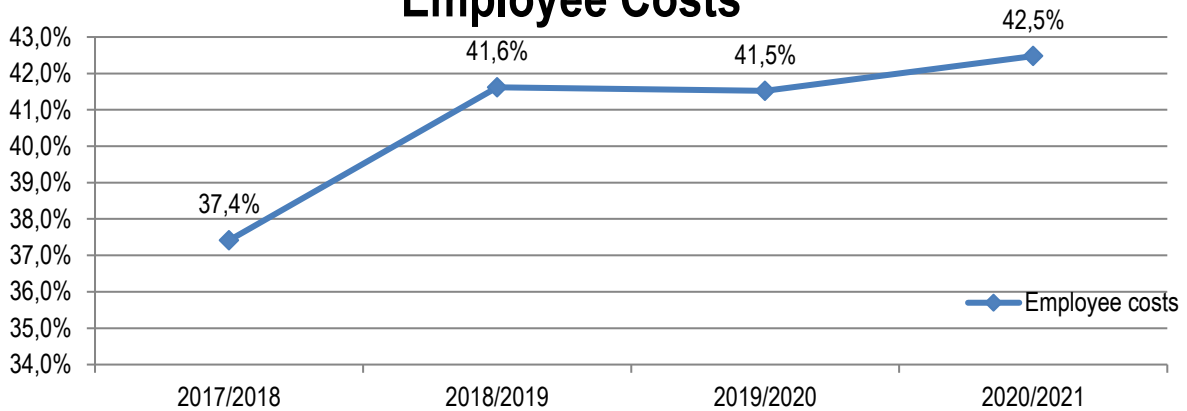
Creditors System Efficiency



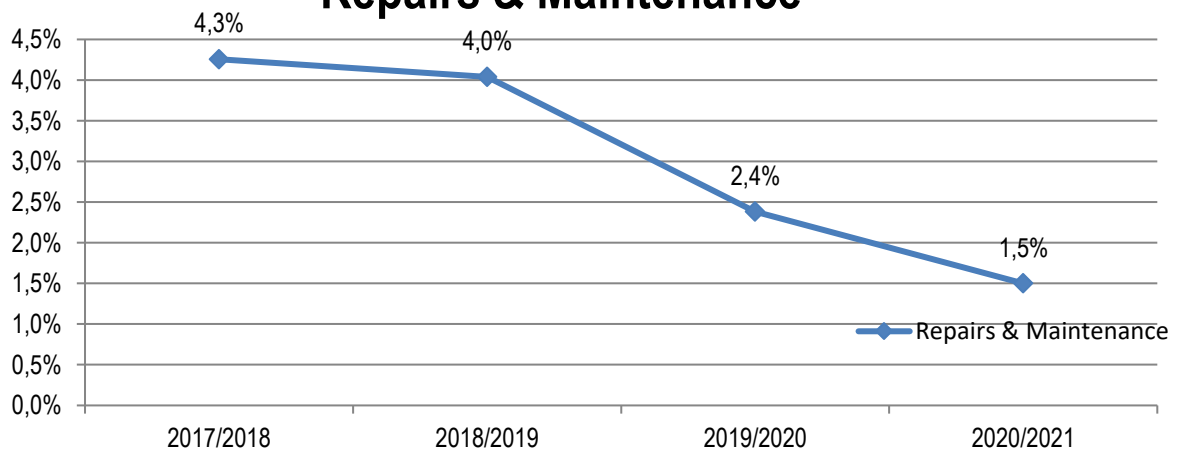
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Employee Costs



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

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION: SPENDING AGAINST CAPITAL BUDGET

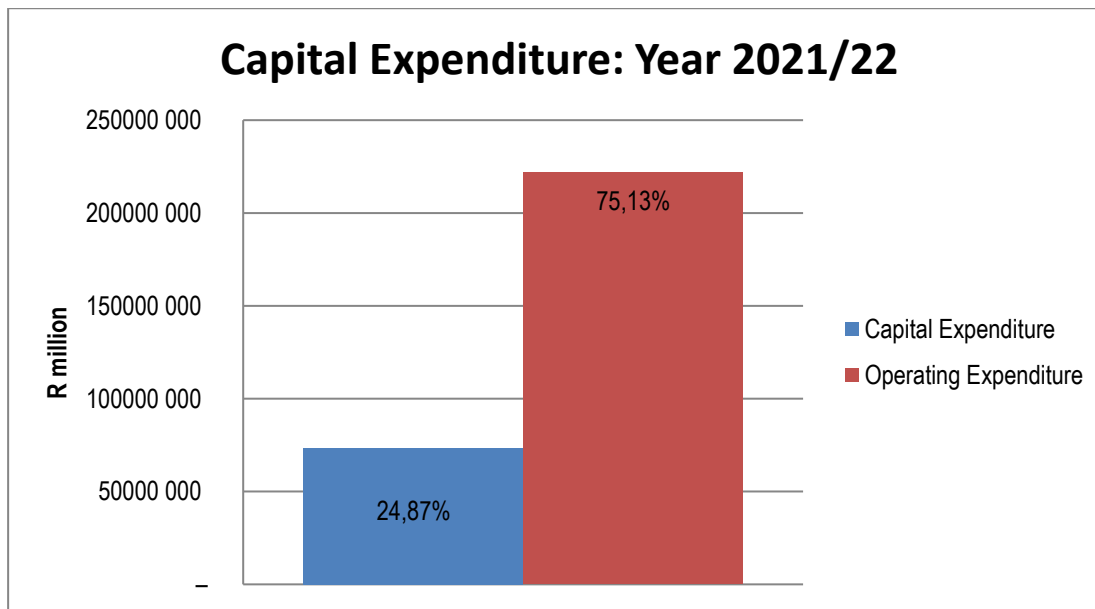
The capital spending in the municipality is mainly financed by means of external grants received from the National Treasury.

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

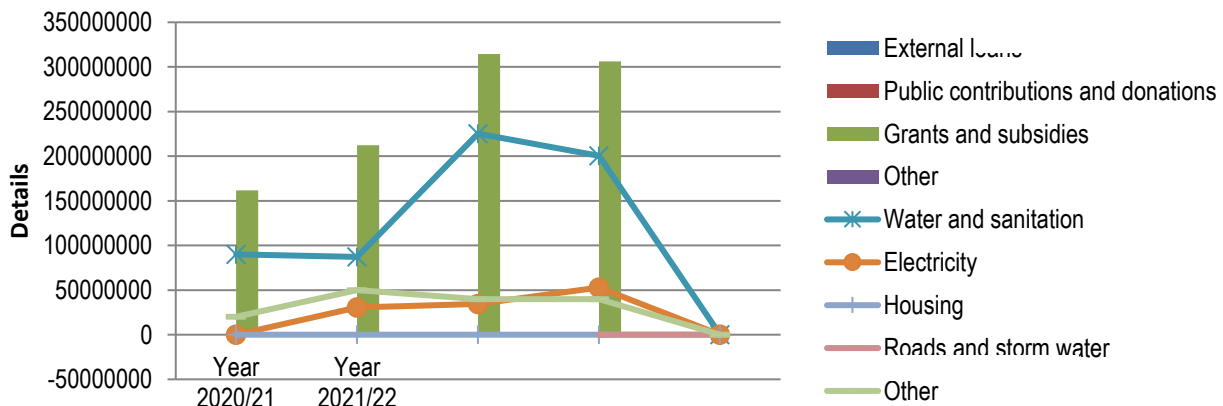


5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources:						
Details	Year 2020/21	Year 2021/22				
	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	161 876 329	212 434 000	314 518 000	306 216 578	48,05%	44,15%
Other	0	0	0	0	0,00%	0,00%
Total	161 876 329	212 434 000	314 518 000	306 216 578	48,05%	44,15%
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	90 153 329	87 080 000	225 247 000	200 578 578	158,67%	130,34%
Electricity	-	30 500 000	34 319 000	52 856 100	12,52%	73,30%
Housing	-	-	-	-	0,00%	0,00%
Roads and storm water	-	-	-	-	0,00%	0,00%
Other	20 000 000	50 000 000	40 000 000	40 000 000	-20,00%	0,00%
Total	110 153 329	167 580 000	299 566 000	293 434 678	2	2
Percentage of expenditure						
Water and sanitation	81,8%	52,0%	75,2%	68,4%	104,9%	64,0%
Electricity	0,0%	18,2%	11,5%	18,0%	8,3%	36,0%
Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Roads and storm water	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other	18,2%	29,8%	13,4%	13,6%	-13,2%	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 2021/22	
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 2021				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	48 640	95,2%	2 449	4.8%
Sanitation	5 0532	98,9%	557	1.1%
Electricity	46 178	90,5%	4 865	9.5%
Waste management	37 816	74%	13 273	26%
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

Detail	Audited Actual R
Cash Receipts by Source	
Property rates	117 895 331
Service charges	349 274 158
Transfer receipts - operational	226 916 000
Other revenue	12 429 620
Cash Receipts by Source	
Other Cash Flows/Receipts by Source	
Transfer receipts - capital	144 176 450
Contributions recognised - capital & Contributed assets	0
Proceeds on disposal of PPE	2 457 081
Short term loans	0
Borrowing long term/refinancing	0
Increase (decrease) in consumer deposits	
Decrease (Increase) in non-current debtors	
Decrease (increase) other non-current receivables	
Decrease (increase) in non-current investments	
Total Cash Receipts by Source	853 148 640
Cash Payments by Type	
Employee related costs	(255 121 726)
Suppliers	(428 396 342)
Cash Payments by Type	
Other Cash Flows/Payments by Type	
Capital assets	(182 223 210)
Finance lease payments	(1 462 908)
Other Cash Flows/Payments	(108 045)
Total Cash Payments by Type	(867 312 231)
Net Increase/(Decrease) in Cash Held	(14 163 591)
Cash/cash equivalents at the month/year begin:	22 025 012
Cash/cash equivalents at the month/year end:	7 861 421

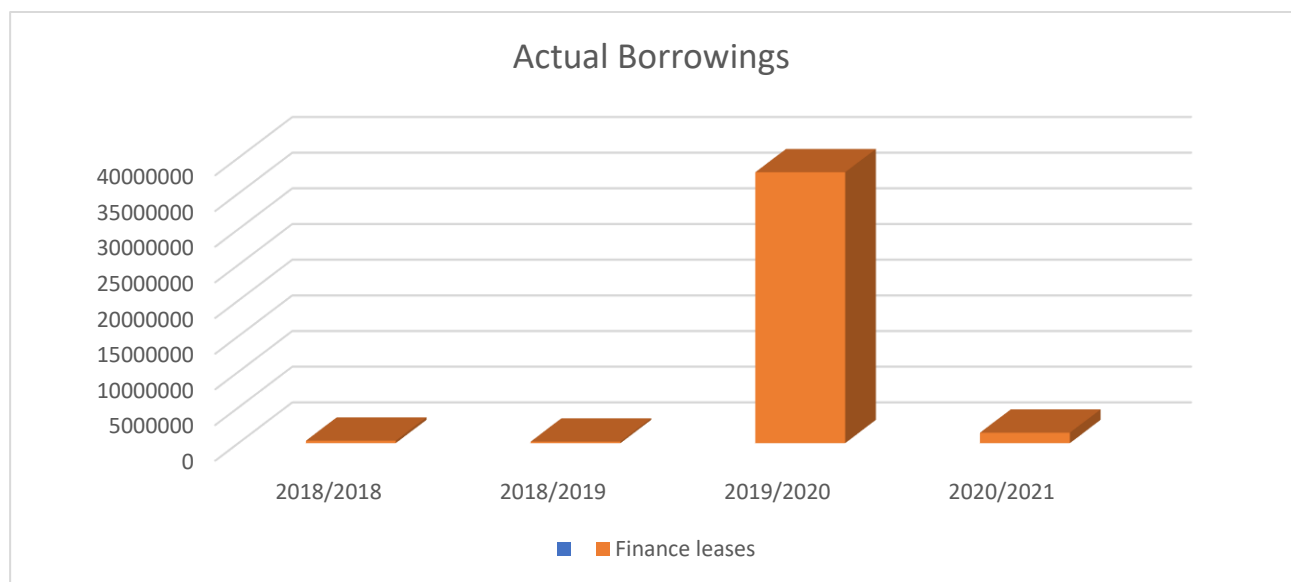
COMMENT ON CASH FLOW OUTCOMES

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 2018/19 – 2020/21			
Instrument	2018/19	2019/20	2020/21
	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	204 908	3 796 786	1 650 000
Finance Granted By Cap Equipment Supplier	Nil	Nil	Nil
Marketable Bonds	Nil	Nil	
			T5.10.1



T 5.10.3

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					
R' 000					
Investment* type	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual (R 000)	Actual (R 000)	Actual (R 000)	Actual (R 000)	Actual (R 000)
Securities - National Government	Nil	Nil	Nil	Nil	Nil
Listed Corporate Bonds	Nil	Nil	Nil	Nil	Nil
Deposits - Bank	2 143	2 409	24 533	22 025	7 861
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	2 143	2 442	24 533	22 025	7 861
					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 despite the continuation of the disaster management act caused Covid19 pandemic.

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 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

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	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%

APPENDICES

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%

APPENDICES

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%

APPENDICES

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

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,

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	<ul style="list-style-type: none"> 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.
T B	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services	Mr. P. Mabuza – Director Corporate Services
Finance	Mr S Phiri – Acting Chief Financial Officer
Technical Services	Mr F R Ntekele – Director Technical Services
Planning & Economic Development	Mr Maake - Director Planning and Economic Development
Community & Social Services	Mr S I Malaza – Director Community and Social Services
Office of the Municipal Manager	Mr C Lisa – Acting 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

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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:		
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
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	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
	Thandeka F. Nkosi 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	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
	Lucky Simphiwe Mpungose 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	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
	Vusi Willie Zitha 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	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
	Senzo J . Sibeko				
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	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
	Xolani Lindokuhle Kutu				
Eighteen	Cllr B.J Nkosi	Yes	05	05	03
	Doctor Phakathi Thembisile Prudence Mdebele 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 8				
Capital Projects: Seven Largest in 2019/2020 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
1	Upgrade of Wesselton/Ermelo Waste-Water Treatment Plant	12/08/2019	Multi-year	R 21 981 238
T F.1				

Ward Title: Ward 11				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
2.	Construction Sewer Network & top structures Sheepmoor	07/11/2018	Multi-year	R16 906 587
T F.1				

Ward Title: Ward 11				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
3.	Construction of Sheepmoor Oxidation Ponds	03/08/2019	Multi-year	R16 111 905
T F.1				

Ward Title: Ward 9				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
4.	Construction 4km 11kv line & switching station	04/11/2019	30/06/2020	R10 000 000
T F.1				

Ward Title: Ward 12 & 15				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (19/20FY)
5.	Upgrade Silindile Street	30/09/2019	30/06/2020	R9 018 000
T F.1				

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Ward Title: Ward 12				
Capital Projects: Seven Largest in 2019/20 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (20/20FY)
6.	Establishment of Fire Station at Lothair	12/02/2020	Multi-year	R6 923 412
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	48,551	50,436	46,178	36,952	X
Households without minimum service delivery	2,538	653	4,911	14,137	
Total Households*	51,089	51,089	51,089	51,089	
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 2019/20
1	Provision of adequate water supply.	<p>All the water projects that were implemented during the Financial Year only one (1) completed and are as follows:</p> <ul style="list-style-type: none"> The Refurbishment Of The Northern Water Treatment Works Sludge Pump Station And Bypass Booster Pump Station) Installation of Boreholes and Bulk Water pipeline in Warburton Phase 2 Refurbishment Of Breyten Water Treatment Works
2	Provision of hygienic sanitation services.	<p>All of the sanitation projects that were implemented during the Financial Year only one (1) completed and are as follows:</p> <ul style="list-style-type: none"> Refurbishment Of Davel Waste Water Treatment Works Sewer Analysis Refurbishment of Ermelo WWTW Construction of sewer reticulation and toilet top structures at Sheepmoor Phase2 Construction of Oxidation Ponds at Sheepmoor - Civil Construction of oxidation Ponds at Sheepmoor (Implementing the Mechanical and Electrical work)
3	Provision roads and storm water management	<p>One (1) of the eight (8) projects that were under construction were completed and the other two (2) were implemented in phases and are as follows:</p> <ul style="list-style-type: none"> Upgrade of Mavundla Street in Ward 17 Upgrade of Motau and Tutu streets in Ward 17

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		<ul style="list-style-type: none"> • Upgrade of a road in Wesselton Ext 6, Ward 2 (Emadamini) • Construction of paved roads: Masango street 300m • Upgrading of the 14th Avenue in Wesselton Ext 2 • Upgrading of a street in Slindile new township Ward 12 & 15 • Upgrading of roads and storm water drainage system at Ndlangamandla and T. Khuzwayo street 660m Ring road • Upgrading of road at KwaDela by Old Cemetery 600m
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"> • Installation of Highmast Lights • Design and Construction (Turnkey) of an indoor switch gear station at Wesselton Ext 7
T F.3		

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

Municipal Audit Committee Recommendations		
Date of Committee	Audit Committee recommendations during 2020/2021	Recommendations adopted (enter Yes); not adopted (provide explanation)

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Medium/ Long Term Contracts (Largest Contracts Entered into 2020/2021 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
					T H.1

Public Private Partnerships Entered into 2020/21 R' 000					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value
No PPPs entered into 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 Mkhali	Nil

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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
T J

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue and Expenditure by Vote										
Vote Description	Ref	2020/2021	Budget Year 2021/2022							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	###									
Vote 01 - Executive & Council		241 587	200 300	226 225	0	211 705	226 225	(14 520)	-6,4%	226 225
Vote 02 - Finance & Administration		140 756	205 066	195 955	15 982	192 679	195 955	(3 276)	-1,7%	195 955
Vote 03 -		-	-	-	-	-	-	-	-	-
Vote 04 - Sport And Recreation		98	67	61	10	115	61	54	87,8%	61
Vote 05 - Public Safety		6 723	6 269	6 459	158	1 840	6 459	(4 618)	-71,5%	6 459
Vote 06 - Housing		-	-	-	-	-	-	-	-	-
Vote 07 - Health		-	-	-	-	-	-	-	-	-
Vote 08 - Planning And Development		2 957	4 833	5 658	465	6 121	5 658	463	8,2%	5 658
Vote 09 - Community & Social Services		5 617	10 382	1 302	90	1 022	1 302	(280)	-21,5%	1 302
Vote 10 - Electricity		226 189	306 060	265 165	21 506	247 303	265 165	(17 862)	-6,7%	265 165
Vote 11 - Water Management		229 147	227 226	212 801	5 905	181 988	212 801	(30 813)	-14,5%	212 801
Vote 12 - Waste Water Management		53 759	65 193	60 681	4 530	53 758	60 681	(6 924)	-11,4%	60 681
Vote 13 - Waste Management		49 737	66 580	53 140	4 358	45 492	53 140	(7 648)	-14,4%	53 140
Vote 14 - Road Transport		2 623	2 660	2 792	-	2 350	2 792	(442)	-15,8%	2 792
Vote 15 - Other		12 757	10 602	11 202	1 569	11 770	11 202	569	5,1%	11 202
Total Revenue by Vote	###	971 950	1 105 237	1 041 441	54 574	956 144	1 041 441	(85 297)	-8,2%	1 041 441
Expenditure by Vote	###									
Vote 01 - Executive & Council		53 951	64 014	54 511	3 551	43 658	54 511	(10 853)	-19,9%	54 511
Vote 02 - Finance & Administration		186 830	169 711	152 222	13 972	123 410	152 222	(28 812)	-18,9%	152 222
Vote 03 -		-	-	-	-	-	-	-	-	-
Vote 04 - Sport And Recreation		11 898	12 282	11 886	257	5 859	11 886	(6 027)	-50,7%	11 886
Vote 05 - Public Safety		25 814	29 720	30 777	1 869	25 348	30 777	(5 429)	-17,6%	30 777
Vote 06 - Housing		-	-	-	-	-	-	-	-	-
Vote 07 - Health		-	-	-	-	-	-	-	-	-
Vote 08 - Planning And Development		10 708	18 476	13 078	952	10 372	13 078	(2 705)	-20,7%	13 078
Vote 09 - Community & Social Services		59 173	67 278	67 634	9 865	60 809	67 634	(6 825)	-10,1%	67 634
Vote 10 - Electricity		334 610	456 233	422 705	132 274	382 900	422 705	(39 805)	-9,4%	422 705
Vote 11 - Water Management		145 908	135 182	130 311	6 866	50 868	130 311	(79 444)	-61,0%	130 311
Vote 12 - Waste Water Management		48 372	52 550	54 238	2 269	29 195	54 238	(25 043)	-46,2%	54 238
Vote 13 - Waste Management		63 526	41 496	41 662	19 373	50 651	41 662	8 989	21,6%	41 662
Vote 14 - Road Transport		84 843	85 785	84 082	2 600	42 032	84 082	(42 051)	-50,0%	84 082
Vote 15 - Other		10 475	10 784	10 865	1 152	10 270	10 865	(594)	-5,5%	10 865
Total Expenditure by Vote	###	1 036 108	1 143 511	1 073 970	194 999	835 371	1 073 970	(238 599)	-22,2%	1 073 970
Surplus/(Deficit) for the year	###	(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)	153 302	-471,3%	(32 529)
References										
1. Insert 'Vote'; e.g. Department, if different to standard classification structure										
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)										

APPENDICES

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

Revenue Collection Performance by Source

Description	Ref	Budget Year 2021/2022								
		2020/21 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		126 006	191 337	183 123	15 093	181 646	183 123	(1 478)	-1%	183 123
Service charges - electricity revenue		217 317	276 349	242 727	21 021	240 846	242 727	(1 881)	-1%	242 727
Service charges - water revenue		73 615	70 556	64 319	5 245	64 327	64 319	8	0%	64 319
Service charges - sanitation revenue		46 957	43 432	48 326	4 073	48 774	48 326	448	1%	48 326
Service charges - refuse revenue		38 971	50 859	40 183	3 360	40 181	40 183	(2)	0%	40 183
Rental of facilities and equipment		2 500	2 688	2 657	233	2 728	2 657	72	3%	2 657
Interest earned - external investments		949	300	300	129	1 080	300	780	260%	300
Interest earned - outstanding debtors		41 446	41 985	27 580	2 705	29 709	27 580	2 128	8%	27 580
Dividends received										
Fines, penalties and forfeits		5 971	5 239	5 239	17	182	5 239	(5 057)	-97%	5 239
Licences and permits		3 432	1 553	2 560	632	3 674	2 560	1 114	44%	2 560
Agency services		9 276	9 000	8 600	926	8 001	8 600	(599)	-7%	8 600
Transfers and subsidies		226 918	207 727	208 157	0	205 218	208 157	(2 939)	-1%	208 157
Other revenue		5 571	5 142	7 649	517	6 305	7 649	(1 344)	-18%	7 649
Gains		2 283	-	953	623	1 734	953	782	82%	953
Total Revenue (excluding capital transfers and contributions)		801 211	906 168	842 373	54 574	834 406	842 373	(7 967)	-1%	842 373
Expenditure By Type										
Employee related costs		244 257	271 209	282 891	21 136	251 304	282 891	(31 587)	-11%	282 891
Remuneration of councillors		16 058	17 648	17 648	1 054	13 792	17 648	(3 856)	-22%	17 648
Debt impairment		49 764	152 853	80 202	27	62 453	80 202	(17 749)	-22%	80 202
Depreciation & asset impairment		137 048	139 146	140 616	-	41 953	140 616	(98 663)	-70%	140 616
Finance charges		103 372	-	29 200	-	-	29 200	(29 200)	-100%	29 200
Bulk purchases - electricity		264 680	340 294	330 294	125 637	322 081	330 294	(8 213)	-2%	330 294
Inventory consumed		97 951	79 215	72 259	7 602	25 139	72 259	(47 119)	-65%	72 259
Contracted services		63 101	84 523	66 461	14 557	56 641	66 461	(9 820)	-15%	66 461
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		50 120	58 624	54 401	8 795	45 818	54 401	(8 583)	-16%	54 401
Losses		9 759	-	-	16 192	16 192	-	16 192	#DIV/0!	-
Total Expenditure		1 036 108	1 143 511	1 073 970	194 999	835 371	1 073 970	(238 599)	-22%	1 073 970
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(234 897)	(237 342)	(231 598)	(140 425)	(965)	(231 598)	230 632	(0)	(231 598)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		169 259	199 069	199 069	-	121 738	199 069	(77 330)	(0)	199 069
Transfers and subsidies - capital (in-kind - all)		1 480	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Taxation										
Surplus/(Deficit) after taxation		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(64 158)	(38 274)	(32 529)	(140 425)	120 773	(32 529)			(32 529)
References										
1. Material variances to be explained on Table SC1										
Total Revenue (excluding capital transfers and contributions) including capital										
		971 950	1 105 237	1 041 441	54 574	956 144	1 041 441			1 041 441

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>						

T L

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.

TL.1

APPENDICES

APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2020/2021

Project Name	Ward No.	2020/21 FY Budget	Expenditure	Project Status
Purchase of LDVs/fleet for departments	11	R 3 000 000	R 20 077 332	Project Completed (100%)
Establishment of a fire station at Lothair/Silindile town - Phase 1	15	R 2 068 309	R 2068309.09	Completed (100%)
Procurement of the Yellow Fleet for the waste management	14	R 2 400 000	R 2400000.00	Completed (100%)
Purchase of a Dozer for land fill site	19	R 5 000 000	R 0	Completed (100%)
Upgrade of Mavundla Street in Ward 17 Multi -Year	17	R 1 638 067.32	R 1683855.31	Implementation (95%)
Upgrading of Masango Street with Associated storm-water drainage System	5	R 735 960	R 735959.68	Completed (100%)
Upgrading of the 14th Avenue in Wesselton Ext 2	15	R 858 425	R 858 424.84	Completed (100%)
Upgrading of Ndlangamandla and T Khuzwayo Street Ring Road	9	R 5 661 711	R 5320707.77	Completed (100%)
Upgrading of road at KwaDela by Old Cemetery	10	R 2 578 257	R 2577171.50	Completed (100%)
Upgrade of Wessels road	6	R 5 600 000	R 5599985.63	Implementation (88.75%)
Refurbishment of Breyten Water Treatment Works (WTW)	13	R 6 460 339	R 6460338.90	Completed (100%)
Installation of boreholes and bulk water pipeline in Warburton phase 2	12	R2 169 003	R 3969002.61	Designs & Implementation (94.88%)
Construction Of A 10 MI Reservoir At Ermelo Ext 44 & associated pipe works	8	R7 429 873.23	R 8721946.07	Implementation SLA with DHS (78.75%)
Refurbishment of Southern Water Treatment Works	8	R 2 570 126.77	R 2570126.77	Implementation SLA with DHS (90%)
Purchase of water tankers	All	R 2 700 000	R 4500000.00	Completed (100%)
Electro-Mechanical Upgrades To Extension 32, 33 And 34 Pump stations In Ermelo	16	R 9 813 039	R 46859774.79	Implementation SLA with DHS (75%)
Refurbishment Of Davel Waste Water Treatment Works	10	R 4 139 613	R 6895541.38	Completed (45%)
Refurbishment of Ermelo WWTW	1,2,3,4, 5,6,7,8, 9,11,17	R5 826 806	R5 862 807	Project implementation (100%)
Refurbishment of Oxidation ponds-Breyten	13 & 14	R5 475 932	R6 020 171	Construction (74.75%)

APPENDICES

Refurbishment of Kwazanele WWTW	14	R5 500 000	R5 500 000	Project implementation (90%)
Construction of sewer reticulation and toilet top structures at Sheepmoor Phase2	11	R2 002 682	R2 002 682	Project implementation (100%)
Construction of oxidation ponds at Sheepmoor - Civil	11	R1 158 579	R6 123 339	Project implementation (100%)
Installation of High Mast Lights	Various wards	R 1 179 189	R 1 576 412	Implementation 63%
Refurbishment of Electricity network at Breyten	13	R8 500 000	R0	Project implementation (0%)
Purchase of crane truck	Mun	R1 700 000	R0	Completed (100%)

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>Licensing and Testing Centre:</u>		
Documentation that must be sent to the Provincial Department of Community Safety, Security and Liaison help desk takes long for verifications, approval and capturing.	High	Affects the community at large due documents that are not processed on time including our own personnel
<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



Msukaligwa Local Municipality
Annual Financial Statements
for the year ended 30 June 2022

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Local Municipality
Mayoral committee	
Executive Mayor	Cllr. M.P. Nkosi
Speaker	Cllr. N.S. Xaba
Chief Whip	
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. A.M. Estate Cllr. S.P. Khalishwa Cllr. L.N.V. Kubheka 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. Ndrazi 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.T. Sibeko Cllr. P.H. Sibiyi Cllr. M.R. Yende Cllr. T.P. Zulu Cllr. Z.E. Zulu
Out-going council following the local government elections	
Executive Mayor	Cllr. B.J. Mkhaliphi
Speaker	Cllr. M.P. Nkosi
Chief Whip	Cllr. P.E. Mashiane
MMC - Corporate Services	Cllr. J.A. Bal
MMC - Technical Services	Cllr. E.C. Msezane
MMC - Community and Social Services	Cllr. T.A. Mnisi
MMC - Finance	Cllr. B.J. Mkhaliphi
MMC - Planning Economic Development	Cllr. J.S. Bongwe

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

General Information

Councillors

Cllr. T.C. Motha
Cllr. Z. Breydenbach
Cllr. G.S. Greyling
Cllr. B.I. Jiyane
Cllr. F.J. Mabasa
Cllr. B.I. Mabuza
Cllr. M.E. Madonsela
Cllr. L.S. Mahlangu
Cllr. L.A. Maseko
Cllr. M.Z.M. Mashiane
Cllr. P.E. Mashiane
Cllr. V.V. Mazibuko
Cllr. L.D. Mdebele
Cllr. T.J. Madlala
Cllr. P.F. Motoyi
Cllr. B.N.N. Ndlovu
Cllr. D.M. Nkambule
Cllr. T. Nkosi
Cllr. Z.J. Nkosi
Cllr. J.J. Nzimande
Cllr. P.T. Sibeko
Cllr. B.J.M. Sithole
Cllr. H.F. Swart
Cllr. D.J. Lita
Cllr. M.R. Yende
Cllr. Z.K. Dhludhu
Cllr. J.D.A. Bilgnaut
Cllr. M.J. Blose
Cllr. L.N.V. Kubheka
Cllr. D. Mabunda
Cllr. N.H. Magagula
Cllr. M. Sibeko

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

General Information

Grading of local authority	4
Accounting Officer	Mr. M. Kunene - Appointed 12 August 2022
Acting Accounting Officer	Mr. C. J. Lisa - Appointed 28 February 2022 Mr. B. C. Sibeko - Appointed 26 November 2021 Mr. S. I. Malaza - Appointed 26 February 2021
Chief Finance Officer (CFO)	Vacant
Acting Chief Finance Officer (ACFO)	Mr. S.M. Phiri
Registered office	Civic Centre C/o Kerk and Taute Street Ermelo 2350
Business address	Civic Centre C/o Kerk and Taute Street Ermelo 2350
Postal address	PO Box 48 Ermelo 2350
Bankers	First National Bank Limited Standard Bank Limited
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	TMN Kgomo & Associates Mhlongo Khumalo Attorney Gildenhuys Malajji Attorneys Mohlala Attorneys Setalafala Attorneys Julie Mahommed Attorneys Marivate Attorneys L Guzana Inc Madonsele Mthunzi Inc Sibeko Attorneys Bekker, Brink and Brink Attorneys
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 2022

Index

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

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<p>Audited By 2022 -12- 13</p> <p>Auditor General South Africa Mpumalanga Business Unit</p>
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LP

Muskaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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
MFEMA	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

Audited
By
2022 -12- 13
Auditor General South Africa
Mpumalanga Business Unit

LP

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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 2023 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.

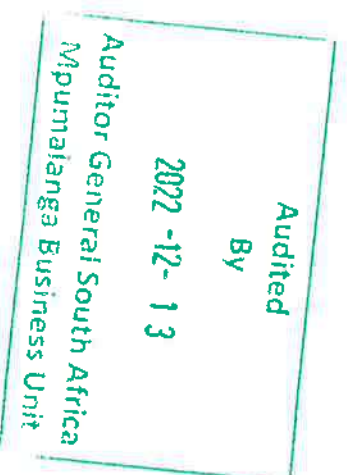
The annual financial statements are prepared on the basis that the municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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 8 - 8 .

The annual financial statements set out on page 10 - 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed.

Mr. M. Kunene
Municipal Manager

Ermelo
31 August 2022



Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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.

Outgoing Audit & Performance Committee:

Name of member	Number of meetings attended
N. Marobane	1
B.P. Mosomane	1
F. Mudau	1

In coming Audit Committee:

Name of member	Number of meetings attended
F. Mudau	6
P.B.Mosomane	5
N. Maseko	6
P. Mangoma	5
M. Mmapheto	6

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. 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 auditors, the Audit report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviation therefrom. Accordingly, we can report that the system of internal controls over financial reporting for the period under review was 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 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.

Audited
By
2022 -12- 13
Auditor General South Africa
Mpumalanga Business Unit

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2022.

1. Review of activities

Operations

Net surplus of the municipality was R49,331,085 (2021: deficit R62,682,957).

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 post of Municipal Manager was filled on 12 August 2022.

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

4. Accounting Officer's 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
Mr. B.C. Sibeko
Mr. S.I. Malaza

Changes
Appointed 12 August 2022
Appointed February 2022
Appointed November 2021 - January 2022
Appointed February 2021 - November 2022

Audited
By
2022-12-13

Audit firm
General South Africa
Business Unit

A.F

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer'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	L. 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~~ ^{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.

Audited of their work. Reports are
BY
Auditor General South Africa
Mpumalanga Business Unit

LP

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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 - 125, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.

Mr. M. Kunehe
Municipal Manager

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By
2022-12-13
Auditor General South Africa
Mpumalanga Business Unit

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Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	7	13,003,712	26,063,539
Receivables from exchange transactions	8&10	146,660,286	125,349,964
Receivables from non-exchange transactions	9&10	59,810,828	41,729,516
VAT receivable	11	115,462,266	97,371,801
Cash and cash equivalents	12	9,661,538	7,833,380
		344,598,630	298,348,200
Non-Current Assets			
Investment property	3	180,113,008	114,321,362
Property, plant and equipment	4	2,537,476,313	2,380,992,260
Intangible assets	5	61,916	108,045
Heritage assets	6	174,895	192,195
		2,717,826,132	2,495,613,862
		3,062,424,762	2,793,962,062
Liabilities			
Current Liabilities			
Finance lease obligation	13	1,179,875	1,337,562
Payables from exchange transactions	14	1,574,804,067	1,364,686,687
Consumer deposits	15	19,243,836	18,566,235
Employee benefit obligation	16	5,605,000	3,504,000
Unspent conditional grants and receipts	17	1,337,635	1,740,904
		1,602,170,413	1,389,835,388
Non-Current Liabilities			
Finance lease obligation	13	-	1,179,875
Employee benefit obligation	16	68,197,000	68,723,000
Provision	18	81,932,532	73,430,066
		150,129,532	143,332,941
Total Liabilities		1,752,299,945	1,533,168,329
Net Assets		1,310,124,817	1,260,793,733
Accumulated surplus		1,310,124,817	1,260,793,733
Total Net Assets		1,310,124,817	1,260,793,733

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* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	389,925,396	375,616,655
Rental of facilities and equipment	20	2,721,920	2,501,084
Agency services		8,000,655	9,276,278
Other income	21	13,956,891	12,183,998
Interest earned	22	30,806,311	42,394,724
Total revenue from exchange transactions		445,411,173	441,972,739
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	183,825,668	127,003,868
Transfer revenue			
Government grants & subsidies	24	511,096,117	386,175,885
Fines	25	4,770,692	5,970,890
Donations received	26	-	11,480,722
Total revenue from non-exchange transactions		699,692,477	530,631,365
Total revenue		1,145,103,650	972,604,104
Expenditure			
Employee related costs	27	(254,072,082)	(249,247,402)
Remuneration of councillors	28	(15,489,401)	(16,058,210)
Repairs and Maintenance	29	(29,442,494)	(26,475,010)
Depreciation and amortisation	30	(137,641,766)	(126,751,398)
Impairment loss	31	(4,090,039)	(11,140,490)
Finance costs	32	(87,000,055)	(103,395,453)
Debt Impairment	33	(121,120,243)	(49,874,512)
Bulk purchases	34	(391,565,584)	(335,609,104)
Contracted services	35	(45,202,243)	(53,062,515)
Losses on disposal of assets	36	(17,650,037)	(8,336,492)
General Expenses	37	(48,726,711)	(51,103,164)
Total expenditure		(1,152,000,665)	(1,031,053,750)
Operating deficit		(6,897,005)	(58,449,646)
Fair value adjustments	38	66,567,036	-
Actuarial gain	16	By 5,856,510	(4,104,602)
Inventories (losses)/gains		(16,195,456)	(128,709)
Surplus (deficit) for the year		2022 -12- 56,228,090	(4,233,311)
		49,331,085	(62,682,957)

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* See Note 55

Msukaligwa Local Municipality

(Registration number MF302)
Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated Opening Balance	1,247,795,672	1,247,795,672
Adjustments	75,681,018	75,681,018
Prior year adjustments	1,323,476,690	1,323,476,690
Balance at 01 July 2020 as restated*	(62,682,957)	(62,682,957)
Changes in net assets	(62,682,957)	(62,682,957)
Surplus/(Deficit) for the year	(62,682,957)	(62,682,957)
Total changes	1,183,380,901	1,183,380,901
Opening balance as previously reported	77,412,831	77,412,831
Adjustments	1,260,793,732	1,260,793,732
Prior year adjustments	49,331,085	49,331,085
Restated* Balance at 01 July 2021 as restated*	49,331,085	49,331,085
Changes in net assets	1,310,124,817	1,310,124,817
Surplus / (Deficit) for the year		
Total changes		
Balance at 30 June 2022		

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* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Property rates and Traffic fines		132,423,893	117,895,331
Services		322,561,210	332,748,030
Grants		510,692,848	371,092,450
Interest income		1,097,687	948,898
		<u>966,775,638</u>	<u>822,684,709</u>
Payments			
Employee costs		(263,188,268)	(265,612,536)
Suppliers		(387,164,110)	(401,598,585)
		(650,352,378)	(667,211,121)
	39	<u>316,423,260</u>	<u>155,473,588</u>
Net cash flows from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(314,401,366)	(170,457,852)
Proceeds from sale of investment property	3	1,143,826	2,391,626
Purchase of other intangible assets	5	-	(108,045)
		<u>(313,257,540)</u>	<u>(168,174,271)</u>
Cash flows from financing activities			
Finance lease payments		(1,337,562)	(1,462,908)
Net Increase/(decrease) in cash and cash equivalents		1,828,158	(14,163,591)
Cash and cash equivalents at the beginning of the year		7,833,380	21,996,971
Cash and cash equivalents at the end of the year	12	<u>9,661,538</u>	<u>7,833,380</u>

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Mpumalanga Business Unit

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* See Note 55

Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	441,196,899	(45,641,477)	395,555,422	389,925,396	(5,630,026)	
Rental of facilities and equipment	2,687,998	(31,278)	2,656,720	2,721,920	65,200	
Agency services	9,000,000	(400,000)	8,600,000	8,000,655	(599,345)	
Other income	5,141,864	2,506,678	7,648,542	13,956,891	6,308,349	52 1.01
Interest received	42,284,605	(14,404,331)	27,880,274	30,806,311	2,926,037	52 1.02
Gains on disposal of assets	-	953,000	953,000	-	(953,000)	52 1.03
Total revenue from exchange transactions	500,311,366	(57,017,408)	443,293,958	445,411,173	2,117,215	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	191,336,759	(8,213,309)	183,123,450	183,825,668	702,218	
Licences and Permits	1,553,000	1,007,000	2,560,000	-	(2,560,000)	52 1.04
Transfer revenue						
Government grants & subsidies	406,795,571	430,000	407,225,571	511,096,117	103,870,546	52 1.05
Fines, Penalties and Forfeits	5,239,000	(2,000)	5,237,000	4,770,801	(466,199)	
Total revenue from non-exchange transactions	604,924,330	(6,778,309)	598,146,021	699,692,586	101,546,565	
Total revenue	1,105,235,696	(63,795,717)	1,041,439,979	1,145,103,759	103,663,780	
Expenditure						
Employee related costs	(271,208,849)	(11,681,903)	(282,890,752)	(254,072,082)	28,818,670	52 1.06
Remuneration of councillors	(17,648,000)	-	(17,648,000)	(15,489,401)	2,158,599	52 1.07
Depreciation and amortisation	(139,145,623)	(1,469,918)	(140,615,541)	(137,641,766)	2,973,775	
Expenses from service concession arrangements	-	-	-	(4,090,039)	(4,090,039)	
Finance costs	-	(29,000,000)	(29,000,000)	(87,000,055)	(58,000,055)	52 1.09
Debt Impairment	(152,853,000)	72,651,000	(80,202,000)	(121,120,243)	(40,918,243)	52 1.10
Bulk purchases	(340,293,572)	131,504,572	(208,789,000)	(391,565,584)	(182,776,584)	52 1.11
Contracted Services	(79,214,706)	12,629,706	(66,585,000)	(45,202,243)	21,382,757	52 1.12
Cost of housing sold	-	-	-	(17,650,037)	(17,650,037)	
General Expenses	(143,146,416)	(30,005,584)	(173,152,000)	(78,169,205)	94,982,795	52 1.13
Total expenditure	(1,143,510,166)	144,627,873	(998,882,293)	(1,152,000,655)	(153,118,362)	
Operating deficit	(38,274,470)	80,832,156	42,557,686	(6,896,896)	1,49,454,582)	52 1.15
Fair value adjustments	-	-	-	66,567,036	66,567,036	
Actuarial gains/losses	-	-	-	5,856,510	5,856,510	52 1.16
Inventories losses	-	-	-	-	-	52 1.17
Surplus / (Deficit)	(38,274,470)	80,832,156	42,557,686	49,331,194	6,773,508	

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Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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
Statement of Financial Position						
Assets						
Current Assets						
Inventories	17,217,000	8,846,205	26,063,205	13,003,712	(13,059,493)	52 1.18
Receivables from non-exchange transactions	174,158,000	67,080,495	241,238,495	59,810,828	(181,427,667)	52 1.19
Consumer debtors	303,933,000	(171,081,666)	132,851,334	146,660,286	13,808,952	52 1.19
VAT receivable	-	-	-	115,462,266	115,462,266	52 1.20
Call investment deposits	68,735,000	(66,858,073)	2,876,927	5,593,397	2,716,470	52 1.21
Cash and cash equivalents	(46,102,522)	47,216,959	1,114,437	4,068,140	2,953,703	52 1.21
	517,940,478	(113,796,080)	404,144,398	344,598,629	(59,545,769)	
Non-Current Assets						
Investment property	117,019,000	(2,697,451)	114,321,549	180,113,008	65,791,459	52 1.22
Property, plant and equipment	2,591,540,000	8,818,178	2,600,358,178	2,537,476,313	(62,881,865)	
Loss on disposal of assets	192,000	-	192,000	236,811	44,811	
	2,708,751,000	6,120,727	2,714,871,727	2,717,826,132	2,954,405	
	3,226,691,478	(107,675,353)	3,119,016,125	3,062,424,761	(56,591,364)	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	1,179,875	1,179,875	52 1.23
Payables from exchange transactions	977,995,000	616,076,822	1,594,071,822	1,574,804,069	(19,267,753)	52 1.24
Consumer deposits	17,434,000	(13,923,000)	3,511,000	19,243,836	15,732,836	52 1.25
Unspent conditional grants and receipts	-	-	-	1,337,635	1,337,635	52 1.26
Provisions	20,176,000	929,377	21,105,377	5,605,000	(15,500,377)	52 1.27
	1,015,605,000	603,083,199	1,618,688,199	1,602,170,415	(16,517,784)	
Non-Current Liabilities						
Finance lease obligation	1,279,000	1,238,088	2,517,088	-	(2,517,088)	52 1.23
Provision	59,519,000	17,415,445	76,934,445	150,129,532	73,195,087	52 1.27
	60,798,000	18,653,533	79,451,533	150,129,532	70,677,999	
Total Liabilities	1,076,403,000	621,736,732	1,698,139,732	1,752,299,947	54,160,215	
Net Assets	2,150,288,478	(729,412,085)	1,420,876,393	1,310,124,814	(110,751,579)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2,150,288,478	(729,412,085)	1,420,876,393	1,310,124,814	(110,751,579)	

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Msakaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	146,438,741	(14,408,941)	132,029,800	132,423,893	394,093	52 1.28
Services	408,773,106	9,357,058	418,130,164	322,561,210	(95,568,954)	52 1.28
Grants	406,145,999	(2,202,023)	403,943,976	510,692,848	106,748,872	52 1.28
Interest income	300,000	-	300,000	1,097,687	797,687	52 1.28
Other receipts	124,940,154	(107,253,724)	17,686,430	-	(17,686,430)	52 1.28
	1,086,598,000	(114,507,630)	972,090,370	966,775,638	(5,314,732)	
Payments						
Suppliers and Employee costs	(839,813,276)	133,952,023	(705,861,253)	(652,655,562)	53,205,671	52 1.28
Finance costs	-	(29,900,000)	(29,900,000)	-	29,900,000	52 1.28
	(839,813,276)	104,052,023	(735,761,253)	(652,655,562)	83,105,671	
Net cash flows from operating activities	246,784,724	(10,455,607)	236,329,117	314,120,056	77,790,939	
Cash flows from investing activities						
Purchase of property, plant and equipment	(243,924,223)	1,256,224	(242,667,999)	(311,775,856)	(69,107,857)	52 1.29
Proceeds from sale of property, plant and equipment	-	952,565	952,565	775,390	(177,175)	52 1.29
Purchase of other intangible assets	-	-	-	46,129	46,129	52 1.29
	(243,924,223)	2,208,789	(241,715,434)	(310,954,337)	(69,238,903)	
Net cash flows from investing activities						
Cash flows from financing activities						
Increase (decrease) in consumer deposits	(3,511,337)	3,511,337	-	-	-	-
Finance lease payments	-	-	-	(1,337,562)	(1,337,562)	-
Increase (decrease) in consumer deposits	500,000	-	500,000	500,000	(500,000)	-
	(3,511,337)	3,511,337	-	(1,337,562)	(1,337,562)	
Net cash flows from financing activities						
Net increase/(decrease) in cash and cash equivalents	(650,836)	(4,735,481)	(5,386,317)	204,828,157	7,214,474	
Cash and cash equivalents at the beginning of the year	70,000,977	(62,139,556)	7,861,421	7,861,421	(28,041)	
Cash and cash equivalents at the end of the year	69,350,141	(66,875,037)	2,475,104	9,661,537	7,186,433	

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For reasons, please refer to note 52. 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.

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Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand

Notes(s)

2022

2021

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.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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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Msukaligwa Local Municipality

(Registration number MP302)
Annual Financial Statements for the year ended 30 June 2022

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 18 - 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.

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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 2022

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.

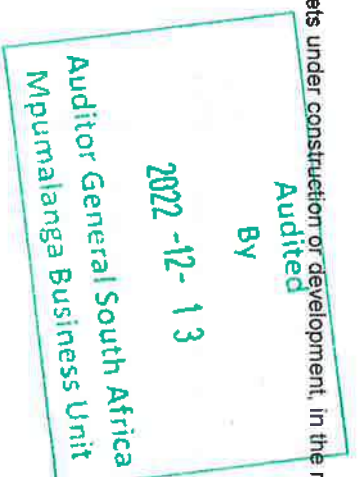
Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

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

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



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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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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	Average useful life
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 - Compiler 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. **Audited**
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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. **Auditor General**
Palanga Business Unit

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. **LP**

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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 to it as if it were in the form of a contract. *At least one of the parties to it as if it were in*

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. *Auditor General Soweto*

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. *Mpumalanga Service Providers Unit*

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.

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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.

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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

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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 and 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;

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A. M. M. General Manager
Business Unit

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Accounting Policies

1.9 Financial instruments (continued)

- **Financial 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 entity 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 entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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 entity measures all financial assets and financial liabilities after initial recognition using the following categories:

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the 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.

Audited
2022-12-13
By
A. Mkhabela
Msukaligwa Business Africa

LP

Msukaligwa Local Municipality

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Accounting Policies

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.

Major or Significant Business Unit

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Accounting Policies

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. *Acquired*

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. *BY 13*

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. *2022*

Income for leases is disclosed under revenue in statement of financial performance. *Auditor General South Africa*

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. *Business Unit*

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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Accounting Policies

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;
- the number of production or similar units expected to be obtained from the asset by the municipality.

*Auditor General of South Africa
MP302/15
Business
2022-13*

Msukalligwa Local Municipality

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Accounting Policies

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.

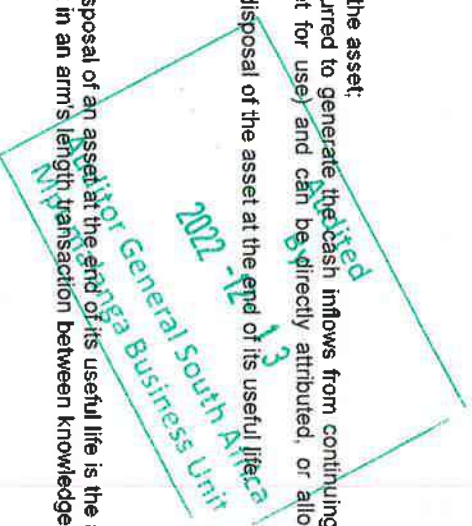
Estimates of future cash flows exclude:

- 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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Accounting Policies

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 ^{for the estimation of the recoverable amount of the cash-generating unit.}

Auditor General South Africa
Mpumalanga Business Unit

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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:

[Specify judgements made]

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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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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1.15 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 entity 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 entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount determined as a defined benefit liability may be negative (an asset). The entity 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 entity 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 entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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 [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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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Accounting Policies

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 43.

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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 or the ability of entities to repay their obligations.

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

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

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 arises 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. **Audited**

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. **2022-12-13**

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. **Auditing and obligations of the various parties Mpumalanga Business Hub Africa**

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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

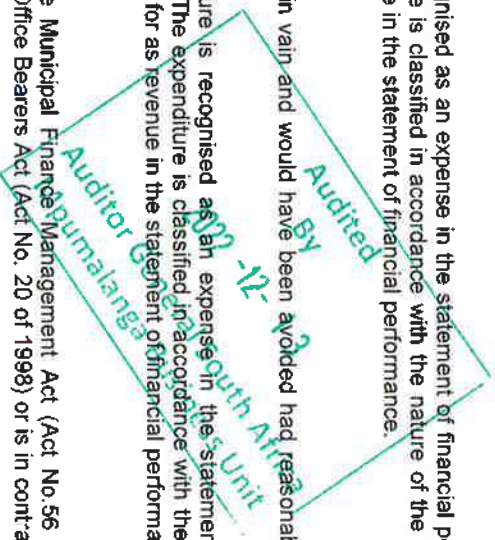
Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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 01/07/2021 to 30/06/2022.

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 ventures).

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 be influenced 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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Accounting Policies

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.

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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 ~~and~~ ^{therefore} that gives rise to the expense.

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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:
<ul style="list-style-type: none">• Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none">• IGRAP 21 The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none">• IGRAP 7 (Revised) Limit on a Defined Benefit Asset Min Fund Requirement and Interact	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none">• GRAP 25 (Revised) Employee Benefits	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none">• 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

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	180,113,008	-	180,113,008	114,321,362	-	114,321,362

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	114,321,362	(775,390)	66,567,036	180,113,008

Reconciliation of investment property - 2021

	Opening balance	Disposals	Total
Investment property	116,712,988	(2,391,626)	114,321,362

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 using the values as stated in the new 2021/2022 Municipal Valuation Roll, as determined by an independent professional valuer.

The outcome of the fair value adjustment is indicated below:

2022 2021

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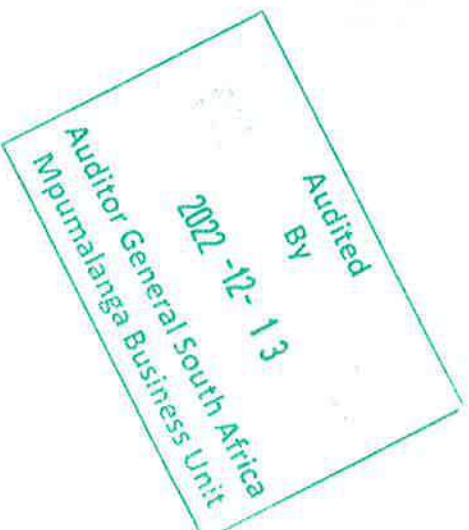
2021

3. Investment property (continued)

Fair Value Adjustment: Gains

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.



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Msukaligwa Local Municipality

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4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	135,285,137	-	135,285,137	135,454,642	-	135,454,642
Plant and machinery	5,810,303	(3,024,334)	2,785,969	5,346,233	(2,449,938)	2,896,295
Furniture, fixtures and Office equipment	12,548,092	(9,456,983)	3,091,109	13,330,034	(9,260,874)	4,069,160
Motor vehicles	55,972,536	(14,189,794)	41,782,742	54,073,212	(11,691,034)	42,382,178
IT equipment	7,321,288	(4,393,417)	2,927,871	7,337,256	(4,213,249)	3,124,007
Community	502,175,410	(301,607,887)	200,567,523	524,938,918	(302,460,040)	222,478,878
Library books	10,295,562	(3,711,428)	6,584,134	10,165,237	(2,692,742)	7,472,495
Electrical	705,929,184	(389,089,549)	316,839,635	692,155,219	(378,155,998)	313,999,221
Roads	1,571,753,674	(1,017,359,530)	554,394,144	1,554,734,173	(967,836,281)	586,897,892
Lease assets	4,006,550	(2,894,229)	1,112,321	4,006,550	(1,558,713)	2,447,837
Sanitation	822,873,420	(345,048,301)	477,825,119	785,540,073	(327,411,944)	458,128,129
Water supply	1,370,421,511	(581,963,929)	788,457,582	1,165,068,997	(570,061,590)	595,007,407
Solid waste	28,141,918	(22,318,891)	5,823,027	26,357,511	(19,723,392)	6,634,119
Total	5,232,534,585	(2,695,058,272)	2,537,476,313	4,978,508,055	(2,597,515,795)	2,380,992,260

Total

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP	Disposals	Depreciation	Impairment loss	Total
Land	135,454,642	-	-	(169,505)	-	-	135,285,137
Plant and machinery	2,896,295	908,867	-	(201,482)	(809,594)	(8,117)	2,785,969
Furniture, fixtures and Office equipment	4,069,159	139,710	-	(371,840)	(734,066)	(11,854)	3,091,109
Motor vehicles	42,382,178	3,444,516	-	(376,772)	(3,656,239)	(10,941)	41,782,742
IT equipment	3,124,007	759,479	-	(175,247)	(774,758)	(5,610)	2,927,871
Community	222,478,878	30,000	-	(8,636,585)	(13,182,200)	(122,570)	200,567,523
Library books	7,472,495	130,324	-	-	(1,018,685)	-	6,584,134
Electrical	313,999,221	5,656,540	15,965,999	(460,277)	(17,794,104)	(527,744)	316,839,635
Roads	586,897,892	7,667,862	11,839,472	(280,253)	(49,921,391)	(1,809,438)	554,394,144
Leased assets	2,447,837	-	-	-	(1,335,517)	-	1,112,320
Sanitation	458,128,129	36,952,749	4,007,437	(1,685,579)	(19,238,795)	(338,821)	477,825,120
Water supply	595,007,407	38,605,031	188,293,381	(5,660,698)	(26,534,307)	(1,253,232)	788,457,582
Solid waste	6,634,119	1,786,836	-	(235)	(2,595,981)	(1,712)	5,823,027
	2,380,992,259	96,081,914	220,106,289	(18,018,473)	(137,595,637)	(4,090,039)	2,537,476,313

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	WIP	Disposals	Depreciation	Impairment loss	Total
Land	135,454,642	-	-	-	-	-	135,454,642
Plant and machinery	2,422,958	1,029,261	-	(15,179)	(540,745)	-	2,896,295
Furniture and fixtures & Office equipment	3,946,616	1,230,212	-	(27,337)	(1,064,100)	(16,232)	4,069,159
Motor vehicles	24,495,847	20,615,598	-	(1,023,026)	(1,324,828)	(381,413)	42,382,178
IT equipment	1,739,071	2,171,438	-	(11,464)	(757,582)	(17,456)	3,124,007
Community	225,311,009	18,323,099	(6,523,856)	(94,064)	(12,991,822)	(1,545,488)	222,478,878
Library books	8,444,452	40,608	-	-	(1,012,565)	-	7,472,495
Electrical	334,293,543	1,040,041	136,819	(444,088)	(17,924,165)	(3,102,929)	313,999,221
Roads	623,238,342	38,085,213	(23,367,057)	(269,058)	(47,880,126)	(2,909,422)	586,897,892
Leased assets	3,783,352	-	-	-	(1,335,515)	-	2,447,837
Sanitation	448,591,123	82,009,803	(54,138,373)	(2,683,633)	(14,806,349)	(844,442)	458,128,129
Water supply	525,726,983	6,635,871	94,091,253	(3,215,436)	(25,901,885)	(2,329,379)	595,007,407
Solid waste	7,788,591	-	-	-	(1,142,140)	(12,332)	6,634,119
	2,345,236,529	171,181,144	10,198,786	(7,783,285)	(126,681,822)	(11,159,093)	2,380,992,259

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4. Property, plant and equipment (continued) Reconciliation of Work-in-Progress 2022

	Opening	Additions	Completion	Total
Community	1,961,265	43,000	(43,000)	1,961,265
Electrical	136,819	21,622,538	(5,656,540)	16,102,817
Roads	5,104,422	19,507,334	(7,667,862)	16,943,894
Sanitation	32,817,561	41,343,906	(37,336,469)	36,824,998
Water supply	95,774,176	226,514,691	(38,221,311)	284,067,556
	135,794,243	309,031,469	(88,925,182)	355,900,530

Reconciliation of Work-in-Progress 2021

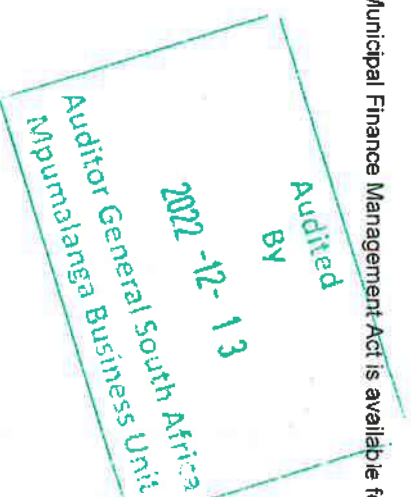
	Opening	Additions	Completion	Total
Community	8,485,121	11,799,243	(18,323,099)	1,961,265
Electrical	-	1,176,860	(1,040,041)	136,819
Roads	28,471,478	14,718,157	(38,085,213)	5,104,422
Sanitation	86,955,934	27,871,430	(82,009,803)	32,817,561
Water supply	1,682,921	100,727,126	(6,635,871)	95,774,176
	125,595,454	156,292,816	(146,094,027)	135,794,243

Projects taking significantly longer to complete

INTERNAL SEWER NETWORK IN BREYTEN EXTS

The above project has been included in the Work in Progress register of the municipality since 2019. The appointed contractor has been dismissed and any retention held has not been paid over to them. The Department of Water and Sanitation has indicated that they will take over the completion of the project.

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

Loss on Disposal: Total R 18 018 473

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.

Included in this amount is the donation of the Ermelo Aerodrome and associated assets to Gert Sibande District Municipality (R 8 607 517).

Infrastructure Assets:

- Land: R 169 505
Donation of land associated with the Ermelo Aerodrome.
- Community: R 8 636 586
Donation of all municipal owned building associated with the Ermelo Aerodrome.
- Electrical: R 460 277
Various pole mounted transformers were replaced due to lightning damage. Fire damage was also incurred at the Ermelo Sub-station.
- Roads and Storm Water drainage: R 280 252
Various dilapidated road structures and drainage collection points were written off due to being upgraded and rebuilt.
- Sanitation: R 1 685 579
The sewerage treatment works in Davel and Breyten were upgraded, and various submersible pumps, electrical motors, pipes, and valves were written off and replaced.
- Water Supply: R 5 660 698
Various boreholes and handpumps were written off due to disrepair. Various water pumps and other mechanical equipment were written off and replaced at the Kwazanelle and Davel water treatment works.

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Movable Assets:

- Computer Equipment: R175 247
- Motor Vehicles: R376 772

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- 4. Property, plant and equipment (continued)**
- Plant and Machinery: R 201 482
 - Furniture, Fixtures and Fittings: R 371 840

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

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	139,149	(77,233)	61,916	139,149	(31,104)	108,045

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	108,045	(46,129)	61,916

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	139,149	(31,104)	108,045

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

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

2022			2021		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
174,895	-	174,895	192,195	-	192,195

Reconciliation of heritage assets 2022

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

Opening balance	Disposals	Total
192,195	(17,300)	174,895

Reconciliation of heritage assets 2021

Heritage assets which fair values cannot be reliably measured: (Para .94)

Art Collections, antiquities and exhibits

Opening balance	Total
192,195	192,195

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6. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

During the financial year, the municipality's Mayoral Chain of Office could not be verified. An audit was performed on all heritage assets and an additional heritage asset, a gold coin, could not be found. These heritage assets were derecognised in terms of the Asset Management policy of the municipality.

Chain of Office (Mayor Ermelo Gold Plated) – R 16 350 (loss)

Coin (Gold 1880 – 1973 Bethal) – R950 (loss)

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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	2022	2021
7. Inventories		
Consumables	12,930,043	26,063,539
Water	73,669	-
	13,003,712	26,063,539
Carrying value of inventories carried at fair value less costs to sell	-	18,026,557

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	2022	2021
8. Receivables from exchange transactions		
Consumer debtors - Electricity	47,020,905	38,368,558
Consumer debtors - Water	45,022,024	39,534,070
Consumer debtors - Sewerage	21,213,617	17,889,205
Consumer debtors - Refuse	19,696,933	17,035,034
Consumer debtors - Services	9,853,550	9,269,893
Consumer debtors - Rentals	1,924,366	1,185,959
Consumer debtors - Land sales	6,498	11,769
Fleet card - balance receivable	1,921,436	96,003
Prepaid electricity	957	1,960,054
Refunds and prepayments		(581)
	<u>146,660,286</u>	<u>125,349,964</u>

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Credit quality of trade and other receivables
The credit quality of trade and other receivables that are neither past 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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	2022	2021
9. Receivables from non-exchange transactions		
Fines	1,055,677	1,676,277
Consumer debtors - Rates	58,755,151	40,053,239
	59,810,828	41,729,516

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10. Consumer debtors disclosure

Gross balances
Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

191,995,861	141,676,812
169,985,069	144,187,775
235,799,531	202,171,268
149,822,004	124,353,481
146,964,944	123,690,828
49,662,988	45,914,832
7,223,755	6,217,976
42,655	42,523
951,496,807	788,255,495

Less: Allowance for impairment

Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

(133,240,710)	(101,623,573)
(122,964,164)	(105,819,217)
(190,777,507)	(162,637,198)
(128,608,387)	(106,464,276)
(127,268,011)	(106,655,794)
(39,809,438)	(36,644,939)
(5,299,389)	(5,032,017)
(36,157)	(30,754)
(748,003,763)	(624,907,768)

Net balance

Consumer debtors - Rates
Consumer debtors - Electricity
Consumer debtors - Water
Consumer debtors - Sewerage
Consumer debtors - Refuse
Consumer debtors - Service debtors
Consumer debtors - Rentals
Consumer debtors - Land sale

58,755,151	40,053,239
47,020,905	38,368,558
45,022,024	39,534,070
21,213,617	17,889,205
19,696,933	17,035,034
9,853,550	9,269,893
1,924,366	1,185,959
6,498	11,769
203,493,044	163,347,727

Rates

Current (0-30 days)
31 - 180 days
181 - 360 days
Over 1 year
Over 2 years

11,945,717	11,969,786
17,647,178	7,907,618
8,956,659	5,196,875
8,275,153	5,553,333
11,930,444	9,425,627
58,755,151	40,053,239

Electricity

Current (0-30 days)
31 - 180 days
181 - 360 days
Over 1 year
Over 2 years

14,728,224	16,666,214
14,472,194	5,869,121
4,603,470	3,628,550
84,786,594	4,090,718
11,430,423	8,113,955
2022 -47,020,905	38,368,558

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Msukaligwa Local Municipality

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	2022	2021
10. Consumer debtors disclosure (continued)		
Water		
Current (0 -30 days)	4,500,339	6,599,847
31 - 180 days	8,510,516	6,514,332
181 - 360 days	5,084,834	5,476,821
Over 1 year	7,165,805	7,094,239
Over 2 years	19,760,530	13,848,831
	45,022,024	39,534,070
Sewerage		
Current (0 -30 days)	2,802,223	3,956,266
31 - 180 days	4,824,797	3,808,549
181 - 360 days	3,264,932	2,938,598
Over 1 year	4,080,063	2,650,018
Over 2 years	6,241,602	4,535,774
	21,213,617	17,889,205
Refuse		
Current (0 -30 days)	2,282,420	3,616,826
31 - 180 days	3,933,075	3,459,032
181 - 360 days	2,929,079	2,906,248
Over 1 year	4,006,446	2,638,615
Over 2 years	6,545,913	4,414,313
	19,696,933	17,035,034
Service debtors		
Current (0 -30 days)	359,565	829,963
31 - 180 days	623,752	386,815
181 - 360 days	1,137,000	727,702
Over 1 year	779,898	1,538,413
Over 2 years	6,953,335	5,787,000
	9,853,550	9,269,893
Rentals		
Current (0 -30 days)	106,211	180,159
31 - 180 days	328,265	326,984
181 - 360 days	292,242	226,855
Over 1 year	300,699	225,040
Over 2 years	896,949	226,921
	1,924,366	1,185,959
Land sales		
Current (0 -30 days)	159	159
31 - 180 days	398	398
181 - 360 days	474	474
Over 1 year	1,113	1,113
Over 2 years	9,625	9,625
	6,498	11,769
11. VAT receivable		
VAT	115,462,266	97,371,801

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Muskaligwa Local Municipality

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12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Petty cash	8,686	13,220
Bank balances	1,090,554	3,247,614
Short-term deposits	8,562,298	4,572,546
	9,661,538	7,833,380

The municipality had the following bank accounts

Account	Bank statement balances				Ledger balances	
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB Primary Account - Current Account - 62822833267	1,069,028	1,695,619	1,265,977	1,102,843	1,695,619	1,265,977
FNB - Call Account - 62837049031	5,593,397	2,876,927	20,721,912	5,593,397	2,876,927	2,876,927
FNB Licensing Account - Current Account - 62858041272	2,471,759	1,452,036	-	2,968,901	3,264,903	-
Total	9,134,184	6,024,582	21,987,889	9,665,141	7,837,449	4,142,904

13. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

	1,219,090	1,462,908
	-	1,219,090
	1,219,090	2,681,998
	(39,214)	(164,560)
	1,179,876	2,517,438

less: future finance charges

Present value of minimum lease payments

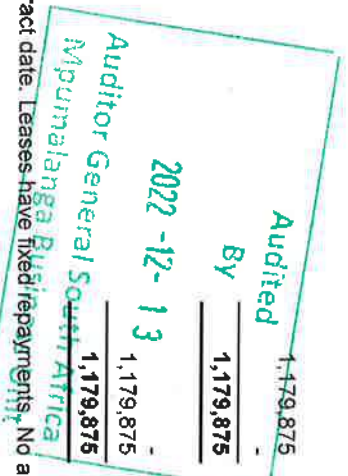
Present value of minimum lease payments due

- within one year
- in second to fifth year inclusive

	1,179,875	1,337,563
	-	1,179,875
	1,179,875	2,517,438

Non-current liabilities

Current liabilities



The lease term was 3 years. Interest rates are 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 are 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.

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Msukaligwa Local Municipality

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	2022	2021
14. Payables from exchange transactions		
13th cheque accrual	4,937,910	4,727,492
Creditors return of payments	349,728	349,723
Employee related payable and accruals	13,265,429	6,306,023
Leave pay accrual	19,834,373	21,105,485
Licensing and registration	677,043	3,755,914
Receivables paid in advance	34,181,882	30,475,004
Retentions and guarantees held	15,651,064	14,646,145
Trade payables	1,474,695,917	1,275,734,028
Unallocated receipts	11,210,721	7,586,862
	1,574,804,067	1,364,686,687

15. Consumer deposits

Consumer deposits	19,133,784	18,454,746
Sundry deposits	110,052	111,489
	19,243,836	18,566,235

16. Employee benefit obligations

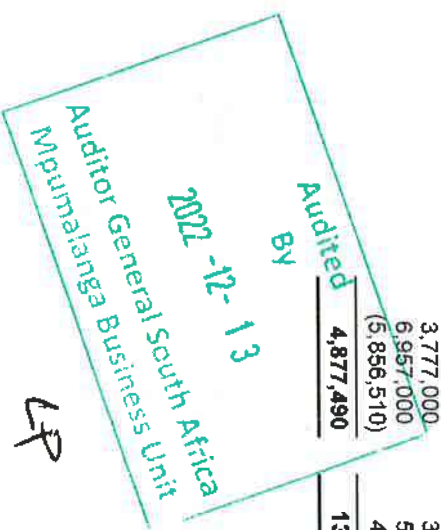
The municipality provides a post-employment medical aid plan to some employees - this is a defined benefit plan; as well as a defined benefit plan in the form of a long-service award.

Changes in the present value of the employee benefit obligations are as follows:

Opening balance	72,227,000	62,613,000
Contributions paid	(3,302,490)	(3,629,602)
Net expense recognised in the statement of financial performance	4,877,490	13,243,602
	73,802,000	72,227,000

Net expense recognised in the statement of financial performance

Current service cost	3,777,000	3,174,000
Interest cost	6,957,000	5,965,000
Actuarial (gains)/losses	(5,856,510)	4,104,602
	4,877,490	13,243,602



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16. Employee benefit obligations (continued)

	2022	2021
Current liabilities		
Post-employment medical aid	2,389,000	2,388,000
Long service award	3,216,000	1,116,000
	5,605,000	3,504,000
Non-current liabilities		
Post-employment medical aid	57,555,000	56,742,000
Long service award	10,642,000	11,981,000
	68,197,000	68,723,000
Combined		
Post-employment medical aid	59,944,000	59,130,000
Long service award	13,858,000	13,097,000
	73,802,000	72,227,000

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	2022	2021
Discount rate	11.82%	10.04%
Health care cost inflation rate	8.43%	6.80%
Net-of-health-care-cost-inflation discount rate	3.13%	3.03%
Maximum subsidy inflation rate	5.95%	4.73%
Net-of-maximum-subsidy-inflation discount rate	5.54%	5.08%

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.

	2022	2021	2020	2019	2018
History of liability	59,944,000	59,130,000	50,854,000	53,621,000	56,125,000
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

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	2022	2021	2020	2019	2018
Discount rate					
General earnings inflation rate (long-term)	10.87%	7.33%	9.06%	5.76%	3.12%
Net effective discount rate	3.30%	62			
Average retirement age	62				

Mortality during employment is based on the SA 85-90 tables.

History of the liability	2022	2021	2020	2019	2018
	13,858,000	13,097,000	11,759,000	11,138,000	10,057,000

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

- Expanded public works programme
- Local Government Sector Education and Training Authority grant
- Sport and recreation grant - National Lottery
- Regional bulk infrastructure grant

	2022	2021	2020	2019	2018
587,691					
136,213					
700,000					
317,000					
1,740,904					

Movement during the year

Balance at the beginning of the year	16,824,339
Additions during the year	185,372,431
Income recognition during the year	(184,034,196)
	1,740,904

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

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

See note 24 for reconciliation of grants from National/Provincial Government.



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17. Unspent conditional grants and receipts (continued)

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

18. Provision

Reconciliation of provision - 2022

	Opening Balance	Change in valuation	Total
Landfill site	73,430,066	8,502,466	81,932,532

Reconciliation of provision - 2021

	Opening Balance	Change in valuation	Total
Landfill site	59,518,621	13,911,445	73,430,066

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 2022 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 19 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: 179 596 square metres (2021: 179 596 square metres)
Average rate per square metre: R432 excl. VAT (2021: R392 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	: 4 053 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.

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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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19. Service charges		
Sale of electricity	236,684,562	216,115,343
Sale of water	64,285,929	73,573,499
Sewerage and sanitation charges	48,773,955	46,956,651
Refuse removal	40,180,950	38,971,162
	389,925,396	375,616,655
20. Rental of facilities and equipment		
Premises	2,315,118	1,947,695
Premises		
	2,315,118	1,947,695
Facilities and equipment		
Rental of equipment	406,802	553,389
	2,721,920	2,501,084
21. Other income		
Advertising	321,128	229,424
Cemetery and burial	803,200	815,878
Commission	421,882	291,245
Connection fees	4,139,151	3,164,637
Fire brigade services	1,526,068	812,708
Insurance claim	21,400	453,860
Licenses and permits	3,624,184	3,357,946
Photocopies	263,140	199,094
Planning and development	2,028,058	2,143,893
Sundry income	621,211	418,126
Tender fees	187,469	297,187
	13,956,891	12,183,998
22. Interest earned		
Interest earned	39,708,624	41,445,681
Consumer debtors	1,097,687	949,043
Investment revenue		
	40,806,311	42,394,724

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BY 30,806,311

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BY 29,708,624
1,097,687

2022 -12- 13

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	2022	2021
23. Property rates		
Rates levied		
Agricultural	19,146,475	6,785,099
Business and commercial	70,042,341	44,328,275
Public benefit organisations	164,147	-
Public service purposes	23,571,833	-
Public service infrastructure	54,351	-
Residential	63,192,944	46,713,770
State	-	29,176,724
Vacant stands	7,653,577	-
	<u>70,846,521</u>	<u>75,890,494</u>
	183,825,668	127,003,868

Valuations

Agriculture	8,960,056,000	4,291,845,000
Business and commercial	2,949,225,700	1,278,157,000
Municipal	911,614,800	201,171,000
Public benefit organisation	300,444,500	-
Public service infrastructure	50,873,200	29,464,000
Public service purposes	992,523,300	-
Residential	8,801,538,100	6,918,180,000
State	-	1,076,184,000
Vacant stands	322,264,000	-
	<u>23,288,539,600</u>	<u>13,795,001,000</u>

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 0.95 (2021: 0.9135) is applied to property valuations to determine assessment rates. Rebates of 15% (2021: 15%) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being 30 June 2022 (30 June 2021). Interest at 0.833% per month (2021: 0.833%) and a collection fee of 0.833% (2021: 0.833%), is levied on rates outstanding two months after due date.

The current general valuation is valid until 30 June 2023.

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24. Government grants and subsidies

Operating grants

Equitable share
Expanded public works programme grant
Financial management grant
Local government sector education and training authority grant

199,442,000	219,070,328
1,985,690	2,062,310
3,000,000	3,000,000
451,849	166,918
204,879,539	224,299,556

Capital grants

Integrated national electrification programme
Municipal infrastructure grant
Municipal infrastructure grant - PMU
Regional bulk infrastructure grant
Water services infrastructure grant

10,000,000	-
52,856,100	49,104,700
2,781,900	2,618,300
200,578,578	90,153,329
40,000,000	20,000,000
306,216,578	161,876,329
511,096,117	386,175,885

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received
Unconditional grants received

311,549,433	167,105,557
199,442,000	219,070,328
510,991,433	386,175,885

Equitable share

Current-year receipts
Conditions met - transferred to revenue
Roll over not approved - EPWP
Roll over not approved - FMG
Roll over not approved - INEP
Roll over not approved - INEP
Roll over not approved - Municipal Disaster Relief Grant
Roll over not approved - RBIG
Roll over not approved - WSIG

198,537,000	218,544,000
(199,442,000)	(219,070,328)
588,000	-
-	24,736
-	208,574
-	1,980
317,000	-
-	291,038
-	-

This grand funds the basic services for registered indigents as well as municipals operations.

Expanded Public Works Programme

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue
Withheld from Equitable Share

587,691	-
(1,985,691)	2,650,000
(588,000)	(2,062,309)
-	-
587,691	587,691

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

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By
2022 -12-1, 986,000
(1,985,691) Africa/2,062,309
(588,000) Africa/2,062,309

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Mpumalanga business Unit
587,691

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24. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	24,736
Equitable share allocated	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(3,000,000)
Withheld from Equitable Share	-	(24,736)
	-	-

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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24. Government grants and subsidies (continued)

Local Government Sector Education and Training Authority grant

Balance unspent at beginning of year	136,213	127,381
Current-year receipts	539,329	175,450
Conditions met - transferred to revenue	(539,329)	(166,918)
	136,213	136,213

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 fund grant

Balance unspent at beginning of year	-	1,380
Withheld from Equitable Share	-	(1,380)
	-	-

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

Balance unspent at beginning of year	-	208,574
Current-year receipts	10,000,000	-
Conditions met - transferred to revenue	(10,000,000)	-
Withheld from Equitable Share	-	(208,574)

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	-	-
Conditions met - transferred to revenue	-	-

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

Audited	-	-
By	-	-
2022-12-13	-	-
Auditor General South Africa	-	-
Mpumalanga	-	-

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Mpumalanga
52,856,100 Pass U49,104,700
(52,856,900) (49,104,700)

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24. Government grants and subsidies (continued)

Current-year receipts
Conditions met - transferred to revenue

2,781,900	2,618,300
(2,781,900)	(2,618,300)
-	-

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
Current-year receipts
Conditions met - transferred to revenue
Withheld from Equitable Share

317,000	15,470,329
201,080,000	75,000,000
(200,578,578)	(90,153,329)
(317,000)	-
501,422	317,000

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.

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By

Water services infrastructure grant

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue
Withheld from Equitable Share

291,038	291,038
40,000,000	20,000,000
(40,000,000)	(20,000,000)
-	(291,038)
291,038	-

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.

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	2022	2021
26. Fines		
Fire, library and other	9,334	1,724
Rezoning	174,408	202,060
Traffic	4,586,950	5,767,106
	4,770,692	5,970,890
26. Donations received		
Get Sibande District Municipality	-	1,480,000
Private Companies	-	10,000,722
	-	11,480,722

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	2022	2021
27. Employee related costs		
Acting allowances	1,239,332	1,598,425
Basic	134,829,957	127,599,668
Bonus	10,879,705	10,494,136
Car allowance	10,833,596	11,392,253
Cell and data allowances	155,270	78,200
COVID levy	1,188,888	1,091,401
Group Insurance	2,370,931	2,268,083
Housing benefits and allowances	659,602	1,308,787
Leave expense	480,642	2,152,737
Long service awards	1,167,000	1,053,000
Medical aid company contributions	13,025,050	12,169,376
Other payroll levies	69,631	69,650
Overtime payment	23,155,338	25,421,447
Pension Fund	25,752,560	25,259,463
Post-retirement medical aid	2,610,000	2,131,529
SDL	2,084,285	1,712,438
Shift and standby allowance	13,451,008	12,196,702
UJF	1,238,607	1,083,632
Ward committees	1,830,000	2,187,000
	247,021,402	241,267,927

Remuneration of Municipal Manager - GJ Majola

Annual Remuneration	-	943,293
Car Allowance	-	60,000
Other	-	165,996
	-	1,169,289

Ms GJ Majola passed away on 6 February 2021. 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 2021 (See below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager (See below).

Remuneration of Acting Municipal Manager - CJ Lisa

Annual Remuneration	512,933	-
Phone allowance	10,000	-
Contributions to UJF, Medical and Pension Funds	5,948	-
	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 2021 (see below). Mr CJ Lisa was appointed on 28 February 2022 to be acting municipal manager. Mr Lisa was appointed by COGHTA and, therefore, does not hold another post within the municipality.

Remuneration of Acting Municipal Manager - BC Sibeko

Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UJF, Medical and Pension Funds	51,281	-
Acting allowance	110,226	-
	379,536	-

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27. 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 2021. 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 Finance Officer - MMP Matsheke

Annual Remuneration	-	692,220
Car Allowance	-	54,000
Contributions to UIF, Medical and Pension Funds	-	186,636
	-	932,856

The post of CFO has not been filled in 2022, and Mr SM Phiri was acting as CFO for this period (see below)

Remuneration of the Acting Chief Finance Officer - SM Phiri

Annual Remuneration	616,898	598,449
Car Allowance	131,998	133,292
Phone allowance	1,000	-
Contributions to UIF, Group Risk, Medical and Pension Funds	129,831	135,107
Acting Allowance	173,652	185,986
	1,053,379	1,052,734

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.

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27. Employee related costs (continued)

Remuneration of the Director - Corporate Services - PS Mabuza

Annual Remuneration	800,782	800,223
Car Allowance	180,000	180,000
Phone Allowance	20,000	18,000
Contributions to UIF, Medical and Pension Funds	213,045	203,790
Acting Allowance	-	27,102
	1,213,827	1,229,115

Remuneration of the Director - Community and Social Services - SI Malaza

Annual Remuneration	742,922	742,922
Car Allowance	96,000	96,000
Phone allowance	23,592	23,388
Contributions to UIF, Medical and Pension Funds	146,455	135,539
Acting Allowance	283,076	187,962
	1,292,045	1,185,811

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.

Remuneration of the Director - Technical Services - FR Mtekele

Annual Remuneration	913,470	913,470
Car Allowance	180,000	180,000
Phone allowance	20,000	18,000
Contributions to UIF, Medical and Pension Funds	176,645	166,238
	1,290,115	1,277,708

Remuneration of the Director - Planning and Development - D Maake

Annual Remuneration	971,697	833,696
Car Allowance	96,000	108,309
Phone allowance	23,592	7,935
Contributions to UIF, Medical and Pension Funds	201,509	180,253
Acting allowance	-	1,710
	1,292,798	1,131,903

Employee related costs Key management

Audited	247,021,402	241,267,927
By	7,050,683	7,979,416
	254,072,085	249,247,343

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28. Remuneration of councillors		
Executive Mayor	616,939	938,251
Speaker	521,428	759,478
Chief Whip	612,354	714,787
Mayoral Committee Members	2,530,278	2,859,147
Councillors	11,208,402	10,786,547
	15,489,401	16,058,210

Additional information

The details for individual councillors are set out in the related parties note 44.

29. Repairs and Maintenance		
Plant, Machinery and Equipment	3,775,646	4,684,893
Motor Vehicles	2,901,147	2,767,151
Buildings	318,712	897,012
Electrical	9,261,666	9,534,569
Roads	3,832,968	3,945,602
Sanitation	695,079	743,726
Water Supply	8,657,276	3,902,057
	29,442,494	26,475,010

30. Depreciation and amortisation		
Property, plant and equipment	Audited 137,641,766	126,751,398
	By	
	2022-12-13	

Audited 137,641,766
By
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31. Impairment loss

Impairments

Total: R4 090 039

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:

R122 570

The condition of various buildings, open spaces, sport and recreation facilities, as well as cemeteries deteriorated during the past financial which prompted the municipality to impair these assets.

Electrical:

R527 744

The condition of high and medium voltage electrical assets, as well as public lighting deteriorated to such an extent that the municipality impaired these assets.

Roads and Storm Water:

R1 809 438

The condition of various road surfaces, road structures and storm water drainage structures deteriorated to such an extent which prompted the municipality to impair these assets.

Sanitation:

R338 821

The condition of certain wastewater treatment areas and sewerage pump stations deteriorated that the municipality impaired these assets.

Water Supply:

R1 253 232

The condition of various boreholes and certain wastewater treatment works around the municipality deteriorated to such an extent that the municipality impaired these assets.

Solid Waste:

R1 712

The condition of certain steel skip bins deteriorated to such an extent that the municipality impaired them.

Movable Assets

Computer Equipment

R5 610

The condition of certain desktop computers and display monitors deteriorated which necessitated the municipality to impair the assets.

Furniture and Office Equipment

R11 853

The condition of various office chairs, desks and tables deteriorated which necessitated the municipality to impair the assets.

Machinery and Equipment

R8 117

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31. Impairment loss (continued)

The overall condition of various gardening tools and equipment deteriorated which prompted the municipality to impair these assets.

Motor Vehicles

R10 941

The condition of certain trailers deteriorated to such an extent that the municipality decided to impair these assets.

Detailed descriptions, components types and photographs of the assets impaired are available in the Fixed Asset Register of the municipality.

32. Finance costs

Trade and other payables
Finance leases
Land fill site
Employee benefits

73,202,079
125,346
6,715,630
6,957,000
87,000,055

83,519,008
-
13,911,445
5,965,000
103,395,453

33. Debt impairment

Allowance for impairment - Consumer debtors
Allowance for impairment - Traffic fines

116,170,093
4,950,150
121,120,243

45,231,109
4,643,403
49,874,512

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34. Bulk purchases		
Electricity	321,543,768	263,315,516
Water	70,021,816	72,293,588
	391,565,584	335,609,104

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35. Contracted services

Outsourced Services

Accounting services	4,452,701	4,036,878
Debt Collectors	-	4,428,325
Electrical	3,050,624	4,731,626
Hygiene Services	-	47,090
Land Fill Sites	-	2,647,000
Maintenance of equipment	68,848	62,629
Prepaid electricity - Commission	2,790,473	3,544,525
Professional Staff	(36,217)	385,235
Security services	26,455,426	21,229,019

Consultants and Professional Services

Infrastructure and Planning	1,674,013	2,731,683
Legal Cost	6,746,375	9,218,505
	45,202,243	53,062,515

36. Loss on disposal of assets

Heading

Losses on Property plant and equipment:
Gains on Investment property

(18,048,773)	(8,401,947)
398,736	65,455
(17,650,037)	(8,336,492)

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37. General expenses

Advertising	233,035	196,423
Auditors remuneration	6,375,576	7,555,727
Bank charges	2,340,929	2,176,864
Cleaning	636,716	6,890,264
Communication and stationery	5,134,287	5,033,729
Community support	25,400	9,200
Consulting and professional fees	4,318,757	3,473,059
Consumables	48,640	-
Conferences and seminars	90,264	134,237
Fuel and oil	9,265,468	6,044,876
Hire	-	518,000
Insurance	4,847,105	4,436,879
Internal Billing	(1,901,326)	64,776
IT expenses	-	3,414,212
Materials - Covid-19	431,930	178,771
Protective clothing	1,156,058	1,355,392
Software expenses	7,425,270	3,047,857
Staff welfare	2,324,400	1,110,581
Subscriptions and membership fees	2,683,068	2,398,163
Training	520,910	187,566
Travel - local	2,770,224	2,876,588
	48,726,711	51,103,164

38. Fair value adjustments

Investment property (Fair value model)

66,567,036

-

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	2022	2021
39. Cash generated from operations		
Surplus (deficit)	49,331,085	(62,682,957)
Adjustments for:		
Depreciation and amortisation	137,641,766	126,751,398
Losses on disposals of assets	17,650,037	8,336,492
Fair value adjustments	(66,567,036)	-
Finance costs - Finance leases	-	183,559
Impairment Loss	4,090,039	11,140,490
Debt impairment	121,120,243	49,874,512
Movements in retirement benefit assets and liabilities	1,575,000	9,614,000
Movements in provisions	8,502,466	13,911,445
Donations (assets)	-	(11,480,722)
Changes in working capital:		
Inventories	13,059,827	(8,846,205)
Receivables from exchange transactions	(104,339,412)	(97,280,373)
Receivables from non-exchange transactions	(56,172,467)	(15,079,427)
Payables from exchange transactions	210,134,681	157,110,255
Payables from non-exchange transactions	(18,090,465)	(12,154,858)
VAT	(1,786,836)	-
Change in landfill valuation	(403,269)	(15,083,435)
Unspent conditional grants and receipts	677,601	1,159,414
Consumer deposits		
	316,423,260	155,473,588

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40. Risk management

Financial risk management

The municipality's is expose 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. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. 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 2022	At 30 June 2021
	Less than 1 year	Between 2 and 5 years
• Payables from exchange transactions	1,574,804,067	-
• Finance lease obligation	4,219,090	-
	Less than 1 year	Between 2 and 5 years
• Payables from exchange transactions	1,364,686,687	-
• Finance lease obligation	1,462,908	-

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40. 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:

	2022	2021
Financial instrument		
Receivables from exchange transactions	146,660,286	125,349,964
Receivables from non-exchange transactions	59,810,828	41,729,516
Bank balances and cash	9,661,538	7,833,380

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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41. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

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

At amortised cost

146,660,286
59,810,828
9,661,538
216,132,652

Financial liabilities

Trade and other payables from exchange transactions
Consumer deposits
Employee benefit obligation
Unspent conditional grants and receipts
Finance lease obligation

At amortised cost

(1,574,804,067)
(19,243,836)
(73,802,000)
(1,337,635)
(1,179,875)
(1,670,367,413)

2021

Financial assets

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

At amortised cost

125,349,964
41,729,516
7,833,380
174,912,860

Financial liabilities

Trade and other payables from exchange transactions
Consumer deposits
Employee benefit obligation
Unconditional grants and receipts
Finance lease obligation

At amortised cost

(1,364,686,687)
(18,566,235)
(72,227,000)
(1,740,904)
(2,517,437)
(1,459,738,263)

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	2022	2021
42. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Electrical	4,645,805	986,722
• Roads	7,475,925	2,623,437
• Sanitation	19,329,015	17,767,034
• Community	-	2,277,546
• Water supply	10,226,853	34,152,040
	41,677,598	57,806,779

Authorised operational expenditure

Already contracted for but not provided for		
• Consulting and Professional Fees	10,335,294	928,000
• Security (Guarding of municipal property)	70,121,827	7,646,258
• Supply and delivery	18,966,632	24,961,754
• Repairs and maintenance	-	1,366,090
	99,423,763	34,902,102

Total commitments

Total commitments		
Authorised capital expenditure	41,677,598	57,806,779
Authorised operational expenditure	99,423,753	35,484,733
	141,101,351	93,291,512

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 commitments above are stated exclusive of VAT. 2021 capital commitments were restated to exclude VAT in order to be consistent with this policy. By

The capital commitment for Water Supply Infrastructure for 2021 was increased from R6,261,280 Incl. of VAT to R34,152,140 Excl. of VAT based on an analysis of the on-going project and payments 2022 -12-13

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43. Contingencies

Contingent liabilities

Issue under consideration

Potential liability

Status

Attorney

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.

6,483,579

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.

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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43. 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.

6,000,000

Summons were issued

Mhlongo Khumalo Attorneys

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.

50,000,000

The notice of intention to defend has already been filed and the matter is pending in the High Court.

Julie Mahommed Attorneys

This matter is alleged breach of contract by Altimax in that the Municipality is failing or has failed to pay outstanding payment for services rendered in 2015.

2,739,639

Summons were issued

TMN Kgomo and Associates

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.

162,385

Summons were issued

TMN Kgomo and Associates

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.

65,000

Summons were issued and the matter is defended

TMN Kgomo and Associates

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.

25,000,000

Summons were issued

Mohlala Attorneys

A resident's motor vehicle was involved in an accident in 2014 and as a result the resident suffered damages.

600,000

Summons were issued

Mohlala Attorneys

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43. Contingencies (continued)

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.	184,124,517	Summons were issued	TMN Kgomo and Associates
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
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 yet appointed
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 yet appointed
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

LF

Msukaligwa Local Municipality

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43. Contingencies (continued)

The Municipality has been served with summons from Vimstire Security Services for the amount outstanding from the services rendered.

17,138,857

The Municipality has entered the notice of intention to defend and the plea has been entered.

Mhlongo Khumalo Attorneys

The Municipality received the notice of motion to comply with the court order to ensure that the employee does not suffer financial loss on the money deducted by SARS and the accrual on the pension fund.

953,473

The Municipality has filed the notice of intention to defend and the parties are exchanging the pleadings.

Sibeko Incorporated

329,287,401

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 Malatjie Attorneys

5,687,831

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Msukaligwa Local Municipality

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44. Related parties

Members of key management (officials)	
Municipal Manager & Accounting Officer at the date of signing - Appointed 12 August 2022	Mr. M Kunene
Acting Municipal Manager & Accounting Officer - 28 February - 12 August 2022	Mr. CJ Lisa
Acting Municipal Manager & Accounting Officer - Appointed 26 November 2021 - 28 February 2022	Mr. BC Sibeko
Acting Municipal Manager & Accounting Officer - Appointed 26 February 2021 - 26 November 2021	Mr. Ml Malaza
Chief Financial Officer - Resigned 31 March 2021	Ms. MM Matsheka
Acting CFO - From 1 June 2020	Mr. SM Phiri
Director - Corporate Services	Mr. PS Mabuza
Director - Community and Social Services	Mr. SI Malaza
Director - Planning and Economic Development	Mr. D Maake
Director - Technical Services	Mr. FR Ntekele
Executive Mayor	Clr. BJ Mkhaliphi
Speaker	Clr. MP Nkosi
Chief Whip	Clr. PE Mashiane
MMC - Corporate Services	Clr. JA Bal
MMC - Finance	Clr. BJ Mkhaliphi
MMC - Technical Services	Clr. EC Msezane
MMC - Community and Social Services	Clr. TA Mhisi
MMC - Planning & Economic Development	Clr. JS Bongwe
Councillors	Clr. JDA Bignonaut

Ms. MM Matsheka
Mr. SM Phiri
Mr. PS Mabuza
Mr. SI Malaza
Mr. D Maake
Mr. FR Ntekele
Clr. BJ Mkhaliphi
Clr. MP Nkosi
Clr. PE Mashiane
Clr. JA Bal
Clr. BJ Mkhaliphi
Clr. EC Msezane
Clr. TA Mhisi
Clr. JS Bongwe
Clr. JDA Bignonaut
Clr. MJ Blose
Clr. Z Breydenbach
Clr. ZK Dhludhu
Clr. GS Greyling
Clr. BJ Jiyane
Clr. LNV Kuhheka
Clr. DJ Ltau
Clr. FJ Mabasa
Clr. D Mabunda
Clr. BI Mabuza
Clr. ME Madonsela
Clr. NH Magagula
Clr. LS Mahlangu
Clr. LA Maseko
Clr. MZM Mashiane
Clr. VV Mazibuko
Clr. LD Mndebele
Clr. TC Motha
Clr. TJ Madlala
Clr. PF Molozi
Clr. BNN Ndlovu
Clr. DM Nkambule
Clr. T Nkosi
Clr. ZJ Nkosi
Clr. JJ Nzimande
Clr. M Sibeko
Clr. PT Sibeko
Clr. BUM Sibole
Clr. HF Swart
Clr. MR Yende

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44. Related parties (continued) Remuneration of management

Management class: Mayoral Committee Members

2022

Name	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	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 councillors					
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 Mnsi	148,886	59,590	31,851	15,774	256,081
EC Msezane	156,909	59,590	23,785	15,774	256,058
2021	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.

2021

Name	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
BJ Mkhaliphi (Executive Mayor)	582,952	223,463	87,435	44,400	938,250
MP Nkosi (Speaker)	466,355	178,770	69,953	44,400	759,478
PE Mashiane (Chief Whip)	437,209	167,597	65,581	44,400	714,787
JA Bal	437,209	167,597	65,581	44,400	714,787
JS Bongwe	437,209	167,597	65,581	44,400	714,787
TA Mnsi	413,993	167,597	88,797	44,400	714,787
EC Msezane	437,209	167,597	65,581	44,400	714,787
2021	3,212,136	1,240,218	508,509	310,800	5,271,663

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44. Related parties (continued)

Management class: Councillors

2022

	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	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
AM Estate	81,991	31,430	13,356	19,733	146,510
SP Khalishwa	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
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
MFU 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	45,574	22,241	28,626	209,383
JJ Schoitz	118,887	-	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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44. Related parties (continued)

Out-going council members	Annual Remuneration		Car Allowance	Contributions to medical aid and pension fund	Cellphone and data allowance	Total
	2022	2021				
JDA Bignaut	44,220	66,208	25,144	32,133	15,774	117,271
MJ Blose	66,208	66,208	25,144	10,082	15,774	117,208
Z Breydenbach	66,208	66,208	25,144	10,082	15,774	117,208
ZK Dhludhu	66,208	66,208	25,144	10,082	15,774	117,208
GS Greyling	66,208	66,208	25,144	10,082	15,774	117,208
BI Jiyane	66,208	66,208	25,144	10,082	15,774	117,208
LNV Kubheka	66,208	66,208	25,144	10,082	15,774	117,208
DJ Lhau	61,785	66,208	32,268	36,164	15,774	145,991
FJ Mabasa	66,208	66,208	25,144	10,082	15,774	117,208
D Mabunda	66,208	66,208	25,144	10,082	15,774	117,208
BI Mabuza	66,208	66,208	25,144	10,082	15,774	117,208
TJ Madlala	84,967	84,967	32,268	12,916	15,774	145,925
ME Madonsela	67,405	84,967	32,268	30,528	15,774	145,975
NH Magagula	84,967	84,967	32,268	12,916	15,774	145,925
LS Mahlangu	66,208	66,208	25,144	10,082	15,774	117,208
LA Maseko	66,208	66,208	25,144	10,082	15,774	117,208
MZM Mashiane	66,208	66,208	25,144	10,082	15,774	117,208
VV Mazibuko	66,208	84,967	32,268	12,916	15,774	145,925
LD Mndebele	84,967	84,967	32,268	12,916	15,774	145,925
PF Moloji	66,208	84,967	25,144	10,082	15,774	117,208
TC Motha	84,967	84,967	32,268	12,916	15,774	145,925
BNN Ndllovu	52,818	66,208	25,144	23,510	15,774	117,246
DM Nkambule	66,208	66,208	25,144	10,082	15,774	117,208
T Nkosi	66,208	84,967	32,268	10,082	15,774	117,208
ZJ Nkosi	84,967	84,967	25,144	10,082	15,774	145,925
JJ Nzimande	66,208	66,208	25,144	10,082	15,774	117,208
M Sibeko	66,208	84,967	32,268	12,995	15,774	146,004
BJM Sithole	66,208	66,208	25,144	10,082	15,774	117,208
HF Swart	66,208	66,208	25,144	10,082	15,774	117,208
MR Yende	66,208	66,208	25,144	10,082	15,774	117,208
	7,184,464	1,385,079	1,299,864	1,348,994	11,208,401	

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44. Related parties (continued)

	Annual Remuneration	Car Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
JDA Bignaut	120,091	70,718	92,062	44,400	327,271
MJ Birose	184,480	70,718	27,672	44,400	327,270
Z Breydenbach	184,480	70,718	27,672	44,400	327,270
ZK Dhludhlu	184,480	70,718	27,672	44,400	327,270
GS Greyling	184,480	70,718	27,672	44,400	327,270
BI Jiyane	184,480	70,718	27,672	44,400	327,270
LNK Kubheka	184,480	70,718	27,672	44,400	327,270
DJ Lita	166,186	90,754	106,077	44,400	407,417
FJ Mabasa	184,480	70,718	27,672	44,400	327,270
D Mabunda	184,480	70,718	27,672	44,400	327,270
BI Mabuzza	184,480	70,718	27,672	44,400	327,270
TJ Madlala	236,750	90,754	35,513	44,400	407,417
ME Madonsela	185,494	90,754	86,769	44,400	407,417
NH Magegula	236,750	90,754	35,513	44,400	407,417
LS Mahlangu	184,480	70,718	27,672	44,400	327,270
LA Maseko	184,480	70,718	27,672	44,400	327,270
MZM Mashiane	184,480	70,718	27,672	44,400	327,270
VV Mazibuko	184,480	90,754	35,513	44,400	407,417
LD Mdebele	236,750	70,718	27,672	44,400	327,270
PF Moloji	184,480	70,718	27,672	44,400	327,270
TC Motha	236,750	90,754	35,513	44,400	407,417
BNN Ndlovu	145,087	70,718	67,065	44,400	327,270
DM Nkanbule	184,480	70,718	27,672	44,400	327,270
T Nkosi	184,480	70,718	27,672	44,400	327,270
ZJ Nkosi	236,750	90,754	35,513	44,400	407,417
JJ Nzimande	184,480	70,718	27,672	44,400	327,270
M Sibeko	184,480	70,718	27,672	44,400	327,270
PT Sibeko	236,750	90,754	35,513	44,400	407,417
BJM Sithole	184,480	70,718	27,672	44,400	327,270
HF Swart	184,480	70,718	27,672	44,400	327,270
MR Yende	184,480	70,718	27,672	44,400	327,270
	5,911,438	2,352,546	1,146,163	1,376,400	10,786,547

Refer to note Remuneration of councillors 28.

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44. Related parties (continued)

Management class: Key management (officials)

2022	Annual Remuneration	Car Allowance	Telephone 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 Sibeke - 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 Maake - Director Planning and Development	971,697	96,000	23,592	201,509	-	1,292,798
FR Nlekele - 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

2021

2021	Annual Remuneration	Car Allowance	Telephone Allowance	Contributions to UIF, Medical Aid and Pension	Acting Allowance	Total
Name						
GJ Majola - Municipal Manager	943,293	60,000	-	165,996	-	1,169,289
MM Matsheka - Chief Financial Officer	692,220	54,000	-	186,636	-	932,856
SM Phiri - Acting-Chief Financial Officer	598,449	133,292	-	135,107	185,886	1,052,734
PS Mabuza - Director Corporate Services	800,223	180,000	18,000	203,790	27,102	1,229,115
SI Malaza - Director Community and Social Services/ Acting Municipal Manager	742,922	108,368	23,388	135,539	187,962	1,198,179
D Maake - Director Planning and Development	833,696	96,000	7,935	203,790	1,710	1,119,594
FR Nlekele - Director Technical Services	913,470	180,000	18,000	166,238	-	1,277,708
	5,524,273	811,660	67,323	1,173,659	402,660	7,979,475

Refer to note Employee related costs 27.

In 2021, 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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45. 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. However, there are indicators of operational and financial distress.

The role of CFO was still vacant at year end (official acting in this role). The municipality also has material contingent liabilities of R329,287,401, which may pose a risk to future operations.

Although, at 30 June 2022, the municipality had an accumulated surplus of R 1,327,315,506 and that the municipality's total assets exceed its liabilities by 1,327,315,506, 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 R1,240,381,094.

The Municipality reported a surplus of R66,521,774 for the period (2021: deficit R62,682,957).

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

The developed financial recovery plan which is monitored on a monthly basis.

46. Events after the reporting date

Mr M Kunene was appointed as Municipal Manager from 12 August 2022. No other significant events after the reporting date have been identified.

47. Unauthorised expenditure

Opening balance as previously reported

276,339,946

192,880,946

Opening balance as restated

276,339,946

192,880,946

Current year transactions

Add: Expenditure identified - current

136,915,644

83,459,000

Closing balance

413,255,590

276,339,946

The municipality is currently investigating the unauthorised expenditure, reports have been served before MPAC which will then be assigned to the Disciplinary Board to perform the investigation.

48. Fruitless and wasteful expenditure

Opening balance as previously reported

Audited: 89,198,792

141,438,243

Correction of prior period error

By: -

(52,239,451)

Opening balance as restated

89,198,792

89,198,792

Current year transactions

Interest and penalties on arrear amount - Eskom
Interest and penalties on arrear amount - DWS
Interest and penalties on arrear amount - DCSSL
Interest and penalties on arrear amount - PRODIBA
Interest and penalties on arrear amount - SARS VAT
Interest and penalties on arrear amount - SARS PAYE

37,727,748
49,681,248
5,792,227
150
476
230

-
-
-
-
-
-

162,400,871

89,198,792

Audited: 89,198,792
By: 2022-12-13
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48. Fruitless and wasteful expenditure (continued)

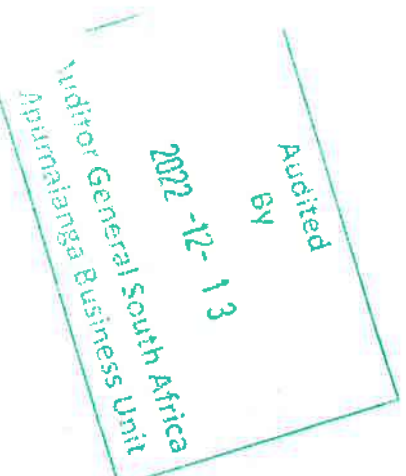
The Municipality is currently investigation the fruitless and wasteful expenditure, reports have served before MPAC which then assigned the Disciplinary board to perform the investigation.

In terms of section 2 of the Government Gazette number 43181, subject to the condition in paragraph 3, municipalities and municipal entities are exempted from a provision of the Act which requires any action to be taken between the date of publication of this notice and the date that the national state of disaster lapses or is terminated in terms of section 27(5) of the Disaster Management Act, 2002. As such, fruitless and wasteful expenditure for 2021 has not been disclosed.

49. Irregular expenditure

Opening balance	285,528,760	254,506,289
Correction of prior period error	-	114,950,742
Opening balance as restated	285,528,760	369,457,031
Current year transactions		
Current year expenditure	43,581,841	59,816,979
Identified in the current year for 2021 year	30,874,041	-
Less: Amount written off with regard to 2014/15	-	(143,745,250)
Closing balance	369,984,642	285,528,760

The Municipality is currently investigation the irregular expenditure, reports have served before MPAC which then assigned the Disciplinary board to perform the investigation.



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49. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

Entity	Reason for Irregular expenditure	2022	2021
Afrent	Non compliance with Reg 32 requirements	315,007	-
B & S Electrical	Non-compliance with SCM regulations	407,746	-
Emrsa Electrical JV Melokuhle Management	A valid CIDB registration with a CRS number is required for both supplier of the JV in order to be able to calculate the joint venture CIDB grading.	1,334,515	-
The Highvelder (CTP Limited)	Supplier not registered with CSD/ No 3 quotation	117,884	-
Highveld Tribe	Supplier not registered with CSD/ No 3 quotation	7,100	-
MT Mtimamzwe Projects and Consulting Pty Ltd.	Non-compliant with Reg 32 requirements	752,873	-
Innovation Government Software Solutions	Non compliance with Reg 32 requirements	773,077	-
Umpiluzi Fire Protection	Deviation raised but considered invalid	86,957	-
Truvelo Manufacturing	Deviation raised but considered invalid	27,850	-
Traffic Signals and Accessories	Deviation raised but considered invalid	564,500	-
Mkhensani Trading	Non-compliance on MBD 4 Form declaration	66,560	-
Vintsite Protection and Security Services	Non-compliance with SCM regulations	11,449,202	-
Zamangwane Consultants CC	Non-compliance with SCM regulations	4,396,431	-
Zip Zep Trading	Non-compliance with SCM regulations	1,722,000	-
Zondle Trading	Non-compliance with SCM regulations	763,538	-
Kgwabiswano Supplies And Services	Appointed after 90 days validity period has elapsed	3,207,376	-
Ndiza Solutions	Appointed after 90 days validity period has elapsed	5,797,822	-
Oakantswe Construction And Projects 1	Appointed after 90 days validity period has elapsed	3,910,777	-
Shwings Construction	Appointed after 90 days validity period has elapsed	4,119,974	-
VDAN Construction CC	Appointed after 90 days validity period has elapsed	3,760,654	-
VDAN Construction CC	Unable to determine whether local content was in terms of tender requirements.	-	30,874,041
		43,581,843	30,874,041

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee
Amount paid - current year

By	2022	2021
13	2,520,685	2,484,230
	(2,520,685)	(2,484,230)
	-	-

Audit fees

Opening balance
Current year fee
Interest on late payments
Amount paid - current year

	2,213,865	2,357,725
	7,203,334	6,728,607
	(9,417,199)	327
	-	(6,872,794)
	-	2,213,865

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50. Additional disclosure in terms of Municipal Finance Management Act (continued) PAYE and UIF

Opening balance	3,310,458	-
Current year fee	39,955,697	36,842,764
Amount paid - current year	(40,038,860)	(33,532,306)
	3,227,295	3,310,458

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

Current year fee	68,207,218	61,541,411
Amount paid - current year	(62,915,735)	(61,541,411)
	5,291,483	-
VAT		
VAT receivable	538,774,905	463,489,872
VAT payable	(423,312,639)	(366,118,071)
	115,462,266	97,371,801

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year the following Councillor had arrear accounts outstanding for more than 90 days.

	30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
DVF Arnoldi		7,160	-	7,160
JDA Bilignaut		1,933	-	1,933
Z Breydenbach		1,619	-	1,619
VCN Madini		1,987	8,280	10,267
BA Mahalela		1,545	-	1,545
AM 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 Ndilazi		3,526	19,454	22,980
MFJ Ndlovu		66	19,341	19,407
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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51. 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
Chem-Tech	18/01/2022	Emergency	The contract of Zamangwane was terminated and the municipality was still in the process of advertising the tender.	147,177
Van Schaik	07/03/2022	Impractical	It was impractical to source quotations for library books which were selected by the library section from different suppliers as titles was available to single supplier.	80,317
Performance Marketing	06/04/2022	Emergency	The municipality was replacing the uninterruptable power supply (UPS) inverter in the server room as system availability was beginning to affect the payment of suppliers for critical municipal operations.	261,708
Asonke Engineering	13/04/2022	Emergency	Fixing of water pipe that distribute water to CBD, Thusi, and Wesselton was disturbed by the ongoing Eskom's load shedding, thus the plant become nonfunctional under load shedding, consequently the water levels becomes insufficient to supply the above mentioned areas.	185,725
IFA Lethu Technology	28/04/2022	Emergency	Emergency purposes, the company is a sole provider chlorine, cylinders and chemical for water	534,750
IFA Lethu Technology	28/04/2022	Emergency	Emergency purposes, the company is a sole provider chlorine, cylinders and chemical for water	997,913
Performance Marketing	28/04/2022	Emergency	The municipality was replacing the uninterruptable power supply (UPS) inverter in the server room as system availability was beginning to affect the payment of suppliers for critical municipal operations	169,242
Imisebe Engineering	09/05/2022	Emergency	Additional work on damaged Chicadee MV structures and underground cable at Wesselton Extension 7	193,159
Conlog Abatazi Healthcare Service	09/05/2022 24/05/2022	Emergency Emergency	Purchasing electricity meters. Purchasing the blood kits arte mortem that are used by the Msukaligwa traffic officers.	657,495 5,506
Tuvvelo Manufacture	30/05/2022	Emergency	Emergency calibration machine for the traffic officers, need to be serviced after six months.	5,263
Bindza Trading	01/06/2022	Emergency	Emergency, a transformer which was damaged due to an oil leak, the contracted service provider failed to submit the quotation as requested.	287,500
Chem-Tech	09/06/2022	Emergency	The contract of Zamangwane was terminated and the municipality was still in the process of advertising the tender.	1,271,526
IFA Lethu Technology	15/06/2022	Emergency	The contract of Zamangwane was terminated and the municipality was still in the process of advertising the tender.	290,028

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51. Deviation from supply chain management regulations (continued) 5,087,309

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52. Budget differences

Statement of Financial Performance

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 - Other income and licensing fees
Increase in connection and reconnection fees, Increase in compliance certificate in fire drill.
License fees of R3.6m are also included here, being R1m over budget, but budgeted for separately. These are inherently difficult to predict as it depends on the level of demand from the community. See 1.04.
- 1.02 - Interest received
Increase in service tariffs and non payment of consumers as well as investments in Call Account
- 1.03 - Gains on disposal of assets
These are inherently difficult to estimate and were not planned for in the budget.
- 1.04 - License fees of R3.6m are included as other income in the financial statements, see 1.01 above. These were R1m over budget. These are inherently difficult to predict as it depends on the level of demand from the community.
- 1.05 - Government grants and subsidies
Increase in RBIG Grant from R86 million to R201 million. An additional amount of R115 million was received in March 2022
- 1.06 - Employee related costs
Under Spending due to non-filling of funded vacant posts
- 1.07 - Remuneration of councillors
All Section 79& 80 committees were not fully appointed during the political transition.
- 1.08 - Impairment loss/Reversal of impairments
These were not budgeted for and inherently difficult to estimate or predict.
- 1.09 - Finance Costs
This is as a result of late payment to Eskom & DWS invoices due to financial constraints
- 1.10 - Debt impairment
The impairment was higher than anticipated due to the debt growing/ageing significantly (due to on-going non-payment).
- 1.11 - Bulk Purchases
This is as a result of late receipt of DWS invoices and Eskom tariff changes during March 2022
- 1.12 - Contracted services
This is due to cost containment measures implemented using internal staff for repairs and maintenance
- 1.13 - General expenses
Cost cutting exercises helped reduce the general expenditure.
- 1.14 - Losses on disposal of assets and liabilities
These are inherently difficult to estimate and were not planned for in the budget.
- 1.15 Fair Value gains
This is due to the implementation of the new valuation role, where the value of the property increased far beyond expectations and extremely difficult to budget for.
- 1.16 - Actuarial Gains
This is due to the improvement on the performance of the investment in relation to medical aid and long service award provision. This is inherently too complex to budget for.
- 1.17 - Inventory Losses
This is due to the theft of municipal transformers during the first and second quarter of 2021/2022 financial year.

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52. Budget differences (continued)

Statement of financial position

1.16 - Inventories

This is due to the theft of municipal transformers during the first and second quarter of 2021/2022 financial year

1.19 - Receivables from non-exchange & Consumer debtors

This is due to the increase in municipal tariffs and non-payment of services as well as higher impairment due to growing and ageing debt.

1.20 - Call investment deposits and Cash and cash equivalents

This is due to increase in savings on the Call Account at year end 30 June 2022 and cost cutting exercises.

1.21 - VAT receivable

No change in VAT is estimated as this is inherently complex, however, the year-on-year movement was due to a large exercise was performed to reconcile the VAT balance to debtors and creditors (see the prior period error note 55).

1.22 - Investment property

The increase was due to the new valuation roll being implemented and growth in property values in the area.

1.23 - Finance lease obligation

The budget was not appropriately updated to reflect that the lease term has decreased and is now less than 12 months.

1.24 - Payables from Exchange transactions

This is due to non-payments of Department of Community Safety Security and Liaison. Dispute with Department of Water and Sanitation and Eskom arrears debt. The municipality also performed a significant exercise to correct the historical balances of these major creditors, which could not be anticipated in the budget. See prior period errors note 56.

1.25 - Consumer deposits

The budget was based on anticipated movements in the deposits, rather than the deposits at year end.

1.26 - Unspent conditional grants

The budget anticipated that all grants would be spent in full, but some have long standing balances and others were impacted by the timing of operational requirements

1.27 - Provisions

This includes the employee benefits obligation and the landfill rehabilitation provision. The budget did not incorporate these correctly.

Statement of Cashflows

1.28 - Net cash flows from operating activities

This is due to inadequate revenue collection as it dropped from 70% to 64%, an increase in savings on the call account as well as non-payment of Eskom, DWS and DCSSL.

1.29 - Net cash flows from investing activities

Additional allocations on conditional grants, especially the RBIG, were spent during the year.

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53. Distribution losses

Values - Rand

Electricity

192,981,942

144,559,574

53,302,821

13,595,946

246,284,763

158,155,520

Values - Units

Electricity

133,240,410

117,885,318

Water

6,286,564

5,595,274

139,526,974

123,480,592

Electricity

The municipality purchased 222,003,278 (2021: 214,728,312) units during the financial year and sold 88,762,868 (2021: 96,842,944) units during the financial year. This represents a loss of 60% (2021: 55%). 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 8,275,789 (2021: 8,242,635) units during the financial year, of which a total of 1,989,225 (2021: 2,647,361) units were sold. This represents a loss of 76% (2020: 68%). 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
Community (buildings)
Movable assets

1,938,025
42,284
663,953

5,765,494
269,702
870,517

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

The following issues were addressed which impacted on various notes:

- Commitments (Note 42): The Capital commitments were adjusted to correct an understatement of commitments relating to Water Supply, and the figures were restated to exclude VAT to be consistent with the operational commitments. This resulted in a net increase in capital commitments of R17 902 349 from R39 902 431 to R51 806 780.
- Irregular expenditure (Note 49): Irregular Expenditure relating to VDAN Construction of R 30 874 041 was identified which related to the 2020/21 financial year.

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 credits are reflected as positive and credits as negative so that the adjustments correspond with the related journal entries):

Statement of financial position

2021	Note	As previously reported	Correction of error	Reclassification	Restated
Current Assets					
Inventories		26,063,539	-	-	26,063,539
Receivables from exchange transactions		132,017,097	(6,667,133)	-	125,349,964
Receivables from non-exchange transactions		41,729,516	-	-	41,729,516
VAT receivable		239,562,203	(142,190,402)	-	97,371,801
Cash and cash equivalents		7,861,421	(28,041)	-	7,833,380
Non-current assets					
Investment property		114,321,362	-	-	114,321,362
Property, plant and equipment		2,362,971,642	18,020,618	-	2,380,992,260
Intangible assets		108,045	-	-	108,045
Heritage assets		192,195	-	-	192,195
Finance lease obligation		(1,337,562)	-	-	(1,337,562)
Payables from exchange transactions		(1,573,437,718)	208,750,886	145	(1,364,686,687)
Consumer deposits		(18,092,991)	(473,244)	-	(18,566,235)
Employee benefit obligation		(3,504,000)	-	-	(3,504,000)
Unspent conditional grants and receipts		(1,740,904)	-	-	(1,740,904)
Finance lease obligation		(1,179,875)	-	-	(1,179,875)
Employee benefit obligation		(68,723,000)	-	-	(68,723,000)
Provision		(73,430,066)	-	-	(73,430,066)
Accumulated surplus		(1,183,380,904)	(77,412,684)	-	(1,260,793,733)
		-	-	-	-

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55. Prior-year adjustments (continued)

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Reclassification	Restated
Service charges		(373,677,168)	(1,939,487)	-	(375,616,655)
Rental of facilities and equipment		(2,501,084)	-	-	(2,501,084)
Agency services		(9,276,278)	-	-	(9,276,278)
Other income		(12,183,998)	-	-	(12,183,998)
Interest earned		(42,394,579)	-	(145)	(42,394,724)
Property rates		(127,003,868)	-	-	(127,003,868)
Government grants & subsidies		(386,175,885)	-	-	(386,175,885)
Fines		(5,970,890)	-	-	(5,970,890)
Donations received		(11,480,722)	-	-	(11,480,722)
Employee related costs		249,247,402	-	-	249,247,402
Remuneration of councillors		16,058,210	-	-	16,058,210
Repairs and Maintenance		26,475,010	-	-	26,475,010
Depreciation and amortisation		125,858,114	893,284	-	126,751,398
Impairment loss		11,189,463	(48,973)	-	11,140,490
Finance costs		103,371,534	23,919	-	103,395,453
Debt Impairment		49,874,512	-	-	49,874,512
Bulk purchases		335,913,422	(304,318)	-	335,609,104
Contracted services		53,040,615	21,900	-	53,062,515
Losses on disposal of assets		7,346,670	989,822	-	8,336,492
General Expenses		52,470,977	(1,367,813)	-	51,103,164
Actuarial gain		4,104,602	-	-	4,104,602
Inventories (losses)/gains		128,709	-	-	128,709
(Surplus)/Deficit for the year		64,414,768	(1,731,666)	(145)	62,682,957

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

An account relating to Trade and other payables was incorrectly classified as Investment Income. As a result, Trade and other payables was overstated by R145, and Investment Income was understated by R145

Statement of Financial Position
Payables from exchange transactions
Statement of Financial Performance
Interest earned

145
-
(145)

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56. Prior period errors

Error 1

Assets which were not verified during the audit had not been derecognised. As a result Property, plant and equipment was overstated and Accumulated surplus, Depreciation and Losses on disposal of assets or liabilities were misstated.

Statement of Financial Position	
Decrease Property, plant and equipment	(1,026,414)
Increase Accumulated surplus	9,384
Statement of Financial Performance	
Decrease Depreciation	(38,247)
Increase Losses on disposal of assets or liabilities	1,055,277
	-

Error 2

An investment property was shown as disposed of in 2021, but had been disposed of in 2020. As a result, there is no impact on the closing balance of Investment property, however, in the note, the disposals were reduced and the opening balance reduced. The Loss on disposal of assets or liabilities was reversed and allocated to accumulated surplus.

Statement of Financial Position	
Investment property	-
Accumulated surplus	65,455
Statement of Financial Performance	
Losses on disposal of assets or liabilities	(65,455)
	-

Error 3

An infrastructure asset had not been unbundled / reduced to its significant components in terms of GRAP 17; this was adjusted and the useful lives per component were reassessed and, as a result, the Depreciation and accumulated depreciation on Property, plant and equipment were adjusted.

Statement of Financial Position	
Property, plant and equipment	(1,056,286)
Accumulated surplus	1,115,638
Statement of Financial Performance	
Depreciation	(59,352)
	-

Error 4

A long standing and unsubstantiated difference between Consumer Deposits and the register of deposits, possibly a result of errors in historical system changes, was cleared against Accumulated surplus.

Statement of Financial Position	
Consumer deposits	(473,244)
Accumulated surplus	473,244
	-

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Error 5

During the previous years audit, it was identified that Service charges revenue, specifically the sale of pre-paid electricity was understated.

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56. Prior period errors (continued)

Statement of Financial Position
Receivables from exchange transactions
VAT Receivable
Statement of Financial Performance
Service charges

2,230,410	
(290,923)	
(1,939,487)	
-	

Error 6

A payment relating to pre-paid electricity was incorrectly allocated to Unallocated deposits, and, therefore, the related Receivable from Exchange Transactions was overstated.

Statement of Financial Position
Receivables from exchange transactions
Payables from exchange transactions

(321,600)	
321,600	
-	

Error 7

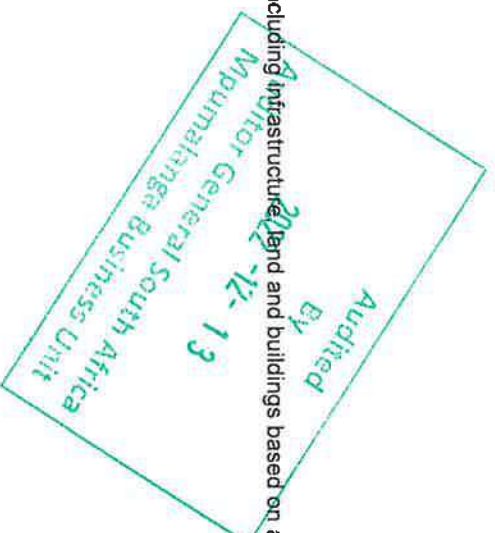
The municipality undertook a significant investigation in to creditors and the adjustments processed in the 2020-21 financial year to creditors were reversed, and recaptured from statements. It was also found that an account from the Department of Water and Sanitation had not been recognised, and this was added, and the difference between the creditors control account and the confirmed balances was cleared.

Statement of Financial Position
VAT receivable
Payables from exchange transactions
Accumulated surplus
Statement of Financial Performance
Finance costs
Bulk purchases
Contracted services
General expenses

(67,878,337)	
208,210,104	
(138,705,456)	
23,918	
(304,317)	
21,900	
(1,367,812)	
-	

Error 8

Changes were made to various items of PPE, including infrastructure, land and buildings based on a review of new information and verification of the assets.



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56. Prior period errors (continued)

Statement of Financial Position

VAT receivable
Payables from exchange transactions
Accumulated surplus
Statement of Financial Performance
Depreciation and amortisation
Impairment losses

20,103,321
219,181
(21,264,410)
990,881
(48,973)

Error 9

Following the correction of trade payables, it was possible to determine the value of VAT receivable in the municipality.

Statement of Financial Position

VAT receivable
Accumulated surplus

(74,021,142)
74,021,142

Error 10

A transaction with GSDM was duplicated in error in 2020, and reversed.

Statement of Financial Position

Receivables from exchange transactions
Accumulated surplus

(4,170,329)
4,170,329

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56. Prior period errors (continued) Error 11

The petty cash was found to have been overstated.

Statement of Financial Position

Cash and cash equivalents

(28,041)

28,041

Accumulated surplus

-

Error 12

A receivable for prepaid electricity had been carried forward for several years and was not considered to be valid. Therefore Receivables from Exchange Transactions and Accumulated Surplus were overstated by R4 405 615.

Statement of Financial Position

Receivables from exchange transactions

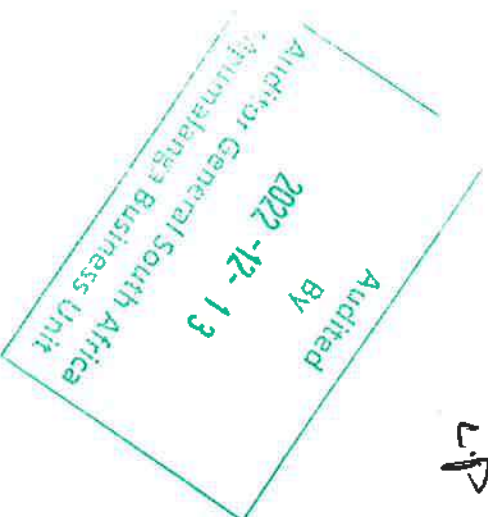
(4,405,615)

4,405,615

Accumulated surplus

-

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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

2022

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Revenue							
Service Revenue	(236,684,562)	(64,285,929)	(48,773,955)	(40,181,691)	-	-	(389,926,137)
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)	-	(6,287,381)	(857,094)	(2,421,170)	(13,959,525)
Interest Income	(5,317,290)	(7,673,551)	(4,983,619)	(4,751,238)	(8,080,612)	2,635	(30,803,675)
Rates	-	-	-	-	(183,825,669)	-	(183,825,669)
Grants	(10,000,000)	(253,434,678)	-	(7,500)	(3,000,000)	(244,661,439)	(511,103,617)
Fines	-	-	-	(4,588,784)	-	(174,408)	(4,763,192)
Total segment revenue	(256,355,830)	(325,434,061)	(53,757,574)	(63,977,173)	(195,763,375)	(249,815,637)	(1,145,103,649)

Audited
 By
 2022-12-13
 Auditor General South Africa
 Msukaligwa Business Unit

C.P

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
57. Segment information (continued)							
Expenditure							
Employee Related Costs	23,510,309	18,129,014	16,024,052	74,648,182	36,790,692	84,969,833	254,072,081
Remuneration Of Councillors	-	-	-	-	-	15,489,401	15,489,401
Repairs And Maintenance	9,397,298	13,184,710	728,939	2,424,012	13,427	3,654,506	29,402,893
Depreciation	17,794,104	26,534,306	21,834,776	9,525,428	809,594	61,143,557	137,641,765
Finance Costs	-	-	-	-	73,202,079	13,797,976	87,000,055
Debt Impairment	15,525,770	25,612,688	20,174,732	23,817,897	33,141,005	2,848,150	121,120,242
Bulk Purchases	321,543,768	70,021,816	-	-	-	-	391,565,585
Contracted Services	5,841,098	-	-	26,524,274	6,126,713	6,639,643	45,131,728
Expenses	(5,704,551)	2,122,246	391,498	7,047,986	17,432,052	27,547,598	48,836,828
Gains/Losses On Disposal of Assets	460,277	5,862,180	2,062,587	8,836,391	-	428,602	17,650,037
Gains/Losses On Inventory Impairment	-	-	-	16,195,456	-	-	16,195,456
Actuarial Gain	527,744	-	351,475	122,570	-	3,088,251	4,090,039
Fair Value Gains	-	-	-	(5,856,510)	-	-	(5,856,510)
	-	-	-	-	(66,567,036)	-	(66,567,036)
Total segment expenditure	388,895,816	161,466,960	61,568,057	163,285,686	100,948,527	219,607,518	1,095,772,564
Total segmental surplus/(deficit)							(49,331,085)
Assets							
Inventory	-	-	-	-	13,003,713	-	13,003,713
Cash And Cash Equivalents	-	-	-	-	9,660,169	-	9,660,169
Receivables From Exchange	47,020,906	45,022,024	21,213,618	19,696,933	13,706,808	-	146,660,289
Receivables From Non-Exchange	-	-	-	1,055,677	58,755,151	-	59,810,828
Vat Receivable	(15,327,611)	(16,940,077)	(12,918,221)	(10,598,452)	171,115,397	131,231	115,462,266
Investment Property	-	-	-	-	180,113,008	-	180,113,008
Property plant and equipment	316,839,635	789,059,615	477,825,119	145,006,871	34,064,241	774,680,833	2,537,476,314
Intangible Assets	-	-	-	-	-	61,915	61,915
Heritage Assets	-	-	-	-	-	174,895	174,895
Total segment assets	348,532,929	817,141,562	486,120,516	155,161,029	480,418,486	775,048,874	3,062,423,397

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2022-12-13
Audited

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Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	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	(1,578,715,791)	(4,952,457)	(1,574,802,700)
Consumer Deposits	(19,133,784)	-	-	-	(110,052)	-	(19,243,837)
Employee Benefit Obligation	-	-	-	-	(13,858,000)	(59,944,000)	(73,802,000)
Unspent Grants	(2,951,203)	200,578,578	0	-	2,114,680	(201,079,690)	(1,337,635)
Provisions	-	-	-	(73,430,066)	-	(8,502,466)	(81,932,532)
Total segment liabilities	(22,084,987)	200,578,578	-	(64,564,517)	(1,591,749,039)	(274,478,614)	(1,752,298,579)

2021

	Electricity	Water Supply	Waste Water	Community and Health	Finance	Reconciling items / Unallocated	Total
Revenue							
Service Revenue	(216,115,343)	(73,573,499)	(46,956,651)	(38,971,162)	-	-	(375,616,655)
Rental Of Facilities And Equipment	-	-	-	(141,391)	-	(2,359,692)	(2,501,083)
Agency Services	-	-	-	(9,276,278)	-	-	(9,276,278)
Other Income	(3,277,375)	(41,305)	(728)	(5,161,525)	(859,262)	(2,843,802)	(12,183,997)
Interest Income	(7,504,477)	(10,956,678)	(6,801,125)	(6,408,366)	(10,724,079)	-	(42,394,724)
Rates	-	-	-	-	(127,003,868)	-	(127,003,868)
Grants	-	(134,575,029)	-	-	(3,000,000)	(248,600,856)	(386,175,885)
Fines	-	-	-	(5,768,630)	-	(202,260)	(5,970,890)
Donations	-	(10,000,722)	-	(1,480,000)	-	-	(11,480,722)
Total segment revenue	(226,897,195)	(229,147,233)	(53,758,503)	(67,207,352)	(141,587,209)	(254,006,610)	(972,604,102)

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 2022-12-13
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 Msukaligwa Business Unit

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Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Expenditure

Employee Related Costs	19,821,512	19,218,492	14,940,326	75,436,644	35,935,038	83,895,390	249,247,401
Remuneration Of Councillors	-	-	-	-	-	16,058,209	16,058,209
Repairs And Maintenance	9,577,333	10,284,148	774,207	2,533,032	2,261	3,304,029	26,475,009
Depreciation	17,924,165	25,901,885	15,948,488	10,863,875	541,906	55,571,079	126,751,398
Finance Costs	-	-	-	-	97,246,893	6,148,559	103,395,453
Debt Impairment	10,038,120	14,015,940	12,893,251	17,884,261	(2,129,641)	(2,827,418)	49,874,513
Bulk Purchases	263,315,516	72,293,588	-	-	-	-	335,609,104
Contracted Services	8,276,151	-	-	23,938,648	11,066,887	9,780,831	53,062,516
Expenses	(1,955,218)	1,742,565	293,624	6,301,404	12,676,888	32,043,900	51,103,163
Gains/Losses On Disposal of Assets	27,701	3,220,185	2,683,632	94,065	-	2,310,909	8,336,492
Gains/Losses On Inventory	-	-	-	128,709	-	-	128,709
Impairment	3,102,929	-	1,207,612	1,545,488	-	5,284,463	11,140,491
Actuarial Gain	-	-	-	4,104,602	-	-	4,104,602
Total segment expenditure	330,128,209	146,676,804	48,741,140	142,830,726	155,340,232	211,569,950	1,035,287,060
Total segmental (surplus) /deficit							62,682,956

Assets

Inventory	-	-	-	-	26,063,539	-	26,063,539
Cash And Cash Equivalents	-	-	-	-	7,833,525	-	7,833,525
Receivables From Exchange	38,368,557	39,534,070	17,889,204	17,035,035	12,523,097	-	125,349,963
Receivables From Non-Exchange	-	-	-	1,676,277	40,053,239	-	41,729,516
Vat Receivable	(14,830,596)	(16,207,928)	(12,183,458)	(10,259,039)	150,733,040	119,780	97,371,802
Investment Property	-	-	-	-	114,321,362	-	114,321,362
Property plant and equipment	313,999,221	595,631,673	458,128,129	163,693,069	36,525,941	813,014,225	2,380,992,259
Intangible Assets	-	-	-	-	-	108,044	108,044
Heritage Assets	-	-	-	-	-	192,195	192,195
Total segment assets	337,537,183	618,957,815	463,833,878	172,145,342	388,053,742	813,434,245	2,793,962,205

Auditor General South Africa
 Mpumalanga Business Unit
 Audited By
 2022-12-13

Volume III

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 2022, the statement of financial performance, statement of changes in net assets, and 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 matters 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 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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. This resulted in employee related payables and accruals being overstated by R10,3 million. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as trade payables and unallocated deposit. 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 40 and 41 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 (2021: R1,36 billion) disclosed in note 14 to the financial statements as well as risk management and financial instruments disclosure.

VAT Receivable

4. I was unable to obtain sufficient appropriate audit evidence for the adjustments made to the VAT receivable due to the status of the accounting records. I was unable to confirm the receivable by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to VAT receivable, stated at R115,46 million (2020-21: R97,37 million), as disclosed in note 11 to the financial statements.

Irregular Expenditure

5. 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 was due to payments made in contravention of the supply chain management (SCM) requirements, which resulted in irregular expenditure being understated by R19,42 million. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure included in the notes to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R359,98 million (2020-21: R285,53 million) in the financial statements

Consumer Debtors – electricity

6. During 2020, the municipality did not always record all amounts of receivables in accordance with GRAP 104, Financial instruments. Amounts billed for electricity sales were not recorded. This and other immaterial misstatements resulted in consumer debtors being understated by R15,39 million. The receivables from exchange transactions included the risk management and financial instrument disclosure in note 40 and 41 to the financial statements were also understated by the same amount. My audit opinion on the financial statements for the period ended 2020 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the receivables for the current period.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
8. 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.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material losses - Inventory

11. As presented in the statement of financial performance, material inventory losses of R16,2 million (2020-21: R0,1 million) which was due to the write down of inventory due to theft of inventories from the stores.

Material losses – electricity

12. As disclosed in note 53 to the financial statements, material electricity losses of R192,9 million (2020-2021: R144,6 million) was incurred, which represents 60% (2020-2021: 55%) of total electricity purchased. Losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering as well unmetered properties.

Material losses – water

13. As disclosed in note 53 to the financial statements, material water losses of R53,3 million (2020-2021: R13,6 million) was incurred, which represents 76% (2020-2021: 68%) of total water purchased. Losses were as a results of an 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.

Fruitless and wasteful expenditure

14. As disclosed in note 48 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R73,2 million which is as a result of interest and penalties charged by suppliers for non-payments of debt due to them.

Material loss on disposal of assets

15. As disclosed in note 36 to the financial statements, the municipality incurred a material loss on disposal of assets of R18,04 million, this was due to disposal of property, plant and equipment.

Other matter

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

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
19. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

20. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
23. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
24. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2022:

Development Priority	Pages in the annual performance report
Key Performance Area 2 – Basic Services and Infrastructure Development	x – x

25. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
26. The material findings on the usefulness and reliability of the performance information of the selected development priorities are as follows:

Key Performance Area 2 – Basic Services and Infrastructure Development

Indicator: Number of bulk electricity meters installed by 30 June 2022

27. The source information and evidence for achieving the planned indicator was not clearly defined.

Various indicators

28. Measures taken to improve performance did not agree with the evidence provided for the following indicators:

Indicator description	Planned target	Reported achievement
Number of main sub-stations maintained by 30 June 2022	3	2
12000m2 of roads resurfaced by 30 June 2022	12 000m2	10 222,44m2
Number of jobs opportunities created through EPWP by 30 June 202	547	331
Number of bulk electricity meters installed by 30 June 2022	4	0
Number of new households with access to sanitation service by 30 June 2022	99	96

29. 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
Percentage of blocked sewer mainlines system opened/ repaired within 24hrs after being reported	95%	98%
Percentage of damaged/burst water pipes repaired within 24hrs after being reported	95%	99.9%

30. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Type text here

Indicator description	Reported achievement
Number of electricity meters installed by 30 June 2022	525
Number of storm water inlets maintained 30 June 2022	100
Number of jobs opportunities created through EPWP by 30 June 2022	331

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 27 to 30 of this report.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2: Basic services and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's **compliance** with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

35. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, 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 and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Consequence management

37. 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.
38. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Expenditure management

39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
40. An adequate management, accounting and information system was not in place which accounted for creditors as required by section 65(2)(b).
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R136,9 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.
42. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the non-compliance with SCM regulations.

Human resources management

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

Procurement and contract management

44. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.
45. Some of the contracts were awarded to bidders based on functionality criteria that differed from those stipulated in the original invitation for bidding, in contravention of 2017 Preferential Procurement Regulation 5(1) & 5(3).
46. Invitations to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
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.

48. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

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).

Other information

50. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
51. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
52. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
55. The accounting officer did not exercise effective oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

56. The municipality did not implement effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that their performance was monitored.
57. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
58. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
59. Management at the appropriate level did not ensure that compliance with applicable laws and regulations was adequately reviewed and monitored throughout the year.

Auditor - General

Mbombela

10 December 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Msukaligwa Local 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

3. 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.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Volume IV



Msukaligwa Local Municipality

**Mid-Year Performance Report for
2022/2023 Financial Year**

1. Background

The municipality's SDBIP for the 2022/2023 financial year was approved by the Executive Mayor on the **27th of June 2022** in compliance with the Municipal Finance Management Act, 2003 following the approval the budget. Performance agreements of the Municipal Manager as well as those of Senior Managers accountable the Municipal Manager were signed in the month of **July and August 2022** as result of the MM and two Acting Directors being appointed in August 2022. All the agreements were signed within one month after the beginning of the financial and within a month of appointment for the Senior managers appointed in August as prescribed by Section 57 of the Municipal Systems Act, 2000.

The municipality has as result of the communication that was received from the Department of Co-operative Governance and Traditional affairs (CoGTA) on a revision of the MIG implementation plan and appraisal of high impact projects, revised some of its planned projects that led to the amendment of the 2022/2023 IDP as well as the SDBIP to accommodate the changes. This followed a request from the municipality to divert from the MIG distribution formula in order to fund the rehabilitation of the highly impacted roads. Access to main collector roads which were not part of the planned projects in the 2022/23 – 2026/27 IDP were badly damaged and needed immediate attention. The municipality's **amended 2022/2023 SDBIP** was therefore approved by the Executive Mayor on the **12th of August 2022**.

MFMA Circular No. 13 provides that the SDBIP should determine and be consistent with the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the Mayor. It is therefore against this background that the municipality must monitor the implementation of the SDBIP against the set targets on a quarterly bases as prescribed in terms of Section 54 of the Municipal Finance Management Act, 2003 and Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager.

The municipality has therefore adopted the Balanced Scorecard performance management system and currently being applied at the top management level. Plans to cascade performance management to lower levels of management in accordance with the new staff regulations are underway with capacity constraints being a challenge.

2. 2022/2023 Mid-Year Performance Report

The following is the summary of the mid-year performance per department:

Department	Number of targets Assigned for Mid-Year	Indicators/ Targets Achieved	Indicators/ Targets Not Achieved	% Achieved	Reasons for Under-Performance
Corporate Services - KPIs	11	6	5	54%	<ul style="list-style-type: none">▪ Delays in filling some vacancies due to some candidates still serving notices with their employers.▪ Not providing information for some indicators.▪ Late submission of information.
Total	11	6	5		

Technical Services Department - KPIs	19	9	10	37%	<ul style="list-style-type: none"> ▪ Late appointment of service providers ▪ Under-performance due to demand driven performance indicators. ▪ Breakdowns on yellow fleet. ▪ Challenges with shortage of working tools and material. ▪ Delay in SCM processes. ▪ Inclement weather delaying some projects. ▪ Delays in wayleave approvals ▪ Unforeseen additional works in projects.
Technical Services Department - Projects	19	5	14		
Total	38	14	24		
Community and Social Services - KPIs	22	14	8	56%	<ul style="list-style-type: none"> ▪ Under-performance due to demand driven performance indicators. ▪ Not providing information or data for certain indicators and projects.
Community and Social Services - Projects	3	0	3		
Total	25	14	11		
Financial Services – KPIs	31	14	17	45%	<ul style="list-style-type: none"> ▪ Not providing information or data for some indicators. ▪ Reported performance not supported by POE and not reviewed by CFO.
Total	31	14	17		
Office of the MM – KPIs	14	11	3	78%	<ul style="list-style-type: none"> ▪ IDP Consultative meeting of Ward 6 and Ward 7 was called off, due to poor attendance by community. ▪ Over time expenditure at Call Centre due to Shortage of Staff.
Total	14	11	3		

Planning and Economic Development - KPIs	11	10	1	91%	<ul style="list-style-type: none"> KPI descriptor was not clear.
Total	11	10	1		
2022/2023 Mid-Year Institutional Total	130	69	61	53%	
2021/2022 Mid-Year Institutional Total	118	60	58	51%	

3. Implementation of the ePMS

Performance reporting is captured on the web-based performance management system which was introduced towards the end of the 2018/2019 financial year and training conducted for Senior Managers, some middle managers and secretaries to senior managers. When some of the trained staff members move and be replaced, the PMS unit conduct the training for new staff. This is done with full support from the Service Provider (IGS). Secretaries or PA's to Directors and specific officials are doing the capturing of information for each department.

Quarterly reports are being generated by the system and such performance reports can be exported to Word or Excel for further editing and formatting. Challenges are however still being observed on **management oversight** on the captured information.

The contract between the service provider (IGS) and the municipality for the provision of the automated performance management system came to an end the 5th of August 2021 and was re-advertised. IGS won the tender and continues to provide the services.

4. Conclusion

It can be observed from the reported performance that Technical Services is the lowest in achieving its target at 37%. Even though Technical Services performance is the lowest, much progress has been made in terms of implementation of capital project and better outcome can be expected in the 3rd quarter. Delays in the 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 year, it is evident that the municipality's overall performance has improved by **2%** which could have been better if proper review of the reported performance by management was done. A detailed mid-year performance report is attached below.

Signed:

Mr. M. Kunene
Municipal Manager

Date

2022/2023 SDBIP MID-YEAR 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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	46	54	10	64	Not Achieved	The reason for non - achievements three candidates were serving notice to their previous employees and appointment will be made in the next quarter.	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Signed performance agreements

003	To ensure a responsive and capable workforce	Review of the organisational structure by 30 June 2023	1 organisation al structure	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Council approved Organizational Structure and Council Resolution
004	To ensure proper placement of employees	Work-study Conducted by 30 June 2023	New indicator	1	N/A	0	0	Not Achieved	None	None	- Work study report
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	65 officials trained on various skills	60	34	30	64	Achieved	The reason for over - achievement was due to the training on Protocol for the newly appointed employees in the Political Offices.	None	- WSP Report
006	To ensure capacity building of Municipal Councillors	Number or Councillors trained as per Skills Development Plan by 30 June 2023	36 Councillors trained on various skills	40	20	21	41	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	R 467 000 spent on overtime	25%	32.6%	68%		Not Achieved	The reason for over - achievement is	None	- Quarterly expenditure reports

	and enhance revenue	expenditure by 30 June 2023							that in October 2022 there was zero spending in overtime.		
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	5	19	N/A	19	Achieved	The reason for over achievements in June 2022 Council had approved 19 policies for HR, which include the FIVE OHS policies that were targeted for this quarter.	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	N/A	N/A	N/A	N/A	N/A		- 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	60%	44%	0	44%	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.	- Quarterly Reports
010	To ensure public participation in	Number of functional ward	168 Ward committee	114	56	57	113	Not Achieved	Late submission of minutes by Ward 14 for July	Ward 14 has submitted their minutes and	- Minutes and attendance registers

	the affairs of the municipality	committee meetings held by 30 June 2023	meetings held						2022 and No operational plan and submission of minutes by Ward 10 for September 2022.	COGTA will undertake support to Ward 10 to revive the committee.	
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	N/A	N/A	N/A	N/A	N/A	N/A		- 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	2	2	1	3	Achieved	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	2	3	4	7	Achieved	The reason for over achievements was that Council Meeting were convene to discuss urgent matters.	None	- Attendance Register and listing of meetings
015	To ensure that resolutions of the Council are implemented	Percentage of Council resolutions implemented	90% of Council resolutions implemented	95%	98%	94%	96%	Achieved	In quarter one 85 resolutions were adopted and 98% were addressed.	None	- Listing Council Resolutions - Resolutions implementation Report

		by 30 June 2023									
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	1 MPAC Report tabled in Council and approved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> - MPAC report - Council Resolution

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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	5 km	0.474 km	2.22 km	2.694 km	Not Achieved	Target Not Achieved. KPI is demand driven based on reported pipe bursts. Activity is performed on reactive maintenance basis not as a planned activity. Inability to plan because of shortage of materials and labour	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	1000	N/A	0	0	Not Achieved	Target not achieved due to unavailability of water meters at municipal stores.	Target to be revised during midterm SDBIP review)	<ul style="list-style-type: none"> - Meter installations listing - Job Cards
020	To ensure well maintained services infrastructure	% of callouts responded to within 24 hours (water)	99.5% of burst/ damaged water pipes repaired within 24hrs	100%	99.6	100%	99.8%	Achieved	Target Not Achieved due to challenges with shortage of working tools and material.	None	<ul style="list-style-type: none"> - Maintenance report - Job Cards
021	To ensure quality drinking water	Number of Reports on the Implementation of Blue drop assessment recommendations compiled by 30 June 2023	24% Blue Drop Assessment Score	2	1	1	2	Achieved	None	None	<ul style="list-style-type: none"> - Quarterly reports on implementation of Blue drop recommendations
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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> - Progress reports. - Practical completion certificates
024	To ensure well maintained services infrastructure	% of callouts responded to within 24 hours (sanitation/wastewater)	98% of sewer main lines repaired within 24hrs	98%	99.7%	100%	100%	Achieved	Target over-achieved because it is demand driven. The activity requires that it	None	<ul style="list-style-type: none"> - Maintenance report - Job Cards

									be addressed swiftly as it is a health hazard		
025	To ensure environmentally compliant wastewater	Number of Reports on the Implementation of Green drop assessment recommendations compiled by 30 June 2023	New indicator (97% Risk Rating on Green Drop Assessment Score)	2	1	1	2	Achieved	None	None	- Quarterly reports on implementation of Green drop recommendations
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	44 683 (89.8%) access to electricity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	525 meters installed	600	123	93	216	Not Achieved	Not achieved, target is demand driven	None	- Meter installations listing and Job cards
A01	Ensure sustainability of electricity supply	Refurbishment of Breyten 11kV sub by 30 September 2022	1 Switching station	N/A	0	N/A	0	Not Achieved	Delay in SCM processes, and as a result prices changed therefore refurbishment to be advertised	Request to advertise tender submitted.	- Report on refurbishment
A02	Ensure sustainability of electricity supply	Refurbishment of MV/LV by 30 June 2023	New Indicator	1	N/A	1	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	2	1	1	2	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	2.5 km	2.04 km	N/A	2.04 km	Not Achieved	Contractor for the Upgrading of the Wesselton Extension 3 Boxer intersection is struggling with cashflows and failing to finance the project. Contractor failed to protect the works.	Contractor to apply for extension of time, submit programme of works and execute redo works.	- 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	5 km	0	0	0	Not Achieved	Target not achieved, the grader was with the workshop for repairs and still not fixed.	Follow up with the workshop on progress of having fleet repaired..	- 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	4,000 m ²	2,698.31	23,971 m ²	26,669.31	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	50%	11%	42%	42%	Not Achieved	Late appointment of service provider resulted to poor expenditure	Once contractors are appointed, an acceleration plan to be compiled	- 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	50%	12%	27%	27%	Not Achieved	Late appointment of service provider resulted to poor expenditure	Once the contractors are appointed, an acceleration plan to be compiled.	- WSIG Expenditure Report - Payment certificates
A04	To ensure that funds allocated are spent on planned infrastructure project	Energy Efficiency and Demand-side Management Grant by 30 June 2023	100% spent	50%	0%	65%	65%	Achieved	Good performance from the contractor.	None	- EESDM Expenditure Report - Payment certificates
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	100	158	103	261	Achieved	The Municipality appointed contractors for the projects, and it increased the number of jobs created.	None	- EPWP Report - Listing of staff

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	25%	32.7%	0	32.7%	Not Achieved	Target not achieved financially.	Conclude engagement with LLF and submit to Council for approval.	- 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
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%	0	0	0	Not Achieved	No information provided		- 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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	35 324 (69%) access to waste removal	70%	333	473	806	Not 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	1	N/A	1	1	Achieved	None	None	- Clean up Registers - Reports
038	To promote awareness on waste management to communities	Number of Waste Management educational campaigns held by 30 June 2023	12 Waste Management educational campaigns held	4	0	0	0	Not Achieved	No information supplied		- Attendance Registers
039	To promote awareness and encourage communities	Number of Waste Minimization projects	23 projects supported	4	21	61	82	Achieved	Support was received from the Institute of Waste	None	- Attendance registers - Reports

	to minimize waste	supported by 30 June 2023							Management, POTCO and the Department of Forestry Fisheries and Environmental Affairs.		
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	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	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	Achieved	None	None	- Register on cemeteries maintained
044	To provide for new burial space	Number of new cemeteries established by 30 June 2023	8 operational cemeteries	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
Functional Area: Social and Community Development											
043	To ensure that municipal	Number of parks	27 parks maintained	27	27	27	27	Achieved	None	None	- Register on parks maintained

	parks are maintained regularly	maintained by 30 June 2023									
045	To promote the culture reading and learning in communities	Number of new Libraries established by 30 June 2023	10 functional libraries	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Progress reports -
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	5	2	3	5	Achieved	None	None	- Attendance Registers - Reports and photos
047	To consult with stakeholder on library developments	Number of library stakeholders' engagements held by 30 June 2023	New indicator	2	1	2	3	Achieved	None	None	- Reports and attendance register
048	To ensure that all library facilities, material and equipment are secured	Number of libraries fenced by 30 June 2023	New indicator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Progress reports and Practical completion certificate
Functional Area: Licensing and Regulatory Services											
049	To provide for new licensing services	Number of new licensing regulatory service centre established by 30 June 2023	2 Licence regulatory services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
052	To ensure competent	Number of learner driver	1857 learner driver	1200	677	445	1122	Not Achieved	Demand driven	None	- RD 323 Natis Report

	learner drivers are issued learner drivers licence	license applications received and processed by 30 June 2023	license applications received and processed								
053	To ensure competent drivers are issued drivers licence	Number of driver license applications received and processed by 30 June 2023	3133 driver license applications received and processed	1000	1135	772	1907	Achieved	Demand driven	None	- 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	200	516	448	964	Achieved	Demand driven	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%	0%		Not Achieved	No information supplied		- Fire incident response report
056	To ensure that fire inspections are conducted	Number of fire safety inspections	598 fire safety	350	194	0%		Not Achieved	No information supplied		- Fire Safety Inspections report

	in buildings as prescribe by law	conducted by 30 June 2023	inspections conducted								
057	To ensure that scholars and communities are educated of the dangers and prevention of fires	Number of fire awareness campaigns conducted (PIER) by 30 June 2023	60 Fire awareness conducted	20	21	0		Not Achieved	No information supplied		- Awareness campaign 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	13 disaster awareness campaigns conducted	6	3	3	6	Achieved	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%	Achieved	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	6	3	3	6	Achieved	None	None	- Awareness campaign forms and Listing

062	To ensure motorists compliance to road safety rules and regulations	Number of roadblocks conducted by 30 June 2023	18 road-blocks conducted	6	3	7	10	Achieved	We conducted truck operations and Festive Season Operations.	None	- Invitation letters - Signed proof of the activities conducted
063	To track and enforce payment of traffic fines	Fully equipped traffic vehicle to track unpaid fines procured by 30 June 2023	New Indicator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Delivery note
064	To ensure regular marking of municipal roads	Road marking vehicle procured by 30 June 2023	New indicator	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Delivery note
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	25%	35%	0%		Not Achieved	No information supplied		- 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- AG Audit Report
A07	To mitigate and address identified strategic and operational risks	Percentage of action plan implemented to address strategic and operational risks identified	75 risks action plans developed	60%	0	0	0	Not Achieved	No information supplied		- Quarterly Reports

		per quarter by 30 June 2023									
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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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	10	5	5	10	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	10	5	6	11	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Completion or handover certificate

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	YTD Target	Q1 Actual	Q2 Actual	YTD 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 audited for functionality by 30 June 2023	New indicator	10000	0	0	0	Not Achieved	No information provided		- Meter audit report
065_1	To ensure that all meters are functioning properly for accurate billing	Number of water meters audited for functionality by 30 June 2023	New indicator	10000	0	0	0	Not Achieved	No information provided		- 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	6000	1894	1144	3038	Not Achieved	Indigent consumers not coming forward for registration	Explore other form of communication such as radio station and walk-in registration.	- Accumulated Indigent subsidies report
069	To ensure budget	Percentage of the	New indicator	0.6%	0.2%	0.01%	0.1%	Not Achieved	Indigent consumers not	Councillors to motivate on	- Budget expenditure report

	allocation for indigent consumer	municipality's operating budget spent on indigent relief for free basic services by 30 June 2023		(R 1 395 000)					coming forward for registration	meetings for Indigent qualifying consumers to come and register	
070	To ensure necessary strategies are implemented to collect revenue	Percentage revenue collected by 30 June 2023	72% in revenue collected	75%	67%	83%	83%	Not Achieved	Due to non payment of accounts and high escalation of illegal connections	Strict implementation and monitoring of revenue enhancement strategy	- Billing report(age analysis)
070_1	5% deviation/ variance billing	Number of households billed every month for the year ending 30 June 2023	New indicator	5%	80%	0	80%	Not Achieved	No POE attached		- Meter book activity report - Exception report
070_2	5% deviation/ variance households	Number of households read every month for the year ending 30 June 2023	New indicator	5%	80%	0	80%	Not Achieved	No POE attached	None	- 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	375 collection days	30	419	407	407	Not Achieved	This is due to old unrealistic debt book and high incidents of non-payment	Strict implementation and monitoring of revenue enhancement strategy	- Debtors age analysis - C4 schedule (Monthly budget schedule) - Audited AFS

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 10 000 000	R 13 894 685	R 2 599 194	R 16 493 879	Not Achieved	Debtors not legally pursued	Identify all defaulting debtors, hand them over to the panel of attorneys appointed.	<ul style="list-style-type: none"> - 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 50 000 000	R 38 888 958	R 26 818 172	65 707 130	Not Achieved	Accounts not timeously distributed to consumers. Account disputed not immediately resolved. Ineffective cut-off processes.	Resolve consumer disputes in time find alternative way of distributing accounts. Hand over long overdue account to panel of attorneys	<ul style="list-style-type: none"> - 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%	100%	Achieved	None	None	<ul style="list-style-type: none"> - 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	New indicator	100%	100%	0%	100%	Not Achieved	Report not signed off and no information provided for Q2.	Approval of reported performance and reporting of outstanding performance	<ul style="list-style-type: none"> - Creditor's payment average list - Payment Vouchers

		of invoice submission									
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	New indicator	0%	3%	4%	4%	Not Achieved	Due to cashflow constraint	Enter into payment plan resolve outstanding dispute with DWS Assess the affordability of the DCSSL function	- Fruitless and Wasteful expenditure register
068_2		Number of VAT returns prepared and submitted on a monthly basis	New indicator	6	3	2	5	Not Achieved	December return to finalized before end of January 2023	To submit report before due date	- VAT Returns - Fruitless and Wasteful expenditure register
068_3		Number of EMP201 returns prepared and submitted on a monthly basis	New indicator	6	3	N/A	6	Achieved	Reflecting not assigned, it should have been assigned these are monthly reports	Assign Q2 for completion.	- EMP201 Returns - Fruitless and Wasteful expenditure register
068_4		Number of EMP501 returns prepared and submitted by-annually	New indicator	1	1	N/A	1	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	6	3	3	6	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	1	N/A	1	1	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	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% SLAs finalized within 30 days	100%	80%	80%	80%	Not Achieved	No POE attached	Relevant POE to be attached.	- 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	30 days	10	10	10	10	Achieved	None	None	- 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	Number of days taken to procure goods and services between R 30 000 and R	60 days	30	30	30	30	Achieved	None	None	- Procurement requisition register - Goods received note

	submission of a requisition	200 000 by 30 June 2023									
A011	To comply with Section 32 and Regulation 36 of the MFMA	Number of deviation reports submitted to Council by 30 June 2023	New indicator	2	1	1	2	Achieved	None	None	<ul style="list-style-type: none"> - Deviation Report - Irregular expenditure report - Section 80 reports - Council Resolutions
A012	To ensure stores items are kept at optimum level	Number of stock counts conducted by 30 June 2023	New indicator	2	0	0	0	Not Achieved	Inadequate connectivity lack of tools of trade	Improve of internet connectivity Provide Stores personnel with adequate tools of trade (Laptops)	<ul style="list-style-type: none"> - Stock count reports
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	3 budgets approved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> - Budget report - Council Resolutions
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.	1 AFS submitted to relevant stakeholders	1	1	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> - AFS - Submission letters - 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<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	6	3	3	6	Achieved	None	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	2	1	1	2	Achieved	None	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 Section 32 quarterly reports submitted	2	1	1	2	Achieved	None	None	<ul style="list-style-type: 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	New indicator	18	9	9	18	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	R 275 000 spent on overtime	25%	15%	14%	14%	Not Achieved	Overtime reduced by 14% in the 2nd quarter	Final the development of the overtime strategy	- 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	53 Audit findings	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	60%	42%	0	42%	Not Achieved	Lack of tools of trade and Lack of capacity. 2nd quarter assessment not yet done	To improve internal capacity. Risk section to finalize 2nd quarter assessment.	- Quarterly Reports

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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	1	Achieved	None	None	<ul style="list-style-type: 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 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 2022 and submitted to the MEC within 10 days after approval and publicised for public information within 14 days thereafter	2 IDPs approved by the Council. (Draft and Final IDP)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> - 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.

											<ul style="list-style-type: none"> - Council Resolution for final IDP. - Submission letter for final IDP - Public notice for approved 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	17	Not Achieved	Two meetings were postponed due poor attendance by community.	Ward development plans were given to ward Councillors to convene meetings with ward committees to solicit community needs/priorities.	<ul style="list-style-type: none"> - Public notice for IDP consultations - Attendance Registers
085	To ensure that communities are consulted during the drafting of the Budget as provided for by Chapter 4 of the MSA and Sec. 22 of the MFMA	Number of Budget/IDP consultative meetings held by 30 April 2023	19 Budget/IDP consultative meetings held	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> - Public notice for Budget consultations - Attendance Registers
086	To ensure that all relevant stakeholders are consulted on the planning and	Number of quarterly IDP representative forums held by 30 June 2023	2 IDP representative forums held	2	1	1	2	Achieved	None	None	<ul style="list-style-type: none"> - Public notice for IDP Rep Forums. - Invitations - Attendance Registers

	implementatio n										
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 Media analysis report	6	3	3	6	Achieved	None	None	<ul style="list-style-type: 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	742 postings on Facebook	200	291	205	496	Achieved	The indicator is demand driven hence more posts were made.	None	<ul style="list-style-type: none"> - Listing of the postings - Screen shots of the postings on Facebook
089	To ensure important and legislated information is publicised on the municipal website.	Number of website updates made by 30 June 2023	No website updates	60	124	18	142	Achieved	The indicator is demand and the fact that the website was down for a long time.	None	<ul style="list-style-type: none"> - Listing of the postings - 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	6 performance agreements signed	6	6	N/A	6	Achieved	None	None	<ul style="list-style-type: none"> - Signed performance agreements of senior managers
091	To ensure that all Directors'	Number of performance	0 performance	2	0	2	2	Achieved	Both 4th and 1st quarter	In future assessments will	<ul style="list-style-type: none"> - Performance Assessment

	performance are assessed in terms of the Performance Regulations	evaluations conducted 30 June 2023	evaluations conducted						assessments were done in the 2nd Quarter.	be conducted quarterly as scheduled.	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	1 APR compiled and submitted to relevant stakeholders	1	1	N/A	1	Achieved	None	None	<ul style="list-style-type: none"> - 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	2 Annual Reports submitted to relevant stakeholders (Draft & Final)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: 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 SDBIP quarterly reports tabled	2	1	1	2	Achieved	None	None	<ul style="list-style-type: 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	2 SDBIP approved (Original and Revised)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	1 Internal Audit Annual Plans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	7 Audit committee meetings held	2	2	1	3	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- Approved Annual Risk Register
099	To ensure that risk management reports are submitted RMC	Number of quarterly risk management reports submitted to Risk	4 risk management reports submitted to RMC	2	1	1	2	Achieved	None	None	- Risk reports submitted to RMC.

		Management Committee (RMC) by 30 June 2023									
009_4	To improve the municipality's audit outcome	Number of audit findings reduced by 30 June 2023	3 Audit findings	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	60%	56%	53%	53%	Not Achieved	Lack of resources (staff, tools, insufficient revenue).	Enhancement of revenue collection.	- 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	25%	26.6%	58%	58%	Not Achieved	Overspent due to shortage of staff at the call centre.	Allocation of funds to fully capacitate the call centre.	- 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	YTD Target	Q1 Actual	Q2 Actual	YTD 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	- 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	2	1	2	3	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 timeous processing of building plans	Percentage of compliant building plans processed within 60 days	100% compliant building plans processed	100%	100%	88.45	94.2%	Not Achieved	None	None	- Building plan register - Building plans and approval or disapproval letters

			within 60 days								
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	102 building and land use contraventions issued	50	25	25	50	Achieved	None	None	- 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)	100% building and land use contraventions referred to Legal section	100%	100%	100%	100%	Achieved	None	None	- 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 Development Officer within 30 days	100% compliant Land Use and Land Development Applications considered by LDO	100%	100%	100%	100%	Achieved	None	None	- Listing of applications considered by LDO
110	To ensure Building	Percentage of SPLUMA compliant Certificates	100%	100%	100%	100%	100%	Achieved	None	None	- List of SPLUMA Applications received

	Regulations and land use compliant structures and organized settlements	issued within 28 days										- SPLUMA Certificate and decline letters
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	100%	100%	100%	100%	100%	Achieved	None	None		- List of land use and building complaints - Inspection report
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	R 22 000 spent on overtime	25%	0%	25%	25%	Achieved	No overtime worked	None		- Quarterly expenditure reports
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	12 risks action plans developed	60%	60%	60%	60%	Achieved	None	None		- Quarterly Reports

Institutional Projects and Deliverables																
Key Performance Area 2: Basic Services Delivery and Infrastructure Development																
No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		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 Chrissiesmer)	10, 12, 11 & 19	01-July-22	30-June-23	R 6 000 000	R0	Procurement	0	Not Achieved	No information provided		
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	Procurement	0	Not Achieved	No information provided		
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	Procurement	0	Not Achieved	No information provided		

Institutional Projects and Deliverables																
Key Performance Area 2: Basic Services Delivery and Infrastructure Development																
No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		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 295 741.68	24.3% Construction	14%	Not Achieved	Delayed SCM procurement processes of professional service provider have delayed progress.	The advert for the appointment of the contractor closed 28 November 2022 and the contractor will be appointed by the end of January 2023	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 14 965 466.19	70% Construction	60.75%	Not Achieved	Unforeseen circumstances in the form of underground water (high water table) and Inclement weather delayed progress.	Subsoil drainage system have been adopted for construction to alleviate challenges regarding the high water table. Lastly, the works are placed on close monitoring to mitigate any anticipated challenges.	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		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 7 719 915.58	R 913 202.56	24.3% Construction	12.5%	Not Achieved	Delays in procurement of the professional service provider by Supply Chain Management	The advert for the appointment of the contractor closed 12 December 2022 and the contractor will be appointed by the end of January 2023	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		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 913 202.56	24.3% Construction	12.5%	Not Achieved	Delays in procurement of the professional service provider by Supply Chain Management	The advert for the appointment of the contractor closed 12 December 2022 and the contractor will be appointed by the end of January 2023	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 8 100 399.74	R 6 113 645.76	57.5% Construction	84.4%	Achieved	Good performance from the Contractor	None	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables

Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
EWN N 63		12	Waste Water Management	Sewerage Network	Construction of a 8 MI Reservoir at Ermelo Ext 44 & associated pipe works	8	26-Jan 2021	30- Sep 2022	R 2 219 776.37	R 1 862 426.01	100% Project completion	97.3%	Not Achieved	Delays in the production of specialised custom materials and required time for testing of the reservoirs	Application of Extension of Time has been granted by the Implementing agent.	Progress Reports / Practical completions certificate
EWN N 72		12	Waste Water Management	Sewerage Network	The Upgrade of Kwazanele Waste Water Treatment works	14	15-Dec-22	25-July-25	R 970 627.65	N/A	Registration	N/A	N/A	N/A	N/A	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 1 303 929.30	R 564 190.06	61.7% Construction	56.8%	Not Achieved	Delayed SCM procurement processes have delayed progress.	Contractor to submit acceleration plan	Progress Reports / Practical completions certificate

Institutional Projects and Deliverables																
Key Performance Area 2: Basic Services Delivery and Infrastructure Development																
No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 36 501 925.96	70.5% Construction	84.55%	Achieved	Good performance from the contractor.	None	Progress Reports / Practical completions certificate
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 5 680 218.75	R 2 799 448.17	74.1% Construction	26.75%	Not Achieved	Progress on the project has been delayed due to late wayleave approval from SANRAL.	Wayleave approval is currently in place and work is progressing.	Progress Reports / Practical completions certificate

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No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 2 580 972.76	R 2 799 448.17	100% Project completion	91.28%	Not Achieved	Additional works for relocation of existing services and modification of traffic circle and applications for additional works and price increases of special materials.	Evaluate and process the Extension of Time and revised programme of works that have been submitted. Extension of Time and Application for Additional funding have been approved.	Progress Reports / Practical completions certificate

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No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 3 355 566.03	100% Project completion	99%	Not Achieved	Additional for access entrances and non-submission of Closeout report by the professional engineers.	Submit Extension of Time and revised programme of works	Progress Reports / Practical completions certificate
ER 172		10	Road Transport, Road & Technical Services	Public Works	Construction of the storm water channel at Ext 6 eMadami	2	25-Aug	30-Jun-23	R 6 000 000	R 419 124.99	14.5% Procurement & Tender	14%	Not Achieved	Delayed SCM procurement processes have delayed progress.	Upon appointment of the Contract or the works will be placed acceleration mode.	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 1 786 603.00	100% Project completion	99%	Not Achieved	Delay on submission of close-out report.	Submit Extension of Time and revised programme of works	Progress Reports / Practical completions certificate

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Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 5 685 666.97	R 323 929.43	12.5% Procurement & Tender	6%	Not Achieved	Delays in approval of the designs by SANRAL and the project has been deferred to the next financial year.	Removal of the project in the SDBIP for 2022/23 Financial year.	Progress Reports / Practical completions certificate
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 896 000.00	R 593 936.60	6% Planning & Designs	13.25%	Achieved	Construction of the project has been brought forward to 2022/23 financial year.	None	Progress Reports / Practical completions certificate

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Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
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 226 996.57	14.5% Procurement & Tender	14%	Not Achieved	Delayed SCM procurement processes of professional service provider have delayed progress	The advert for the appointment of the contractor closed 28 November 2022 and the contractor will be appointed by the end of January 2023	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 2 141 688.33	R 1 524 060.40	57.5% Construction	95.4%	Achieved	Good performance from the contractor.	None	Progress Reports / Practical completions certificate

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Key Performance Area 2: Basic Services Delivery and Infrastructure Development

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2022/2023	YTD Expenditure	Progress as at 31 Dec 2022		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 8 467 351.68	R 2 826 122.92	100% Project completion	96.03%	Not Achieved	Unforeseen additional works for the protections of the transformer.	Submit Extension of Time and revised programme of works.	Progress Reports / Practical completions certificate