



# ANNUAL REPORT 2023/24

MOQHAKA LOCAL MUNICIPALITY

VOLUME 1 5

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## VOLUME 1

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

#### COMPONENT A: EXECUTIVE MAYOR’S FOREWORD



CLLR M E MOKATSANE

The period under review, that is the 2023/24 financial year calendar year has its own ups and downs challenges and opportunities, but it is important to report that we managed to navigate our way through as a collective.

Our planning processes were executed accordingly, and we managed to approve the Integrated Development plan 31 May 2024. The plan was assessed by the Provincial Assessment Team, and it gave us hope that only if we could invest more attention on Sector Plans in particular, we stand a chance of improving to achieve a credible plan.

We need to mention that running our administration without senior management has been a nightmare for us and we need to appreciate the fact that some of our employees who assigned their responsibilities kept the fire burning.

The collapse of our ICT System has also been a blow to our functionality more specially when it had to do with reporting and compilation of Annual Financial Statements. This gave the Municipality a hard time with the Office of the Auditor General.

Procurement and repairs of some of the fleet, more specially for essential services, has been a commendable effort. We need to continue in this way to ensure that this does not negatively affect our finances but is an instrument for improvement.

Community unrests particularly in Steynsrus have also been a point for concern. This happened during election period. .

Community unrests particularly in Steynsrus have also been a point for concern. This happened during election period. .

We therefore Table and submit this report for our communities to know and have record of our Municipality's performance

I thank you.



M E MOKATSANE  
EXECUTIVE MAYOR

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW

Section 121(1) of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality must for each financial year prepare an annual report in accordance with the regulations. The purpose of the annual report is to provide a record of the activities for the year, to report on performance against the budget, and to promote accountability to the local community for the decisions made throughout the financial year.

The contents of this 2023/2024 Annual Report therefore offers insight into the operations of Moqhaka Municipality during a year that came with its own challenges and subsequently required a resolute approach to ensure that operational targets and service delivery mandates were achieved.

It should be mentioned that the foremost challenge experienced by the municipality emanated from the hacking of the IT system. The unavailability of the financial system had negative impact on various municipal operations such as billing, procurement and reconciliations, as well as the ability of the municipality to conform with various reporting and compliance requirements including compilation of the Annual Financial Statements (AFS), compilation of the Draft Annual Report, as well as readiness for the audit by AGSA.

Notwithstanding the above, the Draft 2022/23 Budget, IDP and SDBIP were tabled before Council on 11 April 2024 and thereafter approved by Council on 31 May 2024. The Draft 2022/2023 Annual Report was also noted by Council at its meeting held on 31 May 2024, including the Auditor General's presentation regarding the municipality's 2022/2023 financial year qualified audit outcome. This is a step backward from our previous unqualified audit outcome, however items on the Audit Action Plan are receiving high priority to ensure that those findings are corrected, and the municipality improves during the next audit.

The provision of sustainable services to the people of Moqhaka in accordance with the Constitution of South Africa is and remains top priority for the municipality. Evident to this commitment is the construction of the following projects within the municipality:

- Construction of 1,46km paved road – Mahabane Street
- Construction of 1,36km paved road – Cannon Street

- Construction of 2 Ml elevated steel tank – Brentpark
- Construction of 0,79km paved road & vehicular crossing – Masione & Setiloane Street
- Construction of 0,25km paved road – Ward 19
- Refurbishment of Kroonstad Waste Water Treatment Works Phase 2 (aimed to curb sewerage spillages which also pollutes the Vals River)
- Installation of boreholes in Steynsrus (mitigate against water shortage due to low water levels in Vals River)
- Construction of bulk water & sewer infrastructure for 5390 residential sites in Kroonstad (to reduce residential sites backlog)
- Refurbishment of Viljoenskroon Water Treatment Works (improvement of the Purification Plant to make sure that water shortage is avoided)

The municipality achieved 100% expenditure on its FMG, EPWP, MIG, RBIG and INEP grants.

The municipality has already opened discussions with the Captains of Industries regarding the state of our roads and water & sewer infrastructure. In fostering for Public Private Partnership the discussions with Kopanong Gold Mine in Viljoenskroon are at an advanced stage for the implementation of the 2024-2029 Social Labour Plan.

Discussions with the petroleum companies operating from Kroonstad terminal points like Shell, Engen and Astron Energy are also at an advanced stage to assist in fixing some of the municipal connector roads especially in Kroonstad. We also welcome the Harmony Gold Mine Social Labour Plan for 2023-2027, and we hope that this SLP will provide a platform for further engagement as we participate in shared programmes.

The development of Sector Plans, most importantly the Water Services Development Plan and the Integrated Transport Plan are very key to economic stimulation as well as development and investment, this given the centrality of the municipality along the R76, R34, R82, R67 and the N1 corridor.

I wish to express my sincere appreciation and thank the community of Mqohaka, the Executive Mayor, members of Council and the management team and all employees for their dedication and hard work throughout the year.

I thank you,

A handwritten signature in black ink, appearing to read 'I S Mokgatle', written in a cursive style.

**I S MOKGATLE**  
**ACTING MUNICIPAL MANAGER**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

### INTRODUCTION

The area of jurisdiction of the Moqhaka Local Municipality is situated in the southern part of the Fezile Dabi District Municipality. The former Kroonstad, Steynsrus and Viljoenskroon Transitional Local Councils and sections of the Riemland, Kroonkop and Koepel Transitional Rural Councils are included in the Moqhaka Local Municipality.

The general tendency of migration from rural to urban areas is also occurring in the area, as is the case in the rest of the Free State Province. The majority of the rural population is active within the agricultural sector. Regarding the population distribution, the area is largely urbanized (78% urban and 22% rural). In comparison to the other municipalities within the Fezile Dabi District, it appears as if Moqhaka is significantly less urbanised. However, the large rural population of the concerned region is attributed to the fact that the population of the Vierfontein and Renovaal villages as well as the Vaal Reefs hostel complex and informal settlement (see Table 6) is included in the rural population of Moqhaka.

The Greater Kroonstad is the centre of a large agriculture community that plays an important role in the economy of the district. Industrial activities subsequently contribute significantly to the district's economy. The Department of Correctional Services and the School of Engineer's Military bases are situated in the town. Kroonstad has of late become a distinguished holiday destination due to the ultra-modern and popular holiday resort of Kroonpark, adjacent to the Vals River. The urban area is situated adjacent the N1 National Road and located adjacent one of the largest and most important four-way railway junctions in South Africa.

The Viljoenskroon/Rammulotsi urban area is located within an area of extreme agricultural significance. The urban area plays a significant role in providing residential opportunities to the adjacent Goldfields and mining activities in the North West Province. The provincial roads P15/1 and P15/2 from Kroonstad to Klerksdorp in the North West Province extend through the area from north to south. The Steynsrus/Matlwangtlwang urban area is situated approximately 50km east of Kroonstad, 140km west of Bethlehem. The major link road between Bethlehem and Kroonstad stretches adjacent to the urban area. The area is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. More specialised services are rendered by Kroonstad as a large service centre in close proximity. The accessibility of the town, due to the main road and railway line, further influences growth in the area.

In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Moqhaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

**Figure 1: Moqhaka**



In addition to the existing formal urban areas, several residential areas and proclaimed town areas are situated in Mophaka with reference to Renovaal, Vierfontein and the Vaal Reefs hostel complex and settlement. Renovaal was established during 1974 adjacent the Vaal River with the intention to provide residence in the proximity of the gold mining activities in the North West Province. The town was also later marketed as a leisure residential area with recreation potential adjacent the Renoster and Vaal Rivers. Development of the town is, however, extremely latent and only the proposed first phase of the town was established. According to Proclamation No. 167 of 1975, the concerned area represented by General Plan SG No. 459/1974, was proclaimed a township under the name Renovaal.

Vierfontein (referred to as “Vierfontein South”) is also a proclaimed town. The area was initially developed to provide residence for workers at the adjacent mine and electricity power station and was owned by Eskom. After mining activities ceased and the power station discontinued, a township establishment was done to formalize the existing town area during 1993. According to Proclamation No. 35 of 1995 (Provincial Gazette of 24 February 1995), the concerned area represented by General Plan SG No. 786/1993, was proclaimed a township under the name Vierfontein. The individual properties were sold and the majority of the inhabitants of Vierfontein are retired residents with a limited number of inhabitants that are employed in Viljoenskroon.

To the north of the town Vierfontein, a sectional title scheme was established that is referred to as “Vierfontein North”. As in the case of Vierfontein, this sectional title scheme also developed to provide residence for workers at the Vierfontein mine and power station, but most of the current inhabitants are also retired. The area was developed by the Dutch Reformed Church who was the initial property owner of the concerned farms. The concerned farms are currently the property of Vierfontein Developers Group Scheme who is also the current home owner’s association.

The Vaal Reefs hostel complex subsequently exists adjacent the Vaal River and in close proximity of Viljoenskroon. The hostels were developed by AngloGold who is the property owner of the concerned farms and provide residence to mine workers of the company. Although mining activities ceased on the Free State side of the Vaal River, the complex still exists and provides housing to approximately 9 000 residents. An informal settlement subsequently developed adjacent the Vaal Reefs hostels, consisting of approximately 720 residents.

Apart from the dominant role agriculture plays in the region, no other significant economic activity exists. The Mophaka area, like the rest of the Fezile Dabi District, is not considered as a primary tourist destination, although the area is increasingly becoming a favourite weekend destination. The hunting and guesthouse industries displayed an exceedingly rapid growth the past few years. Recreation areas and facilities are predominantly confined to the urban areas. The Kroonpark recreation and holiday resort in Kroonstad attracts interest throughout the region.

The Vaal River borders Moqhaka to the west. The Vals and Renoster Rivers drain through the area towards the Vaal River. These rivers play a significant role in providing the raw water supply to Kroonstad, Steynsrus and Viljoenskroon respectively. The topography of the area is particularly homogeneous with no prominent features and the area is characterised by extremely moderate slopes.

## 1.3 SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY OVERVIEW

The Moqhaka Local Municipality (MLM) as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a sustainable, safe and healthy manner. The Municipality is also responsible for the operation, maintenance and upgrading of infrastructure, which include electricity, water, sewer, roads and storm water.

The municipality is doing relatively well in terms of access to water and electricity as well as access to sanitation. The provision of additional erven would imply the need to upgrade and expand bulk infrastructure in all three towns, to accommodate additional developments.

Various service delivery targets have been set in the municipality's IDP to ensure that access to basic services is realised in line with the national government's target dates. Free basic services are provided to indigent households according to the municipality's indigent policy. These includes 10kl of water, 50kWh electricity, free sanitation and refuse removal per month.

Several projects were done under conditional grants received from MIG, EPWP, WSIG, RBIB and DMRE.

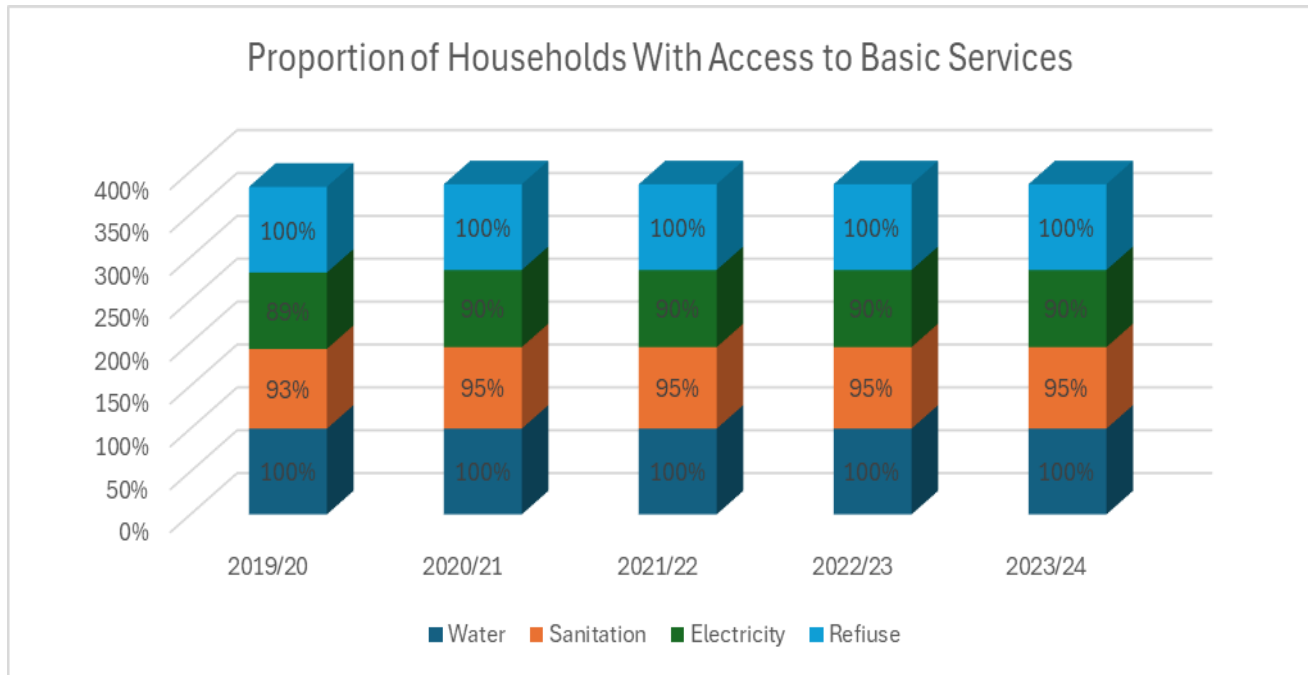
### COMMENT ON ACCESS TO BASIC MUNICIPAL SERVICES

The municipality experience problems with Yellow Machines, plant and vehicles which hamper service delivery. Mostly all the above-mentioned machines and plant had to be hired to continue with service delivery to the community.

Lack of spares and material also caused service delivery to be slow at times, but the municipality planed around this shortfall to ensure that services delivery continue. 100% of the community do have access to water and electricity, but it must be mentioned that the water shedding was implemented in Steynsrus and Viljoenskroon.

During heavy rain storms in Kroonstad sever roads and low water bridges where severely damage which creates still a huge backlog in road maintenance.

Graph 1: Access to services



## 1.4 FINANCIAL OVERVIEW

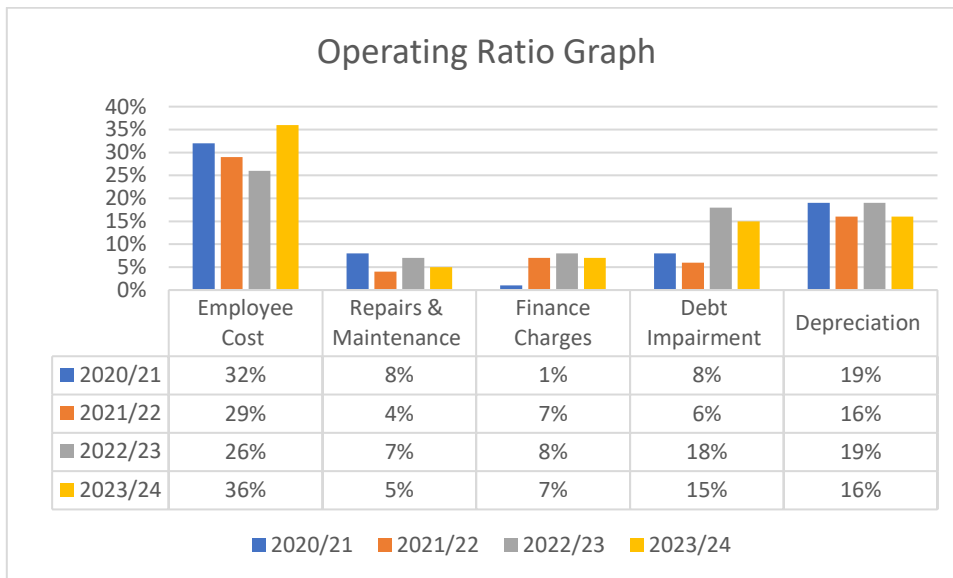
The municipality submitted its Annual Financial Statements late to the Auditor-General of South Africa in the prior year due to the Finance System been hacked. The hacking also affected the 2023/24 financial year, but the municipality managed to submit the financial statements in line with the requirements of the MFMA on the 30<sup>th</sup> of August 2024. The municipality reviewed all the existing finance related policies. The cash position of the municipality slightly improved when compared to the 2022/23 financial year.

**Table 1: Financial Overview**

R Thousand	Adjustment Budget 2022/23	Budget Year 2023/24	Budget Year +2 2024/25	Bujdget Year +3 2025/26
Total Operating Revenue-	1 135 158	1 191 279	1 249 651	1 308 385
Total Operating Expenditure	- 1 059 248	1 111 173	1 165 758	1 220 548
<b>(Surplus)/Deficit for the year</b>	<b>75 909</b>	<b>80 106</b>	<b>83 893</b>	<b>87 836</b>
Total Capital Expenditure	102 888	134 568	141 162	147 797

**Table 2: Operating Ratios**

Detail	Operating Ratios		
	2021/22	2022/23	2023/24
	%	%	
Employee Cost	29%	26%	36%
Repairs & Maintenance	4%	7%	5%
Finance Charges	7%	8%	3%
Debt Impairment	6%	18%	15%
Depreciation	16%	19%	16%

**Graph 2: Operating Ratio Graph****COMMENT ON OPERATING RATIOS**

**Employee cost** represents 36% of the total expenditure. This is in line with the accepted norm as required by MFMA Circular No. 71. The employee cost bill is still high and it has increased by R40 million from 2022/23 to 2023/24. The increase of 10% as indicated above was due to increase of employees due to new appointments.

**Repairs & Maintenance** ratio is below the acceptable norm of 8% as per MFMA Circular No 71 but the municipality is working very hard to reach the acceptable practice in the near future even with our weak cash flow constrains to maintain and replace the capital assets.

The **Finance Charges** ration norm is between 6% to 8% of the operational expenditure and for the past two financial period there is sharp increase of 7% due to high interest cost charged by Eskom.

**Debt impairment** for 2023/24 has decreased by 31.3% due to debtors write-off in the previous financial year.

**Depreciation** acceptable norm is between 5% to 15% and is assessed on the basis of the revenue raised. This shows that the municipality is not operate within the acceptable norm due to rapidly aging capital assets

**Table 3: Total Capital Expenditure**

<b>Total Capital Expenditure</b>			
	<b>R'000</b>		
<b>Detail</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Original Budget	63 934	55 884	134 568
Adjustment Budget	63 934	57 004	131 805
Actual	80 618	67 439	87 802

### **COMMENT ON CAPITAL SPENDING**

The municipality spent the funding in line with the capital budget requirements, despite some challenges which affected the municipality's ability to spend 100% of the allocated budget.

## **1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The effective provision of predictable good quality and sustainable public services hinges on the capacity and effective functioning of the structures or institutional arrangements adopted by the government institution under consideration. Moqhaka Local Municipality recognises the importance of human resource management and development in the quest to meet the service delivery demands and the growth and development objectives in within its jurisdiction. The Municipality acknowledges that without an effective institutional form, well developed and relevant skills, knowledge, and experience public services cannot be delivered effectively.

The current organisational structure of the municipality has a total number of 1 892 positions. By end of financial year, the municipality had a total of 961 employees and a vacancy rate of 49%. The high vacancy rate is due to the review of the organisational structure that resulted in addition of new positions for council support services.

The turnover rate stood at 0.5%. The municipality rate of turnover was due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations whilst certain departmental vacancies could not be filled due to the lack of plant and equipment.

Appointments within the municipality are made taking into consideration the implementation of the Employment Equity Plan and Employment Equity Act 55 of 1998. According to the demographic profile of the municipality, African employees constitute 91% of the workforce, Coloured 2.8% and Whites 6.1%.

The Municipality ensures compliance with its policies, collective agreements and relevant legislation with regard to –

- Organisational design
- Recruitment, selection and appointment;
- Labour relations;
- Employment Equity;
- HIV/AIDS;
- Training and development;
- Occupational health and safety;
- Main and Divisional collective agreements

## 1.6 AUDITOR GENERAL REPORT

### AUDITOR-GENERAL REPORT: 2023/24

The Auditor General Report for 2023/24 financial year is fully detailed out in Chapter 6 of the Annual Report.

**Table 4: Total Capital Expenditure**

Financial Year	Audit Opinion
2019/20	Qualified Audit Opinion
2020/21	Qualified Audit Opinion
2021/22	Unqualified
2022/23	Qualified Audit Opinion
2023/24	Qualified Audit Opinion

Please see Chapter 6 – Auditor-General Audit Finding – Component A and B for the Audit Report of the current and the previous financial year.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

According to Legislation, the Annual Report of a municipality must be tabled in the Municipal Council on or before 31 January each year. In order to enhance Councils oversight function, the municipality should submit their Annual Reports as soon as possible after the financial year-end ideally this ought to be the end of August. Both the draft Annual Financial Statements and the Annual Report were submitted by the end of August to the Auditor-General. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2023/24 Annual Report process. It is expected that the entire process should be concluded by the end of December.

The anticipated process for the creation, submission, review and approval of the 2023/24 Annual Report is set out in the table below.

**Table 5: Statutory Annual Report Process**

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July/August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 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	Executive Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - November
12	Municipalities receive and start to address the Auditor General's comments	January-March
13	Executive 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	March/April
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	February/March

### COMMENT ON THE ANNUAL REPORT PROCESS

The municipality has been able to meet the deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. The Annual Report 2023/24 is aligned to the format and guidelines issued by the National Treasury. Moqhaka Municipality always adheres to the timelines of the compilation of the unaudited Annual Report.

The municipality appreciates the importance of alignment between the IDP, Budget and Performance Management System and the process to ensure proper alignment is continuously being reviewed and implemented.

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

Moghaka Municipality through the 2023/24 financial year participated in a number of Intergovernmental Forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government.

<b>POLITICAL STRUCTURE</b>	<b>Function</b>
<b>EXECUTIVE MAYOR</b> Cllr E M Mokatsane	Overall political responsibility for sound governance and service delivery.
<b>SPEAKER</b> Cllr S V Khiba	Public participation, ward committees and managing Council and Committee meetings.
<b>COUNCIL WHIP</b> Cllr MM Semakale	Ensures discipline among Councillors; Managing relations between political parties and representation on Committees.
<b>MAYORAL COMMITTEE</b> Cllr Ramajoe LE Cllr Khotle MA Cllr Lulama MR Cllr Tshabalala MP Cllr Ntsala TM Cllr Ramathibe BS Cllr Ramovha S Cllr Phamotse EP Cllr Tau RD	LED and Planning IDP Policy Monitoring and Evaluation Spatial Development and Human Settlement Portfolio Committee. Technical Services Committee. Community Services Portfolio Committee. Corporate Support Services Portfolio Committee. Public Safety and Transport Portfolio Committee. Finance Portfolio Committee.
<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE</b> Adriaan Vernon Botha	Provides oversight on all compliance matters in the Municipality. Roles and responsibilities are outlined by

<b>POLITICAL STRUCTURE</b>	<b>Function</b>
Mzimkulu Nelson Baba Mohlolo David Rankokosane Thabo Gregory Mofokeng Lebohang Sekhesa Sidney Henrey Pittaway Leah Van Schalkwyk Abraham Jacobus Visagie Dibetso Jan Serapelo	Section 129 of the MFMA and the National Treasury guidelines.
<b>PETITIONS &amp; RULES COMMITTEE</b> Itumeleng Samuel Sesing Buti Solomon Ramathibe Mohlolo David Rankokosane Kamla Jackson Roderick Dibetso Jan Serapela Lousanne Van Heerden LeahVan Schalkwyk Nicholas David Muller	The Petitions and Rules Committee is responsible for establishing a process detailing the procedures by which petitions will be dealt with in an effective and efficient manner. The committee also develops and monitor the implementation of procedures and rules for the effective functioning of the Committees of Council.
<b>FINANCE, AUDIT AND RISK MANAGEMENT PORTFOLIO COMMITTEE</b> Ramasimong Daniel Tau (29 August 2023 to 14 June 2024) ) Moleleki Paul Makoko Mohlolo David Rankonkotsane Thabo Gregory Mofokeng Mzimkhulu Nelson Baba Hendrina Maria Elizabeth Boeije Mmopeng Palesa E mily Mpele Christiaan Jacobus Saaiman Lebohang Sekhesa John Meko	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors, Make recommendations for consideration by the Mayoral Committee.
<b>IDP PORTFOLIO COMMITTEE</b> Mamodiehi Audrey Khotle (29 August 2023) Moleleki Paul Makoko Mohlolo David Rankonkosane Thabo Gregory Mofokeng Sello Tsoto Geldenhuis johan Shadrack Mahlomola Motsoeneng Linda Louwrens Abraham Jacobus Visagie replaced by Pieter Christiaan Beneke (03 October 2023), Annamarie Elizabeth Jordaan (11 June 2024) Champ Tloome	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

POLITICAL STRUCTURE	Function
<p><b>MUNICIPAL INFRASTRUCTURE AND TECHNICAL SERVICES PORTFOLIO COMMITTEE</b>  Tshokolo Mathews Ntshala (29 August 2023)  Mohloho David Rankokosane  Thabo Gregory Mofokeng  Mzimkhulu Nelson Baba  Tsoto Sello  John Meko  Johan Geldenhuis  Christopher Mark Dalton  Lousanne Van Heerden  Elliot Maphoba Morena Thebe</p>	<p>Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee</p>
<p><b>LED AND INVESTMENT PORTFOLIO COMMITTEE</b>  Enoch Lehlohonolo Ramajoe (29 August 2023)  Thabo Gregory Mofokeng  Moeketsi John Ramoolla  Itumeleng Samuel Sesing  Mmopeng Palesa Emily Mpele  Roderick Kamla Jackson  Sepatala Matthews Chabalala  Shadrack Mahlomola Motsoeneng  Abraham Jacobus Visagie  Mokgethi Elias Morake</p>	<p>Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee.</p>
<p><b>CORPORATE SUPPORT SERVICES PORTFOLIO COMMITTEE</b>  Siphiwe Ramovha (29 August 2023)  Mzimkhulu Nelson Baba  Itumeleng Samuel Sesing  Thabo Gregory Mofokeng  Moleleki Paul Makoko  Ntswaki Sylvia Lebone  Linda Louwrens  Mmopeng Palesa Emily Mpele  Elliot Maphoba Morena Thebe  Christiaan Jacobus Saaiman</p>	<p>Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee</p>
<p><b>PUBLIC SAFETY AND TRANSPORT PORTFOLIO COMMITTEE</b>  Moeketsi Phillip Tshabalala (29 August 2023)  Moeketsi John Ramoolla  Kamla Jackson Roderick  Joseph Sello Marapo</p>	<p>Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee</p>

POLITICAL STRUCTURE	Function
Lebohang Sekhesa Nicholas David Muller Leah Van Schalkwyk Nnana Mercy Nolo Abraham Jacobus Visagie Mokoena Palesa Salphinah	
<b>SPATIAL DEVELOPMENT AND HUMAN SETTLEMENT PORTFOLIO COMMITTEE</b> Emmanuel Pule Phamotse (29 August 2023) Lebohang Sekhesa Joseph Sello Marapo Itumeleng Samuel Sesing Nicholas David Muller Sepatala Matthews Chabalala Lousanne Van Heerden Champ Tloome Dibetso Serapela Sello Tsoto	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
<b>POLICY DEVELOPMENT AND MONITORING PORTFOLIO COMMITTEE</b> Moipone Rahaba Lulama (29 August 2023) Kamla Jackson Roderick Moeketsi John Ramoolla Mzimkhulu Nelson Baba Moleleki Paul Makoko Christopher Mark Dalton Ndaba David Nzunga (11 June 2024) Champ Tloome Ntswaki Sylvia Lebone	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee
<b>COMMUNITY SERVICES PORTFOLIO COMMITTEE</b> Buti Solomon Ramathibe (29 August 2023) Itumeleng Samuel Sesing Tsoto Sello Mzimkhulu Nelson Baba Joseph Sello Marapo Hendrina Maria Elizabeth Boeije Nokudekwalapha Mbalientle Mnaba Nnana Mercy Nolo Lousanne Van Heerden	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by Mayoral Committee

## **COUNCILLORS**

The municipality has 44 Councillors, 22 are Ward Councillors and 22 PR Councillors. A full list of Councillors can be found (including committee allocations and attendance at council meetings) in **Appendix A**. Further, note that **Appendix B** sets out committees and committee purposes.

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

#### TOP ADMINISTRATIVE STRUCTURE

	POST DESIGNATION	FUNCTION	PERFORMANCE AGREEMENT SIGNED YES/NO
1.	<b>ACTING MUNICIPAL MANAGER</b> Ms P H Tshabalala 1 July 2023 – 29 Feb 2024 Mr I S Mokgatle 1 March 2024 – 30 June 2024	Accounting Officer and Head of Administration.	Yes
2.	<b>DIRECTOR: CORPORATE SERVICES</b> Ms E N Lungu 1 September 2023 – 30 November 2023.	<i>Human Resources, Auxiliary and Legal Services, Council Support, Information and Communications Technology (ICT).</i>	Yes
3.	<b>ACTING CHIEF FINANCIAL OFFICER</b> Mr .R D Buys 1 July 2023 – 30 November 2023 Mr R L Visagie 8 December 2023 – 8 March 2024 Mr Jimmy Maswanganyi 8 March 2024 – 30 June 2024	<i>Expenditure, Revenue, Assets &amp; Liability Management, Budgeting &amp; Reporting.</i>	Yes
4.	<b>ACTING DIRECTOR: COMMUNITY &amp; SOCIAL SERVICES</b> Mr M A Rakgase 8 July 2023 – 8 September 2023 Mr T A Qhena 8 December 2023 – 8 March 2023 Mr M A Rakgase 9 March 2024 – 8 June 2024 Mr T A Qhena 9 June 2024 – 30 June 2024	<i>Waste Management, Sport &amp; Recreation, Arts &amp; Culture, Public Safety and Parks.</i>	Yes
5.	<b>DIRECTOR: TECHNICAL SERVICES</b> Mr Isaac Sonnyboy Mokgatle	<i>Water, Sanitation, Electricity, Roads &amp; Storm water, Project Management unit, and Fleet Management.</i>	Yes
6.	<b>ACTING DIRECTOR: LED &amp; PLANNING</b> Mr S T Leie 13 July 2023 – 8 March 2024 Ms LMM Mapane 8 March 2024 – 9 June 2024	<i>Local Economic Development, Town and Regional Planning, and Housing.</i>	Yes

## 2.3 INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Moqhaka Municipality through the 2023/24 financial year participated in a number of Intergovernmental Forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government and enhance service delivery in general.

## 2.4 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality inter alia participated in the following National Structures:

SALGA  
CIGFARO  
Institute of Traffic Officers (ITLMPO SA)

Participation in these structures ensures that the municipality is on board with the developments regarding all relevant issues presented in accordance with the different areas of expertise of the various platforms.

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality inter alia participated in the following forums:

- MECLOGA.
- SALGA Working Groups
- IDP Managers Forum
- PMS Forum
- Inter-Governmental Relations (IGR)
- \* Technical Inter-Governmental Forum (DWS/DOE etc)
- \* Provincial Treasury working groups and training (PINK Programme)

The municipality did participate in these structures, and this has promoted good inter-governmental relations, best practices and information sharing amongst stakeholders.

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

The municipality participated in District Intergovernmental Structures such as the District Energy Forum (DEF), the IGR etc. which is specifically focused on the relevant service delivery aspects of the relevant service.

This provides a platform for interaction with other Municipalities as well as Sector Departments involved and improves intergovernmental relations between all spheres involved during these engagements

## **2.5. OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The municipality improved on the responsibilities mentioned above as indicated in the 2023/24 IDP by:

- Providing feedback to different communities on issues people raised during the first round of public engagements.
- Providing progress report on funded projects implemented in the different Wards.
- Providing opportunity for communities to making input to the 2023/24 IDP process.
- Providing Ward Committee an opportunity to prioritise inputs received from the different wards.
- Encouraging Ward Councillors and Ward Committees to do further consultation about community's service delivery priorities.
- Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

The staff is allocated wards to work with and report on their activities. There are also members of ward committees responsible for different sections in their wards. These measures have helped as members of community reports issues related to service delivery at their earliest occurrence.

## **2.6 PUBLIC MEETINGS**

### **KEY PURPOSES OF WARD COMMITTEES**

- Create formal unbiased communication channels and co-operative partnerships between the Municipality and the community within a ward.
- Ensure contact between the Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.

- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action

## COMMUNICATION, PARTICIPATION AND FORUMS

The municipality uses loud hailing, print media, posters, as well as physical delivery of invitation such as IDP and Budget Roadshow which are on semester interval. These meetings are inclusive of representative from Safety, Business, NGO'S, CBO's and all other Stakeholders.

**Table 6: Public Meetings**

Public Meetings						
Nature And Purpose Of Meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public Meeting Allen Rauternbauch Hall	07/11/23	3	3	16	Yes	N/A
Public Meeting Toreng	07/11/23	1	1	21	Yes	N/A
Public Meeting Soulwinning Church	08/11/23	1	1	66	Yes	N/A
Public Meeting Behind Nkeme's Funeral Palour	08/11/23	2	1	66	Yes	N/A
Public Meeting Delswa	09/11/23	1	0	32	Yes	N/A
Public Meeting Boiteko Public School	13/11/23	1	1	87	Yes	N/A
Public Meeting Old Bus Stop	13/11/23	1	1	60	Yes	N/A
Public Meeting Seeisoville Stadium	13/11/23	1	1	40	Yes	N/A
Public Meeting Next to Strike	14/11/23	2	1	80	Yes	N/A
Public Meeting Lejewng	12/12/23	1	1	60	Yes	N/A
Public Meeting Relebohile	11/3/24	1	2	105	Yes	N/A

## COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS HELD

Public Meeting are sitting as Scheduled. Ward Councillors are always availing themselves for the meetings. Service delivery issues are being discussed in respective wards by the Ward Councillor together with Community in respective wards. Community members are attending the public meetings even though the attendance at times is not satisfactory. The Public meetings are effective because Community members are getting the opportunity to discuss service delivery issues that are affecting them.

## 2.7 IDP PARTICIPATION AND ALIGNMENT

**Table 7: IDP Participation and Alignment Criteria**

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 directly to the Section 57 Managers	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 periods?	Yes
*Section 26 Municipal Systems Act 2000	

## 2.8 OVERVIEW OF CORPORATE GOVERNANCE

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance.

This includes a risk management function, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

In addition, Moqhaka Municipality follows a comprehensive system of rules and processes that are designed to sustain and enhance optimal end effective organizational management in order to enable the municipality to achieve its Constitutional Mandate.

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Executive Mayor and Council. Directors (Section 56 managers') report directly to the Municipal Manager and their performance is managed by the Municipal Manager in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programs and targets, personnel and budgets. The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.

No	Governance Structures	Functional? (Yes/ No/ Partial)
1	Audit and Performance Committee	Yes
2	Risk Management Committee	Yes
3	Audit Steering Committee	Yes
4	Internal Audit	Yes
5	Risk Management	Yes
4	MPAC	Yes
5	Finance Portfolio Committee	Yes
6	IDP Portfolio Committee	Yes
7	Technical Services Portfolio Committee	Yes
8	LED Portfolio Committee	Yes
9	Corporate Support Service Portfolio Committee	Yes
10	Public Safety Portfolio Committee	Yes
11	Human Settlement & Spatial Planning Portfolio Committee	Yes
12	Performance Monitoring & Evaluation Portfolio Committee	Yes
13	Community Services Portfolio Committee	Yes
14	Local Labour Forum	Yes
15	Employment Equity Committee	Partial
16	ICT Steering Committee	Partial
17	IDP Steering Committee	Partial
18	Spatial Intergovernmental Steering Committee	Partial

## 2.6 RISK MANAGEMENT

The Accounting Officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure:

(c)(i) of financial and risk management and internal controls.

Risk Management assists the municipality to identify risks/threats which might have negative impact on the organisation to achieve its objectives.

Top 5 risks

- 1.Low cash flow
- 2.Failure to pay creditors within 30 days
3. Bad condition of roads
- 4.High overtime
- 5.Land invasions

## 2.7 ANTI-CORRUPTION AND FRAUD

Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

The municipality has reviewed the following approved risk and fraud policies:

- 1.Risk Management Policy
- 2.Risk Management Strategy
- 3.Fraud Prevention Policy
- 4.Fraud Prevention Strategy
- 5.Whistle blowing Policy

The municipality has the following external structures which assists with matters related to fraud

1. Risk Committee
- 2, Audit Committee
3. MPAC Committee

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **SUPPLY CHAIN MANAGEMENT POLICY TO COMPLY WITH PRESCRIBED FRAMEWORK**

Section 112. (1) of the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost- effective and comply with a prescribe regulatory framework for municipal supply chain management.

### **REVIEW OF SCM POLICY**

Moghaka Local Municipality adopted its Supply Chain Management Policy on the 27 February 2007. This was in compliance with Section 111 of the Municipal Finance Management Act (Act No. 56 of 2003).

In compliance with Regulation 3, of reviewing, adoption and amendment of Supply Chain Management Policy, the process of reviewing the Supply Chain Management Policy was completed and approved on 28 June 2022. Both the Political leadership and the management of the municipality have been workshopped on the Policy.

### **SUPPLY CHAIN MANAGEMENT UNIT**

SCM Reg.3 states the following

- Each Municipality must establish a Supply Chain Management Unit to implement its supply chain management policy;
- An SCM Unit must, where possible, operate under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of Section 82 of the act.

The Supply Chain Management unit is under the direct supervision of the CFO. There is an organisational structure in place to allow for the establishment of the unit.

However, the structure developed does not allow for the proper establishment of all the elements of supply chain. The Supply Chain Management Unit in terms of the legislation is responsible for the following prescribed functions:

- Demand management;
- Acquisition management;
- Disposal management;
- Logistics management;
- Performance management; and
- Risk Management

## **ESTABLISHMENT AN ANNUAL PROCUREMENT PLAN**

Section 10.2 of the MLM SCM Policy: The Supply chain management shall after consultation with the SDBIP of the municipality, compile a schedule of capital projects in respect of each financial year. The schedule of capital projects must be for a financial year and be reviewed when the IDP is reviewed. During consultations between SCM and all other departments, all reasonable efforts shall be made to determine:

- a. The desired date and time at which a specific project must be awarded;
- b. The desired date and time when the implementation or delivery of goods and services must take place;
- c. The place where delivery must be effected;
- d. The quantity and quality of any goods to be supplied; and
- e. any other relevant matter.

The Range of SCM Threshold is as follows:

### **PURCHASE VALUE**

Petty Cash Up to R2 000 [VAT included]

R2001 to R300 000.00 [VAT included]

### **REQUIRED PROCESS**

one (1) verbal quotation from the list of suppliers on the municipal data base Approved by the Head of Department

At least three (3) formal written price

(Amended to R300 000(VAT included) on 28 February 2024

quotations (on a rotational basis from the list of suppliers on the municipal database).

R30 001 to R200 000 [VAT included] Competitive Bidding

At least three (3) formal written price quotations (which will be obtained by the Request for Quotations (RFQ's) seven (7) days advertisements

Over R300 000 [VAT included]

Competitive Bidding Process

Amended to over R300 000(VAT included) on 28 February 2024.

### **Bid Committees**

The following bid committees are established to allow for the smooth implementation of the competitive bidding process:

- Bid Specification Committee;
- Bid Evaluation Committee; and
- Bid Adjudication Committee

Members of all bid committees were appointed by the Accounting Officer, (procurement above R200, 000) are dealt with by all three (3) bid committees.

### **SCM PERSONNEL**

There are currently five (10) full time officials employed in the Supply Chain Unit and Six (13) full time officials are at Logistics.

### **CHALLENGES**

- SCM Structure were reviewed to address staff shortages.
- SCM Functions are not yet centralised due to staff shortages.

## REPORTING

- All Monthly and Quarterly SCM Reports are submitted on time to Provincial and National Offices for compliance Purposes.
- The municipality only do business with suppliers who is registered on the Central Supplier Database (CSD).

The following table provides a view in terms of the deviations that were incurred during the 2023/24 financial year.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D1	New Offices	U	Finance	SCM	Samadula General Repairs	SPV-00081	R 180 000,00	03-Jul-23	Due to the urgent nature of SCM to be centralised. This will ensure that all procurement matters are dealt directly by the SCM Unit. A decision was taken that SCM Unit should be placed at the Municipal Stores as Stores falls under SCM. There are no offices available, and offices needs to be built to accommodate the current 5 officials. This is an unforeseen event, and the funds are available in the CFO vote for the 2022-23 financial year. Quotations were requested from three (3) service providers. The cheapest one was selected.
D2	System Hack	U	Corporate Services	ITC	Pursuit Knowledge Consulting	SPV-25805	R 987 310,75	12-Jul-23	ICT system was hacked and hit by a ransomware. The financial system and infrastructure servers were maliciously encrypted. An urgent restoration of the data and systems are required.
D3	Qualification Verification	U	Corporate Services	HR	MANAGEMENT INTEGRITY EVALUATION	SPV: 09556	R 10 502,46	12-Jul-23	MIE is the only service the Human Resource Section is registered with for background / screening checks of potential employees.
D4	Repairs & Maintenance	SS	Community and Social Services	Parks	Lawnmower Sales & Services	SPV: 34201	R 53 853,45	28-Jul-23	Strip & Quote

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D5	New Storeroom	U	Finance	SCM	JR Carpentry (Pty) Ltd	SPV: 00094	R 437 000,00	04-Aug-23	<p>The AG and Internal Audit as well Pink has written countless finding regarding the safekeeping of Tenders &amp; RFQ's. Currently these documents are kept in the auditor's room as well stacked up in the SCM offices. This is a safety hazard as well as these important documents can be lost.</p> <p>A tender was advertised during the 2022/23 financial year and was cancelled due to the non-performance of the appointed service provider. Quotations were requested from three (3) service providers. The cheapest one was selected. This results in a saving of R138 520.61 for Council.</p>
D6	Advertisement	SS	Corporate Services	Human Resources	Media Torque & Events	SPV: 09559	R 174 652,00	04-Aug-23	The service provider is a sole service provider (agency) that source 3 quotations for advertisement of vacancies.
D7	Early Warning System	U	Community and Social Services	Disaster Management	Revived Films	SPV: 33207	R 58 000,00	04-Aug-23	The classification of a National Disaster in terms of the section 23 of the disaster management act. The impact of Floods due tp incitement weather. The aims measures at collecting information on all aspects, process and analyse such information, develop and

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									maintain an electronic database. take steps to disseminate such information, develop and maintain an electronic database. Quotations were requested from three (3) service providers. The cheapest one was selected
D8	Licences	U	Corporate Services	ITC	Pursuit Knowledge Consulting	SPV-25811	R 1 467 052,94	17-Aug-23	ICT system was hacked and hit by a ransomware. The financial system and infrastructure servers were maliciously encrypted. An urgent restoration of the data and systems are required.
D9	Budget Schedules	U	Finance	CFO's Office	EMS Solutions	SPV-25553	R 22 770,00	17-Aug-23	Due to the financial system being encrypted by unknown parties, EMS Solutions assisted the municipality in preparation of the A schedule data strings needed for the annual budget approval and submission on the GO-MUNI portal.
D10	Registration Fees	SS	Community and Social Services	Disaster and Traffic Management	ITLMPO of SA	SPV-08980	R 10 700,00	11-Sep-23	Other quotations could not be sourced due to the Institute of Traffic (ITLMPO - SA) being a sole supplier.
D11	Warranty repairs	SS	Community and Social Services	Solid Waste	ELB Equipment	SPV-25811	R 24 448,00	11-Sep-23	The Department of Forestry, Fisheries and the Environment (DFFE) donated a TLB to Solid Waste Management section. The TLB was procured by the department through ELB

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									Equipment Holdings who also delivered the TLB. The Municipality does not have an appointment letter for ELB Equipment Holdings but because the TLB is still under warranty, ELB Equipment Holdings are the only people doing any work on the TLB.
D12	Monthly fee	U	Corporate Services	ITC	Pursuit Knowledge Consulting	SPV-25813	R 288 880,00	12-Sep-23	ICT system was hacked and hit by a ransomware. The financial system and infrastructure servers were maliciously encrypted. An urgent restoration of the data and systems are required.
D13	Advertisement	U	Corporate Services	Human Resources	Media Torque & Events	SPV-09561	R 135 240,00	12-Sep-23	In the past, it was discovered that dealing with the newspapers is more expensive than using an agency. An advert for a pane of advertising agencies/newspapers was advertised and Human Communications was the only agency that responded to the advertisement for registering as a service provider. Initially Human Communications was appointed as the media agency to be utilised by Council for advertisements, however, the company closed its business at the beginning of 2020, Media Torque & Events had to be

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									approached to source three quotations as the advertising agency. Three quotations were requested from different newspapers, the municipality opted to advertise in City Press because it is a national newspaper that has a high-level rate of readership.
D14	Advertisement	U	Municipal Manager	IDP Section	Free State Sun	SPV-35216	R 6 244,80	13-Sep-23	The deviation is as a result that the sole supplier Media 24 (Vrystaat Kroon) is not meeting our deadlines as they only advertise fortnightly and will also resulting in the IDP section not complying in the process of publishing the approved Process plan by Council on the 29 August 2023. The next publication of Media 24 (Vrystaat Kroon) will be done on 27 September 2023, and the date will not fall within the reasonable time of publication of the process plan since the approval of the process plan by Council. That the notice should have been published within the reasonable time after the approval of Council.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D15	Monthly fee	U	Corporate Services	ITC	Pursuit Knowledge Consulting	SPV-25819	R 288 880,00	02-Oct-23	ICT system was hacked and hit by a ransomware. The financial system and infrastructure servers were maliciously encrypted. An urgent restoration of the data and systems are required.
D16	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29598	R 16 912,40	05-Oct-23	Kroonstad currently has two full equipped laundry and dry-cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry service in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on weekdays.
D17	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-29578	R 6 275,25	05-Oct-23	Kroonstad currently has two full equipped laundry and dry-cleaning services These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry service in most cases were same day delivery

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									are applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on weekdays.
D18	Catering	U	Political Offices	Office of the Speaker	Pitseng TDK Trading	SPV-24217	R 54 000,00	25-Oct-23	The strategic session was supposed to be held at Kroonpark whereby the inside restaurant was going to cater for the session. Unfortunately, we were informed on the eleventh hour that there is a double booking, and payment has already been made. We had to opt for the reception hall and there was no time to place a 2-day advert. 3 quotations were sourced and the lowest were selected.
D19	Tyres	U	Community and Social Services	Solid Waste Management	Khans Tyre & Tube Centre	SPV-29295	R 133 920,00	07-Nov-23	The service providers appointed on the panel did not assist. The request to them is attached. Khans were approached to assist with tyres for the Refuse Compactor Trucks for them to be roadworthy and deliver the required refuse removal service.
D20	Statements	U	Finance	Revenue Section	Cab Holdings	SPV-23049	R 44 436,00	07-Nov-23	This payment is for Jan & Feb 2023 where the municipality was not able to fold and sort the account statements. The tender

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									process has been finalised for these services.
D21	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-24626	R 3 791,40	07-Nov-23	Kroonstad currently has two full equipped laundry and dry cleaning services These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry service in most cases where same day delivery are applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on weekdays.
D22	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-24640	R 18 190,75	07-Nov-23	Kroonstad currently has two full equipped laundry and dry-cleaning services These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry service in most cases where same day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									supply linen and bedding twice a week and only on weekdays.
D23	Repairs and Maintenance	U	Corporate Services	ITC	Pursuit Knowledge Consulting	SPV-25821	R 288 880,00	07-Nov-23	ICT system was hacked and hit by a ransomware. The financial system and infrastructure servers were maliciously encrypted. An urgent restoration of the data and systems are required.
D24	Advertisement	SS	Municipal Manager	Communications	Free State Sun	SPV-36177	R 171 000,00	15-Nov-23	The Free State Sun is the Free State that attends all the municipal programmes and do advertisements for the municipality. This supplier is on the list of Sole Suppliers that will go to Council for approval.
D25	Maintenance	U	Technical Services	Electricity	Charles Electrical	SPV-33842	R 20 579,42	21-Nov-23	The generator (situated in the Civic Theatre) supplying electricity to the cashiers needed urgent attention to attempt to keep this service open during load shedding for the municipality to receive income from the consumers.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D26	Maintenance	U	Community and Social Services	Traffic Management	The Interior Shop	REQ-12449	R 21 769,00	29-Nov-23	On 14 September 2023 the municipality hosted the Ministerial Outreach to Provinces on the State of municipalities. Due to the dignitaries attending the request was made that Traffic Management should do the road markings near the municipal building.
D27	Registration Fees	SS	Political Offices	Office of the Speaker	Chartered Institute of Audit Governance Oversight & Leadership	SPV-34761	R 4 350,00	01-Dec-23	This is an institute. The registration fees for attending. 3 Quotations not possible.
D28	Catering	U	Political Office	Speaker's Office	Jenco Holdings (Pty) Ltd	SPV-34764	R 54 800,00	03-Jan-24	The 16 days of activism event was cancelled and had to proceed on a short notice because majority of the quests confirmed late. There was little time left for catering advertisement.
D29	Licence	U	Corporate Services	ICT	ITR Technology (PTY) Ltd	SPV- 25822	R 27 651,75	10-Jan-24	Audit is used to run the reports of user creation, password resets and user modifications Active Directly. ServiceDesk Plus log system the users will be able to receive a call reference, and the call will be electronically escalated to higher authority if the incident is not attended to or closed off within a turnaround time, it also runs the reports on calls

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									logged/resolved or outstanding. It will also assist the technicians to be prepared when attending the user's calls/incidents as we will have the correct information, and both their licenses will expire soon.
D30	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-24663	R 7 154,15	12-Jan-24	Kroonstad currently have two full equipped laundry and dry-cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where sae day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on week days.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D31	Dry Cleaning Services	SS	LED and Planning	Kroonpark	AWJ Dry Cleaners	SPV-24651	R 13 624,30	12-Jan-24	Kroonstad currently have two full equipped laundry and dry-cleaning services. These are the only two laundry services that has industrial machinery and the human capacity that can handle large amounts of linen and bedding. The resort also requires laundry services in most cases where sae day delivery is applicable or on public holidays due to large group bookings. Kroonstad regional government laundry can only supply linen and bedding twice a week and only on weekdays.
D32	Monthly Subscribtion	SS	LED and Planning	Kroonpark	Saltn Marketing	SPV-24664	R 2 616,00	12-Jan-24	Saltn Marketing is the sole service provider that supply caravan camping online booking and advertising services. These services are needed to market and promote the resorts caravan park.
D33	Vehicle Service	U	Community and Social Services	Traffic Management	Kroonstad VW	SPV-33099	R 2 651,56	24-Jan-24	The VW Polo is a new vehicle that was purchased for Traffic Management. Some of the parts are still under warranty and this was the first service after purchasing the vehicle.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D34	Strip & Quote	U	Community and Social Services	Parks	Kornet Smuts Ingenieurswerke	SPV-33942	R 49 030,25	25-Jan-24	Strip & Quote (At the frontend part of the TLB that digs raves, all bushes and pins was wear out and everything had to be replaced and rebuilt. This is the only TLB that is still in working conditions within Parks).
D35	Vehicle Service	U	Community and Social Services	Traffic Management	Kroonstad VW	SPV-34944	R 2 134,06	02-Feb-24	The VW Polo is a new vehicle that was purchased for Traffic Management. Some of the parts are still under warranty and this was the first service after purchasing the vehicle.
D36	Training	SS	Corporate Services	Skills Development	Trans Atlantic Enforcement	SPV-35645	R 2 990,00	12-Feb-24	Traffic Management is currently doing speed measuring using the Trucam II speed equipment that was purchased from Trans-Atlantic Enforcement CC, the Training has to be done by this company as they know the equipment.
D37	Training	SS	Corporate Services	Skills Development	Juretha Driving Academy CC (SA Driving School)	SPV-35644	R 67 286,00	12-Feb-24	17 Fire Fighters need to obtain their code 14 drivers' licence as a matter of urgency in order for them to be able to operate the newly purchased fire engine, currently 2 out of 3 driving schools within Kroonstad do not offer Code 14 at the moment only one driving school will be able to assist.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D38	Training	SS	Corporate Services	Skills Development	Truvelo Africa Electronics Division (PTY) Ltd	SPV-35646	R 16 100,00	12-Feb-24	4 Traffic officers need to be trained as operators on the Truvelo Prolaser Speed machine and the training can only be offered by Truvelo Africa Electronics Division (PTY) Ltd
D39	Repairs	U	Community and Social Services	Fire and Rescue Services	Quantum field Services	REQ-23078	R 2 251,00	22-Feb-23	Strip & Quote
D40	Catering Services	U	Community and Social Services	Disaster Management Centre	Pitseng T.D.K Trading	SPV-33232	R 27 300,00	22-Feb-24	Declaration state of Disaster Steynsrus Matlwangtlwang damage after storm incident that occurred on the 7th o December 2023.
D41	Catering Services	U	Community and Social Services	Disaster Management Centre	Pitseng T.D.K Trading	SPV-33233	R 24 500,00	22-Feb-24	Declaration state of Disaster Steynsrus Matlwangtlwang damage after storm incident that occurred on the 7th o December 2023.
D42	Catering Services	U	Community and Social Services	Disaster Management Centre	Pitseng T.D.K Trading	SPV-33231	R 13 300,00	22-Feb-24	Declaration state of Disaster Steynsrus Matlwangtlwang damage after storm incident that occurred on the 7th o December 2023.
D43	Security Services	E	Community and Social Services	Security	Rebatshwere Security Services	SPV-25021	R 987 850,00	29-Feb-24	The Security threat and risk assessment persuaded the Senior Management to seek an extra manpower to bring the protest to a halt. The situation was volatile with no sign of subsiding, the protest action was gaining momentum on daily basis. The unbecoming service delivery disruptive action in

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									Matwangtlwang made it difficult for people access services and the mandate was compromised. The roads were entirely blocked there was no access to the town and township, refused not collected and water treatment plant stopped by protesters.
D44	Roofing	U	Corporate Services	ICT	Lebisang Katlehong	SPV-25599	R 1 281 922,73	29-Feb-24	The roof above the ICT server room and fireproof safe needed to be repaired for the water leak. This water leak is a potential risk to the infrastructure (ICT environment). The water leak needs urgent attention to avoid it from affecting the crucial hardware and business continuity.
D45	Repairs	U	Corporate Services	ICT	Charles Electrical Services	SPV-25835	R 5 997,25	01-Mar-24	The stop vale and relay are damaged therefor we need o replace them. The installation of this devices will result in the generator being able to automatically stop when the power is regained as compared to what we currently doing by stopping it manually.
D46	Vehicle Service	SS	Community and Social Services	Traffic	Kroonstad VW	SPV-34953	R5 338,53	16-Apr-24	The VW polos are under warranty and must be serviced.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
D47	Towing	SS	Community and Social Services	Fire and Rescue	Marce Fire Technology	SPV- 26060	R21 502,13	17-Apr-24	The vehicle was damaged by the recent floods during its rescuer operation. The initial assessment by AJ Dieseldienste suggest that the manufacturer of the vehicle is the only option for vehicle restoration.
D48	Vehicle Service	SS	Community and Social Services	Traffic	Kroonstad VW	SPV- 34956	R2 228,74	25-Apr-24	The VW polos are under warranty and must be serviced. Brake disc removed and replaced
D49	Vehicle Service	SS	Community and Social Services	Traffic	Kroonstad VW	SPV- 34957	R2 082,31	29-Apr-24	The VW polos are under warranty and must be serviced. Kroonstad has a Volkswagen garage. If any other service provider work on this vehicle, the warranty will expire.
D50	Strip and Quote	U	Technical Services	Electricity	Kornet Beleggers	REQ- 17386	R79 391,40	29-Apr-24	Strip and quote. Kornet did a strip and quote to repair the TLB.
D51	Vehicle Service	SS	Community and Social Services	Traffic	Kroonstad VW	SPV- 34958	R5 728,35	14-May-24	The VW polos are under warranty and must be serviced. Kroonstad has a Volkswagen garage. If any other service provider work on this vehicle, the warranty will expire.
D52	Computer Box	SS	LED and Planning	Kroonpark	Quantum Field Services	REQ- 12322	R13 368,75	14-May-24	Quantum Field Services are the only service provider that could assist with the acquiring of the computer receiver box and the key programming of the Ford Bantam Bakkie. The agents at Ford in Kroonstad (Motus Ford)

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									indicated that the resort bakkie was very old model (2004) and that they no longer supply parts of the specific model.
D53	Legal Services	U	Technical Services	Water	African Engineering & Construction Solutions	SPV- 25308	R109 388,95	17-May-24	Expert witness: Minister of Environmental Affairs. Appointed through court order.
D54	Adobe Software	SS	Corporate Services	ICT	Adobe System Software	SPV- 25848	R60 008,68	24-May-24	Moqhaka LM Needs to collaborate different documents for consumption of Agendas, Minutes, etc Adobe System Ireland is the main distributor for Acrobat reader. Purchasing the software directly from them allows Moqhaka ICT department to better manage the use of the license
D55	Backup Equipment	U	Corporate Services	ICT	Lebisang Kattlehong	SPV- 25849	R1 509 998,99	27-May-24	Moqhaka LM is currently not able to do a backup of the core ICT infrastructure. The backup infrastructure has previously been attempted 4 times without success via the competitive bidding process. The risk is extremely high considering the cyber-attack that set back the municipality back more than 9 months. All bidders of the previous tenders were requested to submit proposed pricing for the backup

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									equipment. We received only 3 quotations from the request.
D56	Legal Services	U	Corporate Services	Legal Section	Zwelibanzi Mqqugu Incorporated	SPV- 25450	R261 480,00	27-May-24	At a Council meeting held on December 2023, during discussions on reports from the Executive mayor, it was resolved to appoint a forensic service provider to investigate the hacking of the municipal ICT System on 06 June 2023.
D57	Exhibition	SS	LED and Planning	SMME Development	DMG Events	SPV- 25450	R29 990,00	07-Jun-24	DMG Events is having an exhibition on 11 - 13 June 2024. The municipality will be attending this exhibition. It is impractical to obtain three quotations as this event is arranged by DMG Events. See the attached brochure.
D58	Highmast Lights	U	Technical Services	Electricity	Sectional Poles Group (PTY) Ltd	SPV-28236	R994 048,50	18-Jun-24	SCM processes were followed, and TM Consortium was appointed to install 3 High mast Lights. TM Consortium was paid for material offsite which was never delivered, and the project was not completed. Sectional Poles who is the supplier of poles will install the high mast lights to complete the project.

Deviations for the 2023/2024 Financial year									
DEVIATIONS SUMMARY									
Deviation No.	Deviation Category	Category	Requesting Department	Sub Department	Service Provider	Reference no	Amount	Date	Description of Services and/or products required
									Sectional Poles manufactured the high mast lights and are ready for collection.

## 2.9 BY-LAWS

**Table 8: By-laws introduced**

By-laws Introduced during 2023/24					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
NONE					
<p>Comment on By-Laws: Extensive public participation processes are followed in Viljoenskroon, Rammulotsi, Kroonstad, Maokeng, Steynsrus and Matwangtlwang when by-laws are developed. Both Councillors as well as officials from the user departments and legal section attend these public participation processes. The processes of developing additional by-laws are continued with.</p>					
*Note: See MSA section 13.					T 2.9.1

### COMMENT ON BY-LAWS

There were no new by-laws developed in the year under review.

**Table 9: List of By-laws Developed**

<b>List of Bylaws Developed</b>	
1. Building Regulations By-law	
2. Commonage By-law	
3. Control of Collections By-law	
4. Electricity Supply By-Law	
5. Encroachment of Property By-Law	
6. Fences and Fencing By-Law	
7. Public Amenities By-Law	
8. Sporting Facilities By-Law	
9. Taxi Ranks By-Law	
10. Unsightly and Neglected Buildings By-Law	
11. Control of Public Nuisance By-Law	
12. General Street By-Law	
13. Refuse Removal By-Law	
14. Water restrictions By-Law	
15. Dumping and Littering By-Law	
16. Numbering of Buildings By-Law	
17. Standard Storm By-Law	
18. Water Services By-Law	
19. Municipal Land Use Planning By-Law	
20. Property Rates By-Law	
21. Credit Control and Debt Collection By-Law	
22. SPLUMA By-Laws	
23. Standing Rules and Orders By-Law	
24. Graffiti By-Law	
25. Public Parks By-Law	
26. Keeping of Bees By-Law	
27. Tuck Shops By-Law	

## 2.10 WEBSITE

A municipal website <http://www.moqhaka.gov.za/> is a key communication mechanism in terms of service offering, information sharing and public participation and should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the Annual Budget, Adjustments Budgets and budget related documents and Policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

**Table 10: Municipal Website: Content and Currency of Material**

<b>Municipal Website: Content and Currency of Material</b>	<b>2022/23</b>	<b>2023/24</b>
Documents published on the Municipality's / Entity's Website	<b>Yes / No</b>	<b>Yes / No</b>
Current annual and adjustments budgets and all budget-related documents	Yes	No
All current budget-related policies	Yes	Yes
The previous annual report	Yes	Yes
The annual report (2023/24) published/to be published	Yes (Draft)	Yes (Draft)
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/24 and resulting scorecards	Yes	Yes
All service delivery agreements	No	No
All long-term borrowing contracts	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2023/24	Yes	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	N/A
Contracts agreed in 2023/24 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d)	Yes	Yes

### **COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS**

All information is regularly updated on the website as it is received from the internal stakeholders. The municipality's website is managed and maintained by the internal ICT Section. A website policy has been developed and adopted by council during this financial year.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Although no official surveys were undertaken by the municipality the inputs from the community on service delivery issues were received through platforms such as the IDP and budget public participation processes.

These platforms were successful in communicating with the public on key issues of inter alia service delivery and were noted accordingly.

**Table 11: Satisfaction Surveys undertaken**

Satisfaction Surveys Undertaken during: 2023/24				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>	No surveys conducted			
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
<b>Satisfaction with:</b>				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Sanitation Supply				
(f) Information supplied by municipality to the public				
(g) Opportunities for consultation on municipal affairs				

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

### **INTRODUCTION**

The purpose of this chapter of the report is to provide information on service delivery on a service-by-service in line with the approved Integrated Development Plan (IDP) and Service Delivery and the Budget Implementation Plan (SDBIP) of the municipality for the 2023/24 financial year. This chapter therefore aims to demonstrate what has been achieved and what remains outstanding as initially planned in terms of the Municipality's IDP.

### **COMPONENT A: BASIC SERVICES**

The Municipality as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a safe and healthy environment.

#### **Technical Services Department is responsible for the following services:**

- Provision of new infrastructure in terms of planning and implementation.
- Operating, maintenance and refurbishing/rehabilitation of existing infrastructure.
- Provision of basic services such as water, electricity and roads.

This is done as a basic service delivery aspect in the following areas:

#### **Water and wastewater services:**

- Water purification
- Sewerage treatment
- Storage dams
- Potable water reservoirs
- Water and sewage reticulation networks

### **Roads, storm water, railways and public works**

- Roads design, construction and maintenance
- Storm water drainage system
- Railway sidings and maintenance
- Bridges and culverts
- Railway sidings

### **Electricity**

- Electricity Distribution
- Electricity network maintenance and upgrading
- Electricity Consumption Care
- Public lighting

## **3.1. WATER PROVISION**

### **INTRODUCTION TO WATER PROVISION**

Water needs are determined via the consumer base on the ground. Figures used to determine this includes provision for registered indigents according to the municipal policy.

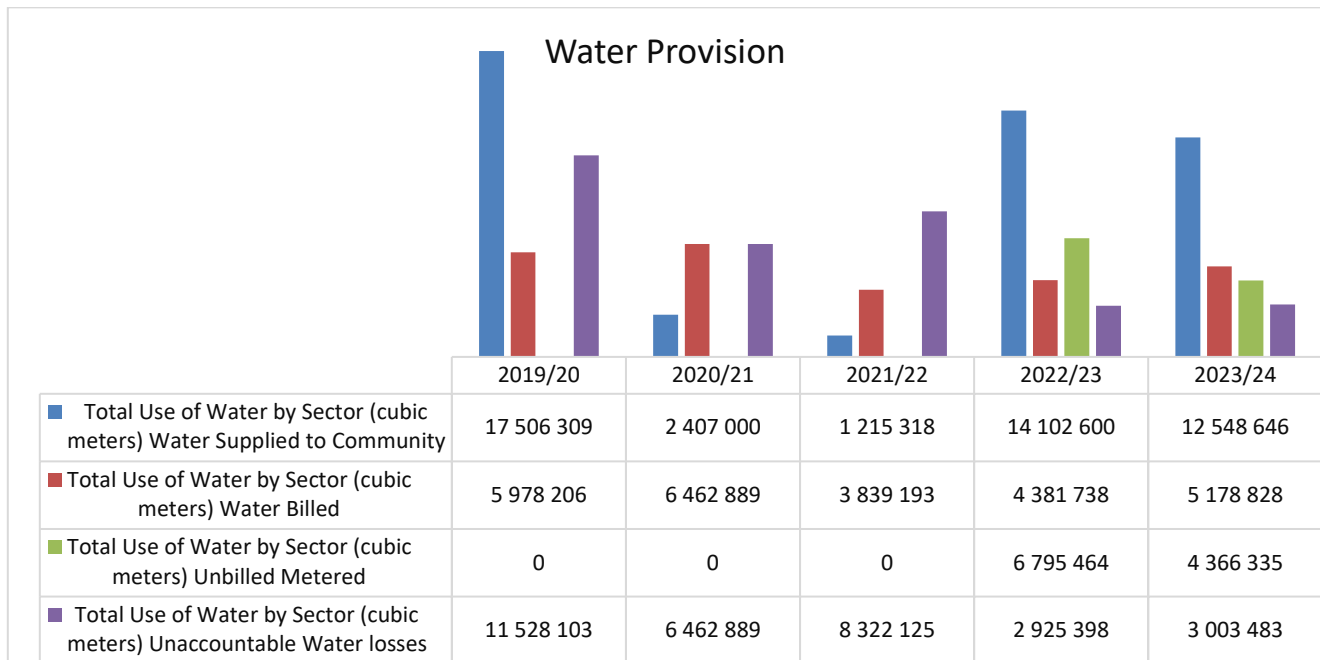
Supply and disruptions are monitored, and future needs are based on results. Further inputs from the community and political offices are compared with departmentally identified issues and included in the IDP as needed.

National government targets are also included in future planning.

For blue drop purposes the water quality is monitored continuously and uploaded on the BDS site and water provision to the community is done in accordance with the Water Services Act 1997.

The top three priorities are:

1. Sufficient water supply for communities.
2. Connections to individual stands with provision for indigents.
3. Provision of water within legal requirements (Water within Blue drop and SANS 241 standards)



**Graph 2: Total use of water**

**COMMENT ON WATER USE BY SECTOR:**

The challenge in water supply remains the balance between the available raw water and demand from the community. There are three dams and one weir in the Vals river with an off channel storage dam to supply Kroonstad with raw water. A weir in the Vals river an off channel storage dam supply Steynsrus with raw water and some bore holes are used as backup sources of water. Viljoenskroon depends on a weir in the Renoster River as well as water that can be augmented from the Vaal River when required we still have a challenge with the quality of the water in the Vaal River.

Table 12: Water Service Delivery Levels

Water Service Delivery Levels						
Description	Ref	Households				
		2019/20	2020/21	2022/21	2022/23	2023/24
		Actual No.	Actual No.		Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>						
Piped water inside yard (but not in dwelling)		34 434	34 883	34 883	34 883	34 883
Using public tap (within 200m from dwelling )	2	0	449	449	449	449
Other water supply (within 200m)	4	34 883	34 883	34 883	34 883	34 883
<i>Minimum Service Level and Above sub-total</i>		34 434	34 883	34 883	34 883	34 883
<i>Minimum Service Level and Above Percentage</i>		100%	100%	100%	100%	100%
<b><u>Water: (below min level)</u></b>						
Using public tap (more than 200m from dwelling)	3	0	0	0	0	0
Other water supply (more than 200m from dwelling)	4	0	0	0	0	0
No water supply		0	0	0	0	0
<i>Below Minimum Service Level sub-total</i>		0	0			
<i>Below Minimum Service Level Percentage</i>		0%	0%	0%	0%	0%
<b>Total number of households*</b>	5	<b>34 639</b>	<b>34 883</b>	<b>34 883</b>	<b>34 883</b>	<b>34 883</b>

\* - To include informal settlements

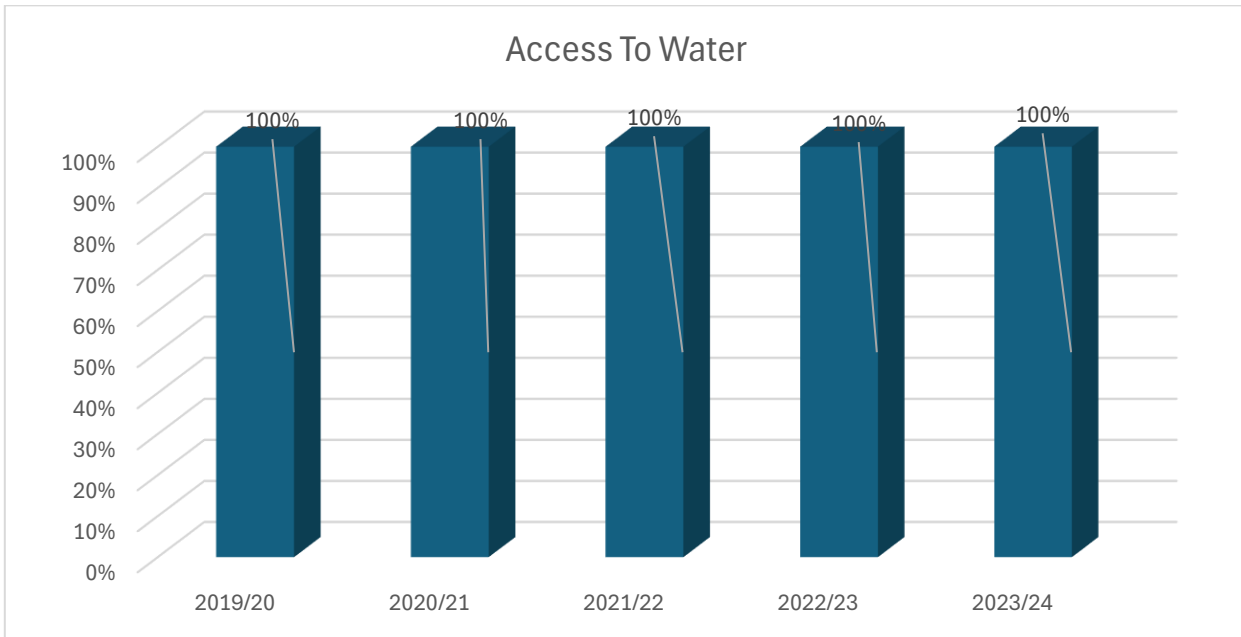
Table 13: Households - Water Service Delivery Levels

Households - Water Service Delivery Levels below the minimum					
Description	2019/20	2020/21	2021/22	2022/23	2023/24
				Actual No.	Actual No.
<b>Formal Settlements</b>					
Total HH	34 625	34 883	34 883	34 883	34 883
Households below minimum service level	0	449	449	449	449
Proportion of households below minimum service level	0%	0%	0%	0%	0%
<b>Informal Settlements</b>					
Total households	25	30	30	30	30
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
<i>T 3.1.4</i>					

Table 14: Access to water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2019/20	100%	100%	100%
2020/21	100%	100%	100%
2021/22	100%	100%	43%
2022/23	100%	100%	39%
2023/24	100%	100%	43%
<i>T 3.1.5</i>			

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute



**Graph 4: Access to water**

**Note: All households in the municipal area of responsibility have access to water.**

## Policy Objectives taken from IDP and SDBIP

### Municipal Scorecard Perspective: Basic Service Delivery

**KPA:** Basic Service Delivery and Infrastructure Investment

**IDP Priority 1:** Water provision

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 12	Basic Service Delivery	Reduce water losses in the municipal distribution area	% Reduction in water losses in the municipal distribution area.	(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purchased or Purified × 100	Director Technical Services	77%	60.9%	21%	28%	24%	Target achieved	None	Water Balance Report.	Target achieved.
KPI 13	Basic Service Delivery	By ensuring access to portable water by 2027 to include small holdings and surrounding plots	No of HH in formal settlements including plots and small holdings that meet the minimum water services standard	Number of HH with access to water within 200m	Director Technical Services	34 846	34 846	34 846	34 896	34 846	Target not achieved.	A Service Provider has been appointed by Human Settlements and is currently on-site installing services.	Valuation Roll Report	There has been no movement for the past three financial years due to lack of funding.
KPI 14	Basic Service Delivery	By ensuring access to portable water by 2027 to include	Number of new water connections meeting minimum standards	Sum of new water connections meeting minimum	Director Technical Services	20	18	8	20	3	Target not achieved.	Encourage the consumers or owners of stand to apply for	New water connections	Target not achieved in the last three years.

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		smallholdings and surrounding plots.		standards as at 30 June.								services especially for newly developed area		
KPI 15	Basic Service Delivery	Ensure that water quality is monitored throughout the supply network to ensure compliance with applicable standards	Number of sample tests conducted to measure the water quality.	Sum of sample tests conducted.	Director Technical Services	1769	1544	1001	1779	736	Target not achieved. There was community unrest in Steynsrus which lasted for months. The municipality was unable to collect samples.	To improve the number of tests conducted to measure quality.	Compliance Monitoring reports	The performance of the municipality regressed greatly.
KPI 16	Basic Service Delivery	Ensure that water quality is monitored throughout the supply network to ensure compliance with applicable standards.	Percentage of Drinking Water Compliance to SANS241.	Number of tested samples compliant/ total number of samples taken.	Director Technical Services	88%	87.15%	75.5%	95%	65%	Target not achieved. There was community unrest in Steynsrus which lasted for months. The municipality was unable to collect samples.	Continuous maintenance of reservoirs and water network required.	Water quality Monitoring results report	The performance of the municipality regressed.

Table 15: Employees Water Services

Employees: Water Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	1	1	0	0%
4 - 6	7	7	6	6	0	0%
7 - 9	12	12	20	6	14	70%
10 - 12	16	16	15	5	10	67%
13 - 15	60	60	66	54	12	18%
16 - 18	40	40	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	137	137	108	72	36	33%

T 3.1.7

Table 16: Financial Performance Water Service

Financial Performance 2023/24: Water Services						
						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	155 264	180 052	242 807	242 807	37 375	-550%
Expenditure:						
Employees	21 831	23 602	25 171	25 171	4 498	-460%
Repairs and Maintenance	4 575	3 329	10 740	10 740	239	-4401%
Other	52 428	150 001	40 246	40 246	4 804	-738%
<b>Total Operational Expenditure</b>	78 835	176 932	76 158	76 158	9 541	-698%
<b>Net Operational Expenditure</b>	76 429	(3 120)	(166 649)	(166 649)	(27 834)	-499%

T 3.1.8

Table 17: Capital Expenditure Water Service

Capital Expenditure 2023/24 Water Services						R' 000
Capital Projects	2023/24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	19	-	19	0%		
Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure	3 726	-	3 726	0%	9 992	
Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation (MIS:458610)	10885		10885	0%	16270	
Construction of 4km water pipe line at 11th Avenue and repair sluice gate at Bloemhoekdam	2289		2289	0%	24189	
Viljoenskroon/Rammulotsi: Raw water pump	2530		2530	0%	22483	
					<i>T 3.1.9</i>	

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

Water demand currently exceeds the supply in both Steynsrus as well as Viljoenskroon due to the following:

1. In Steynsrus the raw water supply from the Vals River is affected by the fact that the seasonal flow in the river is unreliable and the limited raw water storage capacity in the off channel storage dam cannot keep up with the demand.
2. In Viljoenskroon water supply is under pressure as the treatment works can only provide a limited volume of water thus placing the supply under pressure and impacting on supply and pressure. Because of this some high lying areas are without water during certain periods of the day but consultants are currently busy with studies to address this issue.

## 3.2 WASTEWATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

In alignment with the National Policy and Emergency Housing Service Guidelines, the municipality met the minimum level of service for sanitation. This included the provision of a basic sanitation infrastructure facility necessary to provide a sanitation service which is safe, reliable, private, protected from the weather, ventilated, keeps smells to the minimum, is easy to keep clean, minimises the risk of the spread of sanitation-related diseases by facilitating the appropriate control of disease-carrying flies and pests, and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner.

Sanitation needs are determined via the consumer base on the ground. Shortages and spillages are monitored, and future needs are based on results. Further inputs from the community and political offices are compared with departmentally identified issues and included in the IDP as needed. National government targets are also included in future planning.

The top three priorities about sanitation are:

1. Access to sanitation for all
2. Connections to individual stands
3. Reduction of spillages

Moqhaka Local Municipality has taken great efforts towards the reduction of spillages, through the replacement of several collapsed sewer pipelines.

Table 18: Sanitation Service Delivery

Sanitation Service Delivery Levels					
Description	*Households				
	2019/20	2020/21	2021/22	2022/23	2023/24
	Outcom e No.	Outcom e No.	Outcom e No.	Outcom e No.	Outcom e No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>					
Flush toilet (connected to sewerage)	32 128	34 231	34 231	34 231	34 231
Flush toilet (with septic tank)	450	450	450	450	450
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	1 460	1 653	1 653	1 653	1 653
Other toilet provisions (above min.service level)					
<i>Minimum Service Level and Above sub-</i>					
<i>total</i>	34 038	36 334	36 334	36 334	36 334
<i>Minimum Service Level and Above</i>					
<i>Percentage</i>	99,3%	99,4%	99,4%	99,4%	99,4%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>					
Bucket toilet	50	0	0	0	0
Other toilet provisions (below min.service level)	205	205	205	205	205
No toilet provisions					
<i>Below Minimum Service Level sub-total</i>	255	205	205	205	205
<i>Below Minimum Service Level</i>					
<i>Percentage</i>	0,7%	0,6%	0,6%	0,6%	0,6%
<b>Total households</b>	<b>34 293</b>	<b>36 539</b>	<b>36 539</b>	<b>36 539</b>	<b>36 539</b>
<b>*Total number of households including informal settlements</b>					

Table 19: Sanitation Service Delivery below the Minimum

Households - Sanitation Service Delivery Levels below the minimum					
Description	2019/20	2020/21	2021/22	2022/23	Households 2023/24
	Actual No.	Actual No.		Actual No.	Actual No.
<b>Formal Settlements</b>					
Total households	34 625	34 639	34 639	<b>34 639</b>	<b>34 639</b>
Households below minimum service level	587	454	454	454	454
Proportion of households below minimum service level	1.7%	1.3%	1.3%	1.3%	1.3%
<b>Informal Settlements</b>					
Total households	<b>205</b>	<b>205</b>	<b>205</b>	<b>205</b>	<b>205</b>
Households ts below minimum service level	205	205	205	205	205
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
					T 3.2.4

### Policy Objectives taken from IDP and SDBIP

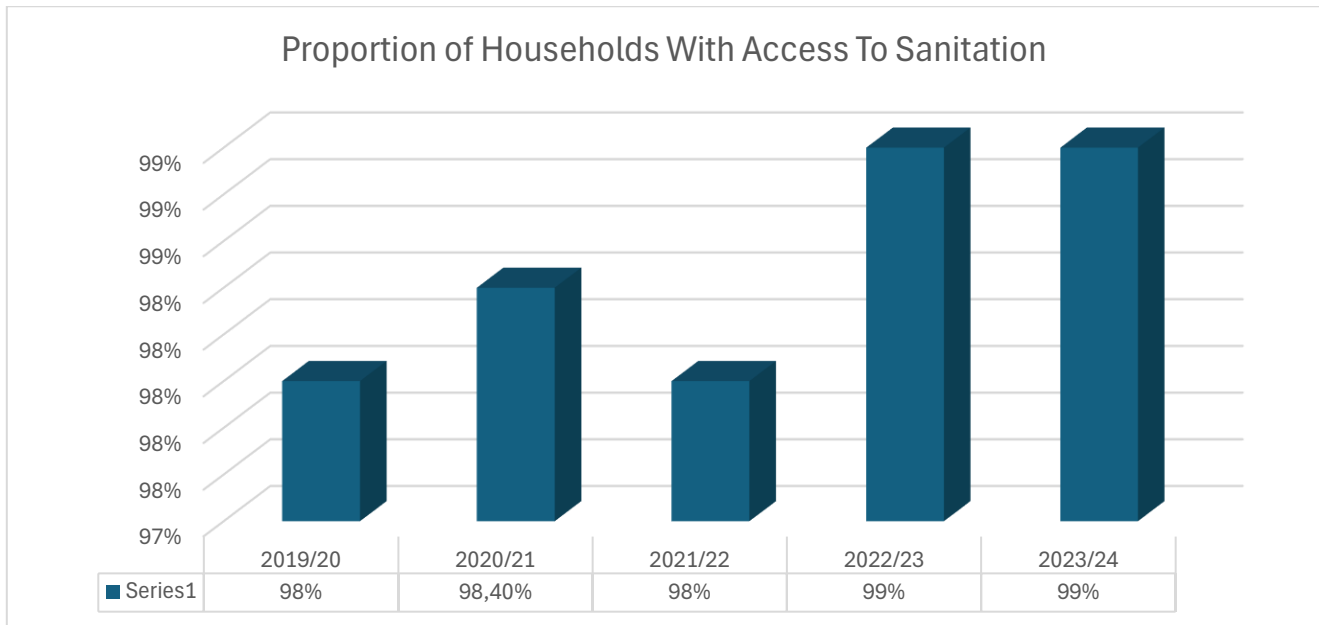
**Municipal Scorecard Perspective:** Service Delivery

**KPA:** Basic Service Delivery and Infrastructure Investment

**IDP Priority 2:** Sanitation provision

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 08	Basic Service Delivery	Develop a credible Sanitation Master Plan by partnering with sector departments to assist in this project/programme	Sanitation Master Plan that meets prescribed requirements developed and approved by Council.	Date master plan approved.	Director Technical Services	0	0	0	30 June	0	Target not achieved. The Section does not have the capacity to develop a Sanitation Master Plan	A letter was written to the Department of Water and Sanitation requesting for assistance.	None	This key performance indicator has not been achieved in the last three financial years. The Municipality requested assistance from the Department of Water and Sanitation.
KPI 09	Basic Service Delivery	By ensuring that basic sanitation standards are communicated and known to the community and the municipality adheres to them	Number of HHs with access to basic sanitation	Sum of HH with access to basic sanitation	Director Technical Services	34 713	34 713	34 713	34 803	34 713	Target not achieved.	A Service Provider has been appointed by Human Settlements and is currently on site.	Valuation Roll Report	There has been no movement for the past three financial years due to lack of funding.

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 10	Basic Service Delivery	By expanding sanitation services to cover any back log and roll it out to newly established settlements	Number of new sewer connections meeting minimum standards	Sum of new connections completed by June	Director Technical Services	8	18	8	20	2	Target not achieved.	Encourage the consumers or owners of stands to apply for services especially for newly developed areas.	New sewer connection forms.	The performance of the municipality regressed.
KPI 11	Basic Service Delivery	Improve quality of sewerage effluent.	Wastewater quality compliance according to the water use license.	No of tests conducted complying with the licence requirements.	Director Technical Services	51.5%	61.11%	51.5%	90%	46%	Target not achieved.	To improve the wastewater compliance results	Waste Water quality Monitoring results report	The performance of the directorate has continued to deteriorate in the last two financial years.

**Graph 3: Access to sanitation****Table 20: Employees: Sanitation Service**

<b>Employees: Sanitation Services</b>						
<b>Job Level</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>			
	<b>Employees</b>	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	Refer to Table 15.					
4 - 6						
7 - 9						
10 - 12						
13 - 15						
16 - 18						
19 - 20						
<b>Total</b>						

Table 21: Financial Performance: Sanitation Service

Financial Performance 2023/24: Sanitation Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	59 472	169 679	74 096	74 096	13 041	-468%	
Expenditure:							
Employees	27 647	846	34 892	34 892	5 793	-502%	
Repairs and Maintenance	816	-	21 112	21 112	3 470	-508%	
Other	39 878	1 969	(18 319)	(18 319)	887	2164%	
<b>Total Operational Expenditure</b>	68 341	2 815	37 685	37 685	10 150	-271%	
<b>Net Operational Expenditure</b>	8 869	166 864	-36 411	-36 411	-2 890	-1160%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>							T 3.2.8

Table 22: Capital Expenditure: Sanitation Service

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	31 367	-	31 367	0%		
Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street	712		712	0%	4 864	
Constantia: Upgrading of the sewer pump station	1 408	-	1 408	0%	10 621	
Kroonstad Water Water Treatment Works - Phase 2	29 247		29 247	0%	92 950	
Project Name				0%		
						T 3.2.9

## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

There are still sewer spillages that result in health risks to the surrounding communities of Kroonstad and Maokeng and the pollution to the Vals River. This problem is mainly due to foreign objects that are thrown into sewer network by members of the community. Processes are underway for the implementation of community awareness programs to try and eliminate spillages emanating from such incidents. Where it is found that spillages occur as a result of infrastructure damage the required repairs are done to reduce such spillages

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

The Municipality as a Service Authority within its area of jurisdiction has a Legislative Mandate to provide services in a safe and healthy environment. The Electricity section is also responsible for the operation, maintenance, extension, and upgrading of the infrastructure. In so doing it promotes and catalysis the economic development within the area. Service provision is mainly the development, extension, and maintenance of infrastructure. However, the municipality has an infrastructural base that is in a state of decay, with a large percentage of aged and outdated technology. The backlogs in terms of maintenance and upgrading are colossal and the available resources are simply not adequate for the task.

#### Core Responsibilities

- Providing quality and uninterrupted supply of electricity to all domestic, business, industrial and rural consumers within its area of distribution.
- Maintaining the electricity distribution network to adhere to the prescribed standards.
- Upgrading of the electricity distribution network to accommodate population growth as well as business and industrial development.
- Monitoring the electricity consumption of consumers by means of effective metering and visual inspections to minimize electricity losses.
- Maintaining all public lighting and traffic lighting.
- Providing accurate feedback to the monitoring authority National Energy Regulator South Africa (NERSA) pertaining to the quality of service and quality of supply to adhere to license conditions.

During the 2023/24 financial year, the Electricity Section has addressed various challenges mainly relating to the high and medium voltage supply, reticulation, public lighting, and house connections. Due to insufficient resources such as budget, personnel, vehicles, and equipment such as vehicles, etc., the routine maintenance of the existing infrastructure is neglected which is a major concern. Note must be taken that with the scarce resources available the following objectives were achieved:

- Replacement of faulty meters,
- New electricity connections,
- Attending to general daily complaints,
- Maintenance of public lighting.
- Maintenance and repairs to low, medium, and high voltage network

**Table 23: Electricity Service Delivery Levels**

Electricity Service Delivery Levels					
Description	Households				
	2019/20 Actual No.	2020/21	2021/22	2022/23	2023/24 Actual No.
<b><u>Energy: (above minimum level)</u></b>					
Electricity (at least min.service level)	1 952	1 893	1 821	1 821	1 705
Electricity - prepaid (min.service level)	28 969	29 156	29 258	29 258	29 582
<i>Minimum Service Level and Above sub-total</i>	30 921	31 049	31 049	31 049	31 287
<i>Minimum Service Level and Above Percentage</i>	89.3%	89,6%	89,6%	89,6%	94,6%
<b><u>Energy: (below minimum level)</u></b>					
Electricity (< min.service level)	3 576	3 595	3 823	3 823	3 844
Electricity - prepaid (< min. service level)					
Other energy sources					
<i>Below Minimum Service Level sub-total</i>	3 576	3 595	3 823	3 823	3 844
<i>Below Minimum Service Level Percentage</i>	10.3%	10.4%	11,0%	11,0%	10,9%
<b>Total number of households</b>	34 639	34 644	34 902	34 902	35 131
					T 3.3.3

Table 24: Households - Electricity Service Delivery Levels below the minimum

Households - Electricity Service Delivery Levels below the minimum					
Description	2019/20	2020/21	2021/22	2022/23	Households 2023/24
	Actual No.	Actual No.			Actual No.
<b>Formal Settlements</b>					
Total households	34 639	34 644	34 902	34 902	35 131
Households below minimum service level	14 448	14 329	13 886	13 886	13 138
Proportion of households below minimum service level	42%	41%	40%	40%	37%
<b>Informal Settlements</b>					
Total households	205	205	205	205	205
Households ts below minimum service level	205	205	205	205	205
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%
					T 3.3.4

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Service Delivery

**KPA:** Basic Service Delivery and Infrastructure Investment

**IDP Priority 4:** Electricity and Energy

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 01	Basic Service Delivery	To expand the electrification programme to any remaining areas and roll out solar energy in any identified areas at prescribes standards	Number of HH in municipal supply area meet agreed electricity service standards (connected to the national grid)	Sum of HH with access to electricity (connected to the National Grid)	Director Technical Services	25794	25 797	25797	25 847	26 012	Target achieved	None	Valuation Roll Report	The performance of the municipality improved greatly.
KPI 02	Basic Service Delivery	By rolling out electrification of newly established settlements and those with a backlog	Number of new electricity connections meeting minimum standards	Sum of HH with new services connectivity services	Director Technical Services	116	0	116	10	215	Target achieved	None	Connecti on List	The performance of the municipality improved greatly
KPI 03	Basic Service Delivery	Reduce electricity losses by improving inspections and maintenance.	% Electricity distribution losses. (KWH billed/KWH acquired) (MFMA Circular 71)	(Number of Electricity Units Purchased and / or Generated - Number of Electricity	Director Technical Services	16.88%	16.88%	16.25%	16%	30%	Target not achieved.	Replacing faulty meters and bypassed meters and currently	Meter inspection/installation/replacement report (Meter numbers	The performance of the Municipality regressed.

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baselin e	2021/22	2022/23	Annual Target	Annual Result	Performanc e Comment	Correctiv e Measure	Evidenc e	Comments
				Units Sold) / Number of Electricity Units Purchased and / or Generated) × 100								busy with tender for smart metering.	of faulty and bypassed meters) and financial records of purchase s and billings	

Table 25: Employees - Electricity Services

Employees: Electricity Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	4	4	7	4	3	43%
7 - 9	14	13	36	13	23	64%
10 - 12	7	7	28	5	23	82%
13 - 15	10	8	41	32	9	22%
16 - 18	8	8	25	8	17	68%
19 - 20	3	4	27	4	23	85%
Total	47	45	165	67	98	59%

T 3.3.6

Table 26: Financial Performance - Electricity Services

Financial Performance 2023/24: Electricity Services						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	371 380	344 500	460 112	501 765	417 702	0%
Expenditure:						
Employees	21 471	22 927	26 431	26 772	26 698	1%
Repairs and Maintenance	38 692	1 414	48 902	57 241	34 397	-42%
Other	286 004	410 281	312 000	379 800	407 959	24%
<b>Total Operational Expenditure</b>	348 167	434 622	387 333	463 812	469 053	17%
<b>Net Operational Expenditure</b>	-25 213	-90 122	-72 779	-37 953	51 351	242%

T 3.3.7

**Table 27: Capital Expenditure: Electricity Services**

<b>Capital Expenditure 2023/24: Electricity Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2023/24</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	2 050	0	3 292	38%	
Electrification of Maokeng Extension 10 — Koekoe Village, 92 Households	1 750	0	2 992	42%	2992
Pre-Engineering for the Electrification of Maokeng Ext 12 Brentpark	300		300	0%	300
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<b>T 3.3.8</b>

## **COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL**

The Electricity Section consists of three (3) Divisions namely Distribution, Consumption Care, and Administration/Technical Support. One hundred and sixty-five (165) positions are on the organizational structure of this Section although only 41% of the positions are currently filled.

The operation of the Electricity Section is entirely dependent on the annual operating budget allocation, with electricity sales as the main source of income.

Projects such as the installation of high mast lights are funded by the Municipal Infrastructure Grant (MIG). Electrification projects and bulk upgrades such as the high voltage 66kV overhead line project (from Main- to South Substation) are funded by the Department of Mineral Resources and Energy (DMRE). The Municipality did receive funding of R2,050,000.00 from DMRE for the Electrification of Maokeng Extension 10 (Koekoe Village) (R1,750,000) and Pre-Engineering for the Electrification of Maokeng Ext 12 Brentpark (R300,000) for the 2023/24 financial year. The Electrification of Maokeng Extension 10 (Koekoe Village) was completed on 24 May 2024, with a cost of R2,991,816.08 including a shortfall of R1,241,816.08 where own funding was utilised. A letter that requested refunding was send to DMRE. The Pre-Engineering for the Electrification of Maokeng Ext 12 Brentpark project was done internally.

On 23 February 2019 at approximately 10:30 a major interruption was experienced at the Municipal Main Substation due to a fire inside the 6.6kV switching room damaging all the switchgear, cables, and both 10 MVA transformers. The cause of

the fire was apparently due to a contractor damaging the medium voltage cable feeding Brentpark. With the high fault level so close to the substation it caused damage beyond repair to the 6.6kV switching room and transformers.

Electricity supply was restored to all consumers, but that the unavailability of the substation and transformers caused immense strain on the system, and the overloading of supply cables do occur. The possibility of power outages remains a risk until the substation is repaired. The insurance did not approve the claim, and the Municipality is currently legally contesting the outcome.

Streetlights and High mast lights are repaired daily however the process is slow due to limited resources. Service providers were appointed to assist with repairing and maintaining public lighting.

DESCRIPTION	QUANTITY	
	High mast	Streetlight
Area		
Brentpark	5	245
Maokeng	73	1469
Kroonstad	1	4054
Viljoenskroon	3	490
Rammulotsi	37	15
Steynsrus	1	198
Matlwangtlwang	14	0
<b>Total</b>	<b>134</b>	<b>6471</b>
Traffic Lights		20 crossings

Meters go faulty daily due to weather conditions, tampering, etc. The frequency of bypassing/replacing these meters is very high. Inspections are done daily (on request of the Finance section, tipoff from the community, and random spot checks). A fine system is used for tampered meters. The high maintenance cost of electronic energy meters may affect the income of the Municipality negatively.

Eskom and all the electricity distributors in South Africa are required to recode prepaid electricity meters. The current Token Identifier (TID) code will expire on 24 November 2024 and after this date, all Standard Transfer Specification (STS) compliant meters will stop accepting credit tokens. Most meters in the country fall within this category. The Municipality is currently busy with a Key Revision Number (KRN) rollover project which is aimed at ensuring that all 25 000 prepaid electricity meters are recoded before the deadline. On 30 June 2024 91.22% of the prepaid meters had been recoded leaving approximately 8.78% of the total of prepaid meters outstanding. The last-mentioned meters may be blocked, by-passed or not removed from the system. An inspection will be done by the Electricity Section on these meters to finalize the process before the due date of 24 November 2024.

### Constraints:

- A serious shortage of vehicles (Mechanical problems with vehicles and standing time involved. The average age of the vehicles is more than 20 years).
- A serious shortage of staff. Overworking of staff due to staff shortages, in turn, negatively impacts the health of employees.
- A serious shortage of materials (including minimum stock items at Stores) and equipment.
- Lengthy processing time of requisitions and vouchers, and non-availability of funds to purchase materials and pay service providers.
- Vandalism, theft, and attempted theft of cable and transformers, in addition, the damage to the network extends much further than only the portion of cable or equipment that was damaged and, in some cases, requires specialized repairs.
- Aged and outdated infrastructure.
- A backlog of replacement of faulty/tampered meters and new installations (assistance of Service Providers reduced the backlog).
- Insufficient funding for capital projects.
- Insufficient funding for general maintenance and repairs.
- High-risk working environment and conditions.
- Risk of service disruptions due to aged and outdated infrastructure.
- Risk of losing grant funding due to slow procurement processes.

The above-mentioned constraints all influenced service delivery negatively due to additional workload, unproductive standing time, the long waiting period for spares and equipment, and limited preventative maintenance hence unnecessary and unavoidable damage to the infrastructure.

The municipality only maintains the electricity services in the municipality's area of responsibility for which the municipality holds the license. All households (including the ESKOM distribution area) that have access to electricity are 34 644 (26012 Municipal area).

## 3.4 WASTE MANAGEMENT

### INTRODUCTION TO WASTE MANAGEMENT

The Solid Waste Management mandate is derived from Chapter 2, Section 24 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Environmental Management: Waste Act (NEMWA), 2008 (Act 59 of 2008) is the core legislative guide for the delivering a quality Solid Waste Management service. The Section is comprised of the following divisions: Refuse Removal, Street Cleansing, Public Toilets and Landfill sites.

## VISION

To create a better environment, activate cooperation between the municipality and the community towards better solid waste management, protection and sustainability of the environmental and natural resources and contribute to improve the quality of life.

## MISSION

Optimal use of resources, building capacity to contribute into sustainable development, development of policies to improve the level of services by addressing the challenges of solid waste management, and promote community awareness and partnerships.

Table 28: Solid Waste Service Delivery Levels

Solid Waste Service Delivery Levels					
Description	2018/19	2020/21	2021/22	2022/23	2023/24
	Actual No.	Actual No.			Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>					
Removed at least once a week	34 639	34 886	35 114	35 114	35 114
<i>Minimum Service Level and Above sub-total</i>	34 639	34 886	35 114	35 114	35 114
<i>Minimum Service Level and Above percentage</i>	100,0%	100,0%	100,0%	100,0%	100,0%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>					
Removed less frequently than once a week					
Using communal refuse dump					
Using own refuse dump	0	0	0	0	0
Other rubbish disposal					
No rubbish disposal					
<i>Below Minimum Service Level sub-total</i>	0	0	0	0	0
<i>Below Minimum Service Level percentage</i>	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Total number of households</b>	<b>34 639</b>	<b>34 886</b>	<b>35 114</b>	<b>35 114</b>	<b>35 114</b>

Table 29: Households - Solid Waste Service Delivery Levels below the minimum

Households - Solid Waste Service Delivery Levels below the minimum					
Description	2019/20	2020/21	2021/22	2022/23	Households 2023/24
	Actual No.	Actual No.			Actual No.
<b>Formal Settlements</b>					
Total households	34 639	34 886	35 117	35 117	35 117
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%
<b>Informal Settlements</b>					
Total households	205	205	205	205	
Households ts below minimum service level	0	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%
					<i>T 3.4.3</i>

### Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Service Delivery

**KPA:** Basic Service Delivery and Infrastructure Investment

**IDP Priority 7:** Solid Waste Management

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 163	Basic Service Delivery	Ensuring access to solid waste removal services to all HH within the municipal area.	Number of households in municipal area with access to refuse removal.	Sum of HHs in municipal areas with access to refuse removal.	Director Community & Social Services	35 114	35 114	35 114	35 164	35 114	Target not achieved	Service provider appointed by Human Settlements on site. Refuse in these areas will be collected when people have occupied the stands.	Valuation Roll Report	There has been no movement in the last three financial years.

**Policy Objectives taken from IDP and SDBIP**

**Municipal Scorecard Perspective:** Governance

**KPA:** Good Governance and Public Participation and Social and Community Development.

**IDP Priority 7:** Solid Waste Management

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 177	Social Services and Community Development	To curb the incidence of illegal dumping in the municipal area	Number of waste awareness campaigns conducted.	Sum of awareness sessions held	Director Community & Social Services	4	3	4	4	9	Achieved above target	None	Attendance register	The performance improved.

Table 30 Employees: Waste Management Services

Employees: Solid Waste Magement Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	1	1	1	0	0%
7 - 9	2	2	8	6	2	25%
10 - 12	6	6	20	9	11	55%
13 - 15	59	57	130	126	4	3%
16 - 18	27	27	0	0	0	0%
19 - 20	35	35	0	0	0	0%
Total	131	129	160	143	17	11%

T3.4.5

Table 31: Employees: Waste disposal and Other Services

Employees: Waste Disposal and Other Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	2	2	1	1	0	0%
10 - 12	1	1	9	1	8	89%
13 - 15	12	12	75	58	17	23%
16 - 18	0	0	0	0	0	0%
19 - 20	20	20	0	0	0	0%
Total	35	35	85	60	25	29%

T3.4.6

Table 32: Financial Performance: Waste Management Services

Financial Performance 2023/24: Solid Waste Management Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	55 937	49 666	68 662	68 662	74 232	8%	
Expenditure:							
Employees	24 674	31 114	27 773	27 773	28 296	2%	
Repairs and Maintenance	2 005	2 177	2 127	2 127	790	-169%	
Other	7 912	26 113	17 919	16 117	13 961	-28%	
<b>Total Operational Expenditure</b>	34 591	59 404	47 819	46 017	43 047	-11%	
<b>Net Operational Expenditure</b>	-21 346	9 738	-20 843	-22 645	14 751	241%	
<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

Table 33: Financial Performance: Waste Disposal and Other Services

Financial Performance 2023/24: Waste Disposal and Other Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0				0%	
Expenditure:							
Employees	6 064	1 360	7 521	7 376	8 558	12%	
Repairs and Maintenance	394	210	1 035	1 043	103	-905%	
Other	5 654	2 741	9 577	7 708	4 195	-128%	
<b>Total Operational Expenditure</b>	12 112	4 311	18 133	7 521	7 521	-141%	
<b>Net Operational Expenditure</b>	12 112	4 311	18 133	7 521	7 521	-141%	
<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

Table 34: Capital Expenditure: Waste Management Services

Capital Expenditure 2023/24: Waste Management Services						R' 000
Capital Projects	2023/24					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
Total All	3 147	3 147	3 147	0%	0	
Fencing of Kroonstad Landfill	3 147	3 147	3 147	0%	2465	
<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

#### COMMENT ON THE OVERALL PERFORMANCE OF WASTE MANAGEMENT SERVICES

The procurement of two refuse compactor trucks marks the highlight of this financial year for the Solid Waste Management section. With the aged refuse removal fleet, the section strives to comply with the National Norms and Standards for refuse removal, where it is stated that every household must get the refuse removal service at least once a week.

The Kroonstad landfill site is almost full, and consultants have already be appointed to assist with doing the studies to identify a suitable location for the new landfill site. The Viljoenskroon project on the new landfill site has stalled due to the constructor leaving site. The municipality is currently attempting to finish the project from own budget while putting the constructor to terms. The Steynsrus landfill site has been fenced and a proper guardhouse will be built shortly.

## 3.5 HOUSING

### INTRODUCTION TO HOUSING

The Moqhaka Local Municipality with a total population of 155 410 people in 2022 accounts 30% of the Fezile Dabi District Municipality population. The remaining 70% is split unevenly among Metsimaholo Municipality, Ngwathe Municipality and Mafube Municipality which contributes 31%, 26% and 11.9% respectively (Stats SA, 2022). Therefore, Moqhaka Municipality has the second largest population in the district

The National Housing Needs Register (NHNR) has registered about 20 280 housing needs for Moqhaka Municipality. NHNR is a central database that offers households the opportunity to register their need for adequate shelter by providing information about their current living conditions, household composition and to indicate the type of housing assistance they require from government. Previously Municipalities used the waiting lists to capture the housing demand and Moqhaka Municipality's housing waiting list goes as far back as 2006. The waiting lists were successfully exported into the National Housing Needs Register as the single recognized database for registered needs countrywide. There have not been significant strides made to decrease this housing need, particularly in the Kroonstad/Maokeng town.

The trend has also been that the household size is shrinking this could cause an increase in the housing backlog/need within the municipality.

The Moqhaka Municipality is in a process of being Accredited to Level 1 by the National Department of Human Settlements. Currently the municipality is dependent on housing or top structure allocations made annually by the Free State MEC for Human Settlements. These allocations are funded and administered by the Free State Department of Human Settlements through a conditional grant called the Human Settlements Development Grant (HSDG).

Moqhaka Local Municipality is at pre-assessment phase, conducted by National and Provincial official, this also included self-assessment by the municipality. The main aim of this process is to provide a transparent and uniform basis for MECs responsible for Human Settlements to make decisions as to whether a municipality applying for accreditation meets the qualifying criteria as outlined in the National Accreditation Framework of 2023.

Table 35: Households - Access to basic housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2014/15	31 520	31 347	99%
2015/16	32 794	32 544	99%
2016/17	32 794	32 544	99%
2017/18	33 391	33 159	0%
2018/19	33 391	33 159	99%
2019/20	34 639	34 434	99%
2020/21	34 902	34 697	99%
2021/22	45 661	40 495	89%
2022/23	45 661	40 495	89%
2023/24	45 661	40 495	89%
			<i>T 3.5.2</i>

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Local Economic Development

**KPA:** Local Economic Development

**IDP Priority 7:** Housing

Directorate	KPA IDP/Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
Local Economic Development and Planning	KPI 70	Local Economic Development	To review the Housing Sector Plan.	Housing Sector Plan reviewed and approved by Director annually.	Housing Sector Plan	Director LED	30 June	30 June	30 June	30 June	8 May 2024	Achieved above target.	None	Housing Sector Plan	Achieved above target.

Table 36: Employees: Housing

Employees: Housing Services						
Job Level	2021/22	222/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	3	3	4	2	2	50%
7 - 9	1	1	2	1	1	50%
10 - 12	3	3	5	4	1	20%
13 - 15	11	11	14	12	2	14%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	19	19	26	20	6	23%

T 3.5.4

Table 37: Financial Performance: Housing

Financial Performance 2023/24: Urban Planning & Property Management						
						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(1 693)	5 810	1 473	1 997	2 890	49%
Expenditure:						
Employees	52 12	4 876	8 494	8 494	7 339	-16%
Repairs and Maintenance	73	23	470	470	87	-440%
Other	243	446	3 827	3 416	214	-1688%
Total Operational Expenditure	5 528	4 126	12 791	12 380	7 640	-67%
Net Operational Expenditure	7 221	(1 684)	11 318	10 383	4 750	-138%

T 3.10.5

Table 38: Capital Expenditure: Housing

Capital Expenditure 2023/24: Housing Services					
					R' 000
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total	0	0	0	0%	0

## COMMENT ON OVERALL PERFORMANCE OF HOUSING

The Section managed to achieve a lot of set targets in the year under review 2023/24 through the following developmental activities.

### Title Deeds Restoration Programme

The Title Deeds programme performed well as compared to the previous financial years. This gesture is aimed at restoring dignity, through land and property ownership to the previously disadvantaged communities.

In trying to redress the injustices of the past, the Municipality has ensured the accelerated issuing-out of title deeds in the reporting period and the commitment is anticipated to be sustained in the ensuing reporting periods.

The following number of title deeds were issued out as part of promoting security of tenure:

The section through its consumer education programmes specifically targeted at title deeds and the processes involved continues to raise awareness around succession issues in the case where the registered title deed's rightful owner is late, the families most of the time fails to conclude the estate of the late (to which the title is registered). By implication, the title would not be issued to the surviving family members.

### Informal Settlements Upgrading

The MLM, with the assistance of the Free State Department of Human Settlements and the Housing Development Agency (HDA), identified and recognised 7 informal settlements (Brickfield and Marabastad is combined on the tale) within the municipal area of jurisdiction, and developed an informal settlement upgrading programme (refer to table below). The latter recommended that these settlements be relocated as they are located in areas that are unsuitable for the development of human settlements.

INFORMAL SETTLEMENTS	NO OF HOUSEHOLD	FARM/TOWNSHIP
Brickfields/Marabastad informal Settlement	227	Maokeng/Kroonstad
Block A informal Settlement	44	Matlwangtlwang/Steynsrus
Block B informal Settlement	99	Matlwangtlwang/Steynsrus
Block C informal Settlement	22	Matlwangtlwang/Steynsrus
Block D informal Settlement	25	Matlwangtlwang/Steynsrus
Block E informal Settlement	15	Matlwangtlwang/Steynsrus
<b>Total</b>	<b>432</b>	

**Table: Informal Settlements in Moqhaka**

The two towns that requires upgrading are Matlwangtlwang in Steynsrus that consist of 205 households and Brickfield and Marabastad consisting of 227 households.

There is a clear plan underway of creating sites in Matlwangtlwang for the upgrading of informal settlements, through consolidation, rezoning and subdivision of erf 1396 and erf 3358 Matlwangtlwang, respectively. The prospective project is envisaged to yield about 103 sites which will potentially absorb all the three (3) informal settlements in the area.

### Allocation of Sites

In the main, lack of bulk infrastructure (in most areas) and reticulation has been the biggest impediment to enable the Municipality to allocate sites. The provision of top structures across different housing programmes (BNG, Military Veterans, Social and Rental Housing) remains the competency of the Provincial Department of Human Settlements through Human Settlements Development Grant (HSDG). The implementation of the mentioned housing programme by the Department has been few and far between.

The Free State Provincial Department of Human Settlements has undertaken the servicing of Maokeng Ext 10, 12 and 13 with a total of 5126 residential sites utilising the Human Settlements Development Grant. The Department of Human Settlements commenced with the project in January 2024. The project is envisaged to be completed January 2026.

Additional areas were identified in Kroonstad town, Viljoenskroon and Steynsrus for those who can afford to build for themselves to purchase the erf/erven. The municipality is responsible for the servicing of identified planned and pegged areas:

Area	Number of Sites Available Planned and Pegged	Number of Sites Installed with Water and Sewer	Number of Sites Allocated	Outstanding Sites	Challenges
ELANDIA	200	50	50	150	24 Sites installed with water 126, sites no water and sewer installed
TUINHOF	109	20	20	89	89 sites, no water and sewer installed
HEUWILSIG	167	0	0	167	Insufficient Bulk infrastructure. 167 no water and sewer installed
VILJOENSKROON (TOWN)	109	0	0	109	109 sites, no water and sewer installed

Matwangtlwang/Steynsrus has major challenge of water supply mainly from the source. This has an implication in the development of the town and consequently the economic development of the town. There are 831 sites

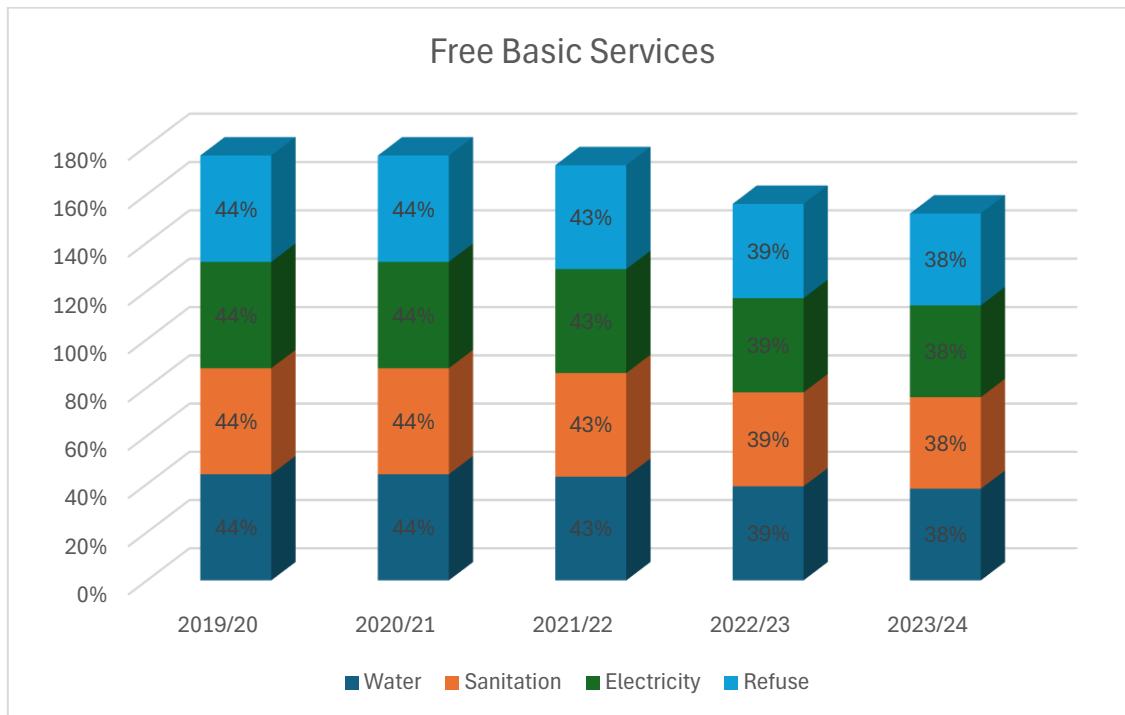
where township establishment is completed, however, the installation cannot take place due to the challenge sighted above. This also poses a challenge on allocation of sites for professionals. There is a high demand of sites for professionals that can unlock revenue for the Municipality.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

The municipality provides 10kl of water per household per month, free sanitation and refuse removal as well 50 kWh units of electricity per indigent household per month. There is also Property Rates exemption for properties with a valuation of R200 000 and lower.

The policy on the indigent households extends to the child headed families and any other households with circumstances that may be approved in terms of the policy to try alleviating the poverty the households find themselves in.



Graph 6: Free Basic Services

Table 39: Free Basic Services

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R4,220 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
	Total	Access	%	0	%	Access	%	Access	%	
2015/16	32 541	32 541	12 551	39%	12 551	39%	12 551	39%	12 551	39%
2016/17	32 541	32 541	14 145	43%	14 145	43%	14 145	43%	14 145	43%
2017/18	32 541	32 541	15 013	46%	15 013	46%	15 013	46%	15 013	46%
2018/19	32 541	32 541	14 945	46%	14 945	46%	14 945	46%	14 945	46%
2019/20	32 541	32 541	14 448	44%	14 448	44%	14 448	44%	14 448	44%
2020/21	32 541	32 541	14 327	44%	14 327	44%	14 327	44%	14 327	44%
2021/22	32 541	32 541	13 886	43%	13 886	43%	13 886	43%	13 886	43%
2022/23	33 895	33 895	13 310	39%	13 310	39%	13 310	39%	13 310	39%
2023/24	33 895	33 895	12 711	38%	12 711	38%	12 711	38%	12 711	38%
										T 3.6.3

Table 40: Financial Performance: Free Basic Services

Financial Performance 2023/24: Cost to Municipality of Free Basic Services Delivered						
Services Delivered	2021/22	2022/23	2023/24			
	Actual	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	26 251 881	25 856 891	29 051	29 051	28 652	-1,37%
Waste Water (Sanitation)	21 576 619	21 287 757	24 674	24 674	22 500	-8,81%
Electricity	6 971 645	6 589 195	15 867	15 867	15 651	-1,36%
Waste Management (Solid Waste)	16 466 839	16 278 795	18 389	18 389	17 619	-4,19%
Total	71 266 984	70 012 638	87 981 513	87 981 513	84 421 971	-4,05%
						T 3.6.4

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Municipal Financial Viability

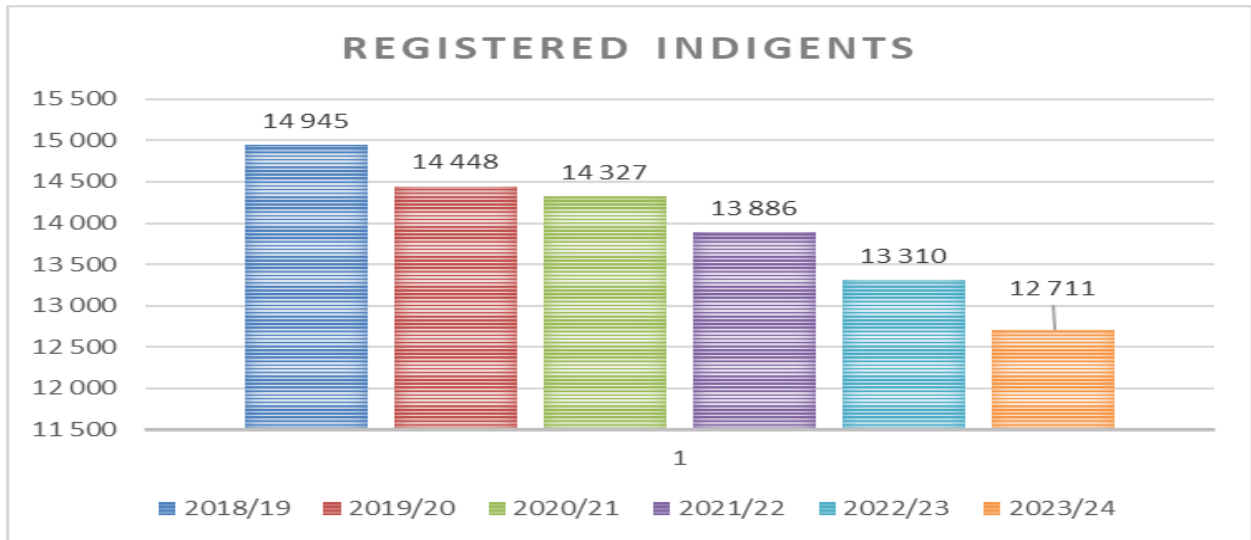
**KPA:** Municipal Financial Viability

**IDP Priority:** Free Basic Services

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 109	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	% of registered indigent Households that receive free basic services	No of households registered as indigent/Total No of HH X100	Chief Financial Officer	39%	44%	39%	≤45%	37%	Target achieved	None	Indigents Register & BP753 Report	The municipality improved its performance.
Financial Services	KPI 110	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Rand value of free basic services to all households as a % of the equitable share	Rand value of free basic services divided by the equitable share X 100	Chief Financial Officer	24%	30%	24%	33%	28%	Target achieved	None	Indigents Register & BP753 Report	The municipality maintained its performance.
Financial Services	KPI 111	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Rand value of free basic services to all households	Sum of value of free basic services (all services)	Chief Financial Officer	R16.6m	0	R16.6m	≤R65ML	R38.8m	Target not achieved.	Report on a quarterly basis	Indigents Register & BP753 Report	The performance of the municipality regressed.

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

The municipality allocates free basic water to indigent households only. All households qualifying for the Indigents Subsidy Scheme should be on prepaid electricity meters. If not, the electricity meter gets changed from a conventional meter to prepaid at no cost to the household. Indigents consuming more water than the subsidy allocates should have their electricity meters blocked or supply restricted. Properties with a higher municipal property valuation than subsidized value, are expected to pay for the excess charge/billing in property rates & taxes. The number of registered indigent households at 30 June 2024 was 12 711.



**Graph 7: Registered Indigents**

## COMPONENT B: ROAD TRANSPORT

### INTRODUCTION TO ROAD TRANSPORT

Moqhaka Local Municipality's roads consist of a total length of 581km.

Moqhaka Local Municipality's roads network consists of the following:

### SURFACE TYPES

**Flexible pavement:** A flexible pavement yields “elastically” to traffic loading. It is constructed with a bituminous-treated surface or relatively thin surface of hot-mix asphalt over one or more unbound base courses resting on a subgrade. (Black-Top roads). The total length of flexible pavement roads amounts to 257km

**Gravel road:** An unpaved road is a type of road surfaced with gravel that has been brought to the site from a quarry. They are common in less developed towns, and in the rural area. Total length of gravel roads amounts to 278km

**Blocked pavement:** Block paving also known as brick paving is a commonly used decorative method of creating a pavement. These blocks are used also in road surfacing. The bricks are typically made of concrete or clay though other composite materials are also used. Total length of block paved roads amounts to 46km.

**Table 41: Kilometre Roads in Moqhaka**

TOWN	TAR ROADS (Km)	BRICK PAVING ROADS (Km)	GRAVEL ROADS (Km)	TOTAL ROAD LENGTH FOR EACH TOWN (Km)
KROONSTAD	228.67	28.596	159.63	416.896
VILJOENSKROON	40.678	20.414	129.062	190.154
STEYNSRUS	4.9	17.89	63.556	86.346
<b>TOTAL</b>	<b>274.25</b>	<b>66.9</b>	<b>359.25</b>	<b>693.4 KM ROADS</b>

## 3.7 ROADS

### INTRODUCTION TO ROADS

Maintenance work was properly planned, supervised and quality control measures were done with proper record keeping.

The Road Section concentrated on the maintenance of roads on main routes, roads around schools, roads around churches, hospitals and businesses. The Roads Section also ensure all roads are assessable for vehicles in all three towns.

The Road Section assisted the community on a weekly basis with road maintenance where funerals and weddings took place.

All roads were visually inspected, and a visual assessment was done for each road according to the Technical Methods for Highways (TMH) engineering guidelines, reviewed by a consultant appointed. This project is called the RRAMS project, which was funded by the District Municipality. This inspection results were used for planning of road maintenance and a Road Maintenance plan was submitted with the IDP to Council. Capital projects is planned from this information through the IDP Process.

Business plans are submitted to Sector Departments to apply for possible funding to upgrade gravel roads to interlocking brick paving roads in the previous disadvantage areas of Moqhaka.

The Roads Section hired equipment in when and as needed to improve service delivery and road maintenance teams limited worked overtime to catch up with back logs

**Table 42: Gravel Road Infrastructure**

<b>Gravel Road Infrastructure</b>				
				<b>Kilometers</b>
	<b>Total gravel roads</b>	<b>New gravel roads constructed</b>	<b>Gravel roads upgraded to tar</b>	<b>Gravel roads graded/maintained</b>
20219/20	275.9	0.0	0.6	498.4
2020/21	274.7	0.0	1.2	227.7
2021/22	272,6	0,0	2,1	79,5
2022/23	278,0	0,0	2,1	62.4
2023/24	279,4	0,0	1,4	286,9
				<i>T 3.7.2</i>

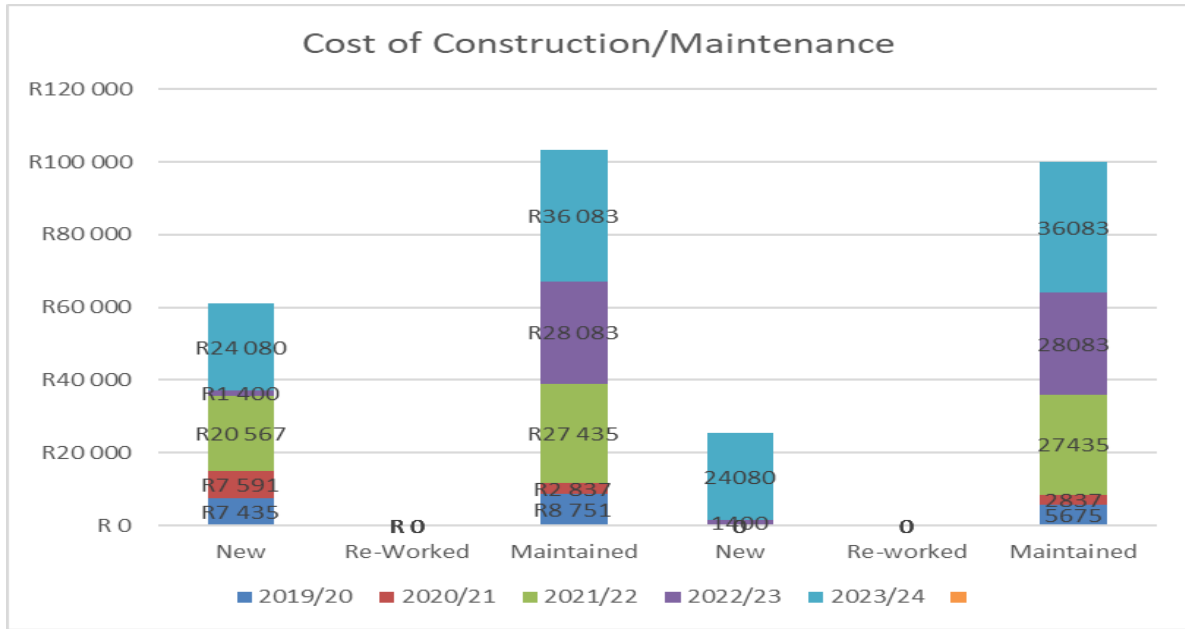
Table 43: Tarred Road Infrastructure

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2019/20	306.1	2.5	0.0	0.0	297.1
2020/21	305,0	1,2	0,0	0,0	306,1
2021/22	307,1	2,1	0,0	0,0	307,1
2022/23	309,2	2,1	0.0	0.0	309,2
2023/24	310,6	1,4	0,0	0,0	310,6
					T 3.7.3

Table 44: Cost of Construction/Maintenance

	Roads			Tar		
	New	Re-Worked	Maintained	New	Re-worked	Maintained
2019/20	R7 435	R0	R8 751	0	0	5675
2020/21	R7 591	R0	R2 837	0	0	2837
2021/22	R20 567	R0	R27 435	0	0	27435
2022/23	R1 400	R0	R28 083	1400	0	28083
2023/24	R24 080	R0	R36 083	24080	0	36083
T 3.7.4				T 3.7.4		

Graph 8: Roads: Cost of Construction/Maintenance



### Policy Objectives taken from IDP and SDBIP

#### Municipal Scorecard Perspective: Service Delivery

#### KPA: Basic Service Delivery and Infrastructure Investment

#### IDP Priority 3: Roads

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 04	Basic Service Delivery	By ensuring that tarred and paved roads are maintained, and gravel roads are graded	km gravel roads maintained and or gravelled.	Sum of km roads maintained and or gravelled	Director Technical Services	227km	227.695km	84.59km	80km	286 864km	Target achieved	None	Weekly and Monthly reports.	The Municipality improved its performance
KPI 05	Basic Service Delivery	By developing and implementing a maintenance programme specific to potholes	m <sup>2</sup> of potholes patched	Sum of m <sup>2</sup> of potholes patched	Director Technical Services	83109 m <sup>2</sup>	65 244 m <sup>2</sup>	194 735 m <sup>2</sup>	38000m <sup>2</sup>	119594,5m <sup>2</sup>	Target achieved	None	Monthly reports	84.59km
KPI 06	Basic Service Delivery	By identifying and prioritising access, connector and strategic roads to be developed	KMs of new paved roads to be built	Sum of km new paved roads built	Director Technical Services	New KPI	0	0	3.286km	1.41km	Target not achieved due to late appointment of contractors	Appoint contractors on time and ensure to appoint good contractors.	Completion certificate	This is a new KPI no comparison could be made

Table 45: Employees: Road Services

Employees: Road Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	1	7	1	6	86%
7 - 9	5	3	8	3	5	63%
10 - 12	14	8	48	6	42	88%
13 - 15	12	36	103	34	69	67%
16 - 18	16	0	0	0	0	0%
19 - 20	5	0	0	0	0	0%
Total	55	49	167	45	122	73%

Table 46: Financial Performance: Road Services

Financial Performance 2023/24 Road Services						R'000
Details	2021/22	2022/23	2023/24			Variance to Budget
	Actual	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>		47 035			2 946	100%
Expenditure:						
Employees	18 254	18 526	20 314	21 332	19 853	-2%
Repairs and Maintenance	5 180	1 225	15 302	17 475	16 230	6%
Other	1 554	68 276	-	-	-	0%
<b>Total Operational Expenditure</b>	24 988	88 027	35 616	38 807	36 083	1%
<b>Net Operational Expenditure</b>	24 988	-40 992			-33 137	100%

T 3.7.8

Table 47: Capital Expenditure: Road Services

Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	24 078	0	24 078	0%	0
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street (MIS:458604)	10 194	0	10 194	0%	14681
Maokeng/Constantia: Construction of 0.51km paved road and storm water at Messi Street (MIS:458272)	304	0	304	0%	4820
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street (MIS:458296)	1 893	0	1 893	0%	11546
Maokeng: Gelukwaarts - Upgrading of Masionne and Stiloane Street (0.796km) to a paved road (MIS:478759)	7 489	0	7 489	0%	17791
Rammulotsi: Construction of 0.25km paved road (4274 – 4218) and 0.266km (4756 – 4902) with storm water (MIS:460732)	4 198	0	4 198	0%	4198
					T 3.7.9

## COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The following roads were identified via the approved IDP of the municipality and constructed.

Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street - R 14 681 589.52 - Allocation 2023/2024 - R 10 194 783.50

Maokeng/Brentpark: Construction of 1.316km paved Road and storm water at Cannon Street: R 11 546 663.94 - Allocation 2023/2024 - R 1 893 343.99

Maokeng/Gelukwaarts: Upgrading of Masionne and Stiloane Street (0.796km) to a paved road R 17 791 257.38 - Allocation 2023/2024 - R 7 489 718.20

Rammulotsi: Construction of 0.25km paved road (4274 – 4218) and 0.266km with storm water R 4 198 751.11 - Allocation 2023/2024 - R 4 198 301.89.

### 3.8 TRANSPORT

The municipality does not perform this function.

### 3.9 WASTEWATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

The Municipal storm water network consists of the following types of storm water systems.

1. Underground storm water pipes
2. Open concrete V-channels
3. Open soil storm water channels
4. Culverts and bridges

The municipality don't have a storm water master plan which is still a challenge.

**Table 48: Storm water Infrastructure**

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2019/20	373,6	0,6	0,0	0,0
2020/21	375,7	2,1	0,0	0,0
2021/22	377,6	1,9	0,0	0,0
2022/23	379,7	2,1	0,0	0,9
2023/24	381,1	1,4	0,0	1,5
			1	T 3.9.2

Table 49: Cost of Storm Water Construction/Maintenance –

<b>Cost of Construction/Maintenance</b>			
	<b>Stormwater Measures</b>		
	<b>New</b>	<b>Upgraded</b>	<b>Maintained</b>
2019/20	0	0	0
2020/21	10	–	–
2021/22	0		6
2022/23	1	–	–
2023/24	–	–	–
			<i>T 3.9.3</i>

**Policy Objectives taken from IDP and SDBIP**

**Municipal Scorecard Perspective:** Service Delivery

**KPA:** Basic Service Delivery and Infrastructure Investment

**IDP Priority 3:** Storm Water

KPI 2 Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 07	Basic Service Delivery	By ensuring that newly built roads are built with storm water drainage and mobilize funding for rehabilitation, refurbishment and replacement of ageing infrastructure	Kms of storm water drainages built, rehabilitated, or replaced in addition to existing one	Sum of km storm water drainage installed in addition to current one	Director Technical Services	New KPI	0	0	2.6km	1.426km	Target not achieved due to late appointment of contractors	Appoint contractors on time and ensure to appoint good contractors.	Completion certificate	This is a new KPI no comparison could be made

Table 50: Employees: Storm water Service

Employees: Storm Water Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	Roads Services employees also perform the storm water function, Included in the Roads Services employees in Table 45 above					0%
4 - 6						50%
7 - 9						82%
10 - 12						36%
13 - 15						12%
16 - 18						20%
19 - 20						93%
Total						59%

Table 51: Capital Expenditure: Storm Water Services

Capital Expenditure 2023/24: Storm Water Services					
					R' 000
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0

### COMMENT ON PERFORMANCE OF STORMWATER DRAINAGE OVERALL

A total of 1.426km new concrete storm v-drains were constructed during this financial year and 1.47km of storm water network was cleaned.

The projects covered under roads included the cost of storm water.

The challenge with the storm water network is that most of the network is underground pipes and the municipality don't have a machine to clean these storm water pipes.

## COMPONENT C: PLANNING AND DEVELOPMENT

### INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes Planning and Local Economic Development.

### 3.10 PLANNING TO PLANNING AND PROPERTY MANAGEMENT

The planning landscape in South Africa changed during 2013 with the promulgation of the Spatial Planning and Land Use Management Act, 2013 (No 16 of 2013), also referred to as SPLUMA. In terms of this Act Local Governments became and forthwith were the authority of first instance and all development application must be considered on local level by the Municipal Planning Tribunal and Authorised Official, whereas in the past this type of applications was considered by the provincial authorities. The Act was, however, only made effective with effect from 01 July 2015. No applications could, however, be received and/or considered before the Municipality's by-laws on Planning were in place. These by-laws were promulgated in the Provincial Gazette of 27 November 2015 and since then the new era of planning started in Mqohaka.

The Spatial Planning Department is striving to ensure that the long-term planning of the Municipality caters for the development of the town along the five SPLUMA development principles mentioned in Section 7 of SPLUMA, viz spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. This ensures that the Municipality not only grows in population but also develops an economy that can sustain the growth in numbers.

Planning legislation that is essential to ensure service delivery are inter alia the Spatial Development Framework (SDF) and the Land Use Scheme (LUS). Both these documents have been compiled, public participated, approved by Council and subsequently promulgated on 06 December 2019. The SDF also gets reviewed on an annual basis during the Budget and IDP public participation process. A completely new draft of the SDF has been completed and public participation will be conducted during the 2024/25 financial year.

The three top service delivery priorities of the Spatial Planning Department are to -

- (i) attend to all land use and development applications to ensure development and growth is not neglected.
- (ii) attend to building plans on a continuous basis to ensure the continuous growth and development of the Municipality; and
- (iii) to attend to outdoor advertisement to ensure the aesthetic outdoor space of the municipality is properly managed and maintained.

In terms of the first priority, the term of office of the Municipal Planning Tribunal (MPT) ended during July 2021 and the name of new members were only promulgated during July 2022, as the previous Council did not want to appoint members before the municipal elections which took place during November 2021. During this financial year a total of 6 (six) MPT meetings was held, during which a total of 23 (twenty-three) land use applications have been considered. This priority is receiving the necessary attention and vacant positions of Town / Regional Planners have been advertised and will be filled during the next financial year.

In respect of the second priority, the Building Control Section was implementing new processes and current procedures were revisited to ensure a better and more efficient service can be delivered. This priority, however, bettered every quarter and will reach its goals during the next year.

To reflect true and accurate performance, on-going improvements are being made in the Building Control section. The improvements seek to determine as accurately as possible the adequate resources necessary to enable the office to contribute optimally to Moqhaka Local Municipality's revenue base as well as implement a framework that will allow value-based measure of performance.

Numerous attempts to train the Building Control staff (i.e., Building Inspectors/Control Officers) were made during the 2023/2024 financial year and these were unsuccessful. One more attempt has been made; through stakeholders of Housing & Properties office (i.e., FS Department of Human Settlements) in June 2024.

Regarding the third priority, the outdoor advertising by-laws was finalised during the financial year and new tariffs were approved for outdoor advertising during the budget approval. The by-laws will be public participated during the next financial year. As soon as promulgated the by-laws will ensure an enhanced stream of revenue from outdoor advertising in the new financial year.

**Table 52: Applications for Land Use Development**

<b>Applications for Land Use Development</b>									
<b>Detail</b>	<b>Formalisation of Townships</b>			<b>Land Use Applications</b>			<b>Built Environment</b>		
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Planning application received	N/A	N/A	N/A	17	8	48	141	144	173
Determination made in year of receipt	N/A	N/A	N/A	0	3	5	57	109	34
Determination made in following year	N/A	N/A	N/A	0	4	24	47	38	26
Applications withdrawn	N/A	N/A	N/A	3	0	0	24	0	0
Applications outstanding at year end	N/A	N/A	N/A	29	61	140	84	81	194
									<i>T</i> 3.10.2

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Local Economic Development

**KPA:** Local Economic Development

**IDP Priority 7:** Urban Planning

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
Local Economic Development and Planning	KPI 73	Local Economic Development	To support the orderly and coordinated development of the urban areas within the municipality	Spatial Development framework reviewed and approved by June annually.	Date Spatial Development Framework reviewed and approved.	Director LED	30 June	0	0	30 June	0	Target not achieved.	Target Not Achieved. 80% The SDF has been completed and public participation was undertaken. No community members, however, attended the sessions and it was decided to do public participation again.	The Department of Agriculture, Land Reform and Rural Development is assisting the Municipality with the re-advertisement for public participation.	Target not achieved in the last three financial years.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
Local Economic Development and Planning	KPI 74	Local Economic Development	To support the orderly and coordinated development of the urban areas within the municipality	Land Use Scheme reviewed and approved by June annually.	Date Land Use Scheme Reviewed and approved.	Director or LED	30 June	0	0	30 June	30 June	Target achieved	None	Reviewed Land use Scheme	The Municipality improved its performance.
Local Economic Development and Planning	KPI 75	Local Economic Development	To support the licensing of businesses governed by the Business Act of 1991.	Percentage of business applications received and processed within a period of 30 days.	Number of business licence applications considered within 30 days/total number of business licence applications received.	Director or LED	90%	0	45%	100%	100%	Target achieved	None	Business licence register	The Municipality improved its performance

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
Local Economic Development and Planning	KPI 76	Local Economic Development	To support the legislation of construction work governed by the National Building Regulations and Standards Act of 1977.	Percentage of Building Plans received and processed within a period of 60 days	Number of Building Plans considered within 60 days/total number of building plans received	Director or LED	90%	95%	21%	90%	0%	Target not achieved.	Appoint Admin Clerk for Building Control/Survey.  Procure an Electronic Document Management System software to optimise approval process management.	Approved building plans register	The performance of the directorate is below average.
Local Economic Development and Planning	KPI 77	Local Economic Development	To consider Land Use applications in respect of rezoning of land as determined in the Moqhaka Land Use Planning	Percentage of applications for rezoning received and processed within 90 days.	Number of rezoning applications considered within 90 days/total number of rezoning applications received.	Director or LED	50%	18.12%	50%	90%	0%	Target not achieved.	Currently the Department is in dire need of the filling of the second Town Planner position which was advertised but nobody has been	Land Use Register	The performance of the municipality regressed.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
			by-laws of 2015.									appointed yet.			
Local Economic Development and Planning	KPI 78	Local Economic Development	To support the licensing of businesses governed by the Business Act of 1991.	Percentage of informal trading permits applications received and processed within 30 days.	Number of informal trading permits applications considered within 30 days/total number of informal trading permits applications received.	Director LED	100%	0%	100%	100%	100%	Target not achieved.	Target achieved	Informal trading permit Register	The municipality maintained its performance,

Table 53: Employees: Urban Planning &amp; Property Management

Employees: Urban Planning & Property Management						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	3	2	1	33%
4 - 6	7	7	7	6	1	14%
7 - 9	3	3	5	3	2	40%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	1	1	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	12	12	16	12	4	25%

T 3.10.4

Table 54: Financial Performance: Urban Planning &amp; Property Management

Financial Performance 2023/24: Urban Planning & Property Management							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	(1 693)	5 810	1 473	1 997	2 890	49%	
Expenditure:							
Employees	52 12	4 876	8 494	8 494	7 339	-16%	
Repairs and Maintenance	73	23	470	470	87	-440%	
Other	243	446	3 827	3 416	214	-1688%	
Total Operational Expenditure	5 528	4 126	12 791	12 380	7 640	-67%	
Net Operational Expenditure	7 221	(1 684)	11 318	10 383	4 750	-138%	

T 3.10.5

Table 55: Capital Expenditure: Urban Planning &amp; Property Management

Capital Expenditure 2023/24: Urban Planning & Property Management						R' 000
Capital Projects	2023/24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%	0	

T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

In terms of capital projects, the Spatial Planning Department only had two major project and two smaller projects during the 2023/24 financial year. The major capital projects were –

- (i) to obtain GIS software to enable the GIS Office to update the current GIS and to rollout the GIS system to the rest of the Municipality, and as part of this to obtain two modules, one to handle land use applications (legislative requirement) and one to handle applications for building plan approval.
- (ii) to start with the re-layout of the Marabastad precinct; and
- (ii) to obtain air-conditioners for the building as all have been stolen.

In respect of (i) above, it can be mentioned that the account of the suppliers (ESRI) who must provide the GIS software have been paid during the last month of the financial year and the implementation phase will commence during the new financial year. The project goal to have the GIS up and running in all departments have thus failed.

In respect of (ii) above a Steering Committee was elected, with an official from the Housing Department elected as convener and coordinator between all role-players. The project could not properly start due to the National and Provincial Elections and many role-players diverting their attention to said elections.

In respect of (iii) above, it can be mentioned that the account of the suppliers who must provide the air-conditioners have only been paid during the last month of the financial year and the implementation phase will commence during the new financial year. The project goal to have the building equipped with air-conditioners have thus failed.

In terms of the capital expenditure and the operating expenditure of the Spatial Planning Department the variance between the budgeted amount and the actual expenditure cannot be determined at this stage as the financial system was hacked during May 2023 and has not been restored completely.

### 3.11 LOCAL ECONOMIC DEVELOPMENT

## INTRODUCTION TO ECONOMIC DEVELOPMENT

Moqhaka Local Municipality understand that the issue of job creation is a key priority for Local Economic Development (LED). However, LED is everybody's business; government, local businesses and other stakeholders are encouraged to come together to revitalise township economies, and to invest in factories, workshops, technical hubs and locally owned retail operations in townships, whether large or small.

The driving force behind job creation must be the realisation that interventions at local level need not only be small-scale but also high-value economic activities in townships must also be encouraged.

Although under review, Our LED Strategy notes the extent of poverty and unemployment in this municipality is the reason why different approaches to LED become significant bearing in mind our agricultural typology. The Strategy recognises the unique characteristics of Moqhaka and informs the targeted interventions that need to be done.

Some of these interventions include but not limited tourism development and initiatives and Rural Enterprise Development (TREP) to assist our SMME's to register their businesses to ensure that they meet requirements to access funding and other support services.

### JOB OPPORTUNITIES:

Municipalities are created to provide a democratic and accountable government for local communities, to ensure the provision of services to communities in a sustainable manner and to promote social and economic development.

In the promotion of social and economic development, local council must always create a conducive environment through the provision the infrastructure and basic services that support a favourable investment climate. Without this investment, deepening unemployment and poverty may follow.

The questions must then follow as to whether we did enough to create a conducive environment and if so, how many job are created as a result thereof? Moqhaka, like many other minimal ties in the Free State faces the triple challenge of unemployment, poverty, and inequality. The spatial profile of this council displays an economy with a largely retailers that are performing well.

Tourism and Agriculture are also considered as the mainstay sectors and largest contributors to the investment and employment. The services sector and retail trade have not shown any growth over the past couple of years with many retails closing.

## TOURISM

Tourism remains a key driver of South Africa's national economy and contributes to job creation. The industry is a major contributor to the South African economy and employment of citizens. The sector contributes about 9%

to the country's gross domestic product (GDP) and local authorities must work hard to create conducive environment for this sector to thrive.

In Moqhaka tourism development fits within the Local Economic Development (LED) function. All tourism support activities are undertaken under LED – and hence in our input, we make the point that we work hard to create an environment conducive for tourism development and cannot separate our understanding of LED from understanding tourism development.

We also acknowledge that tourism, apart from Agriculture and Agro processing have the potential to make an impact on developing rural economies (e.g.: through eco-tourism and culture-based industries).

Some examples of how we create a conducive environment for Tourism development include the following:

- Promotion of the physical attractiveness and aesthetics of the locality (beautification of the area through adopt a circle policy)
- Provision and maintenance of tourist attractions and other public amenities such maintenance of visitor information services and the provision of basic services (e.g., water, sanitation and electricity)
- The production tourism marketing materials.
- Provision and maintenance of public infrastructure (e.g., roads and signage)
- The regulatory environment: by laws; database of Tourism offerings; land-use planning and zoning.
- Promoting partnerships between the public and private Sector.
- Development of tourism strategy and sector plans

## TOURISM EVENTS

Tourism events have become an integral part of the industry. Event tourism provides travellers and visitors with unique and memorable experiences and brings significant economic and social benefits to the host destination. The year under review saw a few events been staged in Moqhaka, e.g., Ignite and Revive Festival, Biker's rally/ Pit-bull Rally and Bokkie Week

### **IGNITE AND REVIVE FESTIVAL 2023.**

The Ignite and Revive festival was held in Kroonstad from 1 – 3 September 2023 at Trio High School. Covid -The event displayed different kinds of markets, tea gardens, agricultural exhibitions, and variety of exquisite as well as-quality food stalls.

### **PITBULL RALLY**

Following the departure of the Bikers Rally at Kroon Park, the Bikers rally emerged for the second time. The Pit-bull Rally as they are called, closed a whole created by the Bikers Rally. The second annual Pit-bull Rally was held in Kroonstad from 1 to 3 September 2023 that brought 5 000 visitors to Kroonpark.

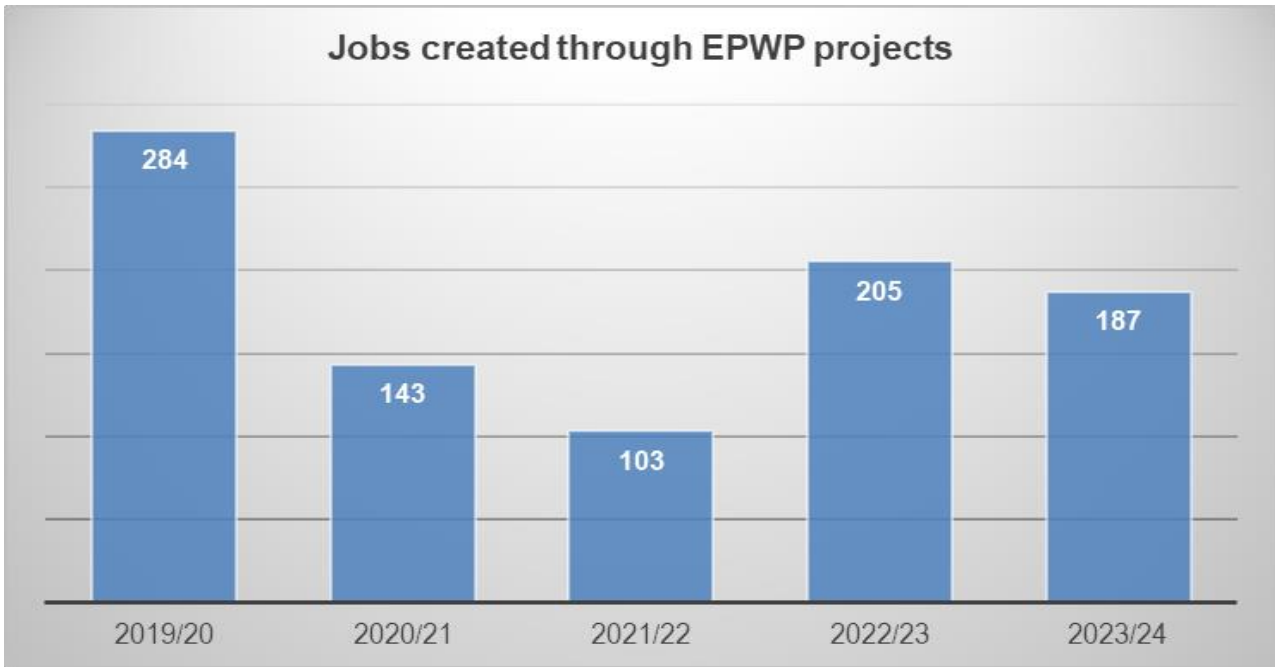


Table 57: Jobs Created through EPWP projects

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2016/17	10	274
2017/18	7	114
2018/19	13	195
2019/20	9	284
2020/21	10	143
2021/22	8	103
* - Extended Public Works Programme		T 3.11.6

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2019/20	9	284
2020/21	10	143
2021/22	8	103
2022/23	12	205
2023/24	13	187
* - Extended Public Works Programme		T 3.11.6

Figure 4: Jobs created through EPWP Projects



### Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Local Economic Development

**KPA:** Local Economic Development.

**IDP Priority 7:** Local Economic Development

Directorate	KPA		KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
	IDP/Ref No.	Municipal Strategy												
Local Economic Development and Planning	KPI 62	Local Economic Development	Explore the potential for the tourism sector in creating sustainable jobs and income for communities	Review Tourism Sector Plan and submit to Council by 30 June annually.	Director LED	30 June	30 June	0	30 June	0	Target not achieved.	Review the Tourism Sector Plan in the next financial year.	Tourism Sector Plan	The Tourism Sector Plan was last reviewed in the 2021/22 financial year.

Directorate	KPA	KPI	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments				
IDP/Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner											
Local Economic Development and Planning	KPI 63	Municipal Transformation and Instructional Development	Create an environment that promotes the development of the local economy and facilitate job creation.	Number of work opportunities created through Public Employment Programmes (including EPWP, CWP and other related employment programmes)	Sum of jobs created per year	Direct or LED	30	0	0	50	0	Target not achieved	None	None	No jobs were created through LED initiatives
Local Economic Development and Planning	KPI 64	Local Economic Development	Create an environment that promotes the development of the local economy and facilitate job creation.	LED Strategy reviewed and submitted to Council for approval by 30 June annually.	Date LED Strategy approved.	Direct or LED	30 June	30 June	0	30 June	0	Target not achieved	Review LED Strategy as required.	None	LED Strategy was last reviewed in the 2021/22 financial year.
Local Economic Development and Planning	KPI 65	Local Economic Development	To support the expansion of the tourism	Marketing strategy for the Municipality developed	Date Marketing Strategy approved.	Direct or LED	30 June	30 June	0	30 June	30 June	Target achieved	None	Marketing strategy and Council	The performance of the Directorate improved.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			potential of the municipality.	and submit to Council for approval									Resolution	

Table 58: Employees: LED Services

Employees: Local Economic Development Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	3	3	11	3	8	73%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	3	3	11	3	8	73%

T 3.11.8

Table 59: Financial Performance: LED Services

Financial Performance 2023/24: Local Economic Development Services						
R'000						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0	0%
Expenditure:						
Employees	2026	2116	2521	1608	1146	-120%
Repairs and Maintenance	0	0	0	0	0	0%
Other	1946	285	1491	1192	216	-590%
<b>Total Operational Expenditure</b>	3972	2401	4012	2800	1362	-195%
<b>Net Operational Expenditure</b>	3972	-2401	4012	2800	1362	-195%

T 3.11.9

Table 60: Capital Expenditure: LED Services

Capital Expenditure 2023/24: Economic Development Services					
R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
There were no capital projects.	0	0	0	0%	0

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

Our view of the development priorities considering the state of our economy and the economy of the country in general is that we outline these might not be within the limited municipal capital budget. They are in their nature capital projects and needs to roll out in phases and linked to both District Development Model and the Vaal Mega City Special Economic Zone Plan. These are aimed at attracting tourist while adding value to human settlement and economic development.

1. Development of Waterpark.
2. Application of level 1 accreditation. Participation in Vaal Megacity Project as warehousing Centre.
3. Implementation of the Feasibility Study for the Kroonstad Airport.
4. Development of light/commercial park adjacent to the N1 corridor.
5. Harnessing the potential of the railway infrastructure.
6. New entertainment infrastructure for Kroonpark to further diversity tourism.
7. Development of incentive scheme to retain and attract new business in our municipality.
8. Social & labour plans for Mining houses operation in our space.

The establishment of Directorate of LED and Planning is premised on the understanding that we need to mobilise primary sectors like small business agriculture and tourism to try and save existing job and industries while developing plans for the overall municipal economic development.

The directorate has performed well in this period under reviews despite shortage of staff, vehicles and the permanent head.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Annual Report presents the general condition of the infrastructure and the conditions of the facilities.

## 3.12 CIVIC THEATRE, ARTS AND CULTURE

### INTRODUCTION TO CIVIC THEATRE, ARTS AND CULTURE

The current condition of the infrastructure developed due to a lack of proper maintenance. Even when efforts were attempted for the repair and maintenance which is coming from many years of practices, they could not bear any fruits.

The roof was not maintained for an outstanding number of years, which causes further damages inside the facility.

Some of the operational parts of the theatre need to be placed and should this have been done long ago it would have been more cost effective.

Budget was available and major repair with proper planning could be done in face.

# Chapter 3

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Community Development and Social Cohesion

**KPA:** Community Development and Social Cohesion

**IDP Priority 10:** Arts and Culture

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 162	Local Economic Development	To optimize community participation in Arts and Culture.	Number of arts and culture main activities and events held in the municipal area.	Number of activities held	Director Community & Social Services	3	3	3	4	10	Achieved above target	None	Reports	The Municipality improved its performance.

Table 61: Employees: Civic Theatre

Employees: Civic Theatre						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	2	0	0	0	0%
4 - 6	0	2	1	1	0	0%
7 - 9	4	4	1	1	0	0%
10 - 12	6	5	1	1	0	0%
13 - 15	42	18	0	0	0	0%
16 - 18	28	32	4	4	0	0%
19 - 20	0	0	0	0	0	0%
Total	81	63	7	7	0	0%

T 3.13.4

Table 62: Financial Performance: Civic Theatre

Financial Performance Year 2023/24: Civic Theatre						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	32	111	200	200	149	-34%
Expenditure:						
Employees	2 060	2 804	2 958	2 998	2 311	-28%
Repairs and Maintenance	116	1 575	1 079	1 079	186	-480%
Other	90	539	346	346	109	-217%
<b>Total Operational Expenditure</b>	<b>2 266</b>	<b>4 918</b>	<b>4 383</b>	<b>4 423</b>	<b>2 606</b>	<b>-68%</b>
<b>Net Operational Expenditure</b>	<b>2 234</b>	<b>4 728</b>	<b>4 183</b>	<b>4 223</b>	<b>2 457</b>	<b>-70%</b>

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

Table 63: Capital Expenditure: Civic Theatre

Capital Expenditure 2023/24: Civic Theatre					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

T2.13.6

## **CIVIC THEATRE, ARTS AND CULTURE PERFORMANCE OVERALL**

The Civic Theatre hosted several activities that brought a total some income. With the conditions that it is the facility can do better if it can be upgraded.

### **3.13 PARKS AND CEMETERIES**

#### **INTRODUCTION TO PARKS AND CEMETERIES**

**Biodiversity** starts with the assessment of the ecosystem within the Local Government. Fauna and flora assessment need to be done, identification of protected plants and invasive/alien plants within the areas of Moqhaka Local Municipality and the control thereof. The assessment on the adaptation between fauna and flora.

**Parks** includes all the work necessary to keep public parks and open spaces safe and clean to serve the needs, to establish quality of life and contributing to the economic and environmental well-being of the community. Park developments are neglected for many years. Outdoor programming is a critical way to help individuals fighting mental health issues and to develop gross motor intervention and building of muscle strength in kids.

**Cemetery management** is a profession essential in one of the most important rites of life, the final step, to be buried.

#### **SERVICE STATISTICS FOR PARKS AND CEMETERIES**

The service statistics below are for the 2023/24 financial year.

The key positions on PL 4-6, 7-9 and 13-15, are mostly not filled. There is a lack of skills in the operational part of the division.

2. Not a single operator is appointed for the operation of brush cutters, lawnmowers for grass cutting and chain saw operators for the cutting of the trees. Under PL 15 which is the relevant post level for operators are all occupied by general workers.

3. The main positions in the biodiversity section are still not appointed after almost four years since the structure was approved.

4. On the PL 19 for general workers the vacancy is 100%

5. With reference to Template T 3.13.5 under employee expenditure, was a drastic rise in the expenditure for the last six month of the year, and the employee vote under administration overspend in this financial year due to general workers appointed on PL 15.

#### **B. EQUIPMENT**

Biodiversity, Parks and Cemeteries do not have equipment for maintaining Parks and Cemeteries. Tractors and lawnmowers are all outdated and have long past their lifespan. The rate of maintenance is very high, and equipment and fleet are standing for long periods, meaning that Parks can't comply to cut the required hectares.

#### **C. DEVELOPMENT OF PARKS AND EXPANSION OF CEMETERIES**

1. The worst shortcomings within Parks and Cemeteries are the inability to develop Parks and to expand the cemeteries and develop it properly and on a good standard.
2. Budget constraints: Parks do not get allocated sufficient funds and in the past few years it has been further cut during the cause of the financial year due to a lack of income.
3. The basic maintenance can't be done due to the budget shortages and taking the rate of vandalism that took place, the infrastructure is getting dilapidated more and more.

**Policy Objectives taken from IDP and SDBIP**

Municipal Scorecard Perspective: Social Services and Community Development

KPA: Community Development and Social Cohesion

IDP Priority 13: Parks and Cemeteries

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 164	Municipal Financial Viability	Effective maintenance of recreational facilities	Business plans submitted to request funding for the development of park in line with Urban Greening.	Sum of business plans submitted.	Director Community & Social Services	9	0	9	2	0	Target not achieved.	Develop and submit business plans in the next financial year.	None	The performance of the Directorate regressed
Directorate Community & Social Services	KPI 165	Social Services and Community Development	Effective maintenance of cemeteries	Develop a cemetery management plan approved by the Director	Date Plan approved.	Director Community & Social Services	New KPI	0	0	30 June	0	Target not achieved.	Develop Cemetery management plan.	None	Target not achieved in the last three years.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 166	Social Services and Community Development	Effective maintenance of cemeteries	Fencing of cemeteries	Sum of fencing of cemeteries	Director Community & Social Services	0	1	0	1	0	Target not achieved due to financial constraints .	Changes must be done on the coordinates of Dinoheng cemetery. Quotation was obtained from the surveyor for the new coordinates . The funds in the new budget 2024/2025 was cut with 50% and it will not be enough to complete the project	None	Target not achieved in the last three financial years.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 167	Social Services and Community Development	Expansion of cemeteries	Number of expansion of cemeteries	Sum of cemeteries expanded	Director Community & Social Services	1	1	1	1	0	Target not achieved.	Trees in Wespark Cemetery need to be removed in the new financial year. Funds was removed during the budget adjustment process	None	The performance of the municipality regressed.

Table 64: Employees: Parks and Cemeteries

Employees: Parks and Cemeteries						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	2	1	1	0	0%
4 - 6	2	2	3	1	2	67%
7 - 9	4	4	12	3	9	75%
10 - 12	5	5	15	5	10	67%
13 - 15	18	18	104	84	20	19%
16 - 18	32	32	0	0	0	0%
19 - 20	0	0	134	0	134	100%
Total	63	63	269	94	175	65%

T 3.13.4

Table 65: Financial Performance: Parks and Cemeteries

Financial Performance 2022/23: Parks and Cemeteries						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1 593	111	3 310	3 310	1 691	-96%
Expenditure:						
Employees	17 619	2 046	23 241	23 241	20 488	-13%
Repairs and Maintenance	1 218	178	3 086	3 086	1 554	-99%
Other	6 217	50	9 925	9 925	2 950	-236%
<b>Total Operational Expenditure</b>	33 653	2 274	36 252	36 252	24 992	-45%
<b>Net Operational Expenditure</b>	33 653	-2 163	32 942	32 942	23 301	-41%

T 3.13.5

Table 66: Capital Expenditure: Parks and Cemeteries

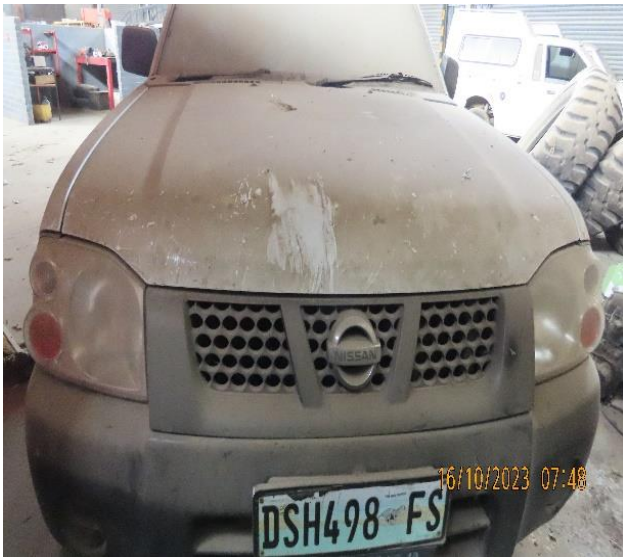
Capital Expenditure 2023/24 : Parks and Cemeteries					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 580 165	0	117 800	-2939%	0
Machinery & Equipment	1 474 165	0	117 800	-1151%	
Cemetery Fence	2 106 000	0	0	0%	

T2.13.6

COMMENT ON PARKS AND CEMETERIES PERFORMANCE OVERALL

In October, November and December 2023, only two vehicles were operating. Supervisors was not able to post employees to the different areas to commence their daily duties. Lawnmowers were transported one by one by an LDV to the different areas and had to do the same in the afternoon to transport t back to the nursery.

Parks could not comply to the weed killer program. By spraying weed killer, assist with the maintenance of our cemeteries and is less labour intensive. Everybody complained about the condition and at the end of the day a program was enforced that was not a solution for the problem. As reported regularly the reality is the fleet for parks is overdue. The Municipality can't deliver the service anymore.



It was election year and grass cutting were required from parks at 22 sites, every registration day and at the election day self. With the limited equipment it took a great time out of the normal cutting program causing a backlog.

**BEFORE****AFTER**

Moqhaka has a serious plague with pests in street trees and trees are dying. For the sake of climate change it has a negative impact on greening of the towns. The manpower and resources are not enough for spraying weed killer and pesticides in the same required season.

### 3.14 SPECIAL PROGRAMMES

#### INTRODUCTION TO SPECIAL PROGRAMMES

In accordance with National Development Plan 2030; both White Paper on the Rights of Persons with Disabilities and National Youth Policy (NYP) 2030 lay out various imperatives on strengthening development, empowerment and upliftment priorities to achieve socio-economic rights, also to intensify responsiveness of government deliverables. Thus, the key objectives for the realisation of the aforesaid standards, the local government policy further guides on reviewing on existing sectoral policies and programmes. Mainly, key pillars of the policies is about creating environment, products and services that can be accessed to advocate against discrimination, job creation, remove physical barriers and also foster for culture of inclusivity and equality. Office of the Executive Mayor Special Programmes Unit has cordially forged partnership with Civil Society Movements, Local Business Chamber, Government Departments and other various stakeholders to facilitate, coordinate, and implement progressive programmes. Sporting events, skills development, entrepreneurship, promotion of health campaigns and social cohesion activities are amongst others.

## SERVICE STATISTICS FOR SPECIAL PROGRAMMES

Number of programmes on youth participated in/held:	3
Number of programmes on women participated in/held:	1
Number of programmes on disabled participated in/held:	0
Number of programmes on children participated in/held:	1
Number of programmes on HIV/AIDS participated in/held:	0

## COMMENTS ON THE PERFORMANCE OF SPECIAL PROGRAMMES OVERALL

Given the aforesaid synopsis in the service statistics for special programme, the analysis is that there is a necessity for improvement for capacity building and execution of programmes. The enhancement of consultative measures with both internal and external parties shall play a critical role to the implementation thereof

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

The National Environmental Management Act (NEMA) has undergone extensive changes and amendments in recent years and continues to do so. The purpose of its change is to provide for cooperative, environmental governance by establishing principles for environmental decision-making, institutions to promote cooperative governance, and procedures for co-ordinating environmental functions performed by organs of state; and to provide for matters related to it.

However, these changes have an impact on all aspects of environmental management. Most aspects of environmental management are dispersed across the Community and Social Services and Technical Services Directorates. This makes dealing with Environmental Management issues more difficult. It would have been simpler if the Municipality had a Department of Environmental Management. In trying to address the Environmental Management issues, the Solid Waste Management Section is dealing with illegal dumping, refuse removal and management and maintenance of landfill sites. This presents additional challenges due to the communities' unwillingness to cooperate, insufficient refuse removal vehicles and lack of personnel with the appropriate skills for managing and maintaining the landfill sites. This can be resolved by purchasing enough

vehicles to remove illegal dumping sites, appointing skilled personnel to do the correct jobs and appointing a specialized Law Enforcement team that will only deal with Environmental Management issues.

The Kroonstad landfill site is using the South African Waste Information Centre's (SAWIC) estimations to report the tonnages to SAWIC. The Viljoenskroon and Steynsrus landfills are not yet reporting to SAWIC due to shortage of staff for Steynsrus and Viljoenskroon will only start reporting when the new landfill is operational.

Waste Pickers and private recyclers are another component of Environmental Protection that needs to be addressed. These must also be monitored to see to it that their activities are in line with NEMA and pose no threat to the environment. Personnel with appropriate qualifications and expertise need to be appointed for this to be implemented.

### 3.15 POLLUTION CONTROL

The Municipality does not perform the above functions

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

#### The key areas:

- ✓ Monitoring and controlling of invasive species.
- ✓ Monitoring programs and projects in line with the protection of the ecosystems and to consider biodiversity in all aspects of planning at local level.
- ✓ Environmental conservation including Biodiversity management and awareness.
- ✓ Arboriculture program.

## COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections. The Municipality does not perform the above function.

## COMPONENT G: PUBLIC SAFETY

This component includes security services, traffic management, fire services and disaster management.

### 3.17 SECURITY SERVICES

#### INTRODUCTION TO SECURITY AND SAFETY

The threats can cause harm to the Municipality and in the country that includes acts of terror, espionage, sabotage, unauthorised access to the building and premises, theft, armed robbery, fraud and corruption, vandalism, natural disaster to mention the few. Threats to the national interest, such as transformational criminal activities, foreign intelligence activities and terrorism, continue to evolve as the results of changes in the international environment. The role of the security component is to conduct threat and risk assessment on a periodic basis to inform authorities how to avert such situations and be proactive in approach.

The security must prescribe the application of security measures to reduce the risk of harm that can prevail should the threats materialise. The security has been designed to protect the employees, assets and the availability of valuable information to assure the continuity of delivery of services.

#### SERVICE STATISTICS

	Details	2021/22	2022/23	2023/24
1	Number of key points visited	8556	5352	1593
2	Number of by-law infringements attended	114	254	34
3	Number of Security Officers in the field on an average day	10	10	3 per shift
4	Number of Security Officers on duty per day	10	10	3 per shift

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 174	Social Services and Community Development	Improve Community Safety within Moqhaka local municipality through functional partnerships for effective Crime Prevention	Number of Joint Operations established for crime prevention	Sum of partnerships established.	Director Community & Social Services	1	0	1	4	12	Achieved Above Target.	None	Officer Written Cases Register	The performance of the municipality improved greatly.

Table 67: Employees Security

Employees: Security Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime No.)	Vacancies (as a % of total posts)
	No.	No.	No.	No.		%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	7	7	7	7	0	0%
10 - 12	4	4	4	4	0	0%
13 - 15	6	6	6	6	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	20	20	20	20	0	0%

Table 68: Financial Performance: Security Services

Financial Performance 2023/24: Security Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	-	-	-	-	-	0%	
Expenditure:							
Employees	10 317	15 128	15 225	13 972	15 200	0%	
Repairs and Maintenance	170	73	289	289	99	-192%	
Other	36 339	50 732	49 540	49 184	47 245	-5%	
<b>Total Operational Expenditure</b>	<b>46 826</b>	<b>65 933</b>	<b>65 054</b>	<b>63 445</b>	<b>62 544</b>	<b>-4%</b>	
<b>Net Operational Expenditure</b>	<b>46 826</b>	<b>65 933</b>	<b>65 054</b>	<b>63 445</b>	<b>62 544</b>	<b>-4%</b>	
						T 3.19.5	

Table 69: Capital Expenditure Security Services

Capital Expenditure 2023/24: Security Services						R' 000
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
	Total All	0	0	0	0%	0

### **COMMENT ON THE PERFORMANCE OF SECURITY SERVICES OVERALL:**

The Unit has only one performance indicator in relation to stakeholder engagement ( meetings with the Security Community like SAPS, Private Security Companies, Home Affairs, Provincial and Local Traffic, Disaster and Fire Services).

In this regard, we have never participated in the organised operations due to invitations not reaching our office as well as non availability of vehicles.

The intention is to review our performance indicators to allow them to synchronize with the security programs: Physical Security, Personnel Security, Information Security, Contingency Planning and Business Continuity Planning and that the performance should reside in those mentioned programs.

Furthermore there is a Law Enforcement aspect where weaknesses have been identified; Knowledge and implementation of Council By-Laws by Security personnel, Unit's operations to enforce the Council By-Laws, non-availability of vehicles to patrol and where necessary act on crimes dependent on their actions.

A training is envisaged to take place on the 20th August 2024 to deal with holistic Security operations, the second training that will focus on the implementation and enforcement of Council By-Laws.

Municipalities are also encouraged to participate in the Establishment of Community Safety Forums

## **3.18 TRAFFIC SERVICES**

To provide an effective and efficient traffic management service to the community of Moqhaka Local Municipality aimed specifically at reducing the number of road traffic accidents, injuries and fatalities on all roads within the area of jurisdiction of the municipality in collaboration with other law enforcement agencies.

To actively promote road safety, traffic order and mobility by maintaining a committed and goals directed law enforcement programme and traffic control which is coupled to an intensive public information and road safety awareness programme.

## SERVICE STATISTICS FOR TRAFFIC SERVICES

Table 70: Service Statistics: Traffic Services

Traffic Service Data					
	Details	2021/22	2022/23	2023/24	2024/25
		Actual No.	Actual No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	683	596	545	655
2	Number of by-law infringements attended	8 137	3 262	7 198	9 000
3	Number of police officers in the field on an average day	30	25	26	28
4	Number of police officers on duty on an average day	25	25	28	30
					<i>T 3.20.2</i>

**Policy Objectives taken from IDP and SDBIP****Municipal Scorecard Perspective:** Municipal Development**Municipal KPA:** Social and Community Development & Good Governance**IDP Priority 12:** Traffic Law Enforcement

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	Social Services and Community Development	To provide an effective and efficient Traffic Law Enforcement Service to the residents of Moqhaka local municipality in collaboration with other stakeholders	Number of law enforcement operations conducted	Sum of all events held.	Director Community & Social Services	5	7	5	10 per annum	254	Achieved above target	None	Traffic Management reports	The performance of the Municipality improved.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
Directorate Community & Social Services	KPI 176	Social Services and Community Development	To conduct Road Safety Education and Communication Campaigns within Moqhaka local municipality in collaboration with the Free State Department of Police, Roads and Transport	No of road safety Education and communications campaigns conducted	Sum of all road safety education and communication campaigns held.	Director Community & Social Services	4 per annum	4	4	4 per annum	10	Target Achieved Above Target	None	Attendance Register	The performance of the municipality improved.

Table 71: Employees: Traffic Services

Employees: Traffic Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	2	2	2	2	0	0%
7 - 9	4	4	38	4	34	89%
10 - 12	13	26	43	27	16	37%
13 - 15	5	6	22	5	17	77%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	25	39	106	39	67	63%

T 3.20.4

Table 72: Financial Performance: Traffic Services

Financial Performance 2023/24: Traffic Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	345	485	3 758	3 758	317	-1085%	
Expenditure:							
Employees	12 847	13 490	15 984	16 031	14 919	-7%	
Repairs and Maintenance	704	654	740	740	219	-238%	
Other	1 761	1 600	3 173	3 460	2 200	-44%	
Total Operational Expenditure	15 475	15 475	19 897	20 231	17 338	-15%	
Net Operational Expenditure	12 108	15 259	16 139	16 473	17 021	5%	

T 3.20.5

Table 73: Capital Expenditure: Traffic Services

Capital Expenditure 2023/24: Traffic Services						R' 000
Capital Projects	2023/24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%	0	

## COMMENT ON TRAFFIC SERVICE PERFORMANCE OVERALL

Four Traffic Wardens completed the training at Matjhabeng Traffic Training Academy and were appointed as Traffic Officers.

- \* **Traffic Officers received the following training:**
  - Road Incident Management Training
  - Dangerous Goods Training
  - Firearm Training
  - Pro-Laser II Training
  - Tru-Cam II Training
  - AARTO Refresher Training
- \* Traffic Management received three new traffic patrol vehicles.
- \* Traffic Management issued a total of 7 198 fines.
- \* Except from their normal duties 409 roadblocks/VCP's were conducted and 9 by-laws Operations of which some included the South African Police Service, Provincial Traffic, Provincial Transport Unit, Provincial Weighbridge, Department of Home Affairs and Fezile Dabi Health Inspectors.
- \* Several Road Safety Awareness Campaigns were held.
- \* Traffic controls were done at local accidents as well as some on the N1, provincial and national roads. Traffic Management did traffic control at 167 accident scenes for the period under review.
- \* A total of 126 Summonses were served on offenders.
- \* Warrants of Arrest were executed due to the Offender Tracking System used during operations.
- \* Traffic Management escorted fun walks, funerals, matric farewells and marches.
- \* Several fraudulent license discs were detected and confiscated due to the scanning device used during operations.
- \* One stolen vehicle was recovered.
- \* Road markings within Kroonstad, Viljoenskroon and Steynsrus were done as well as the replacing and erecting of traffic signs

## 3.19 FIRE SERVICES

### INTRODUCTION TO FIRE SERVICES

Fire Services in the Republic of South Africa and in particular in Moqhaka is regulated in terms of National Legislation. The top priorities as defined in the Fire Brigade Services Act, Act 99 of 1987, are as follows:

- (a) preventing the outbreak or spread of fire;
- (b) fighting or extinguishing fire
- (c) the protection of life or property against fire or other threatening danger
- (d) the rescue of life or property from fire or other danger.

#### Fire Brigade Components

There are two components of Fire Service which are Operations as well as Fire Safety and Training

#### Operations

Fire and Rescue Services is a uniformed discipline that is on call 24/7, 366 days of a year.

Activities such as firefighting, fire suppression, rescue operations and HAZMAT operations happens in all weather conditions, during daylight hours and hours of darkness.

The discipline operates on a shift system to accomplish this. In our municipality, the shift system is a 12-hour rotating system.

A shift consists of a Station Officer in charge of the shift. Crews, on average are six (6) operational members per shift. Shifts change at 07h00 and 19h00.

Public Information, Education and Relation is also attended to by operational personnel.

All these services above have been attended to with minimal resources and they can be done optimally if vehicles and equipment can be procured. The availability of resources can boost the quality of service delivery

#### Fire Safety and Training

This section is responsible for the focusing:

Monitoring compliance of Municipal By-Laws

Building Standard Regulation (approval of building plans)

Hydrants inspections and maintenance

Commercial Buildings

Schools

Municipal and Government buildings

Fuel Depo (National Key Points) visit – inspections and advice

Issuing of flammable certificate and annual renewal

The Fire Prevention is basically enforcing the South African National Standard (SANS) compliance.

It requires dedicated staff for the service and currently this section has only one (1) Station officer to conduct its operations.

### Training

Currently we do not have capacity to offer the service, as it requires accreditation and proper staffing

## SERVICE STATISTICS FOR FIRE SERVICES

**Table 74: Service Statistics: Fire Services**

Fire Service Data					
	Details	2021/22	2022/23	2023/24	2024/25
		Actual No.	Actual No.	Actual No.	Estimate
1	Total fires attended in the year	240	150	219	220
2	Total of other incidents attended in the year	120	204	156	200
3	Average turnout time - urban areas	15	155	15	15
41	Average turnout time - rural areas	60	15	60	60
5	Fire fighters in post at year end	26	60	25	40
6	Total fire appliances at year end	1	27	2	4
7	Average number of appliances off the road during the year	2	4	6	5
					T 3.21.2

## Policy Objectives taken from IDP and SDBIP

## Municipal Scorecard Perspective: Municipal Development

## Municipal KPA: Social and Community Development

## IDP Priority 15: Fire fighting

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 172	Social Services and Community Development	To provide an effective and efficient fire service in Moqhaka to ensure community safety.	Number of premises inspected for fire safety and compliance	Sum of premises inspected for fire safety and compliance.	Director Community & Social Services	138	280	138	300	168	Target Not Achieved.	The fire section will improve on the number of fire inspections to undertake	Fire Inspection lists	Although target was not achieved, the performance of the municipality improved.
Directorate Community & Social Services	KPI 173	Social Services and Community Development	To provide an effective and efficient fire service in Moqhaka to ensure	Percentage compliance with the required attendance time for structural firefighting	Rate of compliance.	Director Community & Social Services	100%	0	100%	100%	75%	Target Not Achieved.	The section to provide performance information for all quarters	Monthly Fire Calls list	Performance regressed.



Table 75: Employees: Fire Services

Employees: Fire Services						
Job Level	2021/22	2022/23	2023/24			
Fire Fighters	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	1	0	1	0	1	100%
Other Fire Officers	4	0	5	4	1	20%
0 - 3	1	0	1	0	1	100%
4 - 6	4	4	5	4	1	20%
7 - 9	21	19	29	21	8	28%
10 - 12	4	5	8	4	4	50%
13 - 15	0	0	0	0	0	0%
16 - 18	2	1	4	3	1	25%
19 - 20	0	0	0	0	0	0%
Total	37	29	42	33	14	33%

T 3.21.4

Table 76: Financial Performance: Fire Service

Financial Performance 2023/24 Fire Services						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000					
Total Operational Revenue	785	34	918	918	147	-524%
Expenditure:						
Employees	17 718	16 812	19 550	19 558	17 808	-10%
Repairs and Maintenance	356	439	847	847	316	-168%
Other	106	1 172	2 168	2 368	1 028	-111%
Total Operational Expenditure	18 180	18 423	22 565	22 773	19 152	-18%
Net Operational Expenditure	17 395	18 388	21 647	21 855	19 005	-14%

T 3.21.5

Table 77: Capital Expenditure: Fire Service

Capital Expenditure 2023/24: Fire Services					
Capital Projects	R' 000				
	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

## **COMMENT ON FIRE SERVICE PERFORMANCE OVERALL**

In the year under review Fire and Rescue Services could only be partially achieved. The reason being that due to a lack of infrastructure in other units, vehicles and equipment and adequate human resources. The requests for responses to emergencies had to be done from fire station in Kroonstad. The outskirt towns of Steynsrus/Matlwangtlwang (45 kilometres from Kroonstad) and Viljoenskroon/ Rammulotsi (65 kilometres from Kroonstad) has no infrastructure, vehicles and equipment nor manpower for fire services operations. A further setback on service delivery is the time it requires a fire engine and crew to reach the outskirt towns. This time lapse could be as high as sixty (60) minutes. These extended time responses frustrate the community to whom the service is delivered and fire crews, on many occasions, had to bear the brunt of the community.

This situation worsened by limited resources and inadequate manpower at the Fire Service. The only reputable Fire Engine we have at the Fire Station is damaged and all other vehicles are broken and this left the service with a bakkie and Water tanker to fight fires.

Preventing the outbreak or spread of fire is seen as the priority of the Fire Service. To accomplish this priority Fire Safety is of the utmost importance. Fire Safety excelled in the performance of Fire Safety inspections and enforcement of the National Building Regulations. Fire Safety inspections and re-inspections, and Flammable Liquids inspections were done daily. Building construction plans were thoroughly and with precision scrutinized for Fire Safety compliance. The execution of inspections at building sites, existing buildings, structures and premises is to provide protection of life and property against fire or other threatening danger. Inspections performed at premises where flammable substances are stored, handled and or used are carried out to limit as far as possible fire and other threatening danger

Also due to lack of fleet, there is no designated vehicle for hydrant inspections, and it is an awful and disturbing condition, it is hampering on service delivery and resulted in minimal hydrants maintenance.

Fire and Rescue Services do not have a fully operational Training section, but Community awareness programmes were done, lectures and demonstrations were provided to many a schools ranging from crèches, pre-primary, primary and high schools visit the Fire Service. Fire Safety lectures and evacuation drills were conducted at businesses throughout the year.

### **Emergency Drill**

The purpose of such drill is to ensure that all establishments staff and relevant stakeholder knows what do in case of emergency incident. The drills assist in rehearsing the actions, people can respond more quickly and efficiently when the actual incident occurs, minimising loss of lives and damages.

Below are few of the activities that need to be highlighted which were attended to by the brigade:

- Evacuation drill at Shell Depots
- Burning Tanker- drill
- Collapsed building-drill
- Fire Drill at SASSA Offices
- Training at Kroon Hospital staff on the use of Fire Fighting equipment (Fire Extinguishers and Hose Reel)

All these services above have been attended to with minimal resources and they can be done optimally if vehicles and equipment can be procured. The availability of resources can boost the quality of service delivery

### **Fire and Rescue Services Operations:**

#### **Major incidents**

- Structural fire at 14 Kraalkop plot, the store room full of stray hay was well alight. Fire and Rescue personnel were on the scene for 24 hours and the fire was successfully extinguished.
- Fire and Rescue Service responded to Windstorm disaster in Matlwangtlwang Steynsrus.
- We supplied plastic to cover blown roofs and furniture.
- Recovery of a Municipal vehicle which fell in the ditch in Steynsrus road.
- A burning truck in R721, near Weigh Bridge
- Locomotive fire at Bosrand Station
- Rescue of a farm employee trapped in a farming implement



Standby at SANDF Base



### Public Information, Education and Relations (PIER)

Fire and Rescue Service as a uniform discipline is an integral part of security cluster in our area. Apart from conducting firefighting, motor vehicle accidents and rescues, recoveries, fire safety and awareness. We are from time to time involved in information sharing sessions and programs with other uniformed disciplines.

Road Safety Awareness, are conducted in conjunction with the Provincial Traffic Department as well as other Emergency services annually during peak seasons.



*Festive Season Road Safety Awareness at Ultra City*

Below is the list of meetings and interactions done by this section

### Meetings and activities attended by Fire and Rescue Services

Name of Meeting	Place	Number
South African Police Services Cluster meetings	Kroonstad	10
Meetings attended by Fire Safety Officer	Kroonstad	11
Joint Planning Committee (Fuel Depots)	Kroonstad	2
Provincial Fire Services Advisory Committee (ProFSAC)	Bloemfontein Kroonstad	3
South African Emergency Services (SAESI)	Kroonstad Pretoria Ventersburg	3

### Fire Safety:

#### Fire Safety Inspections



Fire s

Fire safety inspection in Viljoenskroon during installation of petrol tanks.



The Agents/owner must take responsibility to ensure the Fire safety compliance on their property and ensure that the tenants abide the Bylaws of the Municipality.

**MATRIX OF FIRE INCIDENTS AND CAUSES AS PER FIRE PROTECTION ASSOCIATION OF SOUTH AFRICA**

**Moghaka Fire and Rescue Statistics for the 2023/2024 financial year**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Code	Occupancy or property	Probable cause													Sprinkler performance		
		Smoking	Electrical faults	Open flames	Cooking	Heating	Welding & Cutting	Lightning	Arson	Undetermined	Other (specify)	No of Fires	No of fatalities	Estimated damages	No of protected premises	Systems	Results
<b>Residential</b>																	
1	Formal	2	1	2						21		26	1	1,253 mil			
2	Informal	2		2					1	11		16	6	304 000			
3	Flats																
4	Hotels & Boarding houses									1		1		37 000			
<b>Public Assembly</b>																	
10	Night Clubs & Dance Halls									1		1		R 2 500 000			
<b>Commercial</b>																	
11	Restaurant & Cafes									1		1		2 500 000			
16	Warehouses			1								1		R 350 000			
17	Outside Storage			1								1					
27	Metals									1		1					
<b>Transport</b>																	
31	Cars & Motorcycles			1						6	17 (MVA)	24					
33	Heavy Goods Vehicles								1	2	3 (Brakes)	6					
35	Trains									1		1					

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Code	Occupancy or property	Probable cause													Sprinkler performance		
		Smoking	Electrical faults	Open flames	Cooking	Heating	Welding & Cutting	Lightning	Arson	Undetermined	Other (specify)	No of Fires	No of fatalities	Estimated damages	No of protected premises	Systems	Results
37	Rubber, Grass & Rubbish			69		1				9		79					
40	Miscellaneous Fires		1						1			2					
	<b>Total</b>	<b>4</b>	<b>2</b>	<b>76</b>		<b>1</b>			<b>3</b>	<b>54</b>	<b>20</b>	<b>160</b>		<b>R 6,944 320</b>			

**Emergency calls other than fires**

Type of incident	Number of incidents	Injuries at incidents	Fatalities at incidents	Remarks
Good Intent	60			
Extinguished Before Arrival	59			
False Alarm	0			
HAZMAT Incidents	0			
Malicious False Alarm	8			
Motor Vehicle Accident	71	33	7	
Rescues	6	2	2	
Special service	12		1	
<b>TOTAL</b>	<b>216</b>	<b>35</b>	<b>10</b>	

## 3.20 DISASTER MANAGEMENT & OTHER

### INTRODUCTION TO DISASTER MANAGEMENT

The mandate of Disaster management emanates from the Disaster Management Act no 57 of 2002 and the Disaster Management Act amendment act No 16 of 2015.

The act provides for the following:

An integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery and rehabilitation; The establishment and functioning of national, provincial and municipal disaster management centres; Disaster management volunteers; and matters incidental thereto.

### COMMENTS ON DISASTER MANAGEMENT OVERALL PERFORMANCE

The Disaster management centre performed exceptionally well with limited qualified staff. It managed to reach all legislated compliance. The four transferred staff to the centre, on settlement of labour disputes have been inducted and are currently starting to impact positively on the productivity of the centre's mandate.

#### Household Incidents

The Disaster Management verified reported household incidents and recommended the implementation of response interventions. The incidents attended are flash flooding, storm and flooding along the Vaal River.

#### Storm Disaster

Moqhaka municipality was hit by a storm and heavy rains in November 2023 in Viljoenskroon and Rammulotsi. 22 houses were affected by the storm. A storm damage assessment was conducted in Tsheke and Phahameng sections that were mostly affected. A team of 10 disaster management volunteers was activated to do the damages of the houses and populate aggregated losses of various households. The team of volunteers assisted in rebuilding of affected houses.

#### Energy crisis early warning

An energy early warning presentation was compiled and presented. The purpose of the early warning was to provide background, challenges, risks and solutions available for the municipality to implement as a result of worsening situation of load shedding of Eskom. The early warning further recommended a declaration of a local energy disaster. A national disaster was subsequently declared on the 9<sup>th</sup> February 2023

### Renovation of Disaster Management Centre

The Disaster Management Centre Building maintenance is done as and when requires. Processes were put underway to maintain the building by Fixing of cracks on the building, Installation of shower facilities, Unblocking of roofing drainage system, Lamination of windows and installation of three air conditioners. Offices have been partitioned and so far, there are 15 offices including 2 boardrooms.

### Disaster Management JOC

In January 2023 two disasters were declared. The energy / Electricity and flood disasters. The activation of the Disaster Management Joint Operation Centre (JOC) was subsequently done.

Sectors forming part of JOC are as follows :Moqhaka Municipality, Disaster Management Centre, Traffic, Security, OHS, Mayor's Office, Communication, Fezile Dabi Environmental Health, Department of Health, Department of Social Development, South African Defence Force (SANDF),South African Police Services (SAPS),Department of Education, Department of Labour, Department of Correctional Services, Department of Police, Roads and Transport Farmers, Business Chamber, CPF, , Municipal Labour Unions, Department of Home Affairs, *NGO.S and CBO'S*.

### Disaster management plan

Two stakeholder consultation sessions were held for the review the Disaster Management Plan. Robust discussions and engagement were heightened, and the consultation culminated in a review of the disaster management plan. A disaster management plan compliant new National Disaster Management centre is being realigned and will be distributed in the second quarter of the new financial year.

### Emergency Call Centre

A disaster emergency call centre has been commissioned. Procurement of Desktop computers have been done. The outstanding interventions to operationalise the call centre is procurement of phones and appointment of required personnel.

### Awareness Campaigns

Community awareness programmes are done with various sectors ranging from schools to sector departments as well as both organised and informal sector businesses.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

Municipal KPA: Social and Community Development.

IDP Priority 15: Disaster Management

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 169	Social Services and Community Development	To ensure that the municipality have an approved Disaster Management Plan.	Disaster Management Plan for the municipality reviewed and approved for a period of 5 years.	Date DMP approved.	Director Community & Social Services	30 June	0	30 June	30 June	0	Target not achieved.	To develop Disaster Management Plan for the Municipality and reviewed and approved for a period of 5 years	None	The performance of the Directorate regressed
Directorate Community & Social Services	KPI 170	Social Services and Community Development	Develop a comprehensive Risk Profile for the municipality.	Develop Disaster Hazard Risk Profile	Completion Date.	Director Community & Social Services	30 June	0	30 June	30 June	0	Target not achieved.	Develop Disaster Hazard Risk Profile.	None	The performance of the municipality

Director ate	KPA IDP/ Ref No.	Municipal Strategy	KPI	Calculati on	KPI Owner	Baseli ne	2021/22	2022/23	Annual Target	Annual Result	Perfor manc e Com ment	Correctiv e Measure	Eviden ce	Comme nts	
														regresse d.	
Director ate Commu nity & Social Services	KPI 171	Social Servic es and Comm unity Develo pment	Develop risk reduction plan consistent with the Spatial Developme nt Framework.	Number of awareness campaigns conducted.	Sum of awarenes s campaign s conducted .	Director Commu nity & Social Services	5	30	5	4	6	Achiev ed above target	None	Disaste r Manag ement Report	The perform ance improve d.

Table 78: Employees Disaster Management

Employees 2023/24: Disaster Management						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	5	1	4	80%
4 - 6	0	0	9	2	7	78%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	9	4	5	56%
13 - 15	0	0	4	1	3	75%
16 - 18	2	2	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	3	3	27	8	19	70%

T 3.22.4

Table 79: Financial Performance: Disaster Management

Financial Performance 2023/24: Disaster Management						
						R'000
Details	2021/22	2022/23	2023/24			
			Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0%
Expenditure:						
Employees	3 042	1 920	2 841	2 887	2 962	4%
Repairs and Maintenance	305	380	724	724	208	-248%
Other	1 254	1 269	1 463	19 309	4 025	64%
Total Operational Expenditure	4 601	3 569	5 028	22 920	7 195	30%
Net Operational Expenditure	4 601	3 569	5 028	22 920	7 195	30%

T 3.22.5

Table 80 Capital Expenditure: Disaster Management

Capital Expenditure 2023/24: Disaster Management					
					R' 000
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original	Total Project Value
Total All	0	0	0	0%	0

## COMMENT ON DISASTER MANAGEMENT PERFORMANCE OVERALL

The disaster management centre managed to deliver its full mandate with limited staff complement and resources. The centre managed to comply with all financial prescripts and did not get even one auditor general query. All IGR matters were complied with including legislated compliance meetings.

Moqhaka Disaster management centre is currently used as a peer review model by both SALGA and other Municipalities.

## COMPONENT H: SPORT AND RECREATION

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

### 3.21 SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

Sport & Recreation is a way of stress relief and exercise creates a great feeling of happiness.

Sports and games are ways of enhancing children's mental and physical growth. Therefore, it is of the utmost importance that sport grounds are well maintained and sport to be developed.

We have a responsibility to increase the levels of participation in sport and recreation activities, it is constitutional right.

#### SERVICE STATISTICS FOR SPORT AND RECREATION: EVENTS

**BUDGET:** With a budget of R 500 000 for the repair and maintenance and upgrading of all the facilities in Moqhaka it was an unrealistic budget

**Policy Objectives taken from IDP and SDBIP**

**Municipal Scorecard Perspective:** Municipal Development

**KPA:** Social Services and Community Development

**IDP Priority 9:** Sport and Recreation and Community Facilities

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/2	2022/2	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 168	Social Services and Community Development	Effective maintenance of recreational facilities.	Number of Community Halls/facilities upgraded.	Sum of Community halls/facilities upgraded.	Director Community & Social Services	1	4	1	1	2	Achieved above target	None	Completion certificates	The performance of the municipality improved.

Table 81: Employees: Sport and Recreation

Employees: Sport and Recreation						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0	0%
4 - 6	1	1	0	0	0	0%
7 - 9	1	2	3	1	2	67%
10 - 12	3	4	14	3	11	79%
13 - 15	15	13	16	16	0	0%
16 - 18	4	7	0	0	0	0%
19 - 20	0	0	55	0	55	100%
Total	24	27	88	20	68	77%

Table 82: Financial Performance: Sport and Recreation

Financial Performance 2023/24: Sport and Recreation							R'000
Details	2021/22	2022/23	2023/24				
			Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	162	239	333	364	125	-166%	
Expenditure:							
Employees	4 304	4 716	7 111	7 113	4 344	-64%	
Repairs and Maintenance	471	130	704	632	406	-73%	
Other	696	915	1 464	1 798	1 211	-21%	
<b>Total Operational Expenditure</b>	5 471	5 761	9 279	9 543	5 961	-56%	
<b>Net Operational Expenditure</b>	5 309	5 522	8 946	9 179	5 836	-53%	

T.3.22.5

Table 83: Capital Expenditure: Sport and Recreation

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	263 815	0	0	0%	0
Equipment	263 815		0	0%	

### COMMENT ON SPORT AND RECREATION PERFORMANCE OVERALL

With the limited resources available the overall facilities were cleaned on a regular basis , but facilities are not on standard for league and provincial games.

The advantage is the 4,5% MIG grant that upgrade the facilities. The Phase 2 Nyakallong was complete in this financial year. Ablutions, swimming pool and supervisors house was upgraded beside the normal maintenance.

## INTRODUCTION TO KROONPARK

Kroonpark was established and build as a recreational facility for the lager community of Kroonstad and services as a tourist attraction in South Africa.

The core function of resort is to provide accommodation, leisure facilities to tourist and carters for conferences.

### RENOVATIONS OF CHALETS

#### *Four Sleeper Chalets Renovations*



#### *Four Sleeper Chalets Renovated*



**Arrival of First Set of water slides (Speed Slides)**



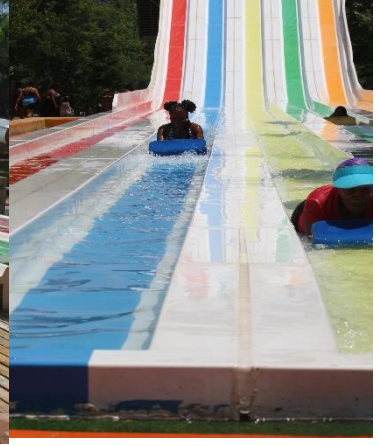
**Samples of Complete Installed Speed Slides**



**Arrival of Second Set of water slides (Twin Racer slides)**



**Samples of Complete Installed Twin Racer Waterslides**



**Policy Objectives taken from IDP and SDBIP**

Municipal Scorecard Perspective: Social Services and Community Development

KPA: Community Development and Social Cohesion

IDP Priority 13: Kroonpark Holiday Resort

Directorate	KPA IDP/ Ref No.	Municipal Strategy	KPI	Calcula tion	KPI Owner	Baseli ne	2021/22	2022/23	Annual Target	Annual Result	Performa nce Comment	Correcti ve Measure	Eviden ce	Commen ts	
Local Economic Development and Planning	KPI 65	Local Economic Development	To support the expansion of the tourism potential of the municipality.	Marketing strategy for the Municipality developed and submit to Council for approval	Date Marketing Strategy approved.	Director LED	30 June	30 June	0	30 June	30 June	Target achieved.	None	Marketing strategy and Council Resolution	The performance of the Directorate improved.
Local Economic Development and Planning	KPI 66	Local Economic Development	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Development of Water Park and recreational facilities.	Percentage of progress made towards the development of the water park per annum.	Director LED	New KPI	0	0	20%	0%	Target not achieved.	The quotation for the second pair of water slides has been submitted for payment January	Completion certificate	This is a new KPI no comparison could be made.

Directorate	KPA IDP/ Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
												and we still wait for payment of this quotation.		
Local Economic Development and Planning	KPI 67	Municipal Financial Viability and Management	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Number of visitors at Kroonpark Holiday Resort.	Director or LED	5000	9 666	15 181	12 000	17 658	Target achieved.	None	Visitors Register/list	The Municipality maintained its performance
Local Economic Development and Planning	KPI 68	Local Economic Development	To support the expansion of the tourism potential of	Number of chalets renovated	Director or LED	19	17	49	10	6	Target not achieved.	Renovate chalets as planned.	Report on chalets renovated	The performance of the municipality regressed.

Directorate	KPA IDP/ Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments	
			Kroonpark Holiday Resort												
Local Economic Development and Planning	KPI 69	Local Economic Development	To support the expansion of the tourism potential of Kroonpark Holiday Resort	Upgrading of leisure facilities that is the indoor swimming pool and the Water park.	Date upgrading plan approved by the Director.	Director or LED	New KPI	0	0	30 June	0	Target not achieved.	Phase 1 of the leisure facilities and water park was completed. Phase 2 will be concluded in the coming financial period	None	This is a new KPI no comparison could be made.

Table 84 Employees: Kroonpark

Employees: Kroonpark						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 2	1	1	1	1	0	0%
3 - 6	2	2	2	2	0	0%
7 - 9	1	2	1	1	0	0%
10 - 12	6	11	8	3	5	63%
13 - 15	0	1	33	28	5	15%
16 - 18	0	0	0	0	0	0%
19 - 20	22	26	0	0	0	0%
Total	32	43	45	35	10	22%

T 3.23.3

Table 85: Financial performance: Kroonpark

Financial Performance 2023/24: Kroonpark							R'000
Details	2021/22	2021/22	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	1 682	3 167	4 623	4 623	2 888	-60%	
<b>Expenditure:</b>							
Employees	9 778	8 577	10 795	10 795	10 288	-5%	
Repairs and Maintenance	2 775	2 254	2 720	2 610	1 398	-95%	
Other	3 277	2 241	1 947	1 391	1 655	-18%	
<b>Total Operational Expenditure</b>	15 831	13 072	15 462	14 796	13 341	-16%	
<b>Net Operational Expenditure</b>	14 149	9 906	10 839	10 173	10 453	-4%	

T 3.23.4

Table 86: Capital Expenditure: Kroonpark

Capital Expenditure 2023/24: Kroonpark					
R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	850 000	0	787 533	-8%	0
Project Name	750 000	0	682 940	-10%	
Project Name	100 000	0	104 593	4%	

## OVERALL PERFORMAMCE KROONPARK RESORT

Kroonpark hosted 17,905-day visitors from 01 July 2023 till 30 June 2024, and that excludes chalets visitors and campers and visitor that has attended all events hosted in the resort for the year.

The following renovation was successfully completed in this financial year 2023/2024:

- ✓ Renovation of six chalets.

The next project will be renovations of the interior part of fourteen four sleeper chalets (replacing of old building cupboards, floor tilling and renovating of entire bathrooms).

The resort successfully hosted The 2<sup>nd</sup> Annual Pitbull Bikers Rally on 1 to 3 September 2023 and 1<sup>st</sup> Annual Soul Session Music Festival on 23 September 2023 that has brought 5,000 visitors to Kroonpark on those two weekends. The resort hosted 360 athletes from the Bokkie Sport Week from 23 to 28 June

The project of creating a new modern waterpark in Kroonpark has started with acquiring of water park equipment (Two sets of water slides) that will be installed in the first quarter of the new financial year(2023/2024). The building of this waterpark will that attract more visitors/tourist and will increase the revenue of the resort.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes Corporate Policy Offices, Financial Services, Human Resource Services, ICT Services, and Property Services.

This component includes Executive Office (Mayor; Councillors; and Municipal Manager).

### **INTRODUCTION TO OFFICE OF THE EXECUTIVE MAYOR**

The Office of the Executive Mayor is a crucial leadership position, responsible for overseeing the executive functions of Local Government. The Executive Mayor provides strategic direction to the Municipality, ensuring that the local government activities align with the priorities of the Community. The Executive Mayor is responsible for the execution of the policies and programs adopted by the Municipal Council. This includes overseeing the administration to ensure effective service delivery.

The Mayor also plays a significant role in the preparation and oversight of the municipal budget ensuring that financial resources are allocated efficiently to meet community needs.

### **SERVICE STATISTICS FOR THE OFFICE OF THE EXECUTIVE MAYOR**

Number of MAYCO committee meetings held:	3
Number of quarterly stakeholder meetings convened:	2

**Policy Objectives taken from IDP and SDBIP**

Municipal Scorecard Perspective: Social Services and Community Development

KPA: Community Development and Social Cohesion

IDP Priority 13: Office of Executive Mayor

IDP/ Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 58	Good Governance and Public Participation	To ensure municipal Stakeholders are engaged.	Gender Based Violence awareness campaigns are intensified through meetings held monthly in the three towns	Number of campaigns conducted.	Manager office of the Executive Mayor	New KPI	0	0	12	0	Target not achieved.	Conduct Gender Based Violence awareness campaigns	Attendance Register	This is a new KPI Comparison could not be made
KPI 59	Good Governance and Public Participation	To ensure municipal Stakeholders are engaged.	To ensure that awareness campaigns on LGSTI+ issues are held throughout the Municipality on monthly basis	Sum of LGBTI+ awareness meetings held.	Manager office of the Executive Mayor	New KP	0	0	12	0	Target not achieved. No information was provided.	Inform the Executive Mayor that no information was provided by his office.	None	This is a new KPI no comparison could be made.

IDP/ Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 60	Good Governance and Public Participation	To ensure municipal Stakeholders are engaged.	To ensure that Youth Development campaigns are implemented with specific targeted monthly activities / programs	Youth Development Campaigns Calendar developed by 31 <sup>st</sup> July 2023 starting from August 2023	Manager office of the Executive Mayor	New KPI	0	0	12	0	Target Not Achieved. No information was provided.	Inform the Executive Mayor that no information was provided by his office.	Youth Development Calendar	This is a new KPI no comparison could be made.

Table 87: Employees: Office of the Executive Mayor

Employees: Office of the Executive Mayor						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	4	5	5	5	0	0%
4 - 6	12	14	15	14	1	7%
7 - 9	0	0	0	0	0	0%
10 - 12	1	1	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	17	20	20	19	1	5%

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Table 88: Financial Performance: Office of the Executive Mayor

Financial Performance 2023/24: Office of the Executive Mayor							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-	-	-	-	-	0%	
Expenditure:							
Employees	5 003	2 384	12 914	13 269	13 711	6%	
Repairs and Maintenance	138	-	21	21	-	0%	
Other	885	225	1 856	2 600	603	-208%	
Total Operational Expenditure	6 026	2 609	14 791	15 890	14 314	-3%	
Net Operational Expenditure	6 026	2 609	14 791	15 890	14 314	-3%	

Table 89: Capital Expenditure: Office of the Executive Mayor

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	0%	0	

## COMMENT ON THE OVERALL PERFORMANCE OFFICE OF THE EXECUTIVE MAYOR

Against the stringent budget, the performance of the Office of the Executive Mayor is fair. There are programmes that could not be implemented. However, there are some milestones that were achieved. The Executive Mayor met twice with SMME Stakeholders to resolve problems relating to Business undertaken in the Municipality.

## INTRODUCTION TO OFFICE OF THE SPEAKER

The Office of the Speaker serves a pivotal role in the municipality in ensuring the smooth functioning of Local Government. The Core function revolve around presiding over meetings of the Municipal Council, maintaining order and ensuring that Council procedures are followed.

The office of the Speaker is essential in ensuring the effective democratic operation of municipal governance by facilitating orderly and transparent meetings. The Speaker helps the Council make decisions that reflect the needs and interests of the local community. In many ways, the Speaker serves as a guardian of the democratic process at the municipal level, promoting accountability, transparency and inclusiveness in local government.

The Office has helped in the establishment of complaints management system.

- Council meetings
- IDP meetings
- Road Budget show meetings

## SERVICE STATISTICS FOR THE OFFICE OF THE SPEAKER

Number of public participation meetings held:	22
Number of ward committees established:	193
Number of ward committee meetings held:	18
Number of council meetings convened:	17
Number of CDWs employed:	2

## Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Governance

**KPA:** Good Governance and Community Participation

**IDP Priority 28:** Corporate and Democratic Governance

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 54	Good Governance and Public Participation	To ensure that all key municipal stakeholder is engaged.	Number of community report back meetings convened by Councillors for improved communication on service delivery including IDPs, SDBIP	Number of community report back meetings held.	Manager Office of the Speaker	4	0	4	4	2	Target not achieved.	Councillors convene community report back meetings.	Report feedback from the councillors	The performance of the municipality regressed.
KPI 55	Good Governance and Public Participation	To ensure that functional ward committees are established.	Number of meetings per ward per quarter	Number of meetings held from 1 Jul to 30 Jun	Manager Office of the Speaker	23	23	13	22	17	Target not achieved.	All Wards to convene meeting per quarter	Attendance Register and Minutes	Target not achieved in the last two financial years.
KPI 56	Good Governance and Public Participation	To ensure that functional ward committees are established.	Number of ward-based development plans submitted	Sum of ward plans submitted	Manager Office of the Speaker	0	0	0	22	0	Target Not Achieved. Information not provided	All wards to develop ward-based development plan	Ward-based development plans	Target not achieved in the last three financial years.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 57	Good Governance and Public Participation	To ensure that functional ward committees are established.	Number of quarterly interactions held with relevant municipal and community stakeholders (business, religious, etc.)	Sum of events held	Manager Office of the Speaker	4	0	2	4	2	Target not achieved	Hold stakeholder meetings as required	Attendance Register	Target not achieved in the last two financial years.

Table 90: Employees: Office of the Speaker

Employees: Office of the Speaker						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	3	3	3	0	0%
4 - 6	4	9	7	7	0	0%
7 - 9	0	0	0	0	0	0%
10 - 12	0	0	0	0	0	0%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	12	10	10	0	0%

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Table 91: Financial Performance: Office of the Speaker

Financial Performance 2023/24: Office of the Speaker						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>						0%
Expenditure:						
Employees	5 236	2 451	8 795	8 795	9 516	8%
Repairs and Maintenance	49	10	30	30	-	0%
Other	843	1 588	4 245	4 245	1 431	-197%
<b>Total Operational Expenditure</b>	6 128	4 049	13 070	13 070	10 947	-19%
<b>Net Operational Expenditure</b>	6 128	4 049	13 070	13 070	10 947	-19%

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## OFFICE OF THE SPEAKER OVERAL PERFORMANCE

The Consultative target in decision making will be only target to achieve. We intend budgeting for public participating imbizo's and Stakeholder forums with attached resources to monitoring and evaluation.

## **INTRODUCTION TO THE OFFICE OF THE MUNICIPAL MANAGER**

The main focus for the Office of the Municipal Manager is and has always been service delivery to the community of Moqhaka.

This can only be achieved through efficient administrative and financial governance and oversight in order to optimise the available resources and also adhere to regulations, policies, procedures etc, not only in terms of good financial management but also inter alia infrastructure management & maintenance, asset management, housing, community services but to name a few.

Monitoring by the office is achieved amongst other through structures such as the Senior Management Meetings, Broad Management Meetings as well as the Audit Steering Committee meeting which are standing arrangements.

These meetings serve as a platform for effective communication and feedback on issues raised with the main purpose of always improving in all aspects of the municipality's mandate.

## **SERVICE STATISTICS FOR THE OFFICE OF THE MUNICIPAL MANAGER**

Number of Senior Management \Meetings held:	11
Number of Broad Management Meetings held:	2
Number of quarterly stakeholder meetings convened:	4

**Policy Objectives taken from IDP and SDBIP.**

**Municipal Scorecard Perspective:** Governance

**KPA:** Good Governance and Public Participation

**IDP Priority 28:** Corporate and Democratic Governance

IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baselin e	2021/22	2022/23	Annual Target	Annua l Result s	Performan ce Comment s	Corrective Measure	Evidenc e	Comments
KPI 29	Good Governanc e and Public Participatio n	To ensure that the customer care policy is approved and implemente d.	Complete a customer satisfaction survey by end of March and submit report with recommenda tions to Council	Number of surveys conduce d, and Number of reports submitte d to council	Municipa l Manager	0	0	0	1	0	Target Not Achieved.	None	None	The Municipality has not conducted a customer satisfaction survey.
KPI 30	Good Governanc e and Public Participatio n	To ensure that the customer care policy is approved and implemente d.	% of customer complaints handled within 24 hrs.	Number of complaint s received/ Number of complaint s resolved	Municipa l Manager	90%	0%	0%	85%	0%	Target Not Achieved. The department s do not give feedback to the Call Centre.	Customer Care Centre will record the complaints handled within 24 hours	Custom er complain ts Register	Target not achieved in the last three financial years due to lack of feedback by department s.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
				within 24 hours										
KPI 31 +	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Annual Report tabled in council on or before 31 Jan annually.	Date annual report tabled	Manager PMS	31-Jan	31 Jan	31 Jan	31 Jan	31 May	Target achieved after the set deadline because of the financial system that had was hacked.	Submit Annual Report to Council on time in the next financial year..	Council Resolution	The performance of the municipality regressed. The Annual Report will be tabled on time in the 2024/25 financial year.
KPI 32	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Annual review of IDP completed before the end of May annually	Date annual review completed	Manager IDP	30-May	31 May	31 May	30 May	30 May	Target achieved.	None	Council Resolution	Target achieved.
KPI 33	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	% of Council Resolutions implemented within prescribed timeframe stipulated on	Number of council resolutions implemented within time	Municipal Manager	85%	85%	85%	85%	85%	Target achieved.	None	Resolution Register	The Municipality maintained its performance.

IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baselin e	2021/22	2022/23	Annual Target	Annua l Result s	Performan ce Comment s	Corrective Measure	Evidenc e	Comments
			resolution register	frame divided by total Number of resolutions.										
KPI 34	Basic Service Delivery	To facilitate the optimal functioning of Council.	IDP Process plan adopted by Council on or before 31 August annually	Date Process plan approved by Council	Manager IDP	31 Aug	31 Aug	31 Aug	31 Aug	31 Aug	Target Achieved.	None	Council Resolution	Target achieved.
KPI 35	Basic Service Delivery	To facilitate the optimal functioning of Council.	IDP Completed/reviewed and adopted by Council by 30 June annually	Date IDP adopted by Council	Manager IDP	30 June	31 May	31 May	30 June	31 May	Target achieved	None	Council Resolution	The municipality maintained its performance
KPI 36	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually	Number of resolved repeat findings/by total number of repeat findings	Manager Internal Audit	50%	77%	63%	50%	50%	Target achieved.	None	Audit Action Plan	Target achieved in the last three financial years.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 37	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Numbers of audit issues attend to by management as per the audit action plan.	Manager Internal Audit	60%	90%	60%	100%	62%	Target not achieved due to delays with the starting of the audit.	The Municipality will ensure that documents for audit are submitted in time to the Auditor General of South Africa.	Audit Action Plan.	Although the target was not achieved. The performance of the municipality improved compared to the 2022/23 financial year.
KPI 38	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Develop a risk-based audit plan with an internal audit plan (RBAP) (MFMA - Section 165(2)(a)) and submit to the Audit Committee by 31 Aug annually.	Date RBAP with internal audit programme submitted to the Audit Committee.	Manager Internal Audit	27 Oct	28 Oct	4 Nov	31 Aug	27 October.	Target achieved after the set deadline.	The Internal Audit Unit to ensure that the Risk Based Audit Plan is submitted and approved by the Audit Committee in time.	Risk-based audit plan	This target has been achieved after the set deadline for the last three years. Internal Audit will be advised to improve their

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
														performance.
KPI 39	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Number of audit committee meetings held per annum	Sum of audit committee meetings held	Manager Internal Audit	4	4	5	4	5	Target achieved.	None	Minutes and Attendance Register	The Municipality maintained its performance
KPI 40	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Internal Audit charter reviewed and completed annually (reviewed charters must be approved by the Audit Committee before the end of June annually)	Date IA Charter approved	Manager Internal Audit	30 June	28 Oct	0	30 June	31 Aug	Target achieved after the set deadline.	Internal Audit will be advised to review documents in time.	Internal Audit Charter	This target was achieved after the set deadline.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
KPI 41	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan annually.	Date Audit action plan submitted to council for approval.	Manager Internal Audit	31 Jan	31 Jan	31 Jan	31 Jan	31 May	Target was achieved after the set deadline. The Action Plan could only be developed after finalisation of audit by AG.	Submit Audit Action Plan timeously in the 2024/25 financial year.	Council Resolution.	The performance of the municipality regressed.
KPI 42	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Number of internal audit reports produced	Sum of IA reports produced	Manager Internal Audit	17	17	17	16	16	Target achieved	None	Internal Audit Reports	Target achieved
KPI 43	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Number of performance audits undertaken	Sum of performance audits	Manager Internal Audit	2	2	2	2	2	Target achieved.	None	Performance Report	Target achieved.
KPI 44	Good Governance and Public	To facilitate the optimal functioning of Council.	Approval of the SDBIP before the	SDBIP approved by EM	Manager PMS	1 X Approved SDBIP	1 X Approved SDBIP	1 X Approved SDBIP	1 X Approved SDBIP	1 X Approved SDBIP	Target Achieved in the first quarter	None	Signed SDPIB and	The SDIBP was approved on time.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
	Participation		legislative deadline			per annum	per annum	per annum	per annum	per annum			Resolution	
KPI 45	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Submit quarterly reports to council on the actual performance in terms of the Top Layer SDBIP	Number of SDBIP Top Layer performance reports submitted to council	Manager PMS	4	4	4	4	3	Target not achieved.	Submit quarterly reports to Council as required.	Resolution and Performance Report	The performance of the office regressed.
KPI 46	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Submit the previous financial year annual report at the end of Aug annually	Date Annual Report submitted to Auditor General	Manager PMS	31 Aug	31 Jan 2022.	28 Feb 2024.	31 Aug	28 Feb 2024	Target achieved after set deadline.	Annual report will be submitted on time. The issue of the financial system not working has been resolved.	Annual Report	The performance of the municipality regressed.
KPI 47	Good Governance and Public Participation	To facilitate the optimal functioning of Council.	Annual Review of PMS by the end of 30 June annually	Date PMS Framework approved	Manager PMS	30 June	7 Dec 2022	0	30 June	11 April 2024	Achieved above target	None	Council Resolution	The performance of the Municipality improved.

IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baselin e	2021/22	2022/23	Annual Target	Annual Result s	Performan ce Comment s	Corrective Measure	Evidenc e	Comments
				by Council										
KPI 48	Good Governanc e and Public Participatio n	To facilitate the optimal functioning of Council	Submit previous year Oversight report to Council 60 days after the tabling of the Annual Report	Date of submissi on of the Oversight Report to Council	Manager PMS	14 April	31 March 2022	0	31 March	0	Target not achieved due to late submission of the Annual Report.	Submit oversight report to Council in time in the 2024/25 financial year.	None	The performanc e of the municipality regressed.
KPI 49	Good Governanc e and Public Participatio n	To facilitate the optimal functioning of Council	Number of signed performance agreements.	Sum of signed performa nce agreeme nts Signed.	Manager PMS	6	6	6	6	6	Target Achieved.	None	Signed Perform ance Agreem ents	The Municipality maintained its performanc e.
KPI 50	Good Governanc e and Public Participatio n	To ensure that an effective and efficient risk managem ent function is established.	Risk register compiled and updated quarterly and approved by MM.	Sum of Risk register quarterly updates.	Chief Risk Officer	4	4	4	4	4	Target achieved	None	Risk Register	The Risk Register was compiled and updated quarterly as required.

IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculati on	KPI Owner	Baselin e	2021/22	2022/23	Annual Target	Annua l Result s	Performan ce Comment s	Corrective Measure	Evidenc e	Comments
KPI 51	Good Governanc e and Public Participatio n	To ensure that an effective and efficient risk managemen t function is established.	Number of RMC meetings held	Sum of RMC meetings held	Chief Risk Officer	3	4	3	4	2	Target not achieved.	Risk Committee Meetings must sit as scheduled.	Attendan ce Register	The performanc e of the municipality regressed.
KPI 52	Good Governanc e and Public Participatio n	To ensure that an effective and efficient risk managemen t function is established.	Approved fraud prevention and anti- corruption strategy annually reviewed on or before 30 June	Date plan approved	Chief Risk Officer	30 June	30 June	7 Dec	30 June	0	Target not achieved.	Review Fraud Prevention and Anit- corruption Strategy as required.	Approve d Fraud Preventi on and Anti- corruptio n Strategy	The performanc e of the Municipality regressed.
KPI 53	Good Governanc e and Public Participatio n	To ensure that an effective and efficient risk managemen t function is established.	Risk management strategy, that includes fraud prevention plan, and policy reviewed and approved on	Date risk register approved .	Chief Risk Officer	30 June	30 June	7 Dec	30 June	0	Target not achieved.	Review the Risk Managemen t Strategy that included Fraud Prevention Plan and Policy	Approve d Risk Managem ent Strategy that includes Fraud Preventi on Plan,	The performanc e of the Municipality regressed.

IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
			or before 30 June annually.										and Policy.	
KPI 61	Municipal Transformation and Institutional Development.	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the office annually.	Sum of programmes implemented.	Municipal Manager	1	0	1	1	1	Target Achieved.	None	Skills development Report	Target achieved.

KPI Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
KPI 17	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of	Quarterly assessments reports produced at the end of every quarter' for	Sum of performance assessments conducted.	Director Technical Services	4	4	4	4	4	Target Achieved	None	Monthly Evaluation Forms	The Directorate maintained its performance. Target has been

KPI Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		12 months or longer.	contracts that are 12 months or more'											constantly achieved.
KPI 18	Good Governance and Public Participation	Effective management and supervision of the SDBIP on KPIs of the Directorate (Top layer and Departmental KPI's)	Percentage of KPIs met.	Number of KPIs met/by the total number of KPIs set.	Director Technical Services	58%	56%	58%	75%	46%	Target not achieved.	Monitor and implement the SDBIP.	Annual Performance Assessment Report	The Directorate has not achieved 75% of the key performance indicators in the last three years.
KPI 19	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Compiling and ensure compliance with the directorate action plan to address the residual risk.	Signed Action Plan	Director Technical Services	1	1	1	1	1	Target Achieved in the first quarter	None	Signed Risk Management Action Plan	Target achieved. The Directorate maintained its performance.
KPI 20	Good Governance and Public	Promote Sound risk management practices	Submission of complete and signed reports on	Signed Quarterly Reports.	Director Technical Services	4	4	4	4	4	Target Not Achieved	Complete and monitor Risk	Signed Risk Management	Target achieved. The Directorate

KPI Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
	Participation	within the Directorate	status of implementation of action plan to address risks.									Management Action Plan on a quarterly basis	Action Plan	maintained its performance.
KPI 21	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Technical Services	4	3	3	4	2	Target not achieved.	Attend Risk Committee Meetings as scheduled.	Attendance Register	The performance of the Directorate regressed.
KPI 22	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually.	Number of resolved repeat findings/by total number of repeat findings	Director Technical Services	50%	0%	0%	50%	50%	Target achieved	None	Audit Action Plan	The Municipality maintained its performance
KPI 23	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan	Percentage of audit issues attended to by management	Director Technical Services	100%	83%	0%	100%	62%	Target not achieved. The Audit Action Plan was approved late. There	The Audit Action Plan must be distributed in time for department	Audit Action Plan	This key performance indicator was not achieved in the last two

KPI Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
				nt as per action plan							was very little time to deal with findings raised by Auditor General	nts to implement		financial years.
KPI 24	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Director Technical Services	31 July	31 July	31 July	31 July	31 July	Target Achieved in the first quarter	None	Schedule of Meetings	Target has been constantly achieved in the last three financial years
KPI 25	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Technical Services	10	10	7	10	4	Target not achieved.	Convene meetings as per schedule of meetings approved by the Municipal Manager.	Minutes and Attendance register	This target has not been achieved in the last two financial years.
KPI 26	Municipal Transformation and	To facilitate the optimal functioning of	Number of quarterly reports	Sum of reports submitted to Council	Director Technical Services	4	4	4	4	4	Target achieved	None	Quarterly report	Target achieved.

KPI Ref	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
	Institutional Development	management	submitted to Council.											
KPI 27	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director Technical Services	1	0	1	1	0	Target not achieved	Send employees in the Directorate for training.	Report	The performance of the municipality regressed/
KPI 28	Municipal Financial Viability and Management	To ensure that the MIG allocation expenditure is done according to an approved plan.	Percentage expenditure of the annual MIG allocation year-to-date	Total amount spent/total allocation.	Director Technical Services	100%	100%	100%	100%	100%	Target achieved.	None	MIG Implementation Plan September 2023	The municipality maintained its performance.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 79	Good Governance and Public Participation	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Director LED	75%	68%	46%	75%	50%	Target not achieved.	Constant monitoring of the SDBIP.	Annual Performance Assessment Report.	The directorate did not achieve 75% of the key performance indicators as required.
Local Economic Development and Planning	KPI 80	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted.	Director LED	4	1	0	4	0	The Directorate does not have any service providers appointed	None	None	The Directorate does not have any appointed service providers.
Local Economic Development and Planning	KPI 81	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Compiling and ensure compliance with the directorate action plan	Signed Action Plan	Director LED	1	1	1	1	1	Target Achieved.	None	Signed Risk Management Action Plan	The Directorate maintained its performance.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
				to address the residual risk.											
Local Economic Development and Planning	KPI 82	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director LED	4	1	4	4	3	Target not achieved.	Submit signed reports of the status of the risk action plan as required.	Signed Risk Management Action Plan	The performance of the Directorate regressed.
Local Economic Development and Planning	KPI 83	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers	Director LED	4	4	3	4	2	Target not achieved.	Attend Risk meetings are scheduled.	Attendance Register and Minutes	The performance of the Directorate regressed.
Local Economic Development and Planning	KPI 84	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually	Number of resolved repeat findings/by total number of repeat findings	Director LED	0	0	0	50%	0%	The Directorate did not have findings.	None	Audit Action Plan	The Directorate maintained its performance.

Directorate	IDP/R ef No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/2	2022/2	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Local Economic Development and Planning	KPI 85	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director LED	NEW KPI	0	0	100%	0	The Directorate did not have findings.	None	Audit Action Plan	The Directorate maintained its performance.
Local Economic Development and Planning	KPI 86	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Director LED	30 June	31 July	31 July	31 July	31 July	Target achieved	None	Approved annual Schedule for directorate meetings	Target achieved in the last three financial years.
Local Economic Development and Planning	KPI 87	Municipal Transformation and Institutional	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director LED	10	10	10	10	12	Achieved above target	None	Attendance Registers	All meetings were held as scheduled.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		Development													
Local Economic Development and Planning	KPI 88	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director LED	4	4	4	4	4	Target achieved	None	Minutes of mayoral committee. Resolution Register	The Directorate submitted all quarterly reports to Council as required.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 119	Good Governance and Public Participation	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Chief Financial Officer	46%	57%	46%	75%	45%	Target Not Achieved	The directorate will improve performance	Performance Report	The performance of the Directorate regressed.
Financial Services	KPI 120	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted	Chief Financial Officer	2	0	2	4	0	Target not achieved. Only Service Providers for the Revenue section were evaluate. The other Sections did not evaluate service provides for	Evaluate Service providers is required.	Service Provider Evaluation Forms.	The Directorate did not evaluate S

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
												the entire year.			
Financial Services	KPI 121	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Compiling and ensure compliance with the directorate action plan to address the residual risk.	Signed Action Plan	Chief Financial Officer	1	1	1	1	1	Target Achieved in the first quarter.	None	Signed Risk Management action plan	Target achieved.
Financial Services	KPI 122	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Chief Financial Officer	4	1	4	4	3	Target not achieved.	Submit reports quarterly	Signed Risk Management Action Plan	The performance of the directorate regressed.
Financial Services	KPI 123	Good Governance and Public	Promote Sound risk management	Attend and support risk	Quarterly attendance Registers.	Chief Financial Officer	3	3	3	4	4	Target Achieved	None	Attendance Register	Target achieved.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		Participation	practices within the Directorate	committee meetings.											
Financial Services	KPI 124	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually.	Number of resolved repeat findings/by total number of repeat findings	Chief Financial Officer	23%	21%	23%	50%	50%	Target achieved	None	Audit Action Plan	The performance of the directorate improved.
Financial Services	KPI 125	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Chief Financial Officer	40%	89%	40%	100%	65%	Target Not Achieved. The Audit Action Plan was approved in May 2024 which was late.	Approve Audit Action Plan in time for implementation.	Audit Action Plan	Although the target was not achieved the performance improved.
Financial Services	KPI 126	Municipal Transformation and Institution	To facilitate the optimal functioning of	Develop an annual schedule of directorate	Annual schedule submitted and approved	Chief Financial Officer	31 July	31 July	31 July	31 July	31 July	Target Achieved.	None	Schedule of Meeting	the Directorate maintained

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		al Development	managemnt	meetings for approval by the Municipal Manager.	by 31 July annually										its performance
Financial Services	KPI 127	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Chief Financial Officer	6	7	3	10	6	Target not achieved	Hold meetings as per schedule	Attendance Register and Minutes of Council.	The performance of the Directorate regressed.
Financial Services	KPI 128	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Chief Financial Officer	3	4	3	4	3	Target not achieved.	Submit quarterly reports to Council as required.	Quarterly Report	The performance of the directorate did not improve.
Financial Services	KPI 129	Municipal Transformation and Institutional	To facilitate the optimal functioning of	Number of skills development programmes implemented.	Sum of programmes implemented.	Chief Financial Officer	1	0	1	1	0	Target Not Achieved	Implementation of skills development	Skills development plan/ Attendance	The performance of the municipi

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		al Development	managem nt.	es implemented by the Directorate annually.									programm es	e Registers	ality regressed.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
Directorate Corporate Support Services	KPI 152	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 31 July annually	Director Corporate Support Services	31 July	31 July	31 July	31 July	31 July	Target Achieved	None	Schedule of meetings	The Directorate maintained its performance
Directorate Corporate Support Services	KPI 153	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Corporate Support Services	10	10	10	10	3	Target Not Achieved. There was no appointed Director in the year under review.	Appoint Director Corporate Support Services	Attendance Register and minutes	The performance of the Directorate regressed due to the absence of the Director

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments	
Directorate Corporate Support Services	KPI 154	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director Corporate Support Services	4	4	4	4	4	Target Achieved	None	Resolutions Registers	The Directorate maintained its performance.
Directorate Corporate Support Services	KPI 155	Good Governance and Institutional Development	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Director Corporate Support Services	53%	63%	53%	75%	44%	Target Not Achieved	Improve on performance of the directorate	Performance report	Annual Performance Assessment Report
Directorate Corporate Support Services	KPI 156	Good Governance and Institutional Development	Evaluate the performance of all service providers with contracts of 12	Quarterly assessment reports produced at the end of every quarter for contracts that are 12	Sum of performance assessments conducted.	Director Corporate Support Services	4	1	4	4	3	Target not achieved.	Evaluate Service Providers quarterly as required.	Service Provider Evaluation forms.	The performance of the Directorate regressed.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
			months or longer.	months or longer.										
Directorate Corporate Support Services	Good Governance and Institutional Development	Promote Sound risk management practices within the Directorate	Compiling and ensure compliance with the directorate action plan to address the residual risk.	Signed Action Plan	Director Corporate Support Services	1	1	1	1	1	Target Achieved in the first quarter	None	Risk Register	The Directorate maintained its performance
Directorate Corporate Support Services	Good Governance and Institutional Development	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Corporate Support Services	4	4	4	4	3	Target not Achieved	None	Risk Management Action Plan	Performance of the Directorate regressed.
Directorate Corporate Support	Good Governance and Institutional	Promote Sound risk management practices	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Corporate Support Services	3	4	3	4	4	Target achieved	None	Attendance Register	The performance improved.

Directorate	KPA IDP/Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments	
Services		Development within the Directorate													
Directorate Corporate Support Services	KPI 160	Good Governance and Institutional Development	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% annually	Number of resolved repeat findings/by total number of repeat findings	Director Corporate Support Services	0.45%	0.08%	0.45%	50%	50%	Target achieved	None	Audit Action Plan	The Directorate improved its performance
Directorate Corporate Support Services	KPI 161	Good Governance and Institutional Development	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director Corporate Support Services	0.35%	55%	0.45%	100%	62%	Target Not Achieved	Implementation of the approved audit action plan.	Audit Action Plan	Even though the target was not achieved, the performance improved.

Directorate	IDP/ Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 178	Good Governance and Public Participation	Effective management and supervision of the SDBIP on the KPIs of the (top layer and departmental KPIs)	Percentage of KPIs met.	Number of KPIs met/total number of KPIs set.	Director Community & Social Services	70%	85%	70%	75%	52%	Target not achieved	Continuous monitoring of the SDBIP	None	The performance of the Directorate regressed greatly.
Directorate Community & Social Services	KPI 179	Good Governance and Public Participation	Evaluate the performance of all service providers with contracts of 12 months or longer.	Quarterly assessment reports produced at the end of every quarter for contracts that are 12 months or longer.	Sum of performance assessments conducted.	Director Community & Social Services	4	1	4	4	4	Target achieved	None	Service Provider Performance Monitoring list	The Directorate maintained its performance.
Directorate Community & Social Services	KPI 80	Good Governance and Public Participation	Promote Sound risk management practices within the	Compiling and ensure compliance with the directorate action	Signed Action Plan	Director Community & Social Services	1	1	1	1	1	Target Achieved	None	Risk Management Action Plan	

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			Directorate	plan to address the residual risk.											
Directorate Community & Social Services	KPI 181	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Submission of complete and signed reports on status of implementation of action plan to address risks.	Signed Quarterly Reports.	Director Community & Social Services	4	4	4	4	3	Target not achieved.	Submit quarterly reports as required	Risk Management Action Plan	The performance of the municipality regressed.
Directorate Community & Social Services	KPI 182	Good Governance and Public Participation	Promote Sound risk management practices within the Directorate	Attend and support risk committee meetings.	Quarterly attendance Registers.	Director Community & Social Services	3	3	3	4	2	Target not achieved.	Attend Risk quarterly meetings as scheduled.	Attendance Register	This key performance Indicator has not been achieved in the last three financial years.

Directorate	IDP/ Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 183	Good Governance and Public Participation	Develop and monitor repeat findings register to address repeat AG findings.	Reduce repeat AG audit findings by 50% in the first year.	Number of resolved repeat findings/by total number of repeat findings	Director Community & Social Services	0	0	0	50%	50%	Target achieved	None	Audit Action Plan	Target achieved.
Directorate Community & Social Services	KPI 184	Good Governance and Public Participation	To ensure a fully functional Audit Unit.	Implementation of the approved audit action plan.	Percentage of audit issues attended to by management as per action plan.	Director Community & Social Services	0	100%	0%	100%	62%	Target not achieved.	Implement the Audit Action Plan fully in the next financial year.	Audit Action Plan	Although the target was not achieved the performance improved.
Directorate Community & Social Services	KPI 185	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Develop an annual schedule of directorate meetings for approval by the Municipal Manager.	Annual schedule submitted and approved by 301 July annually	Director Community & Social Services	31 July	31 July	31 July	31 July	31 July	Target Achieved in the first quarter.	None	Signed schedule of meetings .	The Directorate maintained its performance.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Directorate Community & Social Services	KPI 186	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of monthly directorate meetings held.	Sum of directorate meetings held.	Director Community & Social Services	13	10	13	10	10	Target achieved	None	Minutes and attendance Registers	Target achieved.
Directorate Community & Social Services	KPI 187	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of quarterly reports submitted to Council.	Sum of reports submitted to Council	Director Community & Social Services	4	4	4	4	4	Target achieved.	None	Council Resolutions register	The Directorate maintained its performance.
Directorate Community & Social Services	KPI 188	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of management.	Number of skills development programmes implemented by the Directorate annually.	Sum of programmes implemented.	Director Community & Social Services	1	0	1	1	1	Target achieved.	None	Certificate	The Directorate maintained its performance.

Table 91: Employees: Office of the Municipal Manager

Employees: Office of the MM						
Job Level	2021/22	2022/23	2023/2024			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	6	7	7	7	0	0%
4 - 6	17	17	20	17	3	15%
7 - 9	1	1	3	1	2	67%
10 - 12	11	11	21	10	11	52%
13 - 15	0	0	2	0	2	100%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	35	36	53	35	18	34%

T 3.24.4

Table 93: Financial performance: Office of the Municipal Manager

Financial Performance 2023/24: Office of the MM							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						0%	
Expenditure:							
Employees	12 480	14 408	16 130	16 254	16 210	0%	
Repairs and Maintenance	280	-	988	1 030	492	-101%	
Other	141	993	3 200	3 038	1 106	-189%	
Total Operational Expenditure	12 901	15 401	20 318	20 322	17 808	-14%	
Net Operational Expenditure	12 901	15 401	20 318	20 322	17 808	-14%	

T 3.24.5

Table 94: Capital Expenditure: Office of the Municipal Manager

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	0%	0	

## **COMMENT ON THE OVERALL PERFORMANCE OF THE OFFICE OF THE MUNICIPAL MANAGER**

Office of the Municipal manager draws its mandate from section 55(1) of the local Government; Municipal Systems Act, Act no 32 of 2000 amongst which paragraph (a) (d)(k) &(n) which dictates that, as head of administration the Municipal manager of the municipality is, subject to the policy direction of the Municipal Council, responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration, the management of the provision of services to the local community in a sustainable and equitable manner; carrying out the decisions of the Political structures and political office bearers of the municipality; and facilitate participation by local community in the affairs of the municipality.

There challenges mentioned here above cannot be met without a formidable administration leadership appropriately and permanently appointed, such that it can be held accountable. The absence of this has been a serious setback for the Municipality to function and operate as normal.

Proper planning is pillar of all success, and it should be pointed out and Municipal Integrated Development plan listed the following as priority issues to be extended within the limited budget and attached to them specific targets.

It should be mentioned that through our own assessment and public participation roads and storm water drainage, electricity and area lighting, Sports and recreation, Sanitation and water provision were priority areas to be targeted for the period under review.

While acknowledging the fact that we could not implement most of these priorities because of lack of funding for capital projects some were able to be implemented through grants from sector departments.

Construction of indoor/outdoor Sports centre in Koekoe village, two paved roads with- drains in Rammulotsi and the Steynsrus two in Maokeng Koekoe Village to mention but these specific ones.

Concertation moving forward will then be on improving our own revenue streams such that we are able to finance from our own budget priorities that will improve the lives of our people as a Sphere of Government directly in contact and accountable to them.

### 3.23 FINANCIAL SERVICES

#### INTRODUCTION TO FINANCIAL SERVICES

Debt recovery is still a serious concern for the Municipality. The municipality struggles to collect 100% of what is billed on monthly basis. The arrears are barely serviced with the assistance from the appointed Debt Collection service providers, but the financial system was hacked and operations were mostly halted for 2023/24 financial period. Disconnections and cut offs are still not performed as per the approved Council policy.

Year End	Month End	Mun	Item	Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Total -
2024	M12 Jun	FS201	1100	Debtors Age Analysis By Income Source					
			1200	Trade and Other Receivables from Exchange Transactions - Water	19 372 115	21 295 231	17 105 205	698 529 992	756 302 543
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	22 426 345	47 498 432	10 694 569	117 095 618	197 714 964
			1400	Receivables from Non-exchange Transactions - Property Rates	5 379 613	3 728 235	3 206 477	94 240 147	106 554 472
			1500	Receivables from Exchange Transactions - Waste Water Management	7 370 412	6 224 888	5 771 688	208 232 449	227 599 437
			1600	Receivables from Exchange Transactions - Waste Management	5 179 694	4 425 940	4 123 293	150 631 258	164 360 185
			1700	Receivables from Exchange Transactions - Property Rental Debtors	0	0	0	0	0
			1810	Interest on Arrear Debtor Accounts	0	0	0	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0
			1900	Other	1 114 236	895 130	807 337	71 009 437	73 826 140
			2000	<b>Total By Income Source</b>	<b>60 842 415</b>	<b>84 067 856</b>	<b>41 708 569</b>	<b>1 339 738 901</b>	<b>1 526 357 741</b>
			2100	Debtors Age Analysis By Customer Group					
			2200	Organs of State	14 330 454	4 493 400	4 391 683	59 859 108	83 074 645
			2300	Commercial	22 962 351	14 783 827	11 396 004	137 078 938	186 221 120
			2400	Households	28 971 598	59 318 400	24 184 408	1 034 364 880	1 146 839 286
			2500	Other	-5 421 988	5 472 229	1 736 474	108 435 975	110 222 690
			2600	<b>Total By Customer Group</b>	<b>60 842 415</b>	<b>84 067 856</b>	<b>41 708 569</b>	<b>1 339 738 901</b>	<b>1 526 357 741</b>

Average collection on billing for 2021/22 was 85%. Average collection on billing for 2022/23 is 77% and average collection on billing for 2023/24 is 73%. Collection on billing includes arrears and needs to be 100% or more, as that will mean enhanced revenue. Arrears must also be collected to fund the provision of services, pay salaries and creditors.

### Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Financial Management

**KPA:** Financial Viability and Financial Management

**IDP Priority 26:** Financial accountability and compliance

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 90	Municipal Financial Viability and Management	To ensure the effective, efficient and economical management of municipal assets.	Fixed Asset Register (FAR) compiled and updated annually on or before 31 Aug in line with GRAP requirements	Fixed Asset Register (FAR)	Chief Financial Officer	0	1	1	1	1	Achieved after set deadline	Submit asset register on time	Asset Register	The asset register was compiled after the set deadline.
Financial Services	KPI 91	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting	Number of monthly budget statements (s71 of MFMA) are compiled	Working days taken to submit sec 71 report after end of month.	Chief Financial Officer	12	12	7	12	3	Target not achieved. The financial system was down for the first six months of	Submit Sec 71 reports on time as required in the 2024/25 Financial year.	MFMA Section 71 report	The performance of the municipality regressed further.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			process are compliant with applicable legislation.	and submitted to the Mayor by no later than 10 working days after the end of each month								the financial year.	Issues of the financial system have been resolved.		
Financial Services	KPI 92	Municipal Financial Viability and Management	No of quarterly National Treasury returns submitted.	Number of quarterly National Treasury returns submitted.	Sum of returns submitted.	Chief Financial Officer	New KPI	0	0	4	2	Target not achieved. The financial system was down during the first 6 months of the financial year.	Submit the reports in time in the next financial year. Issues with the financial system have been resolved.	Quarterly Returns	This is a new KPI no comparison could be made.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 93	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Mid-year budget assessment and budget adjustments report submitted on or before 25 January each year (s72 of MFMA)	Date Mid-year assessment submitted.	Chief Financial Officer	25 Jan	25 Jan	25 Jan	25 Jan annually	28 Feb	Achieved after set deadline	None	Proof of submission	The performance of the Directorate regressed due to the system that was hacked.
Financial Services	KPI 94	Basic Service Delivery	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Adjustment Budget submitted to Council by 28 February annually. (S54 MFMA).	Date Adjustment Budget submitted.	Chief Financial Officer	28 Feb	28 Feb	28Feb	28 Feb	28 Feb	Target Achieved	None	Resolution Register	The Municipality maintained its performance

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			legislation.												
Financial Services	KPI 95	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	% of operating expenditure budget implementation indicator	Actual operating expenditure /budget operating expenditure X100	Chief Financial Officer	62%	84%	62%	95%	56%	Target not achieved.	Municipality will improve on the budget of operating expenditure	Section 52(d)	The performance of the municipality regressed.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 96	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	% of Operating Revenue Budget Implementation Indicator	Actual Operating Revenue [excl Capital Grant Revenue] / Budgeted Operating Revenue x 100	Chief Financial Officer	76%	75%	76%	95%	106%	Achieved above target	None	Section 52(d) Report	Achieved above target.
Financial Services	KP 97	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates	Chief Financial Officer	63%	72%	63%	95%	106%	Achieved above target	None	Section 52(d) Report	Achieved above target.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			legislation.		Revenue x 100										
Financial Services	KPI 98	Municipal Financial Viability and Management	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Financial Viability: Cost coverage (Reg 796)	Where - "A" represents cost coverage "B" represents all available cash at a particular time "C" represents investments "D" represents monthly fixed operating expenditure $A=(B+C)/D$	Chief Financial Officer	2	5	2	$\geq 1$	54%	Target not achieved.	Implementation of Revenue Enhancement Strategy & Debt Collection Policy	Section 52d	The performance of the Municipality regressed.
Financial	KPI 99	Municipal Financial	To ensure that the	Financial Viability: Debt	Where - "A" represents	Chief Financial Officer	$\leq 45\%$	3%	3%	$\leq 45\%$	0%	Target not achieved.	Implementation of Credit	Section 52d	The performance of the

Directorate	IDP /Ref No.	KPA	Municipal Strategy	Municipal KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Services		Financial Viability and Management	Municipal budget and financial reporting process are compliant with applicable legislation.	debt coverage (Reg 796)	debt coverage "B" represents total operating revenue received "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the financial year; A=(B-C)/D								Control & Debt Collection Policy. Approval of Revenue Enhancement Strategy.		municipality regressed.
Financial Services	KPI 100	Municipal Financial Viability and	To ensure that the municipal budget and financial	Financial Viability: Service debtors to revenue (Reg 796)	Where - "A" represents outstanding service debtors to revenue	Chief Financial Officer	121 %	327%	121%	95%	44%	Target not achieved	Implementation of Credit Control & Debt Collection Policy.	Section 52d	The performance of the municipality

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		Management	reporting process are compliant with applicable legislation.		"B" represents total outstanding service debtors "C" represents annual revenue actually received for services; A=(B/C)								Approval of Revenue Enhancement Strategy.		regressed.
Financial Services	KPI 101	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	% of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of municipalit	Actual Capital expenditure /budget capital expenditure X100	Chief Financial Officer	68%	96%	68%	95%	83%	Target not achieved.	Municipality to Improve on spending on capital budget identified on a particular financial year in terms of municipality's Integrated	Section 52d	Target not achieved in the last two financial years,

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
				y's Integrated Development Plan (MFMA Circular 71)									Development Plan		
Financial Services	KPI 102	Basic Service Delivery	To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.	Compliant annual budget (MTREF) compiled and approved by end of May each year.	Actual date budget approved.	Chief Financial Officer	30 June	30 June	30 June	30 May annually	30 May	Target Achieved	None	Council Resolution	The Municipality maintained its performance.
Financial Services	KPI 103	Municipal Financial Viability and	To ensure that the municipality receives an	Compiled Annual Financial Statement submitted to the Auditor-	Date annual financial statements submitted to the AG	Chief Financial Officer	28 Feb	31 Aug	28 Feb	31 Aug annually	28 Feb	Target achieved after set deadline	Submit Financial Statements on time in the 2024/25	Annual Financial Statement	The performance of the Municipality

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		Management	improved audit outcome.	General by the end of August each year									Financial year		regressed.
Financial Services	KPI 104	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of SCM reports submitted to council	Sum of reports submitted.	Chief Financial Officer	4	4	4	4 x reports submitted per annum.	4	Target achieved	None	SCM Quarterly report	The municipality maintained its performance.
Financial Services	KPI 105	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure	% of total municipal operating expenditure spent on contracted services/physical residing	Expenditure spent on local contracted services/total expenditure of municipal	Chief Financial Officer	0%	0%	0%	50%	46%	Target not achieved.	Consider more services providers living in the municipal area.	Section 52(d) report	The municipality improved its performance

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			ure and supply chain management.	within the municipal area.	operating expenditure										
Financial Services	KPI 106	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget.	Total repairs and maintenance expenditure /total amount budgeted for repairs and maintenance X100	Chief Financial Officer	51%	67%	51%	95%	66%	Target not achieved.	The municipality will improve on expenditure on repairs and maintenance	Section 52(d) report	Even if the target was not achieved, the performance of the municipality improved.
Financial Services	KPI 107	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure	Creditors Payment period (Creditors are paid within 30 days as per Sec	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Chief Financial Officer	30 days	384 days	30 days	≤30 days	0	Target not achieved. The Directorate did not report on this key performance indicator	Report on this key performance indicator in the next financial year.	Section 52(d) report	The performance of the directorate regressed as there was no

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			ure and supply chain management.	65(2)(e) of the MFMA											information provided on this key performance indicator.
Financial Services	KPI 108	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management	% of tenders awarded within 90 days of tender closing date	Number of tenders awarded/Tenders awarded within 90 days.	Chief Financial Officer	40%	89%	40%	95%	4%	Target not achieved.	Award tenders during the specified timelines.	SCM Quarterly Report	The performance of the municipality regressed further in this financial year.
Financial Services	KPI 112	Municipal Financial Viability and	To ensure the effective and efficient	% of consumer debtors revenue collected (actual	Gross Debtors Opening Balance + Billed Revenue –	Chief Financial Officer	67%	89%	67%	95%	72%	Target not achieved.	Implementation of Credit Control & Debt Collection	Section 52(d) Report	Although the target was not achieved, the performance

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
		Management	management of municipal revenue and cash-flow according to national norms and standards.	total collections as a percentage of total levies/billings)	Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100								Policy. Approval of Revenue Enhancement Strategy		nce of the municipality improved.
Financial Services	KPI 113	Municipal Financial Viability and Management	To ensure the effective and efficient management of municipal revenue and cash-flow according to national	Net Operating Surplus Margin (MFMA Circular 71)	(Total Operating Revenue – Total Operating Expenditure) / Total Operating Revenue x 100%	Chief Financial Officer	-0%	18.65%	-0%	≥0	0%	Target not achieved. Information was not provided the Directorate	Submit performance information on time as required.	Section 52(d) report	The performance of the Directorate regressed because information was not provided.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			norms and standards.												
Financial Services	KPI 114	Municipal Financial Viability and Management	To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.	% Own Source Revenue to Total Operating Revenue (MFMA Circular 71)	Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100	Chief Financial Officer	63%	93%	63%	95%	70%	Target not achieved	Implementation of Debt Collection & Credit Control Policy	Section 52(d) report	Although target was not achieved the performance increase.

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
Financial Services	KPI 115	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of formal households connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)( Excluding Eskom areas) at 30 June	Number of households which are billed for electricity or have pre-paid meters (Excluding Eskom areas) at 30 June	Chief Financial Officer	24902	24 309	24 902	24 510	24 956	Target Not Achieved	Addressing the Billing Gaps	BS506 Report	Target achieved .
Financial Services	KPI 116	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and	Number of households which are billed for water or have pre- paid meters as at 30 June	Sum of households which are billed for water or have pre- paid meters as at 30 June	Chief Financial Officer	32 118	32 101	32 118	32 111	32 137	Target Achieved	N/A	BS506 Report	Target achieved .

Directorate	IDP /Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Result	Performance Comment	Corrective Measure	Evidence	Comments
			supply chain management.												
Financial Services	KPI 117	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply chain management.	Number of households that are billed for refuse removal at 30 June.	Sum of households, which are billed for refuse removal at 30 June.	Chief Financial Officer	32 093	31 239	32 093	31 239	32 107	Target Achieved	N/A	BS506 Report	The municipality maintained its performance.
Financial Services	KPI 118	Municipal Financial Viability and Management	To implement an effective and efficient system of expenditure and supply	Number of households, which are billed for sewerage at 30 June.	Sum of households, which are billed for sewerage at 30 June.	Chief Financial Officer	32 151	31 290	32 151	32 110	32 144	Target Achieved	N/A	BS506 Report	Target achieved .



Table 95: Employees: Financial Services

Employees: Financial Services						
Job Level	2020/21	2021/22	2022/23			
	Employees	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	5	5	1	1	0	0%
4 - 6	18	18	10	8	2	20%
7 - 9	11	11	4	6	0	0%
10 - 12	16	16	17	15	2	12%
13 - 15	11	11	36	28	8	22%
16 - 18	2	2	0	1	0	0%
19 - 20	18	18	0	0	0	0%
Total	81	81	68	59	12	18%
T 3.25.4						

Table 96: Financial Performance: Financial Services

Financial Performance 2023/24: Financial Services						
						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	116 296	93 953	95 437	96 068	106 437	10%
Expenditure:						
Employees	38 350	80 493	44 559	48 606	48 750	9%
Repairs and Maintenance	717	43 310	778	1 998	1 700	54%
Other	30 469	253	25 710	15 126	9 574	-169%
<b>Total Operational Expenditure</b>	69 536	124 056	71 047	65 730	60 024	-18%
<b>Net Operational Expenditure</b>	(46 760)	30 103	(24 390)	(30 338)	(46 413)	47%
T 3.25.5						

Table 97: Capital expenditure: Financial Services

Capital Expenditure: Financial Services				
				R' 000
Capital Projects	2022/23			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Office Equipment	802	0	178	0

## 3.24 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human resources is a critical function within the municipality, focusing on the management of people, the most valuable asset of the municipality. The primary objective of Human Resources is to maximise employee performance in alignment with the strategic objectives.

Human Resources is one of the supporting functions within Corporate Support Services Department, its main functions are as follows: Leave Administration, Recruitment, Benefits, Terminations, Labour Relations, Skills Development, Employment Equity, Occupational Health & Safety and Employee Wellness.

### HUMAN RESOURCES ADMINISTRATION

Human Resource Administration refers to the day-to-day operations and tasks related to managing the municipality workforce. It encompasses the administrative side of Human Resources, focusing on implementing policies, procedures and activities that ensure the effecting functioning of Human Resources processes.

Human Resources Administration serves as the backbone of the Human Resources function, providing the structure and support needed for the broader Human Resource strategy to be successful.

### HR POLICIES

The municipality had its human resources policies reviewed to ensure that they are current and are in line with legislation and contribute to good governance. The reviewed policies were adopted by council in December 2020 and must be reviewed and aligned with the Staff Regulations of 2021.

### TRAINING AND DEVELOPMENT

The municipality approved Workplace Skills Plan, which is both, funded by the municipality and the LGSETA through grants received to ensure capacity building of both internal and unemployed learners. Implementation of the 2023/24 WSP has been met with challenges which included a delay on appointment of panel of training

providers, which had a negative effect on implementation of planned training interventions and under expenditure. A total of 116 officials and 36 Councillors have been trained in 2023/24 financial year.

### **EMPLOYEE WELLNESS PROGRAM**

Employee wellness refers to the efforts and programs within an organisation aimed at improving the overall health and well-being of employees. These initiatives go beyond merely addressing physical health encompassing mental health, emotional and sometimes even financial wellness. The goal of employee wellness programs is to create a healthier, more engaged and more productive wellness.

### **ORGANIZATIONAL DEVELOPMENT**

Organisational Development is a systematic approach to improving the effectiveness and health of an organisation through planned interventions and strategies. It focuses on aligning the municipality's processes, structures, and culture with its goals, ensuring long-term success and adaptability in a constantly changing environment.

The process of ensuring equal pay for work of equal value will be addressed the process of job evaluation which is coordinated at a district level by the job evaluation committee as established through SALGA processes.

### **OCCUPATIONAL HEALTH AND SAFETY**

The municipality has a functional occupational health and safety structure in line with Occupational Health and Safety Act. Legal appointments in terms of OHS Act have been made and health and safety representatives meetings take place regularly. Although health and safety are a joint effort between management and employees, management continues to capacitate/train health and safety representatives. Internal Auditing of contractor on health and safety systems is implemented and on-site project health and safety inspections are conducted.

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The municipality is currently standing with a total staff component 982 employees as at end June 2024.

During the financial year 2023/24 the municipality filled a total number of 227 positions, all appointments was for external candidates. A total of 47 terminations were recorded due to different types of terminations e.g. Death, dismissals, retirement, end of contracts, abscondment and resignations.

A total of 25 wellness activities were implemented on the following pillars of wellness:

1. Physical Wellness : nine activities
2. Emotional Wellness : nine activities
3. Social Wellness : two activities
4. Financial Wellness : two activities

**Other main service statistics are included in Chapter 4 of the Annual Report.**

**Policy Objectives taken from IDP and SDBIP**

**Municipal Scorecard Perspective:** Institutional Development

**KPA:** Municipal Transformation and Institutional Development

**IDP Priority 18:** Human Resources

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
Directorate Corporate Support Services	KPI 132	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	% of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of employees from designated groups in three highest levels of management divided by total Number of employees in three highest levels of management	Director Corporate Support Services	New KPI	0	0	20%	0%	Target not achieved. The Section has not reported on this key performance indicator for the whole financial year.	Report on employment equity target groups	Employment Equity Report	This is a new KPI no comparison could be made
Directorate Corporate Support	KPI 133	Municipal Transformation and Institutional Development	To ensure continuous training and development of	WSP, annual training report (ATR) & PIVOTAL report compiled	Date annual training report and WSP submitted to the LGSETA	Director Corporate Support Services	30 April	27 May	30 April	30 April	30 April	Target achieved	None	Approved WSP.	The Directorate maintained its performance.

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments	
Services			employees and submitted to LGSETA on 30 April each year.												
Directorate Corporate and Support Services	KPI 134	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of Apprenticeships implemented as per WSP.	Sum of Apprenticeships implemented	Director Corporate Support Services	0	0	0	1	0	Target Not Achieved	Implement apprenticeships as planned	None	Target not achieved in the last three years.
Directorate Corporate Support Services	KPI 135	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of skills programmes implemented	Sum of skills programmes implemented	Director Corporate Support Services	1	0	1	3	2	Target Not Achieved	Implement skills programmes and planned.	Notices of training by email, and attendance registers	Although the target was not achieved the performance of the Directorate improved compared to the 2021/22 financial year.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
Directorate Corporate and Support Services	KPI 136	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	Number of Senior & Finance officials trained on MFMP competency levels	Sum of students enrolled	Director Corporate Support Services	0	11	0	12	0	Target not achieved.		None	This key performance indicator has not been achieved for the last two financial years.
Directorate Corporate Support Services	KPI 137	Basic Service Delivery	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Approved Macro and Micro Organisational Structure	Date structure approved	Director Corporate Support Services	0	0	0	30 June	0	Target not achieved	None	Medical Forms	The Structure was last reviewed in 2021.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
Directorate Corporate Support Services	KPI 138	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Number of employees undergoing medical tests annually as required by OHSA	Sum of employees undergoing medical tests	Director Corporate Support Services	406	430	406	400 per annum	411	Achieved above target.	None	None	The Municipality maintained its performance.
Directorate Corporate Support Services	KPI 139	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create	Number of EE Reports submitted to DoL by 15 January each year [EEA2 and EEA4]	Sum of reports submitted	Director Corporate Support Services	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	EEA4 and EEA2 form submitted to DoL	Target Achieved	None	Acknowledgement letter from the DoL	The Municipality maintained its performance.

Directorate	KPA IDP/Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments	
			plans for recruiting, hiring and retaining top talent.												
Directorate Corporate Support Services	KPI 140	Municipal Transformation and Institutional Development	To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	Review of EE Plan and numerical goals and targets annually	Revised EE Plan and Council Resolution	Director Corporate Support Services	Annual Review	0	Annual Review	Annual Review	Annual Review	Target Achieved	None	EE Plan.	Council Resolution
Directorate Corporate Support	KPI 141	Municipal Transformation and Institutional	To ensure that the HR function responsibly	Submit quarterly reports to the HR Manager regarding	Sum of reports submitted	Director Corporate Support Services	4	1	4	4 X Reports submitted per annum	4	Target Achieved	None	HR Report	The Directorate maintained its performance

Directorate	KPA IDP/Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments	
Services		Development	forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.	activities carried out											
Directorate Corporate Support Services	KPI 144	Municipal Transformation and Institutional Development	To ensure the effective functioning of the LLF	Number of LLF meetings held per annum	Sum of LLF meetings held per year	Director Corporate and Support Services	3	5	3	10 X per annum	5	Target not Achieved	Hold meetings as per approved scheduled	Attendance register and minutes	The Number of LLF Meetings were less than what is required.
Directorate Corporate Support Services	KPI 145	Municipal Transformation and Institutional Development	To ensure the effective functioning of the LLF	% implementation of LLF resolutions taken (including monitoring of SALGBC collective	Number of LLF resolutions taken/Number of resolutions implemented	Director Corporate Support Services	50%	85%	50%	90%	0%	Target Not Achieved	LLF Resolutions will start to be implemented in the fourth quarter	Resolution register	LLF meetings did not sit as scheduled.

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
				agreements)											
Directorate Corporate Support Services	KPI 148	Municipal Transformation and Institutional Development	To ensure continuous training and development of employees.	% of a municipality's personnel budget spent on implementing its workplace skills plan;	R value spent on training divided by total personnel budget value of the municipality	Director Corporate Support Services	0%	0%	0%	1%	0.37	Target Not Achieved	LGSETA Spending on training will be reported every quarter	LGSETA Grand spending register	The target was not achieved but there was little expenditure of the LGSETA Grant.

Table 98: Employees: Human Resource Services

Employees: Human Resource Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	6	6	7	6	1	14%
7 - 9	4	4	4	4	0	0%
10 - 12	1	1	1	1	0	0%
13 - 15	1	1	1	1	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	13	13	14	13	1	7%
T 3.26.4						

Table 99: Financial Performance: Human Resource Services

Financial Performance 2023/24 Human Resource Services						
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0,00%
Expenditure:						
Employees	9 511	11 771	9 669	10 234	11 721	17,51%
Repairs and Maintenance	-	-	3	3	-	0,00%
Other	-	1 777	2 058	2 058	481	-327,86%
Total Operational Expenditure	9 511	13 548	11 730	12 295	12 202	3,87%
Net Operational Expenditure	9 511	13 548	11 730	12 295	12 202	3,87%
T 3.26.5						

Table 100: Capital Expenditure: Human Resource Services

Capital Expenditure 2023/24: Human Resource Services					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

## COMMENT ON HUMAN RESOURCE SERVICE PERFORMANCE OVERALL

No Capital projects within the HR Section for 2023/24 financial year therefore, no capital items were procured.

## 3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communications Technology (ICT) plays an integral role within Moqhaka Local Municipality. The support is run in-house by a team of six full-time employees. The core functions include:

- Maintenance of communication (Wireless connectivity, Telephony, Internet, etc).
- Maintenance of all ICT equipment/infrastructure.
- Facilitation of acquisition and utilization of hardware and software.
- Systems administration and operations on servers.
- Managing of the general ICT operations.

The ICT section is responsible for supporting Moqhaka Local Municipality through technical deployment of ICT infrastructure. The ICT section keeps the organisation abreast with technology through innovation and technological advancement.

### SERVICE STATISTICS FOR ICT SERVICES

Number of power back-up batteries installed	33
Number of VoIP/PABX systems installed	231
% of employees trained on new telephone system	100 %
% of call centre employees trained on new system	100 %

### Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Institutional Development

**KPA:** Municipal Transformation and Institutional Development

**IDP Priority 25:** ICT

Directorate	IDP/Ref No.	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
Directorate Corporate Support Services	KPI 142	Municipal Transformation and Institutional Development	Ensure that an effective and efficient ICT system master plan is developed.	Review ICT policy and Strategy annually	Date ICT policy and Strategy approved by Director	Director Corporate Support Services	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	Target partially achieved. Website Policy drafted and presented to ICT Steering Committee.	Policy to be submitted to policy development portfolio committee	Draft Policy	The Directorate only reviewed the ICT Policy
Directorate Corporate Support Services	KPI 143	Municipal Transformation and Institutional Development	Ensure that an effective and efficient ICT system master plan is developed	Prioritised projects in the disaster recovery plan implemented	Number of projects completed/the total number of projects within the plan	Director Corporate Support Services	30%	0	30%	≥90%	0%	Target Not Achieved.	Prioritise projects in the disaster recovery plan	Disaster Recovery Plan	The performance of the directorate regressed.

Table 101: Employees: ICT Services

Employees: ICT Services						
Job Level	2021/22	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0	0%
4 - 6	1	0	1	1	0	0%
7 - 9	2	2	2	2	0	0%
10 - 12	2	2	3	2	1	33%
13 - 15	0	0	0	0	0	0%
16 - 18	0	0	0	0	0	0%
19 - 20	0	0	0	0	0	0%
Total	6	5	7	6	1	14%

T3.27.4

Table 102: Financial Performance: ICT Services

Financial Performance 2023/24: ICT Services						
						R'000
Details	2021/22	2022/23	2023/24			
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-	0,00%
Expenditure:						
Employees	3 539	378	3 741	3 783	4 072	8,13%
Repairs and Maintenance	1 576	1 070	1 700	4 399	3 776	54,98%
Other	(2 547)	5 046	11 788	11 179	7 521	-56,73%
Total Operational Expenditure	2 568	6 494	17 229	19 361	15 369	-12,10%
Net Operational Expenditure	2 568	6 494	17 229	19 361	15 369	-12,10%

T 3.27.5

Table 103: Capital Expenditure: ICT Services

Capital Expenditure 2023/24: ICT Services					
					R' 000
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

### COMMENT ON ICT SERVICE PERFORMANCE OVERALL

Moghaka Local Municipality's ICT infrastructure suffered a breach during this financial year. Security is now tightened to prevent future occurrences of a similar event from happening again.

## 3.26 LEGAL AND COUNCIL SUPPORT SERVICES

### INTRODUCTION TO COUNCIL SUPPORT SERVICES

Effective committee services were provided to the council and the various portfolio committees. Tracking of the execution of council resolutions is done effectively and efficiently in ensuring quality service delivery.

### SERVICE STATISTICS FOR COUNCIL SUPPORT SERVICES

Number of ordinary council meetings convened:	4
Number of MAYCO and Committees agendas delivered on time	100%
Number of Quarterly reports submitted to council on tracking of council resolutions: (1st ,2nd ,3rd %4th quarters)	4

### Policy Objectives taken from IDP and SDBIP

**Municipal Scorecard Perspective:** Institutional Development

**KPA:** Municipal Transformation and Institutional Development

**IDP Priority 23:** Legal Services and Support Services

Directorate	KPA	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
Directorate Corporate Support Services	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council	% of Council Resolutions implemented within prescribed timeframe stipulated on resolution register	Number of council resolutions implemented within time frame divided by total Number of resolutions	Director Corporate Support Services	85%	0	85%	86%	22%	Target not achieved.	Compile report on implementation of Council Resolutions quarterly	Implementation of Council resolutions schedule for first quarter.	The performance of the municipality regressed.
Directorate Corporate Support Services	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council	Number of quarterly reports to Council on the tracking of council resolutions (submitted at the end of each quarter -	Number of reports submitted.	Director Corporate Support Services	4 p/a	4	4	4 X Reports submitted per annum.	4	Target Achieved	None	Item on implementation of Council resolutions schedule	The Directorate maintained its performance

Directorate	IDP/Ref No.	KPA Municipal Strategy	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/22	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measures	Evidence	Comments
				Sept, Dec, Mar & Apr)											
Directorate Corporate Support Services	KPI 146	Municipal Transformation and Institutional Development	To provide efficient and effective legal services	Update access to information manual and place in the Government Gazette	Date updates developed and uploaded.	Director Corporate Support Services	NEW KPI	0	0	30 June	0	Target not achieved	Update access to information manual in the next financial year	None	This is a new KPI no comparison could be made.
Directorate Corporate Support Services	TL 147	Municipal Transformation and Institutional Development	To provide efficient and effective legal services	Update Standing Rules and Orders by 30 June 2024	Date Updated Standing Rules and Orders approved by Council	Director Corporate Support Services	NEW KPI	0	0	30 June	0	Target Not achieved.	Standing Rules and Orders will be updated in the 2024/25 financial period	None	This is a new key performance indicator no comparison could be made.
Directorate Corporate Support	KPI 149	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	% of agendas for scheduled meetings distributed to Councillors	Number of agendas distributed 48 hours before the meeting divided by	Director Corporate Support Services	98%	98%	98%	100% for each quarter	100%	Target Achieved	None	Signing delivery list	The Directorate maintained its performance

Directorate	KPA IDP/ Ref No.	Municipal Strategy	KPI	Calculation	KPI Owner	Baseline	2021/2 2	2022/23	Annual Target	Annual Results	Performance Comments	Corrective Measure	Evidence	Comments
Services			and officials at least 48 hours before the meeting	the total Number of agendas distributed										
Directorate Corporate Support Services	KPI 150	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	% of Council resolutions distributed within 7 working days after each meeting	Director Corporate Support Services	98%	98%	98%	100% for each quarter	100%	Target Achieved	None	Proof of email	The Directorate maintained its performance.
Directorate Corporate Support Services	KPI 151	Municipal Transformation and Institutional Development	To facilitate the optimal functioning of Council.	Annual council schedule compiled and approved by end of June each year	Director Corporate Support Services	30 June	30 June	30 June	30 June	28 June	Target Not Yet Reportable	None	None	The Directorate maintained its performance.

Table 104: Employees: Legal and Council Support Services

Employees: Legal and Council Support Services						
Job Level	2021/21	2022/23	2023/24			
	Employees	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	2	3	1	1	0	0%
4 - 6	2	4	2	2	0	0%
7 - 9	5	4	5	5	0	0%
10 - 12	4	3	6	6	0	0%
13 - 15	2	7	33	33	0	0%
16 - 18	22	15	0	0	0	0%
19 - 20	0	5	0	0	0	0%
Total	37	41	47	47	0	0%
						T 3.28.4

Table 105: Financial Performance: Legal and Council Support Services

Financial Performance 2023/24: Legal and Council Support Services							R'000
Details	2021/22	2022/23	2023/24				
	Actual	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	-	-	-	-	-	0,00%	
Expenditure:							
Employees	3 539	378	10 548	10 548	12 730	17,14%	
Repairs and Maintenance	1 576	1 070	998	1 038	981	-1,73%	
Other	(2 547)	5 046	6 041	6 181	3 683	-64,02%	
Total Operational Expenditure	2568	6494	17587	17767	17394	-1,11%	
Net Operational Expenditure	2568	6494	17587	17767	17394	-1,11%	
						T 3.28.5	

Table 106: Capital Expenditure: Legal and Council Support Services

Capital Expenditure 2023/24: Legal and Council Support Services						R' 000
Capital Projects	2023/24					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
No Capital Projects	0	0	0	0%		

### COMMENT ON LEGAL AND COUNCIL SUPPORT SERVICE PERFORMANCE OVERALL

No capital projects were undertaken for the year under review.

## COMPONENT J: MISCELLANEOUS

No additional functions to report.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

An organisation performance scorecard, often known as a balanced scorecard, is a strategic planning and management tool used to monitor and manage an organization's performance against its strategic goals. It includes a set of performance metrics grouped into different perspectives.

At Local Government level, performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The Constitution of S.A (1996), Section 152, dealing with the objectives of Local Government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of Performance Management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Section 57 makes the employment of the Municipal Manager and Managers directly accountable to him subject to a separate performance agreement concluded annually before the end of July each year. Section 67 regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively. Performance Management, therefore, is not only relevant to the

organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities.

In September 2021 the Local Government Staff Regulations were promulgated. The staff regulations require that Performance Management be cascaded to all employees in Municipalities.

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

### INTRODUCTION

The municipality is aiming at maximising the potential of staff and their contribution to service delivery and organisational performance. Human resources are the primary investment for the municipality and the municipality endeavour to maintain its investment in its staff.

To ensure effectiveness and efficiency within the organisation, the Municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources.

Employees are also provided with all the necessary tools including, but not limited to, ICT tools, furniture, and machinery. Necessary policies, systems, procedures, and mechanisms are put in place to ensure organizational development. These include, but are not limited to, recruitment, selection, training, discipline, and the retention of staff. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Municipal personnel refer to the employees and officials who work within the municipality responsible for various public services and administrative functions. They play a crucial role in managing and delivering services that affect the daily lives of residents. This workforce includes a broad range of roles such as specialised staff, town planners, public safety officers, Roads employees and administrative support staff.

During the financial year 2023/24 One hundred and forty-nine General workers were appointed in December 2023. Most of them were placed in the Service Delivery Departments.

The position of the CFO, Director Corporate Support Services, Director Planning & LED and Director Community and Social Services has been vacant for a period of two years, the positions are expected to be filled by 1 September 2024.

## 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 107: Total Number of Employees

Description	Employees					
	2021/22	2022/23	2023/24			
	Employees No.	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water and Sanitation	122	115	301	147	154	51%
Electricity	47	47	165	72	93	56%
Waste Management (Refuse)	129	126	160	143	17	11%
Housing	14	14	26	20	6	23%
Roads and Storm water	64	64	167	45	122	73%
Urban Planning	12	12	16	12	4	25%
Local Economic Development	4	4	11	3	8	73%
Fire and Rescue	33	32	42	33	9	21%
Call Centre	9	9	14	8	6	43%
Security and Safety	20	19	70	17	53	76%
Parks	96	93	370	105	265	72%
Office of the Executive Mayor	19	19	20	20	0	0%
Office of the Speaker	12	12	10	10	0	0%
Office of the Council Whip	4	4	5	4	1	20%
Municipal Manager, Audit & IDP	20	20	2	2	0	0%
Infrastructure & PMU	3	3	10	7	3	30%
Corporate Services	55	55	62	51	11	18%
Public Safety	3	3	3	3	0	0%
Kroonpark Resort	36	36	45	39	6	13%
Workshop/Fleet Management	5	5	27	64	-37	-137%
Finance	89	88	109	80	29	27%
Traffic	40	40	106	39	67	63%
Sports & Recreation	8	8	88	21	67	76%
Community & Social Services	3	3	63	16	47	75%
<b>Totals</b>	<b>847</b>	<b>831</b>	<b>1892</b>	<b>961</b>	<b>931</b>	<b>49%</b>

T 4.1.1

Table 108: Vacancy Rate

Vacancy Rate: 2023/24						
Designations	2022/23			2023/24		
	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)	*Total Approved Posts	*Vacancies	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%	No.	No.	%
Municipal Manager	1	1	100,0%	1	1	100,0%
CFO	1	1	100,0%	1	1	100,0%
Other S57 Managers (excluding Finance Posts)	4	3	75,0%	4	4	100,0%
Other S57 Managers (Finance posts)	0	0	0,0%	0	1	0,0%
Traffic officers	101	60	59,4%	101	60	59,4%
Fire fighters	95	60	63,2%	95	60	63,2%
Senior management Levels 13-15 (excluding Finance posts)	0	0	0,0%	0	0	0,0%
Senior management Levels 13-15 (Finance posts)	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	0	0	0,0%	0	0	0,0%
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0,0%	0	0	0,0%
<b>Total</b>	<b>202</b>	<b>125</b>	<b>61,9%</b>	<b>202</b>	<b>127</b>	<b>62,9%</b>

T 4.1.2

Graph 9: Vacancy Rate

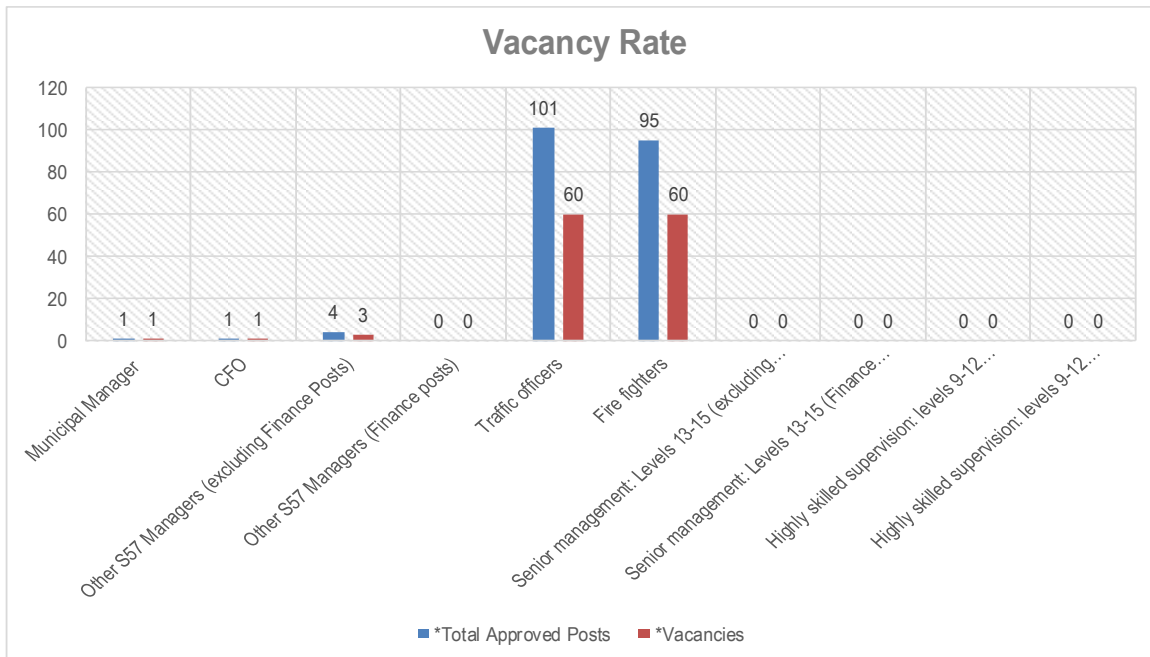


Table 109: Turnover Rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2018/19	34	41	121%
2019/20	22	25	114%
2020/21	18	44	244%
2021/22	89	62	70%
2022/23	12	28	33%
2023/24	217	47	22%
			T 4.1.3

### COMMENT ON VACANCIES AND TURNOVER:

During the financial year 2023/24 appointments on critical and compliance positions were made by the municipality. e.g. Manager Human Resources and General Workers who were distributed according to need in service delivery departments.

The position of the CFO, Director Corporate Support Services, Director Planning & LED and Director Community and Social Services has been vacant for a period of for two years., appointments were made, and they are expected to assume duty on 1 September 2024.

- Turnover is mainly because of terminations e.g. Death, Dismissals, Resignations, Retirements, Abscondment and ending of contracts.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Management finalised the process of reviewing the staff establishment for political offices and the staff establishment has been approved. Job Evaluation Policy and Placement Policy have been reviewed and approved by council.

The municipality strives to achieve its IDP goals achieve by ensuring on- time human resources provisioning following a rigorous recruitment process. Employees are valued as assets of the municipality and processes are in place to ensure capacity building of staff in support of their career aspirations.

Training and development opportunities are available for staff in the form of short courses and long-term interventions in the form of skills programmes with accredited institutions of higher learning. An Employment Equity Plan has been developed and implemented. Employment Equity annual reports on the implementation of the plan are sent to the Department of Labour as required by Employment Equity Act. A variety of policies were developed and implemented as indicated in Section 4.2 on policies.

## 4.2 POLICIES

Table 110: HR Policies and Plans

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%	0%	Policy still to be drafted
2	Attraction and Retention	100%	100%	Policy approved by council 14
3	Code of Conduct for employees	100%	n/a	SALGBC/MSA
4	Delegations, Authorisation &	100%	90%	Policy approved by council 2007
5	Disciplinary Code and Procedures	100%	n/a	SALGBC
6	Essential Services	100%	n/a	SALGBC
7	Employee Assistance / Wellness	100%	100%	Policy approved by council 14
8	Employment Equity	100%	100%	Policy approved by council 14
9	Exit Management	0%	0%	Policy still to be drafted
10	Grievance Procedures	100%	n/a	SALGBC
11	HIV/Aids	100%	100%	Policy approved by council 14
12	Human Resource and Development	100%	100%	Policy approved by council 14
13	Information Technology	100%	100%	Policy approved by council 07
14	Job Evaluation	100%	100%	Policy approved by council 12
15	Leave	100%	100%	Policy approved by council 14
16	Occupational Health and Safety	100%	100%	Policy approved by council 07
17	Official Housing	100%	100%	Policy approved by council 14
18	Official Journeys	100%	100%	Policy approved by council 30
19	Official transport to attend Funerals	100%	100%	Policy approved by council 14
20	Official Working Hours and Overtime	100%	100%	Policy approved by council 14
21	Organisational Rights	100%	n/a	SALGBC
22	Payroll Deductions	100%	100%	Policy approved by council 14
23	Performance Management and	100%	100%	Policy approved by council 30
24	Recruitment, Selection and	100%	100%	Policy approved by council 14
25	Remuneration Scales and Allowances	100%	n/a	SALGBC
26	Relocation	100%	100%	Policy approved by council 14
27	Sexual Harassment	100%	100%	Policy approved by council 14
28	Skills Development	100%	100%	Policy approved by council 14
29	Placement Policy	100%	100%	Policy approved by council 12
30	Other:			

### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Management finalised the process of reviewing the Job Evaluation Policy and Placement Policy. The following policies are currently under review for alignment with municipal staff regulations:

1. Introduction and definitions
2. Normative framework of human resources management
3. Organisational design, approving and changing the organisational structure, creating and abolishing posts and the staff establishment
4. Recruitment, selection, appointment, promotion, demotion and transfer
5. Relocation policy
6. Labour relations

7. Employment equity
8. Employee remuneration
9. Allowances
10. Vehicle allowance policy
11. Acting allowance policy
12. Legal aid to employees and cessation of action
13. Working hours and attendance
14. Leave
15. Employee wellness programme policy
16. HIV/aids policy
17. Private work
18. Training and development
19. Internship and experiential training policy
20. Career opportunities and succession planning
21. Confidentiality of information
22. Overtime
23. Theft / loss procedure
24. Membership of professional societies
25. Substance abuse (alcohol and drugs)

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table111: Number and Cost of Injuries on Duty**

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	37	13	35%	7	31 321
Temporary total disablement	50	3	6%	10	26750
Permanent disablement	0	0		0	
Fatal	0	0		0	
<b>Total</b>	<b>87</b>	<b>16</b>	<b>18%</b>	<b>17</b>	<b>58 072</b>
					<i>T 4.3.1</i>

#### COMMENT ON INJURY AND SICK LEAVE:

I.OD'S were more in 2023/24 as compared to 2022/23 Therefore, medical costs were more than the previous year. The injury on duty leave was utilised accordingly as loss time injury in the 2023/24. Temporarily disablement leave was more for (3) employees because they had serious injuries, and they are still under COIDA treatment. The normal process of reporting injuries to Dol, the progress report and final medical reports is an ongoing process until the injured personnel has fully recovered. Therefore, the resumption forms for all the recovered employees have been submitted to Dol.

**Table 112: Number and Period of Suspensions**

<b>Number and Period of Suspensions</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised</b>	<b>Date Finalised</b>
ICT Official	Dereliction of duties	6 July 2023	Disciplinary matter in progress	Pending
ICT Official	Dereliction of duties	6 July 2023	Disciplinary matter in progress	Pending
Senior Manager	Dereliction of duties	01-Mar-24	Disciplinary matter in progress.	Pending
HR Official	Dereliction of duties	10-May-24	Disciplinary matter in progress.	Pending
HR Official	Dereliction of duties	10-May-24	Disciplinary matter in progress.	Pending
				<i>T 4.3.5</i>

**Table 113: Disciplinary Action Taken on Cases of Financial Misconduct**

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>
Senior Manager	Financial Misconduct	Disciplinary matter in Progress	Pending

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT**

There was one case of Financial Misconduct in the year under review. The Disciplinary matter is in progress.

**4.4 PERFORMANCE REWARDS****COMMENTS ON PERFORMANCE REWARDS**

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a performance bonus based on the affordability, may be paid to the employee, after -(1) the annual report for the financial year under review has been tabled and adopted by the municipal council; (2) an evaluation of performance in accordance with the provision of regulation 23; and (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

Director's positions have been vacant during the year under review and different officials were appointed to act as Directors on rotational basis. The individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

**Table 114 Performance Rewards by Gender**

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2022/23 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	No performance rewards paid during the year under review.			
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
<b>Total</b>					

**COMMENT ON PERFORMANCE REWARDS**

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 are paid a performance bonus based on the affordability, may be paid to the employee, after - (1) the annual report for the financial year under review has been tabled and adopted by the municipal council; (2) an evaluation of performance in accordance with the provision of regulation 23; and (3) approval of such evaluation by the municipal council as a reward for

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

**INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

The Skills Development Act of 1998 requires that the municipality submit the Workplace Skills Plan/Annual Training Report/PIVOTAL (WSP/ATR/PIVOTAL) Report to LGSETA on 30 April of every year. To comply with this requirement, the municipality submitted the WSP/ATR/PIVOTAL report to LGSETA on 30 April 2023 for the financial year 2023/2024. As a result, the Municipality received reimbursement of 20% of total levies paid to SARS from LGSETA.

Training programmes were not effectively implemented as planned due to the delay experienced regarding appointment of panel of training providers.

### IMPROVEMENTS MADE IN TERMS OF CAPACITY BUILDING BY THE MUNICIPALITY

- The municipality received 20% of the mandatory grant from LGSETA after submission of WSP & ATR 2023/2024.
- With the mandatory grant received from LGSETA and the municipal budget a total number of 116 employees received training on the following courses:

TRAINING INTERVENTION	NUMBER OF EMPLOYEES
POPI Act Training	50
Regulation 21 Firearm Training	40
Further Education and Training Certificate: Road Traffic Law Enforcement (62289) (RPL)	4
Traffic Officers' Breathalyser training	4
OHS Conference	1
Fire Fighters Code 14	17

### CHALLENGES FACING CAPACITY DEVELOPMENT IN THE MUNICIPALITY

- Lack of Service Providers.
- SCM processes that take long
- Financial affordability of the municipality
- Slow implementation of the Workplace Skills Plan (WSP) is still a challenge
- Assessment of the (ROI) value of training in the municipality
- Finalisation of skills audit process

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Table 115: Skills Matrix

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 2022/23											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2021/22	Actual: End of 2022/23	2024/25 Target	Actual: End of 2022/23	Actual: End of 2023/24	2024/25 Target	Actual: End of 2021/22	Actual: End of 2022/23	2023/24 Target	Actual: End of 2022/23	Actual: End of 2023/24
MM and s57	Female	0	0	0	0	0	0	3	0	0	3	0	0	6
	Male	0	0	0	0	0	0	3	0	0	3	0	0	6
Councillors, senior officials and managers	Female	13	0	0	10	8	13	40	0	0	8	14	13	58
	Male	47	0	0	20	6	47	60	0	0	12	32	47	79
Technicians and associate professionals*	Female	11	0	0	10	18	11	34	0	0	6	2	11	50
	Male	28	0	0	20	19	28	46	0	0	9	33	28	75
Professionals	Female	4	0	0	20	1	4	20	0	0	10	4	4	50
	Male	13	0	0	20	6	13	30	0	0	10	3	13	60
Sub total	Female	28	0	0		27	28	97	0	0		20	28	164
	Male	88	0	0		31	88	139	0	0		71	88	220
<b>Total</b>		<b>116</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>58</b>	<b>116</b>	<b>236</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>91</b>	<b>116</b>	<b>386</b>

T 4.5.1

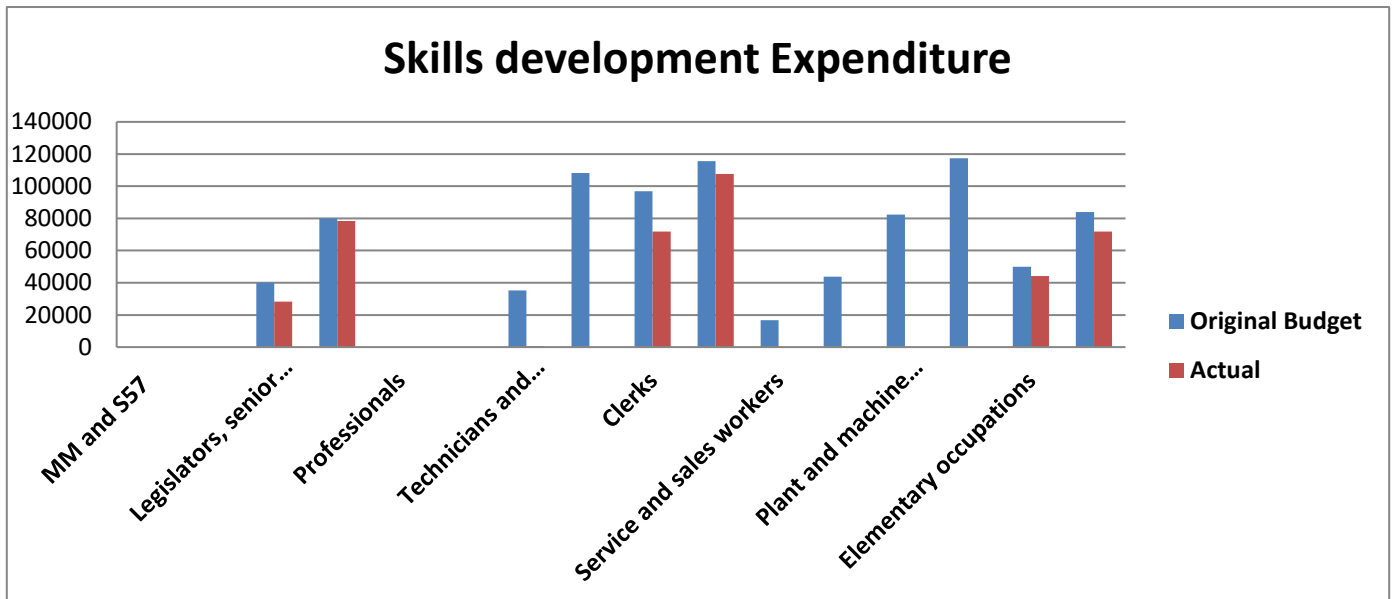
Table 116: Financial Competency Development: Progress Report

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>	24	0	24	24	0	24
<i>Accounting officer</i>	1	0	1	1	0	1
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	10	0	10	10	0	10
<i>Any other financial officials</i>	12	0	12	12	0	12
<b>Supply Chain Management Officials</b>	0	0	0	0	0	0
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	1	0	1	1	0	1
<b>TOTAL</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>48</b>	<b>0</b>	<b>48</b>

T 4.5.2

Table 117: Skills Development Expenditure

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	0	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1			0	0			0	0
	Male	1			0	0			0	0
Legislators, senior officials and managers	Female	10			40000	28332			40000	28332
	Male	20			80000	78426			80000	78426
Professionals	Female	4			0				0	0
	Male	13			0				0	0
Technicians and associate professionals	Female	20			20000	650	15143		35143	650
	Male	59			59000		49214		108214	0
Clerks	Female	122			96812	71760			96812	71760
	Male	136			115666	107640			115666	107640
Service and sales workers	Female	22			16725				16725	0
	Male	47			43731				43731	0
Plant and machine operators and assemblers	Female	25			0		82386		82386	0
	Male	37			0		117357		117357	0
Elementary occupations	Female	193			50000	44276			50000	44276
	Male	271			84000	71886			84000	71886
Sub total	Female	398			223537	145018	98429		321966	145018
	Male	584			382397	257952	166571		548968	257952
<b>Total</b>		<b>982</b>	<b>0</b>	<b>0</b>	<b>605 934</b>	<b>402 970</b>	<b>265 000</b>	<b>0</b>	<b>870 934</b>	<b>402 970</b>
									<b>46,26%</b>	467 964
T4.5.3										



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

The Skills Development Act, Act 97 of 1998, requires that employers should submit their WSP, ATR and PIVOTAL on or before 30 April each year. To ensure compliance with the Act, the municipality plan the relevant and effective training interventions on the WSP, so that employees can receive skills that are relevant to their needs and will assist them to perform their duties in an effective and efficient manner. The training interventions in the WSP are planned in a manner that they address the municipality's priorities planned in the IDP, and the relevant regulations and legislation.

The municipal internal budget together with a rollover of the LGSETA mandatory grant was allocated for implementing employees' skills development initiatives in line with the approved Workplace Skills Plan. Total expenditure for the year amounted to R 402 970.00 which is equal to 46.26% of the total budget. Due to the delay experienced regarding appointment of panel of training providers implementation of training initiatives was negatively affected resulting in under expenditure for the year under-review. A concerted effort has been made to ensure that both the relevant employees and financial management interns are trained to be compliant with the MFMA Competency Regulations.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### **INTRODUCTION TO WORKFORCE EXPENDITURE**

Workforce expenditure forms part of the municipal operational expenditure budget and managed by each directorate with the support of our Finance Directorate. It involves salaries, contributions to medical aids, pension funds, housing scheme, UIF, group life insurance, travelling, and cell-phone allowances.

All the expenditure incurred should be in line with the approved budget. When the staff establishment is approved, provision is made in the budget for all the posts which can be filled and the time frames in respect thereof. No unfunded posts may be filled. The municipality ensures that it recruits employees that are capable of effectively rendering the service towards achieving its strategic goals.

### **4.6 EMPLOYEE EXPENDITURE**

#### **COMMENT ON WORKFORCE EXPENDITURE**

Workforce expenditure typically refers to the costs associated with employing workforce including salaries, wages, benefits, training and other related expenses. It is one of the most significant operating costs for most organisations and can have a major impact on profitability and competitiveness. At an aggregate level, about 30 per cent of the total municipal operating budget is spent on the remuneration of personnel.

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. If the Municipality wants to be effective, it is important to ensure that the Municipality plan properly. To ensure that the Municipality adhere to legislation, only approved and budgeted posts on the structure are advertised. The training and development of internal staff are aimed at ensuring that they are able to perform their duties better.

**Table 118: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded**

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	3
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
<b>Total</b>		<b>3</b>

There was no upgrade of positions due to delays in unfolding of the job evaluation process for the financial year 2023/24.

**Table 119: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation**

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
		NONE		
<p><i>There was no upgrade of positions due to job evaluation for the financial year 2023/24 Some variances are legacy issues that occurred as a result of previous amalgamation.</i></p> <p style="text-align: right;"><i>T 4.6.3</i></p>				

Table 120: Employees appointed to posts not approved

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
		NONE		
<i>There was no upgrade of positions due to job evaluation for the financial year 2023/24. Some variances are legacy issues that occurred as a result of previous amalgamation.</i>				
				<i>T 4.6.3</i>

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

There was no upgrade of positions due to delays in unfolding of the job evaluation process for the financial year 2023/24. Some variances are legacy issues that occurred because of previous amalgamation.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

The municipality is highly dependent on the generation of its own revenue. The municipality had an actual ratio of 71% of own revenue generated during the financial year, and the 29% comprising of government grants and subsidies. This puts a lot of financial pressure on municipality in terms of collecting the outstanding debt to fund operations.

The total assets of the municipality amount to R2.8 billion with current assets amounting to R889 million and non-current assets amounting to R2. billion. The current assets mainly comprised of cash and cash equivalents, Inventories, Investments, receivable from exchange transactions, receivables from non-exchange transactions and VAT receivable.

The chapter comprises of the following three components:

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

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise. The Financial Statements have been prepared in accordance with the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122 (3) of the MFMA.

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original and final adjustments budget.

**Table 121: Financial Summary**

Description	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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	84 244	86 281	86 281	–	80 846	86 281	(5 436)	-6%	86 281
Service charges	594 321	750 232	791 616	–	620 232	791 616	(171 384)	-22%	791 616
Investment revenue	28	25	25	–	27	25	2	10%	25
Transfers and subsidies - Operational	274 215	284 237	325 237	–	290 437	325 237	(34 800)		325 237
Other own revenue	62 246	70 504	73 141	–	82 274	73 141	9 133	12%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 015 053</b>	<b>1 191 279</b>	<b>1 276 300</b>	<b>–</b>	<b>1 073 815</b>	<b>1 276 300</b>	<b>(202 485)</b>	<b>-16%</b>	<b>1 276 300</b>
Employee costs	344 583	396 117	397 755	–	357 416	397 755	(40 340)		397 755
Remuneration of Councillors	20 802	25 032	28 196	–	20 573	28 196	(7 623)		28 196
Depreciation and amortisation	119 939	9 413	9 409	–	–	9 409	(9 409)		9 409
Interest	61 815	8 600	8 600	–	6 056	8 600	(2 544)		8 600
Inventory consumed and bulk purchases	371 887	335 821	416 833	–	33 629	416 833	(383 205)		416 833
Transfers and subsidies	178	461	1 000	–	55	1 000	(945)	-95%	1 000
Other expenditure	531 576	351 546	351 931	–	182 964	351 931	(168 967)	-48%	351 931
<b>Total Expenditure</b>	<b>1 450 780</b>	<b>1 126 989</b>	<b>1 213 725</b>	<b>–</b>	<b>600 692</b>	<b>1 213 725</b>	<b>(613 034)</b>	<b>-51%</b>	<b>1 213 725</b>
<b>Surplus/(Deficit)</b>	<b>(435 727)</b>	<b>64 290</b>	<b>62 574</b>	<b>–</b>	<b>473 123</b>	<b>62 574</b>	<b>410 549</b>	<b>656%</b>	<b>62 574</b>
Transfers and subsidies - capital (monetary)	55 885	70 483	70 483	–	41 648	70 483	###	-41%	70 483
Transfers and subsidies - capital (in-kind)	7 319	1 179	1 179	–	–	1 179	(1 179)	-100%	1 179
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(372 523)</b>	<b>135 952</b>	<b>134 236</b>	<b>–</b>	<b>514 771</b>	<b>134 236</b>	<b>380 535</b>	<b>283%</b>	<b>134 236</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
<b>Surplus/ (Deficit) for the year</b>	<b>(372 523)</b>	<b>135 952</b>	<b>134 236</b>	<b>–</b>	<b>514 771</b>	<b>134 236</b>	<b>380 535</b>	<b>283%</b>	<b>134 236</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>4 578</b>	<b>134 568</b>	<b>131 806</b>	<b>–</b>	<b>67 003</b>	<b>131 806</b>	<b>(64 803)</b>	<b>-49%</b>	<b>131 806</b>
Capital transfers recognised	1 120	70 981	100 231	–	60 409	100 231	(39 822)	-40%	100 231
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	3 458	63 587	31 575	–	6 594	31 575	(24 981)	-79%	31 575
<b>Total sources of capital funds</b>	<b>4 578</b>	<b>134 568</b>	<b>131 806</b>	<b>–</b>	<b>67 003</b>	<b>131 806</b>	<b>(64 803)</b>	<b>-49%</b>	<b>131 806</b>

<b>Financial position</b>									
Total current assets	1 071 716	1 487 869	1 487 869		903 426				1 487 869
Total non current assets	2 017 444	2 886 349	2 883 587		2 084 473				2 883 587
Total current liabilities	1 178 049	540 343	540 343		1 116 117				540 343
Total non current liabilities	146 389	67 082	67 082		146 389				67 082
Community wealth/Equity	<b>1 838 549</b>	<b>3 771 902</b>	<b>3 770 855</b>		<b>1 520 544</b>				<b>3 770 855</b>
<b>Cash flows</b>									
Net cash from (used) operating	(109 707)	441 425	441 425	–	66 873	441 425	374 552	85%	441 425
Net cash from (used) investing	(4 253)	(134 304)	(134 304)	–	(66 678)	(134 304)	(67 626)	50%	(134 304)
Net cash from (used) financing	–	(1 937)	(1 937)	–	(2 530)	(1 937)	593	-31%	(1 937)
<b>Cash/cash equivalents at the month/year end</b>	<b>(128 064)</b>	<b>294 408</b>	<b>294 408</b>	<b>–</b>	<b>(23 699)</b>	<b>294 408</b>	<b>318 107</b>	<b>108%</b>	<b>283 819</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	–	–	–	–	–	–	–	–	–
<b>Debtors Age Analysis</b>									
Total Creditors	–	–	–	–	–	–	–	–	–

## COMMENT ON FINANCIAL PERFORMANCE

The financial performance of the municipality improved after the stress it experienced during the recovery period after the hacking. Service charges under collected with 22%. The collection rate could improve but due to non-implementation of the policies it keeps declining.

## 5.2 GRANTS

Table 122: Grant Performance

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		261 656	282 282	293 282	–	289 006	293 282	(4 276)	-1,5%	293 282
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		257 433	279 982	279 982	–	278 006	279 982	(1 976)	-0,7%	279 982
Expanded Public Works Programme Integrated Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		1 923	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		2 300	2 300	2 300	–	–	2 300	(2 300)	-100,0%	2 300
Municipal Disaster Relief Grant	3	–	–	11 000	–	11 000	11 000	–	0,0%	11 000
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		11 131	–	30 000	–	–	30 000	(30 000)	-100,0%	30 000
Infrastructure Grant		11 131	–	30 000	–	–	30 000	(30 000)	-100,0%	30 000
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		1 428	1 955	1 955	–	1 431	1 955	(524)	-26,8%	1 955
ESKOM		–	–	–	–	–	–	–	–	–
National Economic Development and Labour Council		1 428	1 263	1 263	–	1 431	1 263	168	13,3%	1 263
National Skills Fund		–	692	692	–	–	692	(692)	-100,0%	692
<b>Total Operating Transfers and Grants</b>	5	274 215	284 237	325 237	–	290 437	325 237	(34 800)	-10,7%	325 237
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		55 886	70 481	70 481	–	41 650	70 481	(28 831)	-40,9%	70 481
Integrated National Electrification Programme Grant		–	2 050	2 050	–	–	2 050	(2 050)	-100,0%	2 050
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		45 594	47 531	47 531	–	37 535	47 531	(9 996)	-21,0%	47 531
Water Services Infrastructure Grant		10 292	20 900	20 900	–	4 115	20 900	(16 785)	-80,3%	20 900
<b>Provincial Government:</b>		2 158	1 179	1 179	–	–	1 179	(1 179)	-100,0%	1 179
Capacity Building and Other Grants		1 038	–	–	–	–	–	–	–	–
Infrastructure Grant		1 120	1 179	1 179	–	–	1 179	(1 179)	-100,0%	1 179
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		5 160	2	2	–	(1)	2	(3)	-186,3%	2
[insert description]		–	–	–	–	–	–	–	–	–
Developers Contribution		–	–	–	–	–	–	–	–	–
Office of the Pension Fund Adjudicator		(1)	2	2	–	(1)	2	(3)	-186,3%	2
Unspecified		5 161	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	63 204	71 662	71 662	–	41 648	71 662	(30 013)	-41,9%	71 662
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	337 419	355 899	396 899	–	332 085	396 899	(64 814)	-16,3%	396 899

**Table 123: Grants received from sources other than Division of Revenue Act (DoRA)**

<b>Grants Received From Sources Other Than Division of Revenue Act (DoRA)</b>						
<b>Details of Donor</b>	<b>Actual Grant 2022/23</b>	<b>Actual Grant 2023/24</b>	<b>Municipal Contribution</b>	<b>Date Grant terminates</b>	<b>Date Municipal contribution terminates</b>	<b>Nature and benefit from the grant received, include description of any contributions in kind</b>
<b>Parastatals</b> – No grants received						
<b>Foreign Governments/Development Aid Agencies</b> – No grants received						
<b>Private Sector / Organisations</b> – No grants received						

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

There are no variations in terms of grants received.

**5.3 ASSET MANAGEMENT****INTRODUCTION TO ASSET MANAGEMENT**

The Assets of the municipality are managed under section 63 of the Municipal Finance Management Act and the asset management policy as approved by council at its sitting on the 29th of June 2023. The policy dealing with accounting (GRAP compliance) for assets, safeguarding and derecognition or disposals of assets.

Table 124: Treatment Of the Three Largest Assets Acquired

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED IN 2023/24</b>				
<b>Asset 1</b>				
Name	TRUCK COMPACTOR UD PKE 250 (Quantity 2)			
Description	Refuse compactor X 2			
Asset Type	Movable Asset			
Key Staff Involved	Refuse Compactor Operators			
Staff Responsibilities	Maintenance and safe keeping of the asset			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Asset Value				5 373 780
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy and Fleet Management Policy			
<b>Asset 2</b>				
Name	LDV MAHINDRA 2.2 mHAWK SC 4X4			
Description	Fire fighting vehicle X 1			
Asset Type	Movable Asset			
Key Staff Involved	Firefighters			
Staff Responsibilities	Maintenance and safe keeping of the asset			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Asset Value				339 190
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy and Fleet Management Policy			
<b>Asset 3</b>				
Name	VEHICLE VW POLO VIVO (Quantity 3)			
Description	Traffic Vehicle X 3			
Asset Type	Movable Asset			
Key Staff Involved	Traffic Officers			
Staff Responsibilities	Maintenance and safe keeping of the asset			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Asset Value				852 030
Capital Implications	None			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy and Fleet Management Policy			
				<i>T 5.3.2</i>

**COMMENT ON ASSET MANAGEMENT:**

Movable asset acquisitions for the 2023/24 financial year amounted to R10.1 million and the additions on immovable assets amount to R62.8 million which includes WIP amounting to R58.5 million and Infrastructure addition of R4.3 million. Work in progress (WIP) including project completed in the financial year amount to R73.3 million. There were no additions to heritage assets, and land acquisition for the 2023/24.

**Table 125: Repairs and Maintenance Expenditure**

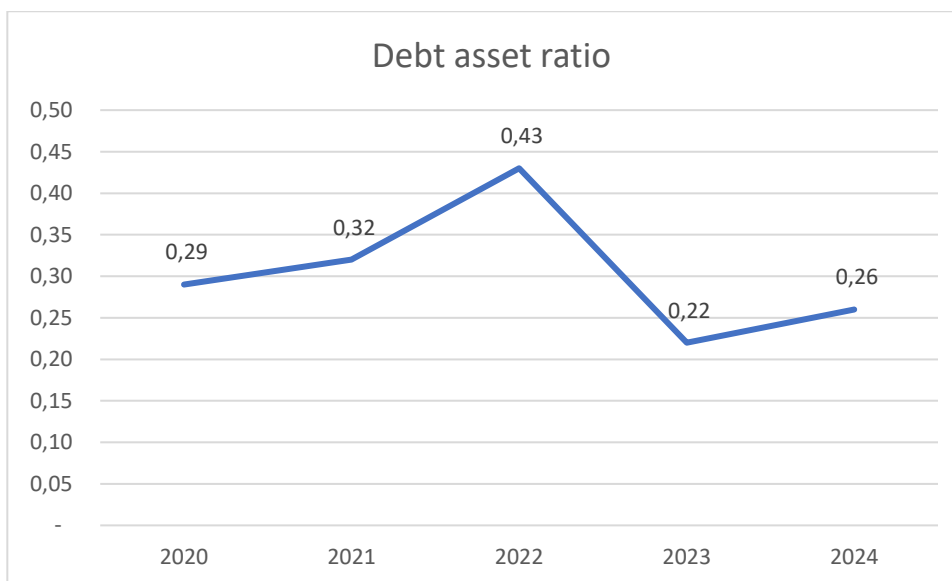
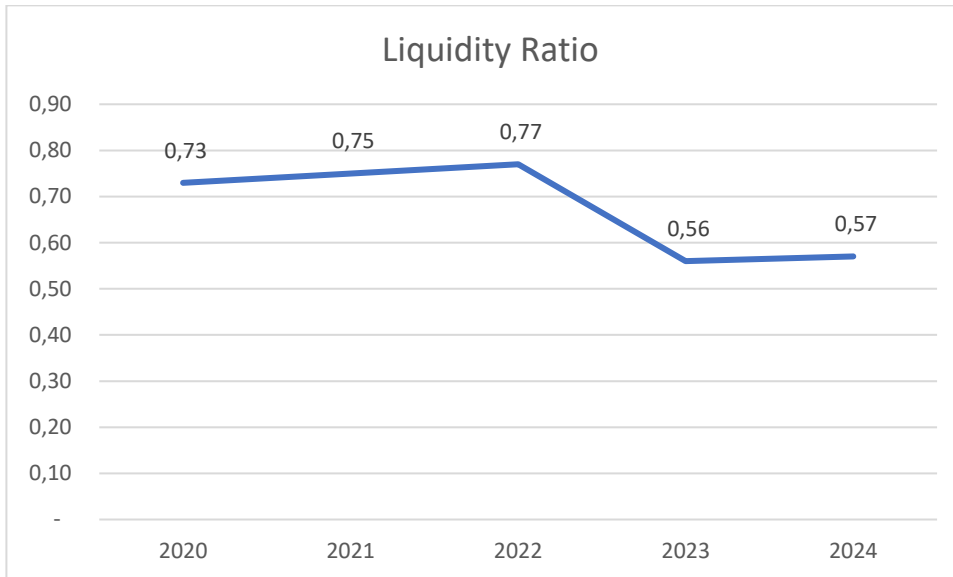
<b>Repair and Maintenance Expenditure: 2023/24</b>				
				<b>R' 000</b>
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure 2023/24	97 281	103 427	99 520	96%

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

The majority of the Repairs and maintenance expenditure for the 2023/24 has been reclassified to contracted services and materials as a result of the municipal Standard Chart of Accounts classification requirements which came into effect on the 01 July 2017.

Most of these repairs' maintenance work carried out relates to the sewer and water infrastructure which continues to collapse and burnt time and again.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



**Graph 10: Debt Assets Ratio**

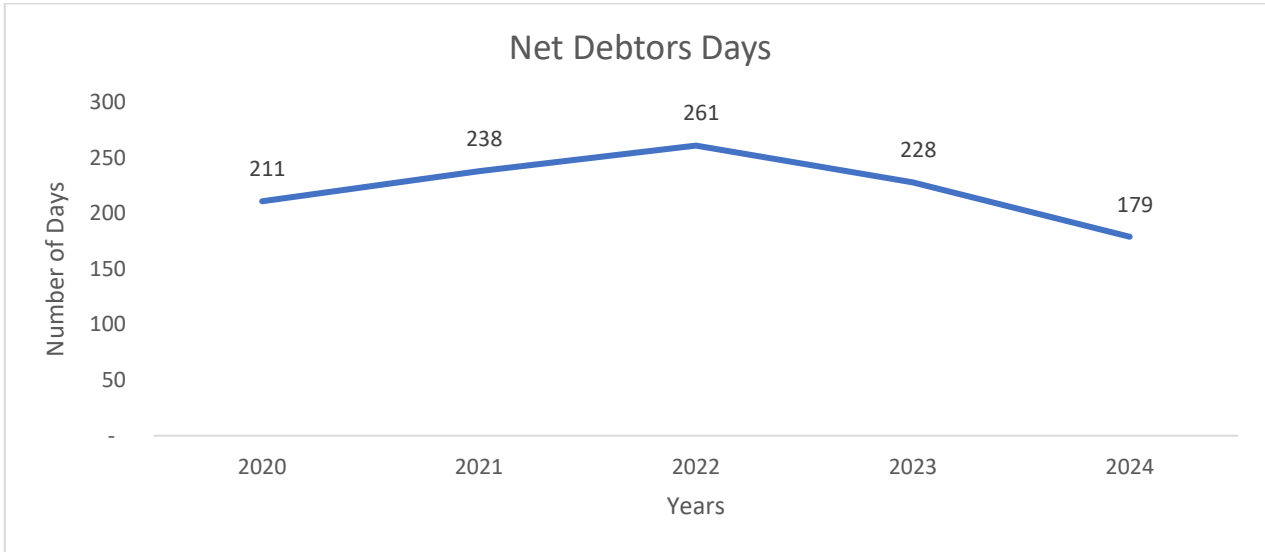


Figure 11: Ratio: Net Debtors Days

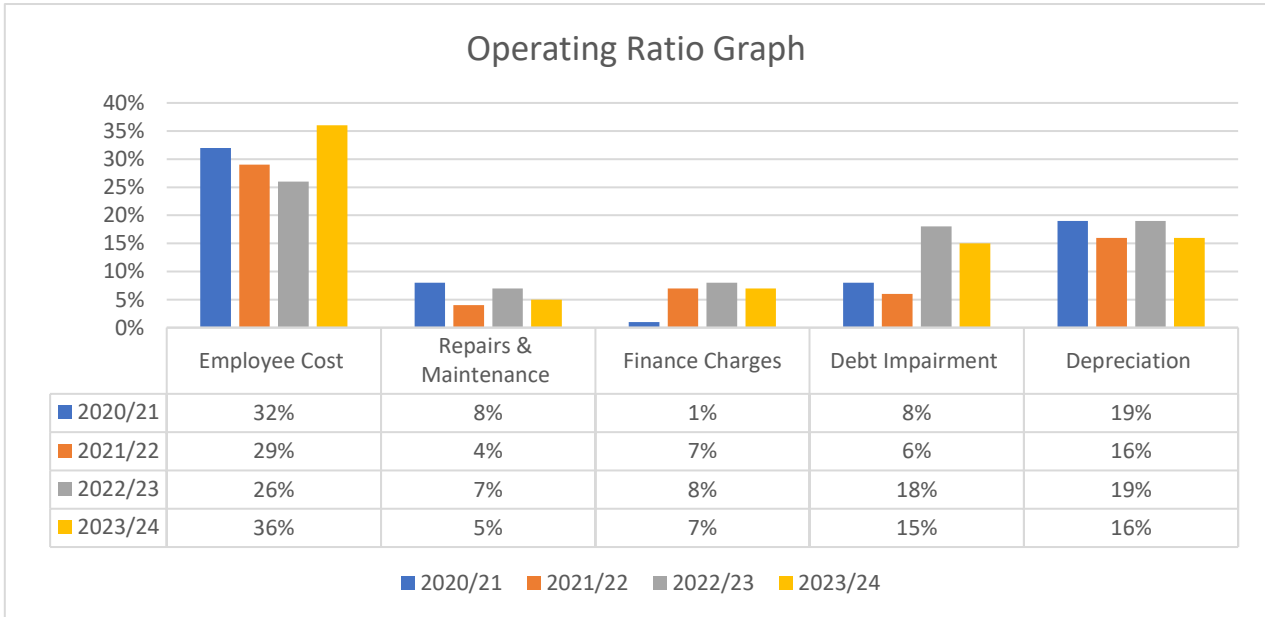
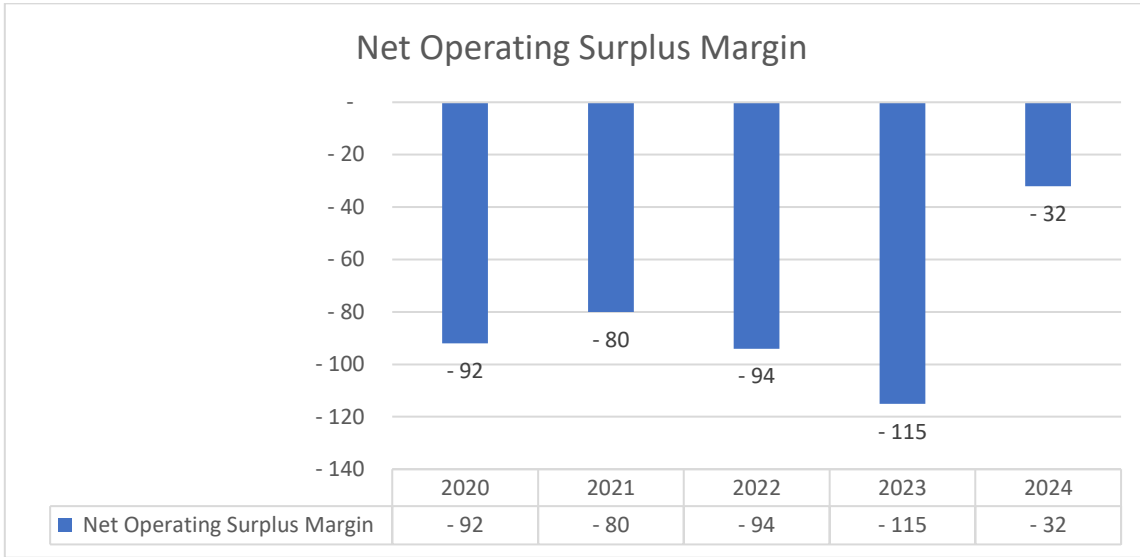


Figure 12: Operating Ratio



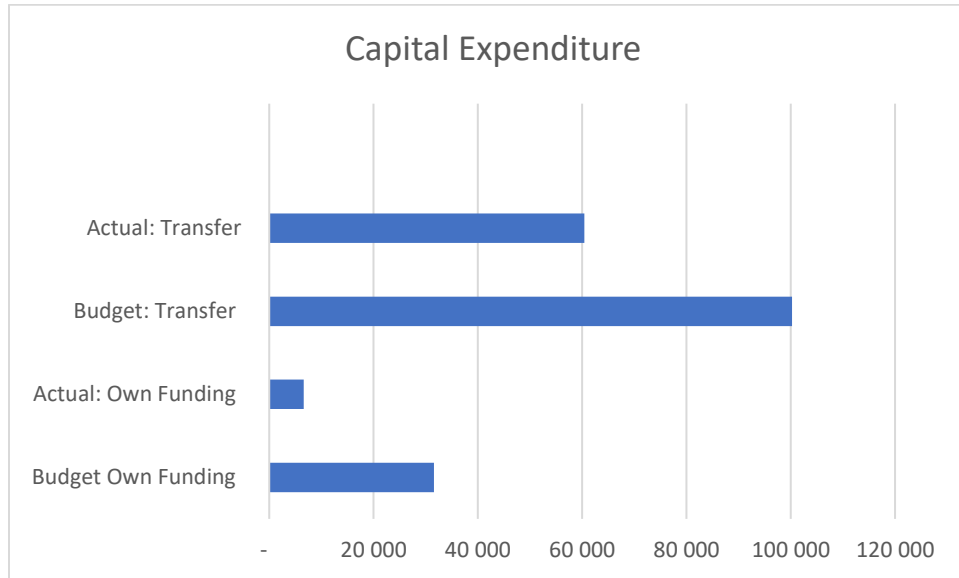
**Graph 135: Net Operating Surplus Margin**

**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

**INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the five largest projects and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

## 5.5 CAPITAL EXPENDITURE



Graph 13: Expenditure Analysis

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 127	12 428	6 021	–	1 479	6 021	(4 542)	-75%	6 021
Executive and council		1	252	70	–	41	70	(29)	-42%	70
Finance and administration		1 106	12 067	5 841	–	1 438	5 841	(4 403)	-75%	5 841
Internal audit		19	110	110	–	–	110	(110)	-100%	110
<b>Community and public safety</b>		1 011	19 454	12 431	–	3 291	12 431	(9 140)	-74%	12 431
Community and social services		294	13 368	7 968	–	1 089	7 968	(6 879)	-86%	7 968
Sport and recreation		606	4 453	2 513	–	788	2 513	(1 725)	-69%	2 513
Public safety		81	1 482	1 890	–	1 356	1 890	(533)	-28%	1 890
Housing		30	150	60	–	58	60	(2)	-3%	60
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		497	55 315	48 511	–	37 574	48 511	(11 037)	-23%	48 511
Planning and development		121	750	630	–	–	630	(630)	-100%	630
Road transport		376	54 415	47 831	–	37 574	47 831	(10 257)	-21%	47 831
Environmental protection		–	150	150	–	–	150	(150)	-100%	150
<b>Trading services</b>		1 944	46 994	64 613	–	24 659	64 613	(39 954)	-62%	64 613
Energy sources		437	8 060	4 560	–	2 042	4 560	(2 518)	-55%	4 560
Water management		357	27 960	24 500	–	22 357	24 500	(2 143)	-9%	24 500
Waste water management		31	4 153	32 053	–	260	32 053	(31 793)	-99%	32 053
Waste management		1 120	6 821	3 500	–	–	3 500	(3 500)	-100%	3 500
Other		–	377	130	–	–	130	(130)	-100%	130
<b>Total Capital Expenditure - Functional Classification</b>	3	4 578	134 568	131 806	–	67 003	131 806	(64 803)	-49%	131 806
<b>Funded by:</b>										
National Government		(0)	69 481	100 231	–	60 409	100 231	(39 822)	-40%	100 231
Provincial Government		1 120	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educ Institutions)		–	1 500	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		1 120	70 981	100 231	–	60 409	100 231	(39 822)	-40%	100 231
<b>Borrowing</b>	6	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		3 458	63 587	31 575	–	6 594	31 575	(24 981)	-79%	31 575
<b>Total Capital Funding</b>		4 578	134 568	131 806	–	67 003	131 806	(64 803)	-49%	131 806

## 5.6 SOURCES OF FINANCE

**Table 126: Capital Expenditure Funding Sources**

Capital expenditure of Transfers and Grants									
<b>National Government:</b>	(0)	69 481	100 231	–	60 409	100 231	(39 822)	<b>-39,7%</b>	100 231
Integrated National Electrification Programme Grant	–	1 050	2 050	–	2 022	2 050	(28)	<b>-1,4%</b>	2 050
Local Government Financial Management Grant	–	–	–	–	–	–	–		–
Municipal Infrastructure Grant	–	47 531	47 281	–	37 520	47 281	(9 761)	<b>-20,6%</b>	47 281
Water Services Infrastructure Grant	(0)	20 900	50 900	–	20 868	50 900	(30 032)	<b>-59,0%</b>	50 900
<b>Provincial Government:</b>	–	–	–	–	–	–	–		–
<b>District Municipality:</b>	–	–	–	–	–	–	–		–
Capacity Building and Other Grants	–	–	–	–	–	–	–		–
Infrastructure Grant	1 120	–	–	–	–	–	–		–
Specify (Add grant description)	–	–	–	–	–	–	–		–
<b>Other grant providers:</b>	–	1 500	–	–	–	–	–		–
Unspecified	–	1 500	–	–	–	–	–		–
<b>Total capital expenditure of Transfers and Grants</b>	(0)	70 981	100 231	–	60 409	100 231	(39 822)	<b>-39,7%</b>	100 231
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	110 558	191 330	234 821	–	155 873	234 821	(78 948)	<b>-33,6%</b>	234 821

### COMMENT ON SOURCES OF FUNDING:

The municipality's grant spending was in line with the budget, as all the projects in undertaken were implemented by the municipality.

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

**Table 127: Capital Expenditure: Five Largest Projects**

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: 2023/24			Variance: Current 2023/24		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Kroonstad waste water treatment works - Phase 2	29	-	29	0%	100%	
Consteuction of 4km water pipeline at 11th Avenue and repair sl	2		2	0%	100%	
Maokeng Gelukwaarts Upgrading of Masione and Stiloane Street	7		7	0%	100%	
Maokeng Brentpark Construction of 1,5ml Steel Reservoir	10	-	10	0%	100%	
Maokeng Seisoville Construction of 1,46km paved road Mahab	10	-	10	0%	100%	
<i>* Projects with the highest capital expenditure in 2018/19</i>						
Name of Project	Kroonstad Waste Water Treatment Works - Phase 2					
Objective of Project	Purification of sewer					
Delays						
Future Challenges						
Anticipated citizen benefits						
Name of Project	Construction of 4km water pipe line at 11th Avenue and repair sluice gate at Bloemhoe					
Objective of Project	Water to the community					
Delays						
Future Challenges						
Anticipated citizen benefits						
Name of Project	Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane					
Objective of Project	Save roads for the community					
Delays						
Future Challenges						
Anticipated citizen benefits						
Name of Project	Maokeng: Gelukwaarts - Upgrading of Masione and Stiloane Street (0.796km) to a pav					
Objective of Project	Save roads for the community					
Delays						
Future Challenges						
Anticipated citizen benefits						
Name of Project	Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tan					
Objective of Project	Water to the community					
Delays						
Future Challenges						
Anticipated citizen benefits						

T 5.7.1

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The municipality has set targets for achieving the national outcomes for basic services in the 2022-2027 approved Integrated Development Plan (IDP). By the end of 2023/24 financial year, 100% of the households in the municipal area had access to piped water within 200m from their dwelling. With regard to access to basic sanitation, 99% of households had access to basic sanitation, and 100% of households received a weekly refuse removal service. Hundred percent (100%) of the households located in the Municipality's area of jurisdiction have access to electricity, namely: Kroonstad, Maokeng, Viljoenskroon and Steynsrus.

**Table 128: Service Backlogs**

Service Backlogs as at 30 June 2024				
Households (HHs)				
	*Service level above minimum standard 2023/24		**Service level below minimum standard 2023/24	
	No. HHs	% HHs	No. HHs	% HHs
Water	34 883	100%	0	0%
Sanitation	36 539	99%	454	1%
Electricity	25 797	100%	0	0%
Waste management	35 114	100%	0	0%
Housing	38 915	91%	3 874	9%

Table 129: MIG Expenditure on backlogs

Municipal Infrastructure Grant (MIG)* Expenditure 2023/24 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>Infrastructure - Road transport</b>				0,0%	0,0%	
<i>Roads, Pavements &amp; Bridges</i>	24		24	0,0%	-100,0%	
<i>Storm water</i>				0,0%	0,0%	
<b>Infrastructure - Electricity</b>				0,0%	0,0%	
<i>Generation</i>				0,0%	0,0%	
<i>Transmission &amp; Reticulation</i>				0,0%	0,0%	
<i>Street Lighting</i>				0,0%	0,0%	
<b>Infrastructure - Water</b>				0,0%	0,0%	
<i>Dams &amp; Reservoirs</i>	11		11	0,0%	-100,0%	
<i>Water purification</i>				0,0%	0,0%	
<i>Reticulation</i>	3		3	0,0%	-100,0%	
<b>Infrastructure - Sanitation</b>				0,0%	0,0%	
<i>Reticulation</i>	1		1	-28,8%	-100,0%	
<i>Sewerage purification</i>	1		1	0,0%	-100,0%	
<b>Infrastructure - Other</b>				0,0%	0,0%	
<i>Waste Management</i>				0,0%	0,0%	
<i>Transportation</i>				0,0%	0,0%	
<i>Gas</i>				0,0%	0,0%	
<b>Other Specify:</b>				0,0%	0,0%	
Sports	1		1	0,0%	-100,0%	
PMU	2		2	0,0%	-100,0%	
				0,0%	0,0%	
<b>Total</b>	<b>43</b>	<b>-</b>	<b>43</b>	<b>-0,7%</b>	<b>-100,0%</b>	

T 5.8.3

**COMMENT ON BACKLOGS:**

As can be seen the basic services backlogs have reduced over the past few years. The backlogs remaining will however require big infrastructure spending to eradicate and it should be borne in mind that existing infrastructure in some areas are outdated and in need of major overhaul to prevent service interruptions.

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The collective objectives of the cash and investment management is to ensure availability at all times of adequate liquid resources for operational purposes and investment in assets and maintaining optimal balance between available cash and cash investments. The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors' payment within 30 days and addressing the long-term liabilities.

## 5.9 CASH FLOW

**Table 130 Cash flow**

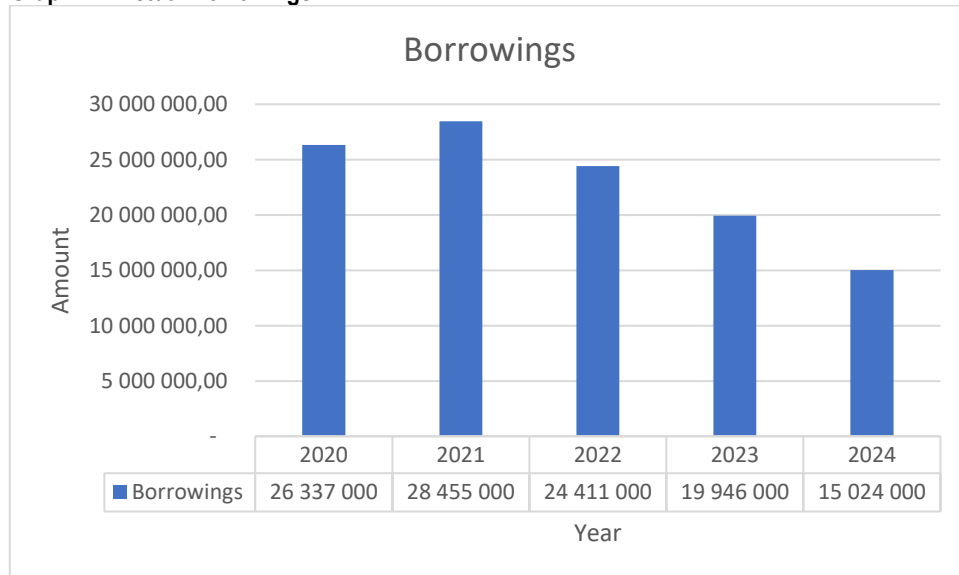
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		56 983	79 851	79 851	–	55 892	79 851	(23 959)	-30%	79 851
Service charges		420 760	864 166	864 166	–	389 498	864 166	(474 668)	-55%	864 166
Other revenue		359 951	(39 235)	(39 235)	–	187 429	(39 235)	226 664	-578%	(39 235)
Transfers and Subsidies - Operational		5 308	283 908	283 908	–	281 769	283 908	(2 139)	-1%	283 908
Transfers and Subsidies - Capital		68 029	109 540	109 540	–	92 793	109 540	(16 747)	-15%	109 540
Interest		–	–	–	–	–	–	–	–	–
Dividends		2 092	1 655	1 655	–	325	1 655	(1 330)	-80%	1 655
<b>Payments</b>										
Suppliers and employees		(1 022 829)	(858 460)	(858 460)	–	(940 833)	(858 460)	82 373	-10%	(858 460)
Interest		–	–	–	–	–	–	–	–	–
Transfers and Subsidies		–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(109 707)</b>	<b>441 425</b>	<b>441 425</b>	<b>–</b>	<b>66 873</b>	<b>441 425</b>	<b>374 552</b>	<b>85%</b>	<b>441 425</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		325	264	264	–	325	264	61	23%	264
<b>Payments</b>										
Capital assets		(4 578)	(134 568)	(134 568)	–	(67 003)	(134 568)	(67 565)	50%	(134 568)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(4 253)</b>	<b>(134 304)</b>	<b>(134 304)</b>	<b>–</b>	<b>(66 678)</b>	<b>(134 304)</b>	<b>(67 626)</b>	<b>50%</b>	<b>(134 304)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	137	–	137	#DIV/0!	–
<b>Payments</b>										
Repayment of borrowing		–	(1 937)	(1 937)	–	(2 667)	(1 937)	730	-38%	(1 937)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>(1 937)</b>	<b>(1 937)</b>	<b>–</b>	<b>(2 530)</b>	<b>(1 937)</b>	<b>593</b>	<b>-31%</b>	<b>(1 937)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(113 960)</b>	<b>305 184</b>	<b>305 184</b>	<b>–</b>	<b>(2 334)</b>	<b>305 184</b>			<b>305 184</b>
Cash/cash equivalents at beginning:		(14 104)	(10 775)	(10 775)	–	(21 364)	(10 775)			(21 364)
Cash/cash equivalents at month/year end:		(128 064)	294 408	294 408		(23 699)	294 408			283 819

## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

This long-term borrowing is attributable to the Development bank of South Africa (DBSA), The municipality has made arrangements to servicing this debt as per the agreement.

**Graph 14: Actual Borrowings**



### COMMENT ON BORROWING AND INVESTMENTS:

The municipality's investments were made in line with the municipal investment regulations GNR 308 01 April 2005. This mainly relates to grants funding which were kept in the call account until needed to defray project costs/expenditure.

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not enter into any Public Private Partnerships during the 2023/24 financial year.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

The municipality's implementation of the supply chain unit is progressing slowly due to significant shortage of staff. These shortages were addressed in December 2023 when staff were appointed in SCM.

SCM is currently in the process of procuring the SCM module that will make centralisation easier.

Two of the existing supply chain officials have attained the required MFMA competency levels.

The municipality continues to make effort to revise the organogram of supply chain and employ independent and reputable officials within the SCM Unit.

**The following tenders was awarded during the 2023/24 financial year.**

NO	NAME OF PROJECT	TENDER NO	APPOINTMENT DATE	DURATION	AMOUNT	SERVICE PROVIDER/S
1	Maokeng/Seisoville: Construction of 1.46km Paved Road and Storm Water at Mahabane Street	3/2/2/2023-24	06-Nov-23	9 Months	R 10 328 120,95	KMN Engineering
2	Brentpark: Construction of 1.316km Paved Road and Storm Water at Canon Street	3/2/1/2023-24	06-Nov-23	8 Months	R 10 150 862,45	BEE Construction and Consultancy
3	Panel Of Service Providers For Supply & Delivery Of Stationery For A Period Of Three Years	1/2/1/2023-24	16-Nov-23	3 Years	As and When	1. Melody Hills Trading 238
			16-Nov-23		As and When	2. Purple Maroon
			16-Nov-23		As and When	3. Zentech Innovations
			16-Nov-23		As and When	4. Sekutjwane General Trader
			13-Nov-23		As and When	5. Siboniseng Solutions
4	Panel For Supply & Delivery Of Cleaning Material For A Period Of Three Years	1/2/2/2023-24	16-Nov-23	3 Years	As and When	1. Kgamothudi Construction
			16-Nov-23		As and When	2. Melody Hills Trading 238
			16-Nov-23		As and When	3. Toll Assist

NO	NAME OF PROJECT	TENDER NO	APPOINTMENT DATE	DURATION	AMOUNT	SERVICE PROVIDER/S
			16-Nov-23		As and When	4. Purple Maroon
			16-Nov-23		As and When	5. Lebisang Katlehong
5	Rammulotsi: Construction of 0.25km Paved Road With 0.266km Storm Water Drainage	3/2/8/2023-24	23-Nov-23	3 Months	R 3 699 966,88	Khumotso Construction Engineering
6	Electrification of Maokeng Ext 10 (Koekoe Village)	3/2/4/2023-24	07-Dec-23	6 Months	R 2 991 816,08	Bohlabela Systems
7	Maokeng/Gelukwaarts: Upgrading of Masionne and Stiloane Street (0.796km) To A Paved Road With Vehicular Crossing	3/2/9/2023-24	12-Dec-23	9 Months	R 12 005 052,00	Motlalepula Infotech and Projects
8	Maokeng (Brentpark): Construction of 1,5ML Steel Reservoir 0,5ML Elevated Steel Tank and Pumpstation	3/2/10/2023-24	13-Dec-23	12 Months	R 16 130 558,44	Setshabelo Trading 647
9	Panel of Hiring of Service Providers For Fleet (Yellow & White) For A Period of Three Years As and When Needed	3/2/3/2023-24	26-Jan-24	3 Years	As and When	Impoqo Trading Ncisana Trading and Projects Wilson and Son Trucking Xeno Energy Tumileng Trading 16 Elegant 786 Trading KMN Engineering Linomtha Plant Hire and Road Construction Afrika Ya Mme Rafe Investments and Projects JV Lamak Sebenza Engineering Projects
10	Panel Of Service Providers For Unblocking Sewer Line, Cleaning Pump Stations, Servicing Of Dry Sanitation Toilets and Cleaning Storm Water Lines For A Period of	3/2/11/2023-24	28-May-24	3 Years	As and When Needed	Kokitha Trading JV Gokho 1
			28-May-24		As and When Needed	Powervac 2014
			28-May-24		As and When Needed	Calgary Trading
			28-May-24		As and When Needed	Bene Tech

NO	NAME OF PROJECT	TENDER NO	APPOINTMENT DATE	DURATION	AMOUNT	SERVICE PROVIDER/S
	Three Years As and When Required		28-May-24		As and When Needed	Kopano and Poelano Investment (Pty) Ltd
			28-May-24		As and When Needed	Elegant 786 Trading
			28-May-24		As and When Needed	Reyoko Designs and Construction (Pty) Ltd
			28-May-24		As and When Needed	Aqua Transport and Plant Hire (Pty) Ltd
			28-May-24		As and When Needed	LTS Infinity (Pty) Ltd
			30-May-24		As and When Needed	Mos M Group
11	Panel Of Service Providers For General Communications, Branding, Advertising Services For A Period Of Three Years As And When Required	5/2/1/2023-24	30-May-24	3 Years	As and When Needed	Brand Legacy Communication group
			28-May-24		As and When Needed	Mudau Picture Frames T/A Framefun
12	Panel Of Service Providers Of External Mechanical Workshops For Repairs and Maintenance Of Vehicles And Plant For A Period Of Three Years, As And When Needed	3/2/16/2023-24	30-May-24	3 Years	As and When Needed	Artcon Panel Beaters (Pty) Ltd
			28-May-24		As and When Needed	Khuwait Holdings (Pty) Ltd
			28-May-24		As and When Needed	AJ Dieseldiens
			28-May-24		As and When Needed	Kornet Beleggers CC t/a Smuts Engineering
13	Panel Of Five Service Providers For Hiring Of Refuse Compactors For A Period Of Three Years As and When Needed	3/2/14/2023-24	28-May-24	3 Years	As and When Needed	Sebenza Engineering Projects
					As and When Needed	Mohlhwa Investments Holdings 3 (Pty) Ltd
					As and When Needed	MLK Engineering and Consultants
14	Management and Maintenance of The Existing Kroonstad Viljoenskroon and Steynsrus Landfill Sites For A Period of Three Years	4/2/2/2023-24	28-May-24	3 Years	As and When Needed	Mobeni Integrated Systems (Pty) Ltd
15	Appointment For Panel Of 10 Contractors For The Repair or Replacement of	3/2/12/2023-24	24-Jun-24	3 Years	As and When Needed	Ntheba Figup JV
			25-Jun-24		As and When Needed	Wilson and Son Trucking

NO	NAME OF PROJECT	TENDER NO	APPOINTMENT DATE	DURATION	AMOUNT	SERVICE PROVIDER/S
	Collapse Sewer and Water Pipeline For A Period of Three Years As and When Required		18-Jun-24		As and When Needed	Excellence Business Academy
			24-Jun-24		As and When Needed	KMN Egeineering
			18-Jun-24		As and When Needed	Komhla Finomenal JV
			24-Jun-24		As and When Needed	Rumano Electrical
			24-Jun-24		As and When Needed	Sebatsi (PTY) Ltd
			18-Jun-24		As and When Needed	Technomobile
			18-Jun-24		As and When Needed	MLK Engineering and Consultants
			25-Jun-24		As and When Needed	Gqobo Investments cc

### 5.13 GRAP COMPLIANCE

#### COMMENTS ON GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice**, and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The municipality complies with the requirements of all GRAP standards, which are effective and applicable to its environment. On a yearly basis, the Accounting Standard Board issues new/updated/revised standards, which are implemented accordingly by the municipality.

GRAP STANDARDS	
Audit Report Status*:	
Standards not yet adopted	Remedial Action Taken
IGRAP 20: Accounting for Adjustments to Revenue	The municipality is currently reviewing the impact of this IGRAP on the operations and the financial statements.
Guideline on Accounting of Landfill sites	
The Application of Materiality to Financial Statements	

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The following table outlines the municipality's performance in the Audit outcomes from prior year to current financial year.

Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023/24

#### 6.1 AUDITOR GENERAL REPORTS 2023/24

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p><b>Annual Financial Statements</b></p> <p>The municipality did not recognise revenue from the sale of electricity and the sale of water included in service charges in note 20 to the financial statements in accordance with GRAP 9, Revenue from exchange transactions. This was because some consumers were not billed for service charges for the current and prior years.</p> <p>The municipality did not impair infrastructure and community assets included as part of property, plant and equipment in note 12 to the financial statements, where indicators of impairment were identified in accordance with GRAP 26, Impairment of cash-generating assets as the municipality did not assess the physical condition of some of these assets.</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>Furthermore, the municipality did not review the useful lives of property plant and equipment at each reporting date in accordance with GRAP 17, Property, plant and equipment.</p> <p>The municipality did not account for inventories in accordance with GRAP 18, Recognition and derecognition of land, as the municipality incorrectly recognised owner-occupied vacant sites not held for resale as inventory.</p> <p>During 2023, the municipality did not implement adequate systems to record consumable stores included as part of inventories in note 4 to the financial statements in accordance with GRAP 12, Inventory as not all inventory items could be physically verified.</p> <p>During 2023, the municipality did not correctly classify the rehabilitation of landfill sites and rehabilitation cost of quarries included as part of provisions in note 17 to the financial statements in accordance with GRAP 1, Presentation of financial statements as the municipality incorrectly recognised the rehabilitation costs for the landfill sites and a quarry that reached the end of its useful life as a non-current liability.</p>	
<p><b>Strategic Planning and Performance Management</b></p> <p>The municipality did not maintain adequate systems to accurately determine the electricity and water units distributed. Consequently, I was unable to determine the full extent of the misstatements to electricity and water distribution losses.</p> <p>Note 54 to the financial statements, indicates that the municipality incurred a net loss of R171 741 230 during the year ended 30 June 2024 and, as of that date,</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent recurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>the municipality's current liabilities exceeded its current assets by R684 158 009. In addition, the payables from exchange transactions for periods longer than 30 days amounted to R1 369 468 704 as at 30 June 2024, which was long overdue.</p> <p>With reference to note 57 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.</p> <p>The Kroonstad Wastewater Treatment Works has not been operating effectively and in need of maintenance and repair work. This has resulted in continued spilling and discharge of raw / untreated sewerage into the adjacent environment, including the groundwater, Vals River and its extended watercourse.</p> <p>Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.</p> <p>The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 320 to 321.</p>	

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p><b>Expenditure Management</b></p> <p>As disclosed in note 48 to the financial statements, unauthorised expenditure of R122 592 687 (2023: R338 494 818) was incurred due to the overspending of the budget.</p> <p>As disclosed in note 46 to the financial statements, the municipality incurred irregular expenditure of R83 899 225 (2023: R97 477 869), due to non-compliance with supply chain management (SCM) requirements.</p> <p>The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom for the bulk purchase of electricity were paid within the prescribed period after receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA.</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>
<p><b>Procurement and Contract Management</b></p> <p>During the follow-up audit, it was observed that the remaining material deteriorated, and some burned. As a result, the municipality did not derive value from a total of R4 218 545.90 in expenditure incurred on procurement of the materials. Thus, this expenditure constitutes fruitless and wasteful expenditure, in that the expenditure undertaken was without value and did not produce the desired results (thus in vain). This expenditure could have been avoided had due diligence been exercised by safeguarding the material in accordance with section with 63(1)(a) of the MFMA. The table below indicates the total value of work completed as per Payment Certificate No. 23 and the total amount of material procured. Additionally, included in the calculation</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>is the material that was not safeguarded and which subsequently burned.</p> <p>During the 2022-23 audit assessment, it was established that, the contractor failed to bring the works to practical completion within the time frame for completion of the work in accordance with contractual agreement resulting in termination of its contract agreement by the Municipality on 28 August 2023. A total amount of R5 000 000 in advance payment was paid to the contract by the municipality at the time of termination. The advance payment guarantee expiry date was 30 August 2023. However, there was no evidence of deliverable and/or works performed relating to advance payment effected to the contractor. Following the termination of the contract agreement with the contractor on 28 August 2023, due to default and failure to complete the project, the municipality did not provide evidence to the effect that a claim was lodged with the guarantor and that a total amount of R5 000 000 in advance payment to the contractor was successfully recovered before the expiry date of the Guarantee, i.e. 30 August 2023.</p>	
<p><b>Consequence Management</b></p> <p>The municipality did not disclose all instances of fruitless and wasteful expenditure incurred in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments made on infrastructure projects, materials left onsite that could not be verified, materials left onsite deteriorated and advance payments that could not be recovered. Consequently, I</p>	<p>Action Plan still to be developed by management but the corrective measures have been implemented to prevent reoccurrence. The detailed corrective measure will be outlined in the audit action plan.</p>

<b>Auditor-General Report on Financial Performance: 2023/24</b>	
<b>Audit Report Status*:</b>	<b>Qualified Audit Opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
was unable to determine the full extent of the understatement of fruitless and wasteful expenditure as stated at R66 512 398 in note 47 to the financial statements, as it was impracticable to do so.	

## COMPONENT B: AUDITOR-GENERAL OPINION 2023/24 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT 2023/24

#### **AUDITOR GENERAL REPORT ON THE ANNUAL FINANCIAL STATEMENTS: 2023/24**

#### **Report of the auditor-general to the Free State Provincial Legislature and the council on the Moqhaka Local Municipality**

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

##### **Qualified opinion**

I have audited the financial statements of the Moqhaka Local Municipality set out on pages 383 to 467, 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 and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moqhaka Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

##### **Basis for qualified opinion**

##### **Services charges**

The municipality did not recognise revenue from the sale of electricity and the sale of water included in service charges in note 20 to the financial statements in accordance with GRAP 9, Revenue from exchange transactions. This was because some consumers were not billed for service charges for the current and prior years. Consequently, this resulted in an understatement of the sale of electricity by R249 449 201 (2023: R 52 901 319), an understatement in the sale of water by R135 194 191 (2023: R 116 652 606) and an understatement of receivables from exchange

transactions included in note 6 to the financial statements by R384 643 392 (2023: R 169 553 924). In addition, some electricity consumers who did not meet the minimum qualifying criteria were incorrectly granted indigent subsidies in the current year. Consequently, this resulted in an understatement of the sale of electricity by R15 500 654 and an understatement of receivables from exchange transactions by the same amount. Furthermore, material differences were identified in the sale of electricity between the current year's billing reports and consumer invoices. Consequently, this resulted in an overstatement of the sale of electricity included in service charges by R29 156 716 and an overstatement of receivables from exchange transactions by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

In addition, I was unable to obtain sufficient appropriate audit evidence for the sale of electricity and the sale of water included as part of service charges in note 20 to the financial statements due to the non-submission of information in support of these service charges. I was unable to confirm the sale of electricity, and the sale of water included in service charges by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the sale of electricity and the sale of water included as part of the service charges stated at R567 186 849 in note 20 to the financial statements.

### **Property, plant and equipment**

The municipality did not impair infrastructure and community assets included as part of property, plant and equipment in note 12 to the financial statements, where indicators of impairment were identified in accordance with GRAP 26, Impairment of cash-generating assets as the municipality did not assess the physical condition of some of these assets. Consequently, infrastructure and community assets included as part of property, plant and equipment in note 12 to the financial statements were overstated by R83 267 238 (2023: R49 557 496) and impairment loss on assets included in note 43 to the financial statements was understated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

Furthermore, the municipality did not review the useful lives of property plant and equipment at each reporting date in accordance with GRAP 17, Property, plant and equipment. As a result, property plant and equipment of a gross carrying amount of R161 216 888 had a zero net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of property, plant and equipment assets in note 12 to the financial statements as it was impracticable to do so. Additionally, there was an impact on the deficit for the year and accumulated surplus.

## **Inventories**

The municipality did not account for inventories in accordance with GRAP 18, Recognition and derecognition of land, as the municipality incorrectly recognised owner-occupied vacant sites not held for resale as inventory. Consequently, inventories included in note 4 to the financial statements were overstated by R22 999 849 (2023: R19 442 549) and land included as part of property, plant and equipment in note 12 to the financial statements were understated by the same amount. Additionally, there was an impact on the deficit for the year and accumulated surplus.

During 2023, the municipality did not implement adequate systems to record consumable stores included as part of inventories in note 4 to the financial statements in accordance with GRAP 12, Inventory as not all inventory items could be physically verified. Consequently, consumable stores included as part of inventories in note 4 to the financial statements were overstated by R23 450 312 and consumables stores included as part of general expenses in note 41 to the financial statements were overstated by the same amount. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the consumable stores for the current period.

## **VAT receivable**

I was unable to obtain sufficient appropriate audit evidence for value-added tax (VAT) receivable due to unsubstantiated material reconciling differences between the financial statements and supporting schedules. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the VAT receivable stated at R170 788 848 in note 8 to the financial statements.

## **Provisions**

During 2023, the municipality did not correctly classify the rehabilitation of landfill sites and rehabilitation cost of quarries included as part of provisions in note 17 to the financial statements in accordance with GRAP 1, Presentation of financial statements as the municipality incorrectly recognised the rehabilitation costs for the landfill sites and a quarry that reached the end of its useful life as a non-current liability. Consequently, the non-current portion of the rehabilitation of landfill sites and the rehabilitation cost of quarries included as part of note 17 to the financial statements were overstated by R68 889 630 and R7 875 223 respectively and the current portion of the rehabilitation of landfill sites and the rehabilitation cost of quarries was understated by the same amounts. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements was also modified

because of the possible effect of this matter on the comparability of the rehabilitation of landfill sites and the rehabilitation cost of quarries included as part of provisions for the current period.

### **Distribution losses**

The municipality did not maintain adequate systems to accurately determine the electricity and water units distributed. Consequently, I was unable to determine the full extent of the misstatements to electricity and water distribution losses stated at R170 734 544 (2023: R84 159 822) and R81 097 138 (2023: R77 845 160) respectively in note 52 to the financial statements, as it was impracticable to do so.

### **Fruitless and wasteful expenditure**

The municipality did not disclose all instances of fruitless and wasteful expenditure incurred in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments made on infrastructure projects, materials left onsite that could not be verified, materials left onsite deteriorated and advance payments that could not be recovered. Consequently, I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure as stated at R66 512 398 in note 47 to the financial statements, as it was impracticable to do so.

### **Context for opinion**

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.

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.

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**

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

Note 54 to the financial statements, indicates that the municipality incurred a net loss of R171 741 230 during the year ended 30 June 2024 and, as of that date, the municipality's current liabilities exceeded its current assets by R684 158 009. In addition, the payables from exchange transactions for periods longer than 30 days amounted to R1 369 468 704 as at 30 June 2024, which was long overdue. These events or conditions, along with other matters as set forth in note 54, 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**

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

#### **Unauthorised expenditure**

As disclosed in note 48 to the financial statements, unauthorised expenditure of R122 592 687 (2023: R338 494 818) was incurred due to the overspending of the budget.

#### **Irregular expenditure**

As disclosed in note 46 to the financial statements, the municipality incurred irregular expenditure of R83 899 225 (2023: R97 477 869), due to non-compliance with supply chain management (SCM) requirements.

#### **Material impairments**

As disclosed in notes 6 and 7 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R945 021 701 (2023: R770 477 484) and R56 119 910 (2023: R47 672 864) respectively.

#### **Material uncertainty relating to claims against the municipality**

With reference to note 57 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

#### **Restatement of corresponding figures**

As disclosed in note 50 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.

**Other matter**

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

**Unaudited disclosure notes**

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 audit of the financial statements**

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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**

My objectives are to obtain reasonable assurance about whether the financial statements 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.

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

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

I selected the following KPA presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	Purpose
<b>Basic service delivery and infrastructure development</b>	60 - 112	To provide and maintain basic services (i.e. water, sanitation, electricity, roads and waste management) to the community of the municipality.

I evaluated the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. 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.

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 achievements reported and for the measures taken to improve performance.

I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

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

### **Basic service delivery and infrastructure development**

Various indicators

Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

<b>Indicators</b>	<b>Targets</b>	<b>Reported achievements</b>
% electricity distribution losses (KWH billed/KWH acquired) (MFMA Circular 71)	16%	30%
% reduction in water losses in the municipal distribution area	28%	28%

### **Other matters**

I draw attention to the matters below.

## Achievement of planned targets

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

The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 60 - 112

<i>Targets achieved: 41%</i>		
<i>Budget spent 100% on Basic service delivery</i>		
<b>Key service delivery indicators not achieved</b>	<b>Planned targets</b>	<b>Reported achievements</b>
% electricity distribution losses (KWH billed/KWH acquired) (MFMA Circular 71)	16%	30%
Kilometres of new paved roads to be built	3,286 km	1,41 km
Kilometres of stormwater drainages built, rehabilitated, or replaced in addition to existing one	2,6 km	1,426 km
Sanitation master plan that meets prescribed requirements developed and approved by Council	30-Jun	0
Number of households with access to basic sanitation	34 803	34 713
Number of new sewer connections meeting minimum standards	20	2
Wastewater quality compliance according to the water use license	90%	46%
Number of households in formal settlements including plots and small holdings that meet the minimum water services standard	34 896	34 846
Number of new water connections meeting minimum standards	20	3

<i>Targets achieved: 41%</i>		
<i>Budget spent 100% on Basic service delivery</i>		
<b>Key service delivery indicators not achieved</b>	<b>Planned targets</b>	<b>Reported achievements</b>
Number of samples tests conducted to measure the water quality	1 779	736
Percentage of drinking water compliance to SANS241	95%	65%
Approved macro and micro-organisational structure	30-Jun	0
Number of households in municipal area with access to refuse removal	35 164	35 114

### **Material misstatements**

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

### **Report on compliance with legislation**

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.

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.

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.

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

### **Annual financial statement, performance reports and annual reports**

The 2022/23 annual report was not tabled in the municipal council after the end of the financial year, as required by section 127(2) of the MFMA.

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 in liabilities, cashflow statements and the disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### **Asset management**

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

An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

### **Expenditure management**

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R122 592 687, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending of the budget.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. Fruitless and wasteful expenditure amounting to R19 358 397 was incurred on the following key projects:

- Closure of the existing landfill in Viljoenskroon / Rammulotsi
- Refurbishment of the wastewater treatment works (WWTW) in Kroonstad and
- Supply for the establishment and development of a new landfill site

Reasonable steps were not taken to prevent irregular expenditure amounting to R83 899 225 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM legislation.

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

### **Revenue management**

An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

I was unable to obtain sufficient appropriate audit evidence that accounts for service charges were prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.

### **Consequence management**

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

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

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

### **Human resource management**

Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal System Act 32 of 2000 (MSA) and municipal staff regulation 31.

**Other information in the annual report**

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 the selected KPA presented in the annual performance report that has been specifically reported on in this auditor's report.

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.

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 KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive 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 material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be communicated. If the other information is not communicated, I may retract this auditor's report and re-issue an amended an amended report as appropriate. However, if it is corrected this will not be necessary.

**Internal control deficiencies**

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.

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.

Leadership did not provide oversight responsibility regarding financial and performance reporting and compliance and related internal controls was not exercised.

Instability in senior management positions, including the position of municipal manager and chief financial officer resulted in management not implementing adequate oversight controls or implementing effective consequence management. As a result, misstatements were not prevented

or detected and corrected, which resulted in the modification of the auditors' opinion, the findings reported on performance information and non-compliance with laws and regulations.

Management did not implement controls to ensure that investigations are performed on the prior year's unauthorised, irregular expenditure and fruitless and wasteful expenditure so that such investigations are available for submission to the auditors.

Senior management and the Council did not approve the ICT strategic plan, as the plan was still in draft format at year-end. As such, there was a misalignment between ICT initiatives and the municipality's overall strategic goals, which resulted in misallocated resources, inefficient expenditures, and systems that did not fully support the needs of end users.

## **Material irregularities**

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**

#### **Eskom not paid within prescribed period**

The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom for the bulk purchase of electricity were paid within the prescribed period after receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R17 815 284 for the financial year ended 30 June 2022. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.

The accounting officer was notified of the material irregularity on 28 November 2022. The accounting officer did not take appropriate action to address the material irregularity. I recommended that the accounting officer should take the following actions to address the material irregularity, which should have been implemented by 30 June 2024 with progress reports every two months:

- (a) Appropriate action should be taken to commence with implementation of the financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by section 65(2)(e) of the MFMA. The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategy to:
  - Increase revenue

- Increase the collection of revenue
- Efficiently manage the available resources of the municipality by accurate budgeting, budget management and cost cutting
- Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

The accounting officer has not adequately implemented or made satisfactorily progress with implementation of the above recommendation. I am in the process of making a decision on further actions to be taken.

### **Pollution of water resource not prevented – Kroonstad Wastewater Treatment Works**

The Kroonstad Wastewater Treatment Works has not been operating effectively and in need of maintenance and repair work. This has resulted in continued spilling and discharge of raw / untreated sewerage into the adjacent environment, including the groundwater, Vals River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 and section 19(1) of the National Water Act 36 of 1998. The discharge of raw / untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

The accounting officer was notified of this material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the Department of water and sanitation for investigation as provided for in section 5(1A) of the PAA. The investigation is currently in progress.

### **Pollution of water resource not prevented – Viljoenskroon Wastewater Treatment Works**

The Viljoenskroon Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewerage into the adjacent environment, including the groundwater, Olifantsdrift River and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 and section 19(1) of the National Water Act 36 of 1998. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

The accounting officer was notified of this material irregularity on 31 October 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I

referred the material irregularity to the Department of Water and Sanitation for investigation as provided for in section 5(1A) of the PAA. The investigation is currently in progress.

## Other reports

In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

The Directorate for Priority Crime Investigation investigated a case in which one of the accused had deceased and charges against three other accused were provisionally withdrawn on 1 October 2021. Additional suspects were arrested and brought before the court; however, their cases were postponed for trial from 18 September 2023 until 22 September 2023. On 18 September 2023, the cases were provisionally withdrawn due to disputes of the charge sheet and to allow further investigations to be completed. At the date of this report, these cases were not re-enrolled on the court roll.

*Auditor - General*

Bloemfontein

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 financial statements and the procedures performed on reported performance information for the selected KPA 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	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), Sections 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(iii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), Sections 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), Sections 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), Sections 171(4)(b)
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	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), , 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), , 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a)56(1)(a), Sections 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
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), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Legislation	Sections or regulations
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2023	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 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)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

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

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Mofokeng TG	PT	Corporate, IDP, LED, Municipal Infrastructure and Technical	1 ANC	100	0
Tau RD	FT	MMC LED AND Investments	2 ANC	100	0
Louwrence L	PT	Corporate, IDP	DA	100	0
Lulama MR	FT	MMC IDP	4 ANC	90	10
Marapo S	PT	Public Safety, Community Services, Human Settlement	5 ANC	100	0
Baba MN	PT	Corporate, Finance, Monitoring and Evaluation, Technical, Community, MPAC	6 ANC	90	10
Sekhesa L	PT	Finance, Public Safety, Human Settlement, MPAC	7 ANC	100	0
Sello T	PT	IDP, TECHNICAL, Community Services, Human Settlement	8 ANC	100	0
Ntsala T	FT	MMC Finance	9 ANC	100	0
Rankokosane D	PT	Finance, IDP, Technical, MPAC	10 ANC	80	20
Maakoko MP	PT	Corporate, Finance, IDP, Monitoring and Evaluation	11 ANC	100	0
Ramoolla J	PT	LED, Monitoring and Evaluation, Public Safety	12 ANC	100	0
Botha A	FT	MPAC Chairperson	13 ANC	100	0
Sesing I	PT	Corporate, LED, Community Services, Human Settlement	14 ANC	100	0
Ramathibe S	FT	MMC Technical	15 ANC	100	0
Van Heerden L	PT	Technical, Community Services	VF	100	0

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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time  FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Mnaba M	PT	Monitoring and Evaluation,Community Services	DA	100	0
Tshabalala MP	FT	MMC Human Settlement	18 ANC	80	20
Mokatsane EM	FT	Executive Mayor	19 ANC	100	0
Ramajoe L	FT	MMC Corporate	20 ANC	80	20
Phamotse P	FT	MMC Public Safety	21 ANC	100	0
Rodericks K	PT	Public Safety,LED,Monitoring and Evaluation	22 ANC	100	0
Boeie HME	PT	Community Services,Finance	16 DA	100	0
Nolo NM	PT	Public Safety,Community Services	EFF	100	0
Mpele MPE	PT	Corporate,Finance,LED	DA	100	0
Saaiman CJ	PT	Corporate,Finance	VF	100	0
Thebe EMM	PT	Corporate,Technical	MCF	80	20
Lebone NS	PT	Corporate,Monitoring and Evaluation	EFF	90	10
Meko J	PT	Finance,Technical	EFF	100	0
Geldenhuis J	PT	IDP,Technical	DA	90	10
Visagie	PT	Public Safety,IDP,LED	VF	90	10
Motsoeneng SM	PT	LED,IDP	EFF	90	10
Tloome C	PT	IDP,Monitoring and Evaluation	MCF	100	0
Chabalala SM	PT	LED,Human Settlement	DA	90	10
Muller N	PT	Public Safety,Human Settlement	DA	90	10
Van Schalkwyk L	PT	Public Safety	DA	100	0
Morake ME	PT	Public Safety	MCF	100	0
Serapela DJ	PT	Human Settlement	EFF	80	20
Mbona L	FT	MMC Monitoring and Evaluation	PAU	100	0
Khiba SV	FT	Speaker	ANC	80	20
Semakale M	FT	Council Whip	ANC	90	10
Khotle M	FT	MMC Community Services	ANC	90	10
Dalton CM	PT	Monitoring and Evaluation	DA	90	10
Pittaway S	PT	Municipal Public Accounts Committee	DA	90	10

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## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Community and Social Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Corporate Support Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Local Economic Development and Planning Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
IDP Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Spatial Development and Human Settlement Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Municipal Infrastructure And Technical Services Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Public Safety and Transport Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Policy Development and Monitoring Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.

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<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Finance, Audit and Risk Management Portfolio Committee	Oversight over departmental activities through consideration of reports from the Municipal Manager and Directors. Make recommendations for consideration by the Mayoral Committee.
Municipal Public Accounts Committee	Roles and responsibilities as outlined by section 129 of the MFMA and the National Treasury guidelines issued in MFMA Circular 32 (18 March 2006)

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## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Director/Manager (State title and name)</b>
<b>Office of the Municipal Manager</b>	Chief Internal Auditor
Ms P H Tshabalala Mr I S Mokgatle	Mr V Thantsi
	Manager: IDP
	Mr T Leie
	Manager: PMS
	Ms Eunice Lungu
<b>CHIED FINANCIAL OFFICER</b>	Manager Revenue
	Mr S Theletsane
	Manager: Expenditure
	Mr J Muller
	Manager Budget
	Mrs I Mokheseng
	Manager: SCM
	Mrs R Visagie
<b>Technical Services</b>	Manager: PMU
DIRECTOR: Technical Services Mr I S Mokgatle	Mrs P. Botha
	Manager: Electricity
	Mr Greef (Acting)
	Assistant Manager: Water And Sanitation
	Ms L. Ngobeni
	Manager : Roads
	Mr M. Geringer
<b>Corporate services</b>	Manager: Human Resources
DIRECTOR: Corporate Services Mr R. Odendaal 1 July - 31 Dec 2022 Ms T Maqena 1 January 2023- 30 June 2023	Mrs G Ramaboea
	Manager: Information Technology
	Mr K. Moroke
	Manager Records and Administration: ML Maqena
<b>Community and Emergency Services</b>	
Director: Community and Emergency Services Mr T A Qhena 1 July 2022 - 31 March 2022 Mr G Mogorosi 1 Jan 2023 - 31 March 2023 Mr M A Rakgase 1 April 2023 - 30 June 2023	Manager: Solid Waste
	Mr. T. Qena
	Manager Parks, sports and Recreation
	Mr M P Gavhi
	Chief Fire Officer
	Mr L Ingram
	Chief: Traffic Services
	Ms Darrel Van Der Westhuizen

# Appendices

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	
Municipal Functions	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	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
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Additional Municipal Functions</b>	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

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# 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
1	<b>Cllr RAMASIMONG TAU</b>	YES	00	05	02
<b>Secretary</b>	Lebuso Relebohile R Mofokeng Malitaba Qhemekoane Matsela D Rantonono Merriam M Maoke Kgathetse A Checha Qacha E Kele Letsheleha J Khala Mmaseabata M				
2	<b>Cllr THABO MOFOKENG</b>	YES	00	05	04
<b>Secretary</b>	Sefako Zukile Mokoena Mathoto R Masisi Nkadi E Lipholo Phillip Motaung Jonas M Matsela Madilo Ntjepela Mamosuwa				
3	<b>Cllr LOUWRENS LINDA</b>	YES	06	10	02

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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
<b>Secretary</b>	Louwrens Johannes J Petrus Wilhelmina S Patsa Nomasonto L Vorster Elizabeth R Mati Selloane A Gullett David J Chabana Pheleu J Taje Molesioa S Gullett Susara J P				
4	<b>CLLR. LULAMA MOIPNE</b>	YES	00	10	05
<b>Secretary</b>	Theletsane Donald Moletsane Puseletso S Taleng Moeketsi J Makume Tshadi S Malefane Manthofela R Mosupa Pulane L Thaele Alina T Mathinjwa Mantibane Malete-Mosia Mmawesi				
5	<b>CLLR SELLO MARAPO</b>	YES	05	10	03
<b>Secretary</b>	Mahlatsi Seipati I Lechalaba Palesa Sefatsa Thembi V Mogoje Popie E Sehlare Pulane M Mpevana Angelina M Koloti Matlakala S Ndesi Vusi J Poolo Mmane M				

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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
6	<b>CLLR MZIMKULU BABA</b>	YES	03	07	01
	1.Mthombeni Mantwa E 2.Khumalo Maletsatsi E 3.Tsoeu Thabang 4.Hlalele Mantoa E 5.Rasenyalo Dineo 6.Makhanda Fatima Z 7. Ramarou Caslina J 8.Mokhoanazi Aria C				
7	<b>CLLR LEBOHA SEKHESA</b>	YES	05	15	01
	Nkhabanyane Joshua L Matube Masabata F Mohlomi Jamina P Mokoteli Thapelo F Nkwatsi Moipne P Tsoeu Lerato khauoe Tsietsi S Mokone Mojalefa				
8	<b>CLLR TSOTO SELLO</b>	YES	06	10	03
	Makale Kgomotso C				

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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
	Mphuti Thuli H 3.Boditsi Alice 4.Mogatladi Anna O 5.Rapulungoana Katleho P 6.Thipe Mmatisetso E 7.Theletsane Mokhele P 8.Tshabalala Madillo A 9.Molapisi Masiadimo T L 10.Maseko Tello D				
9	<b>CLLR TSHOKOLO NTSALA</b>	YES	00	06	00
	Shoro Refilwe M Menga Mamile E Maishoane Theko J Mmatli Isaac S Matsabu Mankosi Moloi Elizabeth Mabaso Rudolph K Makoko Faith M				
10	<b>CLLR DAVID RANKOKOSA</b>	YES	04	10	03
	Lesole Agnicia L				

# Appendices

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
	Moleleki Aletta M Tshezi Maria M Lebusho Rakhukhu W Plank Anna N Katane Ntjanyana M Phakoe Francina M Motiea Jerry Mokebe Molefi J				
11	<b>CLLR PAUL MAKOKO</b>	YES	03	08	02
	Hlalele Thabiso R Makala Tlhabedi P Khambule Gabriel Meje Molefi M Manare Lydia D Papashane Chabedi E Shonqulo Anna M Ranthimo Moliehi Y Manare Chegofatso G Tseisi Michael K				
12	<b>CLlr MOEKETSI RAMOLLA</b>	YES	00	04	00
	1.Tonjane Elias V 2.Seselinyane Tlholokgelo A 3.Makgathe Alina S 4.Lani Joyce T 5.Radipolane Molete M 6.Ramotshehoa Palesa R 7.Mafisa Thabiso I 8.Marumo Madipuo P				
13	<b>CLlr ADRIAAN BOTHA</b>	YES	02	14	02

# Appendices

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
	1.Hleli Olive R 2.Chabeli Sophia P 3.Monare Nora M 4.Coetzee Joyce 5.Rabannye Tsokolo B J 6.Lechalabal Sara M 7.Sefatsa Seipati L 8. Petrus Devonia L 9. Moroe Lerato S				
14	<b>CLLR ITUMELENG SESING</b>	YES	02	05	01
	1.Miya Bongane D 2.Mosebi Raletsoho J 3.Poonyane Dieketseng JS 4.Booi Zithulele G 5.Maruluba Mzingisi A 6.Bomvu Mapopo 7.Lehlekiso Nthabiseng J 8.Chomane Mahohodi L 9.Semousu Malerato M				
15	<b>CLLR SOLOMON MATHIBE</b>	YES	01	00	15

# Appendices

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
	1.Hlapane Mathato G 2.Modisenyane Marinda V 3.Khampepe MaletlabutlaS 4.Nolo Lerato M 5.Likotsi Diau 6.Mojaki Daphney 7.Mehlo Vuyisile G 8.Moreki Mpho D.				
16	<b>CLLR MARIA BOEIJE</b>	YES	01	09	01
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
	1.Mariti Morena A 2.Morapeli Majane L 3.Mototo Matseko A 4.Tsolo Thibella E 5.Mokotedi Gaelebale G 6.Mohoje Florence M 7.Mokalanyane Molefi D 8.Van niekerk Ambrose A 9.Van niekerk Jo-Anne J			1	
17	<b>CLLR JOHAN GELDENHUIS</b>	YES	00	01	00

# Appendices

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
	1.Ntsieane Mamokete				
18	<b>CLLR MOEKETSI TSHABALALA</b>	YES	01	00	07
	1.Makhanya Mokete P 2.Phama John D 3.Matosela Jwalane z 4.Dimo Molefi 5.Ngalo Moleboheng B 6.Lebitso Merriam k 7.Nkoalane Motshidisi E				

# Appendices

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 the year
19	<b>CLLR ELLIS MOKATSANE</b>	YES	00	00	00
	1.Sehla Ditsietsi W 2.Thezane Mohanuwa C 3.Getyes Nomayeza M 4.Tieli Mohau O 5.Mahola Seipati M 6.Duma Teboho D 7.Kometsi Kamohelo R 8.Sephula Tshokolo 9.Ntjiyo V.A				
20	<b>CLLR ENOCH RAMAJOE</b>	YES	00	00	00
	1.Mosia Masabata E 2.Phakeli Molebogeng D 3.khanyile Thembekile E 4.Molefi Sara M 5.Buso Vivian M 6.Makoaba Thandabantu J 7.Rapitso Sibongile J				
21	<b>CLLR PULE PHAMOTSE</b>	YES	01	07	00

# Appendices

	1.Hlatshwayo SonnyboyE 2.Tatsi Doisile S 3.Mahoko Maditaba I 4.Marupelo Masabata S 5.Modungwa Mathapelo E 6.Moleleki Modiehi M 7.Ranoe Monica 8.Ntseng Dikeledi R 9.Golisi Agnes M 10.Makhalanyane M				
22	<b>CLLR JACKSON RODERIC</b>	YES	02	08	02
	1.Lekhetha Israel N 2.Mpeke Matsekelo M 3.Choba Nodabephi S 4.Motete Mamothobi S 5.Modibedi Maipato R 6.Masumpa Mokoezane A 7.Mokhonanse Evelyn S 8.Motsemme Lydia M 9.Menziwe Busisiwe I				

# Appendices

## APPENDIX F1 – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2023/24 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Kroonstad Water Water Treatment Works - Phase 2	13-Feb-23	28-Jun-25	95
2	Construction of 4km water pipe line at 11th Avenue and repair sluice gate at Bloemhoekdam	06-May-22	15-Dec-24	24
3	Viljoenskroon/Rammulotsi: Raw water pump and construction / Upgrade of the recovery/off storage dam	23-Aug-24	28-Aug-25	22
4	Maokeng: Gelukwaarts - Upgrading of Masionne and Stiloane Street (0.796km) to a paved road (MIS:478759)	08-Jan-24	08-Jan-25	18
5	Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation (MIS:458610)	27-Nov-23	30-Dec-24	16
6	Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street (MIS:458604)	24-Oct-23	27-Oct-24	15
7	Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure (MIS:373418)	15-Mar-23	14-Dec-23	10
				TF.1

## APPENDIX F.2

Basic Service Provision										
Detail	2022/23					2023/24				
	Water	Sanitation	Electricity	Refuse	Housing	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service	34 883	36 539	36 539	35 117		34 883	36 539	36 539	35 117	
Households without minimum service	449	454	13 886	0		449	454	13 886	0	
Total Households*	35 332	36 993	50 425	35 117		35 332	36 993	50 425	35 117	
Houses completed in year										
Shortfall in Housing units										
*Including informal settlements										TF.2

### Basic Service Provision

# Appendices

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023/24

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2023/24	Recommendations adopted (enter Yes) If not adopted (provide explanation)
08-Aug-23	Management should work on the AFS preparation plan in light of the challenges the municipality is facing as a result of the cyber-attack.	Yes
	Management should ensure that the Eskom Payment Plan is incorporated into the budget and adjustment budget.	Yes
	Management submit a report to the Committee on the status of the cyber attack as well as the impact of the cyber attack on the submission of the AFS and Annual Performance Report.	Yes
	The Committee recommended that management should fast track the centralisation of Supply Chain procurement processes. Council should assist in ensuring that all Councillors with outstanding debts pay their debt and enter into payment arrangements with the municipality to ensure the reduction of the debt by Councillors to the Municipality.	Yes
	The Committee recommended that management should present focus on the audit report findings and ensure that those are resolved before AGSA start with their final audit.	Yes
	The Committee recommended the Draft Audit Committee Charter to Council for approval.	Yes

# Appendices

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	Management should prioritise the filling of the critical vacancies. Positions of Senior Managers have been vacant for too long and this affects productivity as managers have to act in these positions and compromise the productivity of their positions.	Partially, Council subsequently appointed the Chief Financial Officer, Director: Community Services and Director: Corporate Services
13-Dec-23	The Committee noted the progress made by management in reducing the UIFW, and recommended that management develop and implement controls to prevent UIFW expenditures from recurring.	Yes
	The Committee noted the presentation from management and recommended that management ensure should ensure that they adhere to the terms of the Debt Relief Plan to take advantage of the debt relief.	Yes
	Management should ensure implementation of the mitigating actions to reduce the residual risks.	Yes
	Management should continually review the risk register to ensure that the risks are still relevant and reliably measured or assessed as well as to ensure that emerging risks are timely identified and assessed. Management should also fill the vacancies in the Risk Management unit to ensure the effective functioning of the unit.	Yes
	The Committee recommended that management should prioritize internal audit findings in improving internal controls which would assist in addressing and reducing Auditor General findings. Management should timely fill the internal audit vacancies to enable the Internal Audit to complete its annual plan on time and be able to do more value-add projects for the municipality.	Yes

# Appendices

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	The Committee recommended that management timely fill the Internal Audit vacancies to enable the unit to complete its plan efficiently. The Committee recommended that management timely fill the Internal Audit vacancies to enable the unit to complete its plan efficiently.	No, Positions of will be filled beginning of the next financial year.
	The Committee recommended that management timely fill the Internal Audit vacancies to enable the unit to complete its plan efficiently.	No, Positions of will be filled beginning of the next financial year.
	The Committee recommended that management should adhere to the deadlines provided on the circular to ensure compliance. The FMCMM is web-based and management have access to the website, therefore there should be no excuses for non-completion.	No, there are still modules which are outstanding.
	The Committee noted with concern the apology submitted by management. The Committee recommends that management should always be available to present their reports to the Committee and should only be absent when they have seconded another official who is briefed to present the report and respond to questions asked by the Committee.	Yes
<b>23 February 2024 and 12 April 2024</b>	The Committee noted the engagement letter presented by AGSA and recommended that management should adhere to the timelines agreed upon with the auditors and timely communicate with the auditors where there might be delays.	Yes
	The Committee noted the Audit Engagement Strategy presented by AGSA and recommended that management assist the auditors by timely providing the requested information and guiding the auditors on how to efficiently use the information provided for the audit.	Yes

# Appendices

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	<p>The Committee noted the Draft Annual Financial Statements presented by the Acting CFO and made the following recommendations:</p> <ul style="list-style-type: none"> <li>• Management to address the internal audit findings on the review of the AFS before submitting to AGSA and submit an updated draft with the corrections.</li> <li>• Management to finalise the outstanding sections and submit the revised draft set before submitting to AGSA.</li> </ul>	Yes
	<p>The Committee noted with serious concern management's inability to present the Draft Annual Performance Assessment Report to the Committee for review. The Committee recommended that management should finalize the outstanding sections of the Draft Annual Performance Assessment Report and give to Internal Audit for a high-level review before submitting to AGSA.</p>	Yes
	<p>The Committee noted with concern the presentations made by AGSA. The committee recommended that management should submit the outstanding information which could still assist in removing some of the qualification paragraph and start working on preventative controls to improve the audit opinion.</p>	Yes
<b>24-May-24</b>	<p>The Committee noted the Section 52 Report presented by management. The Committee recommend that management should put more controls to reduce the debtor's books, especially around debt by officials and councillors. Management should have controls to address the Eskom debt other big creditors.</p>	Yes

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<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	The Committee noted the progress made by management in reducing the UIFW and recommended that management develop and implement controls to prevent UIFW expenditures from recurring.	Yes
	The Committee noted the report by management and recommended that management should provide a written report in the next meeting highlighting the agreement terms and conditions and the municipality's performance against the set targets or deliverables on the agreement or plan.	Yes
	The Committee noted the budgets as presented by the Acting Chief Financial Officer. The Committee recommended that the Municipality should consider using a zero-based budget, and ensure the implementation and monitoring of the funding plan submitted to the Provincial Treasury that supports the unfunded budget.	Yes
	Management should ensure implementation of the mitigating actions to reduce the residual risks.	Yes
	The Committee recommended that management should prioritize internal audit findings in improving internal controls which would assist in addressing and reducing Auditor General findings. Management should timely fill the internal audit vacancies to enable the Internal Audit to complete its annual plan on time and be able to do more value-added projects for the municipality.	No, the internal audit positions will be filled beginning of the next financial year

# Appendices

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	The Committee recommended that management should adhere to the deadlines provided on the circular to ensure compliance. The FMCMM is web-based and management have access to the website, therefore there should be no excuses for non-completion. The Committee also recommended that management should also work on the FMCMM Action Plans for those modules that scored below 3.00.	No, there are still modules which are outstanding.
	The Committee noted the report presented by Provincial Treasury. The Committee committed to working with the Internal Audit and Risk Management to improve on the assessment results.	Yes
	The Committee noted with concern the number of targets that were not achieved at Mid-Year and recommended that Management prioritize the achievement of the targets that are still not achieved including those that were affected by the system crash before the end of the financial year.	Yes
	The Committee noted with concern the apology submitted by management. The Committee recommends that management should always be available to present their reports to the Committee and should only be absent when they have seconded another official who is briefed to present the report and respond to questions asked by the Committee.	Yes

# Appendices

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2023/24</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
	The Committee noted with concern the apology submitted by management. The Committee recommends that management should always be available to present their reports to the Committee and should only be absent when they have seconded another official who is briefed to present the report and respond to questions asked by the Committee.	Yes
	The Committee noted the report presented by management and recommended that management prioritize the procurement of the backup servers to ensure that, there is continuity should another system crash occur.	Yes
		T G

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## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2023/24)					
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
cKMN Engineering	Maokeng/Seisoville: Construction of 1.46km Paved Road and Storm Water at Mahabane Street	06-Nov-23	03-Aug-24	Mr. Onalenna Garegae	10 328 121
BEE Construction and Consultancy	Brentpark: Construction of 1.316km Paved Road and Storm Water at Canon Street	06-Nov-23	03-Jul-24	Ms. Selloane Modise	10 150 862
Melody Hills Trading 238	Panel Of Service Providers For Supply & Delivery Of Stationery For A Period Of Three Years	16-Nov-23	12-Nov-26	Mr. Dumezweni Mathebula	As and When
Purple Maroon		16-Nov-23			As and When
Zentech Innovations		16-Nov-23			As and When
Sekutjwane General Trader		16-Nov-23			As and When
Siboniseng Solutions		13-Nov-23			As and When
Kgamothudi Construction	Panel For Supply & Delivery Of Cleaning Material For A Period Of Three Years	16-Nov-23	12-Nov-26	Mr. Dumezweni Mathebula	As and When
Melody Hills Trading 238		16-Nov-23			As and When
Toll Assist		16-Nov-23			As and When
Purple Maroon		16-Nov-23			As and When
Lebisang Kallehong		16-Nov-23			As and When
Khumotso Construction Engineering	Rammulotsi: Construction of 0.25km Paved Road With 0.266km Storm Water Drainage	23-Nov-23	22-Feb-24	Mr. Onallena Garegae	3 699 966,88
Bohlabela Systems	Electrification of Maokeng Ext 10 (Koekoe Village)	07-Dec-23		Mr. Louise Greeff	2 991 816,08
Mottalepula Infotech and Projects	Maokeng/Gelukwaarts: Upgrading of Masione and Stiloane Street (0.796km) To A Paved Road With Vehicular Crossing	12-Dec-23	11-Sep-24	Mr. Onallena Garegae	12 005 052,00
Setshabelo Trading 647	Maokeng (Brentpark): Construction of 1,5ML Steel Reservoir 0,5ML Elevated Steel Tank and Pumpstation	13-Dec-23	12-Dec-24	Mr. Onallena Garegae	16 130 558,44
Impoqo Trading	Panel of Hiring of Service Providers For Fleet (Yellow & White) For A Period of Three Years As and When Needed	26-Jan-24	25-Jan-27	Ms. Tshepiso Mopeli	As and When Needed
Ncisana Trading and Projects					As and When Needed
Wilson and Son Trucking					As and When Needed
Xeno Energy					As and When Needed
Tumileng Trading 16					As and When Needed
Elegent 786 Trading					As and When Needed
KMN Engineering					As and When Needed
Linomtha Plant Hire and Road Construction					As and When Needed

# Appendices

Long Term Contracts (20 Largest Contracts Entered into during 2023/24)					
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
Afrika Ya Mme Rafe Investments and Projects JV Lamak					As and When Needed
Sebenza Engineering Projects					As and When Needed
Kokitha Trading JV Gokho 1	Panel Of Service Providers For Unblocking Sewer Line, Cleaning Pump Stations, Servicing Of Dry Sanitation Toilets and Cleaning Storm Water Lines For A Period of Three Years As and When Required	28-May-24	27-May-27	Ms. Lerato Ngobeni	As and When Needed
Powervac 2014		28-May-24	27-May-27		As and When Needed
Calgary Trading		28-May-24	27-May-27		As and When Needed
Bene Tech		28-May-24	27-May-27		As and When Needed
Kopano and Poelano Investment (Pty) Ltd		28-May-24	27-May-27		As and When Needed
Elegant 786 Trading		28-May-24	27-May-27		As and When Needed
Reyoko Designs and Construction (Pty) Ltd		28-May-24	27-May-27		As and When Needed
Aqua Transport and Plant Hire (Pty) Ltd		28-May-24	27-May-27		As and When Needed
LTS Infinity (Pty) Ltd		28-May-24	27-May-27		As and When Needed
Mos M Group		30-May-24	29-May-27		As and When Needed
Brand Legacy Communication group	Panel Of Service Providers For General Communications, Branding, Advertising Services For A Period Of Three Years As And When Required	30-May-24	27-May-27	Mr. Dika Kheswa	As and When Needed
Mudau Picture Frames T/A Framefun		28-May-24			As and When Needed
Artcon Panel Beaters (Pty) Ltd	Panel Of Service Providers Of External Mechanical Workshops For Repairs and Maintenance Of Vehicles And Plant For A Period Of Three Years, As And When Needed	30-May-24	27-May-27	Ms. Tshepiso Mopeli	As and When Needed
Khuwait Holdings (Pty) Ltd		28-May-24			As and When Needed
AJ Dieseldiens		28-May-24			As and When Needed
Kornet Beleggers CC t/a Smuts Engineering		28-May-24			As and When Needed
Sebenza Engineering Projects	Panel Of Five Service Providers For Hiring Of Refuse Compactors For A Period Of Three Years As and When Needed	28-May-24	27-May-27	Ms. Tshepiso Mopeli	As and When Needed
Molahlwa Investments Holdings 3 (Pty) Ltd					As and When Needed
MLK Engineering and Consultants					As and When Needed
Mobeni Integrated Systems (Pty) Ltd	Management and Maintenance of The Existing Kroonstad Viljoenskroon and Steynsrus Landfill Sites For A Period of Three Years	28-May-24	27-May-24	Mr. Tokelo Qhena	As and When Needed
Ntheba Figup JV	Appointment For Panel Of 10 Contractors For The Repair or Replacement of Collapse	24-Jun-24	23-Jun-27	Ms. Lerato Ngobeni	As and When Needed

# Appendices

Long Term Contracts (20 Largest Contracts Entered into during 2023/24)					
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
Wilson and Son Trucking	Sewer and Water Pipeline For A Period of Three Years As and When Required	25-Jun-24	24-Jun-27		As and When Needed
Excellence Business Academy		18-Jun-24	17-Jun-27		As and When Needed
KMN EGINEERING		24-Jun-24	23-Jun-27		As and When Needed
Komhla Finomenal JV		18-Jun-24	17-Jun-27		As and When Needed
Rumano Electrical		24-Jun-24	23-Jun-27		As and When Needed
Sebatsi (PTY) Ltd		24-Jun-24	23-Jun-27		As and When Needed
Technomobile		18-Jun-24	17-Jun-27		As and When Needed
MLK Engineering and Consultants		18-Jun-24	17-Jun-27		As and When Needed
Gqobo Investments cc		25-Jun-24	24-Jun-27		As and When Needed
					<i>TH.1</i>

Public Private Partnerships Entered into during 2023/24					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	R' 000 Value 2008/09
No Private Partnerships were entered to during the 2023-2024 financial year.					

<b>APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE</b>
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**RATINGS**

1. Poor                      2. Good                      3. Very Good                      4. Excellent

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Community and Social Services	Solid Waste Management	Linomtha Plant hire and Road Construction	Refuse Compactor Trucks	1 year (or as and when required.	4	4	The Service Provider delivered a good service	The Sectio is always communicating with the Service Provider and advising.
Community and Social Services	Solid Waste Management Services	KhaboKedi Waste Management	Maintenance of landfill sites Viljoenskroon and Steynsrus	3 years	3	3	Challenge still experienced in Viljoenskroon. Service is very good in Steynsrus	The Sectio is always communicating with the Service Provider and advising.
Community and Social Services	Solid Waste Management Services	Wilson and Sons Trucking CC	Refuse Compactor Trucks	1 year (or as and when required.	4	4	Excellent	Provide the substitute truck when needed.
Community and Social Services	Traffic Management Services	AKP Trading (Speed Violation Systems	Traffic Law Enforcement. Renting software and online assistance	1 year	4	4	Excellent	None
Community and Social Services	Traffic Management Services	AKP Trading (Speed Violation Systems	AKP Trading Speed Violation Systems	1 years	4	4	Excellent	None
Community and Social Services	Security Services	CSS Security	Alarms	3 years	2	None	None	None

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DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Community and Social Services	Solid Waste Management	Sebenza	Refuse Compactor Trucks	3 years	4	4	Excellent	None
Community and Social Services	Security Services	Isidingo Security	Physical Security	3 years	2	2	None	None
Technical Services	PMU	White Leopard	Construction of 4km water pipeline at 11 <sup>th</sup> Avenue and repair of sluice gate at Bloemhoek dam.	1 year	2	2	None	None
Technical Services	Sebatsi Pty Ltd	Sebatsi Pty Ltd	Maokeng upgrading of 2.5km sewer pipe line at Gelukwaarts	8 Months	2	2	None	None
Technical Services	PMU	African Engineering and Construction Solution.	Rehabilitation of the Kroonstad Waste Water Treatment Works Phase 2	18 Months	2	2	None	None
Technical Services	PMU	Makone Consulting Engineers	Construction of 4km water pipeline at 11 <sup>th</sup> Avenue and repair of sluice gate at Bloemhoek dam	1 year	3	3	None	None
Technical Services	PMU	Mtema Mashao Consulting and Civil Engineers.	Professional Service	1 Year	2	2	None	None
Technical Services	PMU	Linomtha Plant Hire and Construction Pty Ltd.	Maokeng (Phomolong) upgrading of 2.8km water network infrastructure	9 Months	2	2	None	None
Technical Services	PMU	Amulet Group, Linomtha	Rehabilitation of the Kroonstad Waster	15 Moths	2	2	None	None

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DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
		Construction and NYC Water and Mining JV	Water Treatment Works Phase 2					
Technical Services	PMU	SMEC SA.	Rammulotsi: Development and fencing of new landfill site, Phase 2.	3 Years	4	4	None	Several Communications between client, Consultant and Contractor. Cash flow from Contractor is the problem to complete the project.
Technical Services	Roads	Carboncor Distribution SA Pty Ltd	Supply and deliver Asphalt	3 years	4	4	None	None
Technical Services	Roads	Setlatlapi Business Enterprise Pty Ltd	Supply and delivery of Asphalt	3 years	3	3	None	None
Technical Services	PMU	Mvulani Engineermg Solutions	Maoken/Seisoville construction of 1.46km paved roads and stormwater at Mahabane Street.	1 year	2	2	None	None
Technical Services	PMU	Masilakhe Consulting Engineers Pty Ltd	Maokemg (Phomolong) upgrading of 2.8km water network infrastructure	1 year	3	3	None	None
Technical Services	Electricity	Musi Electrical Engineering	Panel for refurbishment/repair of faulty public lights	3 years	3	3	None	None

# Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Technical Services	Electricity	Kent Electrical Services CC.	Panel for refurbishment/repair of faulty public lights.	3 years	3	3	None	None
Technical Services	Electricity	Umzamwonke Trading and Projects 2cc JV	Panel for supply, repair, replacement and maintenance on electricity meters.	3 years	3	3	None	None
Technical Services	Electricity	Sesway Engineering Pty Ltd	Panel for refurbishment/repair of faulty public lights.	3 years	3	3	None	None
Technical Services	PMU	Baitseanape Consulting Engineers	Maokeng/Brentpark construction of 1.316km paved road and stormwater at Canon Street.	1 year	2	2	None	None
Technical Services	PMU	Fypson	Maokeng, Gelukwaarts. Upgrading og Maskoneand Stilloane Street 0.796km paved road.	1 year	2	2	None	None
Technical Services	PMU	Motlalepula Infotech and Projects	Mtema Mashao Consulting and Civil Engineers Pty Ltd. Offering professional Services.	9 months	2	2	None	NONE
Technical Services	PMU	V3 Consulting Engineers Pty Ltd	Maokeng/Brentpark Construction of 1.5ml steel reservoir 0.5 elevated tank and pump station.	1 year	2	2	None	None

# Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Corporate Services	ICT	PMH	Provision of primary Internet connectivity for all municipal sites.	3 years	4	4	7 <sup>th</sup> July Internet connectivity down, matter was reported to PHM and was fixed.	Backup internet to be installed.
Corporate Services	ICT	Sky Metro	Printer Lease	3 years	4	4	None	None
Finance	Revenue	Conlog Pty Ltd	Prepaid software	3 Years	1	1	Poor	Corrective measures are being taken to smoothen the process
Finance	Revenue	Ontec Systems Pty Ltd	Prepaid Software	3 years	3	3	Very Good	None
Finance	Revenue	Credit Intelligence Pty Ltd	Debt Collections and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	Khumalo Masondo Attorneys Inc.	Debt Collection and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	Revenue Consulting Pty Ltd	Debt Collection and Litigation	3 years	3	3	Very good	None
Finance	Revenue	SL Debt Recovery Pty Ltd	Debt Collection and Litigation	3 years	3	3	Very Good	None
Finance	Revenue	DDP Valuers	Valuation Roll	5 years	3	3	Very Good	None
Community and Social Services	Solid Waste Management	Wilson and Sones Trucking CC	Provision of Refuse Compactor Trucks.	2 years	3	3	Very Good	None.

# Appendices

DIRECTORATE	DIVISION	NAME OF SERVICE PROVIDER	PERFORMANCE AREAS	TERM OF CONTRACT	RATING	SERVICE PROVIDER RATING	PERFORMANCE COMMENT	CORRECTIVE MEASURE
Community and Social Services	Solid Waste Management	Sebenza Engineering Projects	Provision of Refuse Compactor Trucks	1 year ( As and when required)	3	3	Very good	None
Community and Social Services	Solid Waste Management	KhaboKedi Waste Management	Maintenance of landfill sites. Viljoenskroon and Steynsrus	3 years	3	3	Very good. Even though performance was good challenges were experienced in Steynsrus.	None.
Community and Social Services	Security Services	Isidingo Security	Physical Security	3 years.	2	Good	The Service Provider allowed interference management and personnel on the interference with their Security duties.	The Chief Security Officer engaged management and personnel on the impact of unwanted interference.
Security and Social Services	Security Services	CSS Security	Alarms Reaction.	3 years	2	Good	The systems is sometimes affected by loadshedding	Off grid system recommended for uninterrupted Services.
Community and Social Servies	Traffic Management	AKP Trading (Speed Violation Systems>	Traffic Law enforcement.	1 year	4	4	Excellent service provided.	None.

**NB:** Projects with a duration of six months or less are not included in this table.

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2023 to 30 June of 2024 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Members of MayCo / Exco		Nil
<b>Councillors</b>		Nil
<b>Acting Municipal Manager</b>		Nil
<b>Acting Chief Financial Officer</b>		Nil
<b>Deputy MM and (Executive) Directors</b>		Nil
<b>Other S57 Officials</b>		
		Nil

TJ

# Appendices

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote							
							R' 000
Vote Description	2021/22	2022/23	Current: 20223/24			2023/24 Variance	
	Actual	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Councillors - Vote 1	158 261	177 745	191 904	191 904	191 904	0%	0%
Municipal Manager - Vote 2	-	-	-	-	-	0%	0%
Corporate Services - Vote 3	1 120	1 181	1 247	1 247	1 247	0%	0%
Finance Services - Vote 4	87 255	87 766	95 437	95 437	95 437	0%	0%
Technical Services - Vote 5	775 392	833 271	876 067	876 067	876 067	0%	0%
Community Services - Vote 6	67 884	74 417	79 571	79 571	79 571	0%	0%
LED and Planning - Vote 7	17 537	17 782	18 715	18 715	18 715	0%	0%
<b>Total Revenue by Vote</b>	<b>1 107 449</b>	<b>1 192 162</b>	<b>1 262 941</b>	<b>1 262 941</b>	<b>1 262 941</b>	0%	0%

TK.1

# Appendices

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

Revenue Collection Performance by Source							R '000
Description	2021/22	2022/23	2023/24			2023/24 Variance	
	Actual Budget	Actual Budget	Original Budget	Adjustment Budget	Actual Collected	Original Budget	Adjustment Budget
Property rates	84 416	81 939	86 281	86 281	61 075	-29,21%	-29,21%
Property rates - penalties & collection charges	-	-	-	-	0	0,00%	0,00%
Service Charges - electricity revenue	380 617	422 554	444 949	444 949	306 520	-31,11%	-31,11%
Service Charges - water revenue	161 200	176 898	186 273	186 273	57 396	-69,19%	-69,19%
Service Charges - sanitation revenue	55 712	63 191	66 740	66 740	30 700	-54,00%	-54,00%
Service Charges - refuse revenue	39 995	43 966	46 296	46 296	19 578	-57,71%	-57,71%
Service Charges - other	61 665	66 379	76 262	76 262	54 866	-28,06%	-28,06%
Rentals of facilities and equipment	-	-	-	-	0	0,00%	0,00%
Interest earned - external investments	-	-	-	-	0	0,00%	0,00%
Interest earned - outstanding debtors	-	-	-	-	0	0,00%	0,00%
Dividends received	-	-	-	-	0	0,00%	0,00%
Fines	-	-	-	-	0	0,00%	0,00%
Licences and permits	-	-	-	-	0	0,00%	0,00%
Agency services	-	-	-	-	0	0,00%	0,00%
Transfers recognised operational	236 129	261 818	284 478	284 478	284 478	0,00%	0,00%
Other revenue	-	-	-	-	0	0,00%	0,00%
Gains on disposal of PPE	-	-	-	-	0	0,00%	0,00%
Environmental Protection	-	-	-	-	0	0,00%	0,00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 019 734</b>	<b>1 116 745</b>	<b>1 191 279</b>	<b>1 191 279</b>	<b>814 613</b>	<b>-46,24%</b>	<b>-46,24%</b>

TK.2

# Appendices

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	-		-	-	-	
Public Transport Infrastructure and Systems Grant	-		-	-	-	
<i>Other Specify:</i>	-		-	-	-	
<b>Total</b>	-	-	-	-	-	

TL

### **COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:**

The municipality did not receive any additional conditional grants in this regard.

# Appendices

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>					0%		
<b>Infrastructure - Total</b>		9 550	6 550	4 354	-	-	-
<b>Infrastructure: Road transport - Total</b>		-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>		6 550	1 550	1 433	-	-	-
<i>Generation</i>				1			
<i>Transmission &amp; Reticulation</i>	104	6550	1550	433			
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>		-	2 500	2 673	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>			2 500	2 673			
<b>Infrastructure: Sanitation - Total</b>		-	500	248	-	-	-
<i>Reticulation</i>	134	-	-				
<i>Sewerage purification</i>			500	248			
<b>Infrastructure: Other - Total</b>		3 000	2 000	-	-	-	-
<i>Waste Management</i>		3 000	2 000				
<i>Transportation</i>							
<i>Gas</i>							

# Appendices

<i>Other</i>							
<b>Community - Total</b>		-	-	-	-	-	-
Parks & gardens					-	-	-
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

*Table continued next page*

*Table continued from previous page*

Capital Expenditure - New Assets Programme*							
							R '000
Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-	-	-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-	-	-	-	-	-
Housing development							
Other							
-							
<b>Other assets</b>		41 498	19 587	10 077	-	-	-

# Appendices

General vehicles	3	16	3	6			
Specialised vehicles	969	690	300	565			
Plant & equipment	349	16	10	1			
Computers - hardware/equipment	466	848	588	339			
Furniture and other office equipment	650	3	2	1			
Abattoirs		038	211	225			
Markets		4	3				
Civic Land and Buildings	4	922	488	948			
Other Buildings	500						
Other Land							
Surplus Assets - (Investment or Inventory)					-	-	-
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	-	1					
Computers - software & programming		324	324	9	-	-	-
Other ( <i>list sub-class</i> )		1					
		324	324	9			
<b>Total Capital Expenditure on new assets</b>	-	52	26	14	-	-	-
		372	461	440			
<b>Specialised vehicles</b>	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

# Appendices

## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	32 175	73 231	98 981	70 847	-	-	-
Infrastructure: Road transport -Total	2 212	51 031	47 281	21 578	-	-	-
<i>Roads, Pavements &amp; Bridges</i>	2 212	51 031	47 281	21 578			
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	3 185	-	-	2 452	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	1 610			2 452			
<i>Street Lighting</i>	1 575						
<b>Infrastructure: Water - Total</b>	7 831	-	24 500	19 113	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	7 831		24 500	19 113			
<b>Infrastructure: Sanitation - Total</b>	7 321	22 200	27 200	27 704	-	-	-
<i>Reticulation</i>	7 321	22 200	27 200	27 704			
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	11 626	-	-	-	-	-	-
<i>Waste Management</i>	11 626						
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	560	8 964	5 656	2 524	-	-	-

# Appendices

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	2022/23	2023/24			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls		158	100					
Libraries		8						
Recreational facilities		806	5 556	2 524				
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries	560							
Social rental housing								
Other								
<b>Heritage assets</b>	-	-	-	-	-	-	-	
Buildings								
Other								
<i>Table continued next page</i>								
<i>Table continued from previous page</i>								
Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	2022/23	2023/24			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
<b>Capital expenditure by Asset Class</b>								
<b>Investment properties</b>	-	-	-	-	-	-	-	
Housing development								
Other								

# Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b><u>Other assets</u></b>		-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b><u>Agricultural assets</u></b>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<b><u>Biological assets</u></b>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<b><u>Intangibles</u></b>	-	-	-	-	-	-	-
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on renewal of existing assets</b>	32 735	82 195	104 637	73 371	-	-	-
<b><u>Specialised vehicles</u></b>	-	-	-	-	-	-	-
Refuse							

# Appendices

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
	Fire Conservancy Ambulances						

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b) T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2023/24



# Appendices

Capital Programme by Project by Ward: 2023/24		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Maokeng: Installation of 8 Highmast Lights (MIS:373162)	8-9	No
Maokeng/Nyakallong: Upgrading of Community and Sports Facility – Phase 2 (MIS:371233)	11	Yes
Maokeng (Constantia): Construction of sewer pipeline at Caswell Koekoe Street (MIS:373419)	10	Yes
Maokeng (Phomolong): Upgrading of 2.8km water network infrastructure (MIS:373418)	11,12	Yes
Phomolong: Upgrading of sports facility – Phase 1 (MIS:412184)	11	No
Rammulotsi: Development and fencing of new landfill site – Phase 2 (MIS:412457)	23	No
Maokeng/Seisoville: Construction of 1.46km paved road and storm water at Mahabane Street (MIS:458604)	13,15	No
Maokeng/Constantia: Construction of 0.51km paved road and storm water at Messi Street (MIS:458272)	5	No
Maokeng/Brentpark: Construction of 1.316km paved road and storm water at Canon Street (MIS:458296)	4	No
Maokeng (Brentpark): Construction of 1.5ml Steel Reservoir, 0.5ml Elevated Steel Tank and Pumpstation (MIS:458610)	4	No
Maokeng: Gelukwaarts - Upgrading of Masionne and Stiloane Street (0.796km) to a paved road (MIS:478759)	4	No
Rammulotsi: Construction of 0.25km paved road (4274 – 4218) and 0.266km (4756 – 4902) with storm water (MIS:460732)	23	Yes
Constantia: Upgrading of the sewer pump station	10	No
Construction of 4km water pipe line at 11th Avenue and repair sluice gate at Bloemhoekdam		No
Viljoenskroon/Rammulotsi: Raw water pump and construction / Upgrade of the recovery/off storage dam	23	No
Kroonstad Water Water Treatment Works - Phase 2	17	No
Maokeng: Koekoe Villgaga extention 10	9	Yes
		TO

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



# Appendices

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

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

# Appendices

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2022/23				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2022/23 R' 000	Total Amount committed over previous and future years
No grants or loans were made during the financial year.				
* Loans/Grants - whether in cash or in kind				TR

## **VOLUME II: ANNUAL FINANCIAL STATEMENTS**

To published on the municipal website.



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

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act no. 117 of 1998). Moqhaka Local Municipality is situated within the southern part of the Fezile Dabi District in the Free State province. The seat of local government is Kroonstad.
<b>Nature of business and principal activities</b>	Moqhaka is a local municipality performing functions as set out in the Constitution of South Africa, 1996 (Act no. 105 of 1996).
<b>Mayoral committee</b>	
Executive Mayor	Mokatsane, ME
Speaker	Khiba, SV
Council Whip	Semakale, MM
Members of the Mayoral Committee	Tau, RD Ramovha, S Ntsala, TM Tshabalala, MP Lulama, MR Khotle, MA Phamotse, EP Ramajoe, EL Ramathibe, BS
<b>Grading of local authority</b>	The Moqhaka Municipality is a grade 4 Local Authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998 (Act no. 20 of 1998).
<b>Accounting Officer</b>	Tshabalala, PH Mofokeng, MM (Acting)
<b>Chief Finance Officer (CFO)</b>	Visagie, R (Acting)
<b>Registered office</b>	Municipal Offices Hill Street Kroonstad 9499
<b>Business address</b>	Municipal Offices Hill Street Kroonstad 9499
<b>Postal address</b>	PO Box 302 Kroonstad 9500
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Attorneys</b>	Du Randt & Louw Attorneys Phambane Mokone Attorneys Peyper Attorneys Malebogo Maeyane Attorneys Khumalo Masondo Attorneys

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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### Members of Council

Majavu Incorporated

Baba, MN  
Boeije, HME  
Beneke, PC (Resigned)  
Botha, AV  
Chabalala, SM  
Dalton, CM  
Geldenhuis, J  
Lebone, NS  
Louwrens, L  
Makoko, MP  
Marapo, JS  
Meko, J  
Mnaba, NM (Res  
Mofokeng, TG  
Mokoena, PS  
Motsoeneng, SM  
Mpele, MPE  
Muller, ND  
Nolo, NM  
Pittaway, SH  
Nzunga, ND  
Ramoolla, MJ  
Jordaan, A  
Rankokosane, MD  
Roderick, KJ  
Saaiman, CJ  
Sekhesa, L  
Sello, T  
Serapela, DJ  
Sesing, IS  
Thebe, EMM  
Tloome, C  
Van Heerden, L  
Van Schalkwyk, L  
Visagie, AJ (Resigned)

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act, 2003 (Act no. 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
SCM	Supply Chain Management
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MIG	Municipal Infrastructure Grant

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Officer's Responsibilities and Approval

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The accounting officers are required by the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), to maintain adequate accounting records and are 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 officers 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 officers acknowledge that they are 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 officers 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 officers are 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 officers have 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, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of core as disclosed in note 34 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution of South Africa, 1996 (Act no. 108 of 1996) read with the Remuneration of Public Officer Bearers Act, 1998 (Act no. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 7 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2024 and were signed by:



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**Mofokeng, MM (Acting)**  
**Accounting Officer**

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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The accounting officers submit their report for the year ended .

### 1. Review of activities

#### Main business and operations

Moqhaka is a local municipality performing functions as set out in the Constitution of South Africa, 1996 (Act no. 108 of 1996) and operates in the Moqhaka Municipal area.

Net deficit of the municipality was R 171 741 230 (2023: deficit R 373 671 345).

### 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 analysis of the going concern is clearly depicted in note 54.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have an impact on the annual financial statements, except for matters as outlined in note 56.

### 4. Accounting Officers' interest in contracts

The accounting officer's did not have any interest in contracts during the financial year.

### 5. Accounting policies

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122 (3) of the Municipal Financial Management Act, (Act No. 56 of 2003).

### 6. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality
Tshabalala, PH	South African
Mokgatle, IS (Acting)	South African
Mofokeng, MM (Acting)	South African

### 7. Auditors

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

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	44 882 922	19 968 046
Inventories	4	87 485 319	98 058 932
Investments	5	130 800	120 189
Receivables from exchange transactions	6	527 659 859	368 424 920
Receivables from non-exchange transactions	7	58 779 023	56 751 010
VAT receivable	8	170 788 848	144 850 801
		<b>889 726 771</b>	<b>688 173 898</b>
<b>Non-Current Assets</b>			
Investments	5	390 152	325 090
Receivables from exchange transactions	6	1 207 839	1 175 624
Receivables from non-exchange transactions	7	210 571	100 063
Heritage assets	9	7 754 166	7 754 166
Intangible assets	10	2 365 223	2 798 695
Investment property	11	122 441 967	105 102 271
Property, plant and equipment	12	1 867 742 273	1 901 359 276
		<b>2 002 112 191</b>	<b>2 018 615 185</b>
<b>Total Assets</b>		<b>2 891 838 962</b>	<b>2 706 789 083</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Consumer deposits	13	16 034 515	15 746 169
Finance lease obligation	14	1 177 728	1 238 510
Borrowings	15	8 957 021	10 564 266
Payables from exchange transactions	16	1 503 036 743	1 177 702 703
Provisions	17	41 000	76 815 853
Unspent conditional grants and receipts	18	27 031 977	2 353 851
Employee benefit obligation	19	17 605 796	7 986 232
		<b>1 573 884 780</b>	<b>1 292 407 584</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	14	-	1 177 728
Borrowings	15	6 067 472	9 382 617
Provisions	17	128 571 528	51 631 855
Employee benefit obligation	19	146 925 107	144 058 000
		<b>281 564 107</b>	<b>206 250 200</b>
<b>Total Liabilities</b>		<b>1 855 448 887</b>	<b>1 498 657 784</b>
<b>Net Assets</b>		<b>1 036 390 075</b>	<b>1 208 131 299</b>
Accumulated surplus		1 036 390 075	1 208 131 299
<b>Total Net Assets</b>		<b>1 036 390 075</b>	<b>1 208 131 299</b>

\* See Note 50

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	680 044 970	593 248 978
Rental of facilities and equipment	21	6 529 905	5 723 509
Fees earned	22	355 458	148 187
Interest received	23	73 582 753	40 824 842
Other income	24	27 169 743	10 762 410
Fair value adjustment	25	26 183 489	1 623 365
Gains on employee benefit obligation	26	9 734 988	32 544 012
<b>Total revenue from exchange transactions</b>		<b>823 601 306</b>	<b>684 875 303</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Services charges (Availability charges)	27	838 805	720 383
Property rates	28	88 207 117	82 052 199
Interest received	23	7 761 059	4 394 287
<b>Transfer revenue</b>			
Government grants and subsidies	29	365 275 792	330 100 606
Public contributions and donations	30	6 500	7 319 275
Fines	31	3 694 055	4 222 791
<b>Total revenue from non-exchange transactions</b>		<b>465 783 328</b>	<b>428 809 541</b>
<b>Total revenue</b>	32	<b>1 289 384 634</b>	<b>1 113 684 844</b>
<b>Expenditure</b>			
Employee related costs	33	(399 176 465)	(358 522 472)
Remuneration of councillors	34	(22 251 162)	(20 795 484)
Repairs and maintenance	35	(97 281 247)	(99 520 899)
Depreciation and amortisation	36	(109 847 388)	(111 131 304)
Finance costs	37	(33 943 290)	(83 081 714)
Debt impairment	38	(176 661 429)	(257 884 270)
Bulk purchases	39	(418 566 853)	(345 543 776)
Contracted services	40	(80 381 391)	(72 129 949)
General expenses	41	(95 042 396)	(124 516 952)
<b>Total expenditure</b>		<b>(1 433 151 621)</b>	<b>(1 473 126 820)</b>
<b>Operating deficit</b>		<b>(143 766 987)</b>	<b>(359 441 976)</b>
Cost on disposal of assets	42	(15 329 539)	(5 421 450)
Losses on employee benefit obligation	26	(1 441 774)	-
Impairment loss on assets	43	(11 202 930)	(8 807 919)
		<b>(27 974 243)</b>	<b>(14 229 369)</b>
<b>Deficit for the year</b>		<b>(171 741 230)</b>	<b>(373 671 345)</b>

\* See Note 50

## Moqhaka Local Municipality

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	1 583 145 246	1 583 145 246
Adjustments		
Prior year adjustments (Note 50)	(1 342 602)	(1 342 602)
<b>Balance at 01 July 2022 as restated*</b>	<b>1 581 802 644</b>	<b>1 581 802 644</b>
Changes in net assets		
Deficit for the year	(373 671 345)	(373 671 345)
Total changes	(373 671 345)	(373 671 345)
<b>Restated* Balance at 01 July 2023</b>	<b>1 208 131 305</b>	<b>1 208 131 305</b>
Changes in net assets		
Deficit for the year	(171 741 230)	(171 741 230)
Total changes	(171 741 230)	(171 741 230)
<b>Balance at 30 June 2024</b>	<b>1 036 390 075</b>	<b>1 036 390 075</b>

\* See Note 50

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		506 098 271	496 145 517
Government grants and subsidies		389 953 918	330 689 919
Interest income		8 941 194	2 091 824
Taxation and fines revenue		1 310 536	4 222 791
Other income		20 146 824	16 120 111
Dividends		33 758	27 949
		<u>926 484 501</u>	<u>849 298 111</u>
<b>Payments</b>			
Employee costs		(415 082 035)	(369 445 953)
Suppliers		(387 682 352)	(364 948 152)
Finance costs		(4 351 152)	(59 679 727)
		<u>(807 115 539)</u>	<u>(794 073 832)</u>
<b>Net cash flows from operating activities</b>	45	<b><u>119 368 962</u></b>	<b><u>55 224 279</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(86 595 485)	(68 802 841)
Purchase of other intangible assets	10	(9 487)	(441 400)
Additions to investments	5	(10 610)	(8 163)
		<u>(86 615 582)</u>	<u>(69 252 404)</u>
<b>Net cash flows from investing activities</b>		<b><u>(86 615 582)</u></b>	<b><u>(69 252 404)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	15	(6 600 000)	(6 600 000)
Finance lease repayments		(1 238 510)	(942 971)
		<u>(7 838 510)</u>	<u>(7 542 971)</u>
<b>Net cash flows from financing activities</b>		<b><u>(7 838 510)</u></b>	<b><u>(7 542 971)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24 914 870</b>	<b>(21 570 916)</b>
Cash and cash equivalents at the beginning of the year		19 968 046	41 538 962
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>44 882 916</u></b>	<b><u>19 968 046</u></b>

\* See Note 50

# Moqhaka Local Municipality

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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	750 231 640	41 384 620	791 616 260	680 883 775	(110 732 485)	20
Rental of facilities and equipment	8 003 004	133 166	8 136 170	6 529 905	(1 606 265)	21
Other income	21 033 303	2 141 916	23 175 219	62 001 904	38 826 685	22&24&25&26
Interest received	33 110 719	-	33 110 719	73 582 753	40 472 034	23
<b>Total revenue from exchange transactions</b>	<b>812 378 666</b>	<b>43 659 702</b>	<b>856 038 368</b>	<b>822 998 337</b>	<b>(33 040 031)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	86 281 288	-	86 281 288	88 207 117	1 925 829	28
Interest received	2 843 100	-	2 843 100	7 761 059	4 917 959	23
<b>Transfer revenue</b>						
Government grants and subsidies	284 237 032	41 000 000	325 237 032	365 275 792	40 038 760	29
Public contributions and donations	-	-	-	6 500	6 500	30
Fines	4 973 664	280 000	5 253 664	3 694 055	(1 559 609)	31
Other income	564 890	81 562	646 452	-	(646 452)	
<b>Total revenue from non-exchange transactions</b>	<b>378 899 974</b>	<b>41 361 562</b>	<b>420 261 536</b>	<b>464 944 523</b>	<b>44 682 987</b>	
<b>Total revenue</b>	<b>1 191 278 640</b>	<b>85 021 264</b>	<b>1 276 299 904</b>	<b>1 287 942 860</b>	<b>11 642 956</b>	
<b>Expenditure</b>						
Employee costs	(396 116 531)	(1 638 685)	(397 755 216)	(399 176 465)	(1 421 249)	33
Remuneration of councillors	(25 032 003)	(3 163 947)	(28 195 950)	(22 251 162)	5 944 788	34
Depreciation and amortisation	(9 412 612)	3 118	(9 409 494)	(109 847 388)	(100 437 894)	36
Finance costs	(8 600 000)	-	(8 600 000)	(33 943 290)	(25 343 290)	37
Debt impairment	(58 748 643)	12 473 850	(46 274 793)	(176 661 429)	(130 386 636)	38
Bulk purchases	(318 545 093)	(76 829 094)	(395 374 187)	(418 566 853)	(23 192 666)	39
Contracted services	(159 893 523)	(6 476 564)	(166 370 087)	(177 662 638)	(11 292 551)	35&40
General expenses	(134 838 745)	(6 921 964)	(141 760 709)	(121 574 865)	20 185 844	41&42&43
<b>Total expenditure</b>	<b>(1 111 187 150)</b>	<b>(82 553 286)</b>	<b>(1 193 740 436)</b>	<b>(1 459 684 090)</b>	<b>(265 943 654)</b>	
<b>Operating deficit</b>	<b>80 091 490</b>	<b>2 467 978</b>	<b>82 559 468</b>	<b>(171 741 230)</b>	<b>(254 300 698)</b>	
Transfers recognised - capital	134 568 093	(2 762 502)	131 805 591	87 802 538	(44 003 053)	29
Capital expenditure	(134 568 093)	2 762 502	(131 805 591)	(87 802 538)	44 003 053	29
	-	-	-	-	-	
<b>Deficit for the year</b>	<b>80 091 490</b>	<b>2 467 978</b>	<b>82 559 468</b>	<b>(171 741 230)</b>	<b>(254 300 698)</b>	

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Note(s)	2024	2023
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### 1. Significant accounting policies

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

#### 1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

These annual financial statements comply with all the requirements of the Standards of Generally Recognised Accounting Practice.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality, and have been rounded off to the nearest Rand.

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

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

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

#### Services and rates debtors

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.

#### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.write down is included in the statement of financial performance in the year in which it arose.

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.write down is included in the statement of financial performance in the year in which it arose.

#### Fair value estimation

The fair value of investment properties is determined with reference to market conditions as at year end. This valuation was performed by a registered professional valuer.

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### Provisions

Provisions were raised and management determined an estimate based on the best information available at the time of making the judgement and estimate of the financial effect.

#### Useful lives and residual values

The municipality's management determines the estimated useful lives and related depreciation / amortisation charges for the property, plant and equipment as well as intangible assets. The municipality re-assess the useful lives and the residual values if material of the individual asset. This estimate is based on industry norms and future plans of the municipality communicated through its strategic planning processes.

If material, management will change the depreciation consideration of the condition and actual use charge where useful lives are more / less than previously estimated.

#### 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.

#### Effective interest rate

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

#### Allowance for doubtful debts

The municipality uses an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that materially impact on the fair value of the financial instruments, revenue and expenses at initial recognition. The adjustments require a degree of estimation around the discount rate and periods used.

#### Bad debts

All financial assets measured at amortised cost, or cost, are subject to an impairment review in accordance with paragraphs .57 to .64. of GRAP 104

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
  - b) a breach of contract, such as a default or delinquency in interest or principal payments;
  - c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
-

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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

- d) it is probable that the borrower will enter sequestration or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
  - ii. national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph .58). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

#### 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.

#### 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.

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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#### 1.4 Investment property (continued)

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.

Derecognition

The gain or loss arising from derecognition of an item of investment property is included in surplus or deficit when the item is derecognised.

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

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

- When the municipality leases out the property and receives rental income.

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

- Determining any cash generations independent from other assets.
- Purpose of holding the asset, whether generally held to earn rental income or for capital appreciation.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 35).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 11).

#### 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.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

It is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably

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.

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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

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.

An entity applies GRAP 12 to the costs of obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item to produce inventories during that period. The obligations for costs accounted for in accordance with GRAP 12 or this Standard are recognised and measured in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets

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:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	25 - 30 years
Building Fixtures	Straight-line	3 - 5 years
Plant and machinery	Straight-line	2 - 40 years
Furniture and fixtures	Straight-line	3 - 15 years
Motor vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	3 - 15 years
IT equipment	Straight-line	3 - 10 years
Infrastructure	Straight-line	5 - 100 years
Community	Straight-line	15 - 30 years
Quarries	Straight-line	15 - 20 years
Landfill sites	Straight-line	15 - 80 years
Finance leases - 3G cards	Straight-line	Contract Term
Finance leases - Cellphones	Straight-line	Contract Term
Solid waste	Straight-line	5 - 55 years
Waste water network	Straight-line	5 - 100 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 35).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the property, plant and equipment.

#### Transfer

Transfers from property, plant, and equipment assets are only made when the particular asset no longer meets the definition of a property, plant, and equipment.

Transfers to property, plant, and equipment are only made when the asset meets the definition of a property, plant, and equipment.

#### 1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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### Accounting Policies

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#### 1.6 Site restoration and dismantling cost (continued)

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 Heritage assets

Assets are resources controlled by a 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.

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.

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.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 35).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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### 1.7 Heritage assets (continued)

If a heritage asset is revalued, the entire class of heritage assets to which that asset belongs shall be revalued. If the heritage asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

There is a presumption that fair value can be measured reliably for a heritage asset. However, that presumption can be rebutted when market-determined prices or values are not available and alternative estimates of fair value are determined to be

clearly unreliable. In such a case, the heritage asset shall be measured using the cost model. The carrying amount of the heritage asset shall be its revalued amount at the date of the last revaluation less any subsequent accumulated impairment losses.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, 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 heritage asset.

#### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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### Accounting Policies

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#### 1.8 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.

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:

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Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	20 years
Computer software	Straight-line	3 - 5 years

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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 Intangible assets (continued)

Residual value

The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to acquire the asset at the end of its useful life; or there is an active market for the asset and:

- (i) residual value can be determined by reference to that market; and
- (ii) it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Financial instruments

A financial asset is:

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

#### Classification

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

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value
Investments	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Provisions	Financial liability measured at amortised cost
Consumer Deposit	Financial liability measured at amortised cost
Unspent conditional grant and receipts	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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## **Moqhaka Local Municipality**

Annual Financial Statements for the year ended 30 June 2024

### **Accounting Policies**

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#### **1.9 Financial instruments (continued)**

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

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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#### 1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

All financial assets measured at amortised 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 entity 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, a 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.

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, 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.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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## Moqhaka Local Municipality

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### Accounting Policies

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#### 1.9 Financial instruments (continued)

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

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

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. 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 entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

#### Financial liabilities

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

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

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

#### Presentation

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

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity 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.

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## Moqhaka Local Municipality

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### Accounting Policies

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#### 1.9 Financial instruments (continued)

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

#### 1.10 Tax

##### Value Added Tax (VAT)

VAT comprises current and non-current VAT (deferred VAT). VAT is accounted for on an accrual basis, but the VAT declarations to the South African Revenue Services (SARS) are made on a payment basis in terms of section 15 of the Value-Added Tax Act 89 of 1991 (VAT Act). On a payment basis, the municipality must declare output tax when the recipient makes payment according to a taxable supply made to the recipient by the municipality. The municipality is liable to account for VAT at the standard rate of 15% in terms of section 7(1)(a) of the VAT Act in respect or response to a taxable supply of goods or services. Where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes, no output tax is declared to the SARS. The municipality can deduct input tax on qualifying VAT expenditure in terms of section 16 of the VAT Act also on the payment basis when they make payments to suppliers and the VAT expenditure is incurred in the course or furtherance of a taxable activity.

A VAT asset is recognised to the extent that the municipality will be able to deduct the net input tax in future VAT declarations to the SARS. VAT assets are reviewed at each reporting date and are adjusted based on the probability that the VAT asset can be realised in future VAT declarations to the SARS. The VAT asset will be reduced to the extent that it is no longer probable that the VAT asset will be realised. A VAT liability is recognised to the extent that the municipality will be obligated to declare a net output tax in future VAT declarations to the SARS.

The municipality assesses at each reporting date whether there is an indication that its output tax amount payable to the SARS is impaired. If any such indication exists, the municipality estimates the output tax payable amount based on observable data indicating a measurable decrease in the estimated future cash flows expected from its customers.

The VAT is offset in the statement of financial position because offsetting reflects the substance of the transaction as VAT is declared to the SARS on a net basis.

VAT is recognised using the VAT rates enacted or substantially enacted at the financial position date and considering any VAT payable or receivable adjustment in the past years.

#### 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

##### 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 on the remaining balance of the liability.

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

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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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.

#### 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.

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

### 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.

Inventories shall be recognised as an asset if, and only if,

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

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 first-in, first-out (FIFO) 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.

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## Accounting Policies

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### 1.13 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested.

Actuarial gains or losses: Actuarial gains and losses are recognised in the surplus or deficit in the reporting period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Post retirement obligations

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

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. Independent qualified actuaries carry out valuations of these obligations. The benefits are charge to income as incurred throughout the year.

### 1.14 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.
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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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#### 1.14 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

Future events that may affect the amount required to settle an obligation is reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 57.

#### 1.15 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.

When uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense rather than as an adjustment of the amount of revenue originally recognised.

#### 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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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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#### 1.15 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, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue from the rental of facilities and equipment is recognised on a straight-lined basis over the term of the lease agreement.

Penalty interest is levied on unpaid amounts each month. This revenue is recognised when leviable in terms of law.

#### 1.16 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.

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.

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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### 1.16 Revenue from non-exchange transactions (continued)

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.

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.

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.

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

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

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

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.

### 1.17 Borrowing costs

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

### 1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

According to section 1 of the MFMA: "irregular expenditure", in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act and which has not been condoned in terms of section 170; or
  - b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the Municipal Systems Act, 2000 (Act no. 32 of 2000) and which has not been condoned in terms of that Act; or
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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Irregular expenditure (continued)

- c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the Municipal Systems Act, 2000 (Act no. 32 of 2000), and the Public Office Bearers Act, 1998 (Act no. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Comparative figures

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

Then the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed in note 50.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practical, and the prior period comparatives are restated accordingly.

### 1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

### 1.23 Related parties

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.

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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#### 1.23 Related parties (continued)

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

#### 1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Other grants and donations

Donations shall be measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

Other grants and donations shall be recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

#### 1.25 Contractual commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Contractual commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract is 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.

#### 1.26 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

#### 1.27 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.

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.27 Budget information (continued)

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in Appendix E to the annual financial statements.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 1.28 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.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

#### 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

An entity shall initially measure statutory receivables at their transaction amount. The statutory receivables in paragraph .06 shall be measured initially in accordance with the applicable Standard of GRAP. The amount determined on initial measurement in accordance with another Standard of GRAP is the same as the transaction amount described in this Standard.

#### 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.

#### Impairment losses

An entity shall assess at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. If any such indication exists, the entity shall apply paragraphs .22 to .29.

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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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#### 1.28 Statutory receivables (continued)

The future cash flows of a group of statutory receivables that are collectively evaluated for impairment can be estimated using historical experience for receivables with similar characteristics. Entities that have no entity-specific historical experience or insufficient experience, can use peer group experience (when available) for comparable groups of statutory receivables. Historical experience may need to be adjusted to reflect the effects of current conditions that did not affect the period on which the historical experience is based and, to remove the effects of conditions in the historical period that do not exist currently. Where historical experience is used, the methodology and assumptions used to estimate future cash flows shall be reviewed regularly to reduce any differences between estimated and actual impairment losses.

An impairment loss recognized in prior periods for a statutory receivable shall be revised if there has been a change in the estimates used since the last impairment loss was recognized, or to reflect the effect of discounting the estimated cash flows in accordance with paragraph .23.

#### 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.

#### 1.29 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.

#### 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.

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.30 National Housing Programme

The Moqhaka Local Municipality is a Category B municipality. The municipality is not yet accredited for the housing development scheme. The municipality is currently in the process of a level 1 accreditation. However, the municipality is still required in terms of the guidelines on accounting for arrangements undertaken in terms of the National Housing Programme.

In terms of this level 1 accreditation, the municipality is required to identify and plan local housing programmes and projects.

This is done through the Municipal Human Settlements Plan (MHSP), which is integrated into the municipality's Integrated Development Plan (IDP). The IDP has been approved through a Council resolution and subsequently submitted to the MEC for Local Government for review and comment.

In complying with the requirements of the ASB guidelines, the municipality further identified sites for Reconstruction and Development Programme (RDP) development. These sites have been included as inventory in the Annual Financial Statements.

The municipality makes available the land earmarked for RDP housing construction as classified under inventory on vacant sites to the provincial Department of Human Settlement and disposes of the land once beneficiaries take ownership and/or when deeds registrations are finalised.

#### Beneficiary management

The municipality assists in the collection of application forms from beneficiaries, informing eligible beneficiaries of the outcome of their application by the relevant provincial Department of Human Settlements and assisting with the handover of the houses.

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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 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	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact was not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact was not material.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact was not material.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact was not material.

#### 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	Expected impact:
• The Application of Materiality to Financial Statements	01 April 2024	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2024	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2024	Unlikely there will be a material impact

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 087 750	14 602 200
Short-term deposits	40 795 172	5 365 846
	<b>44 882 922</b>	<b>19 968 046</b>

#### Cash and cash equivalents pledged as collateral

Guarantee issued to the Department of Mineral Resources This cession is linked to ABSA notice deposit account number: 205-8247-882	50 000	50 000
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#### 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
ABSA Bank - Cheque account - 405 327 4876	4 087 750	14 602 200	27 365 409	4 087 750	14 602 200	27 365 409
ABSA Bank - Call account - 91 3190 1443	40 795 172	5 365 846	14 173 553	40 795 172	5 365 846	14 173 553
<b>Total</b>	<b>44 882 922</b>	<b>19 968 046</b>	<b>41 538 962</b>	<b>44 882 922</b>	<b>19 968 046</b>	<b>41 538 962</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>4. Inventories</b>		
Consumables stores	20 214 014	24 949 411
Vacant Sites held for resale	66 015 622	71 747 749
Water	1 255 683	1 361 772
	<b>87 485 319</b>	<b>98 058 932</b>

Consumable Inventory held by the municipality decreased by R 4 735 397 in the current year (2023: increase R 243 994).

Vacant sites by the municipality decreased by R 5 732 127 in the current year (2023: decrease R 157 000).

Water Inventory held by the municipality decreased by R 106 089 in the current year (2023: increase R 1 096 987).

During the year inventory that were expensed through the Statement of Financial Performance amounted to R 18 166 128 (2023: R 12 940 787).

No Inventories have been pledged as collateral for liabilities of the municipality.

#### 5. Investments

##### Designated at fair value

ABSA deposits	130 800	120 189
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##### At fair value

Senwes	226 982	177 330
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The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (11 822 shares at R19.20).

Senwesbel	163 170	147 760
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The fair value is based on quoted price from active markets for identical assets and is therefore a level 1 (18 130 shares at R9.00).

	<b>390 152</b>	<b>325 090</b>
<b>Total other financial assets</b>	<b>520 952</b>	<b>445 279</b>

##### Non-current assets

At fair value	390 152	325 090
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##### Current assets

At amortised cost	130 800	120 189
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#### Financial assets at fair value

##### Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	217 392 983	132 306 659
Water	765 422 932	608 383 909
Waste water	227 326 242	178 776 041
Waste	164 166 578	127 691 001
Other services	95 316 527	86 186 262
Prepayments	3 056 298	5 558 532
	<b>1 472 681 560</b>	<b>1 138 902 404</b>
<b>Less: Allowance for impairment</b>		
Electricity	(89 274 561)	(54 048 801)
Water	(544 179 132)	(450 986 980)
Waste water	(128 902 981)	(107 976 190)
Waste	(94 917 684)	(79 030 771)
Other services*	(87 747 343)	(78 434 742)
	<b>(945 021 701)</b>	<b>(770 477 484)</b>
<b>Net balance</b>		
Electricity	128 118 422	78 257 858
Water	221 243 800	157 396 929
Waste water	98 423 261	70 799 851
Waste	69 248 894	48 660 230
Other services	7 569 184	7 751 520
Prepayments	3 056 298	5 558 532
	<b>527 659 859</b>	<b>368 424 920</b>
<b>Included in above is receivables from exchange transactions</b>		
Rentals	911 649	761 518
Sundry services	94 404 878	85 424 744
	<b>95 316 527</b>	<b>86 186 262</b>
The following categories are included in the balance of sundry services:		
Burial and cemeteries,		
Advertising and signs,		
Building plans,		
Fire and rescue services,		
Connection of water and sanitation,		
Clearance certificates,		
Sale of stands, etc.		
<b>Electricity</b>		
Current (0 -30 days)	7 097 088	2 057 328
31 - 60 days	3 510 670	1 638 289
61 - 90 days	3 440 448	2 033 403
> 90 days	114 070 216	72 528 838
	<b>128 118 422</b>	<b>78 257 858</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	10 980 623	4 338 834
31 - 60 days	5 431 713	3 455 095
61 - 90 days	5 323 065	4 288 378
> 90 days	199 508 399	145 314 622
	<b>221 243 800</b>	<b>157 396 929</b>
<b>Waste water</b>		
Current (0 -30 days)	5 198 377	2 142 547
31 - 60 days	2 571 447	1 706 150
61 - 90 days	2 520 012	2 117 631
> 90 days	88 133 425	64 833 523
	<b>98 423 261</b>	<b>70 799 851</b>
<b>Waste</b>		
Current (0 -30 days)	3 673 618	1 476 405
31 - 60 days	1 817 205	1 175 689
61 - 90 days	1 780 856	1 459 236
> 90 days	61 977 215	44 548 900
	<b>69 248 894</b>	<b>48 660 230</b>
<b>Other services</b>		
Current (0 -30 days)	407 934	213 945
31 - 60 days	201 790	170 368
61 - 90 days	197 754	211 457
91 - 120 days	6 761 706	7 155 750
	<b>7 569 184</b>	<b>7 751 520</b>
<b>Prepayments</b>		
Current (0 -30 days)	3 056 298	5 558 532
<b>Summary of debtors by customer classification</b>		
<b>Total</b>		
Current (0 -30 days)	28 641 730	36 212 748
31 - 60 days	41 708 569	28 836 895
61 - 90 days	40 858 541	35 791 630
> 90 days	1 358 416 422	1 032 502 599
	1 469 625 262	1 133 343 872
Less: Allowance for impairment	(945 021 701)	(770 477 484)
	<b>524 603 561</b>	<b>362 866 388</b>
<b>Non-current receivables from exchange transactions</b>		
> 365 days	1 207 839	1 175 624
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(770 477 484)	(656 751 410)
Contributions to allowance	(945 021 701)	(770 477 484)
Debt written off against allowance	7 364 932	138 713 763
Reversal of allowance	763 112 552	518 037 647
	<b>(945 021 701)</b>	<b>(770 477 484)</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Non-current receivables from exchange transactions</b>		
Arrangements included in the above receivables from exchange transactions amounting to R 1 207 839 (2023: R 1 175 624) is a number of consumers with whom arrangements have been made to pay the debt over a period longer than one year.		
No receivable from exchange transaction have been pledged as collateral for liabilities of the municipality.		
<b>Credit quality of consumer debtors</b>		
The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
<b>7. Receivables from non-exchange transactions</b>		
Eskom account deposit	835 201	781 154
Fuel deposits	2 484 820	2 484 820
Long term debtors	210 571	100 063
Other receivables	270 384	269 391
Outstanding electricity collections	1 868 673	13 200 764
Statutory receivables: Assessment rates	52 653 669	39 230 417
Statutory receivables: Fines	666 276	784 464
	<b>58 989 594</b>	<b>56 851 073</b>
Non-current assets	210 571	100 063
Current assets	58 779 023	56 751 010
	<b>58 989 594</b>	<b>56 851 073</b>
<b>Assessment rates</b>		
Gross balances	106 271 872	83 778 587
Less: Allowance for impairment	(53 618 203)	(44 548 170)
	<b>52 653 669</b>	<b>39 230 417</b>
<b>Total receivables from non-exchange transactions</b>	<b>58 989 594</b>	<b>56 851 073</b>
<b>Total</b>		
Current (0 -30 days)	2 521 299	2 414 240
31 - 60 days	1 247 194	1 922 505
61 - 90 days	1 222 247	2 386 165
> 90 days	101 281 132	77 055 677
Less: Impairment	(53 618 203)	(44 548 170)
	<b>52 653 669</b>	<b>39 230 417</b>
<b>Reconciliation of allowances for impairment: Assessment rates</b>		
Balance at the beginning of the year	(44 548 170)	(33 016 327)
Contribution to allowance	(53 618 203)	(44 548 170)
Reversal of allowance	44 548 170	33 016 327
	<b>(53 618 203)</b>	<b>(44 548 170)</b>
<b>Fines</b>		
Gross balance	3 167 983	3 909 158
Less: Impairment	(2 501 707)	(3 124 694)
	<b>666 276</b>	<b>784 464</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 7. Receivables from non-exchange transactions (continued)

##### Reconciliation of allowance for impairment: Fines

Balance at the beginning of the year	(3 124 694)	(2 175 164)
Contribution to allowance	(2 501 707)	(3 124 694)
Reversal of impairment	3 124 694	2 175 164
	<b>(2 501 707)</b>	<b>(3 124 694)</b>

The calculation in respect of the impairment fines receivable is based on an assessment of the past payment history of fines per category. The total average collectability of fines were 22% (2023: 23%).

The calculation for initial recognition and measurement of fines reduced and or cancelled is based on an assessment of past reduced and or cancelled history of fines per category. The total average estimated reductions used were 13% (2023: 25%).

#### Non-current receivables from non-exchange transactions

Long term debtors	210 571	100 063
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#### 8. VAT receivable

VAT	170 788 848	144 850 801
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The municipality is registered on the cash basis for VAT purposes. This means that VAT is only paid once cash is received or actual payments are made.

#### 9. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	7 754 166	-	7 754 166	7 761 921	(7 755)	7 754 166

##### Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	7 754 166	7 754 166

##### Reconciliation of heritage assets 2023

	Opening balance	Impairment losses recognised	Total
Heritage assets	7 761 921	(7 755)	7 754 166

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 9. Heritage assets (continued)

##### Heritage assets

The municipality's heritage assets comprise of significant historical assets within the Moqhaka Municipality.

These are made up of the:

Anglo-Boer War Memorial Burial Site,  
Sports monument,  
Mayoral chains, and  
ZR Mahabane House.

##### Reconciliation of heritage assets

	Carrying amount 2023
Municipal jewellery	1 277 800
Areas of land of historic or specific significance	242 367
Culturally significant buildings	6 233 999
	<b>7 754 166</b>

#### 10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6 646 908	(4 281 685)	2 365 223	6 637 421	(3 838 726)	2 798 695

##### Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	2 798 695	9 487	(442 959)	2 365 223

##### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	2 816 557	441 400	(459 262)	2 798 695

##### Other information

There were no intangible assets that were assessed as having an indefinite useful life.

There are no intangible assets whose titles are restricted or pledged as security for municipality's liabilities.

There are no contractual commitments for the acquisition of intangible assets.

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 11. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	122 441 967	-	122 441 967	105 102 271	-	105 102 271

#### Reconciliation of investment property - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	105 102 271	(8 778 730)	26 118 426	122 441 967

#### Reconciliation of investment property - 2023

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	107 623 327	(3 876 942)	(223 929)	1 579 815	105 102 271

#### Pledged as security

There are currently no restrictions on investment property as they have not being pledged as securities for liabilities.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations for the acquisition of investment property.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

#### Details of valuation

The fair value of the investment property was provided by DDP Valuers registered as a Professional Associated Valuer under subsection (2) of section 22 of the Property Valuers Profession Bill, 2000 (Act no. 47 of 2000).

Amounts recognised in surplus and deficit for the year

Rental revenue from investment property	6 529 905	5 723 509
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## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand

2024

2023

#### 12. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	50 503 535	-	50 503 535	50 503 535	-	50 503 535
Buildings	71 288 622	(33 370 620)	37 918 002	71 261 622	(31 747 171)	39 514 451
Plant and machinery	11 426 282	(7 648 826)	3 777 456	10 127 535	(6 967 231)	3 160 304
Furniture and office equipment	12 743 326	(8 466 312)	4 277 014	11 799 541	(7 761 368)	4 038 173
Motor vehicles	64 765 038	(45 274 366)	19 490 672	58 199 662	(42 853 354)	15 346 308
IT equipment	19 336 448	(12 225 835)	7 110 613	18 250 261	(10 342 860)	7 907 401
Landfill sites	17 209 966	(13 963 092)	3 246 874	17 209 966	(13 770 154)	3 439 812
Infrastructure	4 211 090 012	(2 691 776 283)	1 519 313 729	4 153 571 178	(2 586 927 931)	1 566 643 247
Community	205 592 199	(129 908 927)	75 683 272	203 175 681	(125 161 186)	78 014 495
Capital work in progress	145 435 110	-	145 435 110	133 161 843	(2 536 570)	130 625 273
Finance leased assets	3 689 597	(2 703 601)	985 996	3 689 597	(1 523 320)	2 166 277
<b>Total</b>	<b>4 813 080 135</b>	<b>(2 945 337 862)</b>	<b>1 867 742 273</b>	<b>4 730 950 421</b>	<b>(2 829 591 145)</b>	<b>1 901 359 276</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 12. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Public contributions and donations	Depreciation	Impairment loss	Total
Land	50 503 535	-	-	-	-	-	-	50 503 535
Buildings	39 514 451	27 000	-	-	-	(1 623 449)	-	37 918 002
Plant and machinery	3 160 304	1 339 305	(33 616)	-	-	(686 093)	(2 444)	3 777 456
Furniture and office equipment	4 038 173	947 598	(8 460)	-	6 500	(682 934)	(23 863)	4 277 014
Motor vehicles	15 346 308	6 565 373	-	-	-	(2 245 368)	(175 641)	19 490 672
IT equipment	7 907 401	1 225 472	(84 275)	-	-	(1 825 486)	(112 499)	7 110 613
Landfill sites	3 439 812	-	-	-	-	(192 938)	-	3 246 874
Infrastructure	1 566 643 247	4 354 914	(692 331)	56 116 522	-	(96 276 730)	(10 831 893)	1 519 313 729
Community	78 014 495	2 782	-	2 413 735	-	(4 691 150)	(56 590)	75 683 272
Capital work in progress	130 625 273	73 340 094	-	(58 530 257)	-	-	-	145 435 110
Finance leased assets	2 166 277	-	-	-	-	(1 180 281)	-	985 996
	<b>1 901 359 276</b>	<b>87 802 538</b>	<b>(818 682)</b>	<b>-</b>	<b>6 500</b>	<b>(109 404 429)</b>	<b>(11 202 930)</b>	<b>1 867 742 273</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 12. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Public contributions and donations	Depreciation	Impairment loss	Total
Land	45 779 606	-	-	-	223 929	4 500 000	-	-	50 503 535
Buildings and fixtures	41 197 311	53 749	-	-	-	-	(1 614 814)	(121 795)	39 514 451
Plant and machinery	3 541 530	581 943	(135 972)	-	-	-	(790 256)	(36 941)	3 160 304
Furniture and office equipment	4 075 447	848 610	(185 291)	-	-	7 800	(645 169)	(63 224)	4 038 173
Motor vehicles	14 539 902	2 849 392	(463 450)	-	-	1 119 843	(2 509 947)	(189 432)	15 346 308
IT equipment	9 566 144	571 241	(342 393)	-	-	-	(1 836 847)	(50 744)	7 907 401
Landfill sites	3 635 130	-	-	-	-	-	(195 318)	-	3 439 812
Infrastructure	1 631 545 331	2 295 576	(260 404)	31 328 206	-	653 632	(96 819 668)	(2 099 426)	1 566 643 247
Community	83 923 716	288 550	-	2 590 446	-	-	(5 086 187)	(3 702 030)	78 014 495
Capital work in progress	105 766 715	61 313 780	-	(33 918 652)	-	-	-	(2 536 570)	130 625 273
Finance leased assets	3 340 113	-	-	-	-	-	(1 173 836)	-	2 166 277
	<b>1 946 910 945</b>	<b>68 802 841</b>	<b>(1 387 510)</b>	<b>-</b>	<b>223 929</b>	<b>6 281 275</b>	<b>(110 672 042)</b>	<b>(8 800 162)</b>	<b>1 901 359 276</b>

#### Capital commitments

##### Approved and contracted for capital expenditure

Infrastructure	122 527 815	102 685 200
Motor vehicles	152 777 510	152 777 510
Community	7 225 049	2 774 800
Buildings	-	575 521
Landfill sites	6 098 653	5 558 937
	<b>288 629 027</b>	<b>264 371 968</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 12. Property, plant and equipment (continued)

##### Capital Work In Progress - 2024

	Included within infrastructure and landfill sites	Included within community	Included within Building & Fixtures	Total
Opening balance	122 045 044	8 135 765	444 464	130 625 273
Additions/capital expenditure	14 730 554	79 283	-	14 809 837
	<b>136 775 598</b>	<b>8 215 048</b>	<b>444 464</b>	<b>145 435 110</b>

##### Capital Work In Progress - 2023

	Included within Infrastructure and landfill sites	Included within Community	Included within Building & Fixtures	Total
Opening balance	94 623 250	10 699 001	444 464	105 766 715
Additions/capital expenditure	27 421 793	(2 563 236)	-	24 858 557
	<b>122 045 043</b>	<b>8 135 765</b>	<b>444 464</b>	<b>130 625 272</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 12. Property, plant and equipment (continued)

#### Reconciliation of infrastructure assets

##### Infrastructure

Roads and storm water	602 266 515	626 348 026
Electricity	288 048 512	317 962 010
Water	367 479 474	365 752 286
Sewerage	261 519 257	256 580 958
	<b>1 519 313 758</b>	<b>1 566 643 280</b>

Assets registers contain assets with a carrying value of R0. These are assets which have either been fully impaired or have been disposed in the 2022-23 financial year. The latter are kept in the register for comparison purposes.

Capital work in progress refers to infrastructure, community ongoing projects and assets in a project which have been paid for and have not been delivered as at 30 June 2024.

Significantly Delayed Capital Work in Progress include: Fencing of Steynsrus/Matlwangtlwang Offices, Construction of 0.608km paved road and stormwater in Rammulotsi, Construction of indoor-outdoor sports facilities in Koekoe Village. Installation of 8 High Mast Lights in Maokeng.

Halted Capital Work in Progress include: Construction of 66kv overhead ring main feed line phase 1, Upgrading sewer treatment work phase 3 and Rammulotsi: Rehabilitation of Existing Landfill Site and Construction of Fencing. These are projects which have halted due to lack of funding to complete the outstanding work.

The Provincial Department of Human Settlement initiated a bulk services project to service 5300 stands that are to be allocated to the residents. These stands result from existing municipal land and plots. This will result in municipal properties and infrastructure being affected and the impact of which can reliably be known after the project completion.

#### Significantly Delayed Capital Work in Progress

Infrastructure	Amount
	4 506 892
Buildings & Fixtures	444 464
Community	7 023 916
	<b>11 975 272</b>

#### Halted Capital Work in Progress

Infrastructure	Amount
	58 086 997

### 13. Consumer deposits

Electricity	4 974 547	4 901 194
Water	6 802 691	6 615 599
Sundries	4 257 277	4 229 376
	<b>16 034 515</b>	<b>15 746 169</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1 317 240	1 756 320
- in second to fifth year inclusive	-	1 317 240
	<u>1 317 240</u>	<u>3 073 560</u>
less: future finance charges	(139 512)	(657 322)
<b>Present value of minimum lease payments</b>	<b><u>1 177 728</u></b>	<b><u>2 416 238</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	1 177 728	1 238 510
- in second to fifth year inclusive	-	1 177 728
	<u>1 177 728</u>	<u>2 416 238</u>
Non-current liabilities	-	1 177 728
Current liabilities	1 177 728	1 238 510
	<u>1 177 728</u>	<u>2 416 238</u>

It is municipality policy to lease certain motor vehicles and equipment under finance leases. The average lease term does not exceed 5 years. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12.

The lease payments does not escalate per annum in line with the service level agreement that the municipality signed, and no arrangements have been entered into for any contingent rent.

#### 15. Borrowings

##### At amortised cost

Development Bank of Southern Africa	15 024 493	19 946 883
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##### Non-current liabilities

At amortised cost	6 067 472	9 382 617
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##### Current liabilities

At amortised cost	8 957 021	10 564 266
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#### Defaults and breaches

The municipality restructured all loans from the Development Bank of Southern Africa during 2012. The restructured loan bears interest on the outstanding amount at a fixed rate of 9% while amounts in arrears will bear interest at 11%

The loan is payable in 60 (sixty) quarterly payments starting on 1 August 2012. The municipality has not defaulted payments in the current year. The municipality was not able to remedy the defaults and terms of the loan was not required to be renegotiated in terms of the restructured loan.

#### Balance in arrears

Capital	5 537 422	8 035 189
Interest	107 433	152 852
	<u>5 644 855</u>	<u>8 188 041</u>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>16. Payables from exchange transactions</b>		
Trade payables	1 457 150 183	1 126 433 462
Payments received in advanced	33 196 609	29 021 882
Deposits received	184 046	61 401
Retention creditors	7 649 919	6 442 866
Third parties	4 855 986	15 743 092
	<b>1 503 036 743</b>	<b>1 177 702 703</b>
<b>Bulk electricity</b>		
Current (0 -30 days)	67 288 087	63 230 898
31 - 60 days	46 377 439	58 861 102
61 - 90 days	38 342 005	68 462 447
> 90 days	1 220 251 827	839 105 927
	<b>1 372 259 358</b>	<b>1 029 660 374</b>
<b>Various trade creditors</b>		
Current (0 -30 days)	20 352 256	22 602 917
31 - 60 days	15 923 788	34 956 297
61 - 90 days	7 015 323	1 903 688
> 90 days	37 203 398	37 105 743
	<b>80 494 765</b>	<b>96 568 645</b>
<b>Auditor-General of South Africa</b>		
Current (0 -30 days)	41 137	204 443
31 - 60 days	163 324	-
61 - 90 days	1 121 053	-
> 90 days	3 070 546	-
	<b>4 396 060</b>	<b>204 443</b>

Suppliers have not been paid within the prescribed 30 day period due to cash flow constraints.

## 17. Provisions

### Reconciliation of provisions - 2024

	Opening Balance	Additions	Reversed	Interest costs	Change in estimate	Total
Funeral death benefit	51 000	-	(10 000)	-	-	41 000
Rehabilitation of landfill sites	81 235 448	-	-	7 563 020	(12 071 945)	76 726 523
Rehabilitation cost of quarries	16 593 175	-	-	1 688 508	(1 243 470)	17 038 213
Leave pay	30 568 085	4 238 707	-	-	-	34 806 792
	<b>128 447 708</b>	<b>4 238 707</b>	<b>(10 000)</b>	<b>9 251 528</b>	<b>(13 315 415)</b>	<b>128 612 528</b>

### Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed	Interest costs	Change in estimate	Total
Funeral death benefit	58 000	-	(7 000)	-	-	51 000
Rehabilitation cost of landfill sites	68 576 550	-	-	1 099 861	11 559 037	81 235 448
Rehabilitation cost of quarries	14 264 332	-	-	1 624 878	703 965	16 593 175
Leave pay	28 671 089	1 896 996	-	-	-	30 568 085
	<b>111 569 971</b>	<b>1 896 996</b>	<b>(7 000)</b>	<b>2 724 739</b>	<b>12 263 002</b>	<b>128 447 708</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>17. Provisions (continued)</b>		
Non-current liabilities	128 571 528	51 631 855
Current liabilities	41 000	76 815 853
	<b>128 612 528</b>	<b>128 447 708</b>

#### Funeral death benefit

The funeral death benefit scheme was initiated by the Municipality for its employees who were appointed prior to 1996. The scheme is only open to these municipal employees, and payouts are only made to employees who are deceased while in the service of the Municipality. The scheme participants make a monthly contribution of R 2.50 and upon death the beneficiary/family receives the R 1 000 payout.

#### Rehabilitation of landfill sites and quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act no. 28 of 2002), it is required from the municipality to execute the environmental management program to restore the landfill sites and quarries at Kroonstad, Viljoenskroon and Steynsrus.

#### Summary of liability for landfill site and quarries costs

Kroonstad (landfill site)	38 998 785	43 028 862
Steynsrus (landfill site)	14 650 398	12 766 386
Viljoenskroon (landfill site)	23 077 340	25 440 201
Kroonstad (gravel quarry)	8 293 272	7 875 223
Steynsrus (gravel quarry)	8 744 941	8 717 952
	<b>93 764 736</b>	<b>97 828 624</b>

#### Key assumptions used:

Assumptions used at the reporting date:

Viljoenskroon - CPI	5.48 %
Viljoenskroon - discount rate used	9.31 %
Steynsrus - CPI	5.48 %
Steynsrus - discount rate used	9.31 %
Kroonstad - CPI	5.48 %
Kroonstad - discount rate used	9.31 %

#### Leave pay

Annual leave accrues to employees on a monthly basis in accordance with the conditions of employment. Employees are entitled to 16 non-vested leave days and 8 vested leave days per annum, accumulated to a maximum of 48 leave days. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of leave and the estimated leave days to be forfeited.

It is not the municipality's policy to encash leave in the normal course of business, except upon resignation, termination or retirement.

#### 18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Grant	2 791 897	2 353 851
Municipal Disaster Response Grant	8 160 018	-
Water Services Infrastructure Grant (WSIG)	16 080 062	-
	<b>27 031 977</b>	<b>2 353 851</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>18. Unspent conditional grants and receipts (continued)</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	2 353 851	2 197 578
Additions during the year	34 889 779	156 273
Income recognition during the year	(10 211 653)	-
	<b>27 031 977</b>	<b>2 353 851</b>

See note 29 for the reconciliation of grants from other spheres of government. The amounts are recognised as revenue when the qualifying expenditure is incurred.

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 19. Employee benefit obligations

#### Employee benefit obligations

Reconciliation of Employee benefit obligation - 2024	Opening Balance	Additions	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	20 032 000	1 950 000	2 599 000	(1 988 000)	1 479 774	24 072 774
Post-retirement Medical Plan	124 026 000	5 332 000	16 064 000	(4 621 000)	(9 734 988)	131 066 012
13th Cheque	7 986 232	1 405 885	-	-	-	9 392 117
	<b>152 044 232</b>	<b>8 687 885</b>	<b>18 663 000</b>	<b>(6 609 000)</b>	<b>(8 255 214)</b>	<b>164 530 903</b>

Reconciliation of Employee benefit obligation - 2023	Opening Balance	Additions	Interest cost	Benefits paid	Actuarial loss/(gain)	Total
Long service awards	18 979 000	1 938 000	2 213 000	(1 751 000)	(1 347 000)	20 032 000
Post-retirement Medical Plan	137 287 000	5 838 000	16 329 000	(4 043 988)	(31 384 012)	124 026 000
13th Cheque	7 244 490	741 742	-	-	-	7 986 232
	<b>163 510 490</b>	<b>8 517 742</b>	<b>18 542 000</b>	<b>(5 794 988)</b>	<b>(32 731 012)</b>	<b>152 044 232</b>

#### Carrying value

Long service awards	(24 072 774)	(20 032 000)
Post retirement medical aid	(131 066 012)	(124 026 000)
13th cheque	(9 392 117)	(7 986 232)
	<b>(164 530 903)</b>	<b>(152 044 232)</b>

Non-current liabilities	(146 925 107)	(144 058 000)
Current liabilities	(17 605 796)	(7 986 232)
	<b>(164 530 903)</b>	<b>(152 044 232)</b>

#### Long service awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2024.

#### Key assumptions used

Discount rates used	9.9%
CPI (Consumer Price Inflation)	4.96%
Salary increase rate	5.96%
Net discount rate	3.72%

The basis on which the discount rate has been determined is as follow:

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	20 032 000	18 979 000
Net expense recognised in the statement of financial performance	(1 215 986)	1 053 000
	<b>18 816 014</b>	<b>20 032 000</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 19. Employee benefit obligations (continued)

#### Net expense recognised in the statement of financial performance:

Current service cost	1 950 000	1 938 000
Interest cost	2 599 000	2 213 000
Actuarial (gains) losses	(3 776 986)	(1 347 000)
Benefit payments	(1 988 000)	(1 751 000)
	<b>(1 215 986)</b>	<b>1 053 000</b>

#### Calculation of actuarial gains and losses

Current Service Cost	1 950 000	1 938 000
Benefits paid	(1 988 000)	(1 751 000)
Actuarial gain / (loss)	(3 776 986)	(1 347 000)
	<b>(3 814 986)</b>	<b>(1 160 000)</b>

#### Post retirement medical aid plan

The Municipality's current active employees and pensioners have the choice of participating in the following medical schemes:

- LA Health Medical Scheme
- Bonitas Medical Scheme;
- Hosmed Medical Scheme
- Samwumed Medical Scheme; and
- Key Health Medical Scheme.

#### Changes in the present value of the defined benefit obligation are as follows:

Present value of the defined benefit obligation-wholly unfunded	124 026 000	137 287 000
Current interest cost	16 064 000	16 329 000
Actuarial (gains) losses	(9 734 988)	(31 384 012)
Benefits payments	(4 621 000)	(4 043 988)
Current service cost	5 332 000	5 838 000
	<b>131 066 012</b>	<b>124 026 000</b>

#### Net expense recognised in the statement of financial performance:

Current service cost	5 322 000	5 838 000
Interest cost	16 064 000	16 329 000
Actuarial (gains) losses	(9 734 988)	(31 384 012)
Benefits payments	(4 621 000)	(4 043 988)
	<b>7 030 012</b>	<b>(13 261 000)</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses	(9 374 988)	(31 384 012)
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The post retirement medical plan is a defined benefit plan, of which the members are made up as follows:

Continuation Members (Pensioners)	70	63
Current (In Service) Members	731	620

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate (D)	13.35%
CPI (Consumer Price Inflation)	7.26%
Health care cost inflation (H)	8.76
Net discount rate	4.21%

The expected benefit payments over the next annual reporting period are reflected in the table

Balance at 30 June 2024	-	131 066 012
Current Service Cost	-	7 185 158
Interest cost	-	17 180 623
Medical contributions subsidies for continuation members	-	(4 655 717)
	-	<b>150 776 076</b>

#### 20. Service charges

Sale of electricity	394 117 199	334 124 124
Sale of water	173 069 650	155 608 401
Solid waste	46 960 932	43 000 218
Waste water	65 897 189	60 516 235
	<b>680 044 970</b>	<b>593 248 978</b>

Income foregone

The income foregone included in the difference service charges relates to discounts given to farmers, discounts given to pensioners and also incentives given to debtors settling their accounts in terms of the debt collection and credit control policy.

#### 21. Rental of facilities and equipment

##### Facilities and equipment

Rental of facilities	6 529 905	5 723 509
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#### 22. Fees earned

Administrative and management fees	355 458	148 187
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#### 23. Interest received

##### Interest revenue

Bank	3 636 604	2 091 824
Receivables from exchange transactions	69 946 149	38 733 018
Receivables from non-exchange transactions	7 761 059	4 394 287
	<b>81 343 812</b>	<b>45 219 129</b>

All amounts above included in investment revenue arises from exchange and non-exchange transactions.

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>24. Other income</b>		
Administration income	379 158	679 059
Building plans and inspection fees	1 333 418	915 539
Burial income	1 700 945	1 784 405
Clearance certificates	263 536	286 495
Connection fees	612 645	1 075 302
Discount received	559 109	462 061
Dividends received	33 758	27 949
Erven sales	2 607 641	(118 135)
Escort fees	5 300	2 180
Fire brigade and rescue services	515	-
Hostel fees	41 255	41 255
Insurance claims	385 114	600 158
Proceed from auction	-	2 191 439
Provision for rehabilitation adjustment	13 315 415	-
Railway siding	62 725	12 482
Special services	9 010	-
Sundry income	2 985 470	1 372 646
Unclaimed deposits	2 874 729	332 588
Water valuation adjustments	-	1 096 987
	<b>27 169 743</b>	<b>10 762 410</b>
<b>25. Fair value adjustments</b>		
Investment property	26 118 426	1 579 815
Investment in shares	65 063	43 550
	<b>26 183 489</b>	<b>1 623 365</b>
<b>26. Gains (losses) on employee benefit obligations</b>		
Long service awards: Actuarial gains / (losses)	(1 441 774)	1 160 000
Post retirement medical benefit: Actuarial gains / (losses)	9 734 988	31 384 012
	<b>8 293 214</b>	<b>32 544 012</b>
<b>27. Services charges (Availability charges)</b>		
Water	417 256	359 644
Waste water	421 549	360 739
	<b>838 805</b>	<b>720 383</b>
<b>28. Property rates</b>		
<b>Rates received</b>		
Residential	22 915 234	21 512 684
Commercial	39 170 925	37 183 378
State	26 120 958	23 356 137
	<b>88 207 117</b>	<b>82 052 199</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 28. Property rates (continued)

##### Valuations

Commercial	6 224 087 309	6 226 023 313
Multi-purpose	191 784 003	187 414 003
Municipal	458 516 904	462 104 203
Non-ratable	238 283 806	239 807 806
Residential	4 720 437 998	4 717 590 698
State	1 155 262 017	1 154 342 017
	<b>12 988 372 037</b>	<b>12 987 282 040</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

An average rate of R 0.021 (2023: R 0.021) is applied to property valuations to determine assessment rates.

Rates are levied on a monthly basis. Interest at prime plus 1% per annum (2023: prime plus 1%) is levied on rates outstanding two months after due date. (Excluding national government property rates which is levied on an annual basis).

An application was made with the Department of CoGTA on 17 July 2020 for an extension of the Valuation Roll (01 July 2017 – 30 June 2021) due to the impact of Covid-19, condition of the water supply, solid waste and waste water services, planned extension off the new developments for business & residential developments, replacement of faulty water & electricity meters inclusive of indigents as well of funds needed for improvement of AG's report relating to infrastructure and immovable assets register. Approval was granted on 23 October 2020 by the Head of CoGTA Mr Mokete Victor Duma until June 2024.

##### Income foregone

The Income foregone included in the different property rates relates to the first R 200 000 of all residential properties that are exempted from paying property rates including, discounts given to farmers, discounts given to pensioners and also incentives given to debtors settling their accounts in terms of the debt collection and credit control policy.

#### 29. Government grants and subsidies

##### Operating grants

Equitable share	278 006 000	257 433 000
LG SETA Grant	197 879	-
Financial Management Grant (FMG)	2 300 000	2 300 000
Housing Development Grant	-	1 500 000
Expanded Public Works Program (EPWP)	1 463 000	1 428 000
	<b>281 966 879</b>	<b>262 661 000</b>

##### Capital grants

Water Services Infrastructure Grant (WSIG)	4 819 939	10 292 000
Municipal Infrastructure Grant (MIG)	44 352 000	45 594 000
Integrated National Electrification Program (INEP)	2 050 000	1 923 000
Regional Bulk Infrastructure Grant (RBIG)	29 246 991	9 630 606
Municipal Disaster Response Grant (MDRG)	2 839 983	-
	<b>83 308 913</b>	<b>67 439 606</b>
	<b>365 275 792</b>	<b>330 100 606</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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#### 29. Government grants and subsidies (continued)

##### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	87 269 792	72 667 606
Unconditional grants received	278 006 000	257 433 000
	<b>365 275 792</b>	<b>330 100 606</b>

##### Equitable share

Current year receipts	278 006 000	257 433 000
Conditions met - transferred to revenue	(278 006 000)	(257 433 000)
	-	-

This grant is primarily used to subsidise the provision of basic services to indigent households. All registered indigent households receive a monthly subsidy based on the basic service charges for water, electricity, sewerage, refuse, which is funded from the grant. Indigent households also receive 10kl free water and 50kwh free electricity per month.

##### Municipal Infrastructure Grant (MIG)

Current year receipts	44 352 000	45 594 000
Conditions met - transferred to revenue	(44 352 000)	(45 594 000)
	-	-

The grant is used to supplement the municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services.

##### LG SETA Grant

Balance unspent at beginning of year	2 353 851	1 764 538
Current year receipts	635 925	589 313
Conditions met - transferred to revenue	(197 879)	-
	<b>2 791 897</b>	<b>2 353 851</b>

Conditions still to be met - remain liabilities (see note 18).

The grant is used for training municipality staff to enhance their skills in their respective positions.

##### Municipal Disaster Response grant (MDRG)

Current year receipts	11 000 000	-
Conditions met - transferred to revenue	(2 839 982)	-
	<b>8 160 018</b>	-

Conditions still to be met - remain liabilities (see note 18).

This grant is used in to restore water supply, repair damaged water supply pipeline and the sanitation supply pipeline.

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>29. Government grants and subsidies (continued)</b>		
<b>Finance Management Grant (FMG)</b>		
Current year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	-	-
This grant is to train and appoint intern staff members in the finance department of the municipality.		
<b>Water Services Infrastructure Grant (WSIG)</b>		
Current year receipts	20 900 000	10 292 000
Conditions met - transferred to revenue	(4 819 938)	(10 292 000)
	<b>16 080 062</b>	-
Conditions still to be met - remain liabilities (see note 18).		
This grant is used for infrastructure development including rehabilitation of key infrastructure assets.		
<b>Housing Development Grant</b>		
Current year receipts	-	1 500 000
Conditions met - transferred to revenue	-	(1 500 000)
	-	-
The grant is used for the capacitation and support towards a level one accreditation of the housing section.		
<b>Extended Public Works Program (EPWP)</b>		
Current year receipts	1 463 000	1 428 000
Conditions met - transferred to revenue	(1 463 000)	(1 428 000)
	-	-
This grant is used for the rehabilitation of Kroonstad waste water treatment works.		
<b>Integrated National Electrification Program (INEP)</b>		
Current-year receipts	2 050 000	1 923 000
Conditions met - transferred to revenue	(2 050 000)	(1 923 000)
	-	-
This grant is used for the electrification of households.		
<b>Regional Bulk Infrastructure Grant (RBIG)</b>		
Current-year receipts	29 246 961	9 630 606
Conditions met - transferred to revenue	(29 246 961)	(9 630 606)
	-	-
The grant is used for the refurbishment of the wastewater treatment works In Kroonstad.		
<b>30. Public contributions and donations</b>		
Public contributions and donations	6 500	7 319 275

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>30. Public contributions and donations (continued)</b>		
Department of Rural Development	-	4 500 000
Department of Forestry, Fisheries and the Environment	-	1 119 843
Matliduna	-	7 800
Department of Water and Sanitation	-	653 632
Arabest 127 CC	6 500	-
Provincial Treasury	-	1 038 000
	<b>6 500</b>	<b>7 319 275</b>

For the financial year ending 30 June 2024

- A service provider, Arabest 127 CC donated a TV to the value of R 6 500.

For the financial year ending 30 June 2023

- Department of Rural Development donated Land to the value of R 4 500 000.
- Department forestry, fisheries and the environment donated Motor vehicles to the value of R 1 119 843.
- Matliduna donated furniture and office equipment to the value of R 7 800.

Department of Water and Sanitation donated Infrastructure assets to the value of R 653 632.

- The Provincial Treasury paid the audit fees for the municipality to the value of R 1 038 000.

### 31. Fines

Illegal connections	90 228	350 891
Law enforcement	909 567	21 330
Municipal traffic	2 694 260	3 850 570
	<b>3 694 055</b>	<b>4 222 791</b>

### 32. Revenue

Fair value adjustments	26 183 489	1 623 365
Service charges	680 044 970	593 248 978
Gains on employee benefit obligation	9 734 988	32 544 012
Rental of facilities and equipment	6 529 905	5 723 509
Fees earned	355 458	148 187
Other income	27 169 743	10 762 410
Interest received (Exchange transactions)	73 582 753	40 824 842
Service charges (Availability charges)	838 805	720 383
Property rates	88 207 117	82 052 199
Interest received (Non-exchange transactions)	7 761 059	4 394 287
Government grants & subsidies	365 275 792	330 100 606
Public contributions and donations	6 500	7 319 275
Fines	3 694 055	4 222 791
	<b>1 289 384 634</b>	<b>1 113 684 844</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 32. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	680 044 970	593 248 978
Fair value adjustments	26 183 489	1 623 365
Gains on employee benefit obligation	9 734 988	32 544 012
Rental of facilities and equipment	6 529 905	5 723 509
Fees earned	355 458	148 187
Other income	27 169 743	10 762 410
Interest received (Exchange transactions)	73 582 753	40 824 842
	<b>823 601 306</b>	<b>684 875 303</b>

The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

Service charges (Availability charges)	838 805	720 383
Property rates	88 207 117	82 052 199
Interest received (Non-exchange transactions)	7 761 059	4 394 287

#### Transfer revenue

Government grants & subsidies	365 275 792	330 100 606
Public contributions and donations	6 500	7 319 275
Fines	3 694 055	4 222 791
	<b>465 783 328</b>	<b>428 809 541</b>

### 33. Employee related costs

Basic salary	231 328 240	207 462 755
Bonus	18 298 107	16 865 575
Medical aid - company contributions	25 040 792	21 750 297
UIF	1 895 360	1 763 758
Industrial council levy	125 513	111 471
Leave pay provision charge	7 051 445	4 034 003
Group life insurance	1 007 134	1 011 573
Defined contribution plans	39 523 649	37 054 201
Overtime payments	40 337 574	35 565 483
Long service awards	924 042	811 055
Car allowance	22 235 435	21 359 314
Housing benefits and allowances	1 560 455	1 392 225
Other allowances	127 408	18 548
Telephone allowances	543 554	525 981
Standby allowances	3 845 757	2 958 233
Post-employment medical aid- current service cost	5 332 000	5 838 000
	<b>399 176 465</b>	<b>358 522 472</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 33. Employee related costs (continued)

#### Remuneration of Municipal Manager: P.H Tshabalala

Annual remuneration	796 667	119 137
Housing allowance	95 339	7 945
Car allowance	234 093	39 799
Social contribution	120 216	24 414
Cellphone allowance	36 000	5 217
	<b>1 282 315</b>	<b>196 512</b>

#### 2023-2024

During the current financial year the following officials acted as Municipal Manager and received an acting allowance:

Mr. J. Maswanganyi R 31 935.  
Mr. I. Mokgatle R 91 347.

#### 2022-2023

During the current financial year the following officials acted as the Municipal Manager and received an acting allowance

Mr. J. Maswanganyi R 47 916.  
Mr. I. Mokgatle R 19 297.

#### Remuneration of Chief Financial Officer:

#### 2023-2024

During the current financial year, the following officials acted as the Chief Financial Officer and received an acting allowance:

Mr. J. Maswanganyi R 19 166.  
Mr. R. Buys R 172 201.  
Mr. R. Visagie R 14 905 .

#### 2022-2023

During the current financial year, the following officials acted as the Chief Financial Officer and received an acting allowance:

Mr. J. Maswanganyi R 51 144.  
Mr. R. Buys R 195 803.  
Mr. S. Theletsane R 10 222.

#### Remuneration of Director: Technical Services: I.S Mokgatle

Annual remuneration	828 619	787 942
Car allowance	522 624	505 435
Social contribution	28 922	1 456
Cellphone allowance	17 524	13 565
	<b>1 397 689</b>	<b>1 308 398</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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### 33. Employee related costs (continued)

#### Remuneration of Director: Corporate Services:

##### 2023-2024

During the current financial year, the following officials acted as the Director Corporate Services and received an acting allowance:

Ms. E. Lungu R 7 596.  
Mr. K. Moroke R 3 738.

##### 2022-2023

During the current financial year, the following officials acted as the Director Corporate Services and received an acting allowance:

Mr R.Odendaal R 28 527.  
Ms. T. Maqena R 136 496.

#### Remuneration of Director: Community Services:

##### 2023-2024

During the current financial year, the following officials acted as the Director Community Services and received an acting allowance:

Mr. T. Qhena R 28 445.  
Mr. M. Rakgase R 222 846.

##### 2022-2023

During the current financial year, the following officials acted as the Director Community Services and received an acting allowance:

Mr. T. Qhena R 30 902.  
Mr. M. Rakgase R 54 040.  
Ms. Dnd . van der Westhuizen R 62 745.

#### Remuneration of Director: LED and Planning:

##### 2023-2024

During the current financial year, the following officials acted as the LED and Planning Services and received an acting allowance:

Mr. T. Leie R 39 448.  
Ms. L. Mapane R 71 358.

##### 2022-2023

During the current financial year, the following officials acted as the LED and Planning Services and received an acting allowance:

Mr. T. Leie R 10 993.  
Mr. G. Mogorosi R 63 255.  
Ms. L. Mapane R 64 516.

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>34. Remuneration of councillors</b>		
Executive Mayor	1 056 238	978 717
Speaker	867 141	802 382
Council Whip	816 101	748 358
Councillors	19 511 682	18 266 027
	<b>22 251 162</b>	<b>20 795 484</b>
<b>In-kind benefits</b>		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council-owned vehicle for official duties.		
The Executive Mayor has the use of a council-owned vehicle for official duties and has one full-time bodyguard and driver.		
The Speaker has one full-time driver and the use of a council-owned vehicle for official duties.		
Refer to related parties note 60 for detailed disclosure.		
<b>35. Repairs and maintenance</b>		
Repairs and maintenance	97 281 247	99 520 899
<b>Repairs and maintenance consists of:</b>		
Buildings	48 770 708	62 691 144
Electrical network	14 880 462	7 995 484
Water and sewer network	4 228 159	3 601 213
Fleet	8 741 679	3 319 428
Roads	6 225 376	4 511 690
Other repairs and maintenance	14 434 863	17 401 940
	<b>97 281 247</b>	<b>99 520 899</b>
<b>36. Depreciation and amortisation</b>		
Property, plant and equipment	109 404 429	110 672 042
Intangible assets	442 959	459 262
	<b>109 847 388</b>	<b>111 131 304</b>
<b>37. Finance costs</b>		
Annuity loans and finance leases	1 677 609	2 135 249
Employee benefits	18 663 000	18 542 000
Landfill sites and quarries	9 251 528	2 724 739
Late payment on creditors	4 351 153	59 679 726
	<b>33 943 290</b>	<b>83 081 714</b>
<b>38. Debt impairment</b>		
Receivables from exchange transactions	165 089 689	243 227 733
Receivables from non-exchange transactions	11 571 740	14 656 537
	<b>176 661 429</b>	<b>257 884 270</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Bulk purchases</b>		
Electricity - Eskom	418 560 011	345 540 258
Water	6 842	3 518
	<b>418 566 853</b>	<b>345 543 776</b>
<b>40. Contracted services</b>		
Specialist services	58 537 837	52 394 621
Other contractors	21 843 554	19 735 328
<b>Specialist services consists of:</b>		
Security services	56 951 157	50 721 160
Maintenance services	1 586 680	1 673 461
	<b>58 537 837</b>	<b>52 394 621</b>
<b>Other contractors consists of:</b>		
Professional services	176 170	904 796
Electricity vending services	7 452 179	8 078 684
Water chemicals	7 561 855	7 644 003
Other contracted services	4 207 057	2 879 845
Valuation services	2 446 293	228 000
	<b>21 843 554</b>	<b>19 735 328</b>
<b>41. General expenses</b>		
Advertising	1 294 972	1 316 365
Auditors remuneration	8 059 630	8 650 640
Bank charges	1 023 883	1 119 375
Cleaning	179 402	171 491
Commission paid	13 934 108	15 970 659
Community expenses	110 868	127 104
Consumables stores	14 879 348	28 568 124
Entertainment	116 966	162 611
Fuel and oil	7 664 404	6 712 854
Funeral costs	110 976	49 714
Water valuation adjustments	106 089	-
Insurance	4 631 778	5 075 176
Lease rentals on operating lease	12 621 410	13 158 380
Legal services	4 042 885	3 926 579
Licences - other	5 742 160	3 655 568
Licences - vehicles	682 785	678 575
Medical expenses	804 000	753 525
Other expenses	3 845 042	5 317 641
Postage and courier	400 837	1 257 459
Printing and stationery	71 985	82 293
Protective clothing	4 498 724	2 754 582
Provision for rehabilitation adjustment	-	12 263 002
Skills development levy	3 375 711	3 031 170
Subscriptions and membership fees	3 578 896	3 588 751
Telephone and fax	1 668 193	1 655 296
Travel and subsistence	1 149 974	3 025 905
Workmens compensation	447 370	1 444 113
	<b>95 042 396</b>	<b>124 516 952</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>42. Cost on disposal of assets</b>		
Investment property	8 778 730	3 876 940
Property, plant and equipment	818 682	1 387 510
Vacant sites	5 732 127	157 000
	<b>15 329 539</b>	<b>5 421 450</b>
<b>43. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	11 202 930	8 807 919
<b>44. Auditors' remuneration</b>		
Fees	8 059 630	8 650 640
<b>45. Cash generated from operations</b>		
Deficit	(171 741 230)	(373 671 345)
<b>Adjustments for:</b>		
Depreciation and amortisation	109 847 388	111 131 304
Cost on disposal of assets	15 329 539	5 421 450
Public contribution and donations	(6 500)	(7 319 275)
Discount received	(559 109)	(462 061)
Fair value adjustments	(26 183 489)	(1 623 365)
Gains on employee benefit obligation	(8 293 214)	(32 544 012)
Property, plant and equipment (Transfers)	-	(223 929)
Interest bank	(3 636 604)	-
Investment property (Transfers)	-	223 929
Finance costs	33 943 290	23 401 987
Impairment loss on assets	11 202 930	8 807 917
Debt impairment	176 661 429	257 884 270
Finance cost paid	(4 351 152)	-
Interest-Receivables from exchange transactions	(69 946 149)	(38 733 018)
Interest-Receivables from non exchange transactions	(7 761 059)	(4 394 287)
Provisions raised	(10 000)	(2 144 007)
Prior period adjustments	-	1 148 131
Water valuation adjustments	106 089	(23 985)
Provision for rehabilitation adjustment	(13 315 415)	12 263 002
Leave pay provision charge	4 238 707	4 034 003
Post-employment medical aid- current service cost	5 332 000	5 838 000
Post-employment medical aid- current service cost paid	(4 621 000)	-
Interest received from trade receivables	8 941 194	-
Employee benefit obligation - 13th check	1 405 885	-
<b>Changes in working capital:</b>		
Inventories	4 735 397	(243 995)
Receivables from exchange transactions	(259 715 284)	(177 185 250)
Receivables from non-exchange transactions	(5 949 202)	(4 023 305)
Unspent conditional grants and receipts	24 678 126	589 313
Payables from exchange transactions	324 686 096	295 561 295
Consumer deposits	288 346	1 332 512
Employee benefit obligation	-	(3 302 246)
VAT receivables	(25 938 047)	(26 518 754)
	<b>119 368 962</b>	<b>55 224 279</b>

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>46. Irregular expenditure</b>		
Opening balance as previously reported	142 238 972	891 837 807
Add: Irregular expenditure - current	83 899 225	97 477 869
Less: Amount written off - prior period	-	(847 076 704)
<b>Closing balance</b>	<b>226 138 197</b>	<b>142 238 972</b>

#### Irregular expenditure incurred during the financial year

Irregular expenditure disclosure figure should be added indicating that Irregular expenditure is always calculated inclusive of VAT. The figures disclosed above have been presented in this set of AFS inclusive of VAT.

Incorrect awarding of B-BBEEE points (25% subcontracting)	-	11 369 590
Local content instruction notes were not followed	9 498 241	9 047 570
Non-compliance with the PPPFA Act and Section 112 of the MFMA for the use of panels	9 846 495	9 286 741
Tax clearance not obtained	681 584	978 571
Tender documents did not include the requirements for mandatory subcontracting	57 780 993	54 885 026
Three written quotations not invited	5 050 224	7 133 053
Objective test not stipulated in the bid documentation	1 041 688	4 777 318
	<b>83 899 225</b>	<b>97 477 869</b>

#### 47. Fruitless and wasteful expenditure

Opening balance as previously reported	61 001 447	58 630 736
Add: Fruitless and wasteful expenditure identified - current	5 510 951	61 001 447
Less: Amount written off - prior period	-	(58 630 736)
<b>Closing balance</b>	<b>66 512 398</b>	<b>61 001 447</b>

#### Expenditure identified in the current year include those listed below:

Interest and penalties	5 510 951	61 001 447
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#### 48. Unauthorised expenditure

Opening balance as previously reported	339 494 818	451 772 675
Add: Unauthorised expenditure - current	122 592 687	338 494 818
Less: Amount written off - prior period	-	(450 772 675)
<b>Closing balance</b>	<b>462 087 505</b>	<b>339 494 818</b>

#### The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	122 592 687	338 494 818
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# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 48. Unauthorised expenditure (continued)

#### Unauthorised expenditure: Budget overspending – per municipal department:

Financial Services	7 337 812	72 789 680
Corporate Services	4 906 868	2 508 954
Technical Services	110 348 007	259 402 635
Council	-	3 793 549
	<b>122 592 687</b>	<b>338 494 818</b>

#### Analysed as follows: Non-cash

Depreciation and amortisation	10 805 841	39 561 236
Finance charges (e.g. interest charge on the Eskom account)	-	57 583 726
Impairment loss on assets	-	3 793 549
Bad debt written off	106 879 978	235 047 353
Current service cost (Post Employee Medical Aid)	4 906 868	2 508 954
	<b>122 592 687</b>	<b>338 494 818</b>

### 49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a SCM 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.

During the financial year there were instances where goods and services were procured and deviated from the normal SCM policy.

The reason for these deviations were documented and reported to the accounting officer who considered them and approved the deviation from the normal SCM Regulations.

Description	Number	2024
Emergency	1	987 850
Sole supplier	24	734 191
Urgent	33	8 891 312
	<b>58</b>	<b>10 613 353</b>

Description	Number	2023
Emergency	4	1 135 624
Sole Supplier	24	1 975 055
Urgent	43	2 308 785
	<b>71</b>	<b>5 419 464</b>

### 50. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand		2024	2023			
<b>50. Prior-year adjustments (continued)</b>						
<b>2023</b>						
	Note	As previously reported	Correction of error	Statement of financial performance	Re-classification	Restated
Inventories	4	96 985 931	1 073 001	-	-	98 058 932
Receivables from exchange transactions	6	371 821 677	-	-	(2 221 133)	369 600 544
Property, Plant and Equipment	12	1 901 464 084	(104 808)	-	-	1 901 359 276
Payables from exchange transactions	16	(1 176 336 118)	(1 366 585)	-	-	(1 177 702 703)
Receivables from non-exchange transactions	7	56 722 281	128 792	-	-	56 851 073
Accumulated surplus		(1 210 622 032)	1 342 602	1 148 131	-	(1 208 131 299)
		<b>40 035 823</b>	<b>1 073 002</b>	<b>1 148 131</b>	<b>(2 221 133)</b>	<b>40 035 823</b>

#### Statement of financial performance

##### 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Other income		(11 910 541)	(1 073 002)	2 221 133	(10 762 410)

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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#### 50. Prior-year adjustments (continued)

##### Errors

A number of prior period errors were corrected during the year ending 30 June 2023. The details of the retrospective prior period errors adjusted are reflected below.

##### Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were understated. A correction was done accordingly resulting in the increase of Payables from exchange transactions to the amount of (R 1 533 238) and the increase of Accumulated surplus to the amount of (R 1 533 238).

##### Payables from exchange transactions, Accumulated surplus, Property, plant and equipment

Payables from exchange transactions were understated. A correction was done accordingly resulting in the increase of Payables from exchange transactions to the amount of (R 175 338), the decrease of Property, plant and equipment to the amount of (R 180 063) and the increase of Accumulated surplus to the amount of (R 355 401).

##### Accumulated surplus, Property, plant and equipment

Property, plant and equipment were understated. A correction was done accordingly resulting in the increase of Property, plant and equipment to the amount of R 70 528 and the increase of Accumulated surplus to the amount of (R 70 528).

##### Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 88 897 and the increase of Accumulated surplus to the amount of (R 88 897).

##### Inventories, Other income

Inventories were understated. A correction was done accordingly resulting in the increase of Inventories to the amount of R 1 073 002, and the increase of Other income to the amount of (R 1 073 002).

##### Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 242 323 and the increase of Accumulated surplus to the amount of (R 242 323).

##### Payables from exchange transactions, Accumulated surplus

Payables from exchange transactions were overstated. A correction was done accordingly resulting in the decrease of Payables from exchange transactions to the amount of R 15 492 and the increase of Accumulated surplus to the amount of (R 15 492).

##### Receivables from non-exchange transactions, Accumulated surplus

Receivables from non-exchange transactions understated. A correction was done accordingly resulting in the increase of Receivables from non-exchange transactions to the amount of R 128 792 and the increase of Accumulated surplus to the amount of (R 128 792).

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>50. Prior-year adjustments (continued)</b>		
<b>Reclassifications</b>		
The following reclassifications adjustment occurred:		
<b>Receivables from exchange transactions, Other income</b>		
Receivables from exchange transactions was overstated in the prior year. A correction was done accordingly resulting in the decrease of Receivables from exchange transactions to the amount of (R 2 221 133) and the increase of Other income to the amount of (R 2 221 133).		
<b>51. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Infrastructure	270 759 408	264 371 968
<b>Approved and not contracted for:</b>		
• Infrastructure	17 869 619	65 514 772
<b>Total capital commitments</b>		
Approved and contracted for	270 759 408	264 371 968
Approved and not contracted for	17 869 619	65 514 772
	<b>288 629 027</b>	<b>329 886 740</b>
Infrastructure commitments approved and contracted for will be funded by grants from government.		
<b>52. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	7 705	32 305
Current year fee	4 147 760	3 712 130
Amount paid - current year	(4 149 178)	(3 736 730)
	<b>6 287</b>	<b>7 705</b>
<b>Audit fees</b>		
Opening balance	204 443	(1 553 932)
Current year fee	9 225 946	12 772 088
Interest charged	123 719	130 654
Amount paid - current year	(4 953 606)	(9 874 447)
Amount paid - previous years	(204 442)	(1 269 920)
	<b>4 396 060</b>	<b>204 443</b>
<b>PAYE and UIF</b>		
Opening balance	4 548 214	3 595 583
Current year subscription / fee	60 603 233	54 084 396
Amount paid - current year	(59 859 312)	(53 131 765)
	<b>5 292 135</b>	<b>4 548 214</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Pension and medical aid deductions</b>		
Opening balance	7 929 852	7 030 542
Current year subscription / fee	101 721 996	92 198 445
Amount paid - current year	(109 651 848)	(91 299 135)
	-	<b>7 929 852</b>
<b>Skills development levy</b>		
Opening balance	260 046	237 547
Current payroll deductions	3 376 019	3 031 273
Amount paid - current year	(3 636 065)	(3 008 774)
	-	<b>260 046</b>
<b>Distribution losses</b>		
Estimated electricity losses suffered by the municipality for the year under review are as follows:		
Technical losses 4% (2023: 4%).		
Non-Technical losses 25.40% (2023: 13.18%).		
Estimated line losses	23 229 524	18 914 858
Losses due to faulty meters, tampering or theft	147 505 020	65 244 964
	<b>170 734 544</b>	<b>84 159 822</b>
Estimated water losses suffered by the municipality for the year under review is are follows:		
Water losses 24% (2023: 21%).		
Estimated water losses	81 097 138	77 845 160
<b>Details of amounts written off</b>		
<b>2024</b>		
Debt written off against allowance	-	138 713 763

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Councillors' arrear consumer accounts</b>		
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.		
	30 June 2024	30 June 2023
Mosolodi (Nzunga ND) SL	30 004	20 501
Botha RA	11 957	5 334
Khiba MJ	10 778	15 578
Khotle MI	6 922	15 322
Klaas TL	45 700	34 317
Lebone B	25 212	15 522
Maleeme ML	29 057	38 726
Marapo BB&MM	-	1 281
Mbona NK	17 343	11 210
Meko MJ	146 732	125 506
Mnqonyama E	97 289	64 838
Mofokeng MC	46 972	47 135
Mokatsane ELM	128 063	105 824
Mokoena NM	87 068	73 986
Morake ME	103 571	101 299
Mosiuoa TD&S	44 804	32 032
Nolo MM	36 322	23 574
Ntsala SN	34 817	45 993
Papashane TJ	9 319	8 674
Phamotse MI	115 628	107 506
Ramajoe MS	11 850	6 459
Ramoolla MW	-	352
Rankokosane BN	9 581	3 820
Saaiman CJ	67 781	56 639
Sekheja L	40 491	45 980
Sello T	3 923	1 229
Serapela MS&ML	133 822	117 024
Thebe EM	26 839	19 789
Tshabalala S	68 363	64 072
Tsobo NE	-	5 227
Visagie AJ	42 215	23 146
Motsoeneng DM&NL	14 262	13 121
Van Heerden L	744	-
Geldenhuis J	7 147	-
Motaung & Mofokeng V&DS	8 877	-
Muller DM & DH	2 420	-
	<b>1 465 873</b>	<b>1 251 016</b>

### 53. Non-compliance with the Municipal Finance Management Act

During the current financial year the following non-compliance issues were identified:

Supply chain management regulations 12(1)(c) & (d) 17(1)(a) - (c).

Goods and services of a transaction value between R 10 000 and R 200 000 were procured without inviting at least three written price quotations from accredited prospective providers.

Deviations from competitive bidding were approved on the basis of it being an emergency, urgency or sole supplier.

Municipal Finance Management Act section 116(2)(b), (c).

The performances of all contractors were not monitored on a monthly basis.

Municipal Finance Management Act section 65 (e).

## Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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#### 53. Non-compliance with the Municipal Finance Management Act (continued)

Creditors were not paid in 30 days as required by the Act.

Municipal Finance Management Act section 52(d).

The budget implementation and state of financial affairs submission was not in accordance with the prescribed time frame.

#### 54. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 1 036 390 075 and that the municipality's total assets exceed its total liabilities by R 1 036 390 075.

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 following are events and conditions that cast doubt on the municipalities ability to continue as a going concern.

The municipality incurred a deficit for the current financial year of R 171 741 230 and R 373 671 345 in the previous financial year.

The current liabilities amounting to R 1 573 884 780 exceeds current assets of R 889 726 771 by R 684 158 009.

The receivables from exchange transactions increased from R 369 600 544 to R 528 867 698, which resulted in a 30% increase as at 30 June 2024.

The payables from exchange transactions increased from R 1 177 702 703 to R 1 503 036 743 which results in a 21% increase. The creditors' payment period also increased from 563 days to 683 days as at 30 June 2024. The payables from exchange transactions outstanding for a period longer than 30 days amounted to R 1 369 468 704 (94%). Eskom is the biggest contributor interms of payables. The Municipality was accepted into the Debt Relief Programme rolled out by National Treasury to give relief in terms of writting off the debt owed to Eskom if the municipality keeps up with paying the current account. The key condition for this application is that the municipality must pay its current account every month for 12 months, then Eskom will write off one third of the outstanding debit.

The cash equivalents amounted to R 44 882 922 as 30 June 2024 (2023: R 19 968 046).

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

Despite the material uncertainties which cast a significant doubt on the municipality's ability to continue as a going concern, the municipality will continue to have the power to levy rates in the following financial period. The municipality is also likely to receive continued government funding, as has been disclosed in the Division of Revenue Act of 2024, as there are no current indications that government funding will be withheld from the municipality for any reason.

#### 55. Financial instruments disclosure

##### Categories of financial instruments

2024

##### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	528 867 698	-	528 867 698
Receivables from non-exchange transactions	-	58 989 594	-	58 989 594
Cash and cash equivalents	-	-	44 882 922	44 882 922
Investments	520 952	-	-	520 952
	<b>520 952</b>	<b>587 857 292</b>	<b>44 882 922</b>	<b>633 261 166</b>

# Moqhaka Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 55. Financial instruments disclosure (continued)

#### Financial liabilities

	At amortised cost	At cost	Total
Consumer deposits	16 034 515	-	16 034 515
Finance lease obligation	1 177 728	-	1 177 728
Provisions	128 612 528	-	128 612 528
Borrowings	-	15 024 493	15 024 493
Payables form exchange transactions	-	1 503 036 743	1 503 036 743
Unspent conditional grants and receipts	27 031 977	-	27 031 977
	<b>172 856 748</b>	<b>1 518 061 236</b>	<b>1 690 917 984</b>

### 2023

#### Financial assets

	At fair value	At amortised cost	At cost	Total
Receivables from exchange transactions	-	369 600 544	-	369 600 544
Receivables from non-exchange transactions	-	56 851 073	-	56 851 073
Cash and cash equivalents	-	-	19 968 046	19 968 046
Investments	445 279	-	-	445 279
	<b>445 279</b>	<b>426 451 617</b>	<b>19 968 046</b>	<b>446 864 942</b>

#### Financial liabilities

	At amortised cost	At cost	Total
Consumer deposit	15 746 169	-	15 746 169
Finance lease obligation	2 416 238	-	2 416 238
Provisions	128 447 708	-	128 447 708
Borrowings	-	19 946 883	19 946 883
Payables form exchange transactions	-	1 177 702 703	1 177 702 703
Unspent conditional grants and receipts	2 353 851	-	2 353 851
	<b>148 963 966</b>	<b>1 197 649 586</b>	<b>1 346 613 552</b>

### 56. Subsequent events

Council appointed Advocate Motsoahae Matthews Mofokeng to act as the Municipal Manager with effect from 09 July 2024.

### 57. Contingencies

Contingent liabilities - pending claims

The municipality is a defendant against various claims against the council. All the claims are being contested based on legal advice.

The certainty and the timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflow amounts.

Contingent liabilities

Claims by individuals due to damage of property in various incidents	22 918 755	25 828 756
Claims from suppliers - contractual disputes	20 600 518	28 032 060

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#### 57. Contingencies (continued)

##### Contingent assets

The municipality is a claimant against the Insure Guardrisk .The claims are being contested based on legal advice.

The certainty and the timing of the inflow of these assets are uncertain. The amounts disclosed below are possible inflow amounts.

##### Contingent assets

Claims against Guardrisk Insurance	43 569 234	36 053 580
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#### 58. Budget differences

##### Material differences between budget and actual amounts

Refer to the Statement of Comparison of Budget and Actual Amounts in the annual financial statements for an analysis of budget versus the actual amounts.

##### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to Appendix E to the annual financial statements.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to Appendix E to the annual financial statements.

#### 59. Risk management

##### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 15, cash and cash equivalents disclosed in note 3, and accumulated surplus as disclosed in the statement of financial position.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The municipality's risk to liquidity is a result of funds not being available to cover future commitments.

The municipality's approach to managing 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 or risking damage to the entity's reputation.

The municipality manages liquidity risk through proper management of working capital, ongoing review of future commitments, capital expenditure and actual versus forecast cash flows.

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#### 59. Risk management (continued)

Financial Liabilities	2024	2023
Payables from exchange transactions	1 503 036 743	1 177 702 703
Finance lease	1 177 728	2 416 238
DBSA Loans	15 024 493	19 946 883

The municipality is in arrears with servicing of the Eskom debt.

The municipality defaulted on its DBSA loan agreement in the current financial year. The DBSA loan carries fixed interest rate at 9% per annum. In mitigating the risk of non-payment, the municipality did hold bilaterals with DBSA regarding the loan account and a debit order was signed to ensure that the loan repayments are honored on a monthly basis, which also takes into account the arrear loan repayment so as to ensure that the loan is paid up by the redemption date.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. 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 is monitored regularly.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk relating to trade receivables is managed in accordance with the municipalities' credit control and debt collection policy. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad earned doubtful debt. Additional information relating to the analysis of consumer debtors is given in note 6 to the annual financial statements.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	44 882 922	19 968 046
Investments	520 952	445 279
Receivables from exchange transactions	528 867 698	369 600 544
Receivables from non-exchange transactions	58 989 594	56 851 073

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### 60. Related parties

#### Key management information

Executive mayor	1	1
Councillors	44	44
Municipal Manager		1
Section 57 Managers		1

#### Remuneration of management

##### Councillors

##### 2024

Name	Basic salary	Car allowance	Social contribution	Cellphone allowance	Total
Executive Mayor: Cllr M.E Mokatsane	645 030	277 164	91 244	42 800	1 056 238
Speaker: Cllr S.V Khiba	516 630	218 275	85 667	46 570	867 142
Council Whip: Cllr M.M Semakale	484 564	203 569	81 398	46 570	816 101
MMC: Community and Social Services: Cllr M.A Khotle	484 564	203 569	89 965	46 570	824 668
MMC: Public Safety and Transport: Cllr E.P Phamotse	484 564	203 569	81 398	46 570	816 101
MMC: Policy Development and Monitoring: Cllr .S Ramovha	438 531	203 569	81 398	46 570	770 068
MMC: Integrated Development Plan: Cllr M.R Lulama	484 564	203 569	81 398	46 570	816 101
MMC: Municipal Infrastructure and Technical Services: Cllr B.S Ramathibe	484 564	203 569	81 398	46 570	816 101
MMC: Local Economic Development: Cllr R.D Tau	484 564	203 569	89 965	46 570	824 668
MMC: Spatial Development and Human Settlement: Cllr M.P Tshabalala	484 564	203 569	89 965	46 570	824 668
MMC: Finance, Audit and Risk Management: Cllr T.M Ntsala	484 564	203 569	89 965	46 570	824 668
MMC: Corporate Support Services: Cllr L.E Ramajoe	443 133	182 163	85 545	46 570	757 411
MPAC Chairperson: A.V Botha	470 408	197 075	79 512	46 570	793 565
Part time Councillors	6 390 629	2 342 904	1 382 216	1 327 913	11 443 662
	<b>12 780 873</b>	<b>5 049 702</b>	<b>2 491 034</b>	<b>1 929 553</b>	<b>22 251 162</b>

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#### 60. Related parties (continued)

##### 2023

Name	Basic salary	Car allowance	Social contribution	Cellphone allowance	Total
Executive Mayor: Cllr M.E Mokatsane	571 442	266 738	99 737	40 800	978 717
Speaker: Cllr S.V Khiba	464 800	209 936	83 246	44 400	802 382
Council Whip: Cllr M.M Semakale	428 996	195 815	79 146	44 400	748 357
MMC: Community and Social Services: Cllr M.A Khotle	428 996	195 815	81 629	44 400	750 840
MMC: Public Safety and Transport: Cllr E.P Phamotse	428 996	195 815	79 146	44 400	748 357
MMC: Policy Development and Monitoring: Cllr S Ramovha	138 162	65 623	26 484	14 800	245 069
MMC: Integrated Development Plan: Cllr M.R Lulama	428 996	195 815	79 146	44 400	748 357
MMC: Municipal Infrastructure and Technical Services: Cllr B.S Ramathibe	436 267	195 815	79 146	44 400	755 628
MMC: Local Economic Development: Cllr R.D Tau	428 996	195 815	81 629	44 400	750 840
MMC: Spatial Development and Human Settlement: Cllr M.P Tshabalala	428 996	195 815	81 629	44 400	750 840
MMC: Corporate Support Services: Cllr L.E Ramajoe	428 996	195 815	81 629	44 400	750 840
MMC: Finance, Audit and Risk Management: Cllr T.M Ntsala	432 018	195 815	110 233	44 400	782 466
MPAC Chairperson: Cllr A.V Botha	416 018	189 487	77 317	44 400	727 222
Part time Councillors	6 059 795	2 380 853	1 414 391	1 400 530	11 255 569
	<b>11 521 474</b>	<b>4 874 972</b>	<b>2 454 508</b>	<b>1 944 530</b>	<b>20 795 484</b>

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### 61. Segment information

#### General information

#### Identification of segments

The municipality is organised into six functional directorates for management purposes. The directorates are Municipal Manager, Finance, Corporate Services, Community and Social Services, Technical Services, and Local Economic Development and Planning Services.

Only the Community and Social Services, Technical Services, and Local Economic Development and Planning Services directorates have been identified as reportable segments. Management monitors the operating results of these units to make decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The Municipal Manager, Finance, Corporate Services directorates are the governance and administration units of the municipality. However, they are not reportable segments; their results are reported as non-reportable segments to reconcile the results of the reportable segments to the total revenue and expenses of the municipality for the year under review.

The three reportable segments comprise of:

- Community and social services, which include sport and recreation, public safety, refuse removal, street cleaning and cemeteries;
- Technical services which include energy sources, water management, and wastewater management; and
- Local economic development and planning services, which include planning and development, housing, and the Kroonpark resort.

Management does not monitor financial performance geographically and does not have reliable separate financial information.

A measure of assets and liabilities for each reportable segment has not been presented as these amounts are not regularly provided to management.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

#### Reportable segment

Segment 1  
Segment 2  
Segment 3  
Segment 4

#### Goods and/or services

Local economic development and planning services  
Technical services  
Community and social services  
Governance & Administration (Not reportable Segment)

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### 61. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2024

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
<b>Revenue</b>					
External revenue from exchange transactions	11 296 185	634 206 123	70 691 672	32 382 798	748 576 778
External revenue from non-exchange transactions	727 000	83 050 029	2 694 260	371 550 978	458 022 267
Interest revenue - exchange	-	54 128 238	9 652 286	9 802 228	73 582 752
Interest revenue - non exchange	-	-	-	7 761 059	7 761 059
Revenue from transactions with other segments	-	19 395 364	613 119	-	20 008 483
<b>Total segment revenue</b>	<b>12 023 185</b>	<b>790 779 754</b>	<b>83 651 337</b>	<b>421 497 063</b>	<b>1 307 951 339</b>
<b>Entity's revenue</b>					<b>1 307 951 339</b>
<b>Expenditure</b>					
Bulk Purchases	64 825	417 538 208	963 821	-	418 566 854
Contracted Services	144 026	17 513 812	57 309 756	5 413 796	80 381 390
Debt impairment	-	140 193 606	26 152 773	10 315 049	176 661 428
Depreciation and amortisation	319 119	97 591 987	6 671 721	5 264 559	109 847 386
Employee related costs	28 539 904	119 517 136	116 679 631	134 439 781	399 176 452
Expenditure from transactions with other segments	6 447 165	11 620 377	1 935 418	5 523	20 008 483
Interest expense	-	-	27 914 528	6 028 762	33 943 290
General expenses	1 128 876	31 819 086	18 897 207	43 197 230	95 042 399
Remuneration of Councillors	-	-	-	22 251 162	22 251 162
Impairment loss on assets	-	-	-	11 202 930	11 202 930
Loss on disposal of assets	-	692 331	-	14 637 208	15 329 539
Repairs and maintenance	1 732 073	77 273 745	11 230 184	7 045 254	97 281 256
<b>Total segment expenditure</b>	<b>38 375 988</b>	<b>913 760 288</b>	<b>267 755 039</b>	<b>259 801 254</b>	<b>1 479 692 569</b>
<b>Total segmental surplus/(deficit)</b>	<b>(26 352 803)</b>	<b>(122 980 534)</b>	<b>(184 103 702)</b>	<b>161 695 809</b>	<b>(171 741 230)</b>

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### 61. Segment information (continued)

2023

	Local economic development and planning services	Technical services	Community and social services	Governance and administration (not a reportable segment)	Total
<b>Revenue</b>					
External revenue from exchange transactions	7 076 440	552 065 724	76 865 401	7 338 932	643 346 497
External revenue from non-exchange transactions	2 538 000	75 121 643	4 970 413	341 785 197	424 415 253
Interest received - exchange	-	29 026 353	5 544 969	6 253 520	40 824 842
Interest received - non exchange	-	-	-	4 394 287	4 394 287
Revenue from transactions with segments	-	15 169 564	412 215	-	15 581 779
<b>Total segment revenue</b>	<b>9 614 440</b>	<b>671 383 284</b>	<b>87 792 998</b>	<b>359 771 936</b>	<b>1 128 562 658</b>
<b>Entity's revenue</b>					<b>1 128 562 658</b>
<b>Expenditure</b>					
Bulk purchases	57 002	345 002 160	484 614	-	345 543 776
Contracted services	104 512	17 396 149	51 827 674	2 801 613	72 129 948
Debt impairment	-	212 893 240	25 800 106	19 190 923	257 884 269
Depreciation and amortisation	285 347	98 436 977	6 929 110	5 479 874	111 131 308
Employee related cost	26 689 713	105 724 352	106 611 626	119 496 780	358 522 471
Expenditure from transactions with other segments	4 462 294	9 599 438	1 515 238	4 809	15 581 779
General expenses	2 360 894	49 146 457	29 159 889	43 145 746	123 812 986
Impairment loss on assets	-	-	-	8 807 919	8 807 919
Interest expense	-	-	21 266 739	61 814 974	83 081 713
Loss on disposal of assets	-	260 404	-	5 161 046	5 421 450
Remuneration of councilors	-	-	-	20 795 484	20 795 484
Repairs and maintenance	2 572 900	84 687 590	9 548 423	2 711 987	99 520 900
<b>Total segment expenditure</b>	<b>36 532 662</b>	<b>923 146 767</b>	<b>253 143 419</b>	<b>289 411 155</b>	<b>1 502 234 003</b>
<b>Total segmental surplus/(deficit)</b>	<b>(26 918 222)</b>	<b>(251 763 483)</b>	<b>(165 350 421)</b>	<b>70 360 781</b>	<b>(373 671 345)</b>

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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### 62. Change in estimate

#### Provisions

In accordance with GRAP 19, a provision should be reviewed at each reporting date and adjusted to reflect the current estimate. The change in the estimated future cash flows or service potential required to settle the rehabilitation provision, or a change in the discount rate as a result in the time value for money, or risk specific to the rehabilitation provision.

The key assumptions used:

Viljoenskroon - CPI	5.48%
Viljoenskroon - discount rate used	9.31%
Steynsrus - CPI	5.48%
Steynsrus - discount rate used	9.31%
Kroonstad - CPI	5.48%
Kroonstad - discount rate used	9.31%

The future effect in the future periods are not disclosed as it is impracticable, as the reviewed on a yearly basis.

#### Reconciliation of Provisions

	Opening Balance	Interest cost	Change in estimate	Closing balance
Provision for Landfil sites	81 235 448	7 563 020	(12 071 945)	76 726 523
Provision for Quarries	16 593 175	1 688 508	(1 243 470)	17 038 213
	<b>97 828 623</b>	<b>9 251 528</b>	<b>(13 315 415)</b>	<b>93 764 736</b>