



Msukaligwa Local Municipality



2023/2024 Draft Annual Report

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



To be Provided in the Final Report.

MUNICIPAL MANAGER'S OVERVIEW



To be Provided in the Final Report.

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1.1. INTRODUCTION TO BACKGROUND DATA

Municipalities in South Africa perform their functions in terms of Section 152 and 153 of the Constitution of the Republic of South Africa, Act 108 of 1996. Additionally, Schedule 4, Part B of the Constitution further provides for core functional areas of the local government and the mandate for a municipality to render such services. However, some of the said functions may not be applicable to this municipality because some are allocated to the District Municipality for a variety of reasons, especially relating to issues of capacity to render those services. Those services that are not rendered by this municipality will be listed in this document.

In line with the efforts to provide quality and sustainable services that improve the lives of the citizens, the municipality utilises a variety of intergovernmental strata and mechanisms such as both the District Municipality And the Provincial Government; the conditional grants and other funding options to extend basic and other government services to rural/farms communities. To date, most farm settlements and through these collaborative efforts, have predictable access to basic water, safe sanitation through VIP toilets and electricity although some areas experience challenges where water boreholes get dry. It must be said that due to the perennial limited resources versus people's needs, there are some areas that still lack basic services in rural/farm areas, which the municipality continuously focuses on.

It is also important to mention that all urban areas within the municipality have access to running water; this includes informal settlements areas where water is provided through communal taps. The municipality has also met the millennium goals target of eradicating the bucket system in all its towns with a slight caveat that some informal settlements still utilise pit latrines. However, the municipality has plans in place to relocate some of those informal settlements where in-situ development is not possible and to develop those that are situated in areas conducive for human habitation.

T 1.2.1

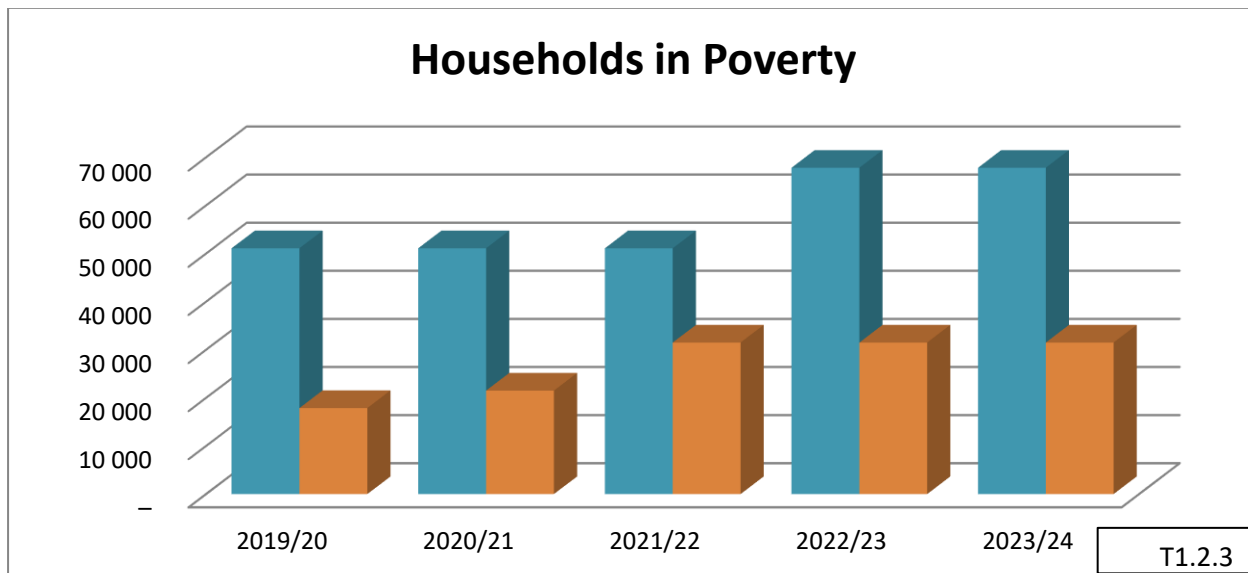
1.1.2. MUNICIPAL DEMOGRAPHICS

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

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

Population Details							
Age Groups	2011 Census			2022 Census			
	Male	Female	Total	Male	Female	Total	
0-4	8301	8273	16574	9650	9649	19299	
5-9	7590	7271	14861	8412	8257	16668	
10-14	7030	6944	13974	8353	8298	16650	
15-19	7532	7542	15074	7843	7758	15601	
20-24	8089	7908	15997	9352	9691	19043	
25-29	7969	7520	15489	9897	10698	20595	
30-34	5829	5359	11188	9656	10297	19955	
35-39	4794	4741	9535	8960	9255	18215	
40-44	4125	4191	8316	6641	6735	13376	
45-49	3427	3921	7348	5005	4867	9872	
50-54	3001	3238	6239	3675	4258	7933	
55-59	2417	2673	5090	3267	3876	7143	
60-64	1656	1970	3626	2618	3231	5849	
65-69	969	1192	2161	1817	2312	4129	
70-74	649	1082	1731	1018	1517	2535	
75-79	365	638	1003	463	710	1173	
80-84	223	438	661	283	483	766	
85+	148	363	511	123	389	512	
TOTAL	74114	75264	149378	97032	102282	199314	T 1.2.2

Source: Statistics South Africa, Census 2022

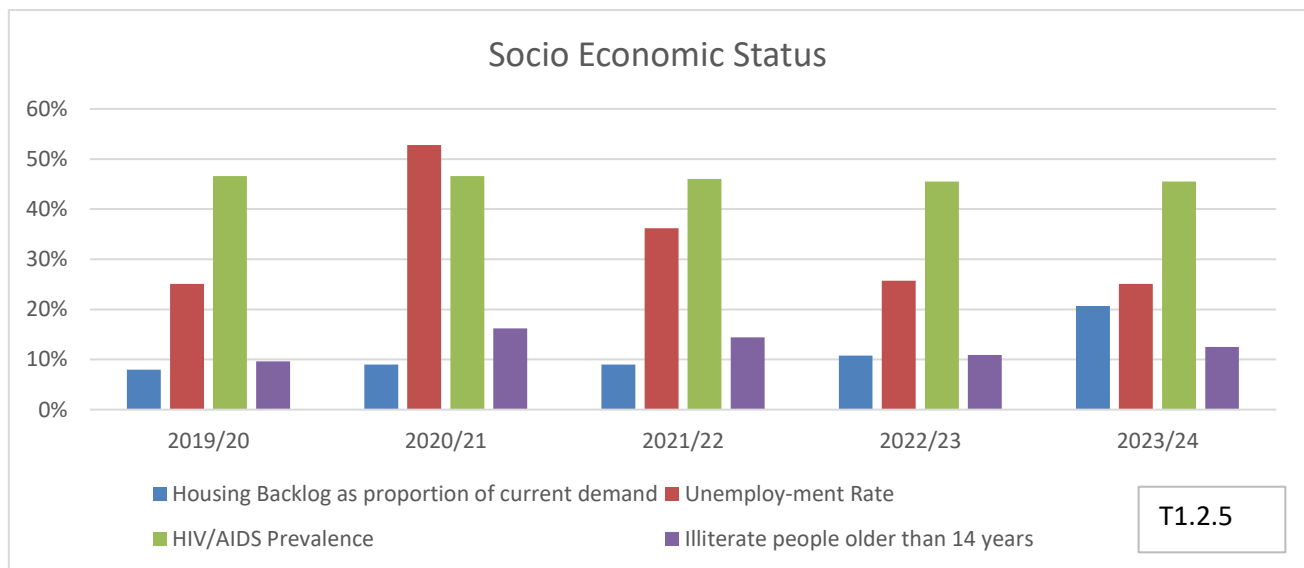


Source: Dept. of Economic Development and Tourism – SEP Report, December 2023

Socio Economic Status (as a %)				
Year	Housing Backlog as proportion of current demand	Unemployment Rate	HIV/AIDS Prevalence	Illiterate people older than 14 years
2019/20	8%	25.1%	46.5%	9,6%
2020/21	9%	52,8%	46.5%	16,2%
2021/22	9.4%	36.1%	46%	14,4%
2022/23	10.8%	25.7%	45,5%	10,9%
2023/24	20.7%	25.1%	45,5%	12.5%

T1.2.4

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



T1.2.5

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

1.1.3. ENVIRONMENTAL OVERVIEW

1.1.3.1. Topography and Surface Hydrology

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

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

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

Local Municipality into the Inkomati WMA, and the headwaters of the Olifants and Klein-Olifants River drain the far north-west of the Local Municipality.

1.1.3.2. *Climate*

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

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

1.1.3.3. *Geology and Soils*

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

1.1.3.4. *Vegetation and Biodiversity*

The vegetation in undeveloped areas of the Msukaligwa Local Municipality consists predominantly of typical highveld grasslands. Grasslands are dominated by a single layer of grass 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 plentiful.

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

This section deals with the core municipal responsibility, which is to provide basic services to all communities in a sustainable fashion. This core responsibility flows from the provisions of both Section 152 and Schedule 4 of the Constitution of the Republic of South Africa, which provides the following:

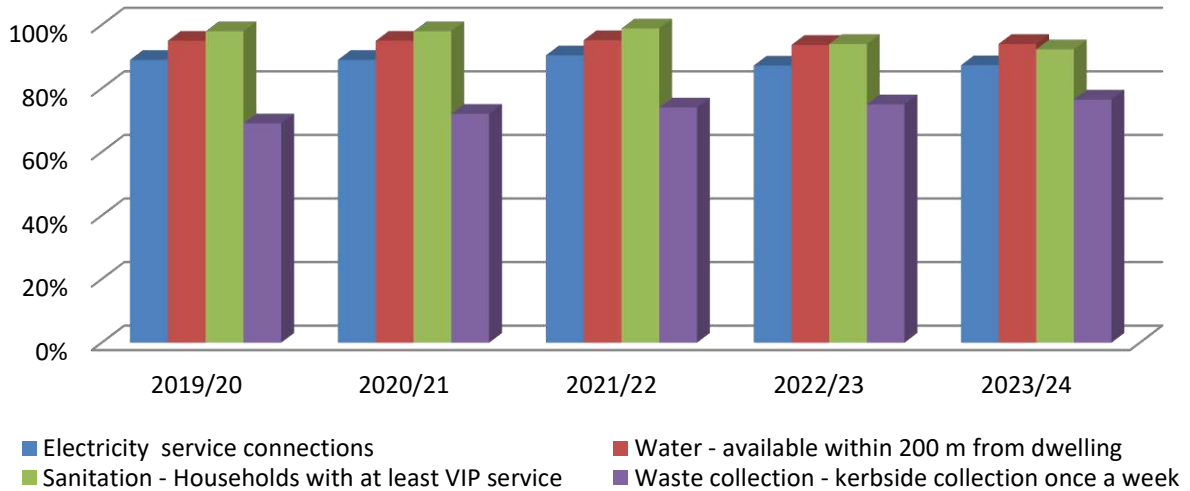
- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of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

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

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

T 1.2.1

Proportion of households with access to basic services



T1.3.2

Source: Statistics South Africa, Census 2022 & Municipal 2023/2024 APR

1.2.2. ACCESS TO BASIC SERVICES

As shown in the diagram above, service delivery in respect of electricity, water and sanitation shows what may look like a slight decrease but it is in fact not. This graph indicates that these services have been provided to more people due to population growth, the number of households had increased, resulting in informal settlements without adequate services. Hence, communal water supply within 200m from dwellings has been reduced as a result of formalization of most informal settlements and water is mostly connected inside yards. There is quite a significant progress made in electricity connections to households except in areas where houses were not yet completed and in the informal settlements that cannot be formalized. There are some areas that need to be electrified and they are in the municipal plans to be electrified.

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

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

T1.2.3

1.3. FINANCIAL HEALTH OVERVIEW

1.3.1. FINANCIAL OVERVIEW

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

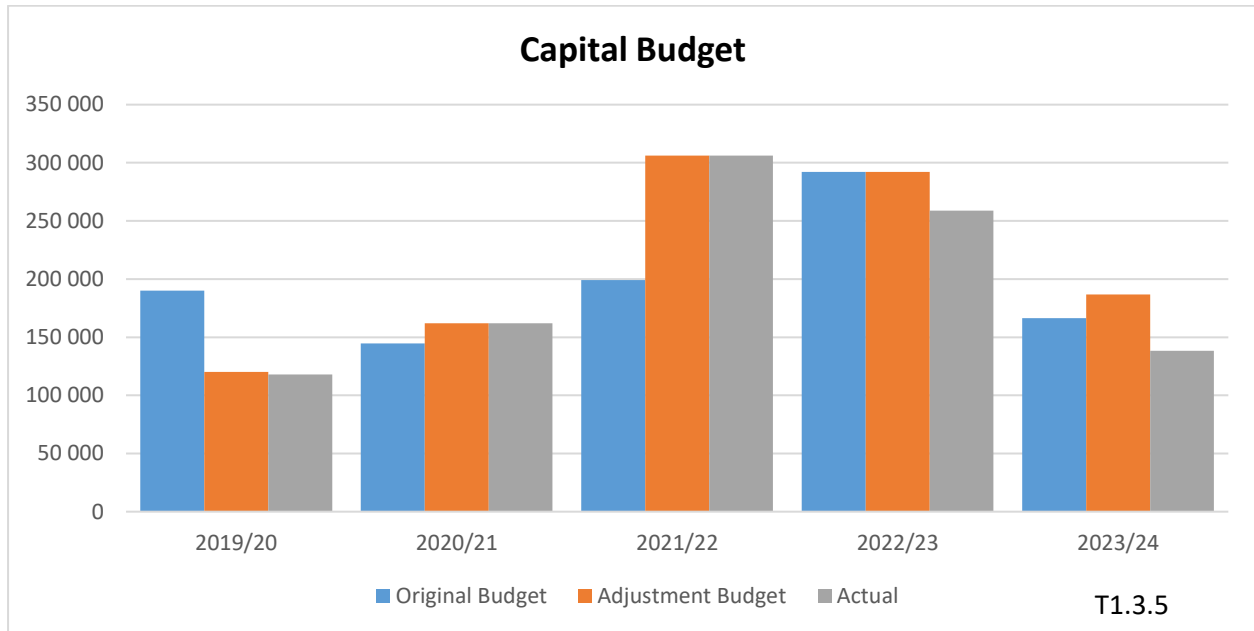
- (a) Strategy One: Restructure the Budget
- (b) Strategy Two: Revise Tariff Policies and Tariff Increases
- (c) Strategy Three: Revenue Enhancement
- (d) Strategy Four: Financial Administration
- (e) Strategy Five: Cash Management Strategy
- (f) Strategy Six: Human Resource Management

T1.3.1

Financial Overview: Year 2023-24			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	406 872	419 425	419 425
Taxes, Levies and tariffs	283 078	252 085	250 165
Other	526 295	569 700	516 330
Sub Total	1 216 245	1 241 210	1 185 920
Less: Expenditure	1 161 047	1 220 625	1 433 417
Net Total*	55 198	20 585	-247 497
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	25%
Repairs & Maintenance	7%
Finance Charges & Impairment	9%
T 1.4.3	

Total Capital Expenditure: Year 2021-22 to Year 2023-24			
			R'000
Detail	2021-22	2022-23	2023-24
Original Budget	5383	297 835	166 448
Adjustment Budget		427 180	186 719
Actual	0	603 251	138 357
			T 1.4.4



COMMENT ON CAPITAL EXPENDITURE

All capital grants were spent at 100%, except Regional Bulk Infrastructure Grant (RBIG) and Municipal Disaster Response Grant (MDRG) of which 52% and 41% was not spent respectively. Roll-over applications will be submitted for both grants.

T 1.3.5.1

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

After the harrowing experience of the Covid-19 pandemic, the municipality has had to adapt its organizational processes to cater for the ever-changing work environment to incorporate virtual platforms without compromising expected performances. Amongst the Organizational Development processes that the municipality undertook was to review the organisational structure, the adoption and implementation of human resources policies and capacity building of councillors and employees.

The Msukaligwa local municipality has continued 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 those councillors and employee as well as the training needs identified through an independent skills audit, which the municipality conducted in the previous financial year. The following targets that are informed by the budgetary considerations were set for the Work Skills Plan:

	Target	Actual
Number of Councillors trained	38	29
Number of officials trained	50	59

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 Program (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 reasonably equipped to allow the communities to report all service delivery-related concerns. The call centre is fully functional, but it needs to incrementally adapt to the ever-changing technology and online platforms for communicating and engaging communities.

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, the system is implemented on employees appointed in terms of Section 54A and Section 56 of the Municipal Systems Act. With the Municipal Staff Regulation of 2021 promulgated, the municipality is cascading performance management to employees below the Senior Management level. 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 2022/2023

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 2023/2024 financial year with the following matters:

- (1) Payables from exchange transactions
- (2) Net Cash flow from operating activities
- (3) Material distribution losses of electricity
- (4) Material distribution losses of water
- (5) Restatement of corresponding figures
- (6) Underspending of the conditional grant

There is total number of **41** findings for the financial under review as per the Management letter which shows significant improvement when compared with 2022/2023 financial year with **83** findings.

Findings per Department

- (a) Finance Department: 37 Findings
- (b) Corporate Department: 1 Findings
- (c) Office Of The MM: 0 Findings
- (d) Technical Services: 1 Findings
- (e) Community Services: 1 Findings
- (f) Planning & Economic Dev: 1 Findings

1.5.2. ADDRESSING AUDITOR GENERAL FINDINGS

A web-based Audit Action plan has been provided by National Treasury on which progress in addressing the audit findings is captured as and when findings are addressed. These therefore ensure the following processes are implemented:

- (a) Monitoring the progress on the implementation of the Auditor General recommendations on a monthly basis.
- (b) Management provides progress report on addressing the issues raised by the Auditor General on a monthly basis.
- (c) Internal audit and Audit Committee 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 2023/24 financial year as at the end of June 2024 was as follows:

TOTAL FINDINGS	Addressed	In Progress	Not yet started
41	18	4	19

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

T 1.5.1

1.6. STATUTORY ANNUAL REPORT PROCESS

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

T1.6.1

Chapter 2

CHAPTER 2 – GOVERNANCE

2.

2.1. POLITICAL GOVERNANCE



Cllr. N.S Xaba
Speaker



Cllr. M. P. Nkosi
Executive Mayor



Cllr. P.T Sibeko
Chief Whip

MEMBER OF THE MAYORAL COMMITTEE



Cllr BJ Motha
MMC for Planning and Economic
Development Department



Cllr. TJ Madlala
MMC for Corporate Services
Department



Cllr TC Motha
MMC for Technical Services
Department



Cllr E.C Msezane
MMC for Finance Department



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

COUNCILLORS

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

T2.1.2

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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

1. The Integrated Development Plan (IDP) for 2023/2024 financial year was adopted in accordance with the provisions of the Municipal Systems Act.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2023/2024 was approved by the Executive Mayor in compliance with the provisions of the Municipal Finance Management Act (MFMA).
3. Performance Agreements for 2022/2023 financial year were signed in compliance with legislation by the section 54A and 56 employees and submitted to the Member of the Executive Council (MEC) for Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) as per the provisions of the performance management regulations.
4. Performance Management is implemented at the strategic level for Section 54A and 56 employees as required by the Municipal Systems Act. The municipality has commenced with the process of cascading performance to all employees in terms of the Municipal Staff Regulations.
5. Audit Committee meetings were held in the 2023/2024 financial year as per the agreed schedule with additional special Audit Committee meetings.
6. Mid-year performance reports for 2023/2024 was submitted to the Council in accordance with the provisions of Section 72 of the Municipal Finance Management Act (MFMA) including the 3rd and the 4th quarter Service Delivery and Budget Implementation Plan (SDBIP) reports.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE



Mr. P S Mabuza
Director: Corporate Service



Mr. M. Kunene
MUNICIPAL MANAGER



Mr. P J Nhlabathi
Chief Financial Officer



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



Ms. H Maganya
Director: Planning and Economic Development



Ms. P Z Duma
Director: Technical Services

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1. INTERGOVERNMENTAL STRUCTURE

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

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

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

T2.3.2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Public Participation Policy and Public Participation strategy that outline the various measures on how the municipality engages with the communities were adopted are being implemented by the municipality. The municipality also had to adapt to more contemporary means to engage with the communities. Some of these measures include the use of social media and local radio stations platforms to conduct consultations with the public.

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 Communications Unit of the municipality is responsible for the overall implementation of the communication policy, strategy, information dissemination, media monitoring, media liaison, Communication research, website update, virtual meetings and management, events management and corporate advertisement / branding.

Other Communication channels used to supplement the dissemination of information are the following: Gert Sibande District Municipality and Mpumalanga (South African Local Government Association) quarterly newsletters.

2.5.2. COMMUNICATION INSTITUTIONAL ARRANGEMENT

The Communication Unit has been established, and capacitated to perform its functions. The unit is placed in the Office of the Municipal Manager.

2.5.3. COMMUNICATION FORUM

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

2.5.4. LEGISLATIVE FRAMEWORK

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

- (1) Constitution Act 108 of 1996
 - (a) **Section 152 (1) (e):** that municipalities must encourage the involvement of communities and community organizations in matters of local government.
 - (b) **Section 160(7):** A municipal council must conduct its business in an open manner, and may close its sittings, or those of its committees, only when it's reasonable to do so.
- (2) Local Government: municipal Systems Act, 2000
 - (a) **Section 21:** communication with local community must take place through the following.
 - (i) in the local newspaper or newspapers of its area;
 - (ii) in the 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 is required to have systems that can proactively and continuously identify, evaluate, analyse, measure and manage risks that might directly or indirectly affect the capacity of the municipality to deliver on its core service delivery and operational objectives.

Hence, the organization 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, 89 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	-
High Risk	4	62
Medium Risk	0	16
Low Risk	0	6
Minimum Risk	0	-
Total number of Risk Identified	5	84

Progress made on identified risk areas are evaluated on a quarterly basis and 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 all identified risks. Currently, there are systems in place to monitor the identified risks and a continuous yearly risk management implementation plan that was developed together with a risk register to tighten the monitoring regime.

Risk awareness workshops are conducted to create awareness of risk at 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 and sits on a regular basis. An external Chairperson was appointed to add an element of impartiality when dealing with these important matters.

The Audit Committee advises the Municipality on risk management and independently monitors the effectiveness of the system of risk management in Audit Committee meetings. The Municipality conducts quarterly/monthly risk evaluation and monitor the risk action plan (Mitigating Strategies).

T2.7.1

2.8. FRAUD AND CORRUPTION MANAGEMENT

2.8.1. FRAUD AND CORRUPTION MANAGEMENT

The Municipality has reviewed and approved an Anti-Fraud Policy and Strategy and the Anti-Fraud implementation plan as a control measure put in place to eliminate the possibility of fraud and corruption occurring. The municipality is obligated 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 a serious threat to the basic principles of public service. A Risk Management, Anti-Fraud and Corruption Committee chaired by an independent person was also established 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 makes use of 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 on the Municipal website (both intranet and internet) as another way of raising awareness on anti-fraud and corruption to the officials 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 new recruits are informed about 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	2023/02/28
All current budget-related policies	Yes	2023/02/28
The previous annual report (2021/2022)	Yes	2023/04/12
The annual report (2022/2023) published/to be published	Yes	2024/04/04
All current performance agreements for 2022/2023 as required in terms of section 57(1) (b) of the Municipal Systems Act.	Yes	2022/12/13
All service delivery agreements (2022/2023)	No	
All long-term borrowing contracts (2022/2023)	No	
All supply chain management contracts above a prescribed value (give value) for 2022/2023	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2022/2023	No	
Contracts agreed in 2022/2023 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2022/2023	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2022/2023	Yes	2023/07/10
T2.9.1		

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

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

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

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

T2.9.1.1

2.10. BY-LAWS

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

By-laws Introduced during 2023/24				
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.

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 Sheepmoor.
 - (d) Torbanite dam for Breyten and Chrissiesmeer
 - (e) Mpuluzi River for Lothair.
 - (f) Boreholes, for Warburton and rural areas.

Achievements

The Municipality has in the past year implemented the 2023/2024 financial year IDP. As at the end of June 2024, 63736 households are having access to at least basic level of water which constitute **94%** of households with access to basic level of water services and backlog of 6% (4091 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) Water reticulation at Breyten Ext 2: Ward 13 (Project Completed)
 - (b) Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo (Multi-year project)

The above projects were implemented at an amount of **R 14,478,434.12**.

- (3) Regional Bulk Infrastructure Grant (RBIG) has funded the following water projects:
 - (a) Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality
 - (b) Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS

The above projects were implemented at an amount of **R 42,876,166.91** and it's implemented in phases.

Drinking water compliance for 2022/2023:

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

T3.1.1

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

T3.1.2

Water Service Delivery Levels					
Description	Households				
	2019/20	2020/2021	2021/22	2022/23	2023/24
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Water: (above min level)</i>					
Piped water inside dwelling	25,991	25,991	25,991	43,982	44,026
Piped water inside yard (but not in dwelling)	18,846	18,846	18,935	18,935	18,935
Using public tap (stand pipes)					
Other water supply (within 200m)	3,714	3,714	3,714	775	775
Minimum Service Level and Above sub-total	48,551	48,551	48,640	63,692	63,736
Minimum Service Level and Above Percentage	95%	95%	95,2%	93,9%	94%
<i>Water: (below min level)</i>					
Using public tap (more than 200m from dwelling)	0	0	0	0	0
Other water supply (more than 200m from dwelling)	2,538	2,538	2,449	4,135	4,091
No water supply	0	0	0	0	0
Below Minimum Service Level sub-total	2,538	2,538	2,449	4,135	4,091
Below Minimum Service Level Percentage	5%	5%	4,8%	6,1%	6%
Total number of households*	51,089	51,089	51,089	67,827	67,827

* - To include informal settlements

T3.1.3

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

Households - Water Service Delivery Levels below the minimum					
Description	Households				
	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements					
Total households	48,551	48,551	48,640	62,917	62,961
Households below minimum service level	0	0	0	775	775
Proportion of households below minimum service level	0	0	0	0	0
Informal Settlements					
Total households	2,538	2,538	2,449	4,135	4,091
Households that's below minimum service level	3,576	3,576	2,449	4,135	4,091
Proportion of households that's below minimum service level	4.97%	4.97%	4.8%	6.1%	6%

T3.1.4

Water Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		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	48,551	48,551	48,640	48,640	49,565	63,692	63,842	63,736	63,736
Km of water AC pipes replaced with U-PVC pipes	Water pipe bursts repaired or replaced within 24hrs of being reported.	N/A	N/A	N/A	N/A	2 km	3.084 km	0	0	0
Number of water meters installed	Consumers metered for water consumption	N/A	N/A	N/A	N/A	200	47	1500	1593	1000
% of call-outs responded to within 24hrs after being reported	Water pipe bursts repaired or replaced within 24hrs of being reported	95%	98.65%	95%	99.99%	100%	100%	0	0	0
Water quality sampling results for both water and wastewater compiled	Drinking water quality compliant to SANS 241	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12
Review of the WSDP and Water Safety Plan and approved by Council	Compliance with the Water Services Act	N/A	N/A	N/A	N/A	N/A	N/A	2	1	0

Number of reports on the status and performance of the water treatment plants	Environmentally compliant water treatment plants	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
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T3.1.6

Financial Performance 23-24: Water Services						R'000
Details	2022-23	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	277 335	76 305	78 149	182 886	58%	
Expenditure:						
Employees	19 173	18 388	18 388	11 110	-66%	
Repairs and Maintenance	23 056	2 265	2 265	1 076	-111%	
Other	42 229	1 225	1 225	10 566	88%	
Total Operational Expenditure	84 458	21 878	21 878	155 407	86%	
Net Operational Expenditure	-192 877	-54 427	-56 271	-27 479	-98%	

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 3.1.8

Capital Projects	2023-24					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	59 660 527	99 730 718	59 536 693	0%		
RBIG Projects Implemented By GSDM	43 000 000	83 070 191	42 876 167	0%	280	
Water Reticul at Breyten Ext 2: Ward 13	850 390	850 390	850 390	0%	150	
Elevated Tank and Constr Of Booster Pump	957 004	957 004	957 004	0%	320	
Elev Tank and Constr of Booster Pump Ext	13 628 045	13 628 045	13 628 045	0%	89	
Refurbish Warburton Wastewater Treatm W	1 225 088	1 225 088	1 225 088	0%	90	

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

T 3.1.9

3.2. WASTEWATER (SANITATION) PROVISION

3.2.1. INTRODUCTION TO SANITATION PROVISION

The Msukaligwa Local Municipality 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 are provided through the construction of VIP toilets (convertible water borne toilets) in rural areas and water borne toilets in urban areas. The sanitation service extends to regular management of septic tanks in the areas where they are used.

Achievements

The Municipality has in the past year implemented the 2023/2024 financial year IDP. As at the end of June 2024, 62595 households were provided with access to at least basic level of sanitation services which constitute **92%** of households with access to basic level of sanitation services and backlog of 8% (5232 households). The focus of the municipality is on providing water first while preparations were made for installation of the sewer infrastructure. Therefore, the following are the sanitation projects implemented within the 2023/2024 financial year:

- (1) Municipal Infrastructure Grant (MIG) has funded the following sanitation projects:
 - (a) Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2
 - (b) VIP Toilets in Msukaligwa Farm areas
 - (c) Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo
 - (d) Sewer reticulation at Breyten Ext 2: Ward 13

- (2) Water Services Infrastructure Grant (WSIG) has funded the following sanitation projects:
 - (a) Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipelines
 - (b) The Refurbishment of the Chrissiesmeer Oxidation Ponds
 - (c) The Refurbishment of the Lothair Oxidation Ponds
 - (d) The upgrade of Phumula 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 11 012 307 and R 30 000 000 respectively.

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

Wastewater treatment compliance for 2023/2024:

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

T3.2.1

Sanitation Service Delivery Levels					
*Households					
Description	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)					
Flush toilet (connected to sewerage)	38,895	39,396	39,492	53,583	53,583
Flush toilet (with septic tank)	465	465	465	465	465
Chemical toilet	497	497	497	497	497
Pit toilet (ventilated)	2,006	2,006	2,006	2,340	2,570
Other toilet provisions (above min. service level)	8,072	8,072	8,072	5,480	5,480
Minimum Service Level and Above sub-total	49,935	50,436	50,532	62,365	62,595
Minimum Service Level and Above Percentage	97.7%	98.7%	98.9%	92%	92.3%
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	1,154	653	557	5,462	5,232
Below Minimum Service Level sub-total	1,154	653	557	5,462	5,232
Below Minimum Service Level Percentage	2.3%	1.27%	1.1%	8%	7.7%
Total households	51,089	51,089	51,089	67,827	67,827
*Total number of households including informal settlements					T3.2.3

Waste Water (Sanitation) Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic sanitation	Increase in number of households having access to basic level of sanitation.	50,436	50,535	50,532	50,532	50,532	62,365	62,595	62,595	62,595
Number of reports on the status and performance of wastewater treatment plant	Environmentally compliant wastewater treatment plants	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Number of households provided with Ventilation Improved Pit Toilets (VIPs)	Households provided with access to basic level of sanitation	N/A	N/A	N/A	N/A	334	334	230	230	0
% of callouts responded to within 24 hours (sanitation/wastewater)	Well maintained services infrastructure	95%	98.65%	95%	100%	98%	100%	0	0	0

Financial Performance 2023-24: Sanitation Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	63 856	76 307	70 563	60 291	-27%	
Expenditure:						
Employees	15 029	15 494	15 494	18 358	16%	
Repairs and Maintenance	1 029	190	190	147	-29%	
Other	62 261	15 302	15 302	4 459	-243%	
Total Operational Expenditure	78 319	30 986	30 986	22 964	-35%	
Net Operational Expenditure	14 463	-45 321	-39 577	-37 327	-21%	

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

T 3.2.8

Capital Expenditure 2023-24: Sanitation Services						R' 000
Capital Projects	2023--24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	43 183 147	43 183 147	43 183 147	0%		
Electro Upgrade Ext 32-34 Pumpst Erm	585 906	585 906	585 905	0%	280	
Sewer Reticulation in Wesselton Ext11	846 652	846 652	846 652	0%	150	
Sewer Reticulation at Breyten Ext 2: War	2 807 864	2 807 864	2 807 864	0%	320	
Construct Of Ermelo Ext 50 Outfall Sewer	949 188	949 188	949 188	0%	90	
Refurbish Of Warburton Wastewater Treatm	511 959	511 959	511 959	0%		
Sewer Reticu at Warburton (House Connec	709 692	709 692	709 693	0%		
Vip Toilets in Msukaligwa Farm Areas	6 771 886	6 771 886	6 771 886	0%		
Refurbishm Chrissiesmeer Oxidation Ponds	13 340 336	13 340 336	13 340 336	0%		
Refurbishm Lothair Oxidation Ponds	3 752 795	3 752 795	3 752 795	0%		
The Upgrade of Phumula Outfall Sewer Pip	9 180 507	9 180 507	9 180 507	0%		
Ermelo Ext 32 33 34 Outfall Sewer Pipe	3 726 363	3 726 363	3 726 363	0%		

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

T 3.2.9

3.3. 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 the Department of Minerals Resources and Energy under the Integrated National Electrification Programme for the year under review managed to electrify additional 108 households for both Eskom and the Municipality. This has seen the increase in households with access to electricity increasing from **59, 145** to **59, 230** which constitutes 88% of households with access to electricity. The TID Rollover project has also positively contributed to the increase of registered households within access to electricity. Furthermore, the total achieved through electrification projects at various settlements of the municipality at an estimated cost of R2,4 million

T3.3.1

Electricity Service Delivery Levels Households					
Description	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<i>Energy: (above minimum level)</i>					
Electricity (at least min. service level)	5,263	5,236	5,263	3, 491	4, 372
Electricity - prepaid (min. service level)	26,806	26,806	26,806	21, 820	21, 381
Electricity – Eskom	14,155	14,155	14,455	33, 834	33, 477
Minimum Service Level and Above sub-total	45,878	45,878	46,178	59,145	59, 230
Minimum Service Level and Above Percentage	89,8%	89,8%	90,4%	87%	87.3%
<i>Energy: (below minimum level)</i>					
Electricity (< min. service level)					
Electricity - prepaid (< min. service level)					
Other energy sources	5,211	5,211	4,911	8,682	8, 597
Below Minimum Service Level sub-total	5,211	5,211	4,911	8,682	8, 597
Below Minimum Service Level Percentage	10,2%	10,2%	9,6%	13%	12.7%
Total number of households	51,089	51,089	51,089	67,827	67, 827

T3.3.3

Electricity Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to basic level of electricity	Eradication of electricity backlogs	45,878*	46,634*	45,878	46,178	46,528	51,145	59,242	59,230	59,350
Number of electricity meters installed	Consumers provided with metered electricity	N/A	457	500	525	600	425	800	1,491	2,000
Refurbishment of the Breyten 11Kv sub-station	Uninterrupted power supply to consumers	N/A	N/A	N/A	N/A	1	1	0	0	0
Refurbishment of MV/LV overhead network at Industrial & Laffnie street		N/A	N/A	N/A	N/A	1 km	1 km	1,1 km	1,1km	0
Number of reports on the implementation of NERSA audit recommendations		N/A	N/A	N/A	N/A	4	4	0	0	0
Maintenance of 88 KV main sub-station	Optimal operation and power supply to consumers	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
Number of irreparable steel/fibre glass kiosks replaced with concrete kiosks	Safety of power supply facilities	N/A	N/A	N/A	N/A	N/A	N/A	10	0	0
Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	Uninterrupted power supply to water treatment works	N/A	N/A	N/A	N/A	N/A	N/A	1	0	10
										T3.3.5

Source: STATSSA 2022 Census and Own records

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

Financial Performance 2023-24: Electricity Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	236 782	323 045	342 381	311 274	-4%	
Expenditure:						
Employees	25 304	22 454	22 454	27 667	19%	
Repairs and Maintenance	19 873	318	250	224	-42%	
Other	364 785	1 405 796	1 405 796	471 816	-198%	
Total Operational Expenditure	409 962	1 428 568	1 428 500	499 707	-186%	
Net Operational Expenditure	173 180	1 105 523	1 086 119	188 433	-487%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.3.7

Capital Expenditure 2023-24: Electricity Services						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	13 800 000	13 800 000	13 800 000	0%		
Retrofit 250w Hps T0 100 Led	2 339 677	2 339 677	2 339 677	0%	280	
High Mast Retrofit Ward 1 To 16 400w Hps	4 660 323	4 660 323	4 660 323	0%	150	
Electrif Of 150 Househ Kwazanele Ext 6 -	1 572 673	1 572 673	1 572 673	0%	320	
Design And Construction Of 20MVA, 88/11KV Transformer in Ermelo KV Substation	3 529 222	3 529 222	3 529 222	0%		
Design And Refurbishment of The Breyten Switching Station and Installation OF 3KM MV Line	1 698 105	1 698 105	1 698 105			
				#DIV/0!	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.3.8

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	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Number of jobs opportunities created through EPWP	Achieving the EPWP target	547	365	547	331	461	450	461	430	461
Percentage Municipal Infrastructure Grant (MIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Water Services Infrastructure Grant (WSIG) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage Integrated National Electrification Programme (INEP) spent annually	To ensure that funds allocated are spent on planned infrastructure projects	100%	100%	100%	100%	0	0	100%	100%	100%
Energy Efficiency and Demand-side Management Grant	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%
Percentage of Municipal Disaster Response Grant (MDRG) spent by 30 th June 2025	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	N/A	N/A	41%	100%
Percentage of Regional Bulk Infrastructure Grant (RBIG) spent by 30 th June 2025	Funds allocated are spent on planned infrastructure project	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%

T3.3.6 a

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

3.5.1. INTRODUCTION TO WASTE MANAGEMENT

Core functions of waste management are to render the following:

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

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

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

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

T3.5.1

Solid Waste Service Delivery Levels

Description	Households				
	2019/20 Actual No.	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.	2023/24 Actual No.
Solid Waste Removal: (Minimum level)					
Removed at least once a week	35,324	36,952	37,816	51,426	51,908
Minimum Service Level and Above sub-total	35,324	36,952	37,816	51,426	51,908
Minimum Service Level and Above percentage	69%	72%	74%	76%	77%
Solid Waste Removal: (Below minimum level)					
Removed less frequently than once a week	809	809	809		
Using communal refuse dump	3,041	3,041	3,041		
Using own refuse dump	6,974	6,974	6,974		
Other rubbish disposal	2,176	2,176	2,176		
No rubbish disposal	2,765	1,137	273		
Below Minimum Service Level sub-total	15,765	14,137	13,273	16,401	15,919
Below Minimum Service Level percentage	31%	28%	26%	24%	23%
Total number of households	51,089	51,089	51,089	67,827	67,827

T3.5.2

Waste Management Service Policy Objectives Taken from Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Number of households with access to waste collection.	Number of households with access to refuse removal	36,154	36,952	37,782	37816	38,572	51,426	51,866	51,908	52308
Number of Environmental management educational campaigns held.	Education and creating awareness to communities on cleanliness and environmental conservation.	13	13	13	12	8	12	8	17	12
Number of waste disposal sites and transfer stations maintained quarterly	Well managed waste disposal sites	2	2	2	2	2	2	0	2	2
Number of waste minimization projects supported	Clean and waste free environment	6	3	6	26	8	8	0	0	0
Number of illegal dumping sites eradicated	illegal waste dumping spots are identified and cleared	N/A	N/A	N/A	N/A	2	2	0	0	0
										T3.5.4

Financial Performance 2023-24 Solid Waste Management Services					
					R'000
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59 061	68 029	70 281	58 988	-15%
Expenditure:					
Employees	57 968	26 543	26 543	24 557	-8%
Repairs and Maintenance	-	2 043	2 043	1 989	-3%
Other		15 368	15 368	34 673	56%
Total Operational Expenditure	57 968	43 954	43 954	61 219	28%
Net Operational Expenditure	-1 093	-24 075	-26 327	2 231	1179%
<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

Financial Performance 2023-24: Waste Disposal and Other Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	184 853	20 713	9 328	37 762	45%	
Expenditure:						
Employees	77 621	63 906	63 906	50 281	-27%	
Repairs and Maintenance	3 851	1 871	1 871	2 421	23%	
Other	73 891	54 423	54 423	58 050	6%	
Total Operational Expenditure	155 363	120 200	120 200	110 752	-9%	
Net Operational Expenditure	-29 490	99 487	110 872	72 990	-36%	
<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 3.4.8						

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

3.6. HUMAN SETTLEMENT

3.6.1. INTRODUCTION TO HOUSING

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

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

T3.5.1

Housing Service Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: provision of Sustainable Human Settlement										
Number of informal settlements formalized	Communities are settled on approved townships to access municipal services	N/A	N/A	N/A	N/A	3	3	3	2	2
Number of quarterly meetings held with the Provincial Department of Human Settlement	Continuous communication between the municipality and the DHS on development is maintained	4	5	4	6	4	6	4	4	4

T3.5.3

Financial Performance 2023-24: Housing Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-	2 948	2 948	1 871	-58%	
Expenditure:						
Employees	-	4 683	4 683	4 803	2%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	-	3 044	3 044	101	-2914%	
Total Operational Expenditure	-	7 727	7 727	4 904	-58%	
Net Operational Expenditure	-	4 779	4 779	3 033	-58%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

T 3.5.5

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

3.7. FREE BASIC SERVICES AND INDIGENT SUPPORT

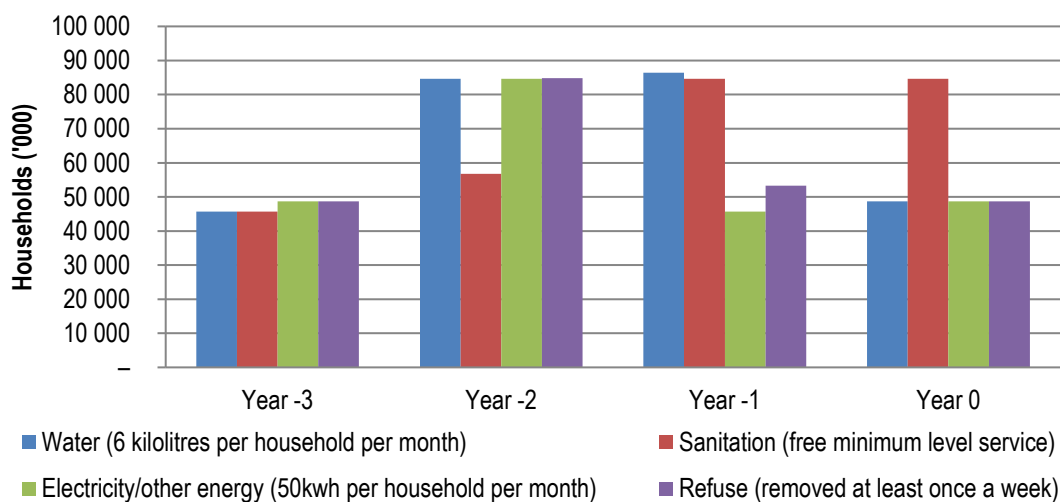
3.7.1. INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The indigent household subsidy policy was approved as part of budget related policies on the 30th of May 2023. The municipality supported **4,812 registered** indigents of the **9,000** planned indigent households in 2023/24 financial year. The municipality budgeted **R 17 198 766** 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 (R154.00)
- (d) Free sanitation services (R168.00)
- (e) Property rates – R 70 000 reduction on property value

Free Basic Household Services



Data sourced from
MBRR A10

T3.6.2

The following table illustrates how the indigent households that were supported in **2023/2024**:

Electricity	Water	Sewer	Refuse	Rates	Total Amount
R 2299206	R 2853081	R 5219497	R 6010334	R 816 648	R 17 198 766

COMPONENT B: ROAD AND STORMWATER

This component includes roads; transport; and stormwater 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 as they facilitate and improve the quality of life and contribute to the ease of doing business, they also ensure that the police and the emergency first responders in Msukaligwa can access all the communities.

The Grants received from Municipal Infrastructure Grant (MIG) and Gert Sibande District Municipality (GSDM) enable the Municipality to upgrade, maintain and re-build municipal roads. During the Integrated Development Planning (IDP) process, projects are identified during the community consultation meetings. Then the Council takes a final decision on which projects are to be prioritised for the financial year depending on the urgency of the articulated community needs.

Achievements

In the **2023/2024** financial year, 2.808km roads have been upgraded from gravel to paved roads. The asphalt roads need to be resurfaced to maintain their asset value. In the financial year under review, 45,583.73m² of tarred roads have been re-surfaced.

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

- (a) Construction of the roads at Wesselton Msheveni Street (Project Completed) 1.79 km
- (b) The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road) (Multi-year Project)
- (c) Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector (Multi-year project)
- (d) The rehabilitation of 1,05km Silindile main street in Lothair Ward 15 (Multi-year project)

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

- (a) Resurfacing of Merino Road through municipal support programme.
- (b) Resurfacing of John Foster Road through municipal support programme.
- (c) Resurfacing of Naude street through municipal support programme.
- (d) Resurfacing of the portion of Thanjekwayo street through municipal support programme.
- (e) Resurfacing of Breyten/ Kwa-Zanele main access entrance the municipality was assisted by Mpumalanga Department of Public, Works, Roads and Transport with materials and fleet.

(3) Municipal Disaster Response Grant (MDRG) has funded the following projects:

- (a) Upgrade culvert bridge with 3x 1500x1000mm box culverts – Mofokeng Street (Project completed)
- (b) Construction of Access Bridge – Khayelisha and Emadamini in Wesselton Ext 11 (Multi-year project)
- (c) Construction of Mabuza Access Bridge in Wesselton Ext 2 (Multi-year project)
- (d) Resurfacing of Gwebu Street in Wesselton Ext 2 (Project completed) 1.018 km

The total costs for upgrading of the roads from gravel to paved surface was **R 29,692,337.41 MIG** with a total length of 1.79km which one project was fully completed by the end of 2023/2024 financial year. The total costs for projects funded through **MDRG** amounted to R6, 624, 181.53 with a total length of 1.018km fully completed.

The total of 122.943km of Gravel roads were bladed and new gravel material was imported to repair roads. Sidewalks are maintained by replacing broken concrete tiles, as well as constructing new sections where there was a need. The total square meters of potholes patched including resurfacing is 87,786.92 square meters. Msukaligwa Local Municipality together with Gert Sibande District Municipality has resurfaced Merino Road, John Foster Street, Naude street and a portion of Thanjekwayo street through the municipal support programme at a total cost of R21,000,000.00. The Breyten main entrance access was resurfaced with the assistance from Mpumalanga department of public works, roads and transport at a cost of R2,000,000.00.

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
2019/20	3301.13	0	0.56km	123.6km
2020/21	144.345	0	2.775km	144,345km
2021/22	185.5	0	0.72km	185.5km
2022/23	181,6	0	3,886km	181,6km
2023/24	181,6	0	2.808km	122.943km
Total	3.994.17	0	10.748km	757.95km

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
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	10,222.4 m ²	257,9 km
2022/23	261,79 km	3.886km	7,598.00km	45,583.83 m ²	257,9 km
2023/24	261,79 km	1.79km	14,632.168 km	87,786.92 m ²	257,9 km
Total		km	0 km	m²	

T3.7.3

Roads and Storm Water Management Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To Provide Sustainable Basic Services and Sustainable Infrastructure										
Square meters of roads re-surfaced/ patched	Well maintained roads infrastructure	12,000 m ²	23,319 m ²	12,000 m ²	10222 m ²	32090 m ²	45583,7 3 m ²	40000 m ²	87787 m ²	21000 m ²
Km of gravel roads maintained	Well maintained roads infrastructure	20 km	144,345 km	20km	185,5k m	30 km	55,73 km	30 km	128,94 km	80 km
Number of storm water inlets maintained	Storm water drainage systems maintained	60	115	60	100	0	0	240	604	360
Kilometres of roads/streets upgraded to asphalt/paved	Well maintained roads infrastructure and storm water drainage systems	2.8 km	2,775 m ²	2,34km	0,72km	3,985 km	4.096 km	1.8 km	1.8 km	2.1 km

Financial Performance 2023-24: Road Services					
					R'000
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 813	8 223	410	126	-6426%
Expenditure:					
Employees	-	12 400	12 400	15 105	18%
Repairs and Maintenance	-	2 106	2 106	1 810	-16%
Other	-	72 624	72 624	87 346	17%
Total Operational Expenditure	-	87 130	87 130	104 261	16%
Net Operational Expenditure	-2 813	78 907	86 720	104 135	24%

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 2023-24: Road Services					
R' 000					
Capital Projects	2023-24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	36 513 177	27 009 516	32 137 358	-14%	
Constr Of the Roads at Wesselton Msheven	9 647 489	9 647 489	9 647 489	0%	280
Rehab of Ext 32 33 34 Taxi Collector Str	6 157 657	6 157 657	6 157 657	0%	150
Rehab of Mabilisa Magwaza & Mabuzataxi C	4 325 348	4 325 348	4 325 348	0%	320
The Upgrading of Lothair Street (Main)	5 382 683	5 382 683	5 382 683		
Rehab of Nsibande & Thanjekwayo Taxi Col	-		-		
Upgrade Culvert Bridge Mofokeng St	1 500 000	1 496 284	1 496 284		
Reconstr Khayelihle-Emadamini Access Bri	4 500 000		129 370		
Resurface Gwebu Street	5 000 000		4 998 528		
Constr Storm Water Chanel Wesselton Ext	-	55	-	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

T 3.7.9

3.9. STORM WATER DRAINAGE

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

COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

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

3.10. PLANNING AND ECONOMIC DEVELOPMENT

3.10.1. INTRODUCTION TO PLANNING AND ECONOMIC DEVELOPMENT

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

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

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

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

T3.8.1

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Planning application received	0	0	0	25	0	25
Determination made in year of receipt	0	0	0	18	0	18
Determination made in following year	0	0	0	7	0	7
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	7	0	7

T3.10.2

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure integrated long-term planning										
Number of IDP/Budget Process Plans approved by Council annually	IDP/budget process plan developed and approved by Council every year	1	1	1	1	1	1	1	1	1
Number of Council Approved IDPs by 31 May and submitted to the MEC within 10 days of approval and publicised for public information within 14 days of approval	Council approved IDP by May annually, submitted to the MEC within 10 days of approval and publicized for public information within 14 days of approval	2	2	2	2	2	2	2	2	2
Number of IDP ward consultative meetings held annually	19 IDP public participation meeting held by October each year	19	19	19	19	19	17	19	21	19
Number of Budget/IDP	19 Budget / IDP public participation	19	19	19	19	19	15	19	13	19

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
consultative meeting held annually	meetings held by 30 April each year									
Number of quarterly IDP Rep-Forums held	4 IDP Rep forums held quarterly each year.	4	2	4	2	4	4	4	4	4
Number of performance agreements signed annually	Six performance agreement signed each year for Senior Managers	6	6	6	6	6	6	6	6	6
Number of performance evaluations conducted annually	2 formal performance evaluations conducted annually	2	2	2	0	4	4	4	4	4
Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 August each year	1 Annual Performance Report compiled in terms of Sec. 46 of MSA submitted to Council, PT, AG & COGTA by August each year	1	1	1	1	1	1	1	1	1
Number of Annual Reports submitted to relevant stakeholders by 31 March each year	2 Annual Report compiled and submitted to Council, PT, AG & COGTA (draft and final AR)	2	2	2	2	2	2	2	2	2
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	0	1	0	1
Number of Audit Committee meetings held annually	4 quarterly Audit Committee meetings held	4	4	4	7	4	6	4	7	4

Planning Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Annual Risk Register developed and approved	1 Annual Risk Register developed and approved by RMC	1	1	1	0	1	0	1	1	1
Number of quarterly risk management reports submitted to Risk Management Committee (RMC) annually	4 Risk Management report submitted RMC by June each year	4	4	4	4	4	4	4	4	4
Number of quarterly newsletters compiled and posted on the municipal website	4 quarterly newsletters publicised on the municipal website	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Percentage of website updates made within 24 hours after request has been made	Website updates made continuously as and when required	N/A	N/A	N/A	N/A	N/A	N/A	100%	98%	100%
Percentage of compliant building plans processed within 60 days	100% of compliant building plans applications received and processed within 60 days of receipt	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of building and land use contraventions issued quarterly	Building and land use contraventions issued quarterly	100	102	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%
Development of policy on the development charges	Development charges policy developed to guide development charges.	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
Number of Planning and Economic Development Section 80 meetings held	To strengthen corporate governance and accountability	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12

T3.10.3

Financial Performance 2023-24: Planning Services					
R'000					
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 628	5 047	5 154	210	-2303%
Expenditure:					
Employees	-	1 758	1 758	966	-82%
Repairs and Maintenance	-	-	-	0	#DIV/0!
Other	12 725	1 166	1 166	1 438	19%
Total Operational Expenditure	12 725	2 924	2 924	2 404	-22%
Net Operational Expenditure	8 097	-2 123	-2 230	2 194	197%
<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 2023-24: Planning Services					
R' 000					
Capital Projects	2023-24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	280
Project B	0	0	0	#DIV/0!	150
Project C	0	0	0	#DIV/0!	320
Project D	0	0	0	#DIV/0!	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.10.6					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The major project in the planning unit which has rolled-over from preceding years was the establishment of a township on Portion 17 of the Farm Nooitgedacht 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 identifies catalytic projects 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 consequently contribute to the national war against unemployment, inequalities and poverty.

The municipality is also working hard to re-establish the Local Economic Development Forum, which must 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 freight burden as well as create 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	2022/23	2023/24
Agric, forestry and fishing	17%	6,5%
Mining and quarrying	7.4%	6,8%
Manufacturing	5.4%	5,4%
Wholesale and retail trade	21,6%	17,7%
Finance, property, etc.	23,5%	19,7%
Govt, community and social services	21%	27,2%
Construction services	15,3%	1,9%
Transport	29%	9,5%
Utilities	19,4%	5,3%
Total	16.7%	16.7%
		T3.11.2

Jobs Created during 2022/23 by Local Economic Development (LED) Initiatives (Excluding Extended Public Works Programme (EPWP) projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Initiative A	430	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.
2019/2020	17 Projects	0	443 Jobs created
2020/2021	26 projects	0	365 jobs created
2021/2022	20 projects	0	331 jobs created
2022/2023	19 Projects	0	450 jobs created
2023/2024	25 projects	0	450 jobs created

* - Extended Public Works Programme

T3.11.6

Local Economic Development Policy Objectives Taken From Integrated Development Plan (IDP)										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators										
Service Objective: To encourage shared economic growth and development										
Number of Sector Labour Plans meetings held	Businesses adherence to their social responsibility plans	N/A	N/A	N/A	N/A	20	20	4	4	4
Number of Local SMMEs and Cooperatives supported and registered	Support provided to SMMEs	20	20	20	26	20	21	30	35	30
Number of LRC meetings convened	Ensure coordination of CWP Local Reference Committee (LRC)	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Number of short-term job opportunities created via Public Employment programmes (EPWP, CWP, etc.)	Job opportunities created in terms of the EPWP guidelines	547	331	461		461	450	461	430	461
Number of the LED Workshops held	Support is given to SMMEs to	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1

	participate in the economy.									
Re-establishment and launching of the LED Forum	Ensuring the functionality of the LED Forum	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1
Number of LED Forum Meetings held	Functional Local economic development forum	0	0	0	0	0	0	3	0	3
T3.11.7										

Financial Performance 2023-24: Local Economic Development Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-	-	-	-	#DIV/0!	
Expenditure:						
Employees	-	2 348	2 226	2 576	9%	
Repairs and Maintenance	-	-	-	-	#DIV/0!	
Other	1 976	22	22	40	45%	
Total Operational Expenditure	1 976	2 370	2 248	2 616	9%	
Net Operational Expenditure	1 976	2 370	2 248	2 616	9%	
<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 2022-23: Economic Development Services						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	0	
Project B	0	0	0	#DIV/0!	0	
Project C	0	0	0	#DIV/0!	0	
Project D	0	0	0	#DIV/0!	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
T 3.11.10						

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

3.12. LIBRARIES AND COMMUNITY FACILITIES

3.12.1. INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

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

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

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

(2) We have a total of ten (10) libraries and nine (9) libraries are fully functional while Cassim park library is not functioning due to the renovation of the library. The library will be operational again as soon as all issues are sorted, and it is handed back to the municipality by DCSR. The libraries are situated in the following areas:

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

The Libraries have been able to provide resources and services in a variety of medium to meet the needs of individuals and groups for education, information and personal development including recreation and leisure. They are constantly playing an important role in the development and maintenance of a democratic society by giving the individual access to a wide and varied range of knowledge, ideas and opinions. One of our achievements was being able to create and strengthen the reading habits in children from an early age. Libraries have managed to engaged 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 centre 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.

Ten 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	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Number of libraries events and educational campaigns held	Culture reading and learning for learners at school promoted	2	0	2	2	10	10	8	10	8

T3.12.3

Financial Performance 2023-24: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
					R'000
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	131	0	0	23,485	#DIV/0!
Expenditure:					
Employees	6,954	6,641,637	6,104,441	6,475,773	97%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	19,666	1,087,265	830,052	92,021	8%
Total Operational Expenditure	26,499	7,728,902	6,934,493	534,329	6%
Net Operational Expenditure	26,499	7,728,902	6,934,493	534,329	6%

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

T 3.12.5

Capital Expenditure Year 2023/2024: Libraries; Archives; Museums; Galleries; Community Facilities; Other

R' 000

Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

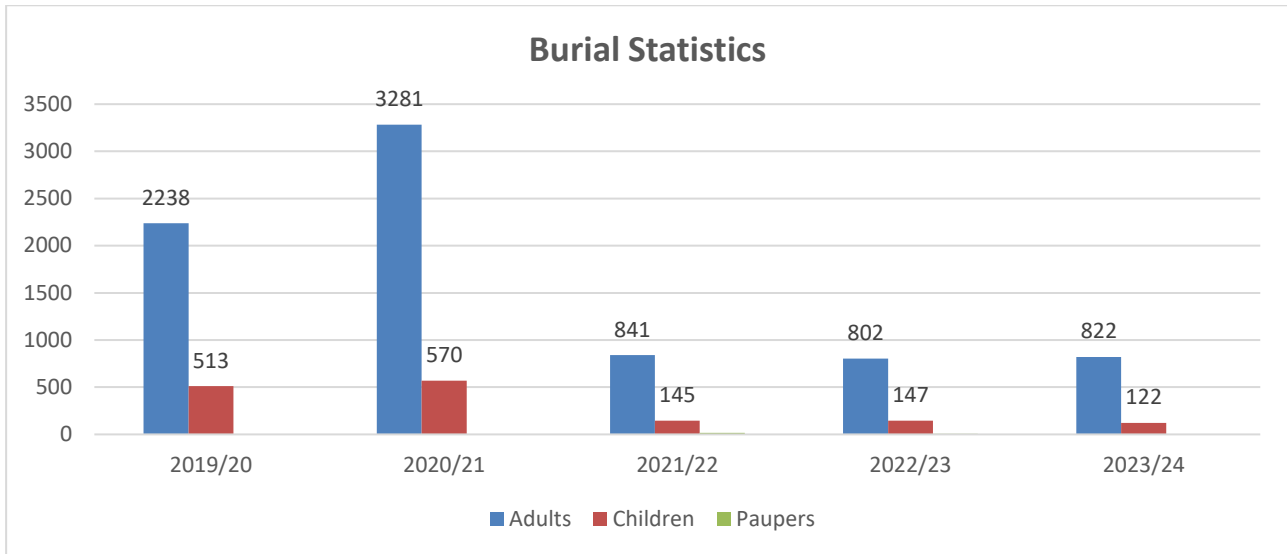
3.13. CEMETERIES AND CREMATORIUMS

3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIUMS

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

T3.13.1

Burial Statistics					
Group	2019/20	2020/21	2021/22	2022/23	2023/24
Adults	2238	3281	841	802	822
Children	513	570	145	147	122
Paupers	3	0	17	6	1
					T3.13.2



T 3.13.2a

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

Cemeteries Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Well maintained and aesthetic cemeteries	All cemeteries maintained on regular basis.									

T3.13.3

Financial Performance 2023-24: Cemeteries and Crematoriums					
R'000					
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	803	986	986	656	-50%
Expenditure:					
Employees	-	3 726	3 726	3 961	6%
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	3 543	381	183 444	13	-2831%
Total Operational Expenditure	3 543	4 107	187 170	3 974	-3%
Net Operational Expenditure	2 740	3 121	186 184	3 318	6%

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

T 3.13.5

Capital Expenditure Year 2023/2024: Cemeteries and Crematoriums						R' 000
Capital Projects	Year 2023/2024					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	0	
Project B	0	0	0	#DIV/0!	0	
Project C	0	0	0	#DIV/0!	0	
Project D	0	0	0	#DIV/0!	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.13.6	

(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:

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

T3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control, biodiversity and landscape

3.15. POLLUTION CONTROL

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

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

3.16.1. INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

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

T3.16.1

3.16.2. SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

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

T3.16.2

Parks (Open Spaces) Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Maintenance of public parks on a regular basis	Well maintained parks									

T3.16.3

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

T3.16.4

Financial Performance 2023-24: Bio-Diversity; Landscape and Other					R'000
Details	2022-23	2023-24			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	#DIV/0!
Expenditure:					
Employees	0	0	0	0	#DIV/0!
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	0	0	0	0	#DIV/0!
Total Operational Expenditure	0	0	0	0	#DIV/0!
Net Operational Expenditure	0	0	0	0	#DIV/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 3.16.5

Capital Expenditure 2023-24: Bio-Diversity; Landscape and Other					R' 000
Capital Projects	2023-24				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.16.6

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	2021/22	2022/23	2023/24		2024/25	
	Actual No.	Actual No.	Estimates No.	Actual No.	Estimates No.	
1	Number of traffic accidents during the year	1273	1263	0	1103	0
2	Number of by-law infringements attended	17	22	The section was transferred to Disaster	The section was transferred to Disaster	The section was transferred to Disaster
3	Number of traffic officers in the field on an average day	10	10	12	12	12
4	Number of traffic officers on duty on any average day	10	10	11	12	12
						T3.21.2

Traffic Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		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	9	0	9	7	12	13	12	15	12
Number of roadblocks conducted	Road safety and Crime prevention	12	20	12	18	12	16	12	18	12
										T3.21.3

Financial Performance 2023-24: Police						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	#DIV/0!	
Expenditure:						
Police Officers	0	0	0	0		
Other employees	0	0	0	0	#DIV/0!	
Repairs and Maintenance	0	0	0	0	#DIV/0!	
Other	0	0	0	0	#DIV/0!	
Total Operational Expenditure	0	0	0	0	#DIV/0!	
Net Operational Expenditure	0	0	0	0	#DIV/0!	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						
T 3.20.5						

Capital Expenditure 2023-24: Police						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	0	
Project B	0	0	0	#DIV/0!	0	
Project C	0	0	0	#DIV/0!	0	
Project D	0	0	0	#DIV/0!	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.20.6	

COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL

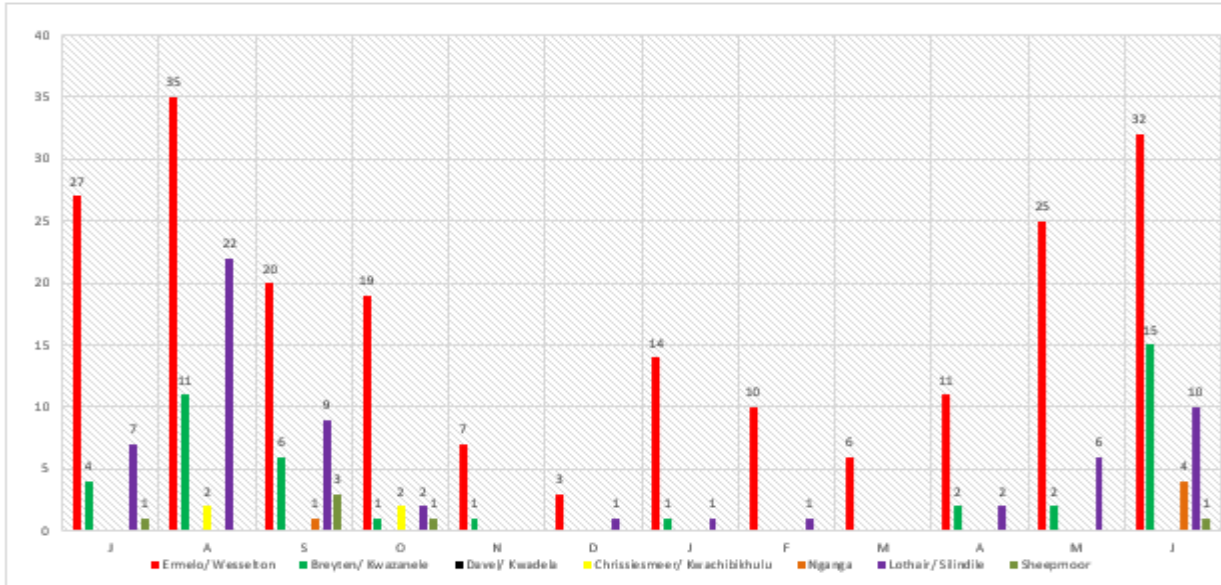
In relation to Traffic control and Safety under the Community and Social Services Department, the municipality has a responsibility for law enforcement and the issuing of traffic fines amongst other related functions. The section is facing a number of challenges ranging from capacity constraints to limited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

T3.21.7

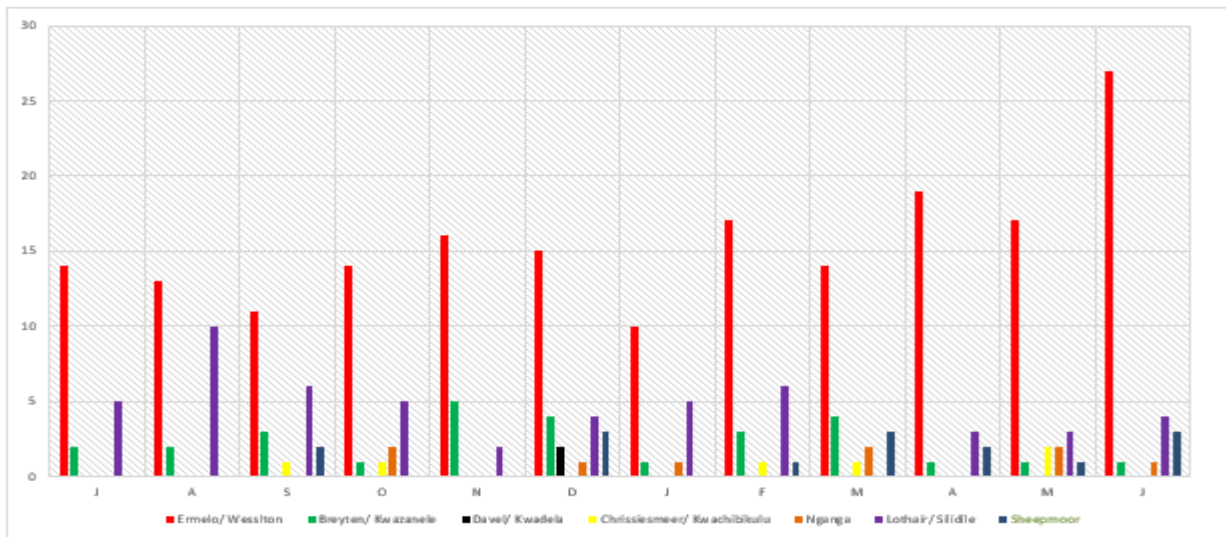
3.22. FIRE AND RESCUE SERVICES

3.22.1. INTRODUCTION TO FIRE SERVICES

Year 2023/2024 – Msukaligwa Fire Calls



Year 2023/2024– Msukaligwa Special Service Calls (Motor vehicle accidents/ rescues/ hazardous material incidents)



T3.22.1

Municipal Fire Service Data						
	Details	2021/22	2022/23	2023/24		2024/25
		Actual No.	Actual No.	Estimate No.	Actual No.	Estimate No
1	Total fires attended in the year	210	249	249	330	330
2	Total of other incidents attended in the year	222	276	276	309	309
3	Average turnout time - urban areas	12	10	10	10	10
4	Average turnout time - rural areas	23	23	23	23	23
5	Fire fighters in post at year end	27	26	46	26	32
6	Total emergency vehicles at year end	8	8	10	10	13
7	Average number of appliances off the road during the year	3	3	0	3	0
						T3.22.2

Fire Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery and maintenance of infrastructure										
Percentage of fire and emergency community safety incidents attended to within pre-determined timeframes in accordance with SANS 10090	Turnaround time compared to National guidelines	70%	77%	78%	83%	82%	84%	85%	78%	85%
Number of fire safety inspections conducted	Fire Safety inspections and risk visits conducted in terms of National guidelines	540	742	700	664	700	763	741	807	740
Number of fire safety awareness campaigns conducted (PIER)	Provide fire safety awareness to communities and schools	9	22	20	42	40	54	52	132	52
										T3.22.3

Financial Performance 2023-24: Fire Services						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	1 821	2 031	5 454	3 384	40%	
Expenditure:						
Fire fighters		-	-			
Other employees	-	15 777	15 777	14 606	-8%	
Repairs and Maintenance	-	484	484	440	-10%	
Other	12 854	3 265	3 265	732	-346%	
Total Operational Expenditure	12 854	19 526	19 526	15 778	-24%	
Net Operational Expenditure	11 033	17 495	14 072	12 394	-41%	
<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

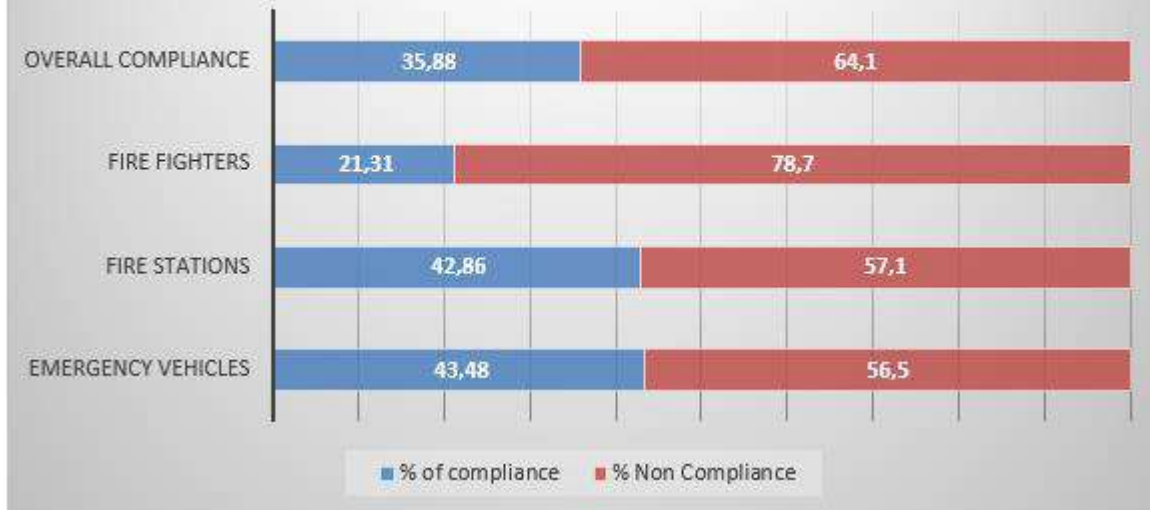
Capital Expenditure 2023-24: Fire Services						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	0	
Project B	0	0	0	#DIV/0!	0	
Project C	0	0	0	#DIV/0!	0	
Project D	0	0	0	#DIV/0!	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

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

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

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



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

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

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

- (2) Fire Protection Association (National Veld and Forest Fire Act, Act 101 of 1998)
The municipality is a member with both the fire protection associations seated within the municipal area, namely Umpiluzi Fire Protection Association and Msukaligwa Fire Protection Association. The appointed Chief Fire Officer under the Fire Brigade Services Act, is also the appointed Fire Protection Officer for the two Fire Protection Associations and are performing such duties as the Chief Executive Officer for both FPA's.
- (3) Smart Goals Summary
The service will continue to update their legal agreements and by-laws to ensure they are at the most appropriate stage of readiness. Additionally improve upon existing capital funding to ensure a consistent long term stable level of funding has not been achieved. The Fire Services will strive to improve upon their training to enhance the Health and Safety of the Fire Fighters. Additionally, live fire training along with specialty skills training will be started.
- (4) During 2023/2024 a light emergency vehicle was procured for the Breyten Fire Station. This vehicle contributed to a much faster response to emergencies in Breyten/ Kwazanele

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 public safety functionality through inputs to the design, development of policies, alignment of procedures, systems and controls guiding critical interventions. The Unit also has a responsibility to provide advice, information and guidelines on critical initiatives related to legislative imperatives with a view to sustain interventions and support all within the context of the Integrated Development Plan (IDP).

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

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

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

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

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

T3.23.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT

(1) Summary of achievements

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

The key issues for 2023/2024 FY were:

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

T3.23.2

Disaster Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To provide sustainable basic services and sustainable infrastructure										
Number of disaster awareness campaigns Conducted	Educating community on possible disasters and mitigation thereof.	9	10	12	13	12	12	12	12	12
Percentage of disaster incidents responded to within 24 hours after the incident has been reported	Providing disaster relief to affected communities	100%	100%	100%	100%	100%	100%	100%	100%	100%
T3.23.3										

Financial Performance 2023-24: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2022-23	2023-24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,528	0	0	0	#DIV/0!
Expenditure:					
Employees	37,166	5,159,058	4,741,776	4,,379,595	85%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	32,599	29,246,807	27,730,617	39,768,915	103%
Total Operational Expenditure	69,765	34,405,865	32,472,393	44,148,509	128%
Net Operational Expenditure	62,140	34,405,865	32,472,393	44,148,509	128%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.22.5					

Capital Expenditure Year 2023/2024: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	2023-24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.22.6					

3.24. LICENSING

3.24.1. INTRODUCTION TO LICENSING SERVICES

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

T3.24.1

Municipal Licensing Service Data					
Details	2021/22	2022/23	2023/24	2024/25	
	Actual No.	Actual No.	Actual No.	Estimate No.	
1	No report as this function is with the provincial government.				
					T3.24.2

Licensing Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2020/21		2021/22		2022/23		2023/24		2024/25
		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										
No report as this function is with the provincial government.										
										T3.24.3

COMMENT ON THE PERFORMANCE OF LICENSING SERVICES OVERALL

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

T3.24.5

COMPONENT H: SPORT AND RECREATION

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

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 to 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	2019/20		2020/21		2021/22		2022/23		2023/24
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Service Indicators										
Service Objective: To ensure long term planning and provision of sustainable services delivery										
Maintenance of sports facilities on regular basis.	Well maintained sports facilities									

T3.25.2

Financial Performance 2023-24: Sport and Recreation						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	178	214	178	95	-125%	
Expenditure:						
Employees	-	2 981	2 981	2 564	-16%	
Repairs and Maintenance	-	250	250	88	-184%	
Other	22 194	9 236	9 236	3 206	-188%	
Total Operational Expenditure	22 194	12 467	12 467	5 858	-113%	
Net Operational Expenditure	22 016	12 253	12 289	5 763	-113%	

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

T 3.23.4

Capital Expenditure 2023-24: Sport and Recreation						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		

Project A	0	0	0	#DIV/0!	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.23.5

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 Executive Mayor appointed Chairpersons for various Section 80 Committees in terms of Section 79 of the Municipal Structures Act, and referred as Members of the g a Mayoral Committee,
 - (a) MMC for Corporate Services – Cllr. T.J. Madlala
 - (b) MMC for Technical Services- Cllr. T.C. Motha
 - (c) MMC for Planning and Economic Development- Cllr. B.J. Motha
 - (d) MMC for Community and Social Services – Cllr. S.E. Ngovene
 - (e) MMC for Finance – Cllr. E.C. Msezane.

- (2) In terms of Section 79 of the Municipal Structures Act, Council appointed Section 79 Committee Chairpersons.
 - (a) Corporate Services – Cllr. S.P. Khalishwayo
 - (b) Technical Services – Cllr. S.S. Cindi
 - (c) Planning and Economic Development – Cllr. V.J. Maseko
 - (d) Community and Social Services – Cllr. P.H. Sibiyi
 - (e) Finance Committee – Cllr. T.P. Zulu
 - (f) Local Geographic Names Committee – Cllr. M.M. Mkhaliiphi
 - (g) Municipal Public Accounts Committee – Cllr. M.A. Nzimande
 - (h) By-Laws and Policies – Cllr. N.R. Nkosi

Financial Performance 2023-24: The Executive and Council						R'000
Details	2022-23	2023-24				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	289 524	255 220	253 709	284 389	10%	
Expenditure:						
Employees	-	28 824	28 824	25 210	-14%	
Repairs and Maintenance	-	98	98	102	4%	
Other	74 195	9 410	9 410	20 253	54%	
Total Operational Expenditure	74 195	38 332	38 332	45 565	16%	
Net Operational Expenditure	-215 329	-216 888	-215 377	-238 824	9%	
<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 2023-24: The Executive and Council						R' 000
Capital Projects	2023-24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	#DIV/0!		
Project A	0	0	0	#DIV/0!	0	
Project B	0	0	0	#DIV/0!	0	
Project C	0	0	0	#DIV/0!	0	
Project D	0	0	0	#DIV/0!	0	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>						T 3.24.6

3.27. FINANCIAL SERVICES

The total staff component for Financial Services is planned at 114 employees and in total 100 employees, 95 permanent positions and 5 interns 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 406/05/2023** approved an ideal organogram for the Municipality with a staff compliment **936** positions and **624** positions were filled in the year under review.

T4.0.1

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2022/2023	2024/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacant Variance %	Filled Variance %
Water and Sanitation	80	154	94	39%	61%
Electricity	36	117	36	69%	31%
Waste Management	86	159	81	49%	51%
Human Settlement	8	12	6	50%	50%
Roads and Storm Water Management	39	78	52	33%	67%
Land use and spatial development	7	14	8	43%	57%
Local Economic Development	3	16	9	44%	56%
Libraries	18	7	5	29%	71%
Parks Sports and Cemeteries	53	42	19	55%	45%
Traffic Services	16	90	46	49%	51%
Fire Services	27	54	20	63%	37%
Disaster Management	7	55	26	53%	47%
Law Enforcement and Security Services	0	3	2	33%	67%
Licensing	21	13	4	69%	31%
Executive and Council	8	16	11	31%	69%
Financial Services	96	114	91	20%	80%
Human Resource Services	8	12	9	25%	75%
Totals	513	956	519	46%	54%
Office of the Director Technical Services	2	2	2	0%	100%
Office of the Director Planning and Development	2	2	2	0%	100%
Office of Director community and Social Services	2	2	2	0%	100%
IDP	4	3	3	0%	100%
Office of Director Corporate Services	2	2	2	0%	100%
Corporate Services	50	83	47	43%	57%
Office of CFO	2	2	3	-50%	150%
Office of the Municipal Manager	4	4	4	0%	100%
Internal Audit	3	5	4	20%	80%

Risk	2	4	2		50%
Communications	5	22	12	45%	55%
PMS	0	3	3	0%	100%
Technical Services (PMU)	5	6	6	0%	100%
Tech workshop	9	0	0	0%	0%
Totals	92	140	92	34%	66%
TOTALS					

T4.1.1

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June 2024.

Vacancy Rate 2023/2024

Designations	Total Approved Post No.	Filled Posts No.	Percentage		Days
			Vacant	Filled	
Municipal Manager	1	1	0%	100%	0
Chief Finance Officer	1	1	0%	100%	0
Director Corporate Services	1	1	0%	100%	0
Director Community Services	1	1	0%	100%	0
Director Technical Services	1	1	0%	100%	0
Director Planning and Economic Development	1	1	0%	100%	0
Municipal Traffic Officer	25	13	48%	52%	0
Fire Fighter	41	26	37%	63%	0
Managers (Excluding Finance)	31	23	26%	74%	0
Finance Managers	08	08	0%	100%	0
Supervisors (Excluding Finance)	02	02	0%	100%	0
Finance Supervisors	00	0	0%	0%	0
Total	113	78	31%	69%	0

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

T4.1.2

Turn-over Rate

Financial Year	Total number of employees as of beginning of Financial Year	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
2019/20	597	83	31	5.2%
2020/21	635	15	30	5%
2021/22	569	29	39	5%
2022/23	605	47	52	7.7%
2023/24	624	19	32	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 2023/2024 financial year, the following senior management positions were filled:

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

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

T4.2.0

4.2. POLICIES

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

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

12	Delegations, Authorisation & Responsibility	100%	100%	N/A
13	Disciplinary Code and Procedures	100%	100%	Currently using main collective agreement
14	Essential Services	100%	100%	Currently using the Minimum service agreement made and entered into between Msukaligwa and the Unions.
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 the Council and implemented
19	Sexual Harassment	100%		Adopted by the Council and implemented
20	Skills Development	100%	100%	Adopted by the 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	86	4		Clause 15 paragraph 1.5.1 in the Mpumalanga collective agreement applies	
Temporary total disablement	0	0	0	0	
Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
Total	181	02	0.50%		
*Average injury leave taken per employee: Calculated by taking Column 3 divide by Column 2 X 100					
Average Injury Leave per employee Days: Calculated by taking Column 2 divide by Column 3					
				T4.3.1	

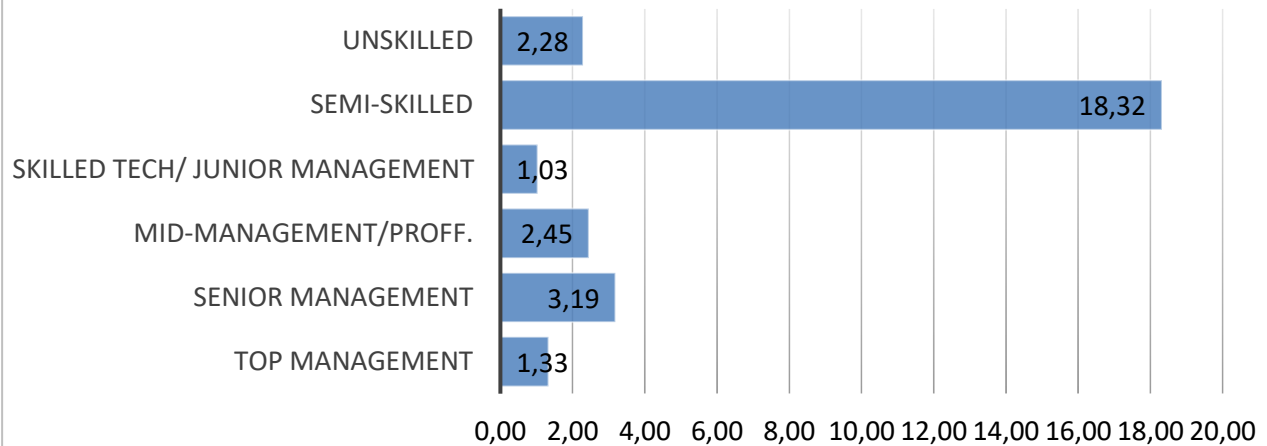
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Occupational Levels	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in occupational level* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Top Management	08	N/A	02	06	0,7	R
Senior Management	102	N/A	11	32	0,3	R
Mid-Management/Prof	230	N/A	33	94	3,3	R
Skilled Tech/ Junior Management	282	N/A	70	273	1,2	R
Semi-Skilled	348	N/A	19	19	2,1	R
Unskilled	450	N/A	69	197	1,6	R
Total	1420	N/A	204	621	1,7	

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

T4.3.2

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

Average Number of Days Sick Leave (Excl IOD)



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
General Worker	Misconduct of Fighting in a workplace	06 June 2024	Parties applied clause 10 of Collective agreement Disciplinary Code and Procedure: Waiting for the Chairperson to decide upon the Plea agreement that parties entered in to.	In progress
Electrician	Misconduct of Theft council property	27 October 2024	Waiting the determination of the Presiding officer.	Finalized pending the outcome from presiding officer
T4.3.5				

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

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix											
Management level	Gender	Employee s in post as at 30 June 2024	Number of skilled employees required and actual as at 30 June 2024								
			Learnership		Skills programmes & other short courses		Other forms of training		Total		
			Plann ed 30 June 2024	Actual 30 June 2024	Planned 30 June 2024	Actual 30 June 2024	Planned 30 June 2024	Actual 30 June 2024	Planned 30 June 2024	Actual 30 June 2024	
MM and S57	Female	2	1	0	0	0	0	0	0	1	0
	Male	4	1	0	1	1	0	0	0	2	1
Councillors, senior officials, and managers	Female	27	30	9	2	2	0	0	0	32	11
	Male	44	30	12	1	1	0	0	0	31	13
Technicians and associate professionals	Female	16	5	5	5	2	0	0	0	10	7
	Male	59	15	15	5	4	0	0	0	20	19
Professionals	Female	27	5	1	5	4	0	0	0	10	5
	Male	12	5	1	5	0	0	0	0	10	1
Sub total	Female	72	41	15	12	8	0	0	0	53	23
	Male	119	51	28	12	6	0	0	0	63	34
Total		191	92	43	24	14	0	0	0	116	57
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
Municipal Financial Management Programme	19	0
Project Management for Councillors	0	2
Municipal Governance for Councillors	0	2
Water and Wastewater Treatment & Supervision Process Controllers	20	0
Financial for Non-Financial Managers Training	1	0
Pay Day Training	4	0
SCM Training	2	0
RPL Trade Electrical	1	0
Peace Officers Training	9	0
OHS Training	2	0
Total	58	4

The actual expenditure on Minimum Competency Training programme was **R500 198.00** and the other Ad Hoc Training intervention was **R489 000.00**

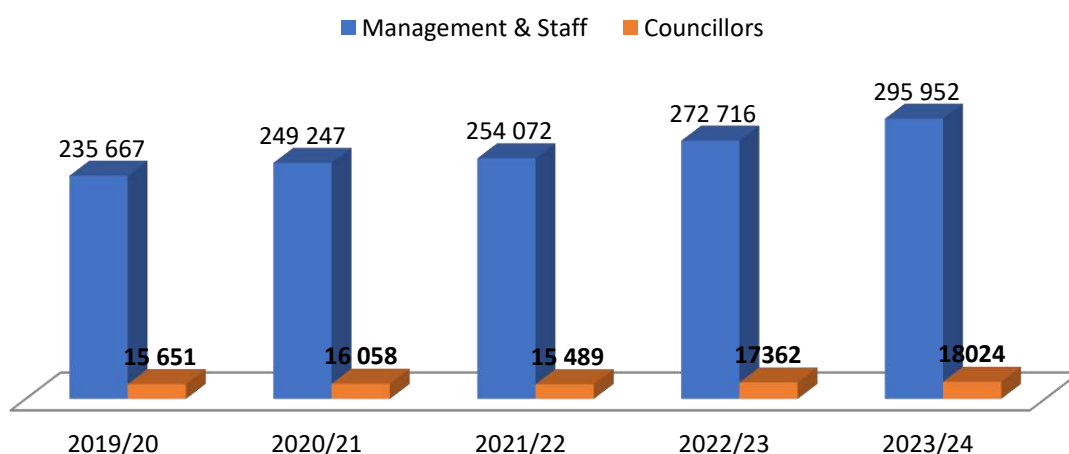
T4.4.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

	2019/20	2020/21	2021/22	2022/23	2023/2024
Management & Staff	235667	249247	254072	272716	295 952
Councillors	15 651	16 058	15489	17362	18 024

Workforce Expenditure Trends



T4.5.1

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Top Management	Female	None
	Male	None
Tactical	Female	10
	Male	28
Specialised	Female	42
	Male	94
Discretionary	Female	51
	Male	80
Basic	Female	24
	Male	57
Total		386

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
GA	116	TG3	118 716.27	The municipality was using the old structure pay system in the year 2023 the municipality migrated to a new pay structure (TASK)
Meter reader	23	TG4	121 562.93	The municipality migrated to a new pay structure (TASK)
Cashier	19	TG6	164 058.60	The municipality migrated to a new pay structure (TASK)
Special workman	08	TG6	164 058.60	The municipality migrated to a new pay structure (TASK)

PA EM and Speaker	2	TG9	240 604.94	The municipality migrated to a new pay structure (TASK)
Ward committee coordinator	2	TG9	304 991. 81	The municipality migrated to a new pay structure (TASK)
Admin clerk	4	TG6	156 993.81	The municipality migrated to a new pay structure (TASK)
Driver to EM & Speaker	2	TG5	133 661.24	The municipality migrated to a new pay structure (TASK)
Graphic designer	1	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Admin officer	1	TG10	270 896.93	The municipality migrated to a new pay structure (TASK)
Senior accounting clerk	19	TG8	213 696.22	The municipality migrated to a new pay structure (TASK)
Secretary	6	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Senior facility officer	1	TG10	270 896.93	The municipality migrated to a new pay structure (TASK)
Senior process controller	1	TG7	189 803.57	The municipality migrated to a new pay structure (TASK)
Senior Housing officer	1	TG11	319 809.97	The municipality migrated to a new pay structure (TASK)
LED OFFICERS	3	TG11	319 809.97	The municipality migrated to a new pay structure (TASK)
SENIOR CARETAKER	2	TG8	213 696.22	The municipality migrated to a new pay structure (TASK)
The municipality migrated to a new pay structure (TASK)				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 Adjustments Budget Summary - 23/02/2024

Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts	Total Adjusts	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	242 332	242 332	-	-	-	-	(36 000)	(36 000)	206 332	254 206	266 153
Service charges	494 951	494 951	-	-	-	-	15 363	15 363	510 314	519 203	543 606
Investment revenue	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	260 523	260 523	-	-	-	-	13 012	13 012	273 535	273 289	286 133
Other own revenue	72 272	72 272	-	-	-	-	32 757	32 757	105 029	37 086	38 829
Total Revenue (excluding capital transfers and contributions)	1 070 078	1 070 078	-	-	-	-	25 132	25 132	1 095 210	1 083 784	1 134 722
Employee costs	301 679	301 679	-	-	-	-	1	1	301 680	316 461	331 335
Remuneration of councillors	19 494	19 494	-	-	-	-	-	-	19 494	20 450	21 411
Depreciation & asset impairment	252 632	252 632	-	-	-	-	-	-	252 632	264 459	276 889
Finance charges	8 484	8 484	-	-	-	-	19 200	19 200	27 684	8 900	9 318
Inventory consumed and bulk purchases	423 851	423 851	-	-	-	-	-	-	423 851	444 620	465 517
Transfers and subsidies	-	-	-	-	-	-	12 450	12 450	12 450	-	-
Other expenditure	154 906	154 906	-	-	-	-	93 184	93 184	248 091	162 497	170 134
Total Expenditure	1 161 047	1 161 047	-	-	-	-	124 836	124 836	1 285 883	1 217 386	1 274 604
Surplus/(Deficit)	(90 969)	(90 969)	-	-	-	-	(99 704)	(99 704)	(190 673)	(133 602)	(139 882)

Transfers and subsidies - capital (monetary allocations)	146 349	146 349	-	-	-	-	-	-	146 349	161 114	160 735
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	55 380	55 380	-	-	-	-	(99 704)	(99 704)	(44 324)	27 512	20 854
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	55 380	55 380	-	-	-	-	(99 704)	(99 704)	(44 324)	27 512	20 854
Capital expenditure & funds sources											
Capital expenditure	166 448	166 448	-	-	-	-	1 299	1 299	167 747	161 114	210 893
Transfers recognised - capital	146 348	146 348	-	-	-	-	(8 737)	(8 737)	137 611	161 114	210 893
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	20 100	20 100	-	-	-	-	10 036	10 036	30 136	-	-
Total sources of capital funds	166 448	166 448	-	-	-	-	1 299	1 299	167 747	161 114	210 893
Financial position											
Total current assets	512 724	512 724	-	-	-	-	(130 243)	(130 243)	382 481	631 767	661 287
Total non current assets	2 849 706	2 849 706	-	-	-	-	1 299	1 299	2 851 005	2 745 679	2 917 980
Total current liabilities	1 372 290	1 372 290	-	-	-	-	4 949	4 949	1 377 239	1 488 425	1 499 749
Total non current liabilities	155 178	155 178	-	-	-	-	-	-	155 178	162 781	170 432
Community wealth/Equity	1 834 962	1 834 962	-	-	-	-	(51 782)	(51 782)	1 783 181	1 726 240	1 909 087
Cash flows											
Net cash from (used) operating	169 663	169 663	-	-	-	-	86 398	86 398	256 061	141 023	189 748
Net cash from (used) investing	(166 448)	(166 448)	-	-	-	-	2 371	2 371	(164 078)	(161 114)	(210 893)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	4 415	4 415	-	-	-	-	165 922	165 922	170 337	(18 833)	(19 827)
Cash backing/surplus reconciliation											
Cash and investments available	129 941	129 941	-	-	-	-	(137 901)	(137 901)	(7 960)	136 237	142 468
Application of cash and investments	954 218	954 218	-	-	-	-	37 917	37 917	992 135	988 521	1 045 084
Balance - surplus (shortfall)	(824 277)	(824 277)	-	-	-	-	(175 818)	(175 818)	(1 000 095)	(852 284)	(902 616)
Asset Management											
Asset register summary (WDV)	2 474 942	2 474 942	-	-	-	-	1 299	1 299	2 476 241	2 352 553	2 506 376
Depreciation	138 589	138 589	-	-	-	-	-	-	138 589	145 379	152 212
Renewal and Upgrading of Existing Assets	91 963	91 963	-	-	-	-	(18 933)	(18 933)	73 029	85 436	85 432
Repairs and Maintenance	41 563	41 563	-	-	-	-	39 090	39 090	80 653	43 599	45 648
Free services											

Cost of Free Basic Services provided	18 073	18 073	-	-	-	-	(9 555)	(9 555)	8 518	18 959	19 850
Revenue cost of free services provided	9 232	9 232	-	-	-	-	30 000	30 000	39 232	9 685	10 140
<u>Households below minimum service level</u>											
Water:	4	-	-	-	-	-	-	-	4	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	0	-	-	-	-	-	-	-	0	-	-

Financial Performance of Operational Services							R '000
Description	2021/2022	2022/2023			2023/2024		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%	
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%	
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%	
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%	
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%	
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%	
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%	
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%	
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%	
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%	
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%	
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%	
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%	
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%	
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%	
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%	
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

COMMENT ON FINANCIAL PERFORMANCE

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

T5.1.2

5.2. GRANTS

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received the following grants:

Grant Performance							R' 000
Description	2022-23	2023-24		Year 0 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	235 289	260 523	260 524	260 523			
Equitable Share	227 520	252 878	252 878	252 878	100%	100%	
Expanded Public Works Programme Integrated Grant	1 766	1 511	1 511	1 511	100%	100%	
Local Government Financial Management Grant	3 000	3 000	3 000	3 000	100%	100%	
Municipal Disaster Relief Grant	–	–	–	–	#DIV/0!	#DIV/0!	
Municipal Infrastructure Grant	3 003	3 134	3 135	3 134	100%	100%	
Other transfers and grants [insert description]					#DIV/0!	#DIV/0!	
Provincial Government:	700	700	700	–			
Health subsidy	–	–	–	–	#DIV/0!	#DIV/0!	
Housing	–	–	–	–	#DIV/0!	#DIV/0!	
Ambulance subsidy	–	–	–	–	#DIV/0!	#DIV/0!	
Sports and Recreation	700	700	700	–	0,00%	0	
	–	–	–	–	#DIV/0!	#DIV/0!	
District Municipality:	6 787	–	10 000	–			
<i>Gert Subande District Municipality (Water Pipeline)</i>	6 787	–	10 000	–	#DIV/0!	0	
					#DIV/0!	#DIV/0!	
Other grant providers:	311	10 000	13 011	10 448			
<i>Education Training and Development Practices SETA</i>	311	–	3 011	2 028	#DIV/0!	67%	
<i>PT Support Grant</i>	–	10 000	10 000	8 420	84%	84%	
Total Operating Transfers and Grants	243 086	271 223	284 235	270 971			
<p><i>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.</i></p>							

T 5.2.1

T5.2.1

5.3. ASSETS MANAGEMENT

ASSETS MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2021/22

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

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

COMMENT ON ASSET MANAGEMENT:

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

T 5.3.3

Repair and Maintenance Expenditure: Year 2023/2024				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	87812	100262	100505	-14%
T 5.3.4				

5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

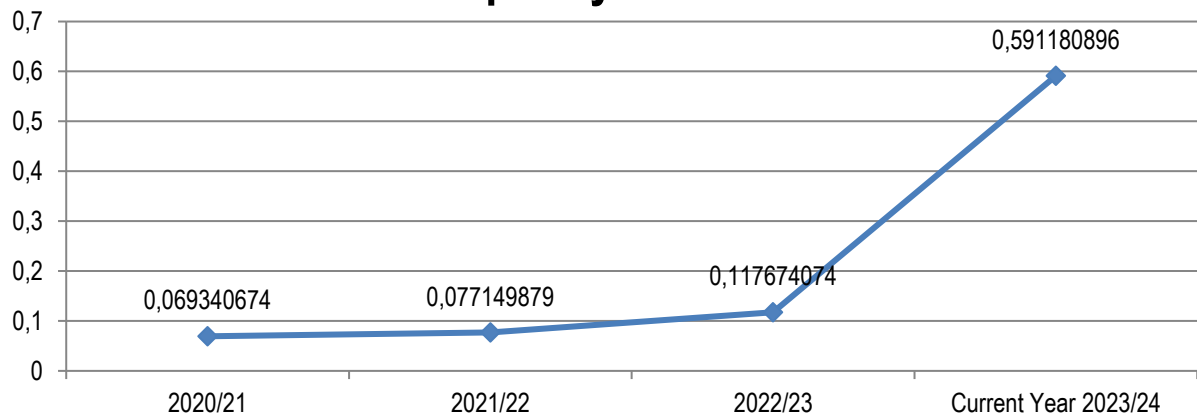
Expenditure management			
1.1	Creditor-payment period	1005 Days	1001 Days
1.2	Deficit was realised for the year (total expenditure exceeded total revenue)	No	No
	Amount of surplus / (deficit) for the year	R44 137 395	R16 362 248
Revenue management			
2.1	Debt-collection period (after impairment)	181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

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

	<ul style="list-style-type: none"> Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft) 	R78 704 967	R9 673 827
4.10	Cash plus investments less applications	R78 704 967	R9 673 827
	<ul style="list-style-type: none"> Amount of year-end bank balance (cash and cash equivalents) Amount of total investments (short and long term) Less: amount of cash applications/ commitments 	R78 704 967 - -	R9 673 827 - -
4.11	Cash coverage	0,7 months	0,1 months
	<ul style="list-style-type: none"> Amount of monthly expenditure 	R105 166 000	R98 586 000

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

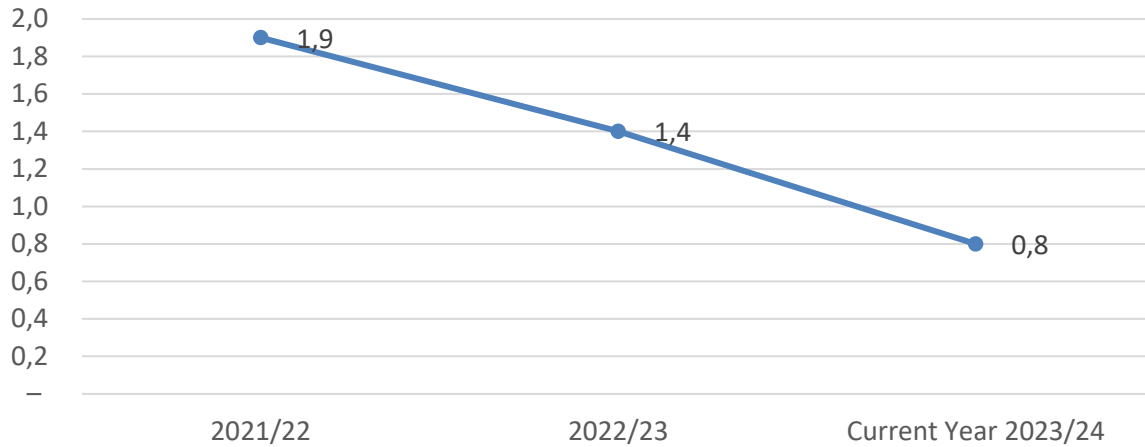
Liquidity Ratio



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

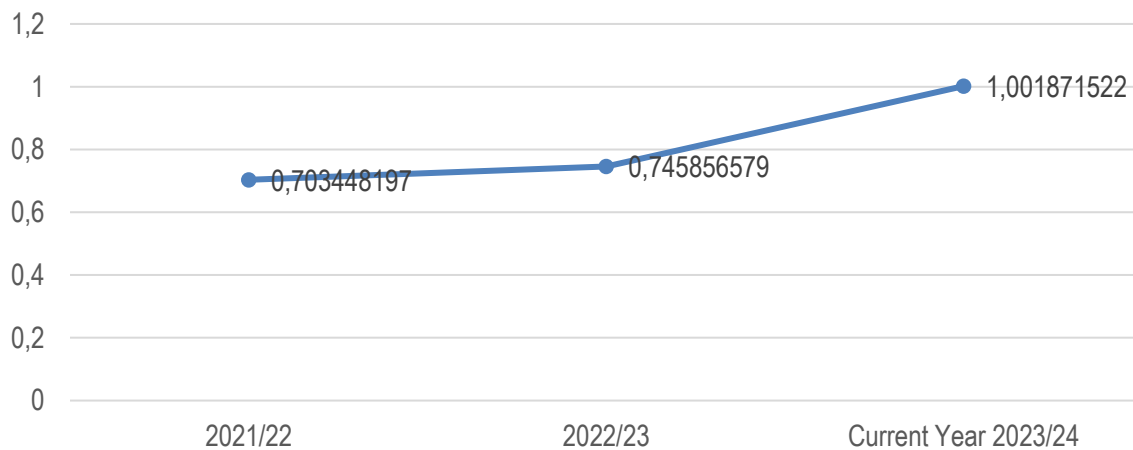
Cost Coverage



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

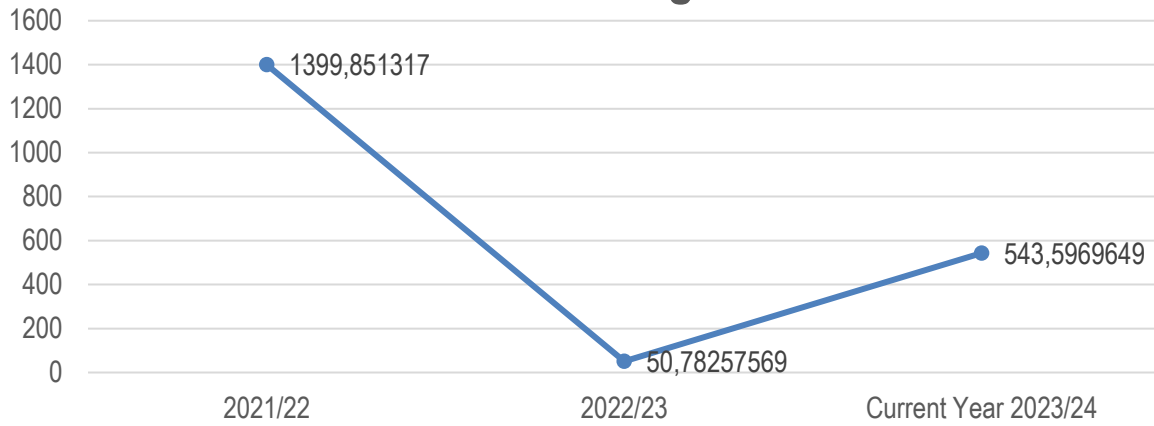


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue.

A lower score is better.

—●— Outstanding Debtors to Revenue

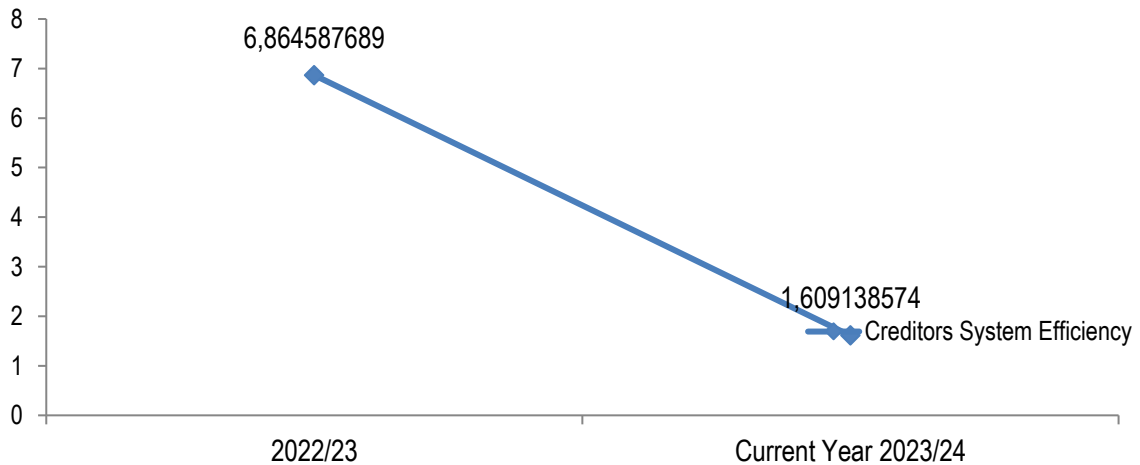
Debt Coverage



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

—●— i. Debt coverage

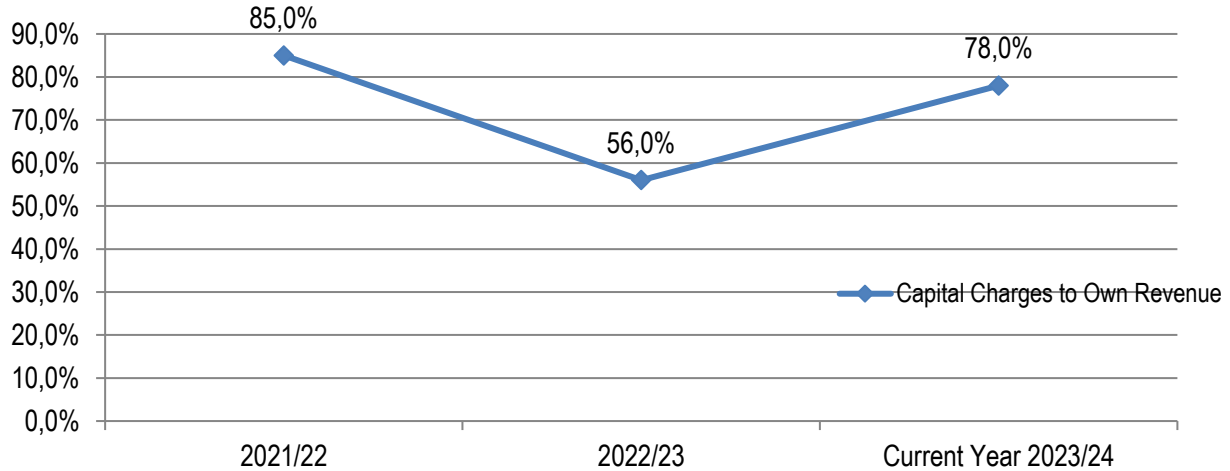
Creditors System Efficiency



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

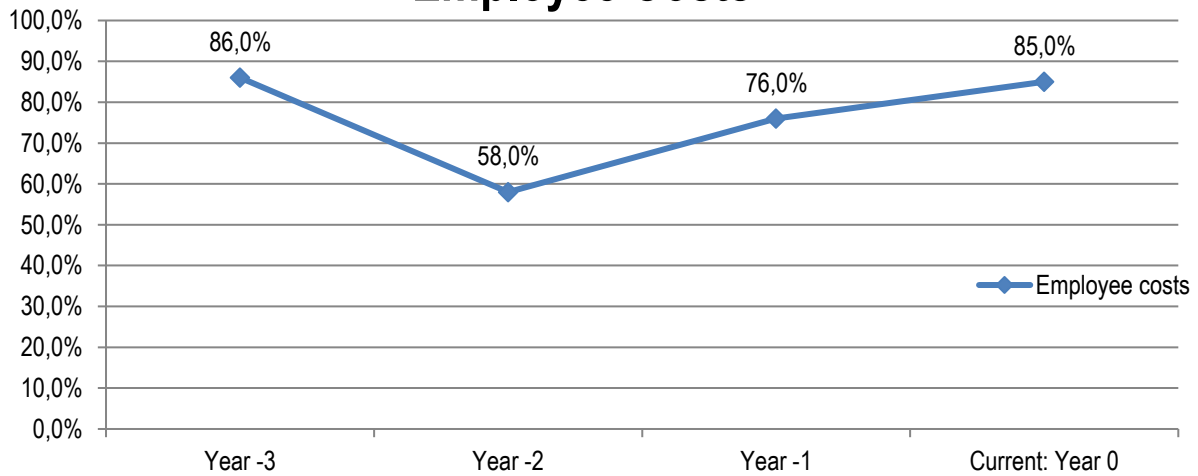
Capital Charges to Operating Expenditure



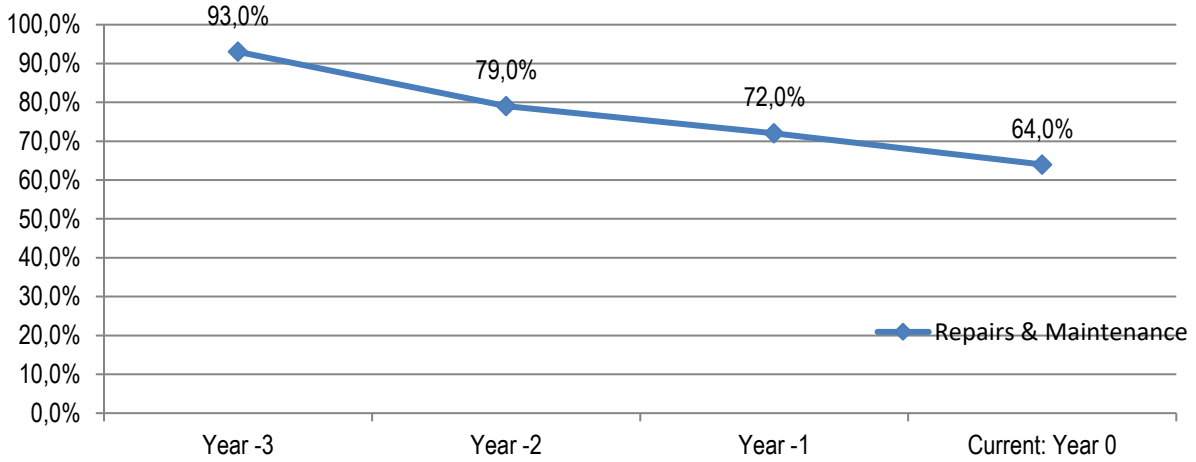
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

Employee Costs



Repairs & Maintenance



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION: SPENDING AGAINST CAPITAL BUDGET

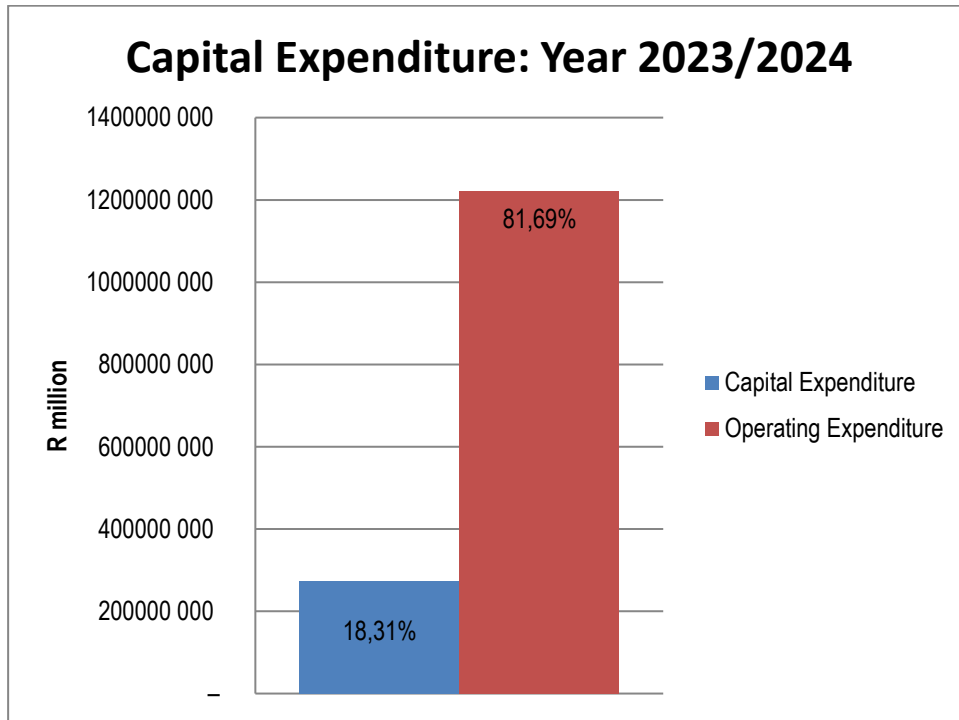
The capital spending in the municipality is mainly financed by means of external grants received from the National Treasury.

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

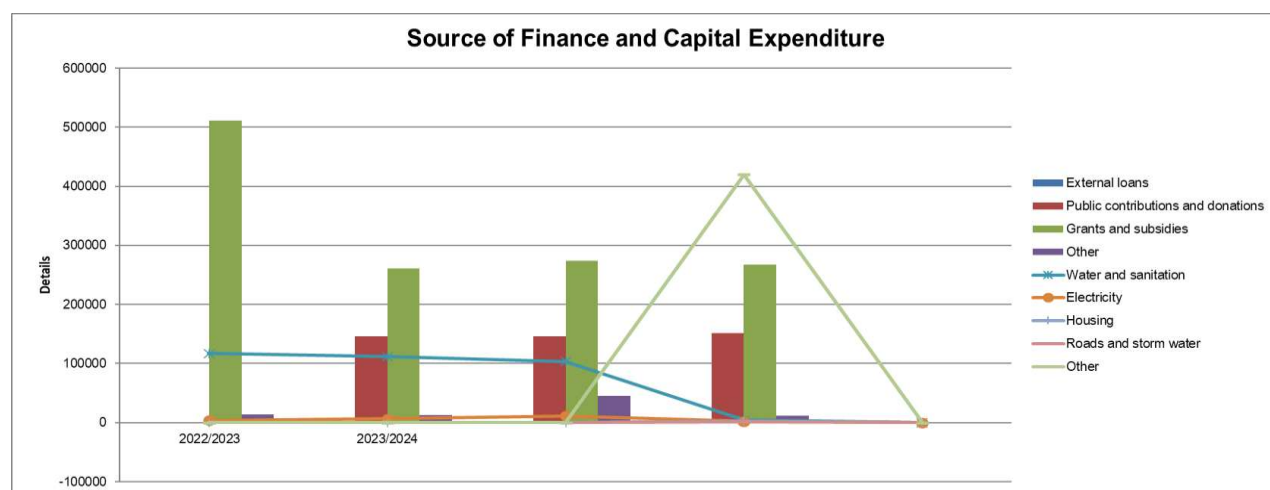


R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	261	274	133	49,0%	51,5%
	261	274	133	49,0%	51,5%
Operating Expenditure	1 161	1 221	987	15,0%	19,2%
	1 161	1 221	987	15,0%	19,2%
Total expenditure	1 422	1 494	1 119	21,3%	25,1%
Water and sanitation	140	101	128	8,1%	-26,3%
Electricity	30	21	14	54,0%	35,5%
Housing	-	-	-		
Roads, Pavements, Bridges and storm water	-	-	-		
Other	-	-	-		
	138	135	133	4,0%	1,5%
External Loans	-	-	-		
Internal contributions	-	-	-		
Grants and subsidies	261	274	133	49,0%	51,5%
Other	-	-	-		
	138	141	141	-1,8%	0,0%
External Loans	-	-	-		
Grants and subsidies	261	274	274	-5,0%	0,0%
Investments Redeemed	-	-	-		
Statutory Receipts (including VAT)	84	84	88	-5,3%	-5,3%
Other Receipts	13	45	858	-6556,1%	-1794,1%
	1 182	1 189	1 192	-0,8%	-0,2%
Salaries, wages and allowances	313	311	311	0,8%	0,0%
Cash and creditor payments	550	527	532	3,4%	-0,8%
Capital payments	102	142	141	-38,1%	0,7%
Investments made	-	54	43		20,8%
External loans repaid	56	64	64	-14,6%	0,2%
Statutory Payments (including VAT)	93	92	92	1,7%	0,1%
Other payments	-	8	1		89,9%
	1 115	1 198	1 183	-6,1%	1,3%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	242	206	204	15,9%	1,2%
Service charges	495	510	443	10,4%	13,1%
Other own revenue	479	525	539	-12,4%	-2,7%
	1 216	1 241	1 186	2,5%	4,5%
Employee related costs	321	321	314	2,2%	2,2%
Provision for working capital	-	-	-		
Repairs and maintenance	88	100	103	-16,7%	-2,2%
Bulk purchases	336	336	403	-19,8%	-19,8%
Other expenditure	416	463	614	-47,7%	-32,7%
	1 161	1 221	1 433	-23,5%	-17,4%
Service charges: Electricity	534	465	262	50,9%	43,6%
Grants & subsidies: Electricity	7	7	14	-105,9%	-100,0%
Other revenue: Electricity	0	-	0	51,9%	
	541	472	276	48,9%	41,4%
Employee related costs: Electricity	22	-	28	-24,7%	
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	1	(1)	-	100,0%	100,0%
Bulk purchases: Electricity	336	-	403	-19,8%	
Other expenditure: Electricity	34	50	51	-51,7%	-2,7%
	393	49	481	-22,5%	-890,9%
Service charges: Water	80	3	73	8,1%	-2120,6%
Grants & subsidies: Water	110	(8)	99	9,7%	1327,8%
Other revenue: Water	11	2	11	5,6%	-525,8%
	201	(3)	183	8,8%	6128,8%
Employee related costs: Water	18	-	21	-13,2%	
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	4	4	7	-69,1%	-61,1%
Bulk purchases: Water	45	212	74	-64,1%	65,1%
Other expenditure: Water	4	-	5	-29,0%	
	71	216	107	-49,4%	50,5%
					T5,5,1

5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2022/2023 to Year 2023/2024							R' 000
Details	2022/2023	2023/2024					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	0	0	0	0	#DIV/0!	#DIV/0!	
Public contributions and donations	0	146349	146349	151588	0.00%	3.58%	
Grants and subsidies	511096	260523	273535	267837	4.99%	2.81%	
Other	13957	12896	45316	11421	251.40%	-11.44%	
Total	525053	419768	465200	430846	#DIV/0!	#DIV/0!	
Percentage of finance							
External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	
Public contributions and donations	0.0%	34.9%	31.5%	35.2%	#DIV/0!	#DIV/0!	
Grants and subsidies	97.3%	62.1%	58.8%	62.2%	#DIV/0!	#DIV/0!	
Other	2.7%	3.1%	9.7%	2.7%	#DIV/0!	#DIV/0!	
Capital expenditure							
Water and sanitation	117052	111886	103246	4256	-7.72%	-96.20%	
Electricity	4000	6800	11667	2453	71.57%	-63.93%	
Housing	0	0	0	2685	#DIV/0!	#DIV/0!	
Roads and storm water	0	0	0	1486	#DIV/0!	#DIV/0!	
Other	0	0	0	419966	#DIV/0!	#DIV/0!	
Total	121052	118686	114913	430846	#DIV/0!	#DIV/0!	
Percentage of expenditure							
Water and sanitation	96.7%	94.3%	89.8%	1.0%	#DIV/0!	#DIV/0!	
Electricity	3.3%	5.7%	10.2%	0.6%	#DIV/0!	#DIV/0!	
Housing	0.0%	0.0%	0.0%	0.6%	#DIV/0!	#DIV/0!	
Roads and storm water	0.0%	0.0%	0.0%	0.3%	#DIV/0!	#DIV/0!	
Other	0.0%	0.0%	0.0%	97.5%	#DIV/0!	#DIV/0!	

T 5.6.1



5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS IN 2023/2024 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	R83 073 171		R42 876 166.91	0	0
Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	R 7,500,000	R13,628,044.60	R13,628,044.60		
The Refurbishment of the Chrissiesmeer Oxidation Ponds	R 13,496,153.36	R 13,340,335.61	R 13,340,335.61	0	0
Construction of the roads at Wesselton Msheveni Street	R 7,618,164.09	R 9,647,489.20	R 9,647,489.20	0	0
The Upgrade of Phumula Outfall Sewer Pipeline Work in progress	R 7,001,122.76	R 9,180,506.66	R 9,180,506.66	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	The Refurbishment of the Chrissiesmeer Oxidation Ponds
Objective of Project	Provide Sanitation Supply
Delays	None
Future Challenges	None
Name of Project - B	The Refurbishment of the Chrissiesmeer Oxidation Ponds

Name of Project - C	Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo
Objective of Project	Provide Bulk Water Supply
Delays	None
Future Challenges	None
Name of Project - C	Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo (Work in Progress)

Name of Project - D	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector (Work in Progress)
Objective of Project	Construction of the roads
Delays	None
Future Challenges	None
Name of Project - D	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector (Work in Progress)

Name of Project - E	The Refurbishment of Lothair Oxidation Ponds
Objective of Project	Provide Sanitation Supply
Delays	None
Future Challenges	None
Name of Project - E	The Refurbishment of Lothair Oxidation Ponds
T5.7.1	

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/24	
Asset 1	
Name	Regional Bulk Water Supply Scheme for Breyten Cluster 2
Description	The project entails the provision of the bulk infrastructure at Breyten, KwaZanele, Chrissiesmeer, Warburton and Lothair
Asset Type	Bulk water infrastructure
Key Staff Involved	PMU, Water and Sanitation Section, GSDM
Staff Responsibilities	Monitoring and evaluating the project implementation.
Capital Implications	
Future Purpose of Asset	Provision of the bulk water infrastructure
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy
T5.7.2	

Asset 2	
Name	The Refurbishment of Chrissiesmeer Oxidation Ponds
Description	The project entails the provision of the bulk sewer infrastructure. It also ensures the adherence to the green drop rating.
Asset Type	Sewer bulk infrastructure
Key Staff Involved	PMU, Water and Sanitation
Staff Responsibilities	Monitoring and evaluating the project implementation.
Capital Implications	

Future Purpose of Asset	Provision of sewer infrastructure
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

Asset 3	
Name	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo
Description	The project entails the water supply in the high lying areas in Ermelo Ext 34
Asset Type	Bulk water infrastructure
Key Staff Involved	PMU, Water & Sanitation Section
Staff Responsibilities	Monitoring and evaluating the project implementation.
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 of 30 June 2024				
Households (HHs)	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	63,736	94%	4,091	6%
Sanitation	62,595	92%	5,232	8%
Electricity	59,230	87%	8,597	13%
Waste management	51,908	76%	15,919	24%
Housing	0	0	0	0

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

T5.8.1

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9. CASH FLOW

Cash Flow Outcomes					R'000
Description	2022/23	2023/24			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	473,715	614,136	623,992	473,715	
Government - operating	282,513	225,906	243,353	282,513	
Government - capital	258,869	297,835	296,394	258,869	
Interest	4,854	932	3,133	4,854	
Dividends	–			–	
Payments					
Suppliers and employees	(708,844)	(838,995)	(803,410)	(708,844)	
Finance charges					
Transfers and Grants					
NET CASH FROM/(USED) OPERATING ACTIVITIES	311,109	299,814	363,462	311,109	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	443		1,441	443	
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments					
Payments					
Capital assets	(241,341)	(297,835)	(297,835)	(241,341)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(240,898)	(297,835)	(296,394)	(240,898)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans					
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits					
Payments					
Repayment of borrowing	(1,180)		–	(1,180)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,180)	–	–	(1,180)	
NET INCREASE/ (DECREASE) IN CASH HELD	69,031	1,979	67,068	69,031	
Cash/cash equivalents at the year begin:	9,674	1,020	8,662	9,674	
Cash/cash equivalents at the year end:	78,705	2,999	75,730	78,705	
<i>Source: MBRR A7</i>					
<i>T 5.9.1</i>					

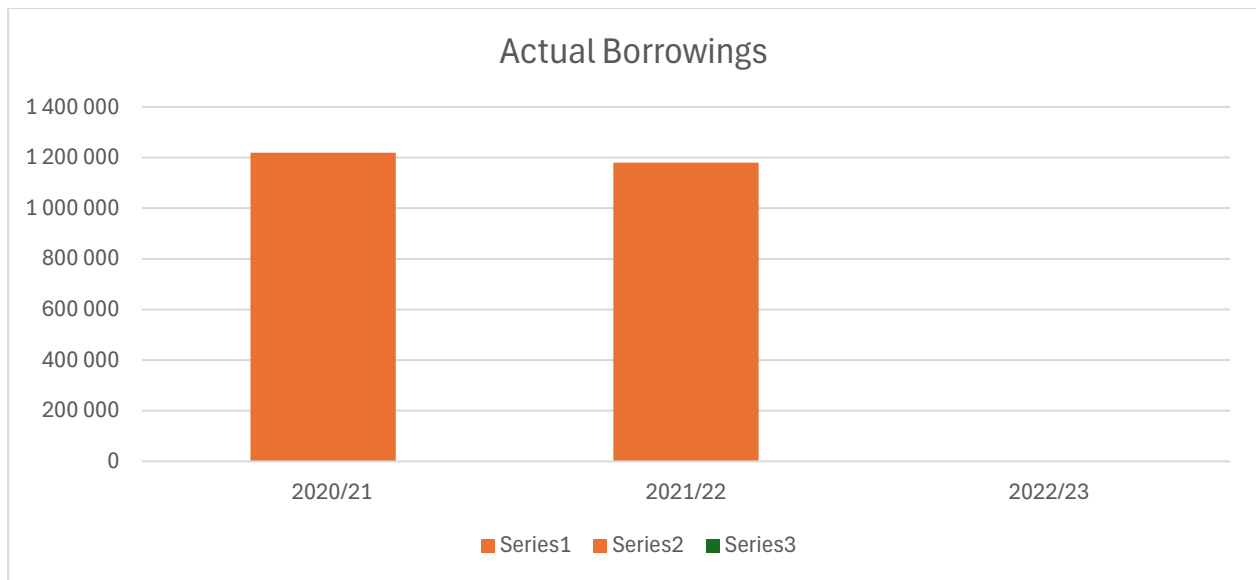
COMMENT ON CASH FLOW OUTCOMES

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

T 5.9.1

5.10. BORROWING AND INVESTMENTS

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



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					
Investment* type	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual (R 000)	Actual (R 000)	Actual (R 000)	Actual (R 000)	Actual (R 000)
Securities - National Government	Nil	Nil	Nil	Nil	0
Listed Corporate Bonds	Nil	Nil	Nil	Nil	0
Deposits - Bank	20 721 971	2 876 927	5 593 397	56 413 720	0
Deposits - Public Investment Commissioners	Nil	Nil	Nil	Nil	0
Deposits - Corporation for Public Deposits	Nil	Nil	0	Nil	0
Bankers' Acceptance Certificates	Nil	Nil	0	Nil	0
Negotiable Certificates of Deposit - Banks	Nil	Nil	0	Nil	0
Guaranteed Endowment Policies (sinking)	Nil	Nil	0	Nil	0
Repurchase Agreements - Banks	Nil	Nil	0	Nil	0
Municipal Bonds	Nil	Nil	0	Nil	0
Other	Nil	Nil	0	Nil	0
Municipality Total	20 721 971	2 876 927	5 593 397	56 413 720	0
					T5.10.4

5.11. PUBLIC PRIVATE PARTNERSHIPS

None.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

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

T5.12.1

5.13. GRAP COMPLIANCE

GRAP COMPLIANCE

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

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

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

T5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2022/2023

6.

6.1. AUDITOR GENERAL REPORTS 2022/2023

The Auditor General report for 2022/2023 is presented as an annexure after the municipal AFS and the municipality has received a Qualified Audit Opinion as detailed in the attached report.

6.2. MFMA COMPLIANCE

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

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

SIGNED BY CFO _____

DATE _____

GLOSSARY

GLOSSARY

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

GLOSSARY

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

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

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

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APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

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

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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

APPENDICES

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 David Sangweni Sfiso Zwane Sanele Manana Ayanda Mthethwa Innocent Mabuza Daniel Mavuso Nomalungelo Maseko	Yes	12	12	07
Two	Cllr S.M Mabuza Ward committee disbanded.				
Three	Cllr T.J Madlala Mbali Carol Myanga Thandiwe Zwane Nkululeko Ignatious Vilakazi Elijah Makhahlela Ngcongwane Sikhona Mkomo Nkululeko Mkhonza Nueem Ismail Ahmed Vally Ivan Thamsanqa Zulu Vusumuzi James Mavimbela	Yes	12	12	09
Four	Cllr T.J Maduna Fonono Dumisani Ntshangase Mxolisi Phineus Masilela Sibusiso A. Hlophe Prudence Ngwenya Innocent Sanele Mbendane Ntombi Zwane Dumisani Mahlangu	Yes	12	12	05

APPENDICES

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
	Nosipho Fezile Vilakazi Simangele Godness Mashigo Gift Ndlangamandla				
Five	Cllr V.C Madini Sizakele Mavis Ndlangamandla Eunice Godness Mtshali Thembi Gracious Zwane Sabetha Hazel Selepe Nqobile Lindokuhle Sibiya Samkelisiwe Nkambule Thembelihle Gama Zanele Magagula Habofande Ignatius Mokholane Patrick Richard Nkosi	Yes	12	12	11
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	12	12	06
Seven	Cllr Z Breydenbach Given Rendani Matamele Nkosinatho Robert Mabasa Lucky Simphiwe Mpungose Veli Mokoena Samuel Ragedi Masilo Malusi Ngcobo Maria Myburg Michael Philip Dos Reis	Yes	12	12	02

APPENDICES

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
	Gerrit Christiaan Breydenbach				
Eight	Cllr B.G Motha Phathekile Maureen Magagula Makhehla J. Nkosi Linah Ntombane Nkosi Lolo Busi Ngwenya Delisile Ester Mtsheweni Sandile Desmond Nkosi Siyabonga Herbet Shabalala Walter Msibi Sfiso Ngwenya	Yes	12	12	04
Nine	Cllr T.P Zulu / Cllr K.J Makhubu Sibonelo Mhlanga Mildred Dudu Mayisela Jaybie Sibanyoni Marry-Jane Nomcebo Myeza Sibusiso Msibi Stanley Trust Nomakhosi Hlophe Simangele J Nkosi Lungile Angel Maseko	Yes	12	12	07
Ten	Cllr S. Ngovene Nurse Jabulile Nkosi Nurse Irene Mkhonto Sammy Mohlape Thabile Getrude Dlamini Nomacala Sophie Mofokeng B'ntombizodwa Shabangu Vusi Willie Zitha Thembinkosi Derick Zwane	Yes	11	11	08

APPENDICES

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
	Lovers December Mahlangu Sizwe Bafana Nkosi				
Eleven	Clir S. Khalishwayo Sibusiso Nqutheni Sifiso Thabiso Hadebe Thapelo Bongani Mshayisa Nompumelelo Mtshali Deliwe Alice Dhladhla Mandla Maseko Mthokozisi Mthethwa Ntompela Ellie Mndawe Mpostoli Zulu Ntingile Nkosi	Yes	12	12	05
Twelve	Clir Mkhaliphi Phindile Maseko Cynthia Nkosi Deli Nkosi Sinethemba Nkosi Sunday Mdluli Nhlanhla Nkosi Mveleni D.Zulu Nkosinathi Magwagwa Jacob Dumisani Dlamini Thandeka Mayisela	Yes	12	12	10
Thirteen	Clir N.R Nkosi / Clir S Ngwenya Sbongile Nhlabathi Esther .Rosa . Shabangu Thabo Sidwell Masina Doctor William Mnisi Sonto Mdladla Jacob Dumisani Dlamini Joseph Mahlangu Zanele Mlangeni Betty Mdluli Sibusiso Xaba Senzo J . Sibeko	Yes	12	12	04

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Fourteen	<p>Cllr Z.E Zulu</p> <p>Kenneth Malatjie Thembi Nkosi Thulani Malang Bheki Richard Motsweni Mbali G. Zulu Sonto M. Maseko Fikile Ester Nzima Dumsani Joseph Mthembu</p>	Yes	12	12	03
Fifteen	<p>Cllr V.J Maseko</p> <p>Mkhethiwe Dladla Nkosingiphile Simelane Nhlakanipho Mdluli Mthokozisi Mathebula Bonginkosi Gininda Sizwe Blessing Khaba Sanele Ndlovu Nomkhosi Lucia Shiba Richard Manana Lungelwa G. Mkhonza</p>	Yes	12	12	05
Sixteen	<p>Cllr P.H Sibiya</p> <p>Mbongelwa Milton Mtungwa Nomusa Makwakwa Gugu Nkosi Nolthando Zwane Vuyile Tshabalala Thomas Makangane Siphesihle Mnisi Sibongile Nkosi Jabhi Makhanye Nontobeko Nkosi</p>	Yes	12	12	05
Seventeen	<p>Cllr S. Cindi</p> <p>Phindile Mafuna Thamsanqa Mokoena Phethile Zodwa Mkhatshwa Mfanimpela Maseko</p>	Yes	12	12	03

APPENDICES

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
	Jeremia Gwende Nkosi Thandukwazi Mavin Magagula Busisiwe Ngubeni Hansen Xolani Lindokuhle Kutu Mlungisi Nkosinathi Mkhwanazi				
Eighteen	Cllr B.J Nkosi Doctor Phakathi Thembisile Prudence Mndebele Duduzile Nkosi Ntombifuthi Mathebula Makhosonke Nsibande Winnie Zwane Bongane Methula Delisile Nkosi Sicolile Mkhonza	Yes	12	12	20
Nineteen	Cllr M.A Nzimande 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	Yes	12	12	04

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward 12,13,14,15,19				
Capital Projects: Seven Largest in 2023/24FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
1.	Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality	14-Apr-2018	30-Sept-2024	R134 926 809.00
T F.1				

Ward Title: Ward 19				
Capital Projects: Seven Largest in 2023/224 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
2.	The Refurbishment of the Chrissiesmeer Oxidation Ponds	8-Sept-22	14-Jun-24	R 31,216,074.68
T F.1				

Ward Title: Ward 16				
Capital Projects: Seven Largest in 2023/24 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
3.	Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo	26-Jun-23	30-Sept-2024	R 29,916,081.31
T F.1				

Ward Title: Ward 3,4,6				
Capital Projects: Seven Largest in 2023/224 FY (Full List at Appendix M)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
4.	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector	26-Jun-23	Multi-year	R 27,430,579.71
T F.1				

APPENDICES

Ward Title: Ward 12,15				
Capital Projects: Seven Largest in 2023/224 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
5.	The Refurbishment of the Lothair Oxidation Ponds	7-September-22	30-Jan-24	R 23,698,604.62
T F.1				

Ward Title: Ward 16				
Capital Projects: Seven Largest in 2023/224 FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
6.	The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	15-Mar-23	Multi-year	R 22,778,165.42
T F.1				

Ward Title: Ward 17				
Capital Projects: Seven Largest in 2023/24FY (Full List at Appendix M)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value (23/24FY)
7.	Construction of the roads at Wesselton Msheveni Street	3-Oct-2022	22-May-24	R 18,332,174.69
T F.1				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	63,736	62,595	59,230	51,908	X
Households without minimum service delivery	4,091	5,232	8,597	15,919	
Total Households*	67,827	67,827	67,827	67,827	
Houses completed in year	X				
Shortfall in Housing units	X				
*Including informal settlements					T F.2

APPENDICES

Top Four Service Delivery Priorities for the Municipality (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2023/2024
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"> • Water reticulation at Breyten Ext 2: Ward 13 • Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo • Regional bulk water supply scheme for Breyten cluster 2 in Msukaligwa Local Municipality • Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS
2	Provision of hygienic sanitation services.	<p>All the sanitation projects that were implemented and completed during the Financial Year and are as follows:</p> <ul style="list-style-type: none"> • Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2 • VIP Toilets in Msukaligwa Farm areas • Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo • Sewer reticulation at Breyten Ext 2: Ward 13
3	Provision roads and storm water management	<p>The following projects were implemented and completed 2 projects:</p> <ul style="list-style-type: none"> • Construction of the roads at Wesselton Msheveni Street • The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road) • Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector • The rehabilitation of 1,05km Silindile main street in Lothair Ward 15 • Upgrade culvert bridge with 3x 1500x1000mm box culverts – Mofokeng Street • Construction of Access Bridge – Khayelisha and Emadamini in Wesselton Ext 11 • Construction of Mabuza Access Bridge in Wesselton Ext 2 • Resurfacing of Gwebu Street in Wesselton Ext 2
4	Electricity	<p>The Municipality implemented a projects:</p> <ul style="list-style-type: none"> • Electrification of KwaZanele Ext 6 • EEDSM (Retrofitting of the highmast lights and streetlights)
T F.3		

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023/2024

Municipal Audit Committee Recommendations			
Date of Committee	Audit Committee recommendations during 2023/2024	Action Taken	Recommendations adopted (enter Yes); not adopted (provide explanation)
18 September 2023	A detailed report on the update of meter installation, to be presented on the next Audit sitting.	Meters installed and report provided	Yes
23 August 2023	Audit Committee further indicated that on the next meeting when dealing with DCSSL matters, management must disclose on how the SLA will be concluded so that as the Audit Committee knows the details of the agreement.	DCSSL function was transferred back to the department with effect from 1 st July 2023	Yes
10 November 2023	The Committee recommended that management needs to ensure that it reviews its TID's and address the concern raised by internal audit through the PMS office.	TIDs have been developed and are part of the SDBIP	Yes
11 March 2024	The Audit Committee requested the Chief Internal Auditor to collapse resolutions that similar in nature.	Similar resolutions have been combined into one column as per the updated AC Resolution Register.	Yes

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Medium/ Long Term Contracts (Largest Contracts Entered into 2023/2024 R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Makey Building Construction	Refurbishment of Chrissiesmeer Oxidation Ponds	23-Jan-23	14-Jun-24	Technical department	R28,966,866.45
TM & S Construction	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	7-Dec-23	Multi-year	Technical department	R26 790 260.28
Impecto Trading & Projects and Ndhlabili Construction & Projects JV	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector	22-Nov-23	Multi-year	Technical department	R25,064,459.26
A1 Glass Aluminium	Refurbishment of Lothair Oxidation Ponds	23-Jan-23	11-Apr-24	Technical department	R21,746,331.69
ASGINC (PTY) LTD	The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	1-Nov-23	Multi-year	Technical department	R20,637,989.48
Ndhlabili Construction and Projects	Construction of Road at Wesselton, Msheveni Street	30-Jan-23	22-May-24	Technical department	R 17,195,158.27
					T H.1

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

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

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

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June 2023		
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

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June 2023		
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, Commercial Farm
Councillor	TJ Madlala	Nil
Councillor	AM Mahlangu	Nil
Councillor	RT Nzimande	Nil
Municipal Manager	M Kunene	Nil
Chief Financial Officer	PJ Nhlabathi	Nil
Deputy Chief Financial Officer	S M Phiri	Nil
Directors	PS Mabuza	Nil
	M S Lukhele	Nil
	P Z Duma	Nil
	H. Maganya	Nil
Other S57 Officials	None	

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

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

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

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

APPENDICES

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

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

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		515,139	517,403	534,531	-	467,809	534,531	(66,722)	-12%	534,531
Executive and council		289,524	255,220	269,721	-	252,878	269,721	(16,842)	-6%	269,721
Finance and administration		225,615	262,183	264,810	-	214,931	264,810	(49,880)	-19%	264,810
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		18,135	12,633	25,428	-	6,768	25,428	(18,660)	-73%	25,428
Community and social services		929	1,017	1,112	-	532	1,112	(580)	-52%	1,112
Sport and recreation		178	214	314	-	130	314	(184)	-58%	314
Public safety		7,644	8,223	10,722	-	3,304	10,722	(7,418)	-69%	10,722
Housing		2,597	2,847	2,949	-	2,802	2,949	(146)	-5%	2,949
Health		6,787	332	10,332	-	-	10,332	(10,332)	-100%	10,332
Economic and environmental services		123,315	18,451	6,199	-	1,982	6,199	(4,217)	-68%	6,199
Planning and development		5,033	5,714	5,788	-	1,856	5,788	(3,933)	-68%	5,788
Road transport		118,281	12,736	411	-	127	411	(284)	-69%	411
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		637,576	667,940	688,338	-	447,811	688,338	(240,527)	-35%	688,338
Energy sources		236,782	323,045	342,381	-	250,671	342,381	(91,710)	-27%	342,381
Water management		277,336	200,561	197,527	-	80,237	197,527	(117,291)	-59%	197,527
Waste water management		63,857	76,305	78,149	-	62,647	78,149	(15,501)	-20%	78,149
Waste management		59,601	68,029	70,281	-	54,256	70,281	(16,025)	-23%	70,281
Other	4	151	-	158	-	147	158	(10)	-6%	158
Total Revenue - Functional	2	1,294,315	1,216,427	1,254,654	-	924,518	1,254,654	(330,136)	-26%	1,254,654
Expenditure - Functional										
Governance and administration		302,324	185,380	230,473	-	179,431	230,473	(51,042)	-22%	230,473
Executive and council		74,192	56,495	71,929	-	62,120	71,929	(9,809)	-14%	71,929
Finance and administration		228,132	128,885	158,543	-	117,311	158,543	(41,233)	-26%	158,543
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		121,471	128,197	138,126	-	96,019	138,126	(42,107)	-30%	138,126
Community and social services		66,615	70,027	77,658	-	58,607	77,658	(19,050)	-25%	77,658
Sport and recreation		22,194	21,187	21,730	-	10,048	21,730	(11,683)	-54%	21,730
Public safety		28,490	29,944	30,646	-	22,704	30,646	(7,942)	-26%	30,646
Housing		4,142	6,675	7,728	-	4,660	7,728	(3,068)	-40%	7,728
Health		30	364	364	-	0	364	(364)	-100%	364
Economic and environmental services		99,267	113,835	118,927	-	42,334	118,927	(76,594)	-64%	118,927
Planning and development		18,304	22,219	18,998	-	17,481	18,998	(1,517)	-8%	18,998
Road transport		80,962	91,616	99,929	-	24,853	99,929	(75,077)	-75%	99,929
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		724,789	733,526	812,780	-	426,752	812,780	(386,028)	-47%	812,780
Energy sources		409,963	422,841	441,676	-	319,057	441,676	(122,619)	-28%	441,676
Water management		178,519	122,125	168,094	-	59,395	168,094	(108,699)	-65%	168,094
Waste water management		78,321	150,834	153,234	-	20,870	153,234	(132,364)	-86%	153,234
Waste management		57,986	37,726	49,776	-	27,429	49,776	(22,346)	-45%	49,776
Other		75	110	110	-	80	110	(30)	-27%	110
Total Expenditure - Functional	3	1,247,925	1,161,047	1,300,417	-	744,616	1,300,417	(555,801)	-43%	1,300,417
Surplus/ (Deficit) for the year		46,390	55,379	(45,763)	-	179,902	(45,763)	225,665	-493%	(45,763)

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	3 134 150	3 134 150	3 134 150	0%	0%	
Municipal Disaster Relief Fund Grant	16 000 000	16 000 000	6 494 811	0%	0%	
GSDM Contribution COVID-19	0	0	0	0%	0%	
Total	7 983 741	7 983 741	7 983 741	0%	0%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

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

TL.1

APPENDICES

APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2022/2023

Project Name	Ward No.	2023/2024 FY Budget	Expenditure	Project Status
Water reticulation at Breyten Ext 2: Ward 13	13	R 850,389.52	R 850,389.52	Project completed
The Refurbishment of Lothair Water Treatment Works.	15	R 1,225,087.95	R 1,225,087.95	Designs completed
Installation of 1MI steel elevated tank and construction of booster pump station at Everest Park	1	R 957,003.98	R 957,003.98	Designs Completed
Installation of 1MI steel elevated tank and construction of booster pump station at Extension 34 Ermelo	16	R 13,628,044.60	R 13,628,044.60	53% Construction
Installation Of Sewer Reticulation in Wesselton Extension 11 Phase 1 and Phase 2	9	R 846,651.63	R 846,651.63	Project completed
VIP Toilets in Msukaligwa Farm areas	10,11,18 & 19	R 6,771,886.02	R 6,771,886.02	Project completed
Electro-Mechanical Upgrades to Extension 32, 33 and 34 Pumpstations in Ermelo	16	R 585,905.44	R 585,905.44	Project practically completed
Sewer reticulation at Breyten Ext 2: Ward 13	13	R 2,809,701.41	R 2,809,701.41	Project completed
The Construction of Ermelo Ext 50 Outfall Sewer Pipeline	5	R 949,188.40	R 949,188.40	Design Stage (design only)
Refurbishment of Warburton Wastewater Treatment Works	12	R 511,958.68	R 511,958.68	Design completed (design only)
Installation of sewer reticulation at Warburton (house connections and top structure) 999 HH	14	R 709,693.01	R 709,693.01	Design completed (design only)
Construction of the roads at Wesselton Msheveni Street	17	R 9,647,489.20	R 9,647,489.20	Project completed
The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	16	R 6,157,656.76	R 6,157,656.76	Design completed (design only)
Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector	3,4 & 6	R 4,325,347.81	R 4,325,347.81	19% Construction
The rehabilitation of 1,05km Silindile main street in Lothair Ward 15	15	R 5,382,683.09	R 5,382,683.09	58% Construction
Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline	16	R 3,726,363.02	R3,726,363.02	99% Construction

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The Refurbishment of the Chrissiesmeer Oxidation Ponds	19	R13,340,335.61	R13,340,335.61	Project Practically Completed
The Refurbishment of the Lothair Oxidation Ponds	15	R 3,752,794.71	R 3,752,794.71	Project completed
The Upgrade of Phumula Outfall Sewer Pipeline		R9,180,506.66	R9,180,506.66	80% Construction
Msulaligwa Regional Bulk Water Supply Scheme (RBIG – Cluster 2)	12,13,14,15,19	R 36 448 253.89	R 36 448 253.89	99% Construction
Regional Bulk Water Supply for Msukaligwa LM: Cluster 1 Ermelo WSS		R6 427 913.02	R6 427 913.02	Planning in progress
The Upgrading of Culvert Bridge of Mofokeng Street		R 1,496,283.74	R 1,496,283.74	Project Completed
Reconstruction Khayelihle-EMadamini Access Bridge		R 4,505,188.47	R 129,370.00	Design Stage
Reconstruction Mabuza Access Bridge in Wesselton		R 5,000,000.00	R 0.00	Design Stage
Resurfacing of Gwebu Street in Wesselton Ext 2		R 4,998,527.79	R 4,998,527.79	Project Completed
Electrification of 150 Households in Kwazanele Ext 6 -Phase 2		R 1,572,673.24	R 1,572,673.24	Project Completed
Design and Refurbishment of the Breyten Switching Station and Installation of 3KM MV Line		R 1,698,105.50	R 1,698,105.50	Project Practically Completed
Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation	8	R 3,529,221.26	R3,529,221.26	Project Completed
Construction of Access Control Infrastructure at Msukaligwa Local Municipality Offices in Ermelo	7	R 2,717,428.09	R2,476,612.92	Project Practically Completed
Maintenance of the Civic centre Townhall Roof	7	R3,000,000.00	R2,915,738.38	75% Construction

APPENDICES

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

See Appendix M

APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

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

APPENDICES

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

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

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

No grants were made by the municipality.

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

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

VOLUME II

ANNUAL FINANCIAL STATEMENTS

MM

**Audited
By**
2024 -11- 30
**Auditor General South Africa
Mpumalanga Business Unit**



**Msukaligwa Local Municipality
Annual Financial Statements
for the year ended 30 June 2024**

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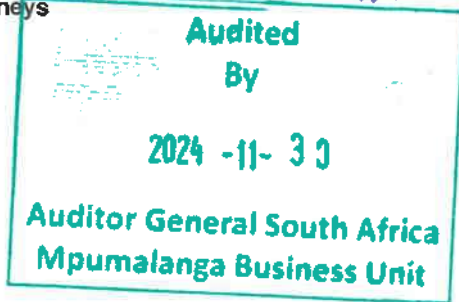
Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

General Information

Grading of local authority	4
Accounting Officer	Mr. M. Kunene
Chief Financial Officer (CFO)	Mr P.J.Nhlabathi
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
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	Z Mhlongo and Khumalo Incorporated Marivate Attorneys Incorporated Maphanga Attorneys Mhlongo Khumalo Attorneys Julie Mahommed Attorneys Sefalala Attorneys Motimele Attorneys L Guzana Attorneys Lusenga Attorneys Geldenhys Malatjie Attorneys TMN Kgomo and Associates
Rounding	All amounts have been rounded to the nearest R1
Website	www.msukaligwa.gov.za
Contact number	Tel: 080 0014903 (017 801 3400) Fax: 017 801 3851



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Abbreviations

AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
GSDM	Gert Sibande District Municipality
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
LG SETA	Local Government Sectoral and Training Authority
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
PPP	Public Private Partnership
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
DORA	Division of Revenue Act
PAYE	Pay As You Earn
SALGA	South African Local Government Association

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**Audited
By**

2024 -11- 30

**Auditor General South Africa
Mpumalanga Business Unit**

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

1. Audit committee members and attendance

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

Name of member	Number of meetings attended
F. Mudau	7
N. Maseko	7
P. Mangoma	7
M. Mmapheto	7

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

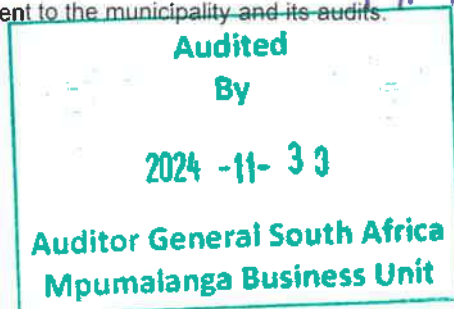
The system of internal controls applied by the municipality over financial and risk management is effective, efficient, and transparent. In line with the MFMA and the King V report on Corporate Governance requirements, Internal audit provides the audit committee and management with assurance that the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

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

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

4. Internal audit

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



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

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.

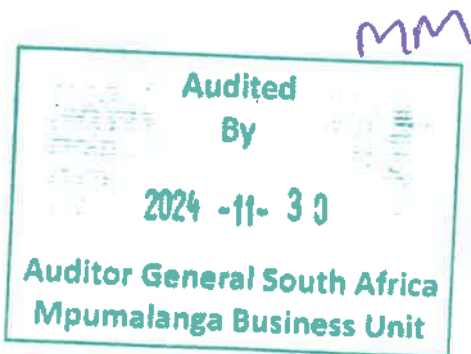
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable 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 6 - 6 .

The annual financial statements set out on page 10 - 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2024 and were signed.

Accounting Officer
M Kunene



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Accounting Office's Report

The accounting officer submits his report for the year ended 30 June, 2024.

1. Review of activities

Operations

Net deficit of the municipality was R276 631 500 (2023: surplus R44 137 395).

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

Management has been made aware of the resignation of an Ordinary Ward 7 Councillor and the term of office for the Audit committee Members and Risk Management Chairperson ended on the 31st of August 2024.

4. Accounting Officers' interest in contracts

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

5. Accounting policies

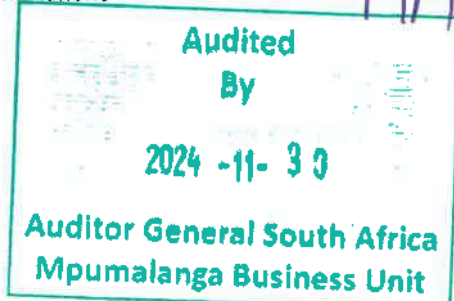
The annual financial statements prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices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

6. Accounting Officer

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

Name
Mr. M. Kunene

Changes
Appointed 12 August 2022



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Accounting Office's Report

7. Corporate governance

General

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

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

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

Audit and risk committee

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

Audit Committee members:

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

Risk Committee member:

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

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

Internal audit

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

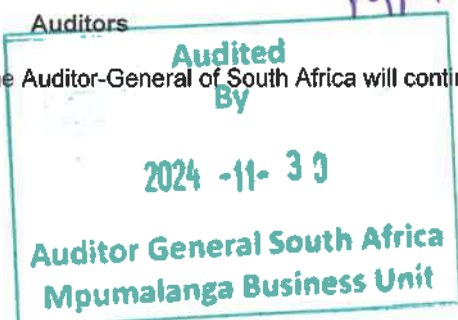
The Internal Audit Function must apply to IIA Standards during the course of implementation of their work. Reports are submitted quarterly to the Audit Committee for consideration and approval.

8. Bankers

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

9. Auditors

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



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Accounting Office's Report

10. Public Private Partnership

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

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

The municipality has no PPP agreements.

The annual financial statements set out from page 10 - 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2024.

Accounting Officer
M Kunene



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	7	31 774 842	23 589 169
Receivables from exchange transactions	8&10	241 332 693	167 834 179
Receivables from non-exchange transactions	9&10	89 359 622	65 189 392
VAT receivable	11	300 456 464	131 424 790
Cash and cash equivalents	12	59 336 240	78 704 867
		722 259 861	466 742 397
Non-Current Assets			
Investment property	3	170 191 171	181 143 053
Property, plant and equipment	4	2 627 718 892	2 651 574 543
Intangible assets	5	10 510	15 786
Heritage assets	6	174 895	174 895
		2 798 095 468	2 832 908 277
Total Assets		3 520 355 329	3 299 650 674
Liabilities			
Current Liabilities			
Finance lease obligation	13	234 693	-
Payables from exchange transactions	14	1 933 602 488	1 634 826 519
Consumer deposits	15	21 660 036	20 450 245
Employee benefit obligation	16	4 793 000	3 864 000
Unspent conditional grants and receipts	17	54 450 071	44 723 686
		2 014 740 288	1 703 864 450
Non-Current Liabilities			
Finance lease obligation	13	2 400 696	-
Employee benefit obligation	16	75 459 001	68 931 001
Provision for Landfill Sites	19	67 772 273	95 319 376
		145 631 970	164 250 377
Total Liabilities		2 160 372 258	1 868 114 827
Net Assets		1 359 983 071	1 431 535 847
Accumulated surplus		1 359 983 071	1 630 918 526
Total Net Assets		1 359 983 071	1 630 918 526

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**Audited
By**

2024 -11- 30

**Auditor General South Africa
Mpumalanga Business Unit**

* See Note

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	443 414 689	404 842 972
Rental of facilities and equipment	21	2 833 388	2 921 300
Agency services	22	-	6 885 735
Other income	23	11 420 637	12 891 526
Interest received	24	41 037 986	32 962 561
Total revenue from exchange transactions		498 706 700	460 504 094
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	203 786 253	202 863 345
Transfer revenue			
Government grants & subsidies	18	419 425 265	498 252 576
Fines, Penalties and Forfeits	26	9 072 655	5 703 614
Interest - Receivable from non-exchange revenue	60	11 394 070	9 002 911
Debt forgiven	27	27 297 718	110 686 413
Donations received	28	16 239 117	2 451 356
Total revenue from non-exchange transactions		687 215 078	828 960 215
Total revenue		1 185 921 778	1 289 464 309
Expenditure			
Employee related costs	29	(295 952 244)	(272 716 728)
Remuneration of councillors	30	(18 023 751)	(17 362 091)
Repairs and Maintenance	35	(103 312 593)	(50 252 017)
Depreciation and amortisation	32	(128 560 863)	(135 027 979)
Impairment loss		(45 930 237)	(4 256 257)
Finance costs	36	(132 536 140)	(99 031 688)
Debt Impairment	31	(82 103 555)	(148 433 213)
Inventory consumed	37	(73 895 897)	(71 482 037)
Bulk purchases	59	(401 588 086)	(317 779 412)
Contracted services	38	(71 289 826)	(62 841 608)
General Expenses	39	(101 808 791)	(66 469 749)
Total expenditure		(1 455 001 983)	(1 245 652 779)
Operating (deficit) surplus		(269 080 205)	43 811 530
Loss on disposal of assets and liabilities		(3 831 816)	(14 061 750)
Fair value adjustments	40	(1 719 103)	3 377 545
Actuarial gains/losses	16	63 936	7 440 524
Impairment loss	33	-	(1)
Inventories losses/write-downs		(2 064 312)	3 569 547
		(7 551 295)	325 865
(Deficit) surplus for the year		(276 631 500)	44 137 395



* See Note

Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 649 458 858	1 649 458 858
Adjustments		
Prior year adjustments	62 677 727	62 677 727
Balance at 01 July 2022 as restated*	1 586 781 131	1 586 781 131
Changes in net assets		
Surplus for the year	44 137 395	44 137 395
Total changes	44 137 395	44 137 395
Restated* Balance at 01 July 2023	1 636 614 571	1 636 614 571
Changes in net assets		
Surplus for the year	(276 631 500)	(276 631 500)
Total changes	(276 631 500)	(276 631 500)
Balance at 30 June 2024	1 359 983 071	1 359 983 071

Note(s)

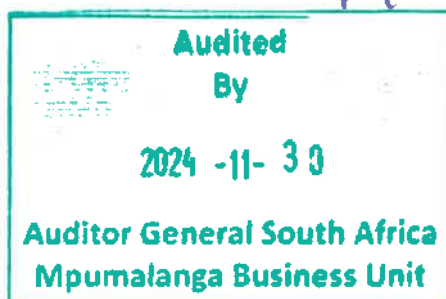


* See Note

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Property rates and Traffic fines		177 321 162	164 347 484
Services charges		193 092 030	309 367 917
Grants		429 151 650	541 382 778
Interest income		6 052 570	4 854 425
		<u>805 617 412</u>	<u>1 019 952 604</u>
Payments			
Employee costs		(327 908 167)	(295 617 528)
Suppliers		(347 178 843)	(413 226 129)
		<u>(675 087 010)</u>	<u>(708 843 657)</u>
Net cash flows from operating activities	41	<u>130 530 402</u>	<u>311 108 947</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(149 898 989)	(241 341 154)
Proceeds from sale of investment property	3	-	443 122
Net cash flows from investing activities		<u>(149 898 989)</u>	<u>(240 898 032)</u>
Cash flows from financing activities			
Finance lease payments		-	(1 179 875)
Net increase/(decrease) in cash and cash equivalents		<u>(19 368 587)</u>	<u>69 031 040</u>
Cash and cash equivalents at the beginning of the year		78 704 827	9 673 827
Cash and cash equivalents at the end of the year	12	<u>59 336 240</u>	<u>78 704 867</u>

The accounting policies on pages 16 to 54 and the notes on pages 55 to 121 form an integral part of the annual financial statements.



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue						
Revenue from exchange transactions						
Service charges	494 950 832	15 363 101	510 313 933	443 414 689	(66 899 244)	59. A
Rental of facilities and equipment	2 741 066	414 377	3 155 443	2 833 388	(322 055)	59. B
Agency services	8 940 084	(8 940 084)	-	-	-	
Other income	12 895 645	32 767 511	45 663 156	11 420 637	(34 242 519)	59. C
Interest received	1 500 000	3 500 000	5 000 000	6 052 570	1 052 570	59. D
Total revenue from exchange transactions	521 027 627	43 104 905	564 132 532	463 721 284	(100 411 248)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	242 331 540	(36 000 000)	206 331 540	203 786 253	(2 545 287)	
Licences and Permits	3 828 715	(3 739 253)	89 462	-	(89 462)	
Interest on outstanding debtors	36 918 422	8 746 190	45 664 612	34 985 416	(10 679 196)	59. D
Transfer revenue						
Government grants & subsidies	260 523 153	13 011 531	273 534 684	267 837 101	(5 697 583)	59. E
Public contributions and donations	146 348 850	-	146 348 850	151 588 164	5 239 314	59. E
Fines, Penalties and Forfeits	5 448 198	8 584	5 456 782	9 072 655	3 615 873	59. F
Interest - Transfer revenue	-	-	-	11 394 070	11 394 070	
Debt forgiven	-	-	-	27 297 718	27 297 718	
Donation received	-	-	-	16 239 117	16 239 117	59. G
Total revenue from non-exchange transactions	695 398 878	(17 972 948)	677 425 930	722 200 494	44 774 564	
Total revenue	1 216 426 505	25 131 957	1 241 558 462	1 185 921 778	(55 636 684)	
Expenditure						
Employee related costs	(301 679 637)	-	(301 679 637)	(295 952 244)	5 727 393	
Remuneration of councillors	(19 494 317)	-	(19 494 317)	(18 023 751)	1 470 566	59. H
Inventory consumed/Repairs & Maintenance	(87 812 000)	(12 450 495)	(100 262 495)	(103 312 593)	(3 050 098)	59. P
Depreciation and amortisation	(138 588 646)	-	(138 588 646)	(128 560 863)	10 027 783	59. I
Impairment loss	-	-	-	(45 930 237)	(45 930 237)	
Finance costs	(8 484 000)	(19 200 000)	(27 684 000)	(132 536 140)	(104 852 140)	59. K
Debt Impairment	(114 043 723)	-	(114 043 723)	(82 103 555)	31 940 168	59. L
Inventory consumed-Water	-	-	-	(73 895 897)	(73 895 897)	59. P
Bulk purchases	(336 039 297)	-	(336 039 297)	(401 588 086)	(65 548 789)	59. M
Contracted Services	(84 368 367)	(19 449 877)	(103 818 244)	(71 289 826)	32 528 418	59. N
General Expenses	(70 537 941)	(8 477 208)	(79 015 149)	(101 808 791)	(22 793 642)	59. O
Total expenditure	(1 161 047 928)	(59 577 580)	(1 220 625 508)	(1 455 001 983)	(234 376 475)	
Operating deficit	55 378 577	(34 445 623)	20 932 954	(269 080 205)	(290 013 159)	
Loss on disposal of assets and liabilities	-	-	-	(3 831 816)	(3 831 816)	
Fair value adjustments	-	-	-	(1 719 103)	(1 719 103)	
Actuarial gains/losses	-	-	-	63 936	63 936	

Msukaligwa Local Municipality

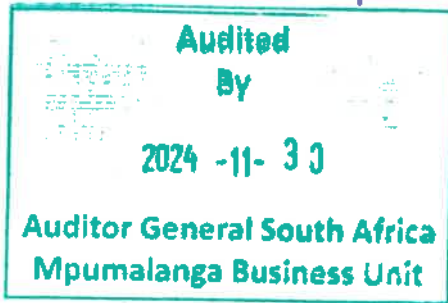
(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Inventories losses/write-downs	-	-	-	(2 064 312)	(2 064 312)	
	-	-	-	(7 551 295)	(7 551 295)	
Deficit before taxation	55 378 577	(34 445 623)	20 932 954	(276 631 500)	(297 564 454)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	55 378 577	(34 445 623)	20 932 954	(276 631 500)	(297 564 454)	



Msukaligwa Local Municipality

(Registration number MP302)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	32 294 716	-	32 294 716	31 774 842	(519 874)	59. Q
Receivables from exchange transactions	235 025 767	8 322 000	243 347 767	241 332 693	(2 015 074)	59. R
Receivables from non-exchange transactions	125 526 257	(45 102 963)	80 423 294	89 359 622	8 936 328	59. S
VAT receivable	115 462 266	-	115 462 266	300 456 464	184 994 198	59. T
Cash and cash equivalents	4 414 548	(34 112 000)	(29 697 452)	59 336 240	89 033 692	59. U
	512 723 554	(70 892 963)	441 830 591	722 259 861	280 429 270	
Non-Current Assets						
Investment property	189 658 998	-	189 658 998	170 191 171	(19 467 827)	59. V
Property, plant and equipment	2 659 806 622	1 299 000	2 661 105 622	2 627 716 893	(33 388 729)	59. W
Intangible assets	65 197	-	65 197	10 510	(54 687)	59. X
Heritage assets	174 895	-	174 895	174 895	-	
	2 849 705 712	1 299 000	2 851 004 712	2 798 093 469	(52 911 243)	
Total Assets	3 362 429 266	(69 593 963)	3 292 835 303	3 520 353 330	227 518 027	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	234 693	234 693	
Payables from exchange transactions	1 181 695 271	5 890 000	1 187 585 271	1 933 602 488	746 017 217	59. Y
VAT payable	31 440 789	-	31 440 789	-	(31 440 789)	
Consumer deposits	56 000 000	-	56 000 000	21 660 036	(34 339 964)	59. Z
Employee benefit obligation	102 453 758	-	102 453 758	4 793 000	(97 660 758)	59. Za
Unspent conditional grants and receipts	700 000	-	700 000	54 450 071	53 750 071	59. Zb
	1 372 289 818	5 890 000	1 378 179 818	2 014 740 288	636 560 470	
Non-Current Liabilities						
Finance lease obligation	-	-	-	2 400 696	2 400 696	
Employee benefit obligation	-	-	-	75 459 001	75 459 001	
Provision for Landfill Sites	155 177 505	-	155 177 505	67 772 273	(87 405 232)	59. Zb
	155 177 505	-	155 177 505	145 631 970	(9 545 535)	
Total Liabilities	1 527 467 323	5 890 000	1 533 357 323	2 160 372 258	627 014 935	
Net Assets	1 834 961 943	(75 483 963)	1 759 477 980	1 359 981 072	(399 496 908)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 834 961 943	(75 483 963)	1 759 477 980	1 359 983 071	(399 494 909)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	181 748 655	(27 000 392)	154 748 263	177 321 162	22 572 899	
Services	394 528 515	11 917 000	406 445 515	193 092 030	(213 353 485)	
Grants	406 872 003	10 000 000	416 872 003	429 151 650	12 279 647	
Interest income	20 305 122	3 500 000	23 805 122	6 052 570	(17 752 552)	
Other receipts	75 139 564	(21 189 000)	53 950 564	-	(53 950 564)	
	1 078 593 859	(22 772 392)	1 055 821 467	805 617 412	(250 204 055)	

Payments

Suppliers and Employee costs	(900 446 618)	31 109 000	(869 337 618)	(542 550 870)	326 786 748	
Finance costs	(8 484 000)	-	(8 484 000)	(132 538 140)	(124 054 140)	
	(908 930 618)	31 109 000	(877 821 618)	(675 089 010)	202 732 608	

Net cash flows from operating activities	169 663 241	8 336 608	177 999 849	130 528 402	(47 471 447)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(166 448 450)	2 371 000	(164 077 450)	(149 898 989)	14 178 461	
Net increase/(decrease) in cash and cash equivalents	3 214 791	10 707 608	13 922 399	(19 370 587)	(33 292 986)	
Cash and cash equivalents at the beginning of the year	1 200 000	77 153 000	78 353 000	78 704 827	351 827	
Cash and cash equivalents at the end of the year	4 414 791	87 860 608	92 275 399	59 334 240	(32 941 159)	

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Accounting policies

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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1.3 Significant judgements and sources of estimation uncertainty (continued)

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

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality 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 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.

Fair value estimation

Fair value is primarily used for investment property, where a value is determined periodically by independent and suitably qualified valuers in the compilation of the valuation roll. In order to estimate annual changes in fair value, i.e., between valuation rolls, reference is made to an independently published index showing movements in property values.

The financial instruments of the municipality are such that these are valued at amortised cost, rather than fair value.

Impairment testing

The recoverable amounts of non-cash-generating 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 assumptions relating to residual values or useful lives may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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. The fair value less costs to sell are significantly affected by a number of factors including demand, together with economic factors such as inflation rates. The value in use is generally reflected in the remaining service potential of the asset, which is estimated using the depreciated replacement cost, i.e. 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. Impairment then typically results in a reduced useful life.

Provisions

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

Useful lives of waste and water network and other assets

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

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.

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Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

Accounting by principals and agent

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

Additional information is disclosed in Note 46.

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.

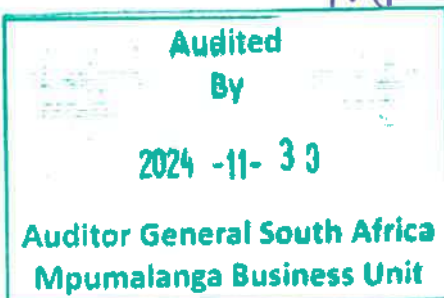
Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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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Significant Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

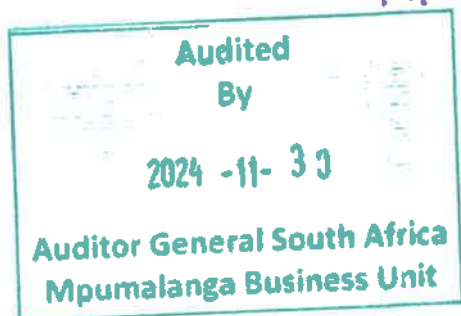
If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair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

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

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

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

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



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Significant Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

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.

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Significant Accounting Policies

1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

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

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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.

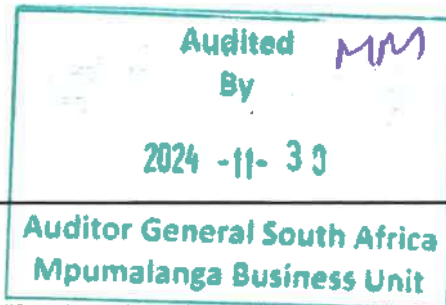
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Significant Accounting Policies



1.7 Intangible assets (continued)

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.

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.

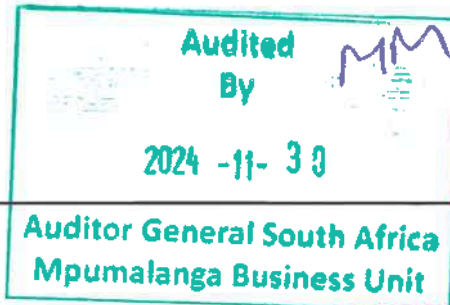
Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

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Significant Accounting Policies



1.9 Financial instruments

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

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

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:

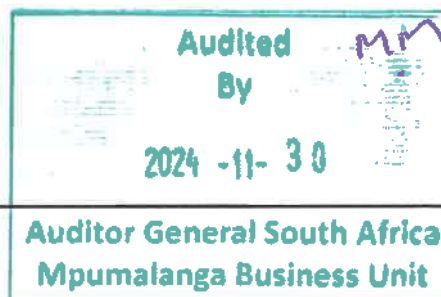
- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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Significant Accounting Policies



1.9 Financial instruments (continued)

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 municipality 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 municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised 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 municipality'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 municipality.

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 municipality had not acquired, issued or disposed of the financial instrument.

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

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

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

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

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

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1.9 Financial Instruments (continued)

Classification

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

Class	Category
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
VAT Receivable	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 Payables	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 municipality becomes a party to the contractual provisions of the instrument.

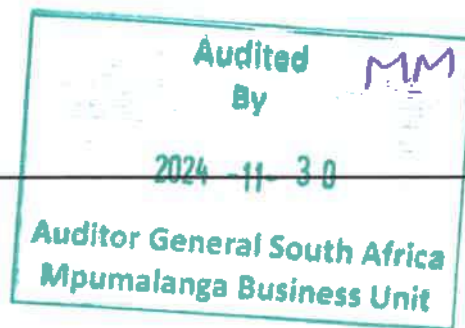
The municipality recognises financial assets using trade date accounting.

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1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Gains and losses

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

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

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

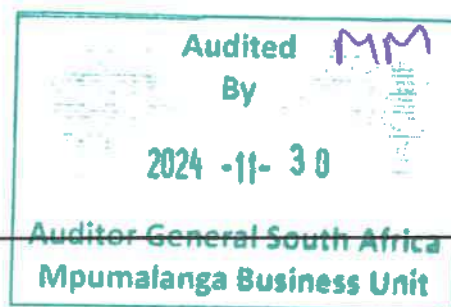
An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial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

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1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality 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 municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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

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

1.10 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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1.10 Statutory receivables (continued)

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

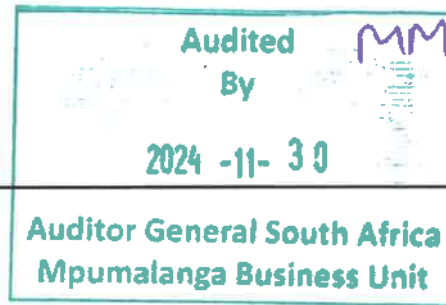
Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had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

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1.10 Statutory receivables (continued)

Derecognition

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

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

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

1.11 Leases

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

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

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Although the following are examples of situations which would normally lead to a lease being classified as a finance lease, a lease does not need to meet all these criteria in order to be classified as a finance lease:

(a) the lease transfers ownership of the asset to the lessee by the end of the lease GRAP 13 Issued February 2010 12 Leases term;

(b) the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;

(c) the lease term is for the major part of the economic life of the asset even if title is not transferred;

(d) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;

(e) the leased assets are of a such a specialised nature that only the lessee can use them without major modifications; and

(f) the leased assets cannot easily be replaced by another asset

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1.11 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

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

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).

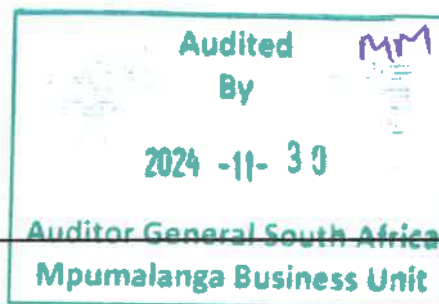
Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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1.13 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

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.

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1.13 Impairment of cash-generating assets (continued)

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.

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.

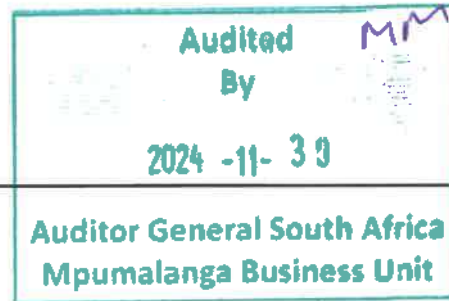
After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

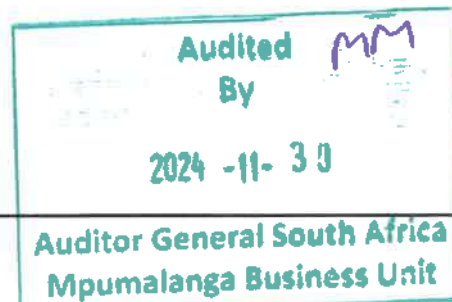
Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

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

Useful life is either:

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

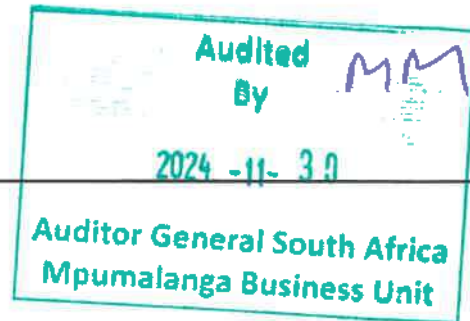
The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain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

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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

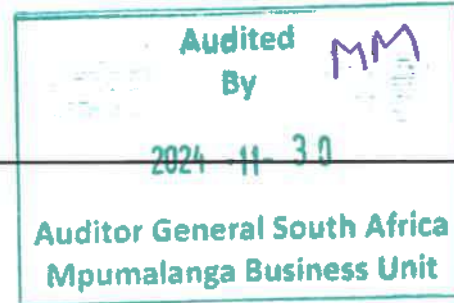
The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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1.15 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is 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 a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

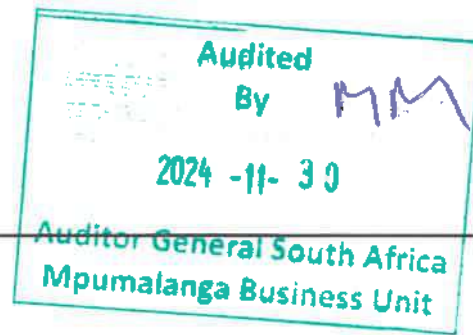
Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

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1.15 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

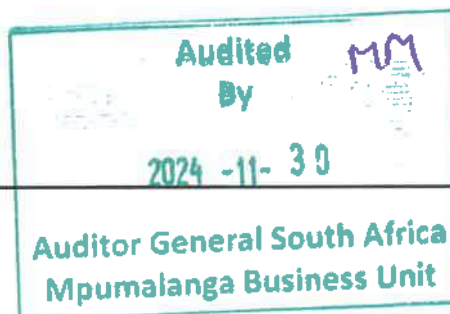
A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

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.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes 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, the entity attributes benefit on a straight-line basis from:

- (a) 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
- (b) 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 assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

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1.15 Employee benefits (continued)

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) 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:
 - (i) those changes were enacted before the end of the reporting period; or
 - (ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Recognition and measurement: Plan assets

Fair value of plan assets

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

Reimbursements

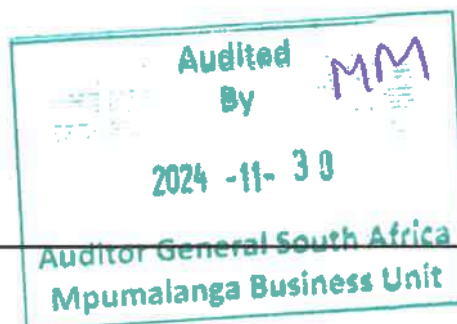
When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the entity:

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1.15 Employee benefits (continued)

(a) Recognises its right to reimbursement as a separate asset. The entity measures the asset at fair value.

(b) Disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised as below (see section on Components of defined benefit cost), may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

- (a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and
- (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

- (a) actuarial gains and losses;
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Presentation

Offset

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

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1.15 Employee benefits (continued)

(b) 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.

Current/non-current distinction

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- (b) 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.

Components of defined benefit cost

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, 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:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- (a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
- (b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

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.

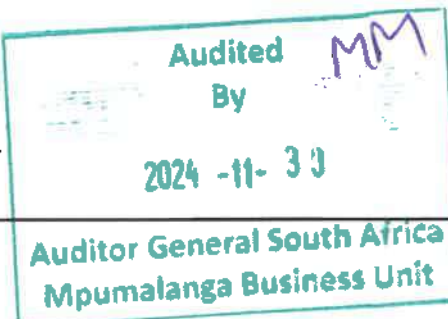
Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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1.16 Provisions and contingencies (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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:

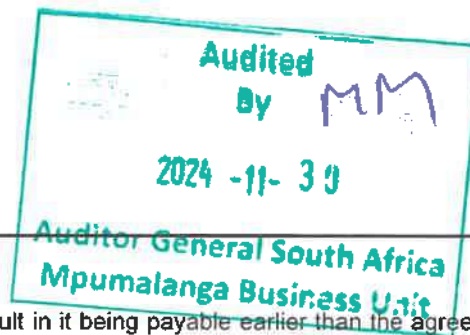
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

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1.16 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

If the related asset is measured using the revaluation model:

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

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

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Levies

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.

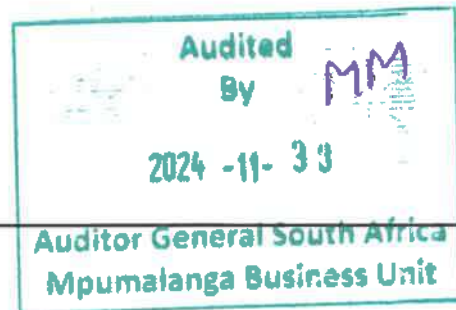
Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure

Msukaligwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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1.17 Commitments (continued)

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.

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:

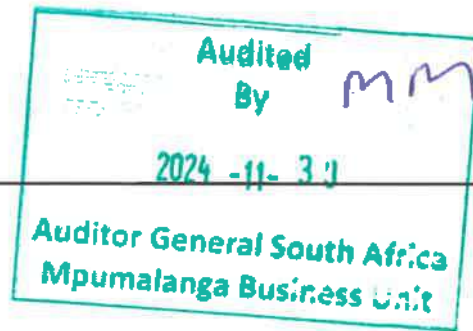
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can 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.

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1.18 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by 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.

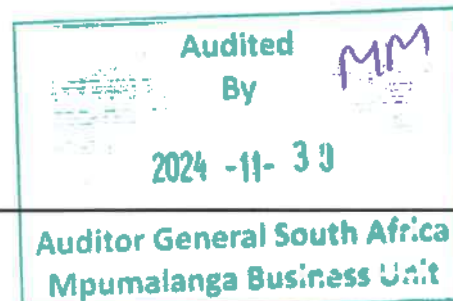
Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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.

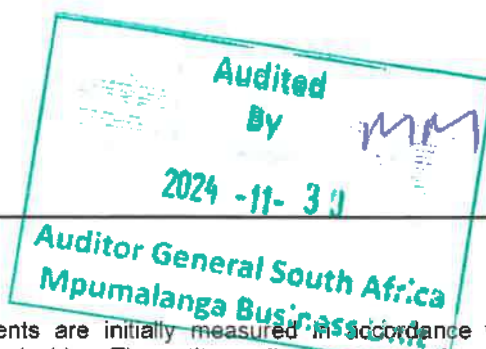
When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised 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)

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

Taxation revenue are not grossed up for the amount of tax expenditures.

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.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

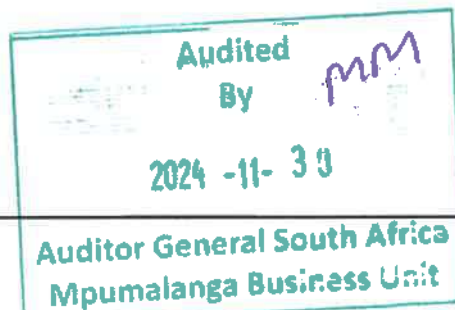
Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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1.19 Revenue from non-exchange transactions (continued)

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.

1.20 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

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

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

1.22 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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1.22 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.

For details, please refer to note 46.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 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.

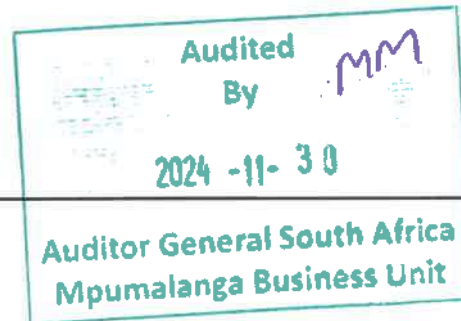
Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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1.27 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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.28 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 2023/07/01 to 2024/06/30.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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1.29 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 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.

1.31 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.

1.32 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the entity.

Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

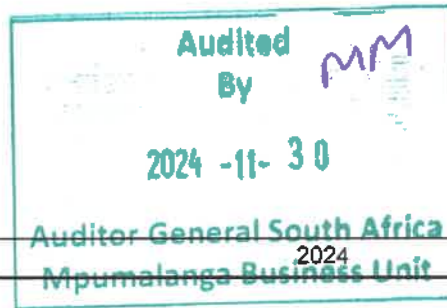
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2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:

Effective date:

Years beginning on or after

GRAP 21: The effect of Past Decision on Materiality

01 April 2023

GRAP 25 (As revised); Employee Benefits

01 April 2023

iGRAP 7 (As revised); Limit on defined assets;

Minimum funding requirement and interaction

01 April 2023

GRAP 2020: Improvements to the Standards of GRAP2020

01 April 2023

Guideline: Guidelin on Accounting for Landfill Sites

01 April 2023

GRAP 1 (Amended): Presentation of Financial Statement (Materiality)

01 April 2023

The impact of the new standards and interpretations effective and adopted in the current year did not have a material impact. GRAP 25 has resulted in more disclosure than would have previously provided in the financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:

Effective date:

Years beginning on or after

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

GRAP 104 (amended): Financial Instruments

April 1, 2025

GRAP 103 (as revised): Heritage Assets Unknown

GRAP 1 (amended): Presentation of Financial Statements (Going Concern) Unknown

The impact of the new standards and interpretations issued, but not yet effective is currently being assessed.

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notes to the annual financial statements

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3. Investment property

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Investment property	170 191 171	-	170 191 171	181 143 053

Reconciliation of investment property - 2024

	Opening balance	Transfers	Other changes, movements	Fair value adjustments	Total
Investment property	181 143 053	(14 784 779)	5 552 000	(1 719 103)	170 191 171

Reconciliation of investment property - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	178 381 508	(616 000)	3 377 545	181 143 053

Investment Property: Municipal Land

The fair value adjustments of the investment properties being improved, and unimproved land was determined based on the trend of the general market growth rate figure taking into consideration of the registered market transactions and slow growth and decline in the demand for these properties. This was supported by sale prices which were based on data sourced from the Lightstone toolkit through transactions registered in the Registrar of Deeds.

The property market in general has slowed down with a visual impact on property markets and year-on-year sales.

Sales considered was for Msukaligwa Municipality for the financial year 23/24, these sales were matched to the values of current General Valuation Roll for the transferred properties. The transfers compared to the valuation roll indicated a -1% increase in the market value of those properties considered

Audited
By

2024 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

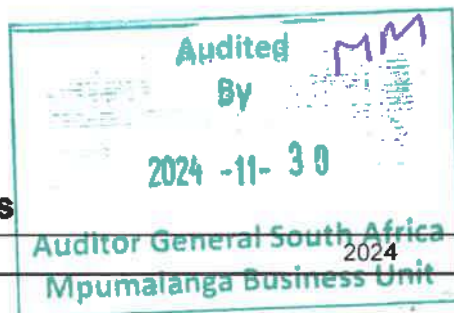
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2023

3. Investment property (continued)

The outcome of the fair value adjustment is indicated below:

	2024	2023
Fair Value Adjustment: (Loss)/Gains	-(1, 719, 104)	3,377,544

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.

Fair value adjustment of investment property

In line with the requirements of GRAP 16 and in accordance with the AM (Asset Management) Policy adopted by the municipality a fair value adjustment was made on the investment properties at the end of the financial year.

The Investment Register and Fair Value adjustment was reviewed by an independent Professional Valuer, Zack van der Merwe registered with the South African Council of Property Valuers Profession (SACPVP)

Investment property: Municipal land

The fair value adjustments of the investment properties being improved, and unimproved land was determined based on the trend of the general market growth rate figure taking into consideration of the registered market transactions and slow growth and decline in the demand for these properties. This was supported by sale prices which were based on data sourced from the Lightstone toolkit through transactions registered in the Registrar of Deeds.

The property market in general has slowed down with a visual impact on property markets and year-on-year sales. Sales considered was for Msukaligwa Municipality for the financial year 23/24, these sales were matched to the values of current General Valuation Roll for the transferred properties. The transfers compared to the valuation roll indicated a -1% increase in the market values of those properties considered.

We therefore accept a Fair Value figure of a negative 1% growth rate. Maintenance of investment property No repairs and maintenance incurred on investment property.

Land owned by the municipality which are not under the control of the municipality

In a number of instances, the municipality are not able to illustrate a substantive right over the land parcels as a result of social housing development, development of educational facilities and incomplete ownership transfers. Key judgments made and assumptions applied to conclude that the municipality does not controls such land include:

Custodianship taken over by another organ of state for the social housing development.

The municipality does not have access to the land, nor is it able to restrict or deny access of other parties to the land. The municipality has not implemented any action or remedial measures to regain access to the land for a significant period of time.

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4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	146 021 836	-	146 021 836	146 021 836	-	146 021 836
Buildings	198 845 112	(128 796 720)	70 048 392	197 013 981	(124 051 909)	72 962 072
Community Assets	291 814 523	(185 760 805)	106 053 718	291 393 731	(175 350 377)	116 043 354
Plant and machinery	6 697 786	(4 654 452)	2 043 334	6 585 129	(4 119 390)	2 465 739
Furniture, fixtures and Office equipment	13 726 136	(10 213 623)	3 512 513	12 833 536	(10 006 455)	2 827 081
Motor vehicles	61 390 883	(18 712 185)	42 678 698	55 084 596	(14 684 329)	40 400 267
IT equipment	13 447 331	(6 525 247)	6 922 084	9 586 720	(5 589 006)	3 997 714
Library books	10 295 562	(5 762 156)	4 533 406	10 295 562	(4 730 113)	5 565 449
Electrical	711 337 458	(423 325 738)	288 011 720	706 471 395	(401 369 009)	305 102 386
Roads	1 626 587 531	(1 086 236 753)	540 350 778	1 587 850 200	(1 054 439 456)	533 410 744
Lease assets	2 602 430	(179 380)	2 423 050	-	-	-
Sanitation	894 316 222	(398 499 859)	495 816 363	871 928 395	(357 418 070)	514 510 325
Water supply	1 551 549 743	(639 135 141)	912 414 602	1 510 949 928	(609 464 902)	901 485 026
Solid waste	33 263 534	(26 375 136)	6 888 398	33 299 200	(26 516 650)	6 782 550
Total	5 561 896 087	(2 934 177 195)	2 627 718 892	5 439 314 209	(2 787 739 666)	2 651 574 543

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4. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Work in progress	Disposals	Depreciation	Impairment loss	Total
Land	146 021 836	-	-	-	-	-	146 021 836
Buildings	72 962 072	-	2 149 275	(31 700)	(4 396 595)	(634 660)	70 048 392
Community Assets	116 175 298	-	2 300 945	(729 601)	(9 014 210)	(2 678 714)	106 053 718
Electrical infrastructure	305 271 961	4 967 224	897 980	(775 157)	(18 153 939)	(4 196 349)	288 011 720
Roads and storm water	533 882 280	50 500 255	150 557	(3 462 863)	(40 684 172)	(35 279)	540 350 778
Sanitation	515 729 391	23 130 791	9 953 675	(7 181 995)	(24 263 884)	(21 551 615)	495 816 363
Solid waste	7 411 998	-	-	(7 419)	(419 249)	(96 932)	6 888 398
Water supply	903 661 101	3 732 214	50 085 855	(4 395 192)	(26 646 866)	(14 022 510)	912 414 602
Furniture, fixtures and Office equipment	2 827 081	1 215 681	-	(55 656)	(449 316)	(25 276)	3 510 515
Computer equipment	3 997 714	1 032 094	3 123 793	(88 679)	(1 109 517)	(35 320)	6 922 084
Leased assets	-	2 602 430	-	-	(179 381)	-	2 423 049
Library books	5 565 449	-	-	-	(1 032 043)	-	4 533 406
Motor vehicles	40 400 267	7 182 893	-	(696 770)	(1 668 574)	(2 539 118)	42 678 698
Plant and machinery	2 465 739	282 446	-	(52 527)	(537 841)	(114 483)	2 043 334
	2 656 372 187	94 646 028	68 662 080	(17 477 559)	(128 555 587)	(45 930 256)	2 627 716 893

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4. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Work in progress	Disposals	Depreciation	Impairment loss	Total
Land	146 021 836	-	-	-	-	-	146 021 836
Buildings	76 566 251	1 208 860	-	(37 015)	(4 744 676)	(31 348)	72 962 072
Community Assets	124 551 864	-	-	(340 143)	(7 913 442)	(122 981)	116 175 298
Electrical infrastructure	319 027 001	11 918 744	(3 804 542)	(3 545 936)	(18 242 597)	(80 709)	305 271 961
Roads and stormwater	555 047 668	32 832 929	(2 983 735)	(3 209 117)	(46 547 030)	(1 258 435)	533 882 280
Sanitation	479 017 962	6 586 817	52 598 762	(3 730 273)	(19 192 989)	449 112	515 729 391
Solid waste	6 466 981	5 173 597	-	(12 208)	(4 216 372)	-	7 411 998
Water supply	798 160 257	32 465 170	105 234 311	(2 632 094)	(26 367 013)	(3 199 530)	903 661 101
Computer equipment	3 038 023	1 969 006	-	(6 563)	(999 898)	(2 854)	3 997 714
Furniture and fixtures & Office equipment	3 139 231	237 689	-	(8 563)	(535 600)	(5 676)	2 827 081
Leased assets	2 447 837	-	-	(1 329 841)	(1 112 320)	(5 676)	-
Library books	6 584 134	-	-	-	(1 018 685)	-	5 565 449
Motor vehicles	38 870 075	5 833 101	-	(821 556)	(3 480 200)	(1 153)	40 400 267
Plant and machinery	2 929 455	150 000	-	-	(611 033)	(2 683)	2 465 739
	2 561 868 575	98 375 913	151 044 796	(15 673 309)	(134 981 855)	(4 261 933)	2 656 372 187

Assets subject to finance lease (Net carrying amount)

Other leased Assets 2 423 049




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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

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4. Property, plant and equipment (continued)

Reconciliation of work in progress

	Opening	Additions	Expense	Completion	Total
2024					
Community Assets	1 961 265	2 300 944	-	-	4 262 209
Buildings	-	2 149 275	-	-	2 149 275
Electrical	12 410 751	5 865 211	-	(4 967 225)	13 308 737
Roads	13 546 734	50 650 812	-	(50 500 255)	13 697 291
Sanitation	89 423 760	33 084 467	-	(23 130 791)	99 377 436
Water supply	386 605 660	51 577 411	-	(1 491 555)	436 691 516
Computer Equipment	-	3 123 794	-	-	3 123 794
	503 948 170	148 751 914	-	(80 089 826)	572 610 258
2023					
Community Assets	1 961 265	-	-	-	1 961 265
Buildings	-	1 063 860	-	(1 063 860)	-
Electrical	16 215 293	7 709 604	-	(11 514 146)	12 410 751
Roads	17 050 099	29 844 735	(519 630)	(32 828 470)	13 546 734
Sanitation	36 824 998	59 185 579	-	(6 586 817)	89 423 760
Water supply	284 260 265	138 253 538	(2 888 916)	(33 019 227)	386 605 660
	356 311 920	236 057 316	(3 408 546)	(85 012 520)	503 948 170

Project impaired

In 2024 Management did not impair any work in progress

In 2023 Management impaired two WIP Projects at year-end. Four submersible waterpumps were stolen at an incompleted Water Supply borehole project and a storm water drainage project was impaired due to mutual agreement on cancellation of the project.

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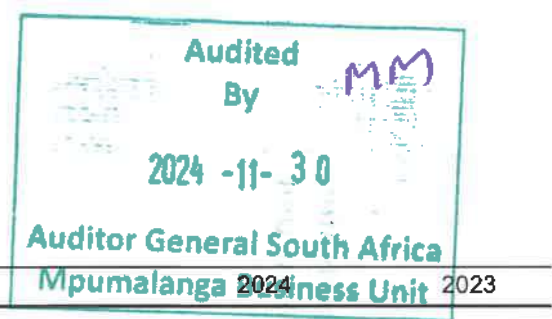
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4. Property, plant and equipment (continued)

Projects taking significantly longer to complete

Internal Sewer Network in Breyten Extension 5

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.

The Following projects do not reflect any movement in the current year as it is still in the design state:

- Upgrade of Mpanza street Wesselton
- Upgrading of KwaZanele/ Breyten Stadium
- Feasibility study Ermelo/ Wesselton WWTW
- Upgrading of Chriessiesmeer stadium
- Establishment of Libraries at Sheepmoore
- Construction of oxidation Ponds sheepmore

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.

Disposals

Loss on Disposal: Total R -17 477 552,25

During the financial year the municipality incurred disposals/write-offs on its Property, Plant and Equipment due to various factors.

These included, amongst others, infrastructure that were upgraded (for example, roads that have been replaced by new brick paved roads, including upgrades to its storm water drainage systems) or infrastructure that were downgraded and written off due to theft, vandalism, fire damage, lightning damage, normal breakage or building demolition.

The majority of these involuntarily write-offs were due to acts of vandalism and thefts and reclassification from Land to Property, Plant and Equipment infrastructure.

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

	2024		2023			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	139 149	(128 639)	10 510	139 149	(123 363)	15 786

Reconciliation of intangible assets - 2024

Computer software, other	Opening balance	Amortisation	Total
	15 786	(5 276)	10 510

Reconciliation of intangible assets - 2023

Computer software, other	Opening balance	Amortisation	Total
	61 916	(46 130)	15 786

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6. Heritage assets

	2024		2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses
Heritage assets which fair values cannot be reliably measured: (Para .94)					
Art Collection, antiquities and exhibits	174 895	-	174 895	174 895	-
					174 895
Reconciliation of heritage assets 2024					
Heritage assets which fair values cannot be reliably measured: (Para .94)					
Art Collections, antiquities and exhibits				Opening balance	Total
				174 895	174 895
Reconciliation of heritage assets 2023					
Heritage assets which fair values cannot be reliably measured: (Para .94)					
Art Collections, antiquities and exhibits				Opening balance	Total
				174 895	174 895

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7. Inventories

Inventories	31 774 842	23 054 154
Water for distribution	-	535 015
	31 774 842	23 589 169

8. Receivables from exchange transactions

Refunds and Prepayments	957	957
Other debtors- Fleet charges	861 697	527 479
Consumer debtors - Electricity	73 693 008	52 448 942
Consumer debtors - Water	70 607 967	51 881 578
Consumer debtors - Sewerage	41 088 290	25 113 731
Consumer debtors - Refuse	38 415 993	25 036 883
Consumer debtors - Services Charges	14 768 062	10 956 367
Consumer debtors - Rentals	1 852 973	1 861 257
Consumer debtors - Land sales	43 746	6 985
	241 332 693	167 834 179

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9. Receivables from non-exchange transactions

Fines	2 317 236	578 105
Consumer debtors - Rates	87 042 386	64 611 287
	<u>89 359 622</u>	<u>65 189 392</u>

Statutory receivables general information

Transaction(s) arising from statute

Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004 (MPRA), approved Property Rates Policy and by-laws, and Traffic fines that are govern by AARTO Act

Interest or other charges levied/charged

Interest is charged on late payment for only Municipal Property rates in the terms of the approved policy at 6,8 %. The Municipality does not charge interest on Traffic fines as those are govern by AARTO Act

Basis used to assess and test whether a statutory receivable is impaired

The municipality assess whether statutory receivables are impaired at the end of every reporting date, in line with Grap 104.

The following factors were considered in determining the impairment:

- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether account is that of an indigent t
- Whether the account is that of or Governmen
- Traffic fines issued in AARTO Act

Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R 12 107 091 (2023: R 9 728 009) were impaired and provided for.

The amount of the provision was R 9 789 855 - as of 30 June 2024 (2023:R 9 149 905).

Factors the entity considered in assessing statutory receivables impaired

Traffic fines receivables are statutory receivables and arise from traffic infringements committed and fines issued as a result, in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996, as well as the Criminal Procedure Act, No 501 of 1977. The Traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Traffic fines receivables approximate their fair values. The impairment provision was calculated after collectively assessing Traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios. The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairmen.

Reconciliation of provision for impairment for statutory receivables

Opening balance	9 149 905	8 491 628
Provision for impairment	4 789 967	5 876 033
Amounts written off as uncollectible	(4 150 017)	(5 217 756)
	<u>9 789 855</u>	<u>9 149 905</u>

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

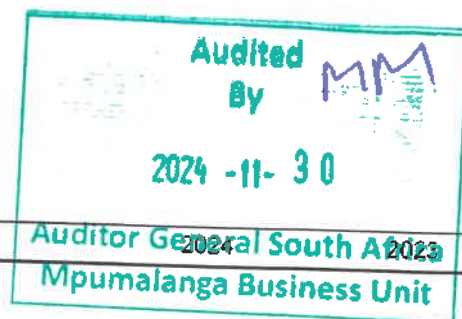
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9. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As of 30 June 2024, other receivables from non-exchange transactions of R 265 342 439 (2023: 233 097 464) were impaired and provided for.

The amount of the provision was (178 300 053) as of 30 June 2024 (2023: 168 486 177).

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance		
Provision for impairment	168 486 177	133 240 710
	9 813 876	35 245 467
	<u>178 300 053</u>	<u>168 486 177</u>

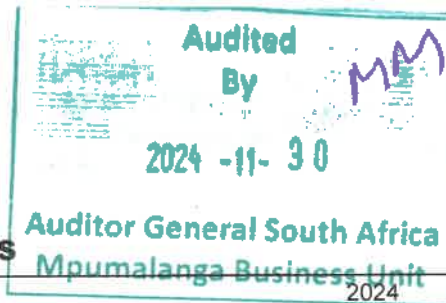
The calculation in respect of the impairment of receivables non-exchange is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment, considering factors such as socioeconomic conditions, type of customer, the default period and service-specific payment histories. The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors. Accordingly, the management believe that there is no further credit provision required in addition to the debt impairment.]

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10. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	265 342 439	233 097 464
Consumer debtors - Electricity	239 155 884	200 543 319
Consumer debtors - Water	315 630 652	276 730 305
Consumer debtors - Sewerage	217 652 063	183 197 113
Consumer debtors - Refuse	215 611 809	181 220 986
Consumer debtors - Service debtors	56 131 836	51 612 183
Consumer debtors - Rentals	9 537 563	8 731 968
Consumer debtors - Land sale	44 701	44 117
	1 319 106 947	1 135 177 455

Less: Allowance for impairment

Consumer debtors - Rates	(178 300 053)	(168 486 177)
Consumer debtors - Electricity	(165 462 876)	(148 094 377)
Consumer debtors - Water	(245 022 685)	(224 848 727)
Consumer debtors - Sewerage	(176 563 773)	(158 083 382)
Consumer debtors - Refuse	(177 195 816)	(156 184 103)
Consumer debtors - Service debtors	(41 363 774)	(40 655 816)
Consumer debtors - Rentals	(7 684 590)	(6 870 711)
Consumer debtors - Land sale	(955)	(37 132)
	(991 594 522)	(903 260 425)

Net balance

Consumer debtors - Rates	87 042 386	64 611 287
Consumer debtors - Electricity	73 693 008	52 448 942
Consumer debtors - Water	70 607 967	51 881 578
Consumer debtors - Sewerage	41 088 290	25 113 731
Consumer debtors - Refuse	38 415 993	25 036 883
Consumer debtors - Service debtors	14 768 062	10 956 367
Consumer debtors - Rentals	1 852 973	1 861 257
Consumer debtors - Land sale	43 746	6 985
	327 512 425	231 917 030

Rates

Current (0 -30 days)	17 456 852	11 589 842
31 - 180 days	17 711 146	14 598 366
181 - 360 days	14 210 801	10 624 324
361 - 720 days	16 486 182	10 818 678
> 720 days	21 177 405	16 980 077
	87 042 386	64 611 287

Electricity

Current (0 -30 days)	22 578 097	12 722 466
31 - 180 days	10 094 352	11 951 309
181 - 360 days	8 784 718	6 723 169
361 - 720 days	9 391 681	5 797 259
> 720 days	22 844 160	15 254 739
	73 693 008	52 448 942

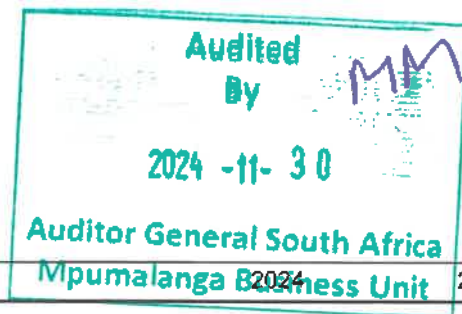
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10. Consumer debtors disclosure (continued)

Water

Current (0 -30 days)	7 560 630	6 514 568
31 - 180 days	8 291 443	7 136 770
181 - 360 days	6 809 015	6 327 001
361 - 720 days	10 544 461	7 251 506
> 720 days	37 402 418	24 651 733
	70 607 967	51 881 578

Sewerage

Current (0 -30 days)	4 525 428	2 748 395
31 - 180 days	6 247 348	5 179 635
181 - 360 days	6 115 492	4 605 127
361 - 720 days	8 190 379	4 091 327
> 720 days	16 009 643	8 489 247
	41 088 290	25 113 731

Refuse

Current (0 -30 days)	3 795 113	2 390 798
31 - 180 days	5 480 245	5 096 587
181 - 360 days	5 712 308	4 594 106
361 - 720 days	8 079 667	3 850 229
> 720 days	15 348 660	9 105 163
	38 415 993	25 036 883

Service Debtors

Current (0 -30 days)	916 926	346 255
31 - 180 days	691 365	729 169
181 - 360 days	1 688 548	808 687
361 - 720 days	1 078 449	1 086 091
> 720 days	10 392 774	7 986 165
	14 768 062	10 956 367

Rentals

Current (0 -30 days)	175 143	99 803
31 - 180 days	201 698	314 968
181 - 360 days	190 738	231 214
361 - 720 days	169 832	311 324
> 720 days	1 115 562	903 948
	1 852 973	1 861 257

Land Sales

Current (0 -30 days)	38	18
31 - 180 days	94	90
181 - 360 days	112	108
361 - 720 days	216	217
> 720 days	43 286	6 552
	43 746	6 985

11. VAT receivable

VAT	300 456 464	131 424 790
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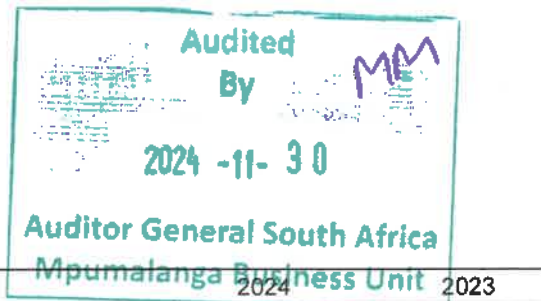
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11. VAT receivable (continued)

Statutory receivables general information

VAT is received and paid as required by the Value Added Tax Act 89 of 1991. These amounts are receivable by the Municipality as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services. Vat on ouput provision is assessed with debtors impairment provision and include therein. VAT receivable from SARS is not impaired due financial postion of SARS

VAT is treated on the payment basis. VAT is paid over to SARS on a net basis only when actual payments are received by themunicipality and when actual payments are made to suppliers. The balance above is inclusive of accruals and provisions, where applicable.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3 741 726	9 676 020
Short-term deposits	55 594 514	69 028 847
	59 336 240	78 704 867

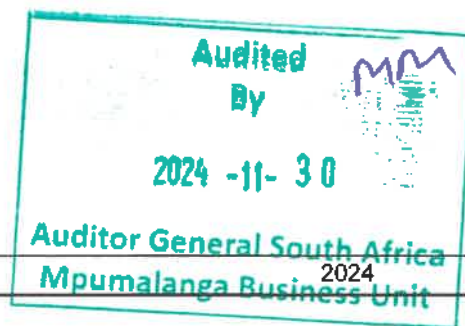
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12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB Primary Account - 62822833267	2 036 322	9 821 679	2 471 759	3 741 826	9 676 120	1 111 529
FNB - CALL Account - 62837049031	54 538 988	56 413 720	5 593 397	54 538 988	56 413 720	5 593 397
FNB Current Account - 62858041272	558 384	12 117 985	1 069 028	1 055 526	12 615 127	2 968 901
Total	57 133 694	78 353 384	9 134 184	59 336 340	78 704 967	9 673 827

13. Finance lease obligation

Minimum lease payments due

- within one year	938 773	-
- in second to fifth year inclusive	1 642 852	-
	2 581 625	-
less: future finance charges	(180 928)	-
Present value of minimum lease payments	2 400 697	-

Present value of minimum lease payments due

- within one year	2 400 697	-
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Non-current liabilities

Current liabilities	2 400 696	-
	234 693	-
	2 635 389	-

Msukaligwa Local Municipality leases photocopy machines from Emalangen technologies from 14 August 2023 for 3 years. The lease instalments are payable monthly in arrears. The lease term was 3 years. Interest rates were fixed at the contract date. Leases have fixed repayments. No arrangements have been entered into for contingent rent. The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets.

14. Payables from exchange transactions

Trade payables	1 839 343 944	1 545 160 116
Payments received in advanced	34 287 390	33 521 343
Retention	15 552 970	20 127 549
Other creditors	858 598	-
Prepaid electricity received in advance	826 236	510 033
13th Cheque Accrual	5 944 548	5 491 541
Licensing and registration	-	499 020
Leave Accrual	24 849 148	22 139 967
Employee related accruals	11 939 654	7 376 950
	1 933 602 488	1 634 826 519

15. Consumer deposits

Consumer deposits	21 529 890	20 330 726
Sundry deposits	130 146	119 519
	21 660 036	20 450 245

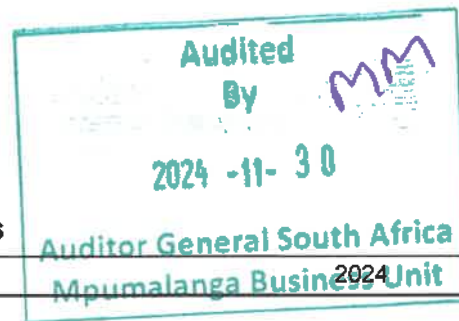
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16. Employee benefit obligations

The Defined benefit plan

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	(72 795 001)	(73 802 000)
Contributions paid	5 793 064	5 579 476
Net expense recognised in the statement of Financial Performance	(13 250 064)	(4 572 477)
	(80 252 001)	(72 795 001)
Current Liabilities	2024	2023
Post-retirement Medical aid	2 596 000	2 493 000
Long service awards	2 197 000	1 371 000
	4 793 000	3 864 000
Non-Current Liabilities	2024	2023
Post-retirement Medical aid	62 752 000	56 684 000
Long service awards	12 707 000	12 247 000
	75 459 000	68 931 000
Non-current liabilities	(75 459 001)	(68 931 001)
Current liabilities	(4 793 000)	(3 864 000)
	(80 252 001)	(72 795 001)

[Provide a brief description of the link between the reimbursement right(s) and the related obligation]

Net expense recognised in the statement of financial performance are as follows:

Current service cost	3 588 000	3 729 000
Interest cost	9 726 000	8 284 000
Actuarial (gains) losses – Plan assets	(63 936)	(7 440 524)
	13 250 064	4 572 476

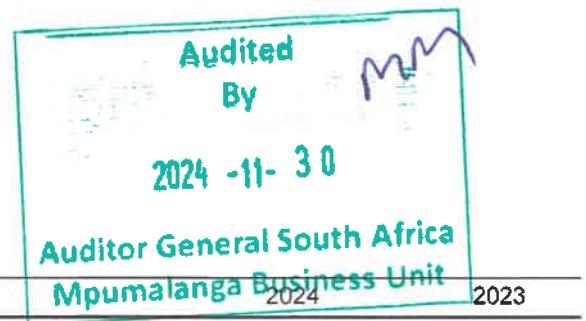
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16. Employee benefit obligations (continued)

Key assumptions used

In estimating the unfunded liability for post-employment health vafre 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).

Discount rates used	13,69 %	14,12 %
Consumer price inflation	8,08 %	8,57 %
Medical aid contribution inflation	9,58 %	10,07 %
Net effective discount rate	3,75 %	3,68 %
Maximum subsidy inflation rate	6,81 %	7,18 %
Net of maximum subsidy inflation discount rate	6,44 %	6,48 %
Average retirement age	62	62

The mortality during employment is based on 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

	2024	2023	2022	2021	2020
History of liability	65 348 000	59 177 000	59 440 000	59 130 000	50 854 000

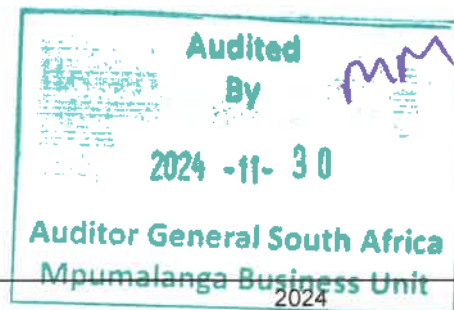
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16. Employee benefit obligations (continued)

Long Service Award

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive

T.

Description	Completed years of service	2024 Service Bonuses (% of Annual Salary)	Long Service Bonuses (% of Annual Salary)	2023 Service Bonuses (% of Annual Salary)	Long Service Bonuses (% of Annual Salary)
5 / 250 x annual salary	5 years	- 2%		2%	
10 / 250 x annual salary	10 years	- 4%		4%	
20 / 250 x annual salary	15 year	- 8%		8%	
30 / 250 x annual salary	20,25,30,35 Years	- 12%		12%	
40 / 250 x annual salary	40 years	- 16%		16%	
45 / 250 x annual salary	45 years	- 18%		18%	
		-			

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). e underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2024 of 5,2%

The following assumptions were used:

key Assumptions	Column heading	2024	2023
Consumer Price Index	-	10.58%	10.85%
General Earnings Inflation rate	-	5.46%	5.93%
Average Retirement Age	-	62	62
	-		

History of liability	2024	2023	2022	2021	2020
	14 904 000	13 648 000	13 858 000	13 097 000	11 759 000

The mortality during employment is based on SA 85-90 tables

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2024	2023
Provincial Support Grant	2 793 283	1 213 240
Local Governemnt Sector Education and Training Authority	1 180 761	1 237 255
Sports & Recreation grants	700 000	700 000
Municipal Disaster Relief Grant	9 580 003	1 500 000
Regional Bulk Infrastructure Grant	40 196 024	40 073 191
	54 450 071	44 723 686

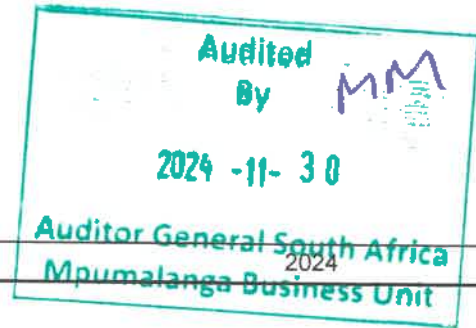
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17. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	44 723 686	1 593 484
Additions during the year	429 145 661	540 994 701
Income recognition during the year	(419 419 276)	(497 864 499)
	<u>54 450 071</u>	<u>44 723 686</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

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

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18. Government grants & subsidies

Operating grants

Financial Management Grant	3 000 000	3 000 000
Local Government Sector Education and Training Authority	2 028 144	310 507
Equitable Share	252 878 000	227 520 000
Provincial Support Grant	8 419 957	6 786 760
Extended Public Works Programme	1 511 000	1 766 000
	267 837 101	239 383 267

Capital grants

Regional Bulk Infrastructure Grant	42 877 167	134 814 309
Water Services Infrastructure Grant	30 000 000	60 000 000
Municipal Infrastructure Grant	55 356 450	57 052 250
Integrated National Electrification Programme	6 800 000	-
Energy Efficiency Demand Side Management Grant	7 000 000	4 000 000
Municipal Infrastructure Grant (PMU)	3 134 550	3 002 750
Municipal Disaster Relief Grant	6 419 997	-
	151 588 164	258 869 309
	419 425 265	498 252 576

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	166 547 265	270 732 576
Unconditional grants received	252 878 000	227 520 000
	419 425 265	498 252 576

Equitable share

Current-year receipts	252 878 000	227 019 000
Conditions met - transferred to revenue	(252 878 000)	(227 520 000)
Grants withheld	-	501 000
	-	-

The grant funding is to assist the Municipality for the provision of basic service.

Energy Efficiency Demand-Side Management Grant

Current-year receipts	7 000 000	4 000 000
Conditions met - transferred to revenue	(7 000 000)	(4 000 000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

This grant is intended to provide subsidies to municipalities to implement energy efficiency and demand-side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Expanded Public Works Programme

Current-year receipts	1 511 000	1 766 000
Conditions met - transferred to revenue	(1 511 000)	(1 766 000)
	-	-

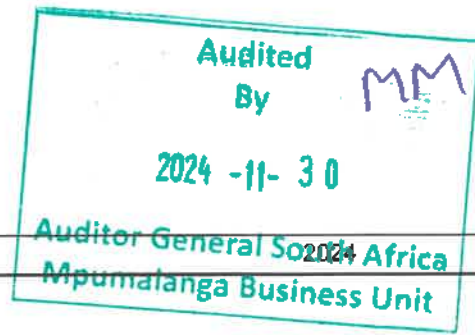
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18. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

To expand work creation efforts using labour-intensive delivery methods identified focus areas, in compliance with the EPWP guidelines.

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18. Government grants & subsidies (continued)

Local Government Sector Education and Training Authority grant

Balance unspent at beginning of year	1 237 255	392 062
Current-year receipts	1 971 649	1 155 700
Conditions met - transferred to revenue	(2 028 143)	(310 507)
	1 180 761	1 237 255

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
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The allocation is for improvement fo sporting facility

Municipal Disaster Relief Grant

Balance unspent at beginning of year	1 500 000	-
Current-year receipts	14 500 000	1 500 000
Conditions met - transferred to revenue	(6 419 997)	-
	9 580 003	1 500 000

This is a disaster fund allocation that was received from National treasury per the Division of revenue act to fund damage to infrastrucutre due to natural distaster.

Intergrated National Electrification Programe

Current-year receipts	6 800 000	-
Conditions met - transferred to revenue	(6 800 000)	-
	-	-

This grants relates to subsidy from National Treasury on infrastrucutre development.

Municipal Infrastructure Grant

Current-year receipts	55 356 450	57 052 250
Conditions met - transferred to revenue	(55 356 450)	(57 052 250)
	-	-

This grants relates to subsidy from National Treasury on infrastrucutre development

Municipal Infrastructure Grant (PMU 5%)

Current-year receipts	3 134 550	3 002 750
Conditions met - transferred to revenue	(3 134 550)	(3 002 750)
	-	-

Allocation relates to administraiive cost for Performance Management Unit of 5% from of the MUnicipal Infrastrucutre grants .

Regional Bulk Infrastructure Grant

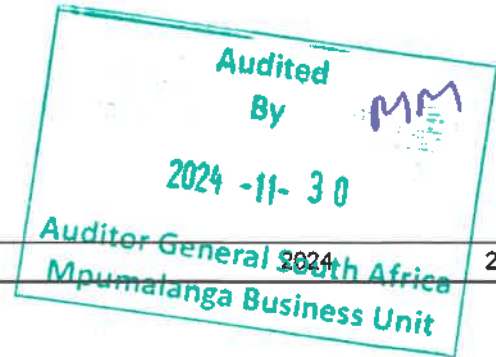
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18. Government grants & subsidies (continued)

	2024	2023
Balance unspent at beginning of year	40 073 191	501 422
Current-year receipts	43 000 000	175 000 000
Conditions met - transferred to revenue	(42 877 167)	(134 927 231)
Other	-	(501 000)
	40 196 024	40 073 191

This grants relates to subsidy from National Treasury on infrastructure development

Water Services Infrastructure Grant

Current-year receipts	30 000 000	60 000 000
Conditions met - transferred to revenue	(30 000 000)	(60 000 000)
	-	-

This grants relates to subsidy from National Treasury on infrastructure development

Finance Management Grant

Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-

The above grant relates to subsidy from National Support on the implementation of MFMA and capacity building .

Provincial Support Grant

Balance unspent at beginning of year	1 213 240	-
Current-year receipts	10 000 000	8 000 000
Conditions met - transferred to revenue	(8 419 957)	(6 786 760)
	2 793 283	1 213 240

This grants relates to subsidy from Provincial Support on the implementation fo revenue programme

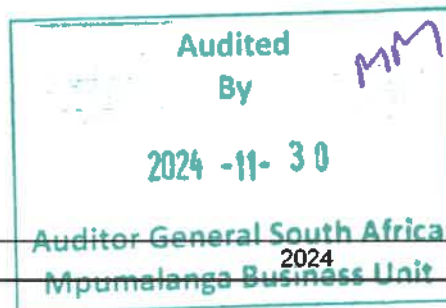
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19. Provision for Landfill Sites

Reconciliation of provision for landfill sites - 2024

	Opening Balance	Reversed during the year	Total
Environmental rehabilitation	95 319 376	(27 547 103)	67 772 273

Reconciliation of provision for landfill sites - 2023

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	81 932 532	13 386 844	95 319 376

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 2024 and approximates the discounted expected future cash flows using reasonable estimation techniques. The discount rate used for the landfill sites is based on a government bond rate that matures as close as possible to the future date of the rehabilitation. The discount rate of 10,30% for 2024 as per the government bond for 5 to 10 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..

20. Service charges

Sale of electricity	258 527 636	223 631 677
Sale of water	73 096 350	74 234 690
Sewerage and sanitation charges	60 289 752	57 676 547
Refuse removal	51 500 951	49 300 058
	443 414 689	404 842 972

This revenue above relates to the core function of the Municipality arising from the provision of services

21. Rental of facilities and equipment

Premises		
Premises	2 300 257	2 215 527
Facilities and equipment		
Rental of equipment	533 131	705 773
	2 833 388	2 921 300

Included in the above revenue relates to revenue from rental of municipal building and other related facilities

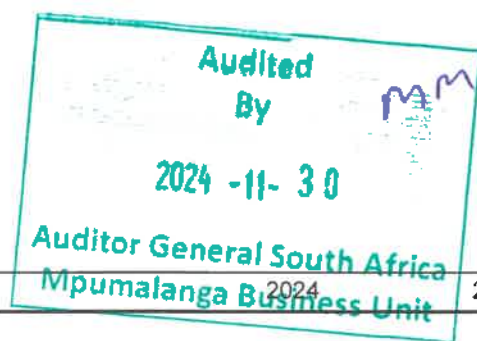
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22. Agency services

Services Provided	-	6 885 735
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The Licensing function was transferred to the Department of Community, Safety, Security and Liaison effective from the 1 July 2023, hence no revenue in the current financial year.

23. Other income

Advertising	324 356	268 409
Cemetery and burial	656 664	771 396
Commission	445 771	543 410
Connection fees	3 515 245	2 472 460
Fire brigade services	2 958 498	1 735 715
Licenses and permits	-	3 463 634
Photocopies	221 024	322 556
Planning and development	1 611 251	1 786 208
Sundry income	870 317	689 663
Tender fees	817 511	838 075
	11 420 637	12 891 526

The revenue above generated from added service other than trading services (Electricity, Water, Sanitation and Refuse)

24. Interest earned

Interest revenue		
Interest charged on Consumer Debtors	34 985 416	28 108 136
Interest earned on positive bank balance	6 052 570	4 854 425
	41 037 986	32 962 561

The amount included in interest revenue arising from receivable exchange transaction and Interest revenue arising from positive bank balance and call account .

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25. Property rates

Rates levied

Agricultural	21 096 870	20 102 007
Business and commercial	82 223 887	75 778 546
Public benefit organisations	48 429	167 592
Public service purposes	26 557 521	25 409 352
Public service infrastructure	56 592	57 434
Residential	65 927 240	74 520 216
Vacant stands	7 875 715	6 828 197
	203 786 254	202 863 344

This is Municipal revenue generated from property taxation as per Municipal Property Rates Act

Valuations

Residential	8 845 364 100	8 805 281 100
Municipal	972 114 800	938 803 300
Public Benefit Organisation	299 644 500	299 644 500
Agriculture	8 951 326 000	8 959 876 000
Business and Commercial	3 239 924 200	3 224 526 800
Public Service Infrastructure	48 443 190	51 685 700
Public service purposes	987 923 300	991 023 300
Vacant stands	334 194 000	304 534 000
	23 678 934 090	23 575 374 700

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.

A general rate of 1.05041 (2023: 0.99754-) is applied to property valuations to determine assessment rates. Rebates are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being Saturday, 01 July 2023 to Sunday, 30 June 2024. Interest is charged as fixed rate

The new general valuation will be implemented on 01 July 2025.

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26. Fines

	2024	2023
Traffic Fines, Law Enforcement	8 899 670	5 526 300
Fines, Fire, Library and other	9 557	20 738
Fines, Rezoning	163 428	156 576
	9 072 655	5 703 614

The revenue above relates to non-compliance with policies and by-laws

27. Debt forgiven

Entity	Description	2024	2023
Eskom	Debt relief	27 297 781	-
Department of Community, Safety, Security & Liaison	Debt written off	-	110 686 413
		27 297 781	110 686 413

The Municipality applied for Eskom debt relief programme and was approved in September 2023, as at 30 June 2024 the municipality realised the reduction in the Eskom debt in relation to interest charged amounting to R 27 297 781.

In June 2023, debt owing by the municipality to the Department of Safety, Security and Liaison (DCSSL) was substantially written off by DCSSL, in preparation for the transfer of the licensing function from the municipality back to the department effective from 01 July 2023.. The amount of the write-off was R110 686 413.t

28. Donations received

Entity		
COGTA	-	1 116 222
Private Companies	-	1 335 134
Department of Culture, Sport and Recreation	813 721	-
Gert Sibande	14 685 173	-
South African Library for the blind	37 709	-
Gert Sibande District Municipality	702 514	-
	16 239 117	2 451 356

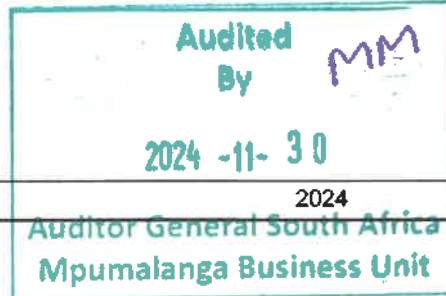
During the year under review the Municipality received Donations from following organisation; Department of Culture, Sport and Recreation, South African Library for the blind and Gert Sibande District Municipality with the total amount of R16 239 117.

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29. Employee related costs

Basic Salary	157 528 126	142 061 932
Bonus	13 103 510	11 846 699
Medical aid - company contributions	13 864 365	13 698 976
UIF	1 316 879	1 298 339
SDL	2 396 161	2 229 744
Bargaining Council	82 755	78 667
Leave provision charge	2 709 181	2 305 594
Pension fund - company contributions	30 952 494	28 275 768
Group insurance	2 843 297	2 589 441
Cellphone and data allowances	774 106	871 685
Overtime payments	26 383 591	23 546 734
Long-service awards	2 818 845	2 284 962
Acting allowances	1 023 067	1 338 533
Car allowance	11 355 828	10 620 794
Housing benefits and allowances	532 727	486 380
Shift and standby allowance	15 034 625	13 869 554
Ward Committees	3 073 800	3 067 500
COVID Levy	1 508 858	1 997 432
Post-retirement Medical Aid	573 143	2 547 937
	287 875 358	265 016 671

Remuneration of Municipal Manager: M Kunene

Annual Remuneration	1 168 866	853 527
Car Allowance	187 323	151 575
Contributions to UIF, Medical and Pension Funds	188 770	172 728
Cellphone allowance	30 000	26 371
	1 574 959	1 204 201

Allowances as per upper limits payable to Senior Management

Remuneration of Acting Municipal Manager: CJ Lisa

Annual Remuneration	-	253 847
Cellphone Allowance	-	5 000
Contributions to UIF, Medical and Pension Funds	-	2 943
	-	261 790

Allowances as per upper limits payable to Senior Management

Remuneration of Chief Financial Officer :PJ Nhlabathi

Annual Remuneration	828 533	382 147
Car Allowance	248 012	140 000
Cellphone allowance	24 000	14 000
Contributions to UIF, Medical and Pension Funds	184 287	102 524
	1 284 832	638 671

Allowances as per upper limits payable to Senior Management

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29. Employee related costs (continued)

Remuneration of the Acting Chief Financial Officer : SM Phiri

Annual Remuneration	-	338 051
Car Allowance	-	65 999
Cellphone Allowance	-	10 000
Contributions to UIF, Medical and Pension Funds	-	78 388
Acting Allowance	-	89 210
	-	581 648

Allowances as per upper limits payable to Senior Management

Remuneration of Director Corporate Services: PS Mabuza

Annual Remuneration	957 986	853 250
Car Allowance	191 403	181 575
Contributions to UIF, Medical and Pension Funds	226 647	214 570
Cellphone	24 000	24 000
	1 400 036	1 273 395

Allowances as per upper limits payable to Senior Management

Remuneration of Director Community and Social Services : MS Lukhele

Annual Remuneration	839 676	418 113
Car Allowance	247 401	135 000
Contributions to UIF, Medical and Pension Funds	175 356	110 828
Cellphone	24 000	14 000
	1 286 433	677 941

Allowances as per upper limits payable to Senior Management

Remuneration of Acting Director - Community and Social Services : FS Maseko

Annual Remuneration	-	196 558
Car Allowance	-	43 717
Cellphone Allowance	-	7 000
Contributions to UIF, Medical and Pension Funds	-	54 904
Standby and Housing Allowance	-	65 936
Acting Allowance	-	37 283
	-	405 398

Allowances as per upper limits payable to Senior Management

Remuneration of Director Community and Social Services : SI Malaza

Annual Remuneration	-	226 076
Car Allowance	-	8 000
Contributions to UIF, Medical and Pension Funds	-	13 610
Cellphone allowance	-	2 000
	-	249 686

Allowances as upper limits payable to Senior Management

Remuneration of Director Technical Services : ZP Duma

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	2024	2023
29. Employee related costs (continued)		
Annual Remuneration	841 515	39 359
Car Allowance	239 333	20 000
Contributions to UIF, Medical and Pension Funds	126 720	731
Cellphone	24 000	-
	1 231 568	60 090
Allowances as upper limits payable to Senior Management		
Remuneration of Acting Director Technical Services : KT Zitha		
Annual Remuneration	-	117 935
Car Allowance	-	32 571
Acting Allowance	-	58 958
Contributions to UIF, Medical and Pension Funds	-	25 871
Cellphone Allowance	-	3 000
	-	238 335
Allowances as upper limits payable to Senior Management		
Remuneration of Director Technical services : FR Ntekele		
Annual Remuneration	-	860 109
Car Allowance	-	120 675
Cellphone Allowance	-	16 000
Contributions to UIF, Medical and Pension Funds	-	120 920
	-	1 117 704
Allowances as upper limits payable to Senior Management		
Remuneration of Director Planning and Economic Development : H Maganya		
Annual Remuneration	876 883	418 534
Car Allowance	185 866	99 677
Cellphone Allowance	24 000	13 290
Contributions to UIF, Medical and Pension Funds	212 310	119 038
	1 299 059	650 539
Allowances as upper limits payable to Senior Management		
Remuneration of Director Planning and Economic Development : D Maake		
Annual Remuneration	-	311 889
Car Allowance	-	8 000
Performance Bonuses	-	2 000
Contributions to UIF, Medical and Pension Funds	-	18 076
	-	339 965
Allowances as upper limits payable to Senior Management		

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30. Remuneration of councillors

Executive Mayor	1 040 254	983 049
Speaker	842 114	795 509
Chief Whip	778 261	755 239
Mayoral Committee Members	3 979 845	3 592 747
Other Councillors	11 383 277	11 235 547
	<u>18 023 751</u>	<u>17 362 091</u>

Additional information

The details for individual councillors are set out in the related parties note 45.

31. Debt impairment

Allowance for impairment-Consumer debtors	77 313 588	142 361 895
Allowance for impairment-Traffic fines	4 789 967	5 876 033
Bad debts written off	-	195 285
	<u>82 103 555</u>	<u>148 433 213</u>

This expense relates to provision of Doubtful debt arising from non-paying Consumer debtors and none paying of ticket fines

32. Depreciation and amortisation

Property, plant and equipment	128 555 587	134 981 850
Intangible assets	5 276	46 129
	<u>128 560 863</u>	<u>135 027 979</u>

This expense relates to provision of Wear & Tear of Property, plant & Equipment.

33. Impairment loss

Impairments		
Property, plant and equipment	(45 930 237)	(4 256 257)

34. Gains/Losses on disposal of Assets

Loss on Disposal of Assets	(3 831 816)	(13 888 871)
	-	(172 878)
	<u>(3 831 816)</u>	<u>(14 061 749)</u>

35. Repairs and Maintenance

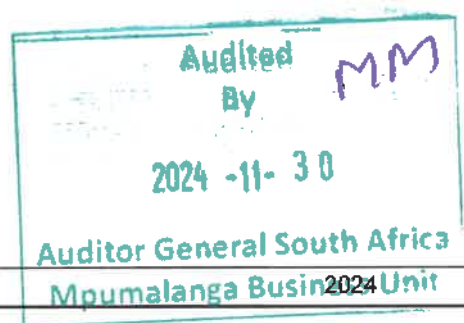
Plant, Machinery and Equipment	7 609 546	8 103 813
Motor Vehicles	5 810 454	5 060 760
Buildings	945 490	212 611
Electrical	45 579 151	19 757 659
Roads	11 787 499	1 869 390
Sanitation	3 222 473	640 701
Water Supply	28 357 980	14 607 083
	<u>103 312 593</u>	<u>50 252 017</u>

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36. Finance costs

Trade and other payables	116 448 491	82 495 226
Finance leases	32 960	39 215
Landfill site	6 328 689	8 213 247
Employee benefits	9 726 000	8 284 000
	<u>132 536 140</u>	<u>99 031 688</u>

The amount incurred on the interest expense relates to charges on late payment to Eskom and Department of Water and Sanitation. The other interest relates to provision of Landfill sites and Employee benefit.

37. Inventory Consumed

Description		
Water consumed	73 895 897	71 482 037

The following is the value of water sold versus the value lost; for more information, please refer to the note on distribution losses 54.

Description		
Water sold	23 987 114	17 461 404
Water losses	49 909 736	54 020 633
	<u>73 896 850</u>	<u>71 482 037</u>

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38. Contracted services

Outsourced Services

Accounting services	4 855 087	8 069 370
Debt Collectors	4 247 704	528 094
Electrical	8 028 352	3 557 282
Maintenance of equipment	175 675	10 263
Prepaid electricity - Commission	3 017 158	3 210 014
Security services	39 621 441	33 076 949

Consultants and Professional Services

Infrastructure and Planning	2 053 173	1 733 980
Legal Cost	9 291 236	12 655 656
	71 289 826	62 841 608

This expenditure relates to expenses incurred to Municipal Contractors

39. General expenses

Advertising	932 831	442 108
Audit Fees	6 888 632	6 663 173
Bank charges	3 154 563	2 606 037
Materials & Installation cost	19 957 263	3 055 795
Consulting and professional fees	5 011 178	428 614
Consumables	499 368	12 004
Insurance	5 839 316	5 459 914
Conferences and seminars	348 827	108 637
Fuel and oil	21 697 445	18 317 531
Printing and stationery	8 715 952	6 446 411
Protective clothing	1 652 432	1 999 555
Software expenses	10 176 067	6 777 164
Staff welfare	-	32 823
Subscriptions and membership fees	3 579 251	3 253 074
Training	2 251 430	496 452
Travel - local	5 256 734	3 635 790
Assets expensed	5 847 502	6 603 767
Miscellaneous expenditure	-	130 900
	101 808 791	66 469 749

This expenditure relates to any other expenses for the operation of the Municipality from the provision of basic Municipal Services

40. Fair value adjustments

Investment property (Fair value model)	(1 719 103)	3 377 545
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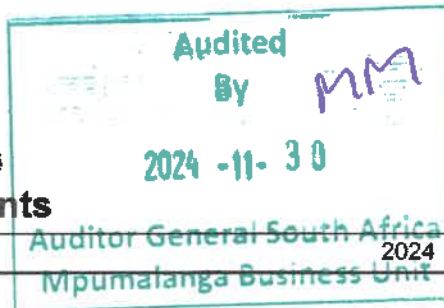
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41. Cash generated from operations

(Deficit) surplus	(276 631 500)	44 137 395
Adjustments for:		
Depreciation and amortisation	128 560 863	135 027 979
Losses on Disposal of Assets	3 831 816	14 061 750
Fair value adjustments	1 719 103	(3 377 545)
Finance costs - Finance leases	132 536 140	-
Impairment deficit	45 930 237	4 256 257
Debt impairment	82 103 555	148 433 213
Movements in retirement benefit assets and liabilities	7 457 000	(1 006 999)
Movements in provisions	(27 547 103)	19 082 889
Inventory losses or write-downs	(2 064 312)	-
Donations received	(16 239 117)	(2 451 356)
Debt forgiven	(27 297 718)	(110 686 413)
Changes in working capital:		
Inventories	(8 185 673)	(10 585 457)
Receivables from exchange transactions	(144 234 552)	(129 645 965)
Receivables from non-exchange transactions	(35 537 746)	(46 496 853)
Payables from exchange transactions	390 349 115	242 889 521
VAT	(169 031 674)	(25 996 438)
Change in landfill valuation (Investing activities)	28 179 747	(5 173 597)
Unspent conditional grants and receipts	9 726 385	43 130 202
Consumer deposits	1 209 791	1 208 409
Employee benefit obligation	5 696 045	(5 696 045)
	130 530 402	311 108 947

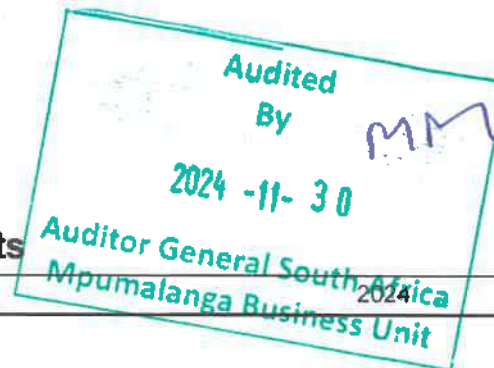
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42. Risk management

Financial risk management

The municipality is exposed to a variety of financial risks: market risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk, but the exposure is limited to the the municipality's management thereof. Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Generally, financial instruments play a much more limited role in creating or changing risks in entities that apply GRAP. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The Municipality managing of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

The table includes both interest and principal cash flows

At 30 June 2024	Less than 1 year	Between 2 and 5 years	Over 5 years
Payable from exchange transactions	1, 839, 343, 944		
Finance lease obligation	234,693	2,400,696	
At 30 June 2023	Less than 1 year	Between 2 and 5 years	Over 5 years
Payable from exchange transactions	1,545,160,116		

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and improved funding

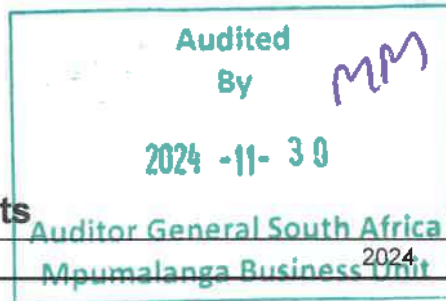
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42. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Municipality if 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 exposed to any significant credit risk. Consumer debtors and other debtors are individually evaluated annually at statement of financial position date for impairment or discounting. Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. There were material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, and is not concentrated in any particular sector. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Receivables from exchange transactions	241 332 693	167 834 179
Bank balances and cash	59 336 240	78 704 867

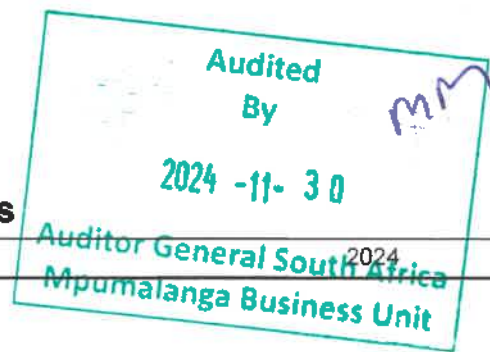
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43. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Electrical	12 184 474	3 921 986
• Roads	49 379 340	7 942 661
• Sanitation	125 105 803	834 280
• Water supply	41 079 437	7 106 219
• Land and Building	755 004	-
	228 504 058	19 805 146

Total capital commitments

Already contracted for but not provided for	228 504 058	19 805 146
---	-------------	------------

Authorised operational expenditure

Already contracted for but not provided for

• Consulting and Professional Fees	22 833 656	7 100 232
• Security (Guarding of municipal property)	10 036 451	38 934 092
• Supply and delivery	6 466 357	5 896 568
• Repairs and maintenance	4 183	-
	39 340 647	51 930 892

Total operational commitments

Already contracted for but not provided for	39 340 647	51 930 892
---	------------	------------

Total commitments

Total commitments


Authorised capital expenditure	228 504 058	19 805 146
Authorised operational expenditure	39 340 647	51 930 892
	267 844 705	71 736 038

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44. Contingencies

2024 2023

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44. Contingencies (continued)

Contingent liabilities

Issue under consideration

This issue involves land that was earmarked for business and churches but was later disposed of or allocated in a manner which was not in line with the development and the agreement reached in 1995. NEWCHO as the developer is intending to sue the Municipality for damages. The Municipality was served with summons in 2015.

Potential liability
6 483 579

Status

Summons were issued Notice of intention to defend was filed Plea was filed Discovery has been done The matter is at the pre-trial stage The attorneys of NEWCHO have submitted a settlement proposal which has been discussed and the amount was reduced to R 1 Million as per the letter dated 02 July 2020. Then on the 21 of July 2020 the Municipality has further proposed the settlement of R 500 000 and we are still awaiting the response thereto.

Attorney

TMN Kgomo and Associates

An Employee of the Municipality was electrocuted while on duty on the 27th of May 2011. He is claiming damages alleging that he was injured as a result of the sole negligence of the Municipality.

1 220 500

Summons were issued

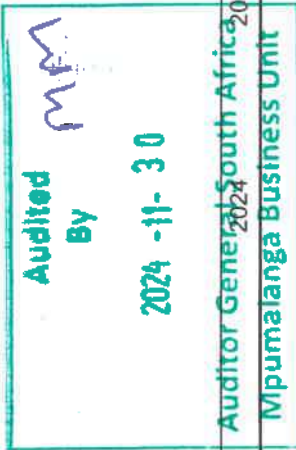
TMN Kgomo and Associates

Action was taken by SAMWU on behalf of Hlophe and others against the municipality for losses due to unlawful variation of the terms of the employment in 2011. The municipality is opposing the claims and pleadings are currently still exchanged, the matter has not been set down for a trial date.

586 707

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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2024

2023

	2024	2023
44. Contingencies (continued)		
The Plaintiff is suing the Municipality together with the Minister of Police for pain and suffering as a result of injuries sustained when he was detained in custody as a result of the case of theft of the machine of the Municipality.	6 000 000	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	Julie Mahommed Attorneys
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	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 a 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	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	Mohlala Attorneys
A resident's motor vehicle was involved in an accident in 2014 and as a result the resident suffered damages.	600 000	Mohlala Attorneys
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	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	Mohlala Attorneys
Damages to vehicle to due to potholes in the road.	83 800	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	Mhlongo Khumalo Attorneys

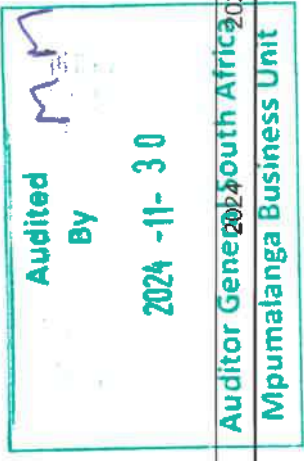
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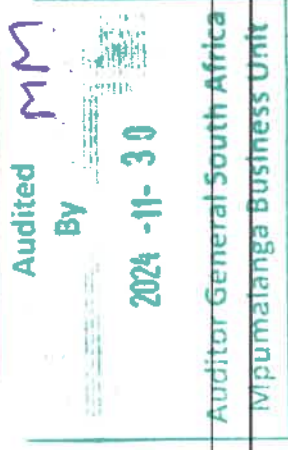
44. Contingencies (continued)				
The Municipality is being sued for the amount outstanding after the contract on the provision of security services expired.	4 539 707			Mhlongo Khumalo Attorneys
The Municipality is being sued as result of the motorist hitting a pothole on Little street in Ermelo which resulted in the damage to his vehicle	26 400			None (Own defence)
The Municipality has been served with summons for the breach of contract on the tender that was withdrawn for the maintenance of the Ermelo Landfill site. The company is claiming for the future loss of income.	20 000 000			Mohlala Attorneys
The Municipality has been served with summons claiming an amount in respect of services rendered relating to fire-fighting.	1 142 061			Motimele Attorneys
The Municipality has been served with summons for the damages caused on the house of the resident allegedly when the municipal staff was fixing a water pipe.	500 000			Maphanga Attorneys
The Municipality has been served with summons for vehicle damages allegedly caused by a pothole.	156 509			None (Own Defence)
The Municipality has been served with the summons claiming damages as a result of the breach of contract. The Plaintiff is claiming for future loss of income.	74 352 398			Lusenga 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			Sibeko Incorporated
The Municipality received summons for the outstanding amount to Rand water for the 2013 operation and maintenance project.	12 208 162			Guzana Attorneys
	213 400 724			



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44. Contingencies (continued)

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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45. Related parties

Members of Mayoral Committee

Executive Mayor

Speaker

Chief Whip

MMC - Corporate Services

MMC - Technical Services

MMC - Finance

MMC - Community and Social Services

MMC - Planning & Economic Development

Members of Key Management

Municipal Manager

Chief Financial Officer

Director Corporate Services

Director Technical Services

Director Planning & Economic Development

Director Community and Social Services

Cllr. M.P Nkosi

Cllr. N.S Xaba

Cllr P.T Sibeko

Cllr. T.J Madlala

Cllr. T.C Motha

Cllr. EC Msezane

Cllr. S.E Ngovene

Cllr. BG Motha

Mr M Kunene

Mr P.J Nhlabathi

Mr P.S Mabuza

Ms Z.P Duma

Ms. H Maganya

Mr M.S Lukhele

The Member of the Msukaligwa Council Ms A Mahlalela is the founding member of **sikhulisigwa womens reunion primary co-operative limited** with the Director of Co & Cv Pty Ltd , which has been awarded a contract for the supply and delivery of Motor Vehicles and Oils Msukaligwa LM. it should be noted that the Director of Co & Cv Pty Ltd is a sole director and its operation has not direct link to or shareholding the sikhulisigwa womens reunion primary co-operative limited, The Member of the Msukaligwa Council had not direct or indirect influence in awarding the service to Co & Cv Pty Ltd

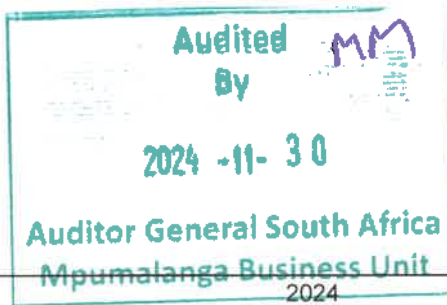
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45. Related parties (continued)

Remuneration of management

Management class: Mayoral Committee Members

2024

Name	Annual Remuneration	Travel Allowance	Contributions to Medical Aid and Pension Fund	Cell Phone and Data Allowance	Total
Cllr. M.P Nkosi (Executive Mayor)	670 247	230 166	93 487	46 353	1 040 253
Cllr. NS Xaba (Speaker)	536 839	184 133	74 790	46 353	842 115
Cllr PT Sibeko (Chief Whip)	490 986	172 625	86 762	46 353	796 726
Cllr TJ Madlala (MMC Corporate Services)	503 172	172 625	70 126	46 353	792 276
Cllr BG Motha (MMC Planning and Economic Development)	503 173	172 625	70 126	46 353	792 277
Cllr TC Motha (MMC Technical Services)	503 173	172 625	70 126	46 353	792 277
Cllr EC Msezane (MMC Finance)	503 169	172 628	70 125	46 353	792 275
Cllr SE Ngovene (MMC Community and Social Services)	503 105	172 702	70 116	46 353	792 276
	4 213 864	1 450 129	605 658	370 824	6 640 475

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Name	Annual Remuneration	Car Allowance	Contributions to UIF, Medical Aid and Pension	Telephone Allowance	Total
Cllr. MP Nkosi (Executive Mayor)	614 477	232 000	92 172	44 400	983 049
Cllr. NS Xaba (Speaker)	486 450	185 770	78 888	44 400	795 508
Cllr. PT Sibeko (Chief Whip)	459 645	175 109	76 085	44 400	755 239
Cllr. TJ Madlala (MMC Corporate Services)	455 663	174 576	73 908	44 400	748 547
Cllr .BG Motha (MMC Planning and Economic Development)	454 770	172 206	73 738	44 400	745 114
Cllr. TC Motha (MMC Technical Services)	458 444	174 476	74 362	44 400	751 682
Cllr. EC Msezane (MMC Finance)	462 397	174 871	75 004	44 400	756 672
Cllr. SE Ngovene (MMC Community and Social Services)	509 205	115 135	81 992	44 400	750 732
	3 901 051	1 404 143	626 149	355 200	6 286 543

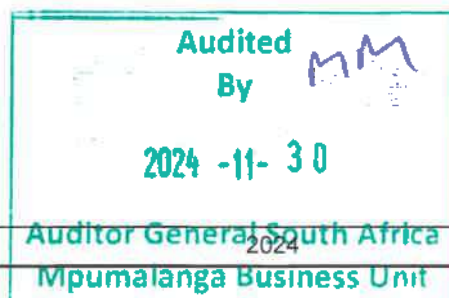
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45. Related parties (continued)

Management class: Councillors

2024

	Annual Remuneration	Car Allowance	Contribution to Medical aid and Pension Fund	Cellphone and data allowance	Total
DVF Arnoldi	214 334	72 839	29 585	46 353	363 111
JDA Bignaut	197 795	93 478	115 716	46 353	453 342
Z Breydenbach	214 334	72 839	29 585	46 353	363 111
SSS Buthelezi	214 334	72 839	29 585	46 353	363 111
SS Cindi	355 418	-	50 161	46 353	451 932
SP Khalishwako	355 418	-	50 161	46 353	451 932
BI Mabuza	214 334	72 839	29 585	46 353	363 111
SM Mabuza	277 672	-	39 086	46 353	363 111
VCN Madini	277 671	-	39 086	46 353	363 110
TJ Maduna	308 718	-	43 743	46 353	398 814
BA Mahlalela	239 983	-	77 504	46 353	363 840
MS Malaza	277 672	-	39 086	46 353	363 111
VJ Maseko	274 134	93 477	37 968	46 353	451 932
SC Mathebula	277 672	-	39 086	46 353	363 111
MM Mkhaliphi	355 418	-	50 161	46 353	451 932
BL Ndlazi	277 672	-	39 086	46 353	363 111
MFJ Ndlovu	214 334	72 839	29 585	46 353	363 111
SF Ngwenya	214 334	72 839	29 585	46 353	363 111
LL Nhlapho	214 334	72 839	29 585	46 353	363 111
BJ Nkosi	277 672	-	39 086	46 353	363 111
MZ Nkosi	214 334	72 839	29 585	46 353	363 111
NR Nkosi (Late)	9 677	3 709	1 452	1 763	16 601
T Nkosi	214 334	72 839	29 585	46 353	363 111
MA Nzimande	296 049	93 477	41 255	46 353	477 134
RT Nzimande	255 757	-	35 799	46 353	337 909
JJ Scholtz	214 334	72 839	29 585	46 353	363 111
PH Sibiya	353 051	-	49 805	46 353	449 209
MR Yende	214 334	72 839	29 585	46 353	363 111
TP Zulu (Late)	40 100	-	6 015	5 310	51 425
ZE Zulu	277 672	-	39 086	46 353	363 111
KJ Makhubu	202 556	-	30 383	30 553	263 492
NL Masuku	171 509	-	25 726	30 553	227 788
	7 716 960	1 085 370	1 214 886	1 366 063	11 383 279

2023

	Annual Remuneration	Car Allowance	Contribution to Medical aid and Pension Fund	Cellphone and data allowance	Total
DVF Arnoldi	193 581	74 206	31 522	44 400	343 709
JDA Bignaut	178 723	94 838	112 322	44 400	430 283
Z Breydenbach	195 319	74 206	31 798	44 400	345 723
SSS Buthelezi	196 220	75 218	31 954	44 400	347 792
SS Cindi	330 708	-	52 681	44 400	427 789
SP Khalishwako	330 184	-	52 598	44 400	427 182
BI Mabuza	193 582	74 206	31 522	44 400	343 710
SM Mabuza	265 194	-	42 288	44 400	351 882
VCN Madini	262 097	-	41 797	44 400	348 294
TJ Maduna	258 749	-	41 266	44 400	344 415
BA Mahlalela	228 760	-	77 362	44 400	350 522

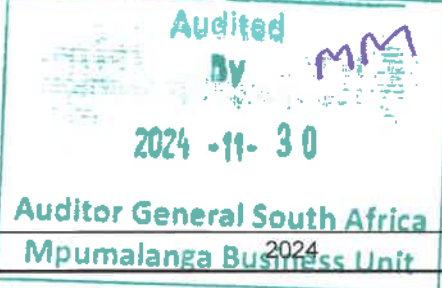
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45. Related parties (continued)

MS Malaza	258 108	-	41 164	44 400	343 672
VJ Maseko	248 031	95 078	40 331	44 400	427 840
SC Mathebula	258 109	-	41 164	44 400	343 673
MM Mkhaliphi	330 708	-	52 681	44 400	427 789
BL Ndlazi	258 749	-	41 266	44 400	344 415
MFJ Ndlovu	215 883	48 559	34 861	44 400	343 703
SF Ngwenya	215 883	48 559	34 869	44 400	343 711
LL Nhlapho	211 742	48 559	34 198	43 800	338 299
BJ Nkosi	258 109	-	41 164	44 400	343 673
MZ Nkosi	194 463	73 193	31 659	44 400	343 715
NR Nkosi	248 031	95 078	40 335	44 400	427 844
T Nkosi	193 581	74 206	31 532	44 400	343 719
MA Nzimande	256 493	77 898	41 747	44 400	420 538
RT Nzimande	257 494	-	41 067	44 400	342 961
JJ Scholtz	193 581	74 206	31 522	44 400	343 709
PH Sibiyi	321 351	-	51 196	44 400	416 947
MR Yende	193 581	74 206	31 532	44 400	343 719
TP Zulu	330 993	-	52 726	44 400	428 119
ZE Zulu	260 290	-	41 510	44 400	346 200
	7 338 297	1 102 216	1 303 634	1 331 400	11 075 547

Refer to note Remuneration of councillors 30.

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45. Related parties (continued)

Management class: Key management (officials)

2024

Name	Annual remuneration	Car Allowance	Phone Allowance	Contributions to UIF, Medical Aid and Pension	Other Allowance	Total
Mr M Kunene (Municipal Manager)	1 168 866	187 323	30 000	188 770	-	1 574 959
Mr P J Nhlabathi (Chief Financial Officer)	828 533	248 012	24 000	184 287	-	1 284 832
Mr P S Mabuza - Director Corporate Services	957 986	187 741	24 000	226 647	3 661	1 400 035
Ms ZP Duma - Director - Technical Services	841 515	239 333	24 000	126 720	-	1 231 568
Ms H Maganya - Director - Planning and Economic Development	876 883	185 866	24 000	212 310	-	1 299 059
Mr MS Lukhele - Director - Community and Social Services	839 676	247 401	24 000	175 356	-	1 286 433
	5 513 459	1 295 676	150 000	1 114 090	3 661	8 076 886

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45. Related parties (continued)

2023

Name	Annual remuneration	Car Allowance	Phone Allowance	Contributions to UIF, Medical Aid and Pension	Acting Allowance	Other long-term benefits	Total
M Kunene (Municipal Manager)	853 527	151 575	26 371	172 728	-	-	1 204 201
CJ Lisa (Acting Municipal Manager)	253 847	-	5 000	2 943	-	-	261 790
PJ Nhlathi (Chief Financial Officer)	382 147	140 000	14 000	102 524	-	-	638 671
SM Phiri (Acting Chief Financial Officer)	338 051	65 999	10 000	78 388	89 209	-	581 647
PS Mabuza - Director Corporate Services	853 250	181 575	24 000	214 570	-	-	1 273 395
MS Lukhele (Director Community and Social Services)	418 113	135 000	14 000	110 828	-	-	677 941
FS Maseko (Acting Director Community and Social Services)	196 558	43 717	7 000	54 904	37 283	65 936	405 398
SI Malaza (Director Community and Social Services)	226 076	8 000	2 000	13 610	-	-	249 686
D Maake (Director Planning and Development)	311 889	8 000	2 000	18 076	-	-	339 965
H Maganya (Acting Director Planning and Economic Development)	418 534	99 677	13 290	119 038	-	-	650 539
ZP Duma (Director Technical Services)	39 359	20 000	-	731	-	-	60 090
FR Ntekele (Director Technical Services)	860 109	120 675	16 000	120 920	-	-	1 117 704
KT Zitha (Acting Director Technical Services)	117 935	32 571	3 000	25 871	58 958	-	238 335
	5 269 395	1 006 789	136 661	1 035 131	185 450	65 936	7 699 362

Refer to note Employee related costs 29.

46. Accounting by principals and agents

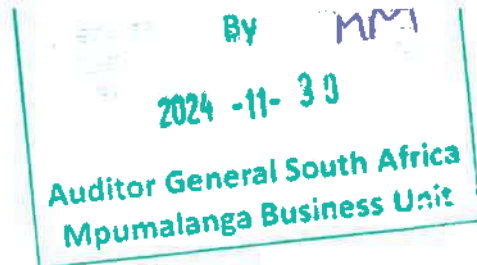
The entity is a party to a principal-agent arrangement(s).

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46. Accounting by principals and agents (continued)

Details of the arrangement(s) is/are as follows:

The entity is the agent. Refer to note for significant judgements applied in making this assessment.

Municipality as principal: Pre-paid electricity

The municipality entered in to an arrangement with Cigicell Pty Ltd to distribute, collect, process and manage the sales of prepaid electricity on behalf of the municipality. A fee of 3% of the total revenue collected is payable by the municipality for the prepaid sales of electricity directly through their platform. Where part of the receipt is used to settle outstanding debt of the consumer, this also attracts commission.

The agent does not hold any assets of the municipality in conducting its functions. If this function were to be terminated, it is possible that the sale of pre-paid electricity would decrease due to the increased inconvenience of visiting the municipality to purchase electricity. While there would be a saving on commission, it is likely that additional resources would need to be employed (cashiers, tills, terminals), in order for the municipality to accommodate the increase in consumer transactions each day. It is not practicable to quantify these costs or benefits.

The aggregate funds received by the municipality, and commission paid to the agent were as follow:

Net funds received	2024	2023
Funds collected	R68,700,564.94	R60,758,373.69
Agent fees	R 3, 019,065.41	R3,210, 013.69

The resources have been recognised/have not been recognised by the agent in its financial statements.
[Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details].

The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

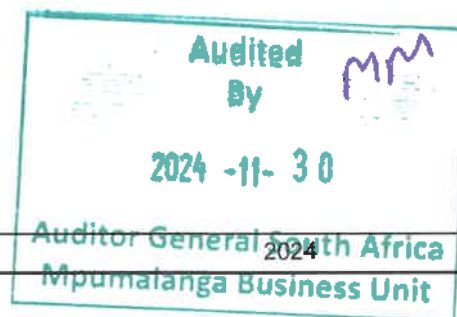
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47. Going concern

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

The senior management echelon of the municipality is fully constituted as all vacant director posts were filled by year end.

However, there are indicators of operational and financial distress.

The municipality has material contingent liabilities of R213 400 724, as well as trade and other payables of R1 933 602 488 against receivables of R330 692 315, which may pose a risk to future operations.

Although, at 30 June 2024, the municipality had an accumulated surplus of R 1 359 983 071 and that the municipality's total assets exceed its liabilities by R 1 359 983 071, 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 292 480 427(2022: R1 237 122 053).

The Municipality reported a Deficit of R (276 631 500) for the period (2023: surplus R 44 137 395);

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 2024

Approved Division of Revenue Act with estimated allocation of equitable share and capital the next 3 years (2024/25FY R462 397 000, 2025/26FY R 526, 710, 000, 2026/27FY R565,632,000)

The municipality has approved a funding plan which is intended to restore the financial viability of the municipality.

48. Events after the reporting date

Management has been made aware of the resignation of an Ordinary Ward 7 Councillor and the term of office for the Audit committee Members and Risk Management Chairperson ended on the 31st of August 2024

49. Unauthorised expenditure

Opening balance as previously reported	648 380 884	413 255 590
Add: Unauthorised expenditure - current	233 344 123	235 125 294
Less: Written-off	(648 380 884)	-
Closing balance	233 344 123	648 380 884

Management submitted the unauthorised expenditure to MPAC for investigation, on the council sitting dated the 28th of June 2024 council considered and approved the write-off of the Unauthorised Expenditure as recommended by MPAC.

50. Fruitless and wasteful expenditure

Opening balance as previously reported	220 373 976	162 400 386
Add: Fruitless and wasteful expenditure identified - current	119 238 062	23 526 159
Add: Fruitless and wasteful expenditure identified - prior period	-	58 995 400
Less: Amount written off - current	(220 373 976)	-
Less: Amount written off by Eskom - current	(17 424 597)	-
Less: Amount written off by DCSSL - prior period	-	(24 547 969)
Closing balance	101 813 465	220 373 976

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50. Fruitless and wasteful expenditure (continued)

Management submitted the Fruitless and wasteful expenditure to MPAC for investigation, on the Council sitting dated the 28th of June 2024 council considered and approved the write-off of the fruitless and wasteful Expenditure as recommended by MPAC. Over and above the Municipality was approved on the 29 September 2023 on the Eskom debt relief where there Municipality realised a reduction in interest incurred amounting to R17, 424, 596.73 by Eskom

51. Irregular expenditure

Opening balance as previously reported	437 508 523	371 377 358
Add: Irregular expenditure - Prior Period	-	27 326 797
Add: Irregular expenditure - current	24 826 432	38 804 368
Less: Amount written off - current	(437 508 522)	-
Closing balance	24 826 433	437 508 523

Management submitted the Irregular expenditure to MPAC for investigation, on the Council sitting dated the 28th of June 2024 council considered and approved the write-off of the Irregular Expenditure as recommended by MPAC.

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 149 498	2 956 211
Amount paid - current year	(3 149 498)	(2 956 211)
	-	-

This relates to amount payable to SALGA which was settled during the year.

Audit fees

Opening balance	241 496	-
Current year subscription / fee	7 913 771	7 663 770
Amount paid - current year	(8 155 267)	(7 422 274)
	-	241 496

All amount billed by AGSA were settled during the year

PAYE and UIF

Opening balance	3 417 626	3 227 295
Current year subscription / fee	44 429 053	41 929 271
Amount paid - current year	(43 552 854)	(41 738 940)
	4 293 825	3 417 626

The unpaid amounts above represent June declarations, which are typically paid in the first week of July as permitted by SARS.

Pension and Medical Aid Deductions

Opening balance	-	5 291 483
Current year subscription / fee	79 173 804	72 990 983
Amount paid - current year	(72 308 896)	(72 990 983)
Amount paid - previous years	-	(5 291 483)
	6 864 908	-

The unpaid amounts above represent June contributions, which are typically paid in the first week of July.

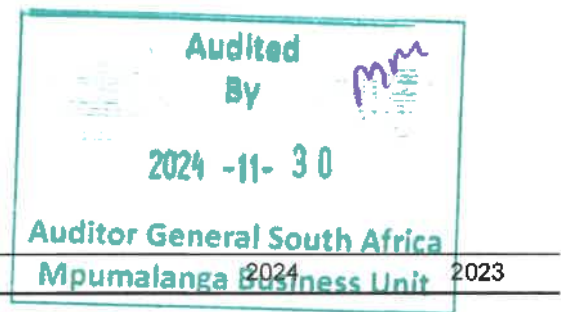
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52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
MP Nkosi	23 098	-	23 098
NS Xaba	15 726	-	15 726
EC Msezane	6 496	-	6 496
TC Motha	3 639	-	3 639
Z Breydenbach	1 948	-	1 948
NR Nkosi	2 796	4 751	7 547
JDA Bignaut	14 435	-	14 435
DVF Arnoldi	8 214	-	8 214
VCN Madini	14 227	-	14 227
BA Mahlalela	93 256	29 650	122 906
VJ Maseko	38 031	-	38 031
MM Mkhaliphi	15	1 039	1 054
MFJ Ndlovu	69	9 877	9 946
JJ Scholtz	7 035	-	7 035
KJ Makhubu	1 779	28 851	30 630
BG Motha	407	-	407
BL Ndlazi	10 168	-	10 168
	241 339	74 168	315 507

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
DVF Arnoldi	6 089	-	6 089
Z Breydenbach	1 865	-	1 865
BA Mahlalela	3 123	-	3 123
AM Mahlangu	2 164	30 001	32 165
VJ Maseko	2 344	64 567	66 911
SC Mathebula	140	8 818	8 958
MM Mkhaliphi	92	901	993
BG Motha	1 208	-	1 208
MFJ Ndlovu	66	9 604	9 670
MP Nkosi	2 785	4 659	7 444
NR Nkosi	50	-	50
JJ Scholtz	6 344	770	7 114
	26 270	119 320	145 590

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

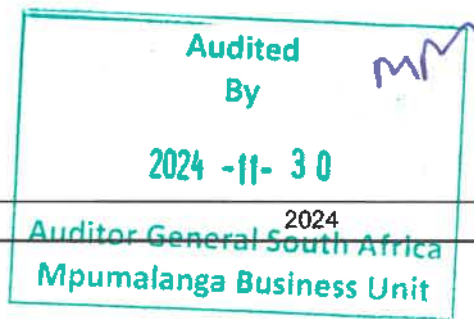
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53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Supplier name	Deviation date	Reason for deviation	Description	Amount
TRUVELO MANUFACTURERS PTY LTD	08/08/2023	sole provider regulatiob 36 (1)(a)(ii) only supplier that can calibrate the Prolase 4 speed machine	calibrating of the prolaser 4 speed machine	5 352
MPC PTY LTD	29/09/2023	impartiacial to follow the procurement process regulation 36(1)(a)(v) responding to court order	Undertaking on non-complaint by MLM to take directive issued in term of section 19(3)	408 696
				414 048

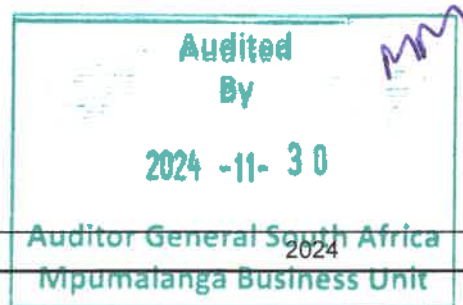
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54. Distribution losses

Values - Rands

Electricity	254 235 339	181 820 328
Water	49 909 736	54 020 633
	304 145 075	235 840 961

Values - Units

Electricity	131 465 226	116 381 419
Water	4 833 425	7 497 142
	136 298 651	123 878 561

Electricity

The municipality purchased 208, 143, 757 (2023: 193,793,81) units during the financial year and sold 76, 678, 501 (2023: 77,412,400) units during the financial year. This represents a loss of 63% (2023: 60%). Reasons for incurring electricity losses relates to the dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

Water

The municipality purchased 7, 156, 417 (2023: 9,815,960) units during the financial year, of which a total of 2, 322, 992 (2023: 2,318,818) units were sold. This represents a loss of 68% (2023: 76%). Reasons for incurring water losses relates to old infrastructure, resulting in the section experiencing water leaks and continuous pipe breakages. The availability of working material in time is an issue, resulting in prolonged reaction times for the sections with breakages. Furthermore insufficient staff, components and working vehicles which affect the reaction time.

55. Change in estimate

Property, plant and equipment

The useful life of all asset classes were adjusted during 2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. the effect of the changing the remaining useful life of assets for the municipality during 2024 are as follows:

(Increase) / Decreases in depreciation per asset class	2024	2023
Community (Building)	(798 961)	9 718 693
Infrastructure Assets	144 998 768	110 700
Movables	2 622 022	723 680
	146 821 829	10 553 073

The details descriptions, component types of the assets in question are available in the Fixed Assets Register of the Municipality.

The effect in future periods is not disclosed because it is impractical estimating it.

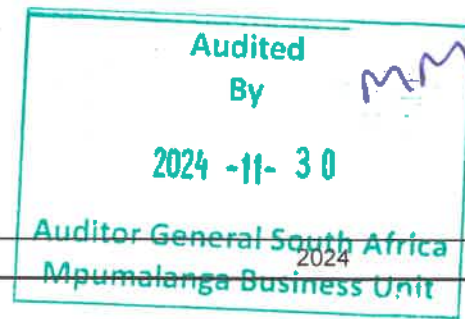
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56. Prior period errors

Error 1 Reclassification

Reclassification of property rates rebates from general expenditure to Revenue from Non-exchange Transactions (Property rates) R 2, 277, 378

Reclassification of contracted services classified as general Expenditure R956, 739.12.

Reclassification of Interest earned from exchange and non-exchange transactions R 9 002 911

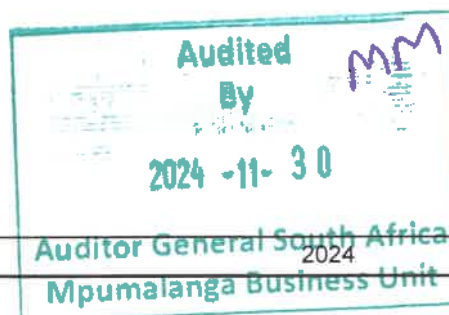
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56. Prior period errors (continued)

Class of transaction	As previously reported	Reclassification	Restated
Property rates	205 140 723	2 277 378	202 863 345
Contracted Services	61 884 869	956 739	62 841 608
General expenses	69 712 670	(3 234 117)	66 478 553
Interest: Revenue from exchange transactions	41 965 472	(9 002 911)	32 962 561
Interest: Revenue from non-exchange transactions	-	9 002 911	9 002 911
	378 703 734	-	374 148 978

Error 2 - Payables from exchange understated

Payables from exchange transactions listing did not agree to the creditors control vote and the listing were incomplete by R62 677 903,00t

Account balance	As previously reported	Prior period adjustment	Restated balance
Trade payables	1 482 482 313	62 677 903	1 545 160 216
	1 482 482 313	62 677 903	1 545 160 216

Error 3 - Payment received in advance/ Employee related accrual

Income received in advance was oversat by R43 309,00 due to misclassification of transactions relating to employee related accrual

Account balance	As previously reported	Reclassification	Restated balance
Payment received in advance	33 564 652	(43 309)	33 521 343
Employee related accruals	7 333 641	43 309	7 376 950
	40 898 293	-	40 898 293

Error 4 Property plant and equipment, mistated by R10 289 876 due to omission and various errors emanating to adjustment of different asset item

Account balance	As previously report	Prior year adjustment	Restated Amount
Property plant and Equipment	2 651 634 315	4 737 876	2 656 372 190
Investment Property	181 143 052	5 552 000	186 695 052
	2 832 777 367	10 289 876	2 843 067 242

Error 5 Irregular expenditure was mistated by R 27 326 796 due to incompleteness of the register in priviously financial years

Disclosures	As prviously reported	Prior year adjustment	Restated additions	Restated balance
Irregular expenditure	371 377 358	27 326 796	38 804 368	437 508 522
	371 377 358	27 326 796	38 804 368	437 508 522

57. Segment information

General information

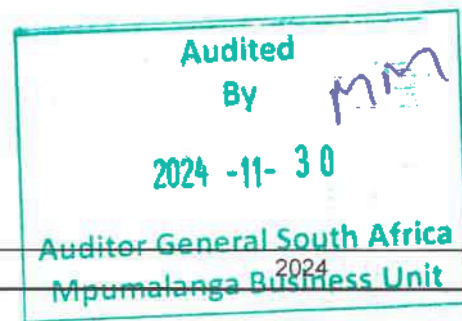
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57. Segment information (continued)

Identification of segments

The municipality has five major segments linked to the primary services offered as this forms the basis for recording and reporting information within the municipality and with external stakeholders.

> Electricity is a key service department, and, through significant infrastructure holdings, links electricity generation to consumers, and, therefore, generates economic benefits and service potential to the community.

> Water is a key service department, and, through significant infrastructure holdings, reticulates water to the community, and, therefore, generates economic benefits and service potential to the community. |

> Sewerage is a key service department, and, through significant infrastructure holdings, removes and treats waste water, and, therefore, generates economic benefits and service potential to the community.

> The Community and Health department, which 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; these have been aggregated. Vehicles, road infrastructure assets, and office furniture and equipment make up the majority of Property, plant and equipment allocated to other reportable segments.

Aggregated segments

Aggregation of segments is based on similarities in the service delivery object of the Municipality, in line with mSCOA which speaks to their economic characteristic. Information reported about these segments is used by management as a basis for evaluating the segments performance and for making decisions about the allocation of resources. Below indicates how the aggregation has been formulated

1. Electricity	: Electricity and Streetlighting
2. Water Supply	: Water Income, Water Network and water purification
3. Waste Water	: Sewerage Income, Sewerage Network, and Sewerage Purification
4. Community and Social	: Director Community and Health, Disaster Management, Cemetery , : Park, Covid-19 Disaster, Fire brigade Services, Golf Course, Libraries, :Parks and Ground, Refuse and Sanitary, Sport and recreation, Licensing, :Sport field GeneralSwimming pool, Traffic, Caravan
5. Finance	: Assessment rates, Director finance, Credit Control, : Finance, Finance management Grant, Municipal Store
6. Other	: Administration, Council General, Councillors, Director Corporate Services, : Director town engineer, Expanded Public works programme, Housing, : Human resources, IDP and Internal Audit, Integrated Development Planning, : Integrated Management information system, ICT Division, : Local Economic Development, Municipal Manager. Communication, : OHS , PMU, Other Department, Public works, Risk Management, : Staff flats, Sub economical department, Technical Department, Workshop

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
Revenue							
Service Charges	258 527 636	73 096 350	60 289 752	51 500 951	-	-	443 414 689
Rental of Facilities and Equipment	-	-	-	138 597	-	2 694 791	2 833 388
Other Income	3 689 684	16 100	1 601	4 055 775	1 463 448	2 194 028	11 420 636
Interest Income	7 958 988	10 837 903	7 890 256	7 497 226	18 247 683	-	52 432 056
Property rates	-	-	-	-	203 786 254	-	203 786 254
Grants and subsidies	13 800 000	98 233 617	-	-	11 419 957	295 971 691	419 425 265
Fines	-	-	-	8 909 227	-	163 428	9 072 655
Debt Forgiven	27 297 718	-	-	-	-	-	27 297 718
Donations	-	702 514	-	-	-	15 536 603	16 239 117
Total segment revenue	311 274 026	182 886 484	68 181 609	72 101 776	234 917 342	316 560 541	1 185 921 778
Entity's revenue							1 185 921 778

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	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
57. Segment information (continued)							
Expenditure							
Employee Related Costs	27 618 388	20 817 930	18 061 974	74 800 414	46 421 383	108 232 158	296 952 247
Remuneration of Councillors	-	-	-	-	-	18 023 750	18 023 750
Depreciation	18 153 944	26 646 864	982 154	33 815 436	537 837	48 424 628	128 560 863
Impairment	-	-	-	45 930 237	-	-	45 930 237
Debt Impairment	17 536 983	19 753 464	13 563 202	17 277 861	12 515 559	1 456 486	82 103 555
Finance Costs	-	-	-	6 328 689	116 481 451	9 726 000	132 536 140
Bulk Purchases	401 588 086	-	-	-	-	-	401 588 086
Contracted Services	11 328 294	-	-	40 410 616	8 802 405	10 748 511	71 289 826
Repairs and Maintenance	46 604 007	38 418 459	3 756 242	4 881 053	49 289	9 603 543	103 312 593
Inventory Consumed	-	73 895 897	-	-	-	-	73 895 897
General Expenses	165 031	11 693 469	7 204 450	6 663 055	31 243 523	44 839 263	101 808 791
Actuarial Gain	-	-	-	(63 936)	-	-	(63 936)
Fair Value Adjustments	-	-	-	-	1 719 103	-	1 719 103
Gains/Losses on Disposal of Assets	-	-	-	-	3 831 816	-	3 831 816
Gains/Losses on Inventory	-	-	-	2 064 312	-	-	2 064 312
Total segment expenditure	522 994 733	191 226 083	43 568 022	232 107 737	221 602 366	251 054 339	1 462 553 280
Total segmental surplus/(deficit)	(211 720 707)	(8 339 599)	24 613 587	(160 005 961)	13 314 976	65 506 202	(276 631 502)
Assets							
Inventory	-	-	-	-	31 774 842	-	31 774 842
Receivable from exchange transactions	67 656 568	65 004 143	40 113 763	37 756 642	25 068 236	(8 369 353)	227 229 999
Receivable from non-exchange transactions	-	-	-	2 317 236	81 104 376	-	83 421 612
VAT Receivable	(17 426 813)	(19 863 903)	(15 289 019)	(12 763 258)	361 838 329	223 086	296 718 422
Cash and Cash Equivalent	-	-	-	-	59 336 340	-	59 336 340
Property, plant and Equipment	356 035 671	931 808 940	555 879 918	20 058 801	1 410 930	779 674 357	2 644 868 617
Investment Property	-	-	-	5 552 000	181 143 053	(16 503 882)	170 191 171
Intangible Assets	-	-	-	-	-	10 510	10 510
Heritage Assets	-	-	-	-	-	174 895	174 895
Total segment assets	406 265 426	976 949 180	580 704 662	52 921 421	741 676 106	755 209 613	3 513 726 408

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MMA

Auditor General South Africa
Mpumalanga Business Unit

57. Segment information (continued)	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other Department	Total
Total assets as per Statement of financial Position							3 513 726 408
Liabilities							
Provisions for landfill site	-	-	-	(67 772 273)	-	-	(67 772 273)
Consumer Deposits	(21 529 890)	-	-	-	(130 147)	-	(21 660 037)
Non-Current: Employee Benefit Obligation	-	-	-	-	(14 904 000)	(60 555 001)	(75 459 001)
Unspent Conditional Grants	(2 951 203)	378 382 976	-	-	42 849	(429 924 693)	(54 450 071)
Payables from exchange transactions	-	-	-	-	(1 936 365 975)	2 759 908	(1 933 606 067)
Current Finance lease obligation	-	-	-	-	(234 693)	-	(234 693)
Current: Employee Benefit Obligation	-	-	-	-	(4 793 000)	-	(4 793 000)
Non-Current Finance lease obligation	-	-	-	-	(2 400 696)	-	(2 400 696)
Total segment liabilities	(24 481 093)	378 382 976	-	(67 772 273)	(1 958 785 662)	(487 719 786)	(2 160 375 838)
Total liabilities as per Statement of financial Position							(2 160 375 838)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2023

Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other department	Total
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Msukaligwa Local Municipality

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57. Segment information (continued)

	223 631 678	74 234 690	57 676 547	49 297 438	-	2 620	404 842 973
Revenue							
Service Revenue				177 708		2 743 593	2 921 301
Rental of Facilities and Equipment				6 885 735			6 885 735
Agency Services				6 358 538			12 891 527
Other Income	2 797 334	2 753		5 900 630	1 549 950	2 182 952	41 965 472
Interest Income	6 353 352	9 018 114	6 180 015		14 513 361		202 863 345
Property rates					202 863 345		498 252 576
Grants	4 000 000	191 866 559			3 000 000	299 386 017	5 703 614
Fines				5 547 038		156 576	110 686 413
Debt Forgiven				110 686 413			2 451 356
Donations		2 213 667				237 689	
Total segment revenue	236 782 364	277 335 783	63 856 562	184 853 500	221 926 656	304 709 447	1 289 464 312
Entity's revenue							1 289 464 312
Expenditure							
Employee Related Costs	25 304 111	19 173 573	15 029 679	77 621 142	40 311 981	95 276 243	272 716 729
Remuneration of Councillors						17 362 091	17 362 091
Depreciation	18 242 597	26 367 010	23 409 357	8 932 127	611 034	57 465 855	135 027 980
Impairment	80 709		7 265 966	154 329	(4 305 378)	1 060 633	4 256 259
Debt Impairment	22 257 690	30 577 985	26 287 597	33 164 979	35 465 212	679 749	148 433 212
Finance Costs					82 495 226	16 536 461	99 031 687
Bulk Purchases	317 779 412						317 779 412
Inventory Consumed		71 482 037					71 482 037
Contracted Services	6 767 296			33 087 211	9 232 755	13 754 346	62 841 608
Repairs and Maintenance	19 873 289	23 056 209	1 029 969	3 851 603	26 309	2 414 638	50 252 017
General Expenses	(3 888 181)	12 307 349	734 438	9 184 512	12 110 304	36 021 327	66 469 749
Actuarial Gain				(7 440 524)			(7 440 524)
Fair Value Gains					(3 377 545)		(3 377 545)
Gains/Losses on Disposal of Assets	3 545 936	2 632 094	4 564 038	377 159		2 942 523	14 061 750
Gains/Losses on Inventory				(3 569 547)			(3 569 547)
Total segment expenditure	409 962 859	185 596 257	78 321 044	155 362 991	172 569 898	243 513 866	1 245 326 915
Total segmental surplus/(deficit)	(173 180 495)	91 739 526	(14 464 482)	29 490 509	49 356 758	61 195 581	44 137 397

Audited
By
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Auditor General South Africa
Mpumalanga Business Unit

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 Annual Financial Statements for the year ended 30 June 2024
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57. Segment information (continued)

Assets	Electricity	Water Supply	Waste Water	Community and Social Services	Finance	Other department	Total
Inventory	-	-	-	-	23 589 170	-	23 589 170
Receivable from exchange transactions	52 461 989	51 887 936	25 117 839	5 479 320	19 104 550	13 782 545	167 834 179
Receivable from non-exchange transactions	-	-	-	578 105	64 611 287	-	65 189 392
VAT Receivable	(15 500 792)	(18 555 321)	(13 330 654)	(11 222 055)	189 824 275	209 338	131 424 791
Cash and Cash Equivalent	-	-	-	-	78 704 966	-	78 704 966
Property, plant and Equipment	304 763 463	904 717 403	507 087 938	142 243 838	29 487 662	763 274 239	2 651 574 543
Investment Property	-	-	-	-	181 143 053	-	181 143 053
Intangible Assets	-	-	-	-	-	15 786	15 786
Heritage Assets	-	-	-	-	-	174 895	174 895
Total segment assets	341 724 660	938 050 018	516 875 123	137 079 208	586 464 963	777 456 803	3 299 650 775
Total assets as per Statement of financial Position							3 299 650 775
Liabilities							
Provisions	-	-	-	(81 932 532)	-	(13 386 844)	(95 319 376)
Consumer Deposits	(20 330 726)	-	-	-	(119 519)	-	(20 450 245)
Employee Benefit Obligation	-	-	-	-	-	(72 795 001)	(72 795 001)
Unspent Conditional Grants	(2 951 203)	335 505 809	-	-	1 566 397	(378 844 690)	(44 723 687)
Payables from exchange transactions	-	-	-	6 600 746	(1 635 921 280)	(5 506 085)	(1 634 826 619)
Total segment liabilities	(23 281 929)	335 505 809	-	(75 331 786)	(1 634 474 402)	(470 532 620)	(1 868 114 928)
Total liabilities as per Statement of financial Position							(1 868 114 928)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Measurement of segment surplus or deficit, assets and liabilities

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58. Budget differences

Material differences between budget and actual amounts

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

EXPLANATION OF VARIANCES ON STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

- A. The under collection is due loadshedding, load reduction and illegal connection.
- B. The Civic centre community hall under renovation.
- C. This is due the vote mapped in an incorrect vote instead of the cashflow.
- D. This is a result of short term investment on grants not yet committed.
- D1. This is due the vote mapped in other revenue
- E. This is due to unspent conditional grants relating to multi- projects
- F. The Municipal has implemented an additional enforcement measures by installing speed Cameras
- G. This relates to donation made to the Municipality by various stakeholders
- H. In the 2023/24 the Council were not gazetted to receive increment
- I. This is due investment in new infrastructure and completed
- K. This is relates to interest Charged on long outstanding Department of Water and Sanitation debt
- L. The debt impairment increase as result of non-payment of service and traffic fines
- M. Eskom tariff increases exceeds provision to municipality and charge of winter tariffs not aligned
- N. The Municipality reduced reliance on consultancy
- O. The Municipality is experiencing theft during load reduction and load shedding
- P. The Municipality is charged on the agreed volume

EXPLANATION OF VARIANCES ON STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

- Q. Inventory maintained with the budget amount
- R. This due to non payment of service by consumers
- S. Since the implementation of the speed cameras, the municipality increased revenue through fines
- T. This increase is caused by vat input being higher than the vat output on the basis of creditors being more than the debtors
- U. This relates to unspent grant for multi-year capital projects
- V. There has been disposal of some part of investment property
- W. This was based on the depreciation and impairment loss incurred in the current year
- X. The intangible assets is carried amortised cost
- Y. There has been an increase in Department of water and sanitation and Eskom debt due to non-payment.
- Z. This was an error during adjustment budget.
- Za. This was an error during adjustment budget, mapping error on provision for employee benefit
- Zb. This relates to unspent grant for multi-year capital projects
- Zc. Based on the assessment, the provision on landfill site reduced

Statement of Cashflows

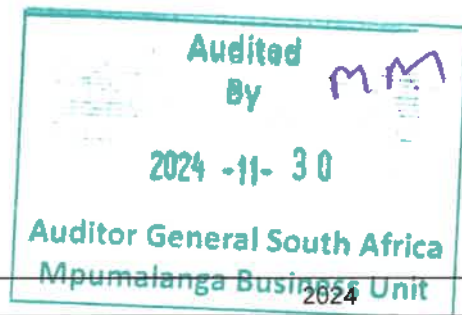
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2024 2023

59. Bulk purchases

Electricity	401 588 086	317 779 412
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60. Interest - Receivable from non-exchange revenue

Interest - Property rates	11 394 070	9 002 911
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The interest were charged on property rates which were levied and remained unpaid at a reporting date. Property owners incur interest on the late payments at an approved rate on the amount outstanding. Interest is recognised using the effective interest rate method on outstanding receivable from non-exchange.

VOLUME III

AUDITOR GENERAL REPORT

Report of the auditor-general to Mpumalanga Provincial Legislature and the Council on 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 2024, statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Msukaligwa Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Payables from exchange transactions

3. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for in line with GRAP 104, *Financial instruments*, I was unable to determine the full extent of the misstatement as it was impracticable to do so.

In addition, I was unable to determine the full extent of the misstatement, as the payables from exchanges transactions included adjustments that could not be supported by evidence, and I could not confirm the payables from exchange transaction by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transaction stated at R1,9 billion (2023: R1,6 billion) disclosed in note 14 to the financial statements.

Net Cash flow from operating activities

4. Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to errors in determining cash flows from operating activities. There were misstatements on payments made to employees and suppliers. Therefore, I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities as stated at R 130 530 402 in the financial statements were necessary.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
9. I draw attention to note 47 to the financial statements, which indicates that the municipality had material contingent liabilities as well as trade and other payables against receivables. The municipality reported a material deficit for the period. As stated in the note, these events or conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Material distribution losses of electricity

11. As disclosed in note 54 to the financial statements, material electricity losses of R254,2 million (2022-23: R181,8 million) was incurred, which represents 63% (2022-23: 60%) of total electricity purchased. Losses were due to dissipation when electricity flows through the conductors, illegal connections, meter tampering and unmetered properties.

Material distribution losses of water

12. As disclosed in note 54 to the financial statements, material water losses of R49,9 million (2022-23: R54,02 million) was incurred, which represents 68% (2022-23: 76%) of total water purchased. Losses were due to old infrastructure, unavailability of working material, insufficient staff, components and working vehicles.

Restatement of corresponding figures

13. As disclosed in note 56 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024

Underspending of the conditional grant

14. As disclosed in note 18 to the financial statements, the municipality materially underspent on the Regional bulk infrastructure grant by R40,20 million.

Other matter

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

Unaudited disclosure notes

16. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual

performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Area (KPA)	Page numbers	Purpose
KPA 2 -Basic Service Delivery and Infrastructure Development	XX	To provide sustainable and reliable services to communities
KPA 3 - Local Economic Development	XX	To coordinate efforts to address unemployment and poverty

23. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the measures taken to improve performance.

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the selected Key development areas are as follows:

Key Performance Area 2- Basic Service Delivery and Infrastructure Development

Various indicators

27. I could not determine the accuracy of various reported achievements, as the indicators were not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator description	Planned target	Reported achievement
Number of new households with access to waste collection by 30 June 2024	440	482
% households with access to electricity by 30 th June 2024	88%	87%
% households with access to basic level water by 30 June 2024	95%	94%

Key Performance Area 3 – Local economic development

Number of short-term job opportunities created via public employment programmes (EPWP, CWP etc)

28. An achievement of 430 was reported against a target of 461. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

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

31. The tables that follow provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages xx to xx.

Key performance area 2: Basic service delivery and infrastructure development

<p><i>Targets achieved: 79%</i></p> <p><i>Budget spent: 114%</i></p>		
Key indicator not achieved	Planned target	Reported achievement
A12: Maintenance of 88 KV main sub-station by 30th June 2024	1	0
A13: Number of irreparable steel/fibre glass kiosks replaced with Concrete kiosks by 30th June 2024	5	0
A14: Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	1	0
A021/1: Review of the WSDP and Water Safety Plan approved by Council by the 30 June 2024	2	1
A26: % households with access to electricity by 30th June 2024	88%	87%
A26: % households with access to basic level of water by 30 June 2024	95%	94%
055: Percentage of fire and emergency incidents attended within the pre-determined timeframe in accordance with SANS 10090 by 30th June 2024	85%	78%

Key performance area 3: Local economic development

<p><i>Targets achieved: 86%</i></p> <p><i>Budget spent: 135%</i></p>		
Key indicator not achieved	Planned target	Reported achievement
035: Number of short-term job opportunities created via Public employment programmes (EPWP, CWP etc)	461	430

Material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – Basic service delivery and infrastructure development and KPA 3 – Local economic development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

33. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
34. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

37. 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, expenditure, liabilities, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
39. Reasonable steps were not taken to prevent irregular expenditure amounting to R24,8 million as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with applicable SCM legislation.
40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R119,2 million, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by Eskom and the Department of Water and Sanitation (DWS).
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R233,3 million, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by spending not being in accordance with the final approved budget.

42. An adequate management, accounting and information system was not in place which accounted for creditors, as required by section 65(2)(b) of the MFMA

Procurement and contract management

43. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c)
44. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Strategic planning and performance management

45. 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 in the annual report

46. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
47. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
48. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. 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

50. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

51. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
52. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
53. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
54. Management did not review and monitor compliance with applicable laws and regulations.
55. Management did not implement action plans to address internal control deficiencies , there were not developed and monitored

Material irregularities

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

Status of previously reported material irregularities

Material irregularity: Department of Water and Sanitation (DWS) invoices not paid within 30 days of receiving the relevant invoice or statement.

57. The municipality did not comply with Section 65 (2) (e) of the MFMA, which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise.
58. The municipality did not ensure that all invoices from DWS were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.
59. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred.
60. The accounting officer was notified of this material irregularity on 01 March 2023. The following actions have been taken to resolve the material irregularity:
 - On 28 June 2024, the council resolved to write off a portion of the fruitless and wasteful expenditure related to interest incurred on the DWS account
 - On 21 August 2024, the accounting officer entered into an agreement with DWS to repay the outstanding debt for accounts not in dispute. Payments have commenced as per the agreement for confirmed amounts, while engagements with DWS are ongoing to resolve one account that remains in dispute.

- During 2023-24 the municipality installed 1548 water meters. This initiative has reduced unbilled water supply and enhanced accuracy of the municipality's revenue billing
- During 2023-24 the municipality ensured that monthly disconnections are been implemented consistently, resulting in improvements in revenue collections for the year.
- In October 2024 the municipality completed the refurbishment and extension of the Breyten water treatment plant.

61. The material irregularity is therefore resolved. I will continue to monitor the compliance with the DWS payment agreement and the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

Material irregularity: Interest incurred on Eskom invoices not paid within 30 days of receiving the relevant invoice or statement.

62. The municipality did not comply with Section 65 (2) (e) of the Municipal Finance Management Act which states that, all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

63. The municipality did not ensure that all invoices from Eskom were paid within 30 days of receiving the invoice or statement, as a result the municipality incurred interest.

64. The non-compliance is likely to result in a material financial loss for Msukaligwa Local Municipality due to the interest incurred by the municipality for the outstanding debt as per the invoices which still need to be paid.

65. The accounting officer was notified of this material irregularity on 01 March 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken to resolve the material irregularity:

- During 2023-24 the municipality ensured that monthly disconnections are been implemented consistently, resulting in improvements in revenue collections for the year
- During 2023-24 the municipality installed 1604 electricity meters. This initiative has reduced unbilled electricity supply and enhanced accuracy of the municipality's revenue billing
- On 18 December 2024, the accounting officer entered into an agreement with Eskom. Payments continue to be implemented and monitored; the municipality remains a participant in the debt relief program
- On 28 June 2024, the council resolved to write off a portion of the fruitless and wasteful expenditure related to interest incurred on the Eskom account.

66. The material irregularity is therefore resolved. I will continue to monitor the compliance with the Eskom debt relief programme and the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

Auditor-General

Mbombela

30 November 2024



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii),</p> <p>Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f),</p> <p>Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a),</p> <p>Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	<p>Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2),</p> <p>Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</p> <p>Parent municipality with ME:</p>

Legislation	Sections or regulations
	Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

VOLUME IV

ANNUAL PERFORMANCE REPORT



Msukaligwa Local Municipality

Annual Performance Report for 2023/2024 Financial Year

1. BACKGROUND

Section 46 of the Local Government Municipal Systems Act, Act 32 of 2000 provides that “a municipality must prepare for each financial year an annual report consisting of:

- (a) a performance report reflecting: -
 - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
 - (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
 - (iii) measures that were or are to be taken to improve performance.
- (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (c) an audit report on the financial statements and the report on the audit performed in terms of section 45(b); and
- (d) any other reporting requirements in terms of other applicable legislation”.

MFMA Circular 63 provides that municipalities municipality must submit an annual report including final annual financial statements and annual performance report to Auditor-General for auditing purposes by the 31 August.

Section 121 of the Municipal Finance Management Act, Act 56 of 2003 further provides for every municipality and municipal entities to prepare an annual report for each financial year in accordance with provisions of Chapter 12 of the Act. According to the provisions of Section 121 (2) of the MFMA, the purpose of the Annual Report is: -

- (a) “to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity”.

Therefore, it is against this background that Msukaligwa local municipality has prepared and submits this annual performance report for the 2023/2024 financial year to the MEC for CoGTA, Provincial Treasury and Auditor General as prescribed by the said legislations. The performance report of the municipality is based on six Key Performance Areas which are:

- Municipal Transformation and Organizational Development;
- Basic Service Delivery;
- Local Economic Development;
- Financial Viability and Management;
- Good Governance and Public Participation; and
- Spatial Planning and Rationale.

The said KPAs are resident across the Msukaligwa municipality's six departments which are:

- Corporate Services;
- Technical Services;
- Community and Social Services;
- Finance;
- Office of the Municipal Manager; and
- Planning and Economic Development.

This report will cover the 2023/2024 financial year starting from the 1st of July 2023 to the 30th of June 2024 and will be focusing on the performance of the municipality as set out in the approved Service Delivery and Budget Implementation Plan for the 2023/2024 financial year.

2. IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM

There is a performance management unit that has been established in the municipality which consists of 3 incumbents being the PMS Manager and two PMS Officer. A performance management framework and an individual performance management policy have been approved by the Council to guide all processes of monitoring and reporting of performance. The municipality has managed to comply with most statutory requirements in relation to the implementation of performance management and monitoring of institutional performance. As a basis for organizational planning and performance management, the municipality adopted its five-year IDP in May 2022, reviewed annually in May as provided for in terms of Section 34 of the Municipal Systems Act, 2000. The following processes were undertaken by the municipality to comply with legislative provisions as well as to implementing performance management:

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Preparation and submission of 2022/2023 4 th quarter performance report to Council.	Section 52 of Municipal Finance Management Act, 2003	Report was prepared and submitted to Council on the 31st of October 2023	None	Complied
Preparation and submission of 2022/2023 Annual performance report to Auditor General.	Section 46 of the Municipal Systems Act, 2000	Annual performance report prepared and submitted to the AG on the 31st of August 2023.	None	Complied
IDP Steering Committee meetings held to discuss the draft IDP review processes	Consultative process in terms of Sec. 28 of the Municipal Systems Act, 2000	4 of the 5 planned Steering committee meetings were held	Most of the items that were to be discussed in the steering committee meetings that were not held, were discussed in general management meetings.	Complied
Preparation and submission of the IDP/Budget/PMS Process Plan to Council for approval.	Sec. 28 (1) and (2) of the Municipal Systems Act, 2000	Process plan approved by Council on the 30th of August 2023.	None	Complied
Publicizing of the IDP/Budget/PMS Process Plan for public information.	Sec. 28 (3) of the Municipal Systems Act, 2000	An advert was prepared and publicized 15th of September 2023 on the local newspaper and Municipal notice boards	None	Complied
Submission of the IDP/Budget/PMS Process Plan to COGTA	Procedure linked to Sec. 28 (3) of the Municipal Systems Act, 2000 for monitoring purposes.	The approved process plan was Submitted on the 6th of September 2023 to COGTA	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
Publicizing of the IDP community consultative programme	Sec, 21 and 28 of the Municipal Systems Act, 2000	An advert on dates and venues for consultative meetings was prepared and publicized on the 15th of September 2023 on the local newspaper.	None	Complied
Conducting IDP public consultation process and reconciling information on community priority issues and preparing a report for management.	Section 16 and 17 of the Municipal Systems Act, 2000	Public consultations conducted on the 12th of September 2023 through physical wards consultations.	1 ward meetings could not be held due to non-attendance by community, but ward development plans were given to Councillors to convene meetings with ward committees to establish the community issues.	Complied
Preparation and submission of 2022/2023 Annual Performance Report.	Circular 63 of the MFMA and Section 46 (a) of the Municipal Systems Act, 2000	Annual performance Report was prepared and submitted to the Treasury and AG together with the AFS on the 31st of August 2023 .	None	Complied
Tabling of the 2022/2023 draft Annual Report and invite for public comments as well as submission to the AG, PT and COGTA	Section 121 and Section 127(2) of the Municipal Finance Management Act 2003	Draft Annual Report tabled in Council on the 30th of January 2024 . The draft AR was publicized for public comments on February 9th, 2024 , on municipal Facebook and notice boards.	None	Complied
Tabling of the 2024/2025 Draft IDP in Council	Section 25 of the Municipal Systems Act	The draft IDP was tabled in Council on the 27th of March 2024 . Submitted to MEC for Local Government on the 05th of April 2024 .	None	Complied

Area of Performance	Legislation	Status Quo	Comments/ Reasons for Non-compliance	Remedial Action
		Publicised for public inspection on the 9 th of April 2024 on the Official Facebook page and notice boards		
Tabling of the 2022/2023 Annual Report	Section 121 (1) of the Municipal Finance Management Act 2003	The 2022/2023 Annual Report was tabled in Council on the 27 th of March 2024 being the final AR.	None	Complied
Tabling and approval of the final 2024/25 IDP	Section 25 of the Municipal Systems Act	The final IDP was approved by Council on the 21 st of May 2024 and publicized for public inspection on the 27 th of May 2024 on municipal notice boards and Official Facebook page.	None	Complied

3. FILLING OF VACANT POSITIONS

In order for the municipality to provide services efficiently, it is imperative that all approved critical positions be filled. The municipal Council has approved an organizational structure with an ideal staff complement of **936**. Currently there are **936** approved positions out of which only a total **624** were funded and filled and **312** positions remain vacant as at the end of the **2023/2024** financial year of which **111** are budgeted for and to be filled. The following is a summary of filled and vacant positions:

3.1. Section 54A and 56 Managers

Position	No. of approved posts	No. of post filled	No. of vacancies	Comments/Reasons for vacancies
Municipal Manager	1	1	0	None
Chief Financial Officer	1	1	0	None
Director Technical Services	1	1	0	None
Director Corporate Services	1	1	0	None
Director Community and Social Services	1	1	0	None
Director Planning and Economic Development	1	1	0	None

3.2. Compliance with the Employment Equity Act

In compliance with the Employment Equity Act, 1998, the municipality had appointed two African females at the senior management level (Section 56 manager) occupying the positions of Director Planning and Economic Development and Director Technical Services respectively. The municipality will continue to implement its Employment Equity Plan by endeavouring to include targeted groups in various positions across the municipality.

3.3. Women appointments at Section 54A and 56 Posts

No. of Sec. 56 posts approved	Women appointed in Sec. 56 posts	No. of vacancies for Women Sec. 56 posts	Comments/Reasons for vacancies
6	2	0	None

4. DEVELOPMENT AND IMPLEMENTATION OF SPECIFIC HR POLICIES

The HR policies have been developed in accordance with the organizational Structure to respond to the needs and interests of the community as contained in the IDP of the municipality reflecting, amongst other things, key aspects of employment equity for equal representation.

Policy	Developed/ Reviewed	Approved	Implemented	Reasons for Non-compliance	Remedial Action
Recruitment and selection policy	Yes	Yes	Yes	None	None
Skills Development Plan	Yes	Yes	Yes	None	None
Employment Equity Plan	Yes	Yes	Yes	None	None
Human Resource Strategy and Plan	Yes	Yes	Yes	None	None
Other HRM & HRD Policies	Yes	Yes	Yes	None	None

5. THE AUDITOR GENERAL REPORT AND FINDING

The municipality received a Qualified Audit Opinion for the 2022/2023 financial. The report of the Auditor General for the financial year ending June 2023 is attached as **Annexure "B"**. The findings of the AG are being addressed in accordance with the Action Plan although others will take time to address due to prior year errors.

6. FINANCIAL PERFORMANCE OF THE MUNICIPALITY

The average payment rate for the financial year under review was **76%** based on billing of services and property rates and there are also distribution losses of **68%** and **63%** on water and electricity respectively. Therefore, these losses had resulted in the municipality not being able to pay its creditors within 30 days, especially bulk creditors such as Eskom and the Department of Water and Sanitation.

The deficit or surplus for the financial year under review will be available after conclusion of the 2023/2024 AFS.

6.1. Conditional Grants 2023/2024 – Monetary

GRANT	ALLOCATION	EXPENDITURE	% SPENT	UNSPENT FUNDS
INEP	R6,800,000	R6,800,000	100%	0
MIG	R61,625,550	R61,625,550	100%	0
EEDSM	R7,000,000	R7,000,000	100%	0
FMG	R3,000,000	R3,000,000	100%	0
WSIG	R30,000,000	R30,000,000	100%	0
EPWP	R1,511,000	R1,511,000	100%	0
MDRG	R16,000,000	R6,419,997	40%	R9,580,003.00
RBIG	R83,073,191	R42,877,167	52%	R40,196,024.00

TOTAL UNSPENT GRANTS R 49,776,027.00

The overall expenditure of the municipality on the allocated Conditional Grants (excluding the RBIG which is being implemented by the District Municipality) as of the 30th of June 2024 was at 92% with MDR grant being approved late which contributed to the 8% unspent grants on municipal implemented projects.

The municipality had also received the RBIG grant which is managed and implemented by the District Municipality. The total expenditure including the RBIG grant brings the overall grant expenditure down to 76%. All grants spent by the municipality were spent in accordance with their specific conditions.

7. BASIC SERVICES DELIVERY PROGRESS

Below are service delivery progress figures as well as backlogs from 2022 to the end of June 2024.

Services	Total No. of Households Census 2022	Households serviced - Census 2022	New developments after Census 2022	Progress as at end of June 2023	Backlog as at end of June 2023	% backlog as at end of June 2023
Water	67 827	63 526	210	63 736	4 091	6,0%
Sanitation	67 827	62 031	334	62 595	5 232	7,7%
Electricity	67 827	59 145	85	59 230	8 597	12,7%
Refuse Removal	67 827	50 056	1 852	51 908	15 919	23,5%

The figures for electricity include connections made by Eskom at areas licensed to Eskom.

8. EXTERNAL SERVICE PROVIDERS PERFORMANCE

This section serves to report on the evaluated Service Provider's performance in respect of their contracts and the products that the Service Providers have delivered. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

Scale		Criteria								
5	Excellent	Completion of the project before the scheduled time and within budget								
4	Good	Completion of project within time frame and budget								
3	Average	Completion of project within time frame but outside the allocated budget or vice versa								
2	Below Average	Failure to complete the project								
1	Unacceptable	Failure to commence with the project								
CORPORATE SERVICES										
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2024	Reasons For Variations If Any	Rating Score (1-5)	Comments/ Corrective action
1.	Supply installation and maintenance of lan and wan (lte internet line)	Compusol IT technologies (Pty) ltd	19-apr-21	36 months	19-apr-21	18-apr-24	Ongoing contract	Good	5	None
2.	Render services for printing lolution equipment, multifunctional copier, renta, maintenance	Emalangeni technologies (Pty) ltd	01-apr-20	36 months	01-apr-20	30-mar-23	Ongoing contract	Good	4	None
3.	Render microsoft licences	Microsoft (Altron Karibina-Partner)	12-oct-20	36 months	12-oct-20	11-oct-23	Ongoing contract	Good	5	None
4.	Supply installation and maintenance of hosted voip (telephone) and contact center	Emalangeni technologies (Pty) ltd	01-jul-20	36 months	01-jul-20	30-jun-23	Ongoing contract	Good	4	None

5.	Supply and delivery of mobile devices	Mobile telephone network (MTN)	Apr-22	36 months	Apr-22	Mar-24	Ongoing contract	Good	4	None
6.	Supply and delivery of mobile devices	Vodacom (proprietary) limited	03-Nov-20	24 months	03-Nov-20	02-nov-22	Ongoing contract	Good	5	None
TECHNICAL SERVICES										
Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	Comments/ Corrective action
7.	Repair and Maintenance of Pumps and Motors	N & C Maintenance and Spares	01-Jun-12	24 months	01-Jun-21	07-Jul-23	Contract lapsed	None	5	None
8.	Repair and Maintenance of Boreholes and Windmills	BE For Ever Trading	01-Feb-23	36 months	01-Feb-23	31-Jan-26	Contract still on-going	None	5	None
9.	Supply and Delivery of Water Purification Chemicals and Maintenance of Purification Equipment	Ifa Lethu Technologies	01-Dec-22	24 months	01-Dec-22	30-Nov-24	Contract still on-going	None	5	None
10.	Supply and Delivery of Water Purification Chemicals and Maintenance of Purification Equipment	Improchem	01-Dec-22	24 months	01-Dec-22	30-Nov-24	Contract still on-going	Failure to deliver due to delays in payments	3	None
11.	Repair and Maintenance of Yellow Fleet, Trucks, Tractors and Trailers	MMN Engineering	01 October 2022	3 years	01 October 2022	30 September 2025	Ongoing	None	5	None
12.	Supply and delivery of tyre components, batteries and exhaust system.	Hardie Tyres	01 Mar 2021	3 years	01 Mar 2021	28 Feb 2024	Ongoing	None	5	None

13.	Provision and supply of maintenance spares, parts and components.	Ermelo Mecca Motor spares	09 May 2022	3 years	09 May 2022	08 May 2025	Ongoing	None	5	None
14.	Installation of Sewer reticulation of Wesselton Extension 11 Phase 1 & 2	KUMELCON (PTY) LTD.	23-Aug-22	5 months	10-Feb-23	30-Jun-23	100% Complete	Excessive Hard rock encountered	3	Project management lacking i.e. budget maintenance
15.		Zondle Trading	23-Jan-23						4	Contractor is performing amidst finalization of scope vs budget.
16.	Refurbishment of Lothair Oxidation Ponds	Morula Consulting Engineers and Project Manager	07-Sep-22	5	03-Mar-21	30-Sep-23	90%	Excessive sludge and underground water encountered	2	Reliability (failure to meet set targets) Lack of professionalism (unprepared for meetings)
17.		A1 Gass and Aluminium	23-Jan23						3	Overall good performance that is affected by variations required to complete the Works.
18.	Construction of Paved roads at Wesselton Mthambama Street	Africando Civil and Projects Managers	03-Oct-23	5	10-Feb-23	30-Jun23	100% Complete	Community stopping the project, inclement weather.	4	Project was completed and Budget maintenance was obtained to achieve project objective
		Sovulane Projects JV Phambili Bo Guliwe	23-Jan-23						4	

19.	Design and Construction of 20MVA, 88/11KV Transformer in Ermelo KV Substation	Gemini Garden JV Skotane	20-Jul-21	9	20-Jul-21	30-Apr-23	98%	Lack of proper project management, failure to plan the material with lead time and poor cashflow management.	2	The JV has performed below average due to lack of professionalism and capital to buy material.
20.	Upgrading of the Wesselton Extension 3 Boxer intersection	2MC Consulting	23-Jun-21	6	14-Mar-22	12-Sep-22	100% project completed	N/A	3	PSP designed well and failed to properly manage the construction or failed to enforce quality instruction
		Shwings Construction (Pty) Ltd	03-Mar-22						3	SP have been lacking resource distribution management, which may lead to failure to complete on schedule.
21.	Rehabilitation of Emadamini Ext 6 Taxi collector	Thoko Consulting	23-Jun-21	6	14-Mar-22	16-Sep-22	92%	N/A	3	PSP failed to identify saving to complete additional works required for the practical completion of the project.
		Ndiza Solutions (Pty) Ltd	03-Mar-22						3	Upon receipts of fund for

										executing additional works, the SP delayed the execution of works.
22.	Upgrading of KwaZanele Masizakhe road	Kumelcon VDan Construction	23-Jun-21	6	14-Mar-22	27-Aug-22	100% Complete	Underground services; Inclement weather	3	Project completed on time 30/11/2022
			03-Mar-22						4	
23.	Electrification of 350 units at KwaZanele Extension 6	Morula Consulting	23-Jun-21	3	14-Mar-22	TBA	100%	Late procurement of electrical meters delaying testing and commissioning.	2	Poor project management techniques compromised planned completion of the project. Project completed 20/12/2022.
		Oakantswe Construction & Projects	3-Mar-22					Poor project management techniques from Consulting Engineer	2	
24.	Construction of 3.6MVA, Bulk, KwaZanele Sub	Morula Consulting	23-Jun-21	3	14-Mar-22	30-Jun-22	100% Complete	N/A	2	Project Completed on time: 30 / 06 /2022
		Kgwebiswano Supplies & Services	3-Mar-22						4	
25.	Installation of High mast light	Skotane development Consultants	28-Oct-21	3	06-Dec-21	31-Mar-22	100% Construction	Delay in Eskom Power connections	2	Project completed 12 May 2023.
26.	Installation of high mast light	Gemini trading Gardem	16-Oct-22	7	21-Oct-22	30-Jun-23	97%	Delay in Eskom Power connections	3	Delays by ESKOM

27.	Upgrading of Ermelo Ext 32, 33 & 34	BTMN Engineers	12-Jul-21	14	22-Apr-22	30-Jun-23	21.5% Construction	Late appointment of Contractor.	3	Project progressing under acceleration. Improved project management techniques will assist towards planned completion.
		Thulatsepo General Trading	30-Mar-22						4	

COMMUNITY AND SOCIAL SERVICES

Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	Comments/ Corrective action
28.	Provision of security services	LL Security Services	01-Oct-21	36 Months	01-Oct-21	30-Sep-24	On going	None	4	The security company is performing well with regard to rendering services.

FINANCE DEPARTMENT

Service Provider	Project	Appointed Service Providers	Appointment Date	Contract Period	Start Date	End Date	Progress By 30 June 2023	Reasons For Variations If Any	Rating Score (1-5)	Comments/ Corrective action
29.	Appointment of a service provider for the indigent system and supplier verification –	Visual Revenue Management Solutions	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	None	4	None.
30.	Appointment of a panel of service providers for the supply and delivery of water materials	Bindza Trading (Pty) Ltd.	15-Dec-22	36 Months	15-Dec-22	14-Dec-25	Ongoing	None	4	None.

31.	Appointment of a panel of service providers for the supply and delivery of water materials	Ybs Projects (Pty) Ltd T/A Hydro Equip	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
32.	Appointment of a panel of service providers for the supply and delivery of water materials	Unamusa Road And Civils (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
33.	Appointment of a panel of service providers for the supply and delivery of water materials	Nrb Piping Systems	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
34.	Appointment of a panel of service providers for the supply and delivery of water materials	Notefull Gauteng (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
35.	Appointment of a panel of service providers for the supply and delivery of water materials	Muhloholoteri Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
36.	Appointment of a panel of service providers for the supply and delivery of water materials	Mphephethe And Jobe Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
37.	Appointment of a panel of service providers for the supply and delivery of water materials	Mphela Mphela Enterprise (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
38.	Appointment of a panel of service	Mawee Civils And Project	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

	providers for the supply and delivery of water materials	Management (Pty) Ltd								
39.	Appointment of a panel of service providers for the supply and delivery of water materials	Lizwelami Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
40.	Appointment of a panel of service providers for the supply and delivery of water materials	Likusasa Lethu Ohs Investments And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
41.	Appointment of a panel of service providers for the supply and delivery of water materials	Dallas Equipment Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
42.	Appointment of a panel of service providers for the supply and delivery of water materials	Corporatti	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
43.	Appointment of a panel of service providers for the supply and delivery of water materials	Amandla Okhozi (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
44.	Appointment of a panel of service providers for the supply and delivery of water materials	Akunamuva Trading	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
45.	Appointment of a panel of service providers for the supply and delivery	Np & Te Trading And Projects	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.

	of sanitation materials									
46.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Mphephethe And Jobe Cc	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
47.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Binza Trading	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
48.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Akunamuva Trading	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
49.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	Kgotlelela Meopathutsi (Pty) Ltd	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
50.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	M17 Project And Construction	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
51.	Appointment of a panel of service providers for the supply and delivery	Likusasa Lethu Ohs Investments And Projects	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.

	of sanitation materials									
52.	Appointment of a panel of service providers for the supply and delivery of sanitation materials	7m Holdings	21/Dec/22	36 Months	21/Dec/22	20/Dec/25	Ongoing	None	4	None.
53.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Prest Business Suppliers Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
54.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Mphephetha And Jobe Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
55.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Lizwelami Trading And Projects	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
56.	Appointment of a panel of service	Kusile Trading Group	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

	providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables									
57.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Gemini Garden Trading 400 Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
58.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Fabritech Eng. And Supplier Group (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
59.	Appointment of a panel of service providers for the supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables	Bindza Trading (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
60.	Appointment of a panel of service providers for the	A1 Glass And Aluminium	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

	supply and delivery of low voltage and medium voltage underground and the low voltage overhead cables									
61.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	A1 Glass And Aluminium	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
62.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	N & C Maintenance And Spares (Pty) Ltd.	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
63.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Gemini Garden Trading 400 Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

64.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Uncut Electrical And Mechanical Engineering (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
65.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Sobozela Trading (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
66.	Appointment of a panel of service providers for the supply and delivery and off-loading and distribution of transformers and the refurbishment of transformers and mini-substation	Bees Technologies	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
67.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Jamela Consulting Engineering & Project Management	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

68.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	CV And SS Trading (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
69.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Thabacom Enterprise	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
70.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Ngoti Holdings	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
71.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Fabritech Engineering And Supplier Group (Pty) Ltd	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
72.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Demsame Technologies	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
73.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Prest Business Suppliers Cc	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.

74.	Appointment of a panel of service providers for the supply and delivery of pothole patching materials	Bindza Trading	15/Dec/22	36 Months	15/Dec/22	14/Dec/25	Ongoing	None	4	None.
75.	Panel of service provider for the provision of travel agent services	Amalgamated Lebone (Pty) Ltd	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	None.
76.	Panel of service provider for the provision of travel agent services	Dana Agency	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	None.
77.	Panel of service provider for the provision of travel agent services	Oleggle Trading	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	None.
78.	Distribution of monthly municipal services accounts	Mailtronic Direct Marketing Cc	25 APRIL 2023	36 Months	25 APRIL 2023	24 APRIL 2026	Ongoing	None	4	None.
79.	Supply and delivery of electricity meters (pre-paid and conventional)	Kgoshi Electrical Cc	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	None.
80.	Supply and delivery of electricity meters (pre-paid and conventional)	Msk Projects And Logistics (Pty) Ltd	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	None.
81.	Supply and delivery of electricity meters (pre-paid and conventional)	Luckyboy Trading Enterprise	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	None.
82.	Supply and delivery of electricity meters (pre-paid and conventional)	Conlog (Pty) Ltd	23 MAY 2023	36 Months	23 MAY 2023	22 MAY 2026	Ongoing	None	4	None.

83.	Compilation of AFS and FAR	BDO	01 July 2021	3 years	01 July 2021	30 June 2023	On going	N/A	4	Service provider performed satisfactory. Needs to improve on skills transfer to the Finance Department.
84.	Integrated Municipal Financial Management And Internal Control System	Business Connexion (Financial System)	10 Feb 2020	60 Months	10 Feb 2020	09 Feb 2025	Ongoing Contract	None	3	Service provided by the supplier is average. Support provided is costly, the system is not fully integrated, Budget module not functioning as yet. Many essential functions are not activated.
85.	Provision Insurance Services	KUNENE MAKOPO	01 October 2020	36 months	01 October 2020	30 September 2023	Ongoing	N/A	3	Service provider performed satisfactory. Insurance claims are not being processed on time.
86.	Compilation and maintenance of the general and supplementary	Valuers Africa	01 July 2020	3 years	01 July 2020	30 June 2023	On Going	none	4	Service provider performed satisfactory.

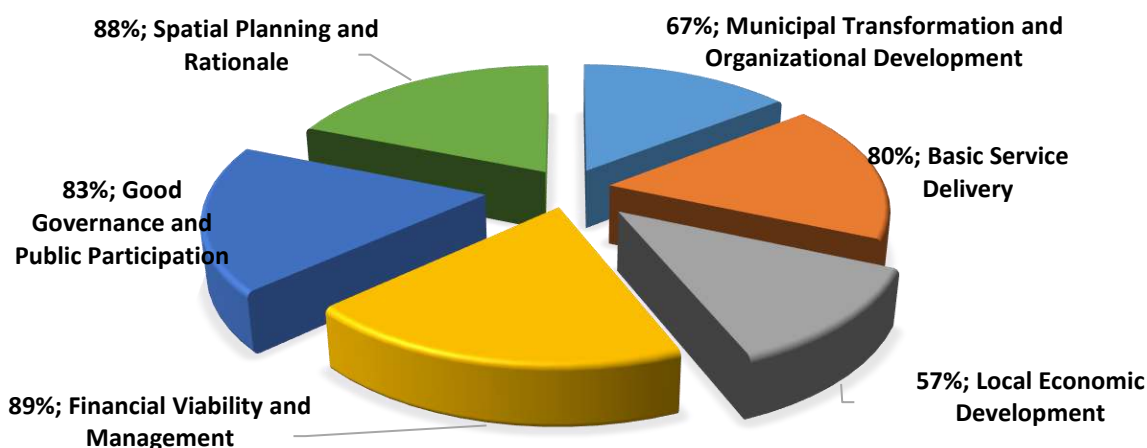
	Valuation Roll (for years 2020-2023)									Compiled appropriate General valuation roll and attended to objections satisfactory, hence the implementation of the valuation roll
87.	Provision of meter reading services	Inzalo utility management Services	15 Dec 2020	3 years	15 Dec 2020	14 Dec 2023	Ongoing	None	3	Service provider performed average and provide unsatisfactory performance. Uploading of data below expected performance, module on devices and error codes not corresponding to the actual information.
88.	Supply of mini sub station	Sibusisosobuhle	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	5	None
89.	Supply and delivery of underground cables	Boagi Projects	29 Oct 2020	3 years	29 Oct 2020	28 Oct 2023	Ongoing	None	3	The service provider is failing to deliver on time.
90.	Supply and delivery of PPE and uniform	N G Mavuso Transport Services	09 Sep 2020	3 years	09 Sep 2020	08 Sep 2023	Ongoing	None	4	None

9. ANNUAL ORGANIZATIONAL PERFORMANCE REPORT FOR 2023/2024

The municipality has on average achieved **79%** performance across all the six Key Performance Areas with Municipal Transformation and Organizational Development (MTOD) and Local Economic Development being the lowest at 62% and 57% respectively. This is as result of KPIs not achieved due to various issues as captured in the summary below as well as the detailed report attached as **Annexure A**. When considering performance per Department, an average achievement for the Institution is also **79%** with Community and Social Services achieving **92%** followed by Finance and Office of the MM achieving **89%** and **83%** respectively. It should further be noted that the achievements are based on the number of indicators achieved and those that are partially achieved are regarded as not achieved. Below is a summary of the organizational performance:

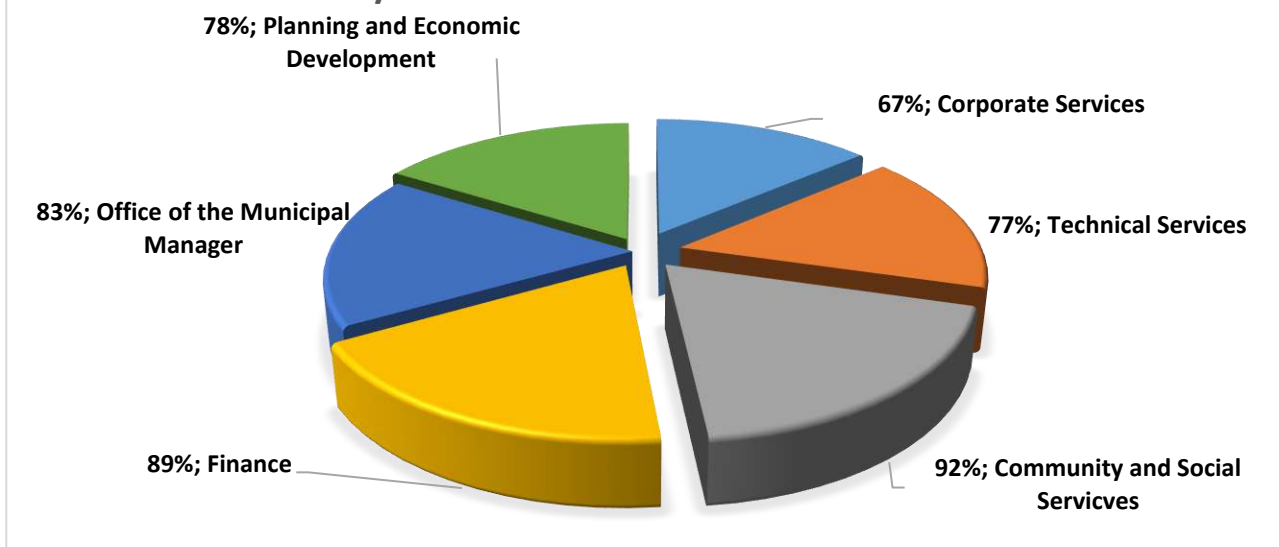
Key Performance Area	% Performance				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Municipal Transformation Organizational Development	39%	46%	50%	69%	67%
Basic Services Delivery	77%	76%	64%	73%	80%
Local Economic Development	100%	100%	100%	100%	57%
Financial Viability and Management	53%	69%	65%	59%	89%
Good Governance and Public Participation	75%	80%	65%	71%	83%
Cross Cutting Issues/Spatial Planning and Rationale	71%	100%	100%	100%	88%
Average	69%	71%	65%	72%	79%

2023/2024 PERFORMANCE PER KPA



Department	% Performance				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Corporate Services	39%	46%	50%	69%	67%
Technical Services	73%	79%	57%	73%	77%
Community and Social Services	82%	73%	81%	73%	92%
Finance	53%	69%	65%	59%	89%
Office of the Municipal Manager	75%	80%	65%	71%	83%
Planning and Economic Development	78%	100%	100%	100%	78%
Average	67%	71%	65%	72%	79%

2023/2024 PERFORMANCE PER DEPARTMENT



The table below provides a summary on the performance of indicators per KPA and it should be noted that it is based only on whether the indicator has been achieved or not; meaning that partially achieved indicators are counted as not achieved. These include performance on implementation of capital projects.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Municipal Transformation & Institutional Development	21	14	07	<ul style="list-style-type: none"> ▪ SOMA not held due to recent preparations for elections. ▪ Re-advertisement posts due to candidates not meeting the requirement for posts advertised. ▪ Delays in returning the signed SLAs by service providers. ▪ Delayed submission of Section 79 reports to Council for approval. ▪ Unresolved Ward 2 petition impeding the sittings of ward committee. ▪ Vacant Youth Officer position.
Basic Service Delivery	59	47	12	<ul style="list-style-type: none"> ▪ Cash flow / budgetary constraints and delays on SCM processes resulting in late appointments of suppliers. ▪ Water Safety Plan deferred by Council to the new financial year. ▪ Reduced number of houses built by DHS resulted in reduction of the planned number of HH to be electrified. ▪ Target not reached due to emergency calls that were more than 25km from the fire station. ▪ Project stoppages due to nonpayment of SMMEs by contractors. ▪ Delays in obtaining wayleave approvals from privately owned land. ▪ Project delayed due additional scope of work and Variation Orders.

KPA	Key Performance Indicators			Reasons for Under-Performance
	Planned	Achieved	Not Achieved	
Local Economic Development	07	04	03	<ul style="list-style-type: none"> LED forum that could not be established. LED Forum meetings that could not sit due to the forum not established. EPWP outstanding information on Social Sector registration.
Financial Viability	19	17	02	<ul style="list-style-type: none"> Household income more than R 5 000 not meeting the minimum requirement for qualifying as indigents and indigents not keen to be registered in the indigent register due to illegal connections or tempering. Insufficient POE
Good Governance & Public Participation	12	10	02	<ul style="list-style-type: none"> Network delays on uploading voluminous documents on the municipal website within the prescribed timeframe. Delays on the finalization and approval of the Annual Risk Register.
Spatial Planning & Rationale	16	14	02	<ul style="list-style-type: none"> Delays in the registration of Ferniehaugh farm, Warburton. None-attendance of IDP/Budget meetings by members of the Community and disruption of some meetings by members of the community.
TOTAL	134	106	28	

10. ALIGNMENT OF THE APR, SDBIP AND IDP

The SDBIP has been aligned to the IDP and budget and the Annual Performance Report has therefore been compiled in accordance with the set targets in the municipal SDBIP.

The municipality has a result of the revision of the budget during the mid-year review as well as compliance with the SMART principles, revised its 2023/2024 SDBIP. Some indicators could not be achieved since the municipality did not have direct control over them and had to be removed while others were added as a result of the budget adjustments. The following is a summary of the changes or amendments were made on the revised 2023/2024 SDBIP:

INDICATOR/PROJECT NO.	INDICATOR OR PROJECTS DESCRIPTION	SOURCE OF FUNDING	AMENDMENTS TO THE SDBIP
A11	Refurbishment of LV overhead network at Laffnie street by 30 th June 2024	Self-funded	Indicator revised – Moved from Quarter 2 to Quarter 3. (This is due to late appointment of Service Provider)
A12	Maintenance of 88 KV main sub-station by 30 th June 2024	Self-funded	Indicator revised – Moved from Quarter 3 to Quarter 4. (This is due to late appointment of Service Provider)
A13	Number of irreparable steel/fibre glass kiosks replaced with Concrete kiosks by 30 th June 2024	Self-funded	Indicator revised – Moved from Quarter 3 to Quarter 4. (This is due to late procurement)
A14	Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	Self-funded	Indicator revised – Moved from Quarter 3 to Quarter 4. (This is due to late appointment of Service Provider)

A27	Percentage of Energy Efficiency and Demand Side Management Grant (EEDSM) spent by 30th June 2024	EEDSM	Indicator Added to the SDBIP. Budget allocated is R 846 651.63
115	Report on Internal Audit findings submitted to Council 30 June 2023	Operational	Indicator was removed from the SDBIP – The indicator is not the direct responsibility of the Internal Audit but the responsibility of the Audit Committee Chairperson.
P48	Water reticulation at Breyten Ext 2: Ward 13	MIG	Budget allocation revised from R 1 000 000.00 to R 850,389.52
P49	The Refurbishment of Lothair Water Treatment Works	MIG	Budget allocation revised from R 2 500 000.00 to R 1,490,421.05
P50	Installation of 1Ml steel elevated tank and construction of booster pump station at Everest Park	MIG	Budget allocation revised from R 7 500 000.00 to R 957,003.98
P51	Installation of 1Ml steel elevated tank and construction of booster pump station in Extension 34 Ermelo	MIG	Budget allocation revised from R 7 500 000.00 to R 10 220 986.49
P52	Sewer reticulation at Breyten Ext 2: Ward 13	MIG	Budget allocation revised from R 1 500 000.00 to R 2,808,494.27
ESN 32 & 33	Installation of Sewer Reticulation In Wesselton Extension 11 Phase 1& 2	MIG	Projects Added to the SDBIP. Budget allocated is R 846 651.63
ESN 25	Electro-Mechanical Upgrades to Extension 32, 33 And 34 Pump stations In Ermelo	MIG	Projects Added to the SDBIP. Budget allocated is R 585 905.44
P53	VIP Toilets in Msukaligwa Farm Areas	MIG	Budget allocation revised R 6 771 914 to R 6 771 886.02
P30	The Construction of Ermelo Ext 50 Outfall Sewer Pipeline	MIG	Budget allocation revised R 2 200 000 to R 955 173.18
P32	Refurbishment of Warburton Wastewater Treatment Works	MIG	Budget allocation revised R 1 300 000 to R 514 721.44
P54	Installation of sewer reticulation at Warburton (house connections and top structure) 999 HH	MIG	Budget allocation revised R 1 300 000 to R 938 089.98
ESN 41	Refurbishment of Lothair Oxidation Ponds	WSIG	Projects Added to the SDBIP. Budget allocated is R 3 631299.14
ESNN 18	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline	WSIG	Projects Added to the SDBIP. Budget allocated is R 5 700 012.65
P56	The Upgrade of Phumula Outfall Sewer Pipeline	WSIG	Budget allocation revised from R 11 959 000.00 to R 7 172 534.85
P33	The Upgrade of Everest Outfall Sewer Pipeline	WSIG	Projects Removed from the SDBIP. Budget revised is R 0.00
P08	Construction of the roads at Wesselton Msheveni Street	MIG	Budget allocation revised from R 8,027,385.26 to R 9,656,700.01

P45	The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	MIG	Budget allocation revised from R 5 000 000 000 to R 8 500 000
P46	The Rehabilitation of Mabilisa , Magwaza & Mabuza Taxi Collector	MIG	Budget allocation revised from R 8 383 329.00 to R 4 500 000
P47	The Upgrading of Lothair Street (Main)	MIG	Budget allocation revised from R 6 566 221.74 to R 5 760 426.96
P22	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	OWN	Budget allocation revised from R 1 597 427.03 to R 4 866 793.13
CSA 04	Construction of Access Control Infrastructure at Msukaligwa Local Municipality Offices in Ermelo	OWN	Projects Added to the SDBIP. Budget allocated is R2 717 428.09
CSA 01	Maintenance of the Civic centre Townhall Roof	OWN	Projects Added to the SDBIP. Budget allocated is R2 578 036.00

8. Conclusion

Financial constraints continue to be a challenge the municipality faces, the financial recovery plan and funding plan are mechanisms in place to help the municipality deal with the financial constraints, in order to provide service delivery to our communities.

When comparing the overall institutional performance with the previous financial year (72%), it is evident that the municipality's overall performance has improved in the 2023/2024 financial year (79%) by 7%. Service delivery remains a priority of the Municipality, it is for that reason the Municipality will continuously put measures and strategies in place to ensure adequate performance and implementation of our Integrated Development Plan (IDP), Budget and Service Delivery Budget and Implementation Plan (SDBIP) for the benefit of the Msukaligwa Community.

Signed:



Mr. M. Kunene
Municipal Manager

31 August 2024

Date

2023/2024 SDBIP ANNUAL PERFORMANCE REPORT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

CORPORATE SERVICES DEPARTMENT

STRATEGIC OBJECTIVE: TO BUILD A CAPABLE WORKFORCE TO DELIVER SERVICES

No	Performance Objective	Key Performance Indicator	Baseline 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Vacancy Management													
001	To enhance institutional capacity to achieve the constitutional mandate of the Council	Number of funded vacancies filled by 30 June 2024	56 funded vacancies filled	100	22	10	22	9	63	Not Achieved	The reason for non-achievement candidates did not meet the requirements of the posts therefore the posts were re-advertised.	Selection and Appointment will be done in the next quarter.	- 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 2024	0% Cascaded	35%	14%	17%	37%	41%	41%	Achieved	The reason for over achievements is that more performance agreements were signed by Managers.	None	- Signed performance agreements
A01	To ensure the overall wellness of employees and	Number of employees wellness campaigns including	1 wellness campaign held	2	N/A	1	N/A	1	2	Achieved	None	None	- Attendance registers

	adherence to the OHS Act	SASRA games held by 30 th June 2024												
005	To ensure capacity building of Municipal Councillors and Employees	Work-place Skills Plan (WSP) submitted to the LGSETA by 30 April 2024	1 WSP submitted	1	N/A	N/A	N/A	1	1	Achieved	None	None	- WSP Report and acknowledgment of receipt by LGSETA	
Functional Area: Labour Relations														
A02	To ensure on-going consultation with labour in decision-making	Number of Local Labour Forum meetings held by 30 June 2024	4 LLF meetings held	4	1	1	1	1	4	Achieved	None	None	- Minutes and Attendance Registers	
Functional Area: Information and Communication Technology (ICT)														
A03	To ensure uninterrupted internal and external communication	Number of ICT Steering Committee meetings held by 30 th June 2024	New indicator	4	1	1	1	1	4	Achieved	None	None	- Minutes and attendance registers of the ICT Steering Committee	
Functional Area: Legal and Compliance														
A04	To ensure legal compliance with all contractual matters	Number of Signed SLA and Contracts drafted within 30 days	New indicator	40	8	10	0	7	27	Not Achieved	Delays in returning the signed SLAs by service providers.	Making follow-up with the service providers to return the signed SLAs.	- Signed SLA's	
A05	To ensure Mayoral Committee is aware of the	Litigation register report is submitted quarterly to	New indicator	4	1	1	1	1	4	Achieved	None	None	- Litigation register report.	

	litigation register of the municipality	the Mayoral Committee											
Functional Area: Governance and Public Participation													
A06	To strengthen corporate governance and accountability	Number of Corporate Services Section 80 committee meetings held by 30 June 2024	New Indicator	12	3	3	3	3	12	Achieved	None	None	- Minutes and Attendance Registers of the sitting of Sec. 80 committees
016/1	To perform an effective oversight role of the actual performance of the municipal council	Number of section 79 oversight reports submitted to and adopted by the Council by 30 June 2024	12 Section 79 oversight reports submitted	20	2	1	4	0	7	Not Achieved	Due to the urgency of other matters, Section 79 report were not submitted to Council for approval.	Section 79 report will be submitted to Council for adoption in the next quarter.	- Oversight reports - Council Resolution
016	To perform effective oversight on the Council's Annual Report	Municipal Public Accounts Committee oversight reports on Annual Report tabled in the Council by 31 March 2024	1 MPAC Report tabled in the Council and approved	1	N/A	N/A	1	N/A	1	Achieved	None	None	- MPAC report - Council Resolution
010	To ensure the participation of the public in the affairs of	Number of functional ward committee meetings held	228 Ward committee meetings held	228	54	35	54	54	197	Not Achieved	Ward 2 has not been sitting reason being, they are waiting for the petition	Ward 2 will be functional once their petition is resolved.	- Attendance registers and minutes

	the municipality	by 30 June 2024									they have submitted to COGTA.		
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 2024	1 SOMA held	1	N/A	N/A	N/A	0	0	Not Achieved	Due to the busy schedule of the election year, the SOMA could not be held.	The Annual Mayoral State of the Municipal Address will sit in the next quarter.	- Advert /SOMA Speech
A07	To promote intersectoral collaboration and oversee the implementation of the HIV/AIDS strategy	Number of Local Aids Council Meetings held by 30 June 2024	New indicator	4	1	1	1	1	4	Achieved	None	None	- Attendance Register/Event Report
A08	To provide support and advocate for positive development outcome for young people	Number of youth development programmes implemented by 30 June 2024	New indicator	8	0	2	2	2	6	Not Achieved	The Youth Officer requested to be transferred to another department and there was no replacement.	The Chief of Staff will deal with the KPI, pending the replacement of the Youth Officer.	- Attendance Register/Event Report
A09	To ensure that people living with disabilities and the elderly are empowered at all levels	Number of awareness campaigns implemented for people living with disabilities and the elderly by 30 June 2024	New indicator	5	2	1	1	1	5	Achieved	None	None	- Attendance Register/Event Report

A10	To prevent Gender Based Violence amongst women and children	Number of awareness campaigns implemented on GBV, Women and children by 30 June 2024	New indicator	4	3	1	1	1	6	Achieved	More awareness campaigns were held to address issues of Gender based violence amongst women and children.	None	- Attendance Register/Event Report
012	Mayoral outreach programmes including Imbizo's	Number of Mayoral Outreach Programmes held by 30 June 2024	New indicator	18	5	5	5	3	18	Achieved	None	None	- Attendance Register/Event 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 th June 2024	12 Council meetings held	4	2	3	3	1	9	Achieved	The reason for over achievement was that Council had to sit to discuss urgent matters.	None	- Attendance Registers
004/1	To ensure Council Resolutions are fully implemented	Quarterly report on the implementation of Council resolutions implemented by 30 th June 2024	New indicator	4	1	1	1	1	4	Achieved	None	None	- Council Resolution the implementation of Council Resolutions
Functional Area: Records Management													
113	To improve the	Number of General	New Indicator	4	0	0	0	1	1	Not Achieved	The disposal is awaiting the Final	To obtain the approval from	- General Disposal

	Management of Council Records	disposal authorities approved and implemented by 30 June 2024									Appointment of the Tender for Records Management System.	the Provincial Archives to dispose documents. Once the Appointment and the approval is made, the process to dispose will start.	Authorities - List of disposed documents as per Retention plan.
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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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Electricity													
027	To ensure that the power supplied to all consumers is metered	Number of electricity meters installed by 30 th June 2024	457 meters installed	800	215	278	269	842	1604	Achieved	Higher demand for meter installation/ replacement (s) due to the implementation of the TID rollover.	N/A	- Meter installations listing and Job cards
A11	Ensure sustainability of electricity supply	Refurbishment of LV overhead network at Laffnie street by 30 th June 2024	New indicator	1.1 km	N/A	N/A	1,1 km	N/A	1,1 km	Achieved	N/A	N/A	- Close-out report on refurbishment and completion certificate
A12	To ensure optimal operation and power supply to consumers	Maintenance of 88 KV main sub-station by 30 th June 2024	1 main sub-stations maintained	1	N/A	N/A	N/A	0	0	Not Achieved	Budget Constraints	Maintenance will be done in 2024/25 financial year.	- Close-out report on maintenance and completion certificate
A13	To ensure safety of power supply facilities	Number of irreparable steel/fibre glass kiosks replaced with Concrete	New indicator	5	N/A	N/A	N/A	0	0	Not Achieved	Delayed SCM processes resulted in late appointments of suppliers.	Panel of suppliers appointed in June 2024.	- Maintenance Report with listing of kiosks

		kiosks by 30 th June 2024											
A14	To ensure undisturbed power supply to water treatment works	Construction of a MV overhead line to Northern Water Treatment Works (Douglas Dam)	New Indicator	1	N/A	N/A	N/A	0	0	Not Achieved	Target not achieved due to budget constraints.	To be executed in the 2024/25 financial year.	- Close-out report and completion certificate
Functional Area: Water and Sanitation													
019	To ensure that all consumers are metered for water consumption	Number of water meters installed by 30 June 2024	303 new water meters installed	1500	142	438	440	573	1593	Achieved	Target overachieved due to higher demand for meter installation/replacement.	None	- Meter installations listing - Job Cards
021	To ensure the quality of drinking water comply with SANS241	Water quality sampling results for both water and wastewater compiled by 30 June 2024	New indicator Water and wastewater samples are taken monthly for analysis	12	3	3	3	3	12	Achieved	None	None	- Monthly reports on compliance of water and wastewater quality
021/1	To ensure compliance with the Water Services Act	Review of the WSDP and Water Safety Plan approved by Council by the 30 June 2024	New Indicator	2	N/A	N/A	1	N/A	1	Not Achieved	The WSP went through all committees however, due to the volume of council items in June it was amongst the items that	To ensure and motivate in council that statutory items may not be deferred	- Council approved WSDP and WSP - Council resolution.

											were deferred to July.		
025	To ensure environmentally compliant wastewater treatment plant	Number of Reports on the status and performance of wastewater treatment plants compiled by 30 June 2024	New indicator Unit processes operating accordingly	4	1	1	1	1	4	Achieved	None	None	- Quarterly reports on status and performance of wastewater treatment plants
021/2	To ensure environmentally compliant water treatment plant	Number of reports on the status and performance of the water treatment plants compiled by 30 June 2024	New indicator Unit processes operating accordingly	4	1	1	1	1	4	Achieved	N/A	N/A	- Quarterly reports on status and performance of water treatment plants
Functional Area: Roads and Storm Water													
030	To ensure well maintained roads	Square meters (m2) of roads resurfaced/Patched by 30 th June 2024	43400 m² re-surfaced	40,000 m2	45934.12 m2	4829.06 m2	10058.84 m2	26964.98 m2	87787 m2	Achieved	Target overachieved due to assistance received from GSDM and Department of Public Works.	None	- Monthly reports
029	To ensure well maintained roads	Kilometres of gravel roads maintained by 30 th June 2024	52.72 Km re-gravelled or Bladed	30 km	N/A	66.83 km	29.96 km	32.153 km	128.94 km	Achieved	Target overachieved due to GSDM assistance with yellow fleet and purchase	None	- Listing of roads re-gravelled and their lengths

											of a new grader.		
A15	To ensure effective management of storm water	Number of storm-water inlets-maintained by 30 th June 2024	131 inlets maintained	240	237	74	150	143	604	Achieved	Target overachieved due to assistance by the community works programme employees.	None	- Monthly reports
Functional Area: Governance and Public Participation													
A16	To strengthen corporate governance and accountability	Number of Technical Services Section 80 committee meetings held by 30 June 2024	New Indicator	12	3	3	3	3	12	Achieved	N/A	N/A	- Minutes and Attendance Registers of the sitting of Sec. 80 committees
Functional Area: Projects Management													
026	To ensure that all households have access to basic level of electricity	% households with access to electricity by 30 th June 2024	87% (59 145) access to electricity	88% (97)	N/A	N/A	N/A	87% (85)	87% (85)	Not Achieved	Reduced number of Household by Dept. of Human Settlement resulted in reduction of the planned number of House Hold to be electrified.	None	- Progress reports - Practical completion certificates
017	To ensure that all households have	% households with access to basic level of	94% (63 692) access to water	95% (150)	N/A	N/A	N/A	94% (44)	94% (44)	Achieved	None	None	- Progress reports.

	access to basic level of drinking water	water by 30 June 2024												- Practical completion certificates
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 2024	2340 households with access to VIP	230	N/A	230	N/A	N/A	230	Achieved	None	None		- Progress reports. - Practical completion certificates - Happy letters
028	To improve the standard of municipal roads	Kilometres of roads/streets upgraded to asphalt or paved by 30 th June 2024	4.27 km upgrade to paved roads	1.8 km	N/A	N/A	N/A	1,8 km	1,8 km	Achieved	None	None		- Progress Reports - Practical completions certificate
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 th June 2024	100 % Spent on MIG	100%	24%	58%	84%	100%	100%	Achieved	None	None		- MIG Expenditure Report - Payment certificates
033	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Water Services Infrastructure Grant (WSIG) spent by 30 th June 2024	100% Spent on WSIG	100%	42%	65%	78%	100%	100%	Achieved	None	None		- WSIG Expenditure Report - Payment certificates

034	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Integrated National Electrification Programme (INEP) spent by 30 th June 2024	0% Spent on INEP	100%	4%	70%	100%	100%	100%	Achieved	None	None	- INEP Expenditure Report - Payment certificates
A27	To ensure that funds allocated are spent on planned infrastructure project	Percentage of Energy Efficiency and Demand Side Management Grant (EEDSM) spent by 30 th June 2024	100% Spent on EEDSM	100%	N/A	N/A	65%	100%	100%	Achieved	None	None	- EEDSM Expenditure Report - Payment certificates

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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Solid Waste Disposal and Environmental Management													
036	To ensure that households are provided with the minimum solid waste removal services	Number of New Households with access to waste collection by 30 th June 2024	51 426 households provided with waste collection	440	N/A	482	N/A	N/A	482	Achieved	The indicator is demand driven	None	<ul style="list-style-type: none"> - List of new households that received the services. - Township layout plan
040	To ensure that all waste disposal sites are maintained regularly in accordance with NEMA	Number of waste disposal sites and transfer stations maintained quarterly	2 waste disposal sites maintained	2	2	2	2	2	2	Achieved	None	None	<ul style="list-style-type: none"> - Land fill sites and transfer station maintenance reports
038	To promote environmental management awareness to communities	Number of environmental Management educational campaigns	14 Waste Management educational campaigns held	8	2	7	5	3	17	Achieved	Received support from the Department of Forestry Fisheries and	None	<ul style="list-style-type: none"> - Educational Campaigns Reports. - Attendance Registers

		held by 30 th June 2024									Environmental Affairs.		
Functional Area: Social and Community Development													
046	To promote a culture of reading and learning for learners at schools	Number of library events and educational campaigns rolled out by 30 th June 2024	6 library events held	8	2	2	2	4	10	Achieved	The department of Sports Arts & Culture assisted the Municipality in doing some library events.	None	- Attendance Registers - Reports and photos
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 th June 2024	85% of fire and emergency incidents attended	85%	73	76	84	79	78	Not Achieved	1. Calls were more than 25km from the station. 2. Breyten fire station don't have fire trucks and personnel 3. Speed/resp onse did not meet the target reason being, distance to emergency calls out of town, and heavy motor vehicles on the road. 4. 3x calls was more than	Employ more personnel and additional of fire vehicles	- Fire incident response report

											35km from the fire station 5. Distance to the scene		
056	To ensure that fire inspections are conducted in buildings as prescribe by law	Number of fire safety inspections conducted by 30 th June 2024	740 fire safety inspections conducted	741	205	277	186	139	807	Achieved	More requests were received from the building owners.	None	- Fire Safety Inspections report
057	To ensure that pupils and communities are educated of the dangers and prevention of fires	Number of fire awareness campaigns conducted (PIER) by 30 th June 2024	50 Fire awareness conducted	52	20	14	43	55	132	Achieved	More requests received from schools and Community.	None	- Awareness campaign forms and Listing
Functional Area: Disaster Management													
058	To ensure that pupils and communities are educated on disasters and preventions thereof	Number of disaster awareness campaigns conducted by 30 th June 2024	12 disaster awareness campaigns conducted	12	3	3	3	3	12	Achieved	None	None	- Awareness campaign forms and Listing
059	To ensure that all disaster incidents are	Percentage of disaster incidents attended	100% Disaster incidents	100%	100%	100%	100%	100%	100%	Achieved	None	None	- Disaster assessment forms and listing

	attended to within the prescribed timeframes.	within 24 hours after the incident has been reported	attended timeously										
Functional Area: Traffic Services and Law Enforcement													
061	To ensure that pupils are educated on road safety and accidents prevention measures	Number of road-safety awareness campaigns conducted at schools by 30 th June 2024	12 road-safety awareness campaigns conducted at schools	12	4	4	3	4	15	Achieved	Received more requests from schools.	None	- Awareness campaign forms and Listing
062	To ensure motorists compliance to road safety rules and regulations	Number of roadblocks conducted by 30 th June 2024	12 roadblocks conducted	12	5	7	3	3	18	Achieved	More roadblocks were conducted due to transport month and the festive Season.	None	- Invitation letters - Signed proof of the activities conducted
Functional Area: Governance and Public Participation													
A17	To strengthen corporate governance and accountability	Number of Community and Social Services Section 80 committee meetings held by 30 June 2024	New Indicator	12	3	3	3	3	12	Achieved	None	None	- Minutes and Attendance Registers of the sitting of Sec. 80 committees

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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Economic Development													
100	To ensure businesses adhere to their social responsibility plans	Number of monthly Sector Labour Plans meetings held by 30 June 2024	20 Sector Labour Plans meetings held	4	1	1	1	1	4	Achieved	None.	None.	- Invitations - Attendance Register - Minutes of the Meeting
101	To ensure SMMEs are supported to participate in the economy	Number of Local SMMEs and Cooperatives supported by 30 th June 2024	21 SMMEs and Cooperatives supported	30	N/A	35	N/A	N/A	35	Achieved	There was enough budget to accommodate for more SMMEs.	None.	- Completion and hand over certificate
114	To ensure coordination of CWP Local Reference Committee (LRC)	Number of LRC meetings convened by 30 June 2023	New indicator	4	1	1	1	1	4	Achieved	None.	None.	- Attendance registers - Invitations - Minutes of the Meeting
035	To ensure that job opportunities are created in terms of the	Number of short-term job opportunities created via	332 work opportunities created	461	77	169	50	134	430	Not Achieved	There has been outstanding information on	Ensure that all outstanding information is available by engaging with	- EPWP Report - Listing of staff

	EPWP guidelines	Public Employment Programmes (EPWP, CWP etc.)									Social Sector registration.	the Social Sector.	
101/1	To ensure SMMEs are supported to participate in the economy	Number of the LED Workshop held by 30 June 2024	New Indicator	1	N/A	N/A	1	N/A	1	Achieved	None.	None.	- Invitation - Attendance Register - Minutes
192	To ensure functionality of the LED Forum	Re-establishment and Launching of the LED Forum by 30 September 2024	New Indicator	1	0	N/A	N/A	N/A	0	Not Achieved	The LED Forum launch was planned for the 27 th of September 2023, however on the day of the launch Community groups disrupted the meeting and the launch was called-off.	Engagement of the different community groups by the political leadership.	- Invitations - Attendance Register - Minutes
192/1	To facilitate and mobilize resources for the economic growth in the municipal area	Number of LED Forum meetings held by 30 June 2024	New Indicator	3	N/A	0	0	0	0	Not Achieved	The launch of the L.E.D. Forum was disrupted in the first quarter, which led to the meetings not taking place.	Awaiting the engagement of the different community groups by the political leadership.	- Invitations - Attendance Register - Minutes

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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Revenue Management and Credit Control													
066	To ensure indigent consumers are registered and receive Free Basic Services	Number of indigent households receiving Free Basic services (FBS) by 30 th June 2024	3000	9000	2290	874	477	1171	4812	Not Achieved	Total household income more than R 5 000 Not meeting the minimum requirement. Qualifying indigents are not keen to be registered in the indigent register due to illegal connections or tempering	Create awareness through all available media platforms (SMS and radio slot). A programme was developed to visit all 19 Wards in-terms of new registration.	- Accumulated Indigent subsidies report
070	To ensure necessary strategies are implemented to collect revenue	Improved Revenue collection for the financial year ending 30 th June 2024	62% in revenue collected	75%	70%	78%	70%	84%	76%	Achieved	Due to data cleansing and TID rollover.	None	- Billing report (age analysis)

072/1	To ensure compliance to the Municipal Property Rates Act	Number of Valuation Roll Reconciliation between System & Valuation Rolls for the year ending 30 th June 2024	100% compliance	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Council resolution on approval of the valuation roll - Proof of gazetting on the Government printing works and local news paper
Functional Area: Expenditure Management													
A18	To ensure compliance with VAT Act	Number of VAT201 submitted to SARS on a monthly basis	12	12	3	3	3	3	12	Achieved	None	None	- Proof of VAT201 submitted to SARS
A19	To ensure compliance with Income tax Act	Number of MP201 submitted to SARS on monthly basis	12	12	3	3	3	3	12	Achieved	None	None	- Proof of MP201 submitted to SARS
Functional Area: Asset Management													
073	To ensure that all infrastructure assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 th June 2024	2 FAR updates conducted.	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Assets Register (Infrastructure)
073/1	To ensure that all moveable assets are accounted for	Number of Fixed Asset Register (FAR) updates by the 30 th June 2024	2 FAR updates conducted.	2	N/A	N/A	1	1	2	Achieved	None	None	- Assets Register (Moveable)

Functional Area: Supply Chain Management													
067	To ensure that all bids above R200 000 are awarded within 90 days from date of closure	Number of reports for bids awarded within 90 days from the date of closure by 30 June 2024	4 reports compiled	4	1	1	1	1	4	Achieved	None	None	- Quarterly reports on awarded bids
067/1	To ensure Compliance with SCM Policy	Number of Quarterly SCM Reports submitted to Council by 30 June 2024	Quarterly Reports	4	1	1	1	1	4	Achieved	None	None	- SCM Quarterly Reports - Council resolution
Functional Area: Stores Management													
073/2	To ensure stores are kept at minimum level	Number of stock count conducted by 30 June 2024	Quarterly reports	4	1	1	1	1	4	Not Achieved	POE inconsistent	The department to provide same version of POE for easy comparison.	- Stock count reports
A20	To ensure compliance with cost curtailment measures	Number of procurement plan developed and implemented by 30 June 2024	Quarterly reports	4	1	1	1	1	4	Achieved	None	None	- Procurement performance report
Functional Area: Financial Reporting and Budgeting													
076	To ensure that the revised, draft and final budgets are approved by the Council	Number of budgets approved by 31 st May 2024	3 budgets approved	3	N/A	N/A	2	1	3	Achieved	None	None	- Budget report - Council Resolutions

	within legally prescribed timeframes												
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 st August 2023	1 AFS submitted to relevant stakeholders	1	1	N/A	N/A	N/A	1	Achieved	None	None	- AFS - Submission letters - Proof of submission
A21	To ensure compliance with Section 71 of the MFMA	Number of section 71 reports submitted to the Mayor and PT within 10 days after each month end	12 section 71 monthly reports submitted	12	3	3	3	3	12	Achieved	None	None	- Section 71 report - Proof of submission to EM and PT
A22	To ensure compliance to Section 52 of the MFMA	Number of section 52 reports submitted to the Council within 30 days after the end of each quarter	4 section 52 reports submitted.	4	1	1	1	1	4	Achieved	None	None	- Sec 52 Reports - Council resolution
078	To ensure compliance with Section	Number of Section 72 Reports submitted to	1 Section 72 Report submitted	1	N/A	N/A	1	N/A	1	Achieved	None	None	- Section 72 Report

	72 of the MFMA	the Mayor, PT and NT by 25 th of January 2024												- Proof of submission to EM, NT and PT
080	To ensure compliance with Section 11 of the MFMA	Number of section 11 quarterly reports submitted to the Council, PT and AG within 30 days after the end of each quarter	4 Section 11 quarterly reports submitted	4	1	1	1	1	4	Achieved	None	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 the Council, PT and AG within 30 days after the end of each quarter	4 Section 32 quarterly reports submitted	4	1	1	1	1	4	Achieved	None	None		- Reports on UIFW - Council resolution - Proof of submission to AG and PT COGTA
Functional Area: Governance and Public Participation														
A23	To strengthen corporate governance and accountability	Number of Financial Services Section 80 committee meetings held by 30 June 2024	New Indicator	12	3	3	3	3	12	Achieved	None	None		- Minutes and attendance registers of the sitting Sec. 80 Committee

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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved/ Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Legal, Compliance and Public Participation													
A24	To ensure that information is reaching communities on the activities of the municipality	Number of Quarterly newsletters Compiled and posted on the Municipal website by 30 June 2024	New Indicator	4	0	2	1	1	4	Achieved	None	None	- Posted newsletters
089	To ensure important and legislated information is publicised on the municipal website.	Percentage of website updates made within 24 hours after request has been made	New indicator	100%	100%	100%	100%	93%	98,25%	Not Achieved	The size of some documents uploaded is huge thus slowing down the uploading time. The number of documents to be uploaded as well as the network failure are also contributing factors.	Engage departments to consider compressing some of the documents before uploading.	- 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 th July 2023	6 performance agreements signed	6	6	N/A	N/A	N/A	6	Achieved	None	None	- Signed performance agreements of senior managers
091	To ensure that all Directors' performance is assessed in terms of the Performance Regulations	Number of performance evaluations conducted 30 th June 2024	2 performance evaluations conducted	4	1	1	1	1	4	Achieved	None	None	- Performance Assessment reports for senior managers
092	To ensure that APR is compiled in terms of Sec 46 of the MSA and submitted to relevant stakeholders	Number of Annual Performance Reports compiled in terms of Sec 46 of MSA and submitted to relevant stakeholders by 31 st August 2023	1 APR compiled and submitted to relevant stakeholders	1	1	N/A	N/A	N/A	1	Achieved	None	None	- Signed APR - Proof of submission
093	To ensure that both Draft and Final Annual Reports are approved by the Council within the prescribed timeframe and submitted to relevant stakeholders	Number of Annual Reports compiled and submitted to relevant stakeholders by 31 st March 2024	2 Annual Reports submitted to relevant stakeholders (Draft & Final)	2	N/A	N/A	2	N/A	2	Achieved	None	None	- Signed Annual Report. - Proof of submission - Proof of publications

087	To ensure that quarterly performance reports are tabled in the Council	Number of Performance quarterly reports tabled in Council by 30 th June 2024	4 SDBIP quarterly reports tabled	4	1	1	1	1	4	Achieved	None	None	- Quarterly performance reports - Council Resolutions
094	To ensure compliance to MFMA on the approval of the municipal SDBIP	Number of SDBIPs approved 28 days after the budget approval by 30 th June 2024	2 SDBIP approved (Original and Revised)	2	N/A	N/A	N/A	1	1	Achieved	None	None	- 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 th June 2024	1 Internal Audit Annual Plans	1	N/A	N/A	N/A	0	0	Not Achieved	Delays on the finalization and approval of the Annual Risk Register.	The Internal Audit Annual Plan will be approved in the 1 st quarter of 2024/2025 financial year.	- 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 th June 2024	7 Audit committee meetings held	4	3	1	2	1	7	Achieved	There were special Audit Committee meetings.	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 th June 2024	1 Risk Register developed	1	N/A	N/A	N/A	1	1	Achieved	None	None	- Approved Annual Risk Register
099	To ensure that risk management reports are submitted RMC	Number of quarterly risk management reports	4 risk management reports	4	1	1	1	1	4	Achieved	None	None	- Risk reports submitted to RMC.

		submitted to Risk Management Committee (RMC) by 30 th June 2024	submitted to RMC										
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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 2022/2023	Annual Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Annual Actual	Achieved / Not Achieved	Reason for deviation/ under-performance or over-achievement	Remedial Action	Means of Verification
Functional Area: Legal, Compliance and Public Participation													
082	To ensure compliance with Section 29 of the Municipal Systems Act, 2000	Number of IDP and Budget process plans approved by 30 th August 2023	1 IDP/Budget process plans approved	1	1	N/A	N/A	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 & approved by	Number of Council-Approved IDPs by 31 st May 2024 and	2 IDPs approved by the Council. (Draft and Final IDP)	2	N/A	N/A	1	1	2	Achieved	None.	None.	<ul style="list-style-type: none"> - Public notice for IDP consultations. - Draft IDP. - Council Resolution for

	the Council in terms of Section 30, 31 and 32 of the Municipal Systems Act, 2000	submitted to the MEC within 10 days after approval and publicised for public information within 14 days thereafter											<ul style="list-style-type: none"> - Draft IDP. - Public Notice inviting comments on the IDP. - Submission letter for Draft IDP. - Final Approved IDP. - Council Resolution for final IDP. - Submission letter for final IDP - Public notice for approved IDP
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 st October 2023	19 ward consultative meetings held	19	9	12	N/A	N/A	21	Achieved	2 extra meetings were held due to the vastness of the wards.	None.	<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	Number of Budget/IDP consultative meetings held by 30 th April 2024	13 Budget/IDP consultative meetings held	19	N/A	N/A	N/A	13	13	Not Achieved	None-attendance by members of the Community and some meetings were disrupted by	Conduct public consultation through local radio broadcasting, posting on social media platforms	<ul style="list-style-type: none"> - Public notice for Budget consultations - Attendance Registers

	provided for by Chapter 4 of the MSA and Sec. 22 of the MFMA										Community members.	i.e. Facebook and WhatsApp as an alternative means of consultation.	
086	To ensure that all relevant stakeholders are consulted on the planning and implementation	Number of quarterly IDP representative forums held by 30 th June 2024	4 IDP representative forums held	4	1	1	N/A	2	4	Achieved	None.	None.	<ul style="list-style-type: none"> - Public notice for IDP Rep Forums. - Invitations - Attendance Registers
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 2024	New indicator	3	N/A	N/A	N/A	2	2	Not Achieved	The application for the proposed township establishment on Portion 15 of the Farm Ferniehaugh 70 IT was tabled to the Municipal Planning Tribunal for consideration. The application was referred back due to the following reasons:	The office of the Manager Legal Services is currently engaging the York Timber legal team to speed up the process.	<ul style="list-style-type: none"> - Approved Township

											Portion 15 of the Farm Ferniehaugh is unregistered at the Deeds Office. The process to register and transfer the property to the name of the municipality has not been finalised. The seller has appointed a Conveyancing attorney; however, the process was delayed. In addition, the seller has not signed the power of attorney to give consent to the Municipality to establish a township on this portion.		
105	To ensure continuous communication on development	Number of quarterly meetings held with the Provincial	4 meetings held	4	1	1	1	1	4	Achieved	None.	None.	<ul style="list-style-type: none"> - Invitation - Attendance Register - Minutes of the Meeting

	between the municipality and DHS is maintained	Department of Human Settlement by June 2024											
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 within 60 days	100%	100%	100%	100%	100%	100%	Achieved	None.	None.	- Building plan register - Building plans and approval or disapproval letters
107	To ensure that inspections on buildings land use are done and contraventions notices are served	Number of building and land use contraventions issued quarterly	102 building and land use contraventions issued	100	25	25	25	25	100	Achieved	None.	None.	- Listing of notices - notices served
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%	100%	100%	Achieved	None.	None.	- Listing of applications considered by LDO
A25	To ensure compliance with the Spatial	Development of the policy on Development	New Indicator	1	N/A	1	N/A	N/A	1	Achieved	None.	None.	- Approved Development Charges Policy

	Planning and Land Use Management Bylaw	Charges by 30 June 2024												- Council Resolution
Functional Area: Governance and Public Participation														
A26	To strengthen corporate governance and accountability	Number of Planning and Economic Development Section 80 committee meetings held by 30 June 2024	New Indicator	12	3	3	3	3	12	Achieved	None.	None.		- Minutes and Attendance Registers of the sitting of Sec. 80 committees

CAPITAL AND OPERATIONAL PROJECTS 2023/2024

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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
Technical Services																
P08	Economic & Environmental Services	10	Road Transport	Public Works	Construction of the roads at Wesselton Msheveni Street	Ward 17	01-July-2023	29-Mar-2024	R 9 656 700,01	R 9 647 489,20	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate
P45		10	Road Transport	Public Works	The Rehabilitation of Extension 32, 33, 34 Taxi Collector Street (Ring Road)	Ward 16	01-July-2023	30-Sep-2025	R 8 500 000,00	R 6 157 656,76	40% Construction	32.91% Construction	Not Achieved	Cash flow budget constraints on the project, and stoppages due to nonpayment of SMMEs.	Extension of time for the contractor. Revision of the programme of works. Realistic acceleration plan to be in place	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved/Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
P46		10	Road Transport	Public Works	Construction of 2km paved roads in Wesselton - Mabilisa and Magwaza street, Taxi Collector	Ward 4,6,17	01-July-2023	30-Sep-2025	R 4 500 000,00	R 4 325 347,81	20% Construction	19% Construction	Not Achieved	Cash flow budget constraints on the project, and stoppages due to non-payment of SMMEs.	Extension of time for the contractor. Revision of the programme of works. Realistic acceleration plan to be in place	Progress Report / Practical Completion Certificate
P47		10	Road Transport	Public Works	The rehabilitation of 1,05km Silindile main street in Lothair Ward 15	Ward 15	01-July-2023	13-Dec-2024	R 5 760 426,99	R 5 382 683,09	50% Construction	58% Construction	Achieved	None	None	Progress Report / Practical Completion Certificate
AP 01		10	Road Transport	Public Works	Upgrading of Culvert Bridge at Mofokeng Street	Ward 5	01-July-2023	31 December 2023	R 1 500 000,00	R 1 496 283,74	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
P48	Trading Services	11	Water Management	Water network	Water reticulation at Breyten Ext 2: Ward 13	13	01-July-2023	14-Nov-2023	R 850 389,52	R 850 389,52	100% Project Completion	100% Project Completion	Achieved	None	None	Progress Report / Practical Completion Certificate
P49		11	Water Management	Water network	The Refurbishment of Lothair Water Treatment Works	15	01-July-2023	29-Aug-2025	R 1 490 421,05	R 1 225 087,95	1 - Appointment of a Contractor	1 - Appointment of Contractor	Achieved	Timelines were shortened, so the appointment of the Contractor was achieved earlier.	None	Progress Report / Practical Completion Certificate
P50		11	Water Management	Water Reservoir	Installation of 1Ml steel elevated tank and construction of booster pump station at Everest Park	1	01-July-2023	09-Aug-2025	R 957 003,98	R 957 003,98	1 - Detailed design and tender document	1 - Detailed Design and tender document	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved/Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
P51		12	Water Management	Water Reservoir	Installation of 1Ml steel elevated tank and construction of booster pump station at Extension 34 Ermelo	16	01-July-2023	5-Jul-2024	R 10 220 986,49	R 13 628 044,60	45% Project completed	53.45% Construction	Achieved	More resources brought to site resulting in activities executed concurrent.	None	Progress Report / Practical Completion Certificate
P52		12	Wastewater Management	Sewerage Network	Sewer reticulation at Breyten Ext 2: Ward 13	13	01-July-2023	16-Nov-2023	R 2 808 494,27	R 2 807 863,91	100% Project Completion	100% Project Completion	Achieved	None	None	Progress Report / Practical Completion Certificate
P53		12	Wastewater Management	Sewerage Network	VIP Toilets in Msukaligwa Farm areas	10,11,18 & 19	06-Jul-2023	30-Nov-2023	R 6 771 886,02	R 6 771 886,02	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
P30	Trading Services	12	Wastewater Management	Sewerage Network	The Construction of Ermelo Ext 50 Outfall Sewer Pipeline	5	01-July-2023	29-Jan-26	R 955 173,18	R 949 188,40	1 - Detailed designs and tender documents	0 - Concept and Viability	Not Achieved	Delays in obtaining wayleave approvals for privately owned land.	Reroute the pipeline to a municipal land	Progress Report / Practical Completion Certificate
P32	Trading Services	12	Wastewater Management	Wastewater Treatment	Refurbishment of Warburton Waste Water Treatment Works	12	01-July-2023	03-Jun-25	R 514 721,44	R 511 958,68	1 - Advert for procurement of contractor.	1 - Q4: Appointment of a contractor	Achieved	Timelines were shortened, so the appointment of the Contractor was achieved earlier.	None	Progress Report / Practical Completion Certificate
P54		12	Wastewater Management	Wastewater Treatment	Installation of sewer reticulation at Warburton (house connections and top structure) 999 HH	12	01-July-2023	08-May-2025	R 938 089,98	R 938 089,98	1 % - 1% Detailed Designs and Tender documents	1 % - Detailed Designs and Tender documents	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
ESN N 18		12	Wastewater Management	Wastewater Treatment	Upgrading of Ermelo Ext 32, 33 and 34 outfall sewer pipeline.	3,6,7, 16	22-Apr-2022	29-Mar-2024	R 5,700,012,65	R 3 726 363,02	100% Project Completed	99% Construction	Not Achieved	Contractor did not attend to the snag list that was issued to them. Termination letter has been issued to the contractor.	Follow SCM processes to appoint another contractor to complete the works.	Progress Report / Practical Completion Certificate
P55		12	Wastewater Management	Wastewater Treatment	The Refurbishment of the Chrissiesmer Oxidation Ponds	19	01-July-2023	30-Apr-24	R 13 496 153,36	R 13 340 335,61	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate
ESN 41		12	Wastewater Management	Wastewater Treatment	Refurbishment of Lothair Oxidation ponds	15	10-Feb-2023	31-Jan-2024	R 3 631 299,14	R 3 752 794,71	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved/Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
ESN 25		12	Wastewater Management	Wastewater Treatment	Electro-Mechanical Upgrades to Extension 32, 33 And 34 Pump stations In Ermelo	16	29-Jun-2020	13-Sep-2023	R 585 905,44	R 585 905,44	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate
P56		12	Wastewater Management	Wastewater Treatment	The Upgrade of Phumula Outfall Sewer Pipeline	17	01-July-2023	31-July-2024	R 7 172 534,85	R 9 180 506,66	100% Project completed	80% Construction	Not Achieved	Additional work on the contract delayed targets set. See attached V.O 2.	Fast-tracking the work to reach the planned completion date.	Progress Report / Practical Completion Certificate
P33	Trading Services	12	Wastewater Management	Wastewater Treatment	The Upgrade of Everest Outfall Sewer Pipeline	17, 3, 4	01-July-2023	10-Dec-2025	R -	R -	1 - Detailed Designs	1 - Detail Designs	Achieved	None	None	Progress Report / Practical Completion Certificate
P34		14	Energy Sources/ Electricity	Electrical Infrastructure	Electrification of Households in KwaZanele Ext 6	14	01-July-2023	15-March-2024	R 1 800 000,00	R 1 572 673,24	100% Project completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
P22		14	Energy Sources/ Electricity	Electricity infrastructure	Replacement of 20MVA, 88/11KV Transformer in 88Kv substation in Ermelo	8	01-July-2023	30- Nov-2024	R 4 866 793,13	R 3 529 221,26	100% Project Completion	100% Project Completion	Achieved	None	None	Progress Report / Practical Completion Certificate
P57	Trading Services	14	Energy Sources/ Electricity	Electricity infrastructure	Implementation of Energy Efficiency and Demand Side Management within Msukaligwa Local Municipality	Various wards	01-July-2023	15-Jun-2024	R 5 000 000,00	R 7 000 000,00	100% Project Completed	100% Project Completed	Achieved	None	None	Progress Report / Practical Completion Certificate
CSA 04	Governance and Administration		Finance and Administration / Core Function / Security Services	Access control	Construction of Access Control Infrastructure at Msukaligwa Local Municipality Offices in Ermelo	Ward 7	31-Aug-23	7-Feb-24	R 2,717,428.09	R 2 476 612,92	100% Construction	100% Construction	Achieved	None	None	Progress Report / Practical Completion 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 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/ over-performance	Corrective measures	Means of Verification
											Target	Actual				
CSA 01	Governance and Administration		Finance and Administration / Core Function / Asset Management	Community Hall	Maintenance of the Civic centre Townhall Roof	Ward 7	21-Jun-2023	05-Apr-2024	R 2,578,036.00	R 2 915 738,38	100% Construction	75% Construction	Not Achieved	Long lead time from the roof sheeting supplier, which prevented other activities to take place because they are linked to the completion of the roof covering, and additional scope of works that was not visible during planning stage.	Extension of time for the contractor. Revision of the programme of works. Realistic acceleration plan to be in place	Progress Report / Practical Completion Certificate

Institutional Projects and Deliverables

Key Performance Area 6: Spatial Planning and Rationale

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved/Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
Town Planning																

PED 01	Economic and environmental services	04	Planning and economic development	Town planning	Township establishment on portion 15 of the farm Ferniehaugh 70-IT (Warburton)	12	23-Nov- 22	23-Jun- 24	R 1 000 500 (Multiyear Project)	100% Approved Township	Not Achieved	The application for the proposed township establishment on Portion 15 of the Farm Ferniehaugh 70 IT was tabled to the Municipal Planning Tribunal for consideration. The application was referred back due to the following reasons: 1. Portion 15 of the Farm Ferniehaugh unregistered at the Deeds Office. The process to	The office of the Manager Legal Services is currently engaging the York Timber legal team to speed up the process.	Approved Layout Plan
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Institutional Projects and Deliverables

Key Performance Area 6: Spatial Planning and Rationale

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
														on this portion.		
PED 04		04	Planning and economic development	Town planning	Township establishment on the remaining extent of portion 6 of the Davelfontein farm 267-IS (Marikana informal)	10	23-Nov-22	23-Jun-24	R 1 500 000 (Multiyear Project)		100% Approved Township	100% Approved Township	Achieved	None	None	Approved Layout Plan
PED 05		04	Planning and economic development	Town planning	Township Establishment on the remaining extent of portion 44 Spitskop 276-IS	9	01-Jun-22	01-Jun-25	R 2 100 000 (Multiyear Project)		100% Approved Township	100% Approved Township	Achieved	None	None	Approved Layout Plan

Institutional Projects and Deliverables

Key Performance Area 6: Spatial Planning and Rationale

No.	Standard classification	GFS Vote	Function	Sub-function	Project Name	Ward	Starting Date	Completion Date	Budget 2023/2024	YTD Expenditure	Progress as at 31 June 2024		Achieved /Not Achieved	Reason for under/over-performance	Corrective measures	Means of Verification
											Target	Actual				
PED 06		04	Planning and economic development	Town planning	Policy Development on Development Charges	All	23-Nov-22	23-Nov-23	R 500 000 (Multiyear Project)	R 500 000.00	100% Approved Development Charge Policy	100% Approved Development Charge Policy	Achieved	None	None	Council approved Development Charges Policy