



MOPANI DISTRICT MUNICIPALITY

ANNUAL REPORT 2023 -24



Local Municipalities



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality

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LIST OF ABBREVIATIONS/ACCRONYMS

| | | | |
|----------------|--|-----------------|---|
| AGSA | Auditor- General South Africa | SOEs | State Owned Entities |
| APR | Annual Performance Report | SMME | Small, Medium and Micro Enterprises |
| AR | Annual Report | SONA | State of the Nation Address |
| BCOM | Bachelor of Commerce | SPLUMA | Spatial Planning and Land Use Management Act |
| BPM | Ba-Phalaborwa Municipality | Stats SA | Statistics South Africa |
| CFO | Chief Financial Officer | WSP | Water Service Provider |
| Cllr | Councilors | SDBIP | Service Delivery and Budget Implementation Plan |
| CoGHSTA | Cooperative Governance, Human Settlement and Traditional affairs | | |
| CIP | Comprehensive Infrastructure Plan | | |
| DWA | Department of Water Affairs | | |
| DWS | Department of Water and Sanitation | | |
| ESKOM | Electricity Supply Commission | | |
| EPWP | Expanded Public Works Programme | | |
| GIS | Geographic Information System | | |
| GIAMA | Government-wide Immoveable Asset Management Act | | |
| GLM | Greater Letaba Municipality | | |
| GRAP | Generally Recognised Accounting Practice | | |
| GTM | Greater Tzaneen Municipality | | |
| GGM | Greater Giyani Municipality | | |
| HOD | Head of Department | | |
| DRP | Disaster Recovery Plan | | |
| IDP | Integrated Development Plan | | |
| LGSETA. | Local Government Sector Education and Training Authority | | |
| KPI | Key Performance Indicators | | |
| KNP | Kruger National Park | | |
| LED | Local Economic Development | | |
| MFMA | Municipal Finance Management Act | | |
| MLM | Maruleng Local Municipality | | |
| MOU | Memorandum of Understanding | | |
| MPAC | Municipal Public Accounts Committee | | |
| MDM | Mopani District Municipality | | |
| MMC | Member of Mayoral Committee | | |
| MM | Municipal Manager | | |
| MIG | Municipal Infrastructure Grants | | |
| MSA | Municipal Systems Act 2000 | | |
| NDP | National Development Plan | | |
| OHS | Occupational Health and Safety Act | | |
| ICT | Information Communication and Technology | | |
| RDP | Reconstruction and Development Programme | | |
| SALGA | South African Local Government Association | | |
| SCM | Supply Chain Management | | |
| SDF | Spatial Development Framework | | |



CHAPTER - 1:

FOREWORD FROM THE EXECUTIVE MAYOR - CLLR PULE JOSIAH SHAYI

2023 - 2024

CHAPTER 1: EXECUTIVE MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

1. COMPONENT A: EXECUTIVE MAYOR`S FOREWORD



It is my singular honour and privilege to present the Annual Performance Report for the financial year 2023/24. This Annual Performance Report helps us to account to the people of this District on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP.

As we take forward the work in the context of our programme of building better communities together with our

people, there are areas where we have met the targets, but there are also areas of under-performance. This Annual Performance Report is a true reflection of the journey travelled thus far, reflecting in particular on the work carried out during the 2023/24 financial year.

Together with our people we have recorded massive progress on this journey of building better and safer communities. We have seen more and more of our people receiving water direct to their homes. An additional 9632 households now have access to clean water as we conclude the 2023/24 financial year.

We are particularly pleased with the progress made on the Giyani Water Project where we are proceeding towards completion of Phase 1 of the water reticulation projects, having already concluded the refurbishment work at the Giyani Water Treatment Plant. The plant is now able to produce treated water at an average of around 28 megalitres a day.

We have also made progress in our projects such as Ritavi Water Scheme Project, the Tours Water Project, the Lulekani Water Scheme, Makhushane Water Scheme, Sekgosese Water Scheme, Thabina, and the Lephephane Water Project. We have again spent 100% of the municipal infrastructure grant.

We concede that our wastewater treatment plants infrastructure needs attention. The finalization of the wastewater risk abatement plan is a key milestone as we work to improve the state of our wastewater treatment plants. We have succeeded to assist additional 86 households as part of our rural household sanitation project.

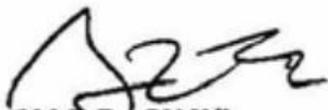
We continue to support and promote the economic sectors in the district in order to grow the economy, focusing in the main on agriculture, mining, tourism and manufacturing. Our vision remains that of being the food basket of Southern Africa and the tourism destination of choice.

We have continued with the Pop-up Market campaigns in partnership with the Small Enterprise Development Agency (seda). In the main, through mall activations, the campaign seeks to assist our SMMEs and cooperatives to take their services and products closer to where people are. We worked with the provincial government and other state-owned agencies to support SMMEs at exhibition expos such as the Durban Indaba, the Africa Free Trade Show, Marula Festival, and the Rand Easter Show.

In total, we were able to assist at least 178 SMMEs to market their services and products at these exhibition expos. Working with SEDA, we also conducted seven workshops for our SMMEs. Through the Expanded Public Works Programme (EPWP), we succeeded to create 1446 work opportunities for our people.

We have a responsibility as a democratic local government to promote democracy and sound governance. We still have a stable council with functional committees and continue to engage with all stakeholders within the IGR framework. And we continue to create platforms for unmediated communication with our people through the imbizo programs, which in the main help us to strengthen our continued interaction with the people of the district.

As we reflect on the journey of the last twelve months (2023/24 financial year), we acknowledge the breakthroughs made but also take collective responsibility for the shortcomings. We remain steadfast to the cause of building a future where everyone will have access to basic services. We also wish to take this opportunity to register our profound gratitude to our people for the continued support. Let's continue to build better communities together.



CLLR R. SHAYI
EXECUTIVE MAYOR

2. COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW



Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to prepare for each year a performance report reflecting, the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year.

Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 further states that the annual performance report should form part of the municipality's annual report. Mopani District Municipality's 2023/24 Annual Report has been prepared in line with the provisions of the Municipal Systems Act , No. 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The 2023/24 Adjusted Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 31st of March 2024 and it captured the performance targets of the municipality for the year under review. The 2023/24 Adjusted SDBIP gave effect to the 2023/24 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into implementable quarterly performance monitoring tool that was used to measure the performance of the municipality. The 2023/24 Approved SDBIP was reviewed and submitted to Council for approval on the 31st of March 2024. Council noted the adjusted SDBIP through a Council resolution.

The SDBIP was adjusted during March after considering section 72 report. The 2023/24 Annual Performance Report was compiled using the approved Service Delivery and Budget Implementation Plan. The SDBIP enables the municipality to compile quarterly institutional performance reports, mid-year performance reports and annual performance report.

Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance and

achievements, challenges which will subsequently determine the corrective actions taken to improve performance in 2024/25 financial year.

i) Municipal Transformation & Organizational Development

The municipality operated with a total of seven (7) functional departments: Water Services, Technical Services, Budget & Treasury, Planning and Development, Community Services, Corporate & Shared Services, Office of the Executive Mayor, and Office of the Municipal Manager. The staff establishment was amended and adopted by the council in May 2024. The IDP was approved within the legislated timeframe and community was consulted through public participation in all five Local Municipalities. Mopani District Municipality complied within terms of municipal reporting, quarterly reports were compiled and adopted by council. In the year under review, the Senior Managers for Planning and Community Services were appointed.

ii) Basic Service Delivery

In fulfilling the constitutional mandate, it was imperative that the municipality align services to the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programmes, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document. Municipal Infrastructure Implementation plan was developed and approved by council before the start of the financial year. Monthly MIG reports were compiled and submitted to CoGHSTA through Municipal Infrastructure system. The municipality managed to give access to water to 9632 Households in Mopani District which improved service delivery. The municipality targeted to give 473 households with sanitation but due to slow progress by contractors, the municipality achieved 86HH and the remaining units of 559 will be carried over into the 2024/25 financial year. The municipality was able to re-gravel roads amounting to 575km in the financial year under review.

iii) Local Economic Development

The third key performance area for the municipality is Local Economic Development which mandate the municipality to promote economic growth within the district. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating 1446 job opportunities within the district through municipal capital projects and EPWP. The municipality supported 178 SMME' s to market their products and assisted them in exhibiting their product. In the year under review, the municipality

coordinated market pop-ups in all the five local municipalities for SMME' s to market and sell their products. MDM officials were able to attend the Durban Indaba show that was held in May 2024 in Durban.

iv) Municipal Financial Viability

The municipality adopted the 2023/24 budget in May 2023 as per legislation. The municipality managed to successfully spend 100% in Municipal Infrastructure Grant (MIG) in the year under review. Supply Chain Management Committees were in place throughout the financial year and bids were evaluated and adjudicated within the stipulated 90 days. The municipality managed to spend 100% on EPWP and FMG budget respectively. For 2023/24 financial year, the municipality managed to submit the Annual Financial statements to Auditor General and improved in terms of the audit opinion and received a qualified audit opinion. The municipality failed to compile quarterly financial statements due to capacity issues. Collection of revenue is still a challenge as consumers are not paying for services and the local municipalities not transferring as per the SLA.

v) Good Governance and Public Participation

All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2023/24 financial year and the contracts ended August 2024. The Risk Management Committee has been constituted and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were fully functional, and all meetings were held according to the IDP/Budget/PMS process plan. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were functional, and meetings were held regularly. The municipality improved and obtained a Qualified Audit opinion. The council was stable in 2023/24 and there was no major fighting.

Key Challenges for the 2023/24 Financial year

Despite the achievements alluded above, there were challenges cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following:

- The municipality has not achieved some of the Service Delivery Budget Implementation Plan (SDBIP) planned targets;
- Failure to appoint service providers timeously;
- Non-adherence to the Procurement plan;
- Internal Audit and Auditor General finding were not fully implemented;

- Audit Committee, Portfolio Committee and Council resolutions were not fully implemented;
- Payment of invoices within 30 days could not be done.
- Poor revenue collection.



Mr TJ Mogano

MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The powers and functions of the Mopani District Municipality, tabled in terms of sections 83 and 84 of the Municipal Structures Act, 1998, the Limpopo Provincial Notice No. 309 of 2000, Government Gazette No. 615 of 1st October 2000 and Notice no 356, Gaz. No. 1195 of 14th October 2005, are as follows:

- a) Integrated Development Planning for the district municipality, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plan on those local municipalities.
- b) Bulk supply of water that affects a significant proportion of municipalities in the district.
- c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- d) Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
- e) Solid waste disposal sites serving the area of the district municipality as a whole.
- f) Municipal roads which form integral part of a road transport system for the area of the district municipality.
- g) Regulation of passenger transport services.
- h) Municipal Airport serving the area of the district municipality as a whole.
- i) Municipal Health Services serving the area of the district municipality as a whole.
- j) Fire Fighting services serving the area of the district municipality as a whole.
- k) The establishment conducts and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
- l) The establishment conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole.
- m) Promotion of local Tourism for the area of the district municipality as a whole.
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- o) The receipt, allocation and if applicable, the distribution of grants made to the district municipality
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

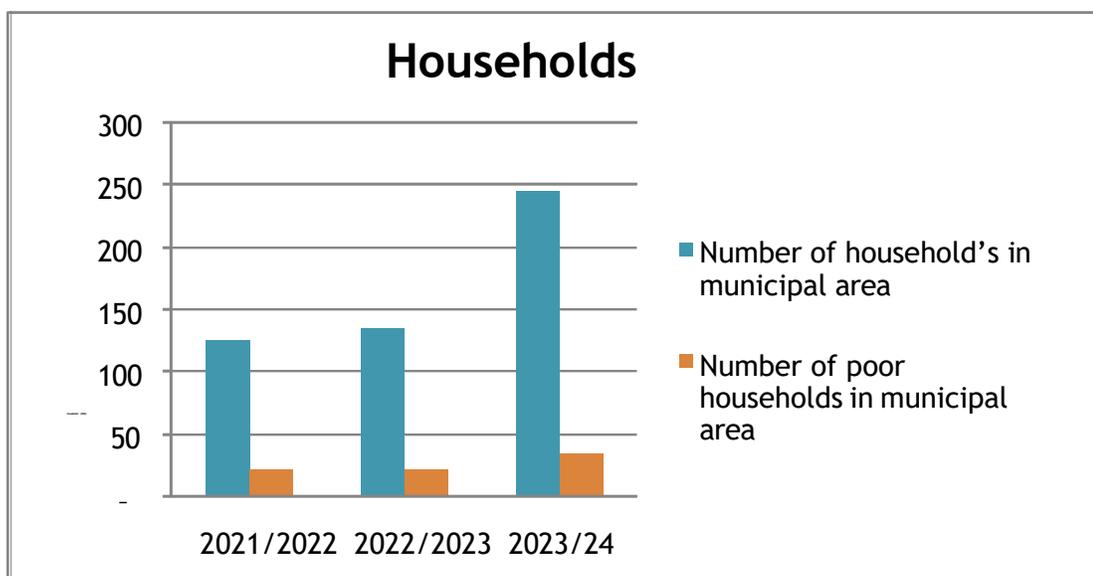
It should be noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 07 March 2003.

The following District municipal powers and functions were thus transferred to Local Municipalities:

- Solid waste disposal;
- Municipal roads which form an integral part of a road transport system of the municipal area;
- The establishment, conduct and control of cemeteries and crematoria serving the municipal area;
- Promotion of local tourism for the municipal area;
- Municipal works relating to any of the above functions or any other functions assigned to the local municipality.
- NB: The District has not yet taken over on the Municipal Airports function. Study has been commissioned.

The reconciled total population of the Mopani District Municipality has increased from 1 061 107 (Census 2001) to 1 068 569 (Community Survey 2007) to 1 092 507 (Census 2011). The population for each municipality within Mopani District is presented in **Table 1.1** Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving much little for economic growth.

| Population Details | | | | | | | | | | |
|--|-------------|-----------|-----------|-----------|---------|-------------|-----------|-----------|-----------|---------|
| Population '000 | | | | | | | | | | |
| Province, District and Local Municipalities | CENSUS 2011 | | | | | CENSUS 2022 | | | | |
| | 0-4 | 5-14 | 15-34 | 35-59 | 60 | 0-4 | 5-14 | 15-34 | 35-59 | 60 |
| Limpopo | 680 16 | 1 154 849 | 1 980 627 | 1 141 866 | 467 363 | 753 127 | 1 326 140 | 2 143 807 | 1 677 700 | 671 671 |
| Mopani | 138 761 | 230 755 | 402 713 | 233 365 | 86 914 | 167 8651 | 287 833 | 434 142 | 351 797 | 131 127 |
| LIM331: Greater Giyani | 31 976 | 57 324 | 88 866 | 46 031 | 18 789 | 40 294 | 71 796 | 98 776 | 75 700 | 30 271 |
| LIM332: Greater Letaba | 27 302 | 46 554 | 78 262 | 41 853 | 19 961 | 33 483 | 58 047 | 79 109 | 62 705 | 27 692 |
| LIM33: Greater Tzaneen | 47 63 | 76 171 | 143 850 | 89 867 | 31 772 | 56 274 | 94 078 | 151 866 | 129 839 | 46 147 |
| LIM334: Ba- Phalaborwa | 19 437 | 30 138 | 56 471 | 35 468 | 9 123 | 21 994 | 37 941 | 64 102 | 50 158 | 14 407 |
| LIM335: Maruleng | 12 082 | 20 567 | 35 263 | 20 147 | 7 268 | 15 820 | 26 021 | 40 288 | 33 394 | 12 611 |



| Socio Economic Status | | | | | | |
|-----------------------|---|-------------------|---|--|---------------------|---------------------------------------|
| Year | Housing Backlog as proportion of current demand | Unemployment rate | Proportion of households with no income | Proportion of population in low-skilled employment | HIV/AIDS prevalence | Illiterate people older than 14 years |
| 2021/22 | 8.4% | 10.4% | 14.2% | 30.6% | 24.8% | 27.1% |
| 2022/23 | 8.4% | 39.0% | 43.0% | 30.6% | 24.6% | 12.0% |
| 2023/24 | 6.8% | 34.1% | 43.0% | 30.6% | 28% | 8.0% |
| | | | | | | T1.2.4 |

| Overview of Neighbourhoods within Mopani District Municipality | | |
|--|----------------|----------------|
| Settlement Type | Households | Population |
| Towns & Townships | | |
| LIM331: Greater Giyani | 8,097 | 25,643 |
| LIM332: Greater Letaba | 4,791 | 12,124 |
| LIM333: Greater Tzaneen | 14,227 | 40,570 |
| LIM334: Ba-Phalaborwa | 18,994 | 76,824 |
| LIM335: Maruleng | 1,187 | 2,182 |
| Sub-Total | 47,296 | 157,343 |
| Rural settlements | | |
| LIM331: Greater Giyani | 55,451 | 218,576 |
| LIM332: Greater Letaba | 53,470 | 200,578 |
| LIM333: Greater Tzaneen | 94,699 | 349,528 |
| LIM334: Ba-Phalaborwa | 22,121 | 73,811 |
| LIM335: Maruleng | 23,283 | 92,673 |
| Sub-Total | 249,024 | 935,166 |

| Informal settlements | | |
|---|----------------|------------------|
| Farming | 0 | 0 |
| LIM331: Greater Giyani | 5 | 0 |
| LIM332: Greater Letaba | 2 | 0 |
| LIM333: Greater Tzaneen | 4 | 0 |
| LIM334: Ba-Phalaborwa | 0 | 0 |
| LIM335: Maruleng | 3 | 0 |
| Sub-Total | 0.00 | |
| Total | 296,334 | 1,092,509 |
| Source: Census 2022, 2023/24 IDP, IDP Department | | T 1.2.6 |

| Natural Resources | |
|-------------------------------|--|
| Major Natural Resource | Relevance to Community |
| Marula Fruit | Job creation through collection of fruit by community members and supply to marula producers |
| Mopani worms | Source of food |
| Tourism | Job creation and economic growth |
| Agriculture | Job creation. Food Source |
| Mining | Job creation and economic growth |
| Source: 23/24 IDP | |
| T1.2.7 | |

The reconciled total population of the Mopani District Municipality has increased from 1 068 569 (Stats SA CS 2011) to 1 092 507 (Stats SA Census 2022). Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving little for economic growth. Portion of Kruger National Park is mainly occupied by animals with very few people employed.

The average ratio male to female in Mopani District Municipality as a whole is 46% to 54% and the tendencies and trends are still prevalent. The age and gender structure is by and large influenced by levels of fertility, mortality and migration. These factors are also influenced by socio-economic circumstances such as education, level of affluence (income) and location. In almost all local municipalities there are more females than males. This is most significant in Greater Giyani and Greater Letaba municipalities which are primarily rural/ non-urban in nature. The scenario could be attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 73%: 27%.

The other dimension is that the current highest population number exists in the age category 15 - 19 years whereas in the previous years the highest was in the category 10 – 14 years. These are school-going people who need support for them to be employable in the economic sectors. There is also proportional balance between boys and girls from age zero to 20. Ages 20 and above show females out-numbering males significantly. Further analysis of the demographics indicates that 49,4% of the residents are still at a young age (0-19 years). Population numbers decrease with age increase, i.e. the older generation is less than the young one.

It is also notable that population size of Mopani has grown steadily by 3% since the year 2000 to 2011, with absolute pick up in 2005 when Maruleng and part of Kruger National Park (KNP) got incorporated into Mopani. Redetermination of municipal boundaries in 2008 has not made significant change in this trend since it affected only nature conservation area, Kruger National Park. High population growth itself is a threat to the economic growth in terms of scarcity of prime land space. Since the main source of population growth is birth rate and emigration, programmes geared at combating children's pregnancies, women empowerment and those dealing with illegal emigration should be strengthened. As per the Census 2022, the overall population size of Mopani District stands at 1,092,507.

People in the Mopani district are employed in the following sectors: Farming, Industry, Mining, Trade, Government, Transport, Tourism, Manufacturing, Construction and Energy. The Government Sector is the largest employer in the district e.g., 39% of the employed in Greater Giyani work for government. The second largest employer in Mopani district is the farming sector with 25,9% of the employed people. This is, however, not the case when considering the municipalities separately with the mining sector employing the second largest portion of the Ba-Phalaborwa population (19,5%). Greater Giyani has the highest level of unemployment with 47% of the population not being employed. The number of people unemployed as a percentage of the total employable population of the District (287,405) is 39%. It is however important to note that of the unemployed people in the district, approximately 60% are women.

Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district has no income. It should, however, be taken into account that these figures reflect the total population and not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners are also included. It is disturbing to note that, even for the labour force alone, 89.1% of the population in the Greater Giyani Municipality earns less than R800 per

month. The situation is worse in Greater Letaba where 92.2% of the earning population earn less than R800 per month, while the situation is much better in Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

Mopani is also endowed with natural resources such as marula fruits which produce many products in the processing value chain. The name Mopani is loud enough to indicate our wealth in mopani worms, the most nutritious food which is good for health. The provincial economic development study of 2000, identified tourism, agriculture, mining and trade and manufacturing as sectors with a potential for growth in the Mopani district. Agriculture is one sector that yields much products, excelling in tomatoes that are exported throughout the world. Other sectors in Mopani are the red and white meat production. Mopani also boasts of the pool of cost-effective labour to work in labour intensive programmes such as agriculture and EPWP. The challenge may be skilling them for better production.

The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

Source: MDM IDP 23/24

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The reconciled total population of the Mopani District Municipality has increased from 1 068 569 (Stats SA CS 2011) to 1 092 507 (Stats SA Census 2022). Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving little for economic growth. Portion of Kruger National Park is mainly occupied by animals with very few people employed.

The average ratio male to female in Mopani District Municipality as a whole is 46% to 54% and the tendencies and trends are still prevalent. The age and gender structure is by and large influenced by levels of fertility, mortality and migration. These factors are also influenced by socio-economic circumstances such as education, level of affluence (income) and location. In almost all local municipalities there are more females than males. This is most significant in Greater Giyani and Greater Letaba municipalities which are primarily rural/ non-urban in nature. The scenario could be

attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 63%: 27%.

The other dimension is that the current highest population number exists in the age category 15 - 19 years whereas in the previous years the highest was in the category 10 – 14 years. These are school-going people who need support for them to be employable in the economic sectors. There is also proportional balance between boys and girls from age zero to 20. Ages 20 and above show females out-numbering males significantly. Further analysis of the demographics indicates that 49,4% of the residents are still at a young age (0-19 years). Population numbers decrease with age increase, i.e. the older generation is less than the young one.

It is also notable that population size of Mopani has grown steadily by 3% since the year 2000 to 2011, with absolute pick up in 2005 when Maruleng and part of Kruger National Park (KNP) got incorporated into Mopani. Redetermination of municipal boundaries in 2008 has not made significant change in this trend since it affected only nature conservation area, Kruger National Park. High population growth itself is a threat to the economic growth in terms of scarcity of prime land space. Since the main source of population growth is birth rate and emigration, programmes geared at combating children pregnancies, women empowerment and those dealing with illegal emigration should be strengthened. As per the Census 2022, the overall population size of Mopani District stands at 1,092,507.

People in the Mopani district are employed in the following sectors: Farming, Industry, Mining, Trade, Government, Transport, Tourism, Manufacturing, Construction and Energy. The Government Sector is the largest employer in the district e.g. 39% of the employed in Greater Giyani work for government. The second largest employer in Mopani district is the farming sector with 25,9% of the employed people. This is, however, not the case when considering the municipalities separately with the mining sector employing the second largest portion of the Ba-Phalaborwa population (19,5%). Greater Giyani has the highest level of unemployment with 47% of the population not being employed. The number of people unemployed as a percentage of the total employable population of the District (287,405) is 39%. It is however important to note that of the unemployed people in the district, approximately 60% are women.

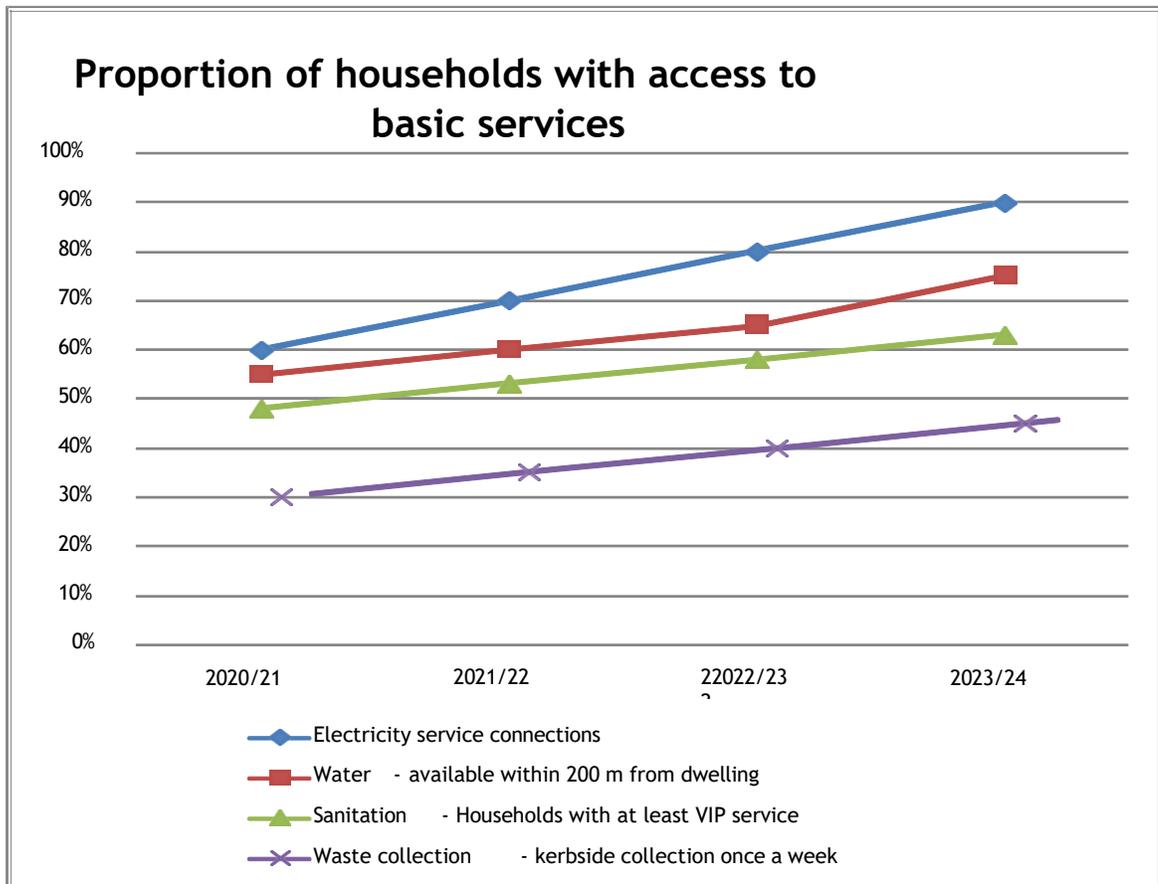
Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The

majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district have no income. It should, however, be taken into account that these figures reflect the total population and not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners are also included. It is disturbing to note that, even for the labour force alone, 89.1% of the population in the Greater Giyani Municipality earns less than R800 per month. The situation is worse in Greater Letaba where 92.2% of the earning population earn less than R800 per month, while the situation is much better in Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

Mopani is also endowed with natural resources such as marula fruits which produce many products in the processing value chain. The name Mopani is loud enough to indicate our wealth in mopani worms, the most nutritious food which is good for health. The provincial economic development study of 2000, identified tourism, agriculture, mining and trade and manufacturing as sectors with a potential for growth in the Mopani district. Agriculture is one sector that yields many products, excelling in tomatoes that are exported throughout the world. Other sectors in Mopani are the red and white meat production. Mopani also boasts of the pool of cost-effective labour to work in labour intensive programmes such as agriculture and EPWP. The challenge may be skilling them for better production.

The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

Source: MDM IDP 2023/24



ACCESS TO BASIC SERVICES:

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people’s quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL POSITION

| Financial Overview – 2023/24 | | | | R`000 |
|------------------------------------|--------------------|--------------------|--------------------|-------|
| Details | Original Budget | Adjustment Budget | Actual | |
| Income | | | | |
| Grants | 1 828 306 | 1 749 153 | 2 347 327 | |
| Taxes, Levies & Tariffs | | | | |
| Service charges | 325 753 | 3 25 753 | 219 685 | |
| Investment revenue | 4 000 | 4 000 | 27 775 | |
| Public contribution and donations | - | - | - | |
| Interests received | | | | |
| Other Income | 3 565 | 4 115 | 2 746 | |
| Total income | 2 240 905 | 2 162 302 | 2 723 543 | |
| Less Expenditure | (1 689 405) | (1 694 019) | (2 001 853) | |

| Operating Ratios 2023/24 | |
|------------------------------|------|
| Detail | % |
| Employee Cost | 32% |
| Repairs & Maintenance | 45% |
| Finance Charges & Impairment | 3.7% |
| T1.4.3 | |

| Total Capital Expenditure 2021/22 – 2023/24 | | | | R`000 |
|---|---------|---------|---------|-------|
| Detail | 2021/22 | 2022/23 | 2023/24 | |
| Original budget | 523 194 | 560 763 | 45 074 | |
| Adjustment budget | 546 609 | 549 360 | 48 524 | |
| Actual | 437801 | 608 367 | 90 694 | |
| T1.4.4 | | | | |

During the period under review, the municipality ended with an Actual Expenditure of R1 979 753 864.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The total approved posts of the municipality are 964 for which 621 posts were filled during the year under review and 343 posts remained vacant. The water services directorate has the highest vacancies at 166 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 13 employees have been terminated from the system. The total number of Councilors for the municipality is 54. The Organogram review was conducted in May for 2023/24 Financial year.

1.6. AUDITOR-GENERAL REPORT

AUDITOR-GENERAL REPORT 2023/24

The municipality has received a Qualified audit opinion from the Auditor General South Africa. The basis for qualified opinion was due to the following

- The impairment loss of infrastructure assets was not calculated in accordance with GRAP 21 and consequently, the infrastructure assets balance of R6 197 957 543 as disclosed in note 8 to the financial statements is overstated by R 166 207 568 and additionally there is a resultant impact on the current year's surplus.
- The Auditor could not determine whether receivables arising from Vhembe District Municipality relating to water and sanitation were correctly recorded due to the status of the records.
- The Municipality could not maintain an adequate internal control systems for recording and accounting for trade payables arising from local municipalities in accordance with GRAP 1, 9, 17 and GRAP 12.
- The municipality did not record all instances of irregular expenditure as required by section 125 (2) (d) of the MFMA.
- The municipality did not calculate and disclose water distribution losses in accordance with the requirements of GRAP1.
- The Auditor could not obtain sufficient appropriate evidence for the adjustment to prior period amounts of inventory, property, plant and equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided.

The municipality received a qualified audit opinion on the predetermined objectives. The reason for qualification was due to inaccurate reporting and that adequate supporting evidence was not provided for auditing.

The 2023/24 Auditor General report will be provided for in Chapter 6 of this report.

1.7. STATUTORY ANNUAL REPORT PROCESS

| | 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 2023 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise 4 th 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 MM | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant) | August 2023 |
| 8 | 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 | September – October 2023 |
| 11 | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data | |
| 12 | Municipalities receive and start to address the Auditor General's comments | January 2024 |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | |
| 14 | Audited Annual Report is made public and representation is invited | |
| 15 | Oversight Committee assesses Annual Report | |
| 16 | Council adopts Oversight report | |
| 17 | Oversight report is made public | March 2024 |
| 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. | April 2024 |
| | | T 1.7.1 |

THE ANNUAL REPORT PROCESS:

The above timeframes are legislated. It is of great importance to distinguish between the Annual Performance Report (APR) and the Annual Report (AR). The content of the Annual Performance Report is the actual achieved in relation to targets set in the Service Delivery Budget and Implementation Plan (SDBIP) as approved for year under review. This report, together with the Annual Financial Statements are submitted to the Auditor-General by the 31 August each year. Then comes the compilation of the Annual Report.

The Annual Report content will assist municipal councilors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. The report must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The Annual Report is tabled before the Council on the 31st of January and after consideration by the MPAC, the MPAC will report to council by the 31st of March. These reports should be used as a decision-making tool by the municipalities.

Every municipality and municipal entity must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with the Municipal Systems Act 2000 (MSA) section 46, and the Municipal Finance Management Act 2003 (MFMA) section 121.

The purpose of the Annual Report is:

- i. to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- ii. to provide a report on performance in service delivery and budget implementation for the financial year;
- iii. to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- iv. to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.
- v.
- vi. The annual report is thus a back-ward looking document to inform strategic planning and budgeting for the following year. For the year under review, the municipality submitted the Draft Annual report on the 30th January 2024.



CHAPTER - 2:

GOVERNANCE

Political and Governance Administration

2023 - 2024

2. INTRODUCTION TO GOVERNANCE

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components, a geographic area and the community of the municipality.

Rights and duties of municipal Council (The Political Component)

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality's executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers. Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without favour or prejudice democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realisation of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

Duties of the Municipal administration (The Administrative Component)

The Administrative component have responsibilities towards the communities amongst the responsibilities the following is outlined.

- Being responsible for the general administration and accounting of the functionaries of the municipality;

- Being responsive to the needs of the local community;
- Establishing clear channels of communication with all sectors of the society and governance;
- Informing the local communities about the services which they are entitled to receive; and
- Informing the local community how the municipality is managed, what it spends its money on, and who is in charge.

The Municipal administration has the responsibility to facilitate a culture of public service and accountability amongst staff and taking measures to prevent corruption. The municipality is obligated to perform these duties as far as possible, considering the capacity and the available budget.

The Municipality has approved and (partially) implemented its Delegations System – “Delegation of Authority and Accountability By-Law” – that seeks to decentralize and democratize decision-making within the institution and improve the pace at which services are delivered to the community. This is intended to maximize administrative and operational efficiency and provide for adequate checks and balances. In line with the delegations’ system, some decision-making powers have been cascaded from Council to the Executive Mayor, Mayoral Committee, its Portfolio Committees and the full-time Councillors. Other powers have been delegated to the Municipal Manager and Senior Managers.

Internal audit’s role is primarily one of providing independent assurance over the internal controls of the council. It contributes to quality services to our communities in terms of providing checks and balances in the services rendered.

The Municipality established the in-house Internal Audit unit in December 2008 and is functional. The unit is thus far staffed with seven officials out of seven posts consisting of Risk Base audit and specialized Audit Units.

The council appointed Mr T Monakedi as the Senior Manager Planning & Development and also appointed Ms B Pilusa as the Senior Manager Community services.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among others as a structure with political office bearers and administration components, a geographic area, and the community of the municipality. The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker, and the Chief Whip head the political component of the municipality. The Council had 54 members. The municipality still waiting for CoGHSTA to finalize on the issues revolving traditional Authorities in Mopani District for official submitting of the lists to the municipality.

Municipal Public Accounts Committee:

The Municipal Public Accounts Committee (MPAC) heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2022/23 annual financial statements of the municipality. The Committee noted the Qualified audit opinion, highlighting areas which required urgent attention of the Accounting Officer and Council. During the 2023/24 Financial year, the Chairperson of MPAC was Cllr Mkhabela, who was later replaced by Cllr PS Mothomogolo on 27 June 2024.

- Chairperson: Cllr Mkhabela MM
- Cllr Moroatshehla MC
- Cllr Maake MW
- Cllr Mashele J
- Cllr Mabasa TA
- Cllr Shivambu NI

2.1 POLITICAL GOVERNANCE

2.1.1. INTRODUCTION TO POLITICAL GOVERNANCE

The Mopani District Council has established Portfolio Committees in terms of Municipal Structures Act 117 of 1998. These committees recommend policy issues to Council via Mayoral committee. They serve as interface engine rooms between the political and administrative structures of Council. It is in these committees where policy issues are debated thoroughly prior to their submission to the Mayoral Committee that, in turn, consider and forward them to Council for adoption. Through Portfolio Committees, Councillors are able to give political direction to the administrative component on the programmes of Council, Portfolio Heads (Councillors) are also responsible for different Clusters, e.g., Economic, Social and Infrastructure and Governance and Administration.

Portfolio Committees and Cluster are depicted underneath:

| Name of Committee | Support Department | Cluster |
|--------------------------|------------------------|---------------------------|
| Finance | Finance Directorate | Governance and Admin |
| Governance & Admin. | Corporate Services | Governance and Admin |
| Social Services | Community Services | Social and Infrastructure |
| Strategy, Planning & IDP | Planning & Development | Economic Development |
| Roads and Transport | Technical Directorate | Social and Infrastructure |
| Water | Technical Services | Social and Infrastructure |
| Infrastructure | Technical Services | Social and Infrastructure |
| Sports, Arts and Culture | Community Services | Social and Infrastructure |
| Agriculture | Agricultural Services | Social and Infrastructure |

The municipality has a total of seven Portfolio Committees and their meetings are conducted on monthly basis prior to the Mayoral Committee meetings. The attendance in the Portfolio Committee meetings became a serious challenge after the municipality received a circular which explained the need to avoid having members of the Municipal Public Accounts Committee (MPAC) also sitting in different portfolios.

POLITICAL MANAGEMENT TEAM



**Executive Mayor
Cllr Pule Shayi**



**Cllr Maswanganyi M
Speaker**



**Cllr Lewele M
Chief Whip**

MEMBERS OF THE MAYORAL COMMITTEE 2023 - 24



Cllr Baloyi NN
MMC Economic Development
Housing and Spatial Planning



Cllr Mohlala ML
MMC Governance
and Shared Services



Cllr Khandlela MR
MMC Finance



Cllr Sefufi MH
MMC Water Services



Cllr Moloko M
MMC Infrastructure
Development Services



Cllr Magomane MS
MMC Public Transport
and Roads



Cllr Mmetle DJ
MMC Community
Services



Cllr Maripe MG
MMC Agriculture and
Environmental Management
Services



Cllr Makhananis MD
MMC Sport,
Recreation, Arts and Culture

COUNCILLORS

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components; a geographic area and the community of the municipality.

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker and the Chief Whip head the political component of the municipality. The Council had 54 members, and 21 of these were proportional representative Councillors. There were 10 Traditional Authorities in Mopani District and each of the Local municipalities has at least one representative of Traditional leaders in the District Council.

A total of fourteen (14) Mayoral Committee meetings were held and the attendance by members of the Mayoral Committee stood at 100% except in instances where written applications of absence were received.

| Functions of the Mayoral Committee and Council | |
|---|---|
| Area | Detail |
| Finance | Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency |
| Governance | Support Council with Human Resources and General administration in terms of coordination of Council programmes |
| Roads and Public Transport | Provision of road infrastructure and coordination of public transport activities |
| Water and Sanitation | Ensures that the community have access to clean water and sanitation services |
| Energy | Assist in the coordination of electricity distribution and any other form of energy |
| Planning and Development | Assist in the coordination of the development of the IDP, economic development and planning in general |
| Social Services | Ensures the provision of fire services to communities, coordination of all the social services including HIV / AIDS |
| Speaker | |
| Section 37 of Municipal Systems Act | Presides at meetings of Council; |
| | Ensure that Council meets once quarterly; |
| | Maintain order during Council meetings; |

| Functions of the Mayoral Committee and Council | |
|---|---|
| Area | Detail |
| | And to ensure that Council meetings are conducted in accordance with the Rules of order |
| Full time Councillors | |
| | Ensuring that Portfolio Committee meetings are held monthly |

| | |
|---|--|
| | To serve as a communication link between the Executive Mayor and municipal Councillors in the district; |
| | Assisting the Executive Mayor in coordinating the activities of developing strategic plan for the Municipality |
| Municipal Manager | |
| Section 55 of the Municipal Systems Act | Formation and development of an economic, effective, efficient and accountable administration |
| | Management of the municipal administration |
| | Implementation of the municipal Integrated Development Plan and monitoring progress |
| | Management of the provision of services to the local communities in a suitable and equitable manner |

POLITICAL DECISION-TAKING

Rights and duties of municipal Council (The Political Component)

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality`s executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers.

Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without favour or prejudice, democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realization of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Mopani District municipality has an administrative component, which helps in carrying the Constitutional mandate, to deliver quality services and to afford local government to be developmental to its constituencies.

The Administrative component has the responsibility towards the communities, which include the following:

- Being responsible for the general administration and accounting of the functionaries of the municipality.
- Being responsive to the needs of local communities.
- Establishing clear channels of communications with all sectors of the society and governance.
- Informing the local communities about the services, which they are entitled to receive.
- Informing the public of how the municipality is managed.

TOP ADMINISTRATIVE STRUCTURE

FUNCTION



Mr TJ Mogano
Municipal Manager

FUNCTION
Accounting officer; Managing Internal Audit, IDP Risk Management; Monitoring and Evaluation and Legal Services



Ms S.PMathevela
Chief Financial Officer

FUNCTION
Manage Budget and reporting; Revenue Management



Ms Ngobeni SN
Senior Manager: Corporate Services

FUNCTION
Manage Human Resource; Administration and information Technology.



Mr P.J Shilowa
Senior Manager: Water & Engineering Services

FUNCTION
Manage Infrastructure Development, Giyani, Letaba, Ba-Phalaborwa, Maruleng; Tzaneen and Ritavi water satellites, Maintenance and Operations



Mr T.A Monakedi
Senior Manager: Planning and Development

FUNCTION
Manage Local Economic Development, Spatial



Ms B Pilusa
Senior Manager: Community Services

FUNCTION
Manage Disaster Management, Giyani, Phalaborwa, Maruleng, Tzaneen and Letaba Fire Services, Traffic and Spots Arts and Culture



Mr M.L Mahayi
Senior Manager: Technical Services

FUNCTION
Manage municipal Infrastructure Grants Management technical services and capital projects

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Mopani District Municipality is responsible for facilitating inter-governmental relations within its area of intergovernmental engagements to ensure that proper inter-governmental planning guides public, private and jurisdiction. In line with the Intergovernmental Relations Framework Act, MDM has taken it upon itself to improve donor investment.

2.3. INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. There are, however, grey areas in how the hierarchical inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, it is still a challenge for MDM to hold any sector department accountable for the non-implementation of projects which are included in the IDP document.

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

| Key Inter-Governmental Structures | | |
|--|--|---|
| Intergovernmental structures | Participants | Responsibility |
| POLITICAL STRUCTURES | | |
| Intergovernmental Forum Premier /Mayors' Forum] | Premier/ Mayors, Heads of Departments and Municipal Managers | Co-ordination of inter-governmental relations (Provincial and Local Government) |
| District Intergovernmental Forum [Mayors' Forum] | Executive Mayor, Mayors, Traditional Leaders and Municipal Managers | Co-ordination of inter-municipal relations (District and Local Municipalities) |
| District Speaker's Forum | Speakers, Municipal Managers. | Co-ordinate public participation processes in the municipalities |
| District Ward Committee forum | District Speaker, representatives of Ward committees | Inputs in the IDP and its implementation |
| NON-POLITICAL STRUCTURES | | |
| District Managers' Forum | Sector Departments' District Managers Municipal Managers Municipal Senior Managers (Directors) | Co-ordinate inter-governmental relations at district level between municipalities and sector departments |
| Clusters | Councillors Municipal Managers Municipal Senior Managers (Directors) | Co-ordinate policy issues affecting government at a district level (between sector departments and municipalities) |
| Technical Committees of Clusters | Sector Department Officials Municipal Senior Managers (Directors) Municipal Officials | Provide inter-governmental inputs into the work of Clusters |
| Provincial Planners Forum | Sector Departmental Planners IDP Managers Spatial Planners Town Planners | Provide for a coherent inter-governmental planning framework and alignment and integration of development plans in the province |
| District Development Planning Forum | Sector Depts, SOEs, MDM and LMs | Alignment the IDP planning progress |
| | | T2.3.3 |

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality has no entities

INTERGOVERNMENTAL STRUCTURES

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. All Municipalities have their different Councils which take decisions affecting each municipality. But through these different layers of interactions, Municipalities find the opportunity of working together, planning together. The municipality managed to hold 4 quarterly district IGR meetings during the 2023/24 financial year.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

One of the Objectives of Local Government captured in section 152 of the Constitution is to encourage the involvement of communities and community organizations in the matters of local government. The white paper on local government expects the municipalities to be working with citizens and groups within the community to find sustainable ways to meet their economic, social and material needs and improve the quality of their lives. Therefore, the municipality is using a number of ways and systems to involve communities and improve governance.

Over and above the formal structure of MDM, the following are in place:

- Anti-corruption Strategy in place as enabler to deal with eradication of corruption.
- Risk Management Strategy in place: the unit is currently staffed with one person, namely the Chief Risk Officer and the Risk Officer position is still vacant.
- Financial control systems: Supply Chain Management, Audit committee, MPAC and financial policies are in place.
- HR policies are in place and some under review process.
- Program of meetings of House of Traditional leaders with Executive Mayor discussing issues of mutual interest.
- IDP Representative Forum to afford community involvement in issues of governance through IDP process.
- Communication forum: to communicate programmes and governance of the District to communities and employees.

- District Development Planning forum: An avenue for integration of Local municipalities and sector Departments (National and Provincial).
- District Managers' forum: Municipal Managers of District and Local municipalities, parastatals and District Managers of sector depts.
- Mayors' intergovernmental forum: Mayors of both District and Local municipalities meet quarterly to track progress on service delivery.
- Disaster Management unit that is linked to the office of the Municipal Manager for prompt response to disasters whenever they occur.
- Forums linking communities with formal structures of municipality (e.g. LED, Business, Energy, Health, Gender, Sanitation, Disability, etc.).

The office of the Speaker is responsible for the following programmes and they are budgeted for annually:

- Public participation: The platform that affords communities to raise issues of concern directly to the political leadership for effective response. There is also hotline for the Executive Mayor to assist at any given time when members of communities or anyone need his assistance.
- Imbizos
- District Ward Committees forum (five representatives from each Local Municipality)
- Speakers' forum.

| Local Government Key Performance Areas | MDM Structures that involve members of communities in matters of governance |
|---|--|
| Transformation and Organisational Development | MPAC, Audit committee, Disability forum, Gender forum, Youth Council, House of Traditional leaders with Exec. Mayor; anti-corruption forum, Communication forum, Children' Advisory council, Men's forum, Council for the aged |
| Basic services | Water and Sanitation forum, Transport forum, Energy forum, Health Council, AIDS Council, Education forum, Sport and recreation council, Arts and Culture council, Environmental Management advisory forum, Heritage forum, Moral Regeneration Movement |
| Local Economic Development | LED Forum, Business forum |
| Financial Viability | Budget Steering committee (officials and Councillors) |
| Good Governance and Public participation | District Ward Committees forum, IDP Representative forum, Mayors' intergovernmental forum, Speakers forum |

2.4. PUBLIC MEETINGS

COMMUNICATION. PUBLIC PARTICIPATION AND FORUMS

The municipality has the following interactive mediums with the community

- Quarterly newsletters
- Mopani district Municipality website: www.mopani.gov.za
- Complaints register
- Presidential and Premiers `s hotline

WARD COMMITTEES

The District has no wards; wards belong to the Local municipalities. The municipality has a unit within the Office of the Executive Mayor a unit responsible for Public Participation, for communities to be awarded an opportunity to contribute to the development of the District. In order to provide support and effective engagement at grass-roots level the District established District Ward Committees forum, made up of 25 members, that is, five representatives from each local municipality. The District Speaker is responsible for coordination of the activities of the forum. Meetings of the District Ward Committees forum are often held concurrently with the Speakers' forum and are chaired by the District Speaker. Further support is provided in the form of funding the accommodation, venues, catering and traveling to the meetings. Workshops are also held to capacitate members with information and affording them opportunity to have a say in matters of District governance as well as service delivery issues.

The forum creates an appreciable platform for the communities to be able to understand the functioning of government and participate effectively in the strategic issues of municipalities. It is the base for building a better stakeholder capacity through programmes of public participation. It is also a mode to entrench democracy to ordinary members of communities. Again, the District as local government is able to relate better with communities, thus transforming the notion of "local authority" into "local governance", especially on services that are solely provided in terms of the District powers and functions. Every phase of the IDP process was presented to this forum for information and inputs.

2.5. IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria* | Yes/No |
|---|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |

| | |
|--|--------|
| Do the IDP KPIs align to the Section 57 Managers | YES |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| * Section 26 Municipal Systems Act 2000 | T2.5.1 |

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Principles of co-operative government and intergovernmental relations is that All spheres of government and all organs of state within each sphere must

- (a) preserve the peace, national unity and the indivisibility of the Republic;
- (b) secure the well-being of the people of the Republic;
- (c) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d) be loyal to the Constitution, the Republic and its people;
- (e) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) not assume any power or function except those conferred on them in terms of the Constitution;
- (g) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) co-operates with one another in mutual trust and good faith by
 - (i) fostering friendly relations;
 - (j) ii. assisting and supporting one another;
 - (k) iii. informing one another of, and consulting one another on, matters of common interest;
 - (l) coordinating their actions and legislation with one another;
 - (m) adhering to agreed procedures; and
 - (n) avoiding legal proceedings against one another.

In the municipal environment, corporate governance is all about how municipalities set their priorities (as per the IDP), conduct their business (through the performance management system and the SDBIP process), and relate to the community they serve (as per the IDP and performance management system). The Tripod Integrated Management System© ensures co-ordinated planning and development in the district. Data is collected, monitored, evaluated, assessed, audited and reported on, for informed decision-making and better service delivery - in other words, for better corporate governance.

2.6. RISK MANAGEMENT

MFMA section 62(1)(c)(i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Chief Risk Officer as the head of risk management is responsible for co-ordinating, facilitating the risk management within the entire organisation as well as providing expertise on risk issues. Furthermore, she partly performs the functions of security management. The Risk Management unit has assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking the identified risks, categorizing them into low, medium and high risks for management to develop actions for mitigation.

| No | Resolution | Action / Responsible Person | Due date | Done/Not Done |
|----|--|-----------------------------|------------------|--|
| 1 | CRO/IT to update the BCP regularly. | CRO/Acting IT Manager | Monthly | Done The BCP is being updated on a regular basis. |
| 2 | 2023/2024 Risk Champions should update the Operational Risk Register. | CRO | Quarterly | Done |
| 3 | The municipality will make research on the process of developing hotline meeting will be held with Vhembe District Municipality. | CRO | Next RMC meeting | In progress The Risk Management unit has visited Vhembe District Municipality for benchmarking process on the |
| 4 | CRO/IT to update the BCP regularly. | CRO/Acting IT Manager | Monthly | Done BCP is a standing item on RMC meetings its being updated with the Acting Manager IT |
| 5 | Quarterly report are being submitted to DWS by the municipality. | SM Water Services | Quarterly | Done SM Water Service's submit the Blue drop and Green drop report to DWS quarterly |
| 6 | The municipality has signed the new SLAs with the local municipalities and submission of monthly invoices to the local. | CFO | Quarterly | Not done |

| | | | | |
|------------------------------------|---|-----------------------------|------------------------------------|---|
| 7 | 2023/2024 Risk Champions should update the Operational Risk Register. | CRO | Quarterly | Done Ongoing |
| 8 | BTO to update the MSCOA risk register | CFO | Monthly | Done |
| 9 | Regular update of the 3 rd Quarter Fraud Risk Register | CRO | Quarterly | Done |
| 10 | One activity on the fraud prevention plan not yet done to be done in the 4 th Quarter. | CRO | Next RMC Meeting | Done One activity not done to be finalized before the year-end. |
| 11 | The municipality to continue monitoring municipal sites. | CRO | Ongoing | Done The CRO & Risk Practitioner monitor sites on a monthly basis. |
| 12 | Vetting of qualifications report to be updated on the appointment of the SM Community Services. | CRO | Next RMC meeting update | Done The SM Community Services has been appointed. |
| 13 | 3 rd Quarter IT Risk Monitoring Report 2023/2024 Risk root causes to be provided in the next RMC meeting by all affected directorates. | All | Next RMC meeting | Done |
| 14 | Investigations on vehicle involved in an accident will be done by the CRO and Labour Relation Officer | Labour Relation Officer/CRO | Ongoing | Ongoing The matter is being handled by the Labour Relation Officer |
| 15 | PPE distribution was done follow up to be made with the SM Water Services | SM Corporate Services | To be updated in the next Quarter | Done |
| 16 | Report from Office of the Premier Hotline to be reported every quarter. | CRO | Quarterly 2023/2024 RMC meeting | Done Ongoing it is being reported every quarter. |
| 17 | Gift register tabled to RMC meetings on a quarterly basis. | CRO | Quarterly | Done |
| 18 | BCP should be a standing item on the RMC meetings. | CRO | Quarterly | Done |
| Total Number of Resolutions | | Impleme nted | Not Implemented | Not Yet Due |
| 18 | | 15 | 3 | 0 |
| Percentage implemented % | | | 83% | |

2.6.1. PROGRESS AGAINST THE 2023/2024 RISK MANAGEMENT IMPLEMENTATION PLAN

- a) The 2023/2024 Risk Management Implementation Plan was developed and approved by the Municipal Manager outlining key activities for the implementation of Enterprise Risk Management for the current financial year. Risk Management Unit has completed **96% (26 out of 27)** of activities, which is in the approved 2023/2024 Risk Management Implementation Plan against the 2023/24 financial year target of 100%.

TOTAL ACTIVITIES 27: Green – Achieved (26), Red – Not Achieved (01), Yellow – Behind Schedule (0), Blue – Not Yet Due (0)

2.6.2. The table below indicates details of core and key activities from the approved 2023/2024 Risk Management Implementation Plan and progress thereof:

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|------------|--|--|---|--|--|
| 1. | Develop or review 2023/2024 risk management policy. | Risk Management Committee (RMC) to review the policy and recommend to the Audit Committee. | Approved risk management policy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> Risk Management Policy has been approved |
| 2. | Develop or review 2023/2024 anti-fraud corruption policy | Risk Management Committee (RMC) to review the policy and recommend to the Audit Committee. | Approved anti-fraud corruption policy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The Anti-fraud corruption policy has been developed and approved. |
| 3. | Develop or review 2023/2024 whistle blowing policy | Risk Management Committee (RMC) to review the policy and recommend to the Audit Committee. | Approved whistle blowing policy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The whistle blowing policy has been approved. |
| 4. | Develop or review 2023/2024 anti-fraud and corruption strategy | Risk Management Committee (RMC) to review the strategy and recommend to the Audit Committee. | Approved anti-fraud and corruption strategy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The anti-fraud and corruption strategy has been approved. |
| 5. | Develop or review 2023/2024 fraud prevention plan | Risk Management Committee (RMC) to review the plan and recommend to the Audit Committee. | Approved fraud prevention plan | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The fraud prevention plan has been reviewed and approved. |
| 6. | Develop or review 2023/2024 risk management plan. | Risk Management Committee (RMC) to review the plan and recommend to the Audit Committee. | Approved risk management plan. | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The risk management plan has been reviewed and approved. |
| 7. | Develop or review 2023/2024 risk management strategy | Develop guidelines on roles and responsibilities for risk management. (RMC) to review | Approved risk management strategy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|--|---|---|---|
| | | the strategy and recommend the Audit Committee. | | | The risk management strategy has been reviewed and approved. |
| 8. | Develop or review 2023/2024 risk management committee charter | Develop guidelines on roles and responsibilities for risk management committee to the Audit Committee. | Approved risk management committee charter | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> The risk management committee charter has been reviewed and approved. |
| 9. | Structures and responsibilities | The CRO to review the risk management structure and present it to the RMC for review and recommendation for approval by the Accounting Officer | Structure reviewed and approved as required. Formal delegation of responsibilities to existing personnel (via appointment letters and performance agreements) and structures (via charters) | Council 30/06/2023 | <u>ACHIEVED</u> The vacant position of the Risk Practitioner has been filled with effect from the 1 st of March 2024. |
| 10. | Publication of Risk Management Policies / Strategies | Publicize the policy / strategy on the website | Communicated risk management policy / strategy to officials in the municipality. | Chief Risk Officer Three months after approval of documents | <u>ACHIEVED</u> All the approved 2023/24 risk management policies / strategies have been publicised in the municipal website in the first quarter. |
| 11. | Raising awareness and risk management training | Develop and formalise detailed training programme / plan for all officials directly involved in risk management. | Completed orientation for all officials. All new employees orientated on risk management. Make presentations on risk management at management forums and IDP forums. | Chief Risk Officer When requested | <u>ACHIEVED</u> There were three workshops held during the quarter under review for Risk Management champions training, Audit and Risk Seminar and Technical Services department awareness campaign. |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|---|--|---|---|
| 12. | Develop or review risk management methodologies and processes | Development of a risk assessment protocol which includes risk quantification and risk rating. Conduct research and benchmark with latest developments in RM (best practice). | Approved risk assessment methodologies and processes in the Risk Management Strategy | Chief Risk Officer 30/06/2023 | <u>ACHIEVED</u> Risk Management Strategy approved. |
| 13. | Facilitate enterprise-wide risk assessments | Information gathering Facilitate risk identification and assessment sessions. Analyse information and develop risk assessment reports | Approved strategic risk register | Chief Risk Officer 31/05/2023 | <u>ACHIEVED</u> To be done in the First quarter. |
| 14. | | | Approved departmental operational risk registers | Chief Risk Officer 31/05/2023 | <u>ACHIEVED</u> The operational risk register to be aligned with the AG Action plan. |
| 15. | | | Approved projects' risk register | Chief Risk Officer 31/05/2023 | <u>ACHIEVED</u> Project Risk register has been approved. |
| 16. | | | Approved fraud risk register | Chief Risk Officer 31/05/2023 | <u>ACHIEVED</u> Fraud Risk Register has been approved. |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|---|--|---|--|
| 17. | | | Approved Information Technology risk register | Chief Risk Officer 31/05/2023 | <u>ACHIEVED</u> IT Risk register has been approved. |
| 18. | Assist risk owners with the development of risk response strategies | Drafting actions plans for all gaps identified in addressing the top risks. | Action plans implemented per agreed milestones | Risk Owners | <u>ACHIEVED</u> It has been done and tabled to the AC Strategic Risk Assessment. |
| 19. | | Drafting of individual key risk indicators for the top 10 risks | Analysis report of key risk indicators per agreed frequency | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Analysis report of key risk indicators was done and is part of the strategic and operational risk registers. |
| 20. | Assess risks controls effectiveness | Assign assurance providers to assess the controls of medium and low risks identified (monitored risk) | Combined assurance plan Report on the risks' controls. | Internal Audit Quarterly | <u>ACHIEVED</u> The development of the combined assurance framework is in place. |
| 21. | Ensure risk management processes and methodologies are reviewed independently | Audit of risk management effectiveness | Performance audit report Status report on risk management implementation. | Internal / External Audits Annually | <u>ACHIEVED</u> Risk management processes were reviewed by Internal Audit. The audit is currently on reporting stage. Internal Audit report is attached hereto. |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|--|---|--|---|
| 22. | Facilitate the execution of ERM processes and infrastructure | Implement appropriate risk reporting to the Senior Management, Accounting Officer, RMC, and Audit Committee. | Approved progress reports: present progress reports to various stakeholders at various intervals. | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Risk Management is a standing item in Top Management Committee meetings. Reports are regularly submitted to the Risk Management Committee and Audit Committee. |
| 23. | Coordination of RMC meetings. | Prepare meeting packs and send out invitations | Invitation, Agenda and Minutes of the RMC. | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Meetings of the RMC are being coordinated as per the approved schedule of meetings. |
| 24. | Reporting to RMC and Audit Committee. | Prepare reports and present them to the RMC and Audit Committee. | Risk Management Reports | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Reports were prepared and presented to the RMC and Audit Committee meetings during the quarter under review. |
| 25. | Manage and oversee the security function in the municipality. | Prepare plans for the division and monitor implementation of service level agreements. | Roosters, projects' certificates, and occurrence books. | Chief Risk Officer Monthly | <u>ACHIEVED</u> Service level agreements were monitored, and roosters were prepared for internal security personnel. |
| 26. | Support ICT on the municipal Business Continuity Planning. | Participate in the approved Business Continuity Plan. | Business Continuity Plan 2023/2024. | Chief Risk Officer Quarterly | <u>CHIEVED</u> Business Continuity Plans for risks relating to fire, floods, shortage of water, power supply interruptions are in place and the Risk Management division and ICT have developed the dfinal for the 2023/24 financial year. |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|--------------------------------------|---|-----------------------------|--|---|
| 27. | Support the combined assurance model | Participate in the approved combined assurance model. | Combined assurance strategy | Chief Risk Officer Quarterly | <u>ACHIEVED</u> The development of the combined assurance framework was done by the Internal Audit and approved by the AC on the 29 June 2023. |

2.6.3. PROGRESS ON IMPLEMENTATION OF 2023/2024 RISK REPORTS

2023/2024 Strategic Risk Monitoring Report

The progress on implementation of risk mitigations from the 2023/2024 Strategic Risk Register as of 30 June 2024 is as follows:

- 33 Risk mitigations identified
- 26 risk mitigations were implemented
- 8 risk mitigations were not done
- 79% of risk mitigations achieved in the financial year

| No | Names of Identified Risks | No of Actions to improve management of the risks for 2023-24 | No of Risk mitigations implemented | No of Risk mitigations not implemented For 2023-24 |
|--------------|---|--|------------------------------------|--|
| 1 | None compliance with blue drop and green drop | 4 | 3 | 1 |
| 2 | Inadequate cash flow due to none collection | 4 | 3 | 1 |
| 3 | Insufficient water provision | 2 | 1 | 1 |
| 4 | Poor project management | 2 | 1 | 1 |
| 5 | Inadequate maintenance of existing infrastructure | 2 | 1 | 1 |
| 6 | Lack of implementation of SDF by various stakeholders i.e. government, private sector, traditional leaders, NGOs; Susceptibility and vulnerability to natural disasters; Uncoordinated spatial economic development | 2 | 2 | 0 |
| 7 | Litigations | 3 | 2 | 1 |
| 8 | Inadequate support to all economic sectors of the district economy | 2 | 2 | 0 |
| 9 | Projects from sector department and private sector not in line with IDP | 3 | 3 | 0 |
| 10 | Unfavourable audit opinion | 2 | 2 | 0 |
| 11 | High level of UIFW | 3 | 2 | 1 |
| 12 | High skills shortage | 4 | 4 | 0 |
| Total | | 33 | 26 | 7 |

2.6.4. 2023/2024 Operational Risk Register

The progress on implementation of risk mitigations from the 2023/2024 Operational Risk Register as of 30 June 2024 is as follows:

- **80 %** risk mitigations were implemented
- **20 %** Risk mitigations were not done
- **0 %** risk mitigations were not yet due
- **% 0** risk mitigations were behind schedule

The Operational Risk register was aligned with the AG Action Plan for 2023/24.

The details per department are as follows:

- (a) Corporate Services, **90%** implemented, **10%** not implemented
- (b) Technical Services, **85%** implemented, **15%** not implemented
- (c) Planning and Development, **90%** implemented, **10%** not implemented
- (d) Budget and Treasury, **85%** implemented, **15%** not implemented
- (e) Community Services, **90%** implemented and **10%** not implemented
- (f) Water Services, **85%** implemented and **15%** not implemented

2.6.5. 2023/2024 mSCOA Risk Register

The progress on implementation of risk mitigations from the 2023/2024 mSCOA Risk Register as of 30 June 2024 is as follows: The mSCOA Committee did meet during the quarter under review.

| No | Names of Identified Risks | No of Actions to improve management of the risks the 2023-24 | Progress | Action Owner |
|----|--|---|----------|---|
| 1 | Current infrastructure may not meet mSCOA requirements | Awaiting assessment of non-pilot municipalities by National Treasury | Done | mSCOA Project Coordinator and Assistant Director IT |
| 2 | The implementation of mSCOA may be delayed. | Reconfigure backup to consider new requirements Parallel testing period | Done | CFO |
| 3 | Non-compliance with Treasury regulations. | Regular meetings with the technical team to obtain an update on circulars and related publications. | Done | mSCOA Project Coordinator |

| | | | | |
|---|--|--|--|-----|
| 4 | Lack of understanding of mSCOA processes and requirements by key role players resulting in unsuccessful implementation of the mSCOA project. | The mSCOA has been made a standard agenda item in all municipal strategic meetings. | Done The mSCOA meetings not held in the 4 th quarter on the 12 July 2024 | CFO |
| 5 | Insufficient knowledge and understanding of mSCOA requirements may result in unsuccessful implementation of the project. | Attend training offered by Treasury | Done Training and Awareness to all key role players was done | CFO |
| 6 | The implementation of mSCOA may be delayed resulting in failure to comply with the set deadline. | Resuscitate mSCOA project steering committee Discuss all mSCOA activities at management meetings | Done The municipality is live on mSCOA. Steering committee meeting is called when there are issues to be discussed. | MM |
| 7 | The implementation of mSCOA may be delayed resulting in failure to comply with the set deadline. | The final budget will be adjusted to incorporate mSCOA costs. The pilot municipalities will be consulted to assist with costing. | Done | CFO |
| 8 | Delayed commencement of the mSCOA project processes may result in poor financial reporting subsequent to project implementation | Resuscitate the technical committee. | Done | MM |
| 9 | Delays in the mSCOA project phases will result | Resuscitate the technical committee. | Done Monitoring of the progress on going | MM |

| | | | | |
|--|---------------------------------|--|--|--|
| | in unfavourable audit findings. | | | |
|--|---------------------------------|--|--|--|

- **100 %** risk mitigations were implemented

2.6.6. Fraud Risk Register

The progress on implementation of risk mitigations from the 2023/2024 Fraud Risk Register as of 30 June 2024 is as follows:

- **95%** risk mitigations were implemented
- **5%** risk mitigations were not done
- **0%** risk mitigations were behind schedule

2.6.7. Anti-Fraud Prevention Plan

- The 2023/2024 Anti-Fraud Prevention Plan was developed and approved by the Municipal Manager outlining key activities for the current financial year. Risk Management Unit has completed **98% (61 out of 62)** of activities, which in the approved 2023 /2024 Anti-Fraud Prevention Plan. The was no names published in the municipality website.

2.6.8. Security Incident Report

During the year ending 30 June 2024 there was two (02) incident reported to the Risk Management Unit by the Private Security Companies.

| No | Site Name | Incident Description | Date Of The Incident & Time | Action Taken/Progress |
|----|--------------------------------|---|-----------------------------|--|
| 1 | Nkowa Nkowa Sewerage | There is a hippo that chases securities at night in Nkowa Nkowa Sewerage | Ongoing | The municipality must clear the bush on site to make patrolling by security officials easy. |
| 2 | Giyani Water Works (Nsami Dam) | There were employees contracted in by the service provider blocking the entrance to the plant during the site visit by the Minister of Water and Sanitation | 22/04/2024 | The Riot Security team and police were deployed on site the Minister Conducted the site visit with MDM Team. |

2.7. ANTI-CORRUPTION AND FRAUD

Mopani, like most institutions does experience corruption which requires corrective measures for the creation of sound administration of the institution. The municipality has implemented its Anti-corruption and Fraud Prevention strategy and the results are beginning to show up. Details of the developed anti-corruption strategy are briefly related below.

PURPOSE OF THE STRATEGY

- ▶ Encouraging a culture within MDM where all employees, the public and other stakeholders continuously behave with, and promote integrity in their dealings with, or on behalf of the municipality.
- ▶ Improving accountability, efficiency and effective administration within MDM including decision-making and management conduct which promotes integrity.
- ▶ Development of anti-corruption capacity within the municipality.
- ▶ Improving the application of systems, policies, procedures, rules and regulations within the municipality.
- ▶ Changing aspects within MDM that undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported.
- ▶ Encourage all employees and other stakeholders to strive toward the promotion of integrity and for the prevention and detection of unethical conduct, fraud and corruption impacting, or having the potential to impact on the municipality.

PRINCIPLES OF THE STRATEGY

Mopani District Municipality Anti-Corruption Strategy is informed by the following principles to root out corruption:

- ▶ The need for a holistic and integrated approach to fighting corruption, with a balanced mixture of prevention, investigation, prosecution and public participation as the platform for the strategy.
- ▶ District tailor-made strategies are required that operate independently but complimentary to provincial and national strategies, particularly with regard to detection, investigation, prosecution and adjudication of acts of corruption, as well as the recovery of the proceeds of corruption.

- ▶ Acts of corruption are regarded as criminal acts and these acts can be dealt with either in the administrative or criminal justice system or both if need be. All aspects of the strategy are:
 - Supported with comprehensive education, training and awareness.
 - Coordinated within the district municipality.
 - Subjected to continuous risk assessment.

The following structures are in place to curb corruption in Mopani District:

- ▶ **Portfolio committees:** They monitor and also provide political inputs at the planning stage of municipal programmes.
- ▶ **Internal Audit unit:** Promote professional ethics among employees.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management policy was developed and approved by council for implementation in the 2023/24 financial year.

2.9. BY-LAWS

| 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 |
| Waste management | New | YES | 16/04/2024 | YES | 9/7/2024 |
| Air Pollution | New | YES | 16/04/2024 | YES | 9/7/2024 |
| <i>*Note: See MSA section 13.</i> | | | | <i>T 2.9.1</i> | |

COMMENT ON BY-LAWS:

Only two by-law was formally gazetted. Out of the five by-laws targeted to be gazetted but only two were gazetted and the four were not submitted for public participation. The remaining by-laws will be submitted to council for public participation. The development, revision and tabling of by-laws is as per the MSA 2000 S11 (3) (m) that provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

2.10. WEBSITE

| Municipal website: content and currency of material | | |
|--|--------|-----------------|
| Documents published on the municipality`s /entity`s website | Yes/No | Publishing date |
| Current annual and adjustment budgets and all budget related documents | Yes | March |
| All current budget related policies | | June |
| The previous annual report (2022/23) | Yes | July |
| The annual report (2022/23) published / to be published | Yes | September |
| All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards | Yes | August |
| All service delivery agreements 2023/24 | Yes | August |
| All long-term borrowing contracts 2023/24 | N/A | N/A |
| All supply chain management contracts above a prescribed value (give value) for 2023/24 | Yes | January |
| 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 2023/24 | Yes | June |
| Contracts agreed in 2023/24 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | No | N/A |
| PPP agreements referred to in section 120 made in 2023/24 | N/A | N/A |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2023/24 | Yes | August |
| <i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments</i> T2.10.1 | | |

MUNICIPAL WEBSITE CONTENT AND ACCESS:

The website was fully functional for 2023/24 financial year and all strategic documents including the quarterly performance report and annual report were published on the website.

2.11. PUBLIC SATISFACTION LEVELS

The municipality did not conduct a customer satisfaction survey for 2023/24 financial year. The municipality appointed the Batho Pele Committee in the 2023/24 financial year. The committee was established for addressing community complaints and issues pertaining to service delivery. Office of the Premier was requested to provide training for the committee and provide terms of reference. The committee will among other things deal with issues of community satisfaction survey in the district in conjunction with the local municipalities. For the year under review, the municipality did not budget for community satisfaction survey. The budget is however planned for 2024/25 financial year.



CHAPTER - 3:

SERVICE DELIVERY PERFORMANCE

2023 - 2024

3. INTRODUCTION

The Mopani District Municipality `s performance is based on the development priorities as in the IDP, the municipal key performance areas, strategic objectives and indicators in the IDP The Municipal Performance is calculated from all the indicators and projects applicable to the municipality as measured through its performance management system. The indicators and projects are collected into scorecards for General Indicators, Indicators contained in the IDP for 2023/24 and SDBIP.

COMPONENT A: BASIC SERVICES

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

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 108:1997, National Water Act 36: 1998 and the General Enabling Act 2005

Mopani District Municipality is a Water Services Authority for the whole District area and all its Local Municipalities have Water Service Provider (WSP) Agreements in place. The surface water in urban areas and rural areas are served through boreholes. MDM lies within and is benefitting from the following water catchment areas: Groot Letaba for GLM & GTM, Olifant for MLM & BPM and Klein Letaba for Giyani.

The Mopani district is characterized by low rainfall, especially in the lower-lying areas of the district, namely, Greater Giyani and Ba-Phalaborwa. This results in limited water resources culminating in severe water shortages and regular drought conditions. Subsequently, there is stiff competition between the different water users such as agriculture, mining and forestry. To this end, water use for domestic purposes becomes critical. The main surface water resources for Mopani district are Letaba River catchment and all its tributaries. There is a huge potential for usage of borehole water as an augmentation to the surface water resources.

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes. Some private small dams also exist and are used for irrigation purpose as well. The total yield from the dams for primary usage is 273 million m³ per annum. The agricultural sector uses the greatest

portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

Bulk water supply in Mopani is characterised by numerous surface water schemes in various stages of full development to all consumer points. Water supply scheme clusters are well defined and the service area boundaries are well established. Major upgrading and refurbishment are needed at most localities. The Middle Letaba Sub Scheme area and Modjadji areas are in need of extensions to the existing bulk supply systems. In general, Mopani District is well provided with bulk water supply infrastructure. However, the reason why the supply of water is below the RDP level (25 litres per person per day) is the shortage of pipeline reticulation within villages. MDM gets bulk water from the Lepelle Northern Water Board, treat the water and channel that to reservoirs in villages/ settlements in the five local municipalities. Local municipalities are responsible for reticulation in villages. MDM operates 21 water schemes, 62 pump stations, 19 water treatment works, over 1400km min pipelines, over 500 reservoirs and thousands of boreholes. Further analysis of water sources is depicted in the following table, with numbers of households benefitting

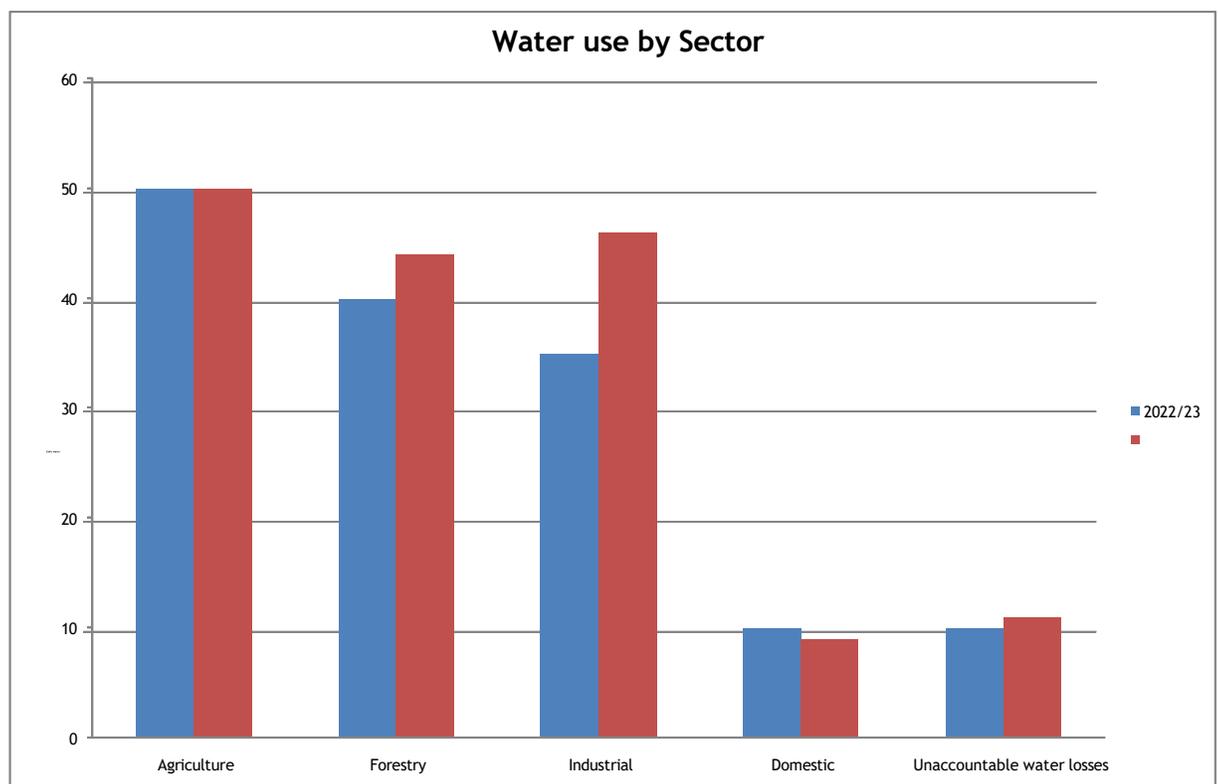
Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area are spatially scattered, resulting in difficult and expensive processes to provide water supply pipelines in the villages. It is also deduced that the major factor contributing to shortage of water is related to social aspects. These aspects are mainly vandalism of infrastructure, especially communal boreholes, lack of willingness from the consumers to pay for their water services and illegal (unauthorized) connections of pipelines by communities. These problems are usually prevalent in rural areas than urban areas. Over-usage of water is generally observed in most of the areas, amounting to more than 150 litres per person per day in both towns and villages. Communities are yet to do more to save the already scarce water.

The majority of households in Ba-Phalaborwa (77, 3%) have access to RDP standard water, Greater Tzaneen at 53, 6%, Greater Letaba at 60, 7%, Greater Giyani at 57,3% and Maruleng the lowest at 49,9%. However, taking a look at the households access to the various sources of water per local municipality as a percentage of the district, it becomes clear that the level of services are higher in Ba-Phalaborwa with 35, 3% of the households within the district with access to water inside their dwellings, especially when taking into consideration that only 12, 9% of the households in the district reside in Ba-Phalaborwa. The smaller population and the absence of many scattered villages in Ba-Phalaborwa, compared to e.g. Greater Giyani, probably contributed to this.

All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services. The Department of Water Affairs (DWA) have completed the establishment/ construction of the N'wamitwa Dam and the raising of the wall of the Tzaneen Dam to address the water shortage problem in the district.

Source: IDP 2023/24

| Total use of water by sector (cubic meters) | | | | | |
|---|-------------|----------|------------|----------|----------------------------|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| 2022/23 | 51 200 | 44 830 | 26 380 | 15 000 | 16 000 |
| 2023/24 | 51 200 | 44 831 | 26 380 | 16 800 | 17 000 |
| | | | | | T3.1.2 |



COMMENT ON WATER USE BY SECTOR:

MDM contributes to the economy by providing water supply to three sectors of the economy namely; Agriculture, Forestry, Industries and for domestic use. The water uses by the Agriculture sector for 2022/23 and 2023/24 remains relatively the same. Use in the Forestry and Industrial sector has increased in 2023/24 when compared to 2022/23. Water supply for domestic use has also increased in 2023/24 compared to 2022/23. The increase in usage is as a result of increased access to water supply through completed infrastructure projects, refurbishment and drilling of boreholes in areas experiencing shortages in water supply.

| Households | | | | |
|---|----------------|----------------|----------------|----------------|
| Description | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| Water: (above min level) | | | | |
| <i>Piped water inside dwelling</i> | 49 923 | 51 674 | 51 674 | 52 966 |
| <i>Piped water inside yard (but not dwelling)</i> | 99 434 | 72 754 | 72 754 | 74 572 |
| <i>Using public tap (stand pipes)</i> | 57 534 | 109 341 | 109 341 | 91 898 |
| <i>Other water supply (within 200m)</i> | 0 | 29 218 | 29 218 | 29 948 |
| <i>Minimum service level and above sub-total</i> | 206 891 | 262 987 | 262 987 | 249 384 |
| Minimum service level and above percentage | 72% | 100% | 100% | 84.16% |
| Water: (below min level) | | | | |
| Using public tap (more than 200m from dwelling) | 33 773 | | | |
| | 46 935 | | | |
| Other water supply (more than 200m from dwelling) | | | 2 303 | 36 921 |
| No water supply | 80 708 | | 2 303 | 10 014 |
| Below minimum service level sub-total | 28% | | 1% | 15.84% |
| Below minimum service level percentage | | | | |
| Total number of households* | 287 599 | 262 987 | 265 290 | 296 319 |
| To include informal settlements | | | | T3.1.3 |

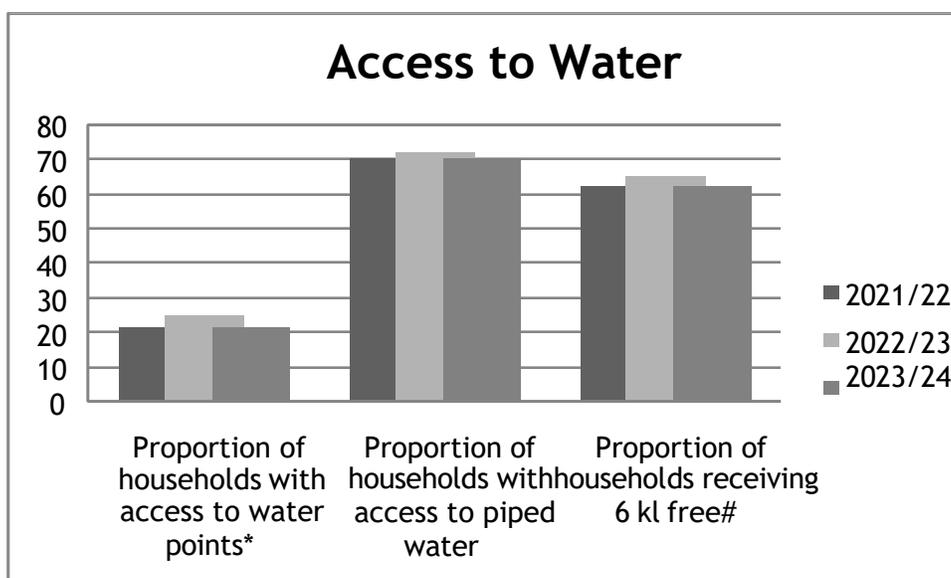
IDP 2023/24

The wording “within/more 200m from dwelling” be replaced with “stand pipes” as it challenging to measure.

| Households – water service delivery levels below the minimum | | | | | | Households |
|--|----------------|----------------|----------------|---------------------|---------------------|----------------|
| Description | 2020/21 | 2021/22 | 2021/22 | 2022/23 | 2022/23 | 2023/24 |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | 262 987 | 265 290 | 265 290 | 296 319 | 296 319 | 296 319 |
| Total households | 262 987 | 265 290 | 265 290 | 249 319 | 249 319 | 249 319 |
| Households below minimum service level | 206 891 | 265 290 | 265 290 | 249 384 | 249 384 | 249 384 |
| Proportion of households below minimum service level | | | | | | |
| Informal Settlements | | | | | | |
| Total households | 80 708 | 0 | 0 | 46 935 | 46 935 | 46 935 |
| Households below minimum service level | 80 708 | 0 | 0 | 46 935 | 46 935 | 46 935 |
| Proportion of households below minimum service level | | | | | | |

T3.1.4

APR 2023/24



* 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

6,000 litres of potable water supplied per formal connection per month

| Water service policy objectives taken from IDP | | | | | | | | | |
|--|---|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline service targets | 2020/21 | | 2021/22 | | | 2022/23 | 2023/24 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *previous year | | *previous year | *current year | | *current year | *current Year | *following year |
| Service indicators (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service objectives | | | | | | | | | |
| Water Provision | Additional households provided with minimum water supply during the year (No. of HH) without supply at year end) | 5000 | 20344 | 20 344 | 1 627 | 21 971 | 10400 | 32 371 | 34 967 |
| Improve reliability of water supply | Reduce the number of interruptions in supply of one hour or more compared to the baseline of 2018/19 | 80% | 82% | 80% | 75% | 78% | 84% | 88% | 93% |
| Improve water conservation | Reduce unaccountable water levels compared to the baseline of 2018/19 (16000 kiloliters (Kls) unaccounted for during the year | 9 000 | 11 500 | 13 000 | 15 000 | 15000 | 11 000 | 9 000 | 7500 |
| T3.1.6 | | | | | | | | | |

IDP 2023/24

3.2. WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The municipality for 2023/24 financial year targeted to give 6000 Households with access to sanitation. The municipality managed to complete 86 units for sanitation. This was due to slow progress by the emerging contractors. The outstanding units will be rolled over to 2024/25 financial year.

| Sanitation Service Delivery Levels | | | | |
|------------------------------------|-------------|-------------|-------------|------------|
| Description | Households | | | |
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | Outcome No. | Outcome No. | Outcome No. | Actual No. |

At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

PURPOSE AND INTENT OF BLUE DROP CERTIFICATION

The Blue Drop certification programme aims to improve South Africa's drinking water management by identifying and developing core competencies. It combines goodwill from municipalities, businesses, and government support programs to achieve excellence. The Blue Drop audit conducts incentive- and risk-based regulation, ensuring sustainable water services. The process aims to inspire disciplined people, thought, and action in the South African drinking water industry, fostering long-lasting greatness.

Department has developed and designed the following Key Performance Areas (KPA's) as IRIS Audit Scorecard – which were used or considered during Audit:

1. Capacity Management
2. Drinking Water Quality Risk Management
3. Financial Management
4. Technical Management
5. Drinking Water Quality Compliance.

Mopani District Municipality have 18 Water Supply Systems which went through the Blue Drop Certification assessment from the 18th – 20th January 2023. One of them is Drankensig which is the Water Treatment works in Hoedspruit which is managed by the Department of Public Works. The results highlight the need to appoint more Process Controllers and relative Supervisors and Technologists that will assist us to improve in Technical Management Skills and comply with Regulation R3630.

Table 1 below show - 2023 Blue Drop Summary:

Mopani District Municipality

| Municipal Blue Drop Score | | |
|----------------------------------|----------|---------------|
| Blue Drop Score 2023 | % | 56.13% |
| Blue Drop Score 2014 | % | 64.60% |
| Blue Drop Score 2012 | % | 79.21% |
| Blue Drop Score 2011 | % | 63.87% |
| | | |

| Key Performance Area | Weight | Drakensig | Giyani | Greater Tzaneen | Letsitele |
|----------------------------|--------|-----------------|------------------|-----------------|--------------|
| Bulk/WSP | | Public Works LP | - | - | - |
| Capacity Management | 15% | 30.00% | 72.00% | 45.21% | 52.00% |
| DWQ Risk Management | 20% | 0.00% | 26.50% | 69.57% | 47.50% |
| Financial Management | 10% | 0.00% | 80.00% | 21.25% | 9.25% |
| Technical Management | 20% | 0.00% | 35.75% | 29.12% | 16.50% |
| DWQ Compliance | 35% | 53.80% | 62.50% | 85.00% | 97.50% |
| Bonus | 10% | 5.00% | 17.50% | 78.82% | 82.50% |
| Penalties | 10% | 6.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 23.83% | 54.44% | 64.31% | 61.84% |
| Blue Drop Score 2014 | % | 26.09% | 32.51% | 77.39% | 73.44% |
| Blue Drop Score 2012 | % | NI | 65.48% | 95.10% | 95.02% |
| Blue Drop Score 2011 | % | NI | 41.85% | 95.08% | 95.05% |
| System Design Capacity | kL/d | 12 500 | 36 700 | 15 000 | 1 800 |
| System Available Capacity | kL/d | 12 500 | 36 700 | 15 000 | 1 800 |
| System Input Value | kL/d | 12 500 | 29 901 | 17 415 | 787 |
| Capacity Utilisation | % | NI | 81.47% | 119.62% | 43.72% |
| Average Daily Consumption | l/p/d | 2 500 | 164 | 1 340 | 262 |
| Resource Abstracted From | | Mohlabetsi | Hudson Ntsanwisi | Groot Letaba | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Risk Defined Compliance | % | 95.37% | 94.65% | 89.30% | 100.00% |
| VROOM | Rand | - | R26 057 000 | - | - |
| BDRR 2023 | % | 52.04% | 47.32% | 40.29% | 14.99% |
| BDRR 2022 | % | 74.60% | 33.70% | 25.00% | 18.70% |

| Key Performance Area | Weight | Mapuve | Middle Letaba | Modjadi | Nkambako |
|-----------------------------|--------|--------|---------------|---------|----------|
| Bulk/WSP | | - | - | - | - |
| Capacity Management | 15% | 62.00% | 62.00% | 70.00% | 55.00% |
| DWQ Risk Management | 20% | 58.00% | 58.00% | 29.50% | 58.00% |
| Financial Management | 10% | 74.00% | 74.00% | 80.00% | 49.00% |

| Key Performance Area | Weight | Mapuve | Middle Letaba | Modjadi | Nkambako |
|-----------------------------------|--------|---------------|---------------|---------------|---------------|
| Technical Management | 20% | 38.25% | 35.25% | 28.25% | 52.25% |
| DWQ Compliance | 35% | 77.50% | 69.00% | 64.00% | 65.00% |
| Bonus | 10% | 28.75% | 25.00% | 25.00% | 16.25% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 65.23% | 61.38% | 54.33% | 59.17% |
| Blue Drop Score 2014 | % | 29.33% | 32.40% | 76.37% | 32.19% |
| Blue Drop Score 2012 | % | 63.17% | 66.18% | 92.88% | 67.39% |
| Blue Drop Score 2011 | % | 24.00% | 48.38% | 61.97% | 27.33% |
| System Design Capacity | kL/d | 4 000 | 36 000 | 12 000 | 12 000 |
| System Available Capacity | kL/d | 4 000 | 36 000 | 12 000 | 12 000 |
| System Input Value | kL/d | 2 549 | 22 900 | 7 506 | 4 513 |
| Capacity Utilisation | % | NI | 63.61% | 62.56% | 37.61% |
| Average Daily Consumption | l/p/d | 150 | 191 | 250 | 56 |
| Resource Abstracted From | | Middel-Letaba | Middle Letaba | Molototsi | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% | 96.15% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Risk Defined Compliance | % | 95.24% | 96.00% | 94.26% | 90.63% |
| VROOM | Rand | - | - | - | - |
| BDRR 2023 | % | 41.67% | 47.23% | 43.61% | 37.62% |
| BDRR 2022 | % | 73.30% | 64.90% | 32.00% | 95.60% |

| Key Performance Area | Weight | Nkowankowa | Nondweni | Phalaborwa, Lulekani and Namakgale | Politsi and Modjadji Kloof |
|----------------------|--------|------------|----------|------------------------------------|----------------------------|
| Bulk/WSP | | - | - | Lepelle Northern Water | Lepelle Northern Water |
| Capacity Management | 15% | 69.00% | 65.00% | 79.20% | 75.80% |
| DWQ Risk Management | 20% | 26.50% | 55.50% | 35.50% | 44.00% |
| Financial Management | 10% | 74.00% | 74.00% | 37.05% | 65.45% |
| Technical Management | 20% | 27.75% | 27.75% | 38.75% | 41.75% |
| DWQ Compliance | 35% | 80.00% | 68.00% | 74.10% | 72.40% |
| Bonus | 10% | 40.00% | 37.50% | 17.50% | 12.50% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 59.60% | 60.41% | 57.68% | 61.34% |
| Blue Drop Score 2014 | % | 46.73% | 46.73% | 80.20% | 76.21% |
| Blue Drop Score 2012 | % | 66.27% | 66.27% | 92.63% | 92.88% |
| Blue Drop Score 2011 | % | 30.43% | 30.43% | 80.47% | 68.55% |

| Key Performance Area | Weight | Nkowankowa | Nondweni | Phalaborwa, Lulekani and Namakgale | Politsi and Modjadji Kloof |
|----------------------------|--------|--------------|----------|------------------------------------|----------------------------|
| System Design Capacity | kL/d | 24 000 | 4 700 | 76 000 | 5 500 |
| System Available Capacity | kL/d | 24 000 | 4 700 | 76 000 | 5 500 |
| System Input Value | kL/d | 20 939 | 3 605 | 59 521 | 6 211 |
| Capacity Utilisation | % | 87.25% | 76.70% | 104.65% | 121.02% |
| Average Daily Consumption | l/p/d | 299 | 361 | 964 | 345 |
| Resource Abstracted From | | Groot Letaba | NI | Olifants River | Molototsi |
| Microbiological Compliance | % | 99.99% | 97.87% | 99.52% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.86% | 99.25% |
| Risk Defined Compliance | % | 99.16% | 82.53% | 98.02% | 99.81% |
| VROOM | Rand | - | - | - | - |
| BDRR 2023 | % | 30.13% | 45.26% | 38.84% | 31.31% |

| | | | | | |
|-----------|---|--------|--------|--------|--------|
| BDRR 2022 | % | 38.30% | 56.60% | 43.70% | 32.00% |
|-----------|---|--------|--------|--------|--------|

| Key Performance Area | Weight | Semarela | Thabina | Thapane | The Oaks |
|----------------------------|--------|----------------|---------|---------------|----------|
| Bulk/WSP | | - | - | - | - |
| Capacity Management | 15% | 55.00% | 65.00% | 65.00% | 62.00% |
| DWQ Risk Management | 20% | 17.50% | 57.00% | 17.50% | 12.00% |
| Financial Management | 10% | 74.00% | 80.00% | 80.00% | 74.00% |
| Technical Management | 20% | 27.75% | 35.25% | 18.75% | 18.75% |
| DWQ Compliance | 35% | 67.50% | 65.00% | 57.50% | 35.50% |
| Bonus | 10% | 37.50% | 40.00% | 31.25% | 25.00% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 52.08% | 61.95% | 48.25% | 37.78% |
| Blue Drop Score 2014 | % | N/A | 28.09% | 38.27% | 26.09% |
| Blue Drop Score 2012 | % | N/A | 64.41% | 65.68% | N/A |
| Blue Drop Score 2011 | % | N/A | 7.75% | 38.50% | N/A |
| System Design Capacity | kL/d | 1 000 | 12 000 | 8 000 | 1 000 |
| System Available Capacity | kL/d | 1 000 | 12 000 | 8 000 | 1 000 |
| System Input Value | kL/d | 65 | 12 000 | 2 062 | 3 609 |
| Capacity Utilisation | % | 6.40% | NI | 25.78% | 360.90% |
| Average Daily Consumption | l/p/d | 13 | 150 | 68 | 887 |
| Resource Abstracted From | | Semarela river | Thabina | Thapane River | Olifants |
| Microbiological Compliance | % | 99.99% | 99.99% | 99.99% | 92.86% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Risk Defined Compliance | % | 78.67% | 83.33% | 92.94% | 75.71% |
| VROOM | Rand | - | - | - | - |

| Key Performance Area | Weight | Semarela | Thabina | Thapane | The Oaks |
|----------------------|--------|----------|---------|---------|----------|
|----------------------|--------|----------|---------|---------|----------|

| | | | | | |
|-----------|---|--------|--------|--------|--------|
| BDRR 2023 | % | 36.20% | 61.51% | 27.60% | 72.67% |
| BDRR 2022 | % | 33.30% | 77.20% | 28.20% | 36.50% |

| Key Performance Area | Weight | Tours Water Supply System | Zava water supply system |
|----------------------------|--------|---------------------------|--------------------------|
| Bulk/WSP | | - | - |
| Capacity Management | 15% | 62.00% | 62.00% |
| DWQ Risk Management | 20% | 24.00% | 20.00% |
| Financial Management | 10% | 80.00% | 80.00% |
| Technical Management | 20% | 35.25% | 24.50% |
| DWQ Compliance | 35% | 62.50% | 65.00% |
| Bonus | 10% | 12.50% | 37.50% |
| Penalties | 10% | 0.00% | 0.00% |
| Disqualifiers | | None | None |
| Blue Drop Score 2023 | % | 51.96% | 52.70% |
| Blue Drop Score 2014 | % | 36.91% | N/A |
| Blue Drop Score 2012 | % | 80.49% | N/A |
| Blue Drop Score 2011 | % | 29.55% | N/A |
| System Design Capacity | kL/d | 9 000 | 300 |
| System Available Capacity | kL/d | 9 000 | 300 |
| System Input Value | kL/d | 8 325 | 156 |
| Capacity Utilisation | % | 92.50% | 52.00% |
| Average Daily Consumption | l/p/d | 167 | 75 |
| Resource Abstracted From | | Tours | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% |
| Risk Defined Compliance | % | 89.80% | 82.67% |
| VROOM | Rand | - | - |
| BDRR 2023 | % | 48.05% | 39.88% |
| BDRR 2022 | % | 78.80% | 75.40% |

As outlined above, Drankensig achieved the Blue Drop Score of 23,85% which has a negative impact on Mopani Score in general. This is the 18th Water Supply System adding to the existing 17 that are managed by MDM and operated by Greater Tzaneen Municipality. The MDM

MDM will develop Blue Drop Correctional Action Plan as well as the Blue Drop Improvement Plan which will ensure the improvement from 56% to 95% Blue Drop Score during the next Audit (2025).

3.3. ELECTRICITY

Energy distribution has important economic development implications with a potential to make a considerable development impact. This impact relates to improved standard of living in which people are able to use electric stoves for cooking, electronic equipment such as TVs, sound systems, lights, etc. It also enables people to establish small businesses such as welding, catering and other mechanical works.

In Mopani, electricity is largely provided by ESKOM. Only two Local municipalities (BPM & GTM) are licensed to provide electricity. The GGM, MLM and GLM are fully dependent on ESKOM. However, this function is yet to be fully undertaken. National government in consultation with the South African Local Government Association (SALGA), ESKOM and other stakeholders are engaged in discussions regarding the restructuring of the Electricity Distribution Industry in South Africa with the aim of ensuring that the industry is able to meet the needs of electricity consumers in the country and improve the roll out of electricity.

The four local municipalities in the district have signed the service level agreement with ESKOM for the rolling out of Free Basic Electricity to indigent households in the district. Each poor household is entitled to 50KWh per month. It has been found that most of the people in rural areas and amongst low-income households, continue to use a range of energy sources like wood to meet their needs, irrespective of whether their houses are electrified or not. In addition, inefficient energy use compounds poverty: housing without ceilings and a complete lack of accessible information to users on appropriate and efficient energy use condemn poor households to a future of high energy costs.

The municipality provides boreholes to the whole part of Mopani. In providing the boreholes we are required to energise the provided boreholes with electricity. Most of the electrification of the boreholes result in the transformers being stolen. However, the municipality is embarking on an exercise to number the transformers with serial numbers, which will in turn minimise the theft of boreholes transformers in the district.

3.4. WASTE MANAGEMENT

In the Mopani, all local municipalities are responsible for their own landfill site and waste management services. The National Environmental Management: Waste Act 59 of 2008 mandates the district municipality to designate in writing a waste management officer from its administration to be responsible for co-ordinating matters pertaining to waste management in the area of jurisdiction of the Council. Although the house-to-house collection of waste is the responsibility of the local municipalities, the district has an oversight role to play in ensuring that all waste is collected, transported, treated, disposed of or recycled in accordance with the relevant legislation and that such collection, transportation, treatment, disposal or recycling takes account of the waste management hierarchy.

In Mopani, the status of the landfill sites is as follows:

| | MDM | BPM | GGM | GTM | GLM | MLM |
|-----------------|-----|-----|---|-----|---|-------------------------|
| LANDFILL | NO | YES | YES, Waiting for the official hand over | YES | YES, but waiting for the designs. Currently utilizing Tzaneen landfill site | YES, |
| LANDFILL PERMIT | NO | YES | YES | YES | YES | YES |
| BUYBACK CENTRE | NO | NO | YES but not yet operational | NO | YES, but not yet operational | YES BUT NOT OPERATIONAL |

3.5. HOUSING

Housing services is provided for by the Department of Cooperative Governance & Traditional Authorities.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

Mopani District Municipality provides free basics services on provision water through the water service agreement with the local municipality. The free basics water services is provided to registered and certified indigent customers support services where 6kl is provided for free on an annual basis. The Local Municipalities within the Mopani District Municipalities administer and maintain the registration of the indigent customers as part of the indigent support on the annual basis to provide the free basic water services.

3.7. ROADS & TRANSPORT

This component is not applicable to the district.

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Mopani District Municipality (MDM)'s Vision is: 'To be the food basket of Southern Africa and to be the tourism destination of choice'. It is therefore necessary to give attention to the four key sectors (Agriculture, Mining, Tourism, Trade and Manufacturing) which contribute towards the achievement of the MDM Vision. The following are among the opportunities identified during quarterly stakeholder's discussions that resonate within the district:

- The Development of an integrated GIS which will enable the District and its locals to depict and share planning information.
- The rich cultural diversity, which if fully tapped into, could turn the District into the destination of choice.
- The District has a huge potential on the Agricultural and Mining value chain. Particularly if the potential is linked to the plans of Revitalisation of Industrial Parks Plans.
- The above can be attained through the identified strategies of determining market gaps, Institutional Capacity building and organisational support as well as Production and supplier development for SMMEs and Partnerships

Integration of plans and budgets for all role-players remains a challenge as IDP processes have not yet reached the ideal state. The resuscitated Technical Committees comprising of the District, Local Municipalities and Sector Departments will in time resolve the challenge referred to above.

3.8. PLANNING

INTRODUCTION TO PLANNING

The planning strategies applied include among others; development and review of SDF, Land Use Scheme Development, Land Use Applications Determination, legislative and policy technical capacity building.

3.8.1. Development and review of SDF

The SDF stands for Spatial Development Framework aimed at guiding growth of the district communities spatially. It is a key tool for spatial decision-making when allocating various land

development and land uses. The SDF was finalised June 2020.

3.8.2. Land Use Scheme Development

Section 24(1) of Spatial Planning and Land Use Management Act (SPLUMA), 16 of 2013 requires that all municipalities must develop and adopt a single land use scheme for the entire municipality within five years of the promulgation of the SPLUMA. SPLUMA took effect from July 2015 hence all municipalities must develop their SPLUMA aligned Land Use Schemes by 2020. One of the planning strategy is thus to support local municipalities to comply with this requirement. During 2021/22 the municipality supported Ba-Phalaborwa municipality supported on land use scheme development.

3.8.3. Land Use Applications Determination

Section 34 of SPLUMA provides that district municipalities may establish a District Municipal Planning Tribunal to determine land development and land use applications within its district jurisdiction. The Municipal Planning Tribunal for Mopani District Municipality was established and appointed in the 2020/21 financial year. Due to delays in the appointment of the Municipal Planning Tribunal, applications could not be considered in the financial year in question.

3.8.4. Integrated GIS

Equipment for the establishment of integrated GIS has been purchased in 2019/20. The roll out plan and cascading of the programme was developed in 2021/22. The finalization of this milestone will enable depiction and sharing of planning information within Mopani District Municipality and the Local Municipalities within the District. GIS is not popularly known as a career; awareness campaigns were conducted in secondary schools to help the teachers and learners in understanding the concept of GIS since it was recently introduced in their syllabus.

3.9. LOCAL ECONOMIC DEVELOPMENT & TOURISM (MARKET PLACES)

3.9.1. INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in Mopani District. LED is intended to maximise the economic potential of all Municipal localities throughout the country and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development.

The key strategic thrusts identified in the MDM LED strategy can exert the most influence in order to foster a prosperous economy within the District, i.e. Agriculture, Tourism, Mining and Trade & Manufacturing.

Mopani District Municipality was able to create conducive economic environment during the 2023/24 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora.

Successfully coordinated Youth Economic Indaba in 2023. Mopani District Municipality is participating in Trade Shows to expose and assist the Local SMMEs to market their produce and businesses.

- a) Marula Festival – Ba-phalaborwa
- b) Agri-Expo – Tzaneen
- c) Letaba Show – Tzaneen
- d) Rand Show – Gauteng
- e) Tourism Indaba – Durban

The District Coordinate Exhibition space and the Local identifies the SMMEs from their own jurisdictions and we together package their products. In collaboration with SEDA as it has the training mandate, the District is coordinating.

3.9.2. LOCAL JOB OPPORTUNITIES:

The LED supports local SMMEs by creating a conducive environment to create job opportunities. The LED forum sittings are scheduled to serve as a platform for Local Economic Development engagements. The functionality of the LED subcommittees especially at local levels still need to be improved to enable better functionality at the district level as well as reporting back to stakeholders.

Sessions were conducted with various stakeholders to engage on IDP processes in an endeavor to align planning and implementation.

The District Municipality has through the Tourism trade shows exposed SMMEs from all the five local Municipalities to the market whereby exhibition facilities were procured, and transportation was arranged for the selected SMMEs. In the year under review, the municipality managed to support 181 SMMEs.

On the job opportunities, we have created 2 800 job opportunities through EPWP program. That is through Infrastructure, Social, and Environmental Sectors.

| Job Creation through EPWP* Projects | | |
|--|--------------------------|---|
| Details | EPWP Projects No. | Jobs created through EPWP projects No. |
| 2021/22 | 4 | 2 806 |
| 2022/23 | 4 | 2 800 |
| 2023/24 | 4 | 1 446 |
| *-EPWP | | T3.11.6 |

AREAS FOR IMPROVEMENT FOR EPWP

- Developing exit projects for EPWP beneficiaries for sustainable solutions & Recruitment prior to new financial year

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

3.10. LIBRARIES: ARCHIVES: MUSEUMS; GALLERIES; COMMUNITY FACILITIES

This component is not applicable to the district.

3.11. CEMETORIES AND CREMATORIOUS

This component is not applicable to the district.

3.12. CHILD CARE : AGED CARE & SOCIAL PROGRAMMES

This component is not applicable to the district.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and costal protection.

3.13. POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The Mopani District Municipal area is faced with environmental risks and trends that lead to environmental degradation. In order to ensure that development activities carried out by Mopani District Municipality are sustainable, the IDP of Mopani District had considered environmental and socio-economic issues in an integrated manner in decision making, project planning and implementation.

It is clear that individuals, communities and government need to come up with programmes to bring awareness on the causes and effects of global warming and together strategies on control measures for decreasing emission of the gases that exacerbate temperature increase in the atmosphere. The situation in Mopani calls more on the matter since the demographic dynamics indicate that 81% is rural

and therefore vulnerable to any natural hazards without clear mechanisms to combat. Organic agriculture should be encouraged, land use schemes should be managed, veld fires be controlled and deforestation be prohibited.

In order to ensure that there is balanced considerations of environmental and socio-economic in municipal projects planning, all infrastructure projects are screened to check if an Environmental Impact Assessment might be required or not. This is in line with the EIA regulations enacted under the National Environmental Management Acts No: 107 of 1998. Compliance of projects to other legal requirements as outlined by other acts and regulations is also screened before project implementation. This includes compliance with Acts and regulations such as the National Water Act No 36 of 1998, Minerals and Petroleum Resources Development Act No: 28 of 2002, National Heritage Resources act No:25 of 199, section 24 of the Constitution of the Republic of South Africa of 1996 etc.

- Atmospheric Emission Licenses (AEL)- Three (3) AEL's have been issued for air quality control at Foskor mine; Diggers rest timber and Steven Lumber mills.
- Cleanup Campaigns – Two clean-up campaigns were conducted at Majeje and Matikuxikaya Villages
- Tree Planting – Two hundred (108) trees were distributed to Nine (9) local councils for greening projects
- -Wetland conservation workshop was held at Mamaila Kolobetona in order to address water pollution.

SERVICE STATISTICS FOR POLLUTION CONTROL

Mopani District in particular is facing challenges in water and air pollution. The major cause of water pollution in Mopani is uncontrolled illegal dumping of wastes throughout the district and unattended sewage spillages. Several cases of illegal dumping of wastes along the river banks and in water bodies has been reported and observed in Greater Giyani and Greater Letaba municipalities. According to the State of Rivers Report for Letaba and Luvuvhu produced by DWS, water pollution in Mopani district is also worsened by deforestation activities associated with fuel-wood collection and agriculture along the river banks and within the riparian zones in the catchment's areas. The lack of water-borne sewerage systems leads to the contamination of ground water.

The most noted water pollution takes place in the Murhogolo stream between Giyani shopping complex and government offices, the Thabina River from Mogoboya downstream, at the Klein and Groot Letaba rivers as well as Molotodzi which is highly choked with solid waste. Water is life and the necessity to conserve it cannot be overemphasized or postponed since it cannot be created. Individual members of communities, sector departments and private institutions need to take conscious decision on its conservation and prevention of water pollution.

3.14. BIO-DIVERSITY; LANDSCAPE (INCLUDING OPEN SPACES)

Provision of support to Kruger to Canyon Biosphere Reserve (K2C). K2C is the internationally declared regional biodiversity conservation area in the district. Environmental projects were conducted in K2C area for catchment area biodiversity conservation.

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and in a decent environment. The provision of health facilities to all settlements in the district is a problem because of the large number of settlements (varying in size), with the majority of them being relatively small and scattered throughout the district. A simplified calculation of the number of people per hospital per local municipality would not provide a true reflection of the actual situation, as hospitals provide services to communities across municipal boundaries and international refugees. The Health plan has been reviewed and further details will be unpacked adequately therein. District Health Council and the AIDS Councils to govern health activities in the district are also established and functional. The prevalence of HIV and AIDS has resulted in the increase of child-headed families without any source of income in the province. However, the Department of Social Development has been proactive in providing child support grants. Municipal Health Services (MHS) is mandated to perform 9 functions of MHS: Food quality monitoring; Water quality Monitoring; Vector control; Chemical safety; Disposal of the dead; Waste Management; Health Surveillance of the premises; Prevention of Communicable diseases; Environmental pollution control

Top 3 Service delivery priorities

- a) Food Quality Monitoring-Conduction inspection to formal and informal premises. Taking food samples for bacteriological analysis
- b) Water Quality Monitoring-Taking water samples for bacteriological and chemical analysis

3.15. CLINICS

This component is not applicable to the district.

3.16. AMBULANCES

This component is not applicable to the district.

3.17. HEALTH INSPECTION; FOOD AND ABBATOIR LIENSING & INSPECTION

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Our top priority with regard to health inspections entails the following: conducting routine Inspections to all food premises to ensure compliance with health legislations and taking action to improve conditions, sampling of food products to ensure safety and compliance with minimum health. Monitoring of informal street food traders. 17 Health care facilities were inspected for health care risk waste management 12 were compliant. 05 were noncompliant. Monitoring was conducted 4 times on illegal dumping sites, i.e. 1 for burning of tyres, 1 for burning of refuse and 2 for illegal dumping.

COMPONENT G: SECURITY AND SAFETY

3.18. POLICE

This component is not applicable to the district.

3.19. FIRE

INTRODUCTION TO FIRE SERVICES

Mopani has established a fully-fledged unit for fire services in the District. Each local municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadjiskloof, Phalaborwa and Hoedspruit. Every station ensures twenty-four-hour services to communities, in the following services:

- Saving lives and property
- Responding to motor vehicle accidents and incidents
- Specialised search and rescue incidents (high angle, swift water, confined space, trench rescue, hazardous substance, aircrafts & train incidents)

The District Municipality is striving to improve the working relationship with communities, private institutions and sector departments in addressing the problems. Fire protection Associations are established in GLM, GTM, BPM and MLM.

FIRE AND RESCUE SERVICES FIRE PREVENTION

Incident Response Times:

- During the day the first vehicle must respond within three minutes of receiving an emergency call.
- During the evening the first turnout crew responds within five minutes after receiving an emergency call.

ENVIRONMENTAL MANAGEMENT

Atmospheric Emission Licences (AELs)

The municipality ensures protection of the air by regulating industries whose processes result in emissions to the atmosphere, through the issuing and management of Atmospheric Emission Licences (AELs). AELs are issued in accordance with the provisions that are set out in the National Environmental Management: Air Quality Act, 39 of 2004.

The following AELs have been issued during the financial year:

| No. | Facility | Facility Type | Issue Date | Validity period |
|-----|-----------------------------|--|------------------|---------------------------|
| 1. | Idwala Magnetite | Magnetite Beneficiation | 11 April 2024 | 1 year |
| 2. | Foskor Zirconia | Production of monoclinic and calcium stabilized zirconia | 28 March 2024 | 1 year |
| 3. | Diggersrest Timber Company | Timber Treatment and sawmill | 08 March 2024 | 5 years |
| 4. | Khulani Timber Industries | Timber Treatment | 18 January 2024 | 5 years |
| 5. | Tzaneng Treated Timber | Timber Treatment | 21 December 2024 | 5 years |
| 6. | PetroSA | Fuel depot | 30 November 2024 | 5 years |
| 7. | Foskor | Mining and drying of phosphate | 14 November 2023 | 4 years 4 months |
| 8. | Bushvalley Chickens | Chicken Abattoir | 31 October 2023 | 1 year |
| 9. | Masorini Iron Beneficiation | Magnetite Beneficiation | 19 August 2023 | 1year, pending commission |
| 10. | KBH Industrial | Magnetite Beneficiation | 19 August 2023 | 1year, pending commission |

Municipal Health

- 52 building plans were approved.
- 56 (Certificates of fitness (COF) certificate was issued.
- 58 485kg and 105 191L of foodstuffs condemned.

Concerning *The average turn- around time to respond to an emergency call is 30 minutes due to bad roads and sometimes due to misallocation of the actual incident place. Our villages and facilities are not yet captured in the GIS. The process of mapping all our villages and facilities in the GIS has started. Delete Directive note once table is complete.*

3.20. OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING & CONTROL, CONTROL OF PUBLIC NUISANCES

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation (Disaster Management Act 57 of 2002), so as to minimize the impact upon lives, environment and natural resources. The following hazards are posing the greatest risks in the District on the economy, cultural, welfare, sustained development and sustained livelihoods. The Disaster Management Act (Section 53) requires the Mopani District Municipality to take the following actions:

- Prepare a disaster management plan for its area according to the circumstances prevailing in the area.
- Co-ordinate and align the implementation of its plan with those of other organs of state and institutional role players, and
- Regularly review and update its plan.

(a) STATUS AND RESULTS OF RISK ASSESSMENTS UNDERTAKEN DURING THE PERIOD 1 JULY 2023 TO 30 JUNE 2024

The following risk assessments were conducted in terms of the Disaster Management Act (Act 57 of 2002), as amended and the Disaster Management Framework. The assessments were consulted with the relevant stakeholders and the attention was given the problems as identified and addressed.

(i) Risk assessments on identified fire prone Nature Reserves

Prior to the onset of the annual fire season, risk assessments were undertaken on nature reserves in the Mopani District Municipality. These were Hans Merensky Reserve at Eiland, Lekgalameetse Nature reserve near Ofcolaco, Letaba Ranch in Ba-Phalaborwa Municipality, Modjadji cycad reserve in Greater Letaba Municipality and Man'ombe Nature Reserve in Greater Giyani Municipality. Large fires have been reported from all these reserves in the past. In most cases, fire breaks were found to be inadequate. Fire-fighting resources were also found to be insufficient.

(b) ASSISTANCE IN TERMS OF DISASTER MANAGEMENT

The Mopani District Municipality Disaster Management Centre and Mopani Fire and Rescue services work in close co-operation with the LFPA (Letaba Fire Prevention Association)

COMPONENT H: SPORTS AND RECREATION

3.21. SPORT AND RECREATION

This component is not applicable to the district.

COMPONENT I: EXECUTIVE AND COUNCIL

3.22. EXECUTIVE COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

Three-year IDP targets for the performance of the executive and council has been set as i.e. ensure clean audits, 100% implementation of audit committee recommendations, audit charter developed, compliance with internal audit plan, review of risk register, implementation of risk mitigated plans, compliance to legislative requirements, investigation of anti-corruption cases, submission of Annual Performance Report within timeframe and average organizational performance rating, integration of electronic systems, training of staff, filling of vacant positions, mitigation of industrial relations and employee performance reviews.

Strategies to achieve the above-mentioned targets are i.e. regarding audit to Review the audit charter annually. Ensure that identified internal controls are in place. Development of three years and annual internal audit plan. Ensure compliance and consistent adherence to policies (continuous monitoring and reporting).

To strengthen and support oversight regarding Risk Management through the strategies of to conduct risk assessment to ensure risk reduction; Review Enterprise Risk Assessment annually; Ensure that identified risks according to the Risk Assessment are minimised and addressed; Vetting of qualifications and security matters; Conduct auditing of internal controls; Investigating all allegations of fraud and corruption and enforcement of disciplinary and criminal actions. Regarding monitoring and evaluation, the implementation of a procedure manual for monitoring, evaluation and reporting has been developed. Building capacity at the level below S57 to take place to ensure continuity of knowledge that has been built. Regarding legal services, strategies are i.e. intensification of the implementation of anti-corruption strategy. Disseminate the strategy to all employees and Councillors. Utilisation of the hotline to address reported cases of alleged corruption. Once the hotline is in place, review the strategy. Strategies to improve the human resource's function are i.e. conduct skills audit. Twinning or employee exchange programme to be directed at employees that are struggling on certain

issues. These identified employees to be referred to other institutions for practical learning. Develop training programmes to address competencies in organisation. Develop and implement coaching and mentoring programme. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit. Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded. Attract and appoint skilled and competent staff in appropriate positions. Conduct an analysis of vacancies vis-a-vis the organogram. Development and implementation of succession planning strategy. Embark upon a coaching and mentoring programme. To improve employee monitoring and reporting the aim is to promote accountability and responsibility. Implementation of disciplinary procedures. Develop Change and Diversity Management Programme. Completion and implementation of Personal Development Plans for S57 and contractual managers. Cascading of employee performance management to all levels. Ensure monitoring and coaching and creation of awareness of organisation culture. Implement motivational strategies within the organisation. Monitor whether focused and disciplined workforce has been established.

3.23. FINANCIAL SERVICES

The top priorities are water and sanitation, the impact of this is that the district does not receive actual revenue collected on the priorities and it is impact on the cash flow. the municipality is intending to take over the function do it no longer done by local municipalities so that it has a closer monitoring of the function and collection.

| R' 000 | | | | | | | |
|--|------------------------------------|---|----------------|------------------------------------|---|---|---|
| Details of the types of accounts raised and recovered | 2021/22 | | 2022/23 | | | 2023/24 | |
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| Property Rates | - | - | - | - | - | - | - |
| Water - B | | | | | | | |
| Water - C | 274 431 | 17,70 | 224 982 | 39 815 | 17,70 | 212 962 | 0 |
| Sanitation | 34 395 | 24,41 | 38 322 | 589 195 | 24,,41 | 26 297 | 0 |
| Other | 499 675 | 100 | 4 668 672 | 30 | 100 | | |
| B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them. | | | | | | | T 3.25.2 |

3.24. HUMAN RESOURCES SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The top three Human Capital priorities during the said reporting period were Organisational Restructuring, cascading of performance management to the next line of management being post level three.

| | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|
| Number of reports on the implementation of the Workplace Skills Plan submitted to Management ytd | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Skills Development Plan developed and submitted to SETA by end of June | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| T3.71.3 | | | | | | | | | |

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The human resource office had a review of the Organizational structure that was successfully done. Employment Equity Plan was developed and submitted to department of labour. Workplace skills plan was developed for all employees and submitted to LGSETA.

3.25. INFORMATION AND COMMUNICATION TECHNOLOGY

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Mopani District Municipality has long acknowledged that ICT plays a pivotal role in enabling the municipality to carry out its mandate, execute its powers and functions, and realise its strategic objectives. The municipality recognize that ICT's can be better leveraged to effective administration, service delivery and socio-economic development and are therefore integral to the functioning of the municipality. It is for this reason that the municipality established IT Unit within its Corporate and Shared Services Directorate. Gaps identified in the areas of governance of ICT, strategy, organisation structure and staffing in the ICT Unit, processes, applications, technologies, and information in the ICT function are being address, and the municipality is making strides with the limited resources at its disposal. The appointment of Systems & Networks Officer to increase staffing in the IT Office to two personnel, although not adequate, has improved municipality improved staffing

in the IT Office and delivery of IT services and performance in the municipality. Further proposals for improvement of staffing in the unit were forwarded during the organisational structure review in the institution.

During the period under review, the municipality reviewed its Strategic Information System Plan (SISP) to align it with developments within the organisation, local government sphere, legislation, trends in technologies, and requirements within the community where it operates.

In order to mitigate against the risk of loss of critical data and information system in cases of natural and other risk factors the municipality developed and adopted an IT Disaster Recovery Plan (DRP).

The process of refreshing information systems infrastructure took off with the design, construction, and commissioning of the new server room in the main office in Giyani to replace the old server room which did not meet the required standards. The server room was also equipped with current technologies for data storage and manipulation, environment monitoring, security, and firefighting. Newer and current servers with increased availability, reliability, processing power, and storage replaced old and obsolete servers.

3.26. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

| Property; legal; Risk Management and Procurement Services Policy objectives taken from IDP | | | | | | | | | |
|--|-------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline service targets | 2020/21 | | 2021/2 | | | 2022/23 | 2023/24 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous year | | *Previous year | *Current year | | *Current year | *Current year | *Following year |
| | | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service indicators | (i) | (ii) | | | | | | | |
| To promote democracy and Sound Governance | | | | | | | | | |
| Percentage of reported cases of Fraud and corruption resolved ytd | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

| | | | | | | | | | |
|---|-----|-----|-----|-----|-----|----|-----|-----|----------------|
| Risk assessment report submitted to Council by 30 May | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Risk committee resolutions implemented ytd | 100 | 100 | 100 | 100 | 100 | 90 | 100 | 100 | 100 |
| Number of Risk monitoring reports submitted to Council ytd | 4 | 4 | 4 | 4 | 4 | 2 | 4 | 4 | 4 |
| Number Strategic Risks mitigated ytd | 10 | 10 | 6 | 7 | 10 | 5 | 8 | 10 | 10 |
| Number of Risk Management workshops conducted ytd | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 1 |
| Number of Risk Management strategy developed and approved by management and tabled to Council ytd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fraud prevention Strategy updated and approved by council ytd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | | | | | | | | T3.73.3 |

Source: APR 2023/24

COMPONENT J: MISCELLANEOUS

The following are the airports and landing strips available in the Mopani District Municipality and the economic activity around each LM:

- Hoedspruit (Maruleng) airport and landing strip
- ZZ2 (GLM) – agricultural produce (tomatoes)
- Ba-Phalaborwa – mines
- Eiland (Ba-Phalaborwa) – tourism
- Tzaneen – agricultural produce
- Siyandani (in Giyani) – shopping, mines, agriculture

INTRODUCTION TO MISCELLANEOUS

Hoedspruit airport was originally and solely used by military air force. It is now commercial, and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists. The one landing strip in Giyani (Siyandani) is owned by Government but its condition is not maintained. Cattle and other animals roam on it. Other air strips are privately owned and may not be relied upon for commercial purposes for either goods or public.



ANNUAL PERFORMANCE REPORT

2023 - 2024

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SUMMARY OF KPAs, GOALS AND STRATEGIC OBJECTIVES

| KPA | GOAL | STRATEGIC OBJECTIVE |
|---|---|---|
| Municipal Transformation and Organisational Development | Efficient, effective and capable workforce | To inculcate entrepreneurial and intellectual capabilities. |
| | A learning institution | To strengthen record keeping & knowledge management |
| Basic Service Delivery | Sustainable infrastructure development and maintenance | To accelerate sustainable infrastructure and maintenance in all sectors of development. |
| | Clean, safe and hygienic environment, water and sanitation services. | To have integrated infrastructure development. |
| | Safe, healthy living environment | To improve community safety, health and social well-being |
| Local Economic Development | Growing economy (through agriculture, mining, tourism and manufacturing). | To promote economic sectors of the District |
| Spatial Rationale | Sustainable, optimal, harmonious and integrated land development | To have efficient, effective, economic and integrated use of land space. |
| Financial Viability | Reduced financial dependency and provision of sound financial management | To increase revenue generation and implement financial control systems |
| Good Governance and Public Participation | Democratic society and sound governance | To promote democracy and sound governance |

PAST YEAR S ANNUAL REPORT (2022/23)

The Audit of the 2022/23 s Annual report and Annual Financial Statements was concluded in November 2023. The municipality received a Qualified audit opinion. The municipality developed an Auditor General action plan to deal with the findings raised. The municipality resolved 27 out of 59 findings. The plan will be used as a tool to monitor progress on the implementation of the Auditor General s findings. The plan will be reported on a monthly basis during management, Portfolio meetings, Mayoral Committee and Council. Each Directorate will provide progress report and submit portfolio of evidence to the Internal Audit unit for veification. Provincial Treasury will consulted for support in reviewing the AFS on a quarterly basis. The financial statement will be reviewed and reconciled to the supporting documents before submission for audit. Monthly reconciliation on transactions will be concluded. The municipality is in the process of developing the water master plan and budget for maintanance willbe adjusted to resolve on all the findings relating to water.

Municipal Public Accounts committee were able to process the UIFW in the year under review and an oversight report was submmitted to council for noting. The Municipality developed an acceleration plan to fastack the implementation of Municipal Infrastructure Grant.

“To be the Food Basket of Southern Africa and the Tourism Destination of Choice”

LEGISLATION

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No 32 of 2000 requires municipalities to prepare for each year a performance report reflecting, the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year. Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No 56 of 2003 further states that the annual performance report should form part of the municipal’s annual report. Mopani District Municipality’s 2023/24 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act, No 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The Annual Performance Report was compiled using the Revised Service Delivery Budget Implementation Plan that was approved by the Executive Mayor and noted by council on the 27th of March 2024. The development, implementation and monitoring of the Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”

The purpose of the SDBIP is to monitor the execution of the IDP and budget, performance of senior management and achievement of the strategic objectives with the Key Performance Indicators set by Council in the IDP. It enables the Municipal Manager to monitor the performance of Senior Managers, the Executive Mayor to monitor the performance of the Municipal Manager, and for the community to monitor the performance of the municipality.

SERVICE DELIVERY PERFORMANCE SUMMARY 2023/24 ANNUAL PERFORMANCE REPORT

The table and graph below illustrates service delivery performance of Mopani District Municipality against the National Key Performance Areas (NKPAs)

| KPA's Performance Indicators | No. of Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
|---|-------------------|---|-------------------------|-----------------------------|-------------------|
| Municipal Transformation and Organisational Development | 25 | 25 | 21 | 4 | 84% |
| Basic Service Delivery | 7 | 7 | 4 | 3 | 57% |
| Local Economic Development | 7 | 7 | 7 | 0 | 100% |
| Municipal Finance Management Viability | 26 | 26 | 21 | 5 | 81% |
| Spatial Rationale | 7 | 7 | 6 | 1 | 86% |
| Good Governance and Public Participation | 31 | 30 | 25 | 5 | 83% |
| | 103 | 102 | 84 | 18 | 82% |
| Overall % = | | | | | 82% |
| KPA's Projects | No. of Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organisational Development | 3 | 3 | 2 | 1 | 67% |
| Basic Service Delivery | 15 | 15 | 2 | 13 | 13% |
| Local Economic Development | 0 | 0 | 0 | 0 | 0% |
| Municipal Finance Management Viability | 0 | 0 | 0 | 0 | 0% |
| Spatial Rationale | 0 | 0 | 0 | 0 | 0% |
| Good Governance and Public Participation | 0 | 0 | 0 | 0 | 0% |
| | 18 | 18 | 4 | 14 | 22% |
| Overall % = | | | | | 22% |
| KPA's Performance Indicators and Projects | No. of Indicators | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organisational Development | 28 | 28 | 23 | 5 | 82% |
| Basic Service Delivery | 22 | 22 | 6 | 16 | 27% |
| Local Economic Development | 7 | 7 | 7 | 0 | 100% |
| Municipal Finance Management Viability | 26 | 26 | 21 | 5 | 81% |
| Spatial Rationale | 7 | 7 | 6 | 1 | 86% |
| Good Governance and Public Participation | 31 | 30 | 25 | 5 | 83% |
| | 121 | 120 | 88 | 32 | 73% |
| Overall % = | | | | | 73% |

SERVICE DELIVERY PERFORMANCE SUMMARY 2023/24 ANNUAL PERFORMANCE REPORT

The table and graph below illustrates service delivery performance of Mopani District Municipality against the National Key Performance Areas (NKPAs)

2023/24 Financial Year

| KPA's Performance Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
|---|------------------------------|-------------------------|-----------------------------|-------------------|--|------------------------|------------------------------|-------------------------|-----------------------------|-------------------|
| Municipal Transformation and Organisational Development | 25 | 20 | 5 | 80% | | 25 | 25 | 21 | 4 | 84% |
| Basic Service Delivery | 8 | 4 | 4 | 50% | | 7 | 7 | 4 | 3 | 57% |
| Local Economic Development | 7 | 7 | 0 | 100% | | 7 | 7 | 7 | 0 | 100% |
| Municipal Finance Management Viability | 26 | 16 | 19 | 62% | | 26 | 26 | 21 | 5 | 81% |
| Spatial Rationale | 7 | 3 | 4 | 43% | | 7 | 7 | 6 | 1 | 86% |
| Good Governance and Public Participation | 31 | 23 | 8 | 74% | | 31 | 30 | 25 | 5 | 83% |
| | 104 | 73 | 31 | 70% | | 103 | 102 | 84 | 18 | 82% |
| Overall % = 70% | | | | | | Overall % = 82% | | | | |
| KPA's Projects | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organisational Development | 3 | 1 | 2 | 33% | | 3 | 3 | 2 | 1 | 67% |
| Basic Service Delivery | 24 | 6 | 18 | 25% | | 15 | 15 | 2 | 13 | 13% |
| Local Economic Development | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0 | 0% |
| Municipal Finance Management Viability | 1 | 1 | 0 | 100% | | 0 | 0 | 0 | 0 | 0% |
| Spatial Rationale | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0 | 0% |
| Good Governance and Public Participation | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0 | 0% |
| | 28 | 8 | 20 | 29% | | 18 | 18 | 4 | 14 | 22% |
| Overall % = 29% | | | | | | Overall % = 22% | | | | |

| KPA's Performance Indicators and Projects | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Indicators | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved |
|---|---|-------------------------|-----------------------------|-------------------|--|-------------------|---|-------------------------|-----------------------------|-------------------|
| Municipal Transformation and Organisational Development | 28 | 21 | 7 | 75% | | 28 | 28 | 23 | 5 | 82% |
| Basic Service Delivery | 32 | 10 | 22 | 31% | | 22 | 22 | 6 | 16 | 27% |
| Local Economic Development | 7 | 7 | 0 | 100% | | 7 | 7 | 7 | 0 | 100% |
| Municipal Finance Management Viability | 27 | 17 | 10 | 63% | | 26 | 26 | 21 | 5 | 81% |
| Spatial Rationale | 7 | 3 | 4 | 43% | | 7 | 7 | 6 | 1 | 86% |
| Good Governance and Public Participation | 31 | 23 | 8 | 74% | | 31 | 30 | 25 | 5 | 83% |
| | 132 | 81 | 51 | 61% | | 121 | 120 | 88 | 32 | 73% |
| | | Overall % = | | 61% | | | | Overall % = | | 73% |

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMANCE INDICATORS

OUTCOME NINE (OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT, OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES)

| Vote Nr | Top Layer KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|--|--|---------------------------|---|---|---------------------|-----------------------|----------------------------|----------------|---------------------------|---|--|---------------------|--------------------------|-----------------------------------|
| | TLMTO_D_01 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Human Resource Management | To ensure that the reviewed organizational structure is approved by council by 30 June 2024 | # of Council approve the Organisational structure | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Senior Manager Corporate | Council Resolution |
| | TLMTO_D_02 | To inculcate entrepreneurial and intellectual capabilities | Municipal Transformation and Organisational Development | Human Resource Management | To reduce the vacancy rate within the financial year | # of vacant positions filled within financial year | Number | 83 | 30 | Operational | 49 | None | None | Target Achieved | Director Corporate | Appointment letters |
| | TLMTO_D_03 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Human Resource Management | To monitor the review of policies within a financial year | # Policies reviewed within the financial year | Number | 15 | 18 | Operational | 27 | None | None | Target Achieved | Director Corporate | Council Resolution |
| | TLMTO_D_04 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Labour Relations | To promote fair labour practice | % of disciplinary cases resolved by end of each year | % | 0 | 100% | Operational | 57% 4/7 | Unavailability of employee representative | Enforcement of disciplinary policies & oppose application for postponement | Target not Achieved | Director Corporate | Disciplinary cases reports |
| | TLMTO_D_05 | To inculcate entrepreneurial and intellectual capabilities | To inculcate entrepreneurial and intellectual capabilities | Human Resource Management | To Inculcate personnel capabilities | # of Work Skills Plan submitted to SETA by June each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Director Corporate | Dated Proof of submission |
| | TLMTO_D_06 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | IDP | Approval of the IDP/Budget/PMS process plan by 31 July 2023 | Council approve IDP/Budget/ PMS Process Plan | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Process Plan / Council resolution |
| | TLMTO_D_07 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | IDP | Approval of the Draft 2024/25 IDP by 31 March 2024 | Council approve IDP within financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Draft IDP/ Council resolution |
| | TLMTO_D_08 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | IDP | Approval of the Final 2024/25 IDP by 31 May 2024 | Council approve IDP within financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Final IDP/ Council resolution |

| Vote Nr | Top Layer KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|---|---|---------------------|---|---|---------------------|-----------------------|----------------------------|----------------|---------------------------|------------------------------------|---------------------|-----------------|-------------------|--|
| | TLMTO_D_09 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | Approval of the Final 2024/25 SDBIP by 30 June 2024 | Mayor Approve SDBIP within 28 days after adoption of the Budget and IDP | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Signed SDBIP by the Executive Mayor |
| | TLMTO_D_10 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure quarterly reporting and compliance within the financial year | # of Quarterly performance reports compiled & approved by council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |
| | TLMTO_D_11 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure quarterly reporting and compliance within the financial year | # of Quarterly B2B performance reports compiled & approved by council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Report/ Council resolution |
| | TLMTO_D_12 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure that S54 & 56 Managers sign the performance agreements within 30 days after adoption of the final SDBIP | Signed Performance Agreements by all S54A & 56 Managers | % | 100% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Signed Performance Agreements for Sec 54 & 56 Managers |
| | TLMTO_D_13 | To promote democracy and sound governance | Municipal transformation and organisational development | PMS | To ensure quarterly assessments for S54 & 56 Managers is conducted within financial year . | # of performance assessments conducted for Sec 54A & 56 Managers | Number | 0 | 2 | Operational | 2 | None | None | Target Achieved | Municipal Manager | Performance Assessments report for Senior Managers |
| | TLMTO_D_14 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance within the financial year | Submit Annual Institutional Performance report to CoGHSTA, AG Provincial Treasury by 30 August each | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Dated proof of submission to CoGHSTA, AG , Provincial Treasury |
| | TLMTO_D_15 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance within the financial year | Submit Mid-Year report to CoGHSTA, Provincial Treasury by 25 | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Dated proof of submission to CoGHSTA & Treasury |
| | TLMTO_D_16 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance | # of Annual Reports tabled in Council by 31 January each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |
| | TLMTO_D_17 | To promote Democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance within the financial year | Table Oversight report on the Annual Report in Council by 31 March each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |

| Vote Nr | Top Layer KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|---|---|---------------------|---|---|--|-----------------------|----------------------------|----------------|---------------------------|------------------------------------|---|---------------------|-------------------|--|
| | TLMTO D_18 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance within the financial year | # of Oversight report published in the website after 7 days of adoption | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Website screenshots of the report |
| | TLMTO D_19 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | PMS | To ensure municipal reporting and compliance within the financial year | The Mayor approve adjusted SDBIP within 30 days after budget adjustment each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | SDBIP / Council resolution |
| | TLMTO D_20 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Legal Services | To improve effecience and effectiveness of municipal administration within the financial year | % Signed Service Level Agreements within 30 days after the appointment of Service Providers | Percentage, (# of SLA s developed/ # of Appointment s made) | 100% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Signed Service Level Agreements |
| | TLMTO D_21 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Internal Audit | Functionality of Audit within the financial year | Develop Auditor General action plan for current financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AG Action Plan/ Council resolution |
| | TLMTO D_22 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Risk management | To ensure effective implementation of risk mitigations actions 30 June 2024 | # of Risk reports submitted to Audit Committee on a quarterly base | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Quartely risk reports |
| | TLMTO D_23 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Internal Audit | To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2024 | % of internal audit findings implemented | Percentage, (# of Internal Audit issues resolved / # of issues raised) | 72% | 100% | Operational | 64% 76/118 | Slow response from Directorates | Directorates to prioritised their findings in their departmental meetings | Target not Achieved | Municipal Manager | Resolved IA findings register |
| | TLMTO D_24 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Audit | To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2024 | % of AG issues resolved | Percentage, (# of Auditor General issues resolved / # of issues raised) | 57% | 100% | Operational | 46% 27/59 | Slow response from Directorates | Directorates to prioritised their findings in their departmental meetings | Target not Achieved | Municipal Manager | Resolved AG Action Plan (Updated & POE submitted) |
| | TLMTO D_25 | To promote democracy and sound governance | Municipal Transformation and Organisational Development | Risk management | To ensure effective implementation of risk mitigations actions 30 June 2024 | % of Risk issues resolved | Percentage, (# Risk issues implemented / resolved / # of risks identified) | 72% | 100% | Operational | 80% | Slow response from Directorates | Directorates to prioritised their findings in their departmental meetings | Target not Achieved | Municipal Manager | Resolved Risk issues and POE submitted |

| Vote Nr | Top Layer KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|---------------------|-----------|---------------------|-----------------------|-----------------------------|---------------------|-----------------------|----------------------------|----------------|---------------------------|------------------------------------|---------------------|---------|-----------|-------------------|
|---------|-------------------|---------------------|-----------|---------------------|-----------------------|-----------------------------|---------------------|-----------------------|----------------------------|----------------|---------------------------|------------------------------------|---------------------|---------|-----------|-------------------|

MTOD 02- The over achievement on 19 posts was due to the appointment of the Fire Fighters that were appointed to adress the overtime. MTOD 03 - the additional 13 policies were developed to close gaps that were identified by Auditor General.

KPA 2 : BASIC SERVICE DELIVERY INDICATORS

OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence requires |
|---------|-------------------|---|---------------------|--|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|---|---|---------------------|--------------------------|--|
| | TLBSD 01 | Sustainable Infrastructure development and maintenance | MIG | To monitor the development and MIG implementation plan within a financial year | Development of MIG implementation Plan by July each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Senior Manager Technical | Approved MIG Implementation Plan |
| | TLBSD 02 | Sustainable Infrastructure development and maintenance | Water | To have integrated infrastructure development | Development of the waste water risk abatement plan by 30 June 2024 | Number | 0 | 1 | Operational | 1 | None | None | Target Achieved | Senior Manager Water | Plan/ Council resolution |
| | TLBSD 03 | Sustainable Infrastructure development and maintenance | MIG | To have integrated infrastructure development | # of monthly MIG reports captured on the MIS website (CoGHSTA) | Number | 10 | 12 | Operational | 11 | Municipal Infrastructure System malfunction | Ensure that reports are captured in time in the system | Target not Achieved | Senior Manager Technical | MIS screenshots (website screenshots) |
| | TLBSD 04 | To promote democracy and sound governance | Legal Services | To improve efficient and effectiveness of municipal administration within financial year | # of by-laws gazetted by 30 June 2024 | Number | 0 | 5 | Operational | 2 | Delayed in conducting public participation | Finalise the gazetting in the new financial year | Target not Achieved | Municipal Manager | Council resolution |
| | TLBSD 05 | Clean, safe and hygienic environment, water and sanitation services | Water | To ensure provision of basic services | # of HH with access to water | Number | 1355 HH | 6000 HH | Operational | 9632 HH | None | None | Target Achieved | Senior Manager Water | Technical Reports |
| | TLBSD 06 | Clean, safe and hygienic environment, water and sanitation services | Sanitation | To ensure provision of basic services | # of HH with access to sanitation | Number | 4902 HH | 473 HH | Operational | 86HH | Slow progress by theContractors | Development of an acceleration plan to monitor their progress | Target not Achieved | Senior Manager Technical | Completion Certificate / Happy letters |

| | | | | | | | | | | | | | | | |
|--|-------------|---|---------------------|---------------------------------------|---------------------------------|-------------|---------|--------|-------------|----------|------|------|-----------------|--------------------------|--------------------------------|
| | TLBSD 07 | Clean, safe and hygienic environment, water and sanitation services | Roads and Transport | To ensure provision of basic services | # in KMs of gravel roads graded | Number (km) | 2107 km | 500 km | Operational | 575.52km | None | None | Target Achieved | Senior Manager Technical | Signed Monthly Grading reports |
|--|-------------|---|---------------------|---------------------------------------|---------------------------------|-------------|---------|--------|-------------|----------|------|------|-----------------|--------------------------|--------------------------------|

KPA 3 : LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE INDICATORS

OUTCOME 9: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | Responsible Person | Evidence requires |
|---------|-------------------|---|---------------------|--|---|---------------------|-----------------------|----------------------------|----------------|---------------------------|--|---------------------|-----------------|-------------------------|---|
| | TLLED_01 | To promote economic sectors of the district | LED | To ensure sustainable livelihoods within the district | # of jobs opportunities created through EPWP | Number | 2,800 | 1,400 | Operational | 1446 | None | None | Target Achieved | Senior Manager Planning | Proof of jobs opportunities created |
| | TLLED_02 | To promote economic sectors of the district | LED | To promote economic sector of the district | # of SEDA trainings conducted | Number | 6 | 4 | Operational | 7 | 3 meetings were added to cater more SMME s | None | Target Achieved | Senior Manager Planning | Training reports |
| | TLLED_03 | To promote economic sectors of the district | LED | To ensure Promotion of local economy within the financial year | # of SMME supported through LED | Number | 181 | 100 | Operational | 178 | None | None | Target Achieved | Senior Manager Planning | Proof for SMME s supported |
| | TLLED_04 | To promote economic sectors of the district | EPWP | To ensure Promotion of local economy within the financial year | # of EPWP reports compiled and submitted to Council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Planning | EPWP reports/ Council resolution |
| | TLLED_05 | To promote economic sectors of the district | LED | To ensure Coordination of LED forums within the financial year | # of LED District Forums coordinated | Number | 3 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Planning | Agenda, Minutes & Attendance register |
| | TLLED_06 | To promote economic sectors of the district | LED | To Coordinate the Exhibition pavilion for emerging local SMMEs in Exhibition shows | # of Marketing Initiated coordinated | Number | 2 | 4 | Operational | 9 | Local trade were conducted in Maruleng & Ba-Phalaborwa | None | Target Achieved | Senior Manager Planning | proof for Marketing initiatives coordinated |
| | TILLED - 7 | To promote economic sectors of the district | Tourism | To promote tourism sector in the District | # of Tourism (INDABA) Engagements attended | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Senior Manager Planning | Attendance register & Reports |

KPA 4 MUNICIPAL FINANCIAL VIABILITY
KEY PERFORMANCE INDICATORS
OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|--|----------------------|--|--|--|-----------------------|----------------------------|----------------|---------------------------|--|--|---------------------|-----------|---|
| | TLFV_01 | To Increase revenue generation and implement financial control systems | Revenue | To ensure improvement in revenue collection within the financial year | % of revenue collected within the financial year | Percentage (Revenue billed for the year) | 0% | 95% | Operational | 1% | Non payment by consumers/ Non implementation of WSA/WSP agreement | Enforcement of credit control policy/ enforcement of the signed SLA | Target not Achieved | CFO | Reconciliation report (Billing reports) |
| | TLFV_02 | To Increase revenue generation and implement financial control systems | Revenue | To monitor debt collections within a financial year | % in debts collected within the financial year | Percentage (Debtors) | 0% | 80% | Operational | 1% | Non payment by consumers/ Non implementation of WSA/WSP agreement | Enforcement of credit control policy/ enforcement of the signed SLA | Target not Achieved | CFO | Debtors Reconciliation report (Age analysis reports) |
| | TLFV_03 | To Increase revenue generation and implement financial control systems | Revenue | To monitor the implementation of municipal services within a financial year | # of data cleansing performed (Meter services) within the financial year | Number | 0 | 4 | Operational | 0 | Data for cleansing is with the locals | MDM will liaise with the locals for reporting in the new financial year | Target not Achieved | CFO | Data cleansing reports (meter services) |
| | TLFV_04 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure that quarterly financial statements are prepared within 14 days after the end of each quarter. | # of quarterly financial statements submitted to the MM. | Number | 0 | 4 | Operational | 0 | No personnel with capacity to develop quarterly financial statements | Appointment of the Deputy Manager : Reporting will assist in development of the quarterly financial statements (post advertised) | Target Achieved | CFO | Quarterly Financial Statements /Dated proof of submission |

| | | | | | | | | | | | | | | |
|---------|--|----------------------|---|---|--------|----|----|-------------|----|------|------|-----------------|-----|--|
| TLFV_05 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Council approved Draft Budget within the financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Draft Budget / Council Resolution |
| TLFV_06 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Council approved Final Budget within the financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Final Budget / Council Resolution |
| TLFV_07 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Council approved Draft Budget policies | Number | 11 | 11 | Operational | 11 | None | None | Target Achieved | CFO | Draft Budget related policies / Council Resolution |
| TLFV_08 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Council approved Final Budget policies | Number | 11 | 11 | Operational | 11 | None | None | Target Achieved | CFO | Final Budget related policies / Council Resolution |
| TLFV_09 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Council approved Adjustment budget by 28 February each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Adjusted Budget / Council Resolution |
| TLFV_10 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Submit Unaudited annual financial statements by 31 August each year | Number | 0 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Dated proof of submission |

| | | | | | | | | | | | | | | |
|---------|--|-------------------------|--|--|--------|------|------|-------------|------|--|---------------------------------------|---------------------|-------------------|----------------------------|
| TLFV_11 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Deviation 32 Registers developed and updated | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | CFO | Updated Deviation register |
| TLFV_12 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Finance compliance report submitted to Treasuries & CoGHSTA | Number | 12 | 12 | Oerational | 12 | None | None | Target Achieved | CFO | Financial reports |
| TLFV_13 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of monthly Sec 71 reports submitted to Provincial treasury within 10 working days | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | CFO | Dated proof of submission |
| TLFV_14 | To Increase revenue generation and implement financial control systems | Supply Chain Management | To Improve financial viability within the financial year | Appointment of Supply Chain Committees by the 3rd July 2023 (Specification, Evaluation & Adjudication) | Number | 3 | 3 | Operational | 3 | None | None | Target Achieved | Municipal Manager | Appointment Letters |
| TLFV_15 | To Increase revenue generation and implement financial control systems | Supply Chain Management | To Improve financial viability within the financial year | % of Construction Tenders placed on the CIDB website | % | 100% | 100% | Operational | 100% | None | None | Target Achieved | CFO | Website screenshots |
| TLFV_16 | To Increase revenue generation and implement financial control systems | Supply Chain Management | To ensure payment of service providers within 30 days of the submission of invoices. | % in payment of invoices wiithin 30 days of receipt from the service providers | % | 47% | 100% | Operational | 89% | Old Outstanding debt with DWS & Lepelle Northern Water | Implementntation of payment agreement | Target not Achieved | CFO | Age Analysis |

| | | | | | | | | | | | | | | |
|---------|--|------------------------|---|---|---------------------------|------|-------------------------------|-------------|------|--|--|---------------------|--------------------------------|--|
| TLFV_17 | To Increase revenue generation and implement financial control systems | Assets Management | To ensure compliance with legislation within the financial year | # of GRAP Compliance Assets register Compiled | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | GRAP compliance Assets register compiled |
| TLFV_18 | To Increase revenue generation and implement financial control systems | Assets Management | To ensure compliance with legislation within the financial year | # Assets verifications conducted in line with GRAP standards | Number | 2 | 2 | Operational | 2 | None | None | Target Achieved | CFO | Quarterly Assets verification reports |
| TLFV_19 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % capital budget spent as approved by Council within the financial year | Percentage (Accumulative) | 74% | 100% Capital Budget spent | Capital | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |
| TLFV_20 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % Operational and maintenance budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% Operational Budget spent | Operational | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |
| TLFV_21 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % MIG budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% MIG expenditure | Capital | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |
| TLFV_22 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % RBIG budget spent as approved by Council within the financial year | Percentage (Accumulative) | 70% | 100% RBIG expenditure | Capital | 83% | slow moving on the implementation of RBIG projects | To fasttrack the implementation of RBIG projects | Target not Achieved | CFO/Water & Technical Services | Financial reports/ |

| | | | | | | | | | | | | | | |
|---------|--|------------------------|---|---|---------------------------|------|------------------------|-------------|------|------|------|-----------------|--------------------------------|--------------------|
| TLFV_23 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % WSIG budget spent as approved by Council within the financial year | Percentage (Accumulative) | 84% | 100% WSIG expenditure | Capital | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |
| TLFV_24 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % RRAMS budget spent as approved by Council within the financial year | Percentage (Accumulative) | 99% | 100% RRAMS expenditure | Capital | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |
| TLFV_25 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % FMG budget spent as approved by Council within the financial year | Percentage | 100% | 100% FMG expenditure | Operational | 100% | None | None | Target Achieved | CFO | Financial reports/ |
| TLFV_26 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % EPWP budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% EPWP expenditure | Operational | 100% | None | None | Target Achieved | CFO/Water & Technical Services | Financial reports/ |

KPA 6 : SPATIAL RATIONALE

OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence requires |
|---------|-------------------|--|---------------------|---|--|---------------------|-----------------------|----------------------------|----------------------|---------------------------|---|---------------------|-----------------|-------------------------|---|
| | SPR 01 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolpment | Percentage, (# of applications received / # of land use applications processed) within 90 days of receipt) | % | 100% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Planning | dated Land use register |
| | SPR 02 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolpment | # of Municipal Planning Tribunal meetings coordinated | Number | 16 | 4 | Operational | 7 | The municipality receives more land use applications for processing | None | Target Achieved | Senior Manager Planning | Attendance Register, Minutes |
| | SPR 03 | To have efficient, effective economic and intergrated use of space | GIS | To have sustainable, optimal, harmonious and intergrated land deveolpment | Percentage in Capturing Projects in the GIS system within the financial year . | % | 100% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Planning | List of projects coordinates in the GIS |
| | SPR 04 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolpment | To appoint a service provider for establishment of township in Namakgale 500 sites(BPM) by 30 June 2024 (#) | Number | New | 1 | R526,500.00 | 1 | None | None | Target Achieved | Senior Manager Planning | Appointment Letter/ SLA |
| | SPR 05 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolpment | To appoint a service provider for establishment of township in Burgersdorp 600, Relela 200 & Mariveni 200 sites(GTM) by 30 June 2024 (#) | Number | New | 1 | R2,106,000.00 | 1 | None | None | Target Achieved | Senior Manager Planning | Appointment Letter/ SLA |
| | SPR 06 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolpment | To appoint a service provider for establishment of township at Phooko 200 & Mokwakwaila300 (GLM) 1000 sites by 30 June 2024 (#) | Number | New | 1 | R1,053,000.00 | 1 | None | None | Target Achieved | Senior Manager Planning | Appointment Letter/ SLA |

| | | | | | | | | | | | | | | | |
|--|-----------|--|------------------|--|-----------------------------------|--------|---|---|----------------------|---|--|--|---------------------|-------------------------|--------------------|
| | SPR 07 | To have efficient, effective economic and intergrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and intergrated land deveolopment | # of SDF reviewed by 30 June 2024 | Number | 0 | 1 | R1,053,000.00 | 0 | Late appointment of service providers by SCM | Finalise the appointment In the new financial year | Target not Achieved | Senior Manager Planning | Council resolution |
|--|-----------|--|------------------|--|-----------------------------------|--------|---|---|----------------------|---|--|--|---------------------|-------------------------|--------------------|

KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE INDICATORS

OUTCOME 9 (OUTPUT 5: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL, OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY)

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Program mes | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2023) | Annual Target (30/06/2024) | Budget 2023/24 | Actual Annual Performance | Challenges / Reasons for variation | Corrective Measures | Results | KPI Owner | Evidence Required |
|---------|-------------------|---|-------------------|--|--|---------------------|------------------------|----------------------------|----------------|---------------------------|--|--|---------------------|----------------------------------|---------------------------------------|
| | TLGG PP_01 | To promote democracy and sound governance | Council | To ensure functionality of Council committee within the financial year. | # of Council Meetings held within the financial year | Number | 13 | 7 | Operational | 14 | Held special council to consider acting appointments and approval of upper limits | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| | TL_G GPP_02 | To promote democracy and sound governance | Council | To ensure functionality of Council committee within the financial year. | % in Implementation of Council Resolutions | Percentage | 100% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Updated Resolutions Register |
| | TLGG PP_03 | To promote democracy and sound governance | Mayoral Committee | To ensure functionality of MAYCO within the financial year. | # of MAYCO meetings held within the financial year | Number | 13 | 7 | Operational | 14 | Held special mayoral to consider acting appointments and approval of upper limits | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| | TLGG PP_04 | To promote democracy and sound governance | Portfolio | To ensure functionality of Portfolio committees within the financial year. | # of Portfolio committee meetings held within the financial year | Number | 48 | 39 | Operational | 65 | Held special portfoliol to consider acting appointments and approval of upper limits | none | Target Achieved | Manager Executive Mayor s Office | Agenda, Minutes & attendance register |
| | TL_GG PP_05 | To promote democracy and sound governance | Portfolio | To ensure functionality of Portfolio committees within the financial year. | % in Implementation of Portfolio Resolutions | Percentage | 68% | 100% | Operational | 80% | issues on drilling boreholes & water tanker provisioning not resolved due to finnacial constraints | Allocate budget in the new finnacia year | Target not Achieved | Manager Executive Mayor s Office | Updated Resolutions Register |
| | TL_GG PP_06 | To promote democracy and sound governance | IGR | To ensure functionality of IGR structures within the financial year. | # of IGR meetings held within the financial year | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Agenda, Minutes, Attendance Register |
| | TL_G GPP_07 | To promote democracy and sound governance | IGR | To ensure functionality of IGR structures within the financial year. | % in Implementation of IGR Resolutions | Percentage | 86% | 100% | Operational | 69% | Slow implementation by the locals on assessments of senior managers | Liase with the locals through the Technical IGR meetings | Target not Achieved | Municipal Manager | Updated Resolutions Register |
| | TL_GG PP_08 | To promote democracy and sound governance | Ethics Committee | To ensure functionality of Council committees within the financial year | # of Ethics Committee Meeting held within the financial year | Number | 4 | 4 | Operational | 7 | None | None | Target Achieved | Manager Executive Mayor s Office | Attendance Register |

| | | | | | | | | | | | | | | |
|-------------|---|----------------------|---|--|--|-----|------|-------------|------|---|---|---------------------|----------------------------------|---------------------------------------|
| TL_GG PP_09 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the affairs of the Municipalities | # of Public Participation Meetings held within the financial year | Number | 10 | 10 | Operational | 10 | None | None | Target Achieved | Manager Executive Mayor s Office | Attendance Register, Minutes |
| TLGG PP_10 | To promote democracy and sound governance | MPAC | To ensure functionality of Council committees within the financial year | # of MPAC meetings held within the financial year | Number | 26 | 4 | Operational | 15 | Special meetings were dealing with the oversight of projects and probing of the annual report | None | Target Achieved | Manager Executive Mayor s Office | Agenda, Minutes & attendance register |
| TLGG PP_11 | To promote democracy and sound governance | MPAC | To ensure functionality of Council committee within the financial year | # of MPAC reports submitted to council held within the financial year | Number | 5 | 5 | Operational | 5 | None | None | Target Achieved | Manager Executive Mayor s Office | Council resolutions |
| TLGG PP_12 | To promote democracy and sound governance | Management committee | To ensure functionality of administration | # of Management meetings held within the financial year | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| TL_GG PP_13 | To promote democracy and sound governance | Management committee | To ensure functionality of administration | % in implementation of MANCO Resolutions within the financial year | Percentage | 1 | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Updated Resolutions register |
| TLGG PP_14 | To promote democracy and sound governance | Labour Relations | To ensure functionality of Council within the financial year | # of LLF meetings held within the financial year | Number | 13 | 12 | Operational | 12 | None | None | Target Achieved | Senior Manager Corporate | Agenda, Minutes & attendance register |
| TLGG PP_15 | To promote democracy and sound governance | Labour Relations | To ensure functionality of Municipality within the financial year | % in implementation of LLF resolutions within the financial year | Percentage (# of resolutions taken/ # of resolutions implemented). | 88% | 100% | Operational | 77% | Equal pay for equal work issue due outstanding job evaluation outcome | Liase with SALGA on the master list on job evaluation | Target not Achieved | Senior Manager Corporate | Updated Resolutions register |
| TLGG PP_16 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the IDP review | # of IDP/Budget/ PMS REP Forum meetings held within the financial year | Number | 3 | 5 | Operational | 5 | None | None | Target Achieved | Municipal Manager | Agenda & Attendance register |
| TLGG PP_17 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the IDP/Budget review within a financial year | # of IDP/Budget/ PMS Steering Committee meetings within the financial year | Number | 3 | 5 | Operational | 5 | None | None | Target Achieved | Municipal Manager | Agenda & Attendance register |

| | | | | | | | | | | | | | | | |
|--|---------------|--|-----------------------------|---|---|--|------|------|-------------|------|------|------|--------------------|--|--|
| | TLGG PP_18 | To promote democracy and sound governance | Public Participati on | To promote accountability within the municipality | % of complaints resolved | Percentage (# of resolutions taken/ # of resolutions implemented). | 100% | 100% | Operational | 100% | None | None | Target Achieved | Director Executive Mayor s Office | Updated Complaints Managemen t Register |
| | TLGG PP_19 | To promote democracy and sound governance | Public Participati on | To ensure public involvement in Mayoral Imbizo 's within a financial year | # of quarterly Community feedback meetings held within a financial | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Director Executive Mayor s Office | Agenda & Attendance register |
| | TLGG PP_20 | To promote democracy and sound governance | Public Participati on | To ensure public involvement in Municipal activities | # of Internal quarterly Newsletters developed | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Director Executive Mayor s Office | Electronic News letters |
| | TLGG PP_21 | To promote democracy and sound governance | Committe es | To ensure functionality of Audit committee within a financial year | # of Audit Committee meetings held within the financial year | Number | 7 | 7 | Operational | 7 | None | None | Target Achieved | Municipal Manager | Agenda, Minutes & Attendance register |

| | | | | | | | | | | | | | | |
|-------------|---|------------|---|--|------------|------------|------|-------------|---------------------------------------|--|--|---------------------|--------------------------|--|
| TLGG PP_22 | To promote democracy and sound governance | Committees | To ensure functionality of Audit committee within a financial year | % of Audit and Performance Audit Committee resolutions implemented within the financial year | Percentage | 83% | 100% | Operational | 82% 54/66 | Slow response by directorates | Prioritise the resolutions in each directorate s departmental & portfolio meetings | Target not Achieved | Municipal Manager | Audit Committee resolutions register |
| TLGG PP_23 | To promote democracy and sound governance | Risk | To ensure functionality of mitigation of risks committee within the financial year. | # of Council approved Risk Policy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| TLGG PP_24 | To promote democracy and sound governance | Risk | To ensure functionality of mitigation of risks committee within the financial year. | # of Council approved Risk strategy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| TLGG PP_25 | To promote democracy and sound governance | Risk | To ensure functionality of Risk committee within the financial year. | Council approved Fraud and Anti Corruption strategy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| TLGG PP_26 | To promote democracy and sound governance | Legal | To monitor response in terms of the fraud and corruption cases registered | % of Fraud and Corruption cases investigated | Percentage | N/A | 100% | Operational | No cases warranted to be investigated | N/A | N/A | N/A | Municipal Manager | Updated Fraud and Corruption case register |
| TLGG PP_27 | To promote democracy and sound governance | Audit | To ensure functionality of Council committee within the financial year | # of Unqualified Audit Opinion obtained by 31 december each year | Number | Disclaimer | 0 | Operational | 0 | Municipality did not recognise impairment on Infrastructure assets & debtors not properly performed at the end of the financial year | Develop and implement AG action plan | Target not Achieved | Municipal Manager | Auditor General Audit Report |
| TL_G GPP_28 | To promote democracy and sound governance | IT | To promote democracy and sound governance | Number of super user accounts activities reviewed per quarter | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Corporate | Audit trail report |
| TL_G GPP_29 | To promote democracy and sound governance | IT | To promote democracy and sound governance | # of monthly IT servers backups reported | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | Senior Manager Corporate | Back-up reports |

| | | | | | | | | | | | | | | | |
|--|--------------------|--|-------------------|---|---|--------|---|---|-------------|---|------|------|--------------------|----------------------|---|
| | TL_G GPP_3 0 | To promote democracy and sound governance | Internal Audit | Functionality of Audit within the financial year | Audit Committee approve Internal Audit Plan by 30 | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AC approved Internal Audit Plan |
| | TL_G GPP_3 1 | To promote democracy and sound governance | Internal Audit | Functionality of Audit within the financial year | Audit Committee approve revised Internal Audit Charter by 30June | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AC approved revised Internal Audit Charter |

MUNICIPAL TRANSFORMATION & DEVELOPMENT PROJECTS (2023/24)

MUNICIPAL TRANSFORMATION & DEVELOPMENT CAPITAL PROJECTS FOR 2023/24

| Pro No | Strategic Objective | Program me | Projects | Project Name | Start Date | Completion date | Project Owner | Source of funding | Orginal Budget | Adjusted Budget | Annual Target | Annual Actual Performance | Challenges / Reasons for variation | Corrective Measures | Results | Evidence required |
|--------|---|-----------------|---|-----------------------|------------|-----------------|----------------------|-------------------|----------------|-----------------|---------------|---------------------------|---|---|---------------------|--|
| MTOD1 | Democrat ic society and sound governan ce | Administr ation | To purchase & Install Telephone PABX system | Telephone PABX system | 7/1/2023 | 6/30/2024 | Senior Manager Corps | MDM | R0.00 | R10,000,000 | 100% | 100% | None | None | Target Achieved | Delivery note & Installation certificate |
| MTOD2 | Democrat ic society and sound governan ce | IT | To purchase & deliver Laptops by 30 June 2024 | Laptops | 7/1/2023 | 6/30/2024 | Senior Manager Corps | MDM | R0.00 | R5,000,000 | 100% | 100% | None | None | Target Achieved | Delivery note |
| MTOD3 | democrat ic society and sound governan ce | IT | Acquisition of Server by 30 June 2024 | Server | 7/1/2023 | 6/30/2024 | Senior Manager Corps | MDM | R0.00 | R7,000,000 | 100% | 60% | Awaiting for manufacture to complete the enviro rack (security) | Ensure finalisation in the secnd quarter of 2024/25 | Target not Achieved | Delivery note |

2023/24 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

BASIC SERVICE DELIVERY PROJECTS 2023/ 2024

| Region/Ward | Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual Target | Annual Actual Performance | Challenges / Reasons for variation | Corrective Measures | Evidence required | Evidence required |
|-------------|---|-----------|--|--|------------|-----------------|-----------------------------------|-------------------|-----------------|-----------------|---------------|---------------------------|--|---|---------------------|------------------------|
| BSD P1 | To have integrated infrastructure development | Water | Construction of Hoedspruit bulk Water supply | Hoedspruit Bulk water supply | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R10,689,867 | R10,689,867 | 100% | 0% | Non availability of land to construct the reservoir | Engagements with MLM for approval of identified alternative land. | Target not Achieved | Completion certificate |
| BSD P2 | To have integrated infrastructure development | Water | Construction of Lephepane Bulk Water | Lephepane Bulk Water | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R51,000,000 | R43,137,000 | 100% | 71% | Late appointment of contractors for Phase 2 | Acceleration of activities on site and close monitoring of the project. | Target not Achieved | Completion certificate |
| BSD P3 | To have integrated infrastructure development | Water | Construction of Bulk Water Supply at Lulekani Water Scheme Benfarm | Lulekani Water Scheme Benfarm | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R63,200,419 | R67,000,419 | 100% | 94% | Slow progress on Phase 1. Stoppage of project by local community delaying progress on Phase 2C | Sub contractors were appointed on Phase 1. Continuous engagements with community to resolve issues which led to stoppages on Phase 2 | Target not Achieved | Completion certificate |
| BSD P4 | To have integrated infrastructure development | Water | Construction of Makhushane Water Scheme | Makhushane Water Scheme | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R42,500,000 | R45,400,000 | 100% | 96% | Slow progress on site. Stoppages by community members and local SMMEs | Close monitoring and development of acceleration plan to expedite progress. Continuous engagement with communities to resolve disputes. | Target not Achieved | Completion certificate |
| BSD P5 | #REF! | Water | Construction of Ritavi Water Scheme | Ritavi Water Scheme | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R59,500,000 | R59,150,000 | 100% | 93% | Dan Village refusal for the contractor to carry out works in the area. Contractor 's material (pipes) has been burnt at Dan Village. | After numerous meetings with Dan Community, the main contractor has submitted that the municipality engage a sub-contractor to complete works under Dan Section | Target not Achieved | Completion certificate |
| BSD P6 | To have integrated infrastructure development | Water | Construction of Sefotse to Ditshosini / ramahlatsi bulk water and water reticulation | Sefotse to Ditshosini bulk water/ ramahlatsi bulk water & reticulation | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R5,974,307 | R5,974,307 | 100% | 94% | No movement on Phase 2E, the contractor has since vacated site. Phase 2D is awaiting ESKOM for connection of the package plant and boreholes. | MDM to terminate contractor on Phase 2E, appointment of sub-contractors to assist in execution of remaining works. Continuous engagement with ESKOM to finalize the outstanding works. | Target not Achieved | Completion certificate |
| BSD P7 | To have integrated infrastructure development | Water | Construction of Sekgosese Water Scheme supply and Borehole equipment | Sekgosese Water Scheme | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R59,500,000 | R59,500,000 | 100% | 97% | . Phase 2B, The project was delayed due to SMME project stoppage for their payments. Delays with delivery of materials encountered on Phase 3. Additional household connections requested to be included on the project. | Constant follow ups with RAL for way leave approval for Phase 1D. Disputes with local SMMEs have been resolved. Contractors executing other activities while awaiting delivery of some materials. | Target not Achieved | Completion certificate |
| BSD P8 | To have integrated infrastructure development | Water | Construction of Water Reticulation Thabina to Lenyenye Bulk Water supply | Thabina to Lenyenye Bulk Water supply | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R54,733,657 | R57,633,667 | 100% | 88% | Project experienced recurring stoppages by subcontractors demanding more works. | Issue resolved with sub-contractors and contractor resumed with works. | Target not Achieved | Completion certificate |
| BSD P9 | To have integrated infrastructure development | Water | Upgrading of Thapane water supply scheme | Thapane water supply scheme - upgrading of Water Reticulation | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R6,911,166 | R6,618,166 | 100% | 100% | None | None | Target Achieved | Completion certificate |

| | | | | | | | | | | | | | | | | |
|---------|---|-------|---|---|----------|-----------|-----------------------------------|-----|-------------|-------------|------|------|---|--|---------------------|------------------------|
| BSD P10 | To have integrated infrastructure development | Water | Upgrading and Extension of Thapane water scheme | Thapane Water Treatment Plant and replacement of Rensing Us | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R35,107,834 | R21,107,834 | 100% | 90% | Contractor for Phase 2A terminated. Phase 2B on practical completion however encountered leakages on the pipeline. | MDM to appoint another contractor to complete Phase 2A. Contractor busy sealing leakages on Phase 2B. | Target not Achieved | Completion certificate |
| BSD P11 | To have integrated infrastructure development | Water | Construction of Tours Water reticulation | Tours Water reticulation | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R61,625,000 | R60,625,000 | 100% | 94% | Phase 2C and 2D progress is behind schedule. Contractors encountered challenges due to stoppages by community members and local SMMEs | Both contractors are back on site and are working. Close monitoring of the project to ensure completion. Continuous engagements with various communities to avert further stoppages. | Target not Achieved | Completion certificate |
| BSD P12 | To have integrated infrastructure development | Water | To Purchase fleet fo water servives | Water services Fleet | 7/1/2023 | 6/30/2024 | Senior Manager Water Services | MDM | R0 | R10,000,000 | 100% | 0% | Delay in appointment of service provider | Finalise appointment in the 1st quarter | Target not Achieved | Goods delivery note |
| BSD P13 | To have integrated infrastructure development | Water | Purchase & delivery of Water Prepaid Meters | Water Prepaid Meters | 7/1/2023 | 6/30/2024 | Senior Manager Water Services | MDM | R0 | R2,855,033 | 100% | 0% | Delay in appointment of service provider | Finalise appointment in the 1st quarter | Target not Achieved | Goods delivery note |
| BSD P14 | To have integrated infrastructure development | Water | Construction of Rotterdam (Manyunyu)Ground water Scheme | Rotterdam Manyunyu Ground water | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R0 | R10,000,000 | 100% | 96% | Insufficient budget to complete the project. | The remaining works to be completed in the 2024/25 Financial Year | Target not Achieved | Completion certificate |
| BSD P15 | To have integrated infrastructure development | Water | Upgrading water reticulation Mageva | Mageva Dzumeri water Reticulation | 7/1/2023 | 6/30/2024 | Senior Manager Technical Services | MIG | R0 | R7,000,000 | 100% | 100% | None | None | Target Achieved | Completion certificate |



MOPANI DISTRICT MUNICIPALITY 2023/2024 ANNUAL PERFORMANCE REPORT SERVICE PROVIDER S PERFORMANCE

| Project No | Project Description | Contract Amount | Consulting Engineers | Ratings | Funding | Contractor Name | Performance Rating (1= Poor, 2 = Below | Start Date | End Date | Current Status (Construction , Completed, | General Comments |
|-----------------|---|-----------------|-------------------------------|---------|---------|--|--|------------|----------------|---|--|
| MDM 2023/24-03 | Telephone PABX system | R10,000,000 | N/A | N/A | MDM | Mabapa Trading CC | 4 | 7/1/2023 | 6/30/2024 | Completed. | Completed. |
| MDM 2023/24-019 | Laptops | R5,000,000 | N/A | N/A | MDM | Diventia Investments | 4 | 7/1/2023 | 6/30/2024 | Completed. | Completed. |
| MDM 2023/24-021 | Server | R7,000,000 | N/A | N/A | MDM | Mabapa Trading CC | 4 | 7/1/2023 | 6/30/2024 | In progress | Progressing well |
| MDM 2022/23-073 | Lephephane water reticulation Phase A | R42,257,340 | Tangos Consultants | 4 | MIG | Carofin Projects & MJ Mthombeni Construction | 3 | 11/23/2020 | 30/09/2021 est | Construction | The contractor to complete the inlet & outlet connection flange pipework and valves. Contractor to be penalised for delay in completion. |
| MDM 2022/23-075 | Lephephane water reticulation Phase C | R40,128,913.80 | Tangos Consultants | 4 | MIG | Natha Enterpsise | 4 | 11/23/2020 | 6/30/2024 | Construction | Water tightness testing underway |
| MDM 2021/22-019 | LULEKANI WATER SCHEME PHASE 1 | R45,013,324 | Makasela Consulting Engineers | 3 | MIG | Lebp Construction and Projects | 3 | 2/3/2022 | 31/03/2023 Rev | Construction | External pipe work connections to be finalised (connection to the buffer tank and steel pipeline) |
| MDM 2022/23-15 | Lulekani water scheme phase 2 (Humbulani B) | R41,227,619 | Makasela Consulting Engineers | 3 | MIG | Rembu construction | 3 | 2/3/2022 | 31/03/2023 Re | Construction | Pressure testing outstanding and connection to existing pipeline |
| MDM 2022/23-14 | Lulekani water scheme phase 2A | R25,971,072 | Makasela Consulting Engineers | 3 | MIG | Muravha Building and Civil | 3 | 3/8/2023 | 6/30/2024 | Construction | Progressing well |
| MDM 2022/23-16 | Lulekani water scheme Phase 2C | R26,264,196 | Makasela Consulting Engineers | 3 | MIG | Bo-Mamohlala projects | 3 | 1/15/2023 | 12/12/2023 Rev | construction | Installation of standpipes |
| MDM 2022/23-010 | Makhushane Water Scheme Phase 5A | R31,798,966 | SML Projects | 4 | MIG | Ditlou Supplier and Services | 4 | 3/13/2023 | 6/30/2024 | Practical Completion | Yard connections underway, construction of 750kL steeltank |
| MDM 2022/23-11 | Makhushane water scheme Phase 5B | R29,954,924 | SML Projects | 4 | MIG | Tarcron Projects | 4 | 3/13/2023 | 7/30/2024 | Construction | Project Completed |

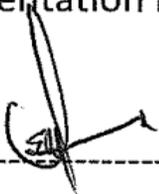
| | | | | | | | | | | | |
|------------------|---|-------------|----------------------------|---|-----|---------------------------------|---|------------|----------------|----------------------|---|
| MDM 2022/23-12 | Makhushane Water Scheme Phase 5C | R16,062,361 | SML Projects | 4 | MIG | Mbanga Trading Enterprise | 3 | 3/8/2023 | 6/28/2024 | Construction | Casting and installation of stand pipes, Footing casted awaiting tank delivery, Construction of reticulation networks with (63mm uPVC pipeline), Pressure testing not yet done. |
| MDM 2022/23-071 | Ritavi II regional water scheme (Sub Section 1) Phase 4D Muhlava Cross Village water reticulation | R20,844,825 | DIGES Consulting | 4 | MIG | FM Infrastructure | 5 | 12/8/2023 | 6/30/2024 | Construction | Contractor addressing the snag list |
| MDM 2022/23-071 | Ritavi II regional water scheme (Sub Section 1) Phase 4E Muhlava Cross Village water reticulation | R19,999,863 | DIGES Consulting | 4 | MIG | Aspidus JV IE Piping | 5 | 12/8/2023 | 6/30/2024 | Practical Completion | Complete |
| MDM2021/22-001 | Ritavi II Sub-Scheme 1 Phase 03 | R29,242,975 | DIGES Consulting | 4 | MIG | Rembu Construction | 3 | 12/10/2021 | 6/30/2024 | Construction | Connection to reticulation and Water-tightness test underway as a snaglist |
| MDM 2022/23-001 | Ritavi II Water Scheme Phase 4A Zangoma and Muhlava Village water reticulation | R17,714,488 | DIGES Consulting | | MIG | Martmol Trading CC | 3 | 11/29/2022 | 6/30/2024 | Construction | Contractor on penalties: Contractor busy with reticulation network, meter yard connection, refurbishment of existing reservoir. |
| MDM 2022/23-002 | Ritavi II Water Scheme Phase 4B Petaneng Village water reticulation | R17,243,205 | DIGES Consulting | | MIG | Good Example Trading & Projects | 4 | 12/22/2022 | 6/30/2024 | Construction | Construction of 20380m of Reticulation networks with various pipe sizes (63mm, 75mm, 90mm and 110mm) |
| MDM 2021/22-001 | Ritavi water scheme (Phase 3) | R41,406,106 | DIGES Consulting | | MIG | Rembu Construction | 2 | 12/10/2021 | TBA (After Dan | Construction | In progress, awaiting steel tank to be deliver to site |
| MDM 2017-052/013 | SEFOFOTSE TO DITSHOSING BULK WATER SUPPLY & RETICULATION PHASE 2E | R4,730,868 | DIGES Consulting | | MIG | SEEDI DEVELOPMENT PROJECT | 1 | | | Construction | The yield of the borehole decreased from the initial 2.2l/s tested in 2021 to 0.3l/s tested in 2023. |
| MDM 2022/23-008 | Sekgosese groundwater scheme phase 3C | R3,701,782 | I-Consult Engineering | 3 | MIG | Brooklyn Projects 22 | 4 | 11/28/2022 | 6/30/2024 | Practical Completion | |
| MDM2021/22 – 021 | Sekgosese Regional Ground Water Scheme Phase 2B | R41,413,344 | IConsult Engineers Pty Ltd | 3 | MIG | Martmol Trading CC | 3 | 1/24/2022 | 5/30/2024 | Practical Completion | Connect into the existing ring main and Reservoir, Construction of 3.99 km of 75mm uPVC reticulation underway. |

| | | | | | | | | | | | |
|------------------|---|--------------|------------------------------|---|-----|-----------------------------------|---|------------|-----------|----------------------|--|
| MDM 2022/23-04 | Sekgoses Regional groundwater scheme Phase 3A | R41,476,820 | I-Consult Engineering | 3 | MIG | Nandzu Trade and General Projects | 4 | 3/10/2023 | 5/31/2024 | Construction | Contractor awaiting material to complete remaining works. The reservoirs also must be checked for leaks. |
| MDM 2022/23-05 | Sekgoses regional groundwater scheme 3B | R264,517,703 | I-Consult Engineering | 3 | MIG | Lebp Construction and Projects | 3 | 3/8/2023 | 6/30/2024 | Construction | Busy with Site Establishment |
| MDM 2022/23-076 | Sekgoses regional groundwater scheme-3D | R28,623,623 | KMSD Engineering Consultants | 3 | MIG | Koepu Business Enterprise | 4 | 12/7/2023 | 12/6/2024 | Construction | installation of chambers in progress |
| MDM 2021/22-021 | Sekgoses regional water scheme phase 2B | R36,476,790 | I-Consult Engineering | 3 | MIG | Martmol Trading CC | 3 | 1/24/2022 | 5/30/2024 | Construction | Currently busy with standpipes, rehabilitating existing pipeline & reticulating network. |
| MDM 2022/23-04 | Sekgoses regional water scheme phase 3A | R6,545,944 | I-Consult Engineering | 3 | MIG | Nandzu Trade and General Projects | 4 | 3/10/2023 | 5/31/2024 | Construction | Contractor delayed to start with the critical activity which is the elevated steel tank. |
| MDM2021/22-002 | Thabina-Lenyenye Phase 5 | R27,712,286 | Tangos Consultants | 3 | MIG | Ditlou Supplier and Services | 3 | 6/20/2022 | 6/30/2024 | Practical Completion | Pipe laying and pressure testing |
| MDM 2021/22-024 | Thabina regional water scheme (The resigning and replacement of bulk water pipeline from Thabina to Lenyenye Phase 6. | R33,125,993 | Tangos Consultants | 3 | MIG | BUKUTA JV BRITISH | 3 | 11/29/2021 | 6/30/2024 | Construction | Excavation and pipe laying underway |
| MDM-2017-052/015 | Thapane Water Supply Scheme: Upgrading And Extension Phase 2B | R25,996,226 | Uranus Consulting Engineers | 3 | MIG | Civil Element | 3 | | | Construction | Project completed |
| MDM2021/21-025 | Tours RWS (Bulk pipeline refurbishment and reticulation) | R20,982,973 | Tangos Consultants | 3 | MIG | Ditlou Supplier and Services | 4 | 5/27/2021 | 6/30/2024 | Practical Completion | Refurbishment of 1,2km existing reticulation pipelines underway |
| MDM2022/23-09 | Tours water reticulation to 25 villages -Phase 2C | R20,124,215 | KMSD Engineering Consultants | 3 | MIG | Koepu Business Enterprise | 4 | 5/27/2021 | 6/30/2024 | Construction | Water tightness testing underway |
| MDM 2023/24-016 | Tours water reticulation to 25 villages -Phase 3 | R23,703,098 | KMSD Engineering Consultants | 3 | MIG | RSMM Construction | 4 | 5/27/2021 | 6/30/2024 | Construction | Contractor is busy with steel fixing,tank being assembled. |
| | Tours water reticulation to 25 Villages-Phase 2A | R25,258,970 | KMSD Engineering Consultants | 3 | MIG | Selby Construction | 4 | 5/27/2021 | 6/30/2024 | Construction | Pipe laying and pre-pressure testing, Awaiting testing for second layer and third layer underway |
| | Tours water reticulation to 25 villages-Phase 2B | R28,019,928 | KMSD Engineering Consultants | 3 | MIG | Bright Idea Project 838 CC | 4 | 5/27/2021 | 6/30/2024 | Completed. | Construction: Hard Rock detected on site that needs blasting. Site closed by PSC on the 24/6/2024 |

| | | | | | | | | | | | |
|----------------|--|-------------|------------------------------------|---|------|-----------------------------------|---|-----------|-----------|--------------|--|
| MDM 2022/23-25 | Tours water reticulation to 25 Villages-Phase 2D | R38,909,559 | KMSD Engineering Consultants | 3 | MIG | TQM Projects engineers | 3 | 5/27/2021 | 6/30/2024 | Construction | Clearing & grubbing. Clearing inside chambers. Taking out water at the holding chamber. |
| MDM 2022/23-55 | Mageva Reticulation contract A | R24,232,859 | HWA Engineers and Project Managers | 3 | WSIG | TLM Engineering Services CC | 3 | 3/9/2023 | 7/30/2024 | Construction | Contractor currently busy address the snag list |
| MDM 2022/23-56 | Mageva Reticulation Contract B | R30,285,305 | HWA Engineers and Project Managers | 3 | WSIG | Maneya Contruccion Railway Civils | 3 | 3/9/2023 | 7/30/2024 | Construction | Evaluating EOT(31/07/2024) Refurbishment of 2890km existing reticulation network underway |

2023/24 ANNUAL PERFORMANCE REPORT

The report is hereby submitted in terms of Sec 46 of the Local Government: Municipal Systems Act 32 of 2000. I hereby certify that the report is a true reflection of the Mopani District Municipality's performance against the 2023/24 Revised Service Delivery Budget Implementation Plan as approved by the Executive Mayor.



Mr T.J MOGANO
MUNICIPAL MANAGER
MOPANI DISTRICT MUNICIPALITY

2024/08/31
DATE



CHAPTER - 4:

ORGANISATIONAL DEVELOPMENT PERFORMANCE

PERFORMANCE REPORT PART II

2023 - 2024

4. INTRODUCTION

The purpose of conducting an institutional analysis is to ensure that the municipal development strategies take existing institutional capacities into consideration and that institutional shortcomings are addressed. Mopani District Municipality was established in 2000 in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipal offices of the district are situated in the government complex in Giyani in the Greater Giyani Municipality. The District Disaster Management centre is built in Tzaneen town and is in full use including Fire services.

Offices for local municipalities are located as follows:

| MUNICIPALITIES | OFFICES |
|------------------------------------|---------------------|
| Maruleng Local Municipality | Hoedspruit Town |
| Greater Letaba Local Municipality | Modjadjiskloof Town |
| Greater Tzaneen Local Municipality | Tzaneen Town |
| Ba-Phalaborwa Local Municipality | Phalaborwa Town |
| Greater Giyani Local Municipality | Giyani Town |

The management arrangement of the institution needs continual attention in order to adapt to changing needs and demands. Hence, annual review on the filling in of vacant posts and an on-going management training. There is also a need to define the distinct roles of the various sub-units in the Municipal Manager's Office and their collective mandate in ensuring that the Office of the Municipal Manager is able to discharge the following responsibilities distinctly and with excellence.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Turn-over Rate | | | |
|---|---|---|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 2021/22 | 61 | 6 | 8% |
| 2022/23 | 83 | 7 | 7% |
| 2023/24 | 49 | 33 | 5% |
| * Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year | | | T 4.1.3 |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality employed **49** people during the 2023/24 financial year. It incurred **30%** vacancy rate. High vacancy rates also existed for highly skilled supervision levels 9-12 (excluding finance posts) at 83% and Fire Fighters at 63.5%. Other challenges were:

- Office space is one limiting factor on appointing units that are office-bound. There is only one block in the parliamentary complex that is full. Some of the Units like, Internal Audit and GIS are accommodated at the Disaster Management Centre in Tzaneen. Mopani has 24 disabled employees, which is 3,2% of the current workforce. MDM has thus exceeded the 2% threshold required of the staff complement being disabled persons.
- MDM do not have full spread of racial diversities. There are largely Ba-pedi, Va-tsonga, Va-Venda and some few Afrikaans. This is informed proportionally by the racial spread of the District. There are also those cases of people who would prefer to work in an urban environment rather than rural area (Giyani) where Mopani District Head office is located.¹

4.2. POLICIES

| HR POLICIES & PLANS | | | | |
|---------------------|---|----------------|---------------|---------------------|
| | Name of Policy | Completed % | Reviewed % | FINALISED YES/NO |
| 1 | Affirmative Action | 100 | 100 | YES |
| 2 | Attraction & Retention | | 100 | YES |
| 3 | Code of conduct for employees | 100 | 100 | YES |
| 4 | Delegations, Authorisation & responsibility | | 100 | YES |
| 5 | Disciplinary Code & Procedures | 100 | 100 | YES |
| 6 | Essential Services | 100 | 100 | YES |
| 7 | Employee Assistance/ wellness | 100 | 100 | YES |
| 8 | Employment Equity | 100 | 100 | YES |
| 9 | Exit Management | 100 | 100 | YES |
| 10 | Grievance Procedures | 100 | 100 | YES |
| 11 | HIV/AIDS | 100 | 100 | YES |
| 12 | Human Resource & Development | 100 | 100 | YES |
| 13 | Information Technology | 100 | 100 | YES |
| 14 | Job Evaluation | 100 | 100 | YES |
| 15 | Leave | 100 | 100 | YES |
| 16 | Occupational Health & Safety | 100 | 100 | NO |
| 17 | Official Housing | N/A | 0 | NO |
| 18 | Official Journeys | 100 | 100 | YES |

Source: 2023/24 MDM IDP

| | | | | |
|--|---------------------------------------|-----|-----|--------|
| 19 | Official Transport to attend funerals | 100 | 100 | NO |
| 20 | Official working hours and overtime | 100 | 100 | NO |
| 21 | Organisational rights | N/A | 0 | NO |
| 22 | Payroll Deductions | 100 | 100 | YES |
| 23 | Performance Management & Development | 100 | 100 | YES |
| 24 | Recruitment, selection & Appointments | 100 | 100 | YES |
| 25 | Remuneration Scales & Allowances | 100 | 100 | YES |
| 26 | Resettlement | 100 | 100 | YES |
| 27 | Sexual Harassment | N/A | N/A | NO |
| 28 | Skills development | 100 | 100 | YES |
| 29 | Smoking | N/A | 100 | YES |
| 30 | Special skills | 0 | 0 | NO |
| 31 | Work Organisation | 100 | 100 | YES |
| 32 | Uniforms & protect clothing | 100 | 100 | YES |
| 33 | Other | | | |
| Use name of local policies if different from above and at any other HR policies not listed | | | | T4.2.1 |

4.3. INJURIES, SICKNESS AND SUSPENSIONS

| NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 2023/24 | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|-------------------|
| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post* | *Average sick leave per Employees | Estimated cost |
| | Days | % | No. | No. | Days | R' 000 |
| Lower skilled (Levels 13-14) | 175 | 12 | 42 | 148 | 4.16 | 91.000 |
| Skilled (Levels 9-12) | 862 | 40 | 403 | 279 | 2.1 | 810.28 |
| Highly skilled production (levels 5-8) | 575 | 26 | 134 | 174 | 4.2 | 649485.50 |
| Highly skilled supervision (levels 3-4) | 158 | 18 | 28 | 43 | 5.64 | 292819.82 |
| Senior management (Levels 0-2) | 28 | 0 | 2 | 15 | 0.07 | 821836.64 |
| MM and S57 | 0 | 0 | 0 | 7 | 00 | 00 |
| Total | 1 798 | 96 | 609 | 660 | 16.1 | 1765041.00 |
| * - Number of employees in post at the beginning of the year | | | | | | |
| *Average is calculated by taking sick leave in column 2 divided by total employees in column 5 | | | | | | T 4.3.2 |

INCIDENT STATUS

| INCIDENT CLASSIFICATION | FATALITY (F) | SERIOUS INCIDENTS (SI) | MINOR INCIDENT (MI) | ENVIRONMENTAL INCIDENT (EI) | NEARMISS (NM) | MOTOR VEHICLE ACCIDENTS (MVA) | EQUIPMENT/MACHINERY FAILURE (EMF) | EQUIPMENT / PROPERTY DAMAGE (EP) |
|-------------------------|--------------|------------------------|---------------------|-----------------------------|---------------|-------------------------------|-----------------------------------|----------------------------------|
| | None | 13 | 04 | None | 02 | None | 04 | None |
| | | | | | | | Total cases | 23 |

COMMENT ON INJURY AND SICK LEAVE:

The Municipality is currently at moderate level of **20 %** rate regarding reduction of Occupational Injury incident. This was enhanced by creating awareness during inductions of new employees, awareness campaigns conducted during monthly OHS committee meetings, inductions at water purification plant and sewages for both employees and experiential learners and developing OHS poster that are circulated monthly through email to everybody / staff. And making constant follow up to doctors with regard to pending Injury on Duty case and also by circulating Injury on Duty reporting procedure to all employees by email and by pasting on notice boards.

SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The cause for the long suspension resulted from the complexity and broadness of the issues at stake. The matters have been set down for hearing at this juncture.

| Number and period of suspensions | | | | |
|----------------------------------|------------------------------|--------------------|--|----------------|
| Position | Nature of alleged misconduct | Date of suspension | Details of disciplinary action taken or status of case and reasons why not finalized | Date finalized |
| Deputy Manager SCM | Financial misconduct | March 2024 | Final written warning and Internal transfer | July 2024 |
| Senior Accountant expenditure | Financial Misconduct | March 2023 | Final written warning and Internal transfer | September 2023 |
| Deputy Manager ITC | Financial Misconduct | December 2023 | Resignation | October 2024 |

| | | | | |
|-------------------|---------------------------------|------------|-----------------------|---------------|
| LED Officer | Bringing Municipality Disrepute | March 2023 | Dismissal | October 2023 |
| Artisan | Gross Dishonesty | March 2023 | Dismissal | December 2023 |
| Satellite Manager | Gross dishonesty | March 2023 | Ongoing | Ongoing |
| Admin Clerk | Financial Misconduct | March 2024 | Final Written Warning | July 2024 |
| General Worker | Abscondment | March 2024 | Resignation | August 2024 |

4.4. PERFORMANCE REWARDS

No performance rewards/ bonuses paid for 2023/24 for all employees. The municipality have budgeted three million for payment of performance bonuses in the 2023/243. However, the budget was not utilized due to the fact that officials below senior manager did not sign performance plans. In August 2023 the department of Cooperative governance approved the staff establishment circular. The circular provides for the officials below senior managers to assessed. The municipality signed performance plans for all officials below senior managers and performance assessments were conducted in the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The total approved posts of the municipality are 996 for which 696 posts were filled during the reporting period and 300 posts remained vacant. The water services directorate has the highest vacancies at 301 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 7 employees have gone out of the system. The total number of Councillor's for the municipality is 54. Municipal Organizational structure was reviewed for 20223/24 Financial year.

| NO OF OFFICIALS | TRAINING INTERVENTION | SPONSOR |
|------------------------------|------------------------------------|-------------------|
| 138 | | SALGA |
| 29 | MFMP | Municipal Funding |
| 30 Councillors | Governance | CSALGA |
| 187 | Unemployed | LGSETA |
| 1 | Leadership In Municipal Governance | SALGA |
| Total Employees (385) | | |
| Total Inclusive (385) | | |

4.5. SKILLS DEVELOPMENT AND TRAINING

| Skills Matrix 2023/24 | | | | | | | | | | | | | | |
|--|--------|--------------------------------------|--|----------------------------|----------------------------|---|----------------------------|----------------------------|-------------------------|----------------------------|----------------------------|------------------|----------------------------|----------------------------|
| Management level | Gender | Employees in post as at 30 June 2024 | Number of skilled employees required and actual as at 30 June 2024 | | | | | | | | | | | |
| | | | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | | No. | Actual: End of Year - 2023 | Actual: End of Year - 2024 | Year 2024 Target | Actual: End of Year - 2023 | Actual: End of Year - 2024 | Year 2023 Target | Actual: End of Year - 2023 | Actual: End of Year - 2024 | Year 2024 Target | Actual: End of Year - 2023 | Actual: End of Year - 2024 |
| MM and s57 | Female | | | | | | | | 1 | | 1 | 1 | | 1 |
| | Male | | | | | | | | | | | | | |
| Councillors, senior officials and managers | Female | | 3 | | 3 | | | | 3 | 24 | 27 | 6 | 24 | 30 |
| | Male | | 4 | | 4 | | | | 3 | 20 | 23 | 7 | 20 | 27 |
| Technicians and associate professionals* | Female | | | | | | | | | | | | | |
| | Male | | | | | | | | | | | | | |
| Professionals | Female | | 9 | | 9 | | 6 | 6 | 25 | | 25 | 34 | 6 | 40 |
| | Male | | 16 | | 16 | | 4 | 4 | 24 | | 24 | 40 | 4 | 44 |
| Sub total | Female | | | | | | | | | | | | | |
| | Male | | | | | | | | | | | | | |
| Total | | | 29 | | 29 | | 10 | 10 | 56 | 44 | 100 | 88 | 54 | |

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

COMPETENCY LEVELS FOR THE OTHER EMPLOYEES

| # | Name of official | Position | Date of Employment (before or on/after Gazette 41996) | 4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F) | Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc. | Remaining Unit Standards (Do not complete as this column is automated with column J and K) |
|---|------------------|----------------------------|---|---|--|--|
| 1 | Mokgonyana P | Deputy Manager SCM | 2022/06/01 | | 6 | |
| 2 | Nkoana L | Deputy Manager Expenditure | 2022/06/01 | | 15 | |
| 3 | Pootona R | Deputy Manager Revenue | 2003/03/17 | | 7 | |
| 4 | Motau TL | Deputy Manager Budget | 2024/05/01 | | Enrolled for MFMP and In-Progress | |
| 5 | Mohlamme K | Deputy Manager Asset | 2011/12/01 | | 7 | |
| 6 | Mathevula S.P | Chief Financial Officer | 2022/10/01 | | Enrolled for MFMP and In-Progress | |
| 7 | Mogano T.J | Municipal Manager | 2022/06/01 | | 17 | |
| 8 | Mahayi M.L | Engineering Services | 2021/02/01 | | 15 | |
| 9 | Maswanganyi S,N | Corporate Services | 2022/05/01 | | 7 | |

SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULAT

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6. MUNICIPAL WORKFORCE EXPENDITURE

Disclosure regarding the 2023/24 remuneration packages for the Executive Mayor, Councilors and Section 54 & 56 Managers were as follows:

Table 4.3: Remuneration packages- 2023/24

| DESIGNATION | TOTAL SALARIES & WAGES |
|---------------------------------------|------------------------|
| Executive Mayor | R1 046 025.00 |
| Full-Time Councillor-Speaker | R927 835.00 |
| Full-Time Councillor-Chief whip | R884 307.00 |
| Executive Councillors | R713 889.00 |
| Councillors | R501 149.00 |
| Municipal Manager | R1 618 028 |
| Chief Financial Officer | R1 371 336 |
| Senior Manager Water services | R1 385 637 |
| Senior Manager Technical services | R1 377 231 |
| Senior Manager Corporate Services | R1 387 705 |
| Senior Manager Community Services | R1 556 463 |
| Senior Manager Planning & Development | R1 312 998 |

NB: The Senior manager of Community Services MS SC Ntimbane resigned in July 2023. Mr Mudau TF and Mr Masingi TF acted from August to 2023 to April 2024 when Ms Pilusa MB was appointed.

OTHER EMPLOYEES

| EXPENDITURE | ACTUALS |
|------------------------|--------------|
| Employee related costs | R520 952 477 |



CHAPTER - 5:

FINANCIAL PERFORMANCE

2023 - 2024

5. COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The municipality is mainly grant dependent, with grants contributing 40% of total income. The debt collection rate is very low due to municipalities not transferring as per the WSP agreement putting the municipality in a tough liquidity position. There is a huge debt book relating to purchases of water from the water boards putting further pressures on the municipality's financial health.

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

| R' 000 | | | | | | |
|--|----------------|------------------|------------------|------------------|------------------|--------------------|
| Description | 2022/23 | Current: 2023/24 | | | 2023/24 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | | - | 0 | | | |
| Interest charged on overdue consumer accounts | 94 452 | 79 281 | 79 281 | 112 147 | -41.45 | -41.45 |
| Other income | 11 282 | 3 565 | 4 115 | 2 746 | 22.97 | 33.26 |
| Service charges | 266 204 | 325 753 | 325 753 | 219 685 | 32.56 | 32.56 |
| Investment revenue | 11 463 | 4 000 | 4 000 | 27 775 | 594.37 | -594.37 |
| Transfers recognised - operational | 1 196 690 | 1 277 722 | 1 277 235 | 1 276 635 | 0,08 | 0,045 |
| Other own revenue | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 383 401 | 1 690 321 | 1 690 384 | 1 684 083 | 0.36 | 0.37 |
| Employee costs | 488 410 | 473 007 | 528 437 | 520 952 | -10,13 | 1.44 |
| Remuneration of councillors | 15 890 | 12 468 | 20 113 | 16 181 | -29.78 | 19.54 |
| Depreciation & asset impairment | 238 808 | 450 000 | 293 348 | 299 587 | 33.42 | -2.12 |
| Finance charges | 50 876 | 54 828 | 27 978 | 73 830 | -34.65 | -163.88 |
| Debt Impairment | 349 697 | 63 714 | 63 714 | 297 410 | 366.78 | -366.78 |
| Operating expenses | 180 972 | 109 946 | 167 398 | 206 687 | -87.98 | -23.47 |
| Contracted services | 99 945 | 115 544 | 185 483 | 114 636 | 0.78 | 38.19 |
| Repairs and Maintenance | 61 562 | | | 93 945 | 0 | 0 |
| Lease rentals on operating lease | 699 568 | - | - | 699 568 | 0 | 0 |
| Materials and bulk purchases | 195 462 | 409 898 | 407 548 | 266 552 | 34.97 | 34.59 |

| | | | | | | |
|--|------------------|----------------|------------------|------------------|--------|---------|
| Notional expenses | 2 953 200 | - | - | 3 159 | 0 | 0 |
| Total Expenditure | 2 562 162 | 1653405 | 1 694 019 | 2 592 507 | -56.79 | -53.03 |
| Surplus/(Deficit) | 509 692 | 551 500 | 83 217 | -908 424 | | |
| Transfers recognised - capital | 748 333 | 550 584 | 513 918 | 673 608 | 81,73 | 76,29 |
| Contributions recognised - capital & contributed assets | - | - | - | - | | |
| Surplus/(Deficit) after capital transfers & contributions | - | - | - | - | | |
| Share of surplus/ (deficit) of associate | - | - | - | - | | |
| Surplus/(Deficit) for the year | 36 916 | 750 453 | 673 523 | 721 646 | 3.83 | -7.14 |
| | | | | | | |
| Capital expenditure & funds sources | | - | - | - | | |
| Capital expenditure | | - | - | - | | |
| Transfers recognised - capital | 665 579 | 742 450 | 242 463 | 268 946 | -30.15 | -26.63 |
| Public contributions & donations | 58 700 | - | - | - | | 0 |
| Borrowing | - | - | - | - | | |
| Internally generated funds | - | - | 000 22 | 294 120 | 0 | -446.79 |
| Total sources of capital funds | 437 801 | - | - | - | | 0 |
| Financial position | | - | - | - | | |
| Total current assets | 510 067 | 624 2 678 | 070 2 495 | 777 780 | 70.96 | 68.82 |
| Total non current assets | 8975 | 515 8 748 | 809 8 927 | 9637102 | -10.15 | -7.94 |
| Total current liabilities | 1253379 | 490 2 870 | 449 2 949 | 1660258 | 42.16 | 43.70 |
| Total non current liabilities | 913 253 | 554 728 | 554 728 | 714 266 | 1.96 | 1.96 |
| Community wealth/Equity | | | | | | |
| | | | | | | |
| Cash flows | | | | | | |
| Net cash from (used) operating | 635 731 | 1 004 | 907 | 1 085 | -8.07 | -19.59 |

| | | | | | | |
|---|-----------|-----------|-----------|-----------|--------|---------|
| | | 500 | 729 | 607 | | |
| Net cash from (used) investing | (646732) | 409 447 | 476 478 | - 105 923 | 306.32 | 292.92 |
| Net cash from (used) financing | 306 | - | - | - | 0 | 0 |
| Cash/cash equivalents at the beginning of the year | 29 785 | 183 169 | 183 169 | 477 18 | 89.07 | 89.07 |
| Cash/cash equivalents at the year end | 18 477 | 274 726 | 436 598 | 979 180 | 75.08 | 69.75 |
| | | | | | | |
| <u>Cash backing/surplus reconciliation</u> | | - | - | - | - | |
| Cash and investments available | - | - | - | - | - | |
| Application of cash and investments | - | - | - | - | - | |
| Balance - surplus (shortfall) | - | - | - | - | - | |
| | | - | - | - | - | |
| <u>Asset management</u> | | - | - | - | - | |
| Asset register summary (WDV) | 8 923 016 | - | - | 9 592 241 | 0 | 0 |
| Depreciation & asset impairment | -254 977 | - 450 000 | - 293 348 | - 321 053 | 28.68 | -9.39 |
| Renewal of Existing Assets | - | - | - | - | | |
| Repairs and Maintenance | -169 317 | -79 544 | -80 774 | - 93 945 | -18.10 | -16.30 |
| | | | | | | |
| <u>Free services</u> | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | |
| Revenue cost of free services provided | - | - | - | - | - | |
| <u>Households below minimum service level</u> | | - | - | - | - | |
| Water: | - | - | - | - | - | |
| Sanitation/sewage: | - | - | - | - | - | |
| Energy: | - | - | - | - | - | |
| Refuse: | - | - | - | - | - | |
| | | - | - | - | - | |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i> | | | | | | T 5.1.1 |

| Financial Performance of Operational Services | | | | | | |
|---|------------------|------------------|--------------------|---------------|------------------|--------------------|
| R '000 | | | | | | |
| Description | 2022/23 | 2023/24 | | | 2023/24 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 1 185 949 | 1 083 440 | 1 004 070 | 1 257 016 | -13,80 | -20,12 |
| Waste Water (Sanitation) | 27 463 | 49 788 | 53 051 | 36 611 | 35,99 | 44,90 |
| Electricity | 1 951 | 2 193 | 2 354 | 1 708 | 28,40 | 37,82 |
| Waste Management | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - |
| Component A: sub-total | 1 215 363 | 1 135 421 | 1 059 925 | 1 295 335 | -12,34 | -18,17 |
| Waste Water (Stormwater Drainage) | - | - | - | - | - | - |
| Roads | 5 051 | 7 992 | 8 002 | 6 634 | 20,47 | 20,62 |
| Transport | - | - | - | - | - | - |
| Component B: sub-total | 5 051 | 7 992 | 8002 | 6 634 | 20,47 | 20,62 |
| Planning | 78 097 | 83 850 | 91 301 | 73 469 | 8,24 | -0,09 |
| Local Economic Development | | | | | | |
| Component B: sub-total | 78 097 | 83 850 | 91 301 | 73 469 | -8,25 | -0,09 |
| Health | | | | | | |
| Security and Safety | 74 241 | 84 533 | 86 726 | 74 354 | - | - |
| Sport and Recreation | 1 465 | 1 350 | 1 376 | 1 455 | - | - |
| Corporate Policy Offices and Other | | | | | | |
| Component D: sub-total | 75 706 | 85 883 | 88 102 | 75 809 | - | - |
| Total Expenditure | 1 374 217 | 1 313 146 | 1 247 330 | 39 464 | -10,62 | -15,10 |

The revenue collection rate on own revenue, for water and sanitation, was at the lowest due to weak internal revenue collection mechanisms. Spending on projects that are own funded was also at the lowest due to delays in procurement processes.

Operational expenditure relating to employee costs escalated mainly due to legacy backlog on employee benefits that were not budgeted for. The revenue from the Water Services Infrastructure Grant is significantly low due to delays in appointment procurement processes.

5.2. GRANTS

The municipality was able to spend 100% on MIG, RBIG, FMG and EPWP.

For 2023/24 financial year, the municipality performed as follows:

- (a) MIG – 100%
- (b) WSIG – 100%
- (c) RRAMS - 100%
- (d) EPWP - 100%
- (e) FMG - 100%
- (f) RBIG - 38%

| Grant Performance | | | | | | |
|---|------------------|------------------|--------------------|------------------|---------------------|------------------------|
| | | | | | | R' 000 |
| Description | 2022/23 | 2023/24 | | | 2023/24 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | | | | | | |
| Equitable share | 1 170 419 | 1 265 409 | - | 1 265 409 | 0 | 0 |
| Municipal Systems Improvement | - | | | | | |
| Department of Water Affairs | - | | | | | |
| Levy replacement | - | | | | | |
| Municipal Infrastructure Grant | 486 572 | 469 548 | - | 469 548 | 0 | 0 |
| Water service Infrastructure Grant | 29 277 | 5 722 | - | 5 722 | 0 | 0 |
| Rural Road Asset Management | 3 663 | 2 415 | - | 2 415 | 0 | 0 |
| Finance Management Grant | 3 000 | 3 000 | - | 3 000 | 0 | 0 |
| Expanded Public works programme | 10 600 | 8 226 | - | 8 226 | 0 | 0 |
| RBIG Mamefja Sekororo grant | 47 402 | 6 925 | - | 6 925 | 0 | 0 |
| Provincial Government: | | | | | | |
| LG SETA | | | | | | |
| Other grant providers: | | | | | | |
| Total Operating Transfers and Grants | 1 944 364 | 2 347 327 | | 2 347 327 | 0 | 0 |
| <p><i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i></p> | | | | | | |

T 5.2.1

CONTAINING INFLATIONARY PRESSURES

The cost of the consultants are calculated as a percentage of the total project cost. Inflationary pressures are not necessarily prevalent in that the percentage is fixed. The only area of sensitivity to inflation is the project construction costs. These costs are contained through rates negotiations with the contractors keeping in mind the rate of inflation.

REASON FOR ENGAGEMENTS

The consultants are mainly engaged to supervise the water and sanitation projects. The nature of the projects are such that the contractors' work need to be monitored by the consultants for verification of works.

RESULTS

The projects deliverables have been achieved except in certain areas where delays are experienced on the part of the contractors mainly due to financial inabilities.

5.3. ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Effective management of infrastructure and community facilities is central to the municipality in providing acceptable standard of services to the communities. Proper Infrastructure impacts on the quality of the living standard/environment and for opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians of infrastructure assets on behalf of the public. The value of these infrastructure assets are recorded in the Fixed Assets Register using the GRAP 17 standards.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation for the above objectives to be achieved. The IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic

services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from all departments of the municipality.

Cooperative Government and Traditional Affairs CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructures. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice. The Municipal Manager, being the accounting officer of the municipality, is responsible for the following in terms of section 63 of the Municipal Finance Management Act (Act No. 56 of 2003):

- The assets of the municipality, including the safeguarding and the maintenance of those assets.
- Ensuring that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- Ensuring that the municipality's assets are valued in accordance with the Standards of Generally Recognised Accounting Practice (GRAP); and
- Ensuring that the municipality maintains a system of internal control of assets, including an asset register.

The Municipal Manager shall ensure that:

- An Asset Management Committee is established, through which all asset processes and procedures will be implemented.
- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standards of generally recognised accounting practice (GRAP);
- The municipality has and maintains a system of internal control of assets, including an asset register.

| TREATMENT OF THE THREE LARGEST ASSETS FOR 2023/24 | | | | |
|--|--|---------------------|---------------------|---------------------|
| Assets 1 | | | | |
| Name | Makhushane Water Scheme | | | |
| Description | Construction of bulk water supply pipeline | | | |
| Asset Type | Infrastructure Asset – Bulk supply pipeline | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Overall management and implementation of the project | | | |
| Asset Value | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | R50 286 641 | R 67 667 633 | R113 172 172 | R186 154 352 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk water supply to the community | | | |
| Describe key issues | Access to basic services | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

| Assets 2 | | | | |
|--|--|---------------------|--------------------|--------------------|
| Name | Thabina to Lenyenye Regional Bulk Water | | | |
| Description | Construction of bulk water supply pipeline | | | |
| Asset Type | Infrastructure Asset – Bulk supply pipeline | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Overall management and implementation of the project | | | |
| Asset Value | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | R 7 260 017 | R 44 911 611 | R81 056 758 | R92 426 354 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

| Asset 3 | | | | |
|--|--|---------------------|--------------------|--------------------|
| Name | Tours Water Reticulation | | | |
| Description | Upgrading and extension of water treatment plant | | | |
| Asset Type | Infrastructure Asset - Water Treatment | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Management and Monitoring of projects | | | |
| Asset Value | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | R 18 969 512 | R 18 969 512 | R36 422 511 | R36 422 511 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |
| | | | | T5.3.2 |

COMMENT ON ASSET MANAGEMENT:

Municipal assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently, the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its

performance. The goal of asset management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

| REPAIR AND MAINTENANCE EXPENDITURE 2023/24 | | | | | R`000 |
|--|-----------------|-------------------|--------|-----------------|---------------------|
| | Original budget | Adjustment budget | Actual | Budget variance | Adjustment variance |
| Repairs and maintenance expenditure | 53 236 | 78 911 | 93 945 | 0.76 | 0.19 |
| | | | | | T5.3.4 |

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The maintenance plan in respect of every new infrastructure assets was not adequately prepared. The repairs and maintenance vote is not adequately monitored. Every director is responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such item attain their useful operating lives.

5.4. FINANACIAL RATIOS BASED ON KEY PERFORMANNCE INDICATORS

- Repairs and maintenance 45%
- employee costs 32%
- capital charges to operating expenditure 36%
- Creditors System efficiency 89%
- Debt coverage 14%
- Cost coverage 9%
- Total Outstanding Service Debtors 4%
- Liquidity Ratio 47%

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5. CAPITAL EXPENDITURE

The municipality has capital assets in the form infrastructure assets acquired through the projects which are funded through the conditional grants such as MIG and WSIG. Such assets are maintained through assets maintenance plants and are accounted through the fixed assets register.

| R million | Original Budget | Adjustment Budget | Audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|-----------------|-------------------|-------------------------|--------------------------|--------------------------|
| Capital Expenditure | 450 742 | 485 242 | 906 943 | 0.49 | 0.53 |
| | | | | | |
| Total expenditure | 450 742 | 485 242 | 906 943 | -0.50 | - 0.46 |
| Water and sanitation | 473 242 | 473 242 | 892 831 | 0,53 | 0,53 |
| Electricity | - | - | - | - | - |
| Housing | - | - | - | - | - |
| Roads, Pavements, Bridges and storm water | - | - | - | - | - |
| Other | - | - | - | - | - |
| | 473 242 | 473 242 | 892 831 | 0,53 | 0,53 |
| External Loans | - | - | - | - | - |
| Internal contributions | - | - | - | - | - |
| Grants and subsidies | 550 584 | 513 918 | 1 026 347 | 0,53 | 0,50 |
| Other | | | | | |
| | 550 584 | 513 918 | 1 026 347 | 0,53 | 0,50 |
| Property rates | - | - | - | - | - |
| Service charges | 325 753 | 325 753 | 219 753 | -1,48 | -1,48 |
| Other own revenue | 3 565 | 4 115 | 15 128 | 0.23 | 0.27 |
| | 329 318 | 329 868 | 234 881 | -0,94 | -1.21 |
| Employee related costs | 473 007 | 528 928 | 498 527 | 0,94 | 1.06 |
| Provision for working capital | - | - | - | - | - |
| Repairs and maintenance | 46 631 | 46 631 | 93 945 | 0.49 | 0.49 |
| Bulk purchases | 291 974 | 291 974 | 246 719 | -1.18 | -1.18 |
| Other expenditure | 109 096 | 166 648 | 178 996 | 0,60 | 0,93 |
| | 920 708 | 1 034 181 | 1 018 187 | 0.85 | 1.00 |
| Employee related costs: Water | - | - | - | | |
| Provision for working capital: Water | - | - | - | | |
| Repairs and maintenance: Water | - | - | - | | |
| Bulk purchases: Water | - | - | - | | |
| Other expenditure: Water | - | - | - | | |

5.6. CAPITAL SPENDING ON 5 LARGEST PROJECTS

| CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS* | | | |
|---|-------------------------|---------------------------|--------------------------|
| | | | 2023/24 |
| R' 000 | | | |
| Name of Project | Current: 2023/24 | | Variance: 2023/24 |
| | Original Budget | Actual Expenditure | % Variance |
| Sefotse to Ditshosini Bulk Water Supply | R2 642 433 | R1 966 559 | 25.58 |
| Sekgosese Regional ground water scheme | R78 409 022 | R79 192 969 | -0.99 |
| Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye | R15 568 223 | R11 369 569 | 26.97 |
| Makhushane Water Scheme | R87 205 072 | R72 982 179 | 16.31 |
| Tours Water Reticulation | R73 066 490 | R77 305 198 | 5.80 |

| | |
|------------------------------|--|
| Name of Project - A | Sefotse to Ditshosini Bulk Water Supply |
| Objective of Project | Water supply to Kampersrus and Scotia communities |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved water service supply and socio-economic development |
| Name of Project - B | Ritavi 2 Water Scheme (Sub-Scheme 1) |
| Objective of Project | Water supply to Ritavhi and the surrounding |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved water service supply and socio-economic development |
| Name of Project - C | Sekgosese Water Scheme |
| Objective of Project | Water supply to Sekgosese and the surrounding areas |
| Delays | Delay by the Contractors |

| | |
|------------------------------|--|
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Access to water services and socio-economic development |
| Name of Project - D | Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye |
| Objective of Project | Water supply to Thabina to Lenyenye |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved access to water supply and local economic development |
| Name of Project - E | Makhushane Water Scheme |
| Objective of Project | Water supply to Makhushane and the surrounding villages |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved access to water supply and local economic development |
| <i>T 5.7.1</i> | |

5.7. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVEREVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of 2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the municipality that has the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%.

327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

| SERVICE BACKLOGS AS AT 30 JUNE 2024 | | | | |
|--|---------------------------------------|-------|--|-------|
| | *Service level above minimum standard | | **service level below minimum standard | |
| | No. HHs | %HHs | No. HHs | %HHs |
| Water | 249 925 | 84.3% | 46 395 | 15.7% |
| Sanitation | 251 976 | 85% | 44 344 | 15.7% |
| Electricity | 257 798 | 87% | 38 522 | 13% |
| Waste management | 53 300 | 18.7% | 241 020 | 81.3% |
| Housing | 271 518 | 91.6% | 24 802 | 8.4% |
| % HHs are the service above/below minimum standard as a proportion of total HHs. `housing` refers to *formal and ** informal settlements | | | | |

COMMENT ON BACKLOGS:

MDM relies mainly on infrastructure grants to eradicate basic service delivery backlogs. These grants mainly focus on the water and sanitation infrastructure projects.

MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of 2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the municipality that has the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%. 327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is

Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow management of the municipality is critically importance given the current weaknesses on debt collection mechanisms. Own revenue is not collected. The municipality adopted the cost containment measure from National Treasury with the aim of maximising on liquidity.

Due to limited own revenue streams, the municipality invests in call accounts on a regular to make extra income to complement funding for operational activities.

5.8. CASH FLOW

The municipality s cash flow situation is critical given the commitments of the municipality mainly on the water boards debts. The total current liabilities exceed total current assets due to expensive repayment terms boards debts.

| Cash Flow Outcomes | | | | |
|--|------------------|------------------|------------------|------------------|
| R'000 | | | | |
| Description | Year -2022/23 | Current: 2023/24 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Sale of goods and services | 108 142 | 349 726 | 325 753 | 120 476 |
| Grants | 1 853 240 | 1 827 706 | 1 827 706 | 2 241 187 |
| Interest | 11 463 | 4 000 | 4 000 | 27 775 |
| Other receipts | 12 882 | 4 100 | 96 650 | 3 448 |
| Vat returns | 97 623 | | | 169 395 |
| Payments | | | | |
| Suppliers and employees | (1 444 288) | (1 181 032) | (1 345 252) | (1 476 527) |
| Finance charges | (3 331) | | (1 128) | (149) |
| Transfers and Grants | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 538 108 | 1 004 500 | 907 729 | 1 085 605 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Property ,plant and equipment | (646 733) | (447 409) | (478 476) | (919 796) |
| Purchase of other intangible assets | - | - | - | (3 309) |
| NET CASH FLOW FROM ACTIVITIES | (646 733) | (447 409) | (478 476) | (444 629) |

| | | | | |
|--|----------|-----------|---------|----------------|
| Net increase /(decrease) in cash and cash equivalents | (11 307) | 557 091 | 429 253 | 162 502 |
| Net increase /(decrease) in cash and cash equivalents at the beginning of the year | 29 785 | 169 183 | 169 183 | 18 477 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 18 477 | (726 274) | 598 436 | 180 979 |
| <i>Source: MBRR A7</i> | | | | <i>T 5.9.1</i> |

5.9. BORROWING AND INVESTMENTS

The municipality has no borrowing but rather short-term investments on call accounts arrangements. These investments are made on a spontaneous basis when cash resources are available. As already indicated the municipality does not have enough cash resources to afford investments on a fixed term basis.

5.10. PUBLIC PRIVATE PARTNERSHIP

The municipality has not entered into any public private partnership in the 2023/24 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11. SUPPLY CHAIN MANAGEMENT

MDM has reviewed the SCM policy in financial the 2023/24 to be align with PPPFA Regulation 2022; MFMA SCM regulation 2005; MFMA Circular No 77 - Model SCM Policy for Infrastructure Procurement and Delivery Management -28 October 2015; MFMA Circular 83 - eTender Portal - 18 July 2016; MFMA Circular 90 - Tax Compliance Status - 30 January 2018; MFMA Circular 68 - Unauthorized Irregular Fruitless and Wasteful Expenditure.

Management through SCM unit has implemented the approved SCM policy and bid committee code of conduct to enhance compliance as set out by the SCM regulation 2005 where in all bid committee members are duly appointed by the accounting officer. There officials within SCM unit are compliant with the Minimum Competency Regulation as per the requirement of the National Treasury and the municipality continues to provide on job training through refresher courses, to ensure that officials are kept up to date with the new regulations.

5.12. GRAP COMPLIANCE

The municipality obtained a Qualified audit opinion. Mainly the reasons for qualification was noncompliance to GRAP 1, 9, 12 and 17. meaning that there was non compliance with GRAP reporting requirements. There is a turn-around plan in the form of the audit action plan to correct the situation.



CHAPTER - 6

AUDITOR-GENERAL AUDIT FINDINGS

2023 - 2024

Section 188 (1) (b) of the Constitution of South Africa states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

The MSA S45 states that the results of performance measurement in terms of S41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

The municipality received a Qualified audit opinion from the Auditor-General for the 2023/24 financial year, refer to the audit opinion below:

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023/24

6.1. AUDITOR GENERAL REPORTS 2023/24

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2023/24 | |
|--|---|
| Status of audit report: | QUALIFIED AUDIT OPINION |
| Non-Compliance Issues | Remedial Action Taken |
| The municipality reported the actual achievement per the progress report which does not agree to the household listing or the layout map. | The accounting officer should ensure that the number of Households with access to water layout map/Listing is reviewed and the accurate numbers are reported in the Progress report and the Annual performance report to ensure the accuracy of the reported achievements |
| During the Audit of Property, Plant and equipment- Assets transferred from WIP to Infrastructure, We identified that, management did not correctly unbundle the assets and correctly allocated them to their correct useful lives for accurate computation of carrying amounts | Management should perform adequate reviews on the asset unbundling process to ensure that, assets are correctly unbundled and depreciated accordingly with their correct useful lives to derive an accurate carrying amount. |
| The following differences between the balance | The accounting officer should implement adequate |

| | |
|---|--|
| <p>per commitment register and the auditor's recalculations of commitments in 2024.</p> | <p>controls over daily and monthly processing and reconciling transactions to ensure that Commitments are adequately valued. Furthermore, should ensure that all requirements of GRAP are complied with.</p> |
| <p>The municipality did not pay the 6B suppliers within 30 days.</p> | <p>The accounting officer should put measures in place to ensure that its creditors are settled within 30 days as required by the MFMA and to avoid late settlement interest.</p> |
| <p>Differences between the annual financial statements and the asset register.</p> | <p>The accounting officer should implement adequate controls over daily and monthly processing and reconciling transactions to ensure that PPE is adequately valued. Furthermore, should ensure that all requirements of GRAP are complied with.</p> <p>The CFO and those charged with governance should ensure that financial statements present fairly the financial position, financial performance, and cash flows of the municipality. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses</p> |
| <p>Through discussions held with management on the 14th November 2024, and through inspection of the water production report for the year 2024, we noted that the water inventory figure that is disclosed under note 3 (as R 5219,00) of the annual financial statement is materially understated and that is due to the following to reasons as indicated by the water services management:</p> <ol style="list-style-type: none"> 1. Exclusion of the raw water purchased from the Department of Water and Sanitation and Lepelle Northern Waters and the ; 2. Exclusion of the water in the treatment works, which is water in the coagulation process. | <p>The plant and infrastructure should be managed, maintained, operated, monitored and safeguarded to effectively treat water, determine compliance to effluent distribution standards and legislative practices and limit any loss of water during the water purification and distribution process.</p> <p>Management should consider all the water from all the water treatment plants and all the water inventory types, to ensure the accuracy and completeness of</p> |

| | |
|---|---|
| <p>Furthermore, through inspection of the list of water treatment plants, confirmed that Mopani district municipality has 19 water plants that are operating, which are listed below, Giyani water treatment plant, Middle Letaba water treatment plant, Mapovhe water treatment plant, Zava water treatment plant, Modjadji water treatment plant, Thabina water treatment plant, Tour, Nkowankowa water treatment plant, Nkambako water treatment plant, Thapane, Semarela Water Treatment Package Plant, Nondweni Water Works, The Oaks Water Works and Mametja Sekororo. However, through our discussion with management, we noted that they only considered the water in the command reservoir for the calculation of the closing water inventory</p> <p>The accuracy and the completeness for the water inventory cannot be ascertained as other inventory types (e.g. raw water) and water inventory from the 19 water plant treatments were excluded in the calculation of the closing water Inventory.</p> | <p>the water inventory as at year end.</p> |
| <p>Payables from exchange transaction_ Understatement of trade creditors</p> | <p>Management should perform completeness testing of the trade creditors by tracing payments made after year end to suppliers to their records to ensure that all the invoices that were received before year end and paid after year end are correctly recorded as trade creditor's payable at year end.</p> |
| <p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 2024</p> <p style="text-align: right;">T 6.2.1</p> | |

| AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2023/24 | |
|---|---|
| Status of audit report | QUALIFIED AUDIT OPINION |
| Non-Compliance Issues | Remedial Action Taken |
| Reported Achievement Overstated for key performance indicator, of Marketing Initiated coordinated, by portfolio of evidence relating to other key performance indicators. | Management should put control measures in place dealing with the preparation and review of the actual achievements to ensure that actual achievements for each key performance indicator are supported by a reliable and relevant portfolio of evidence. |
| The number of households provided with water is not accurate. | The accounting officer should ensure that the Number of households provided with water are verified before reporting on them in the Annual Performance Report. |
| Inability to confirm the number of households with access to water on the layout map | The accounting officer should ensure that the number of Households with access to water layout maps is sequentially numbered to ensure that the accurate results are reported in the Annual Performance report. Management should also put control measures in place dealing with the preparation and review of the actual achievements to ensure that actual achievements are supported by reliable evidence. |
| Difference between the Recorded KM per Annual performance report and the KM verified during the sites visits. | The accounting officer should review the adequacy and effectiveness of current measures in place for the preparation, review and approval of the annual performance report. These measures need to be tightened to ensure credible reporting. Management should ensure that technical indicator manuals are reviewed regularly and communicated to the relevant officials to ensure that relevant information is prepared timeously for inclusion in the APR. |
| <i>T 6.2.2</i> | |



AUDITOR - GENERAL
SOUTH AFRICA

The accounting officer
Mopani District Municipality
Private Bag X9687
Giyani
0826

Date: 30 November 2024

Reference: 60059REG23/24

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Mopani District Municipality for the year ended 30 June 2024

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA) .
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the Municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Business Unit Leader well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Muhammed Essa

.....
Deputy Business Unit Leader: Limpopo Business Unit

Enquiries: Hlayisani Kubayi
Telephone: (015) 283 9300
Email: HlayisaniK@agsa.co.za

Report of the auditor-general to Limpopo Provincial Legislature and the council on Mopani District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mopani District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Mopani District Municipality as at 30 June 2024 and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of 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

Property, plant and equipment

3. The impairment loss on infrastructure assets was not calculated in accordance with GRAP 21, *Impairment of non-cash generating assets*. I identified a difference of R166 207 568 relating to assets with indicators of impairment relating to infrastructure assets. Consequently, the infrastructure assets balance of R 6 197 957 543 as disclosed in note 8 to the financial statements is overstated by R166 207 568. Additionally, there is a resultant impact on the current year's surplus.
4. The municipality did not maintain adequate internal control systems for recording and accounting for property, plant, and equipment. I identified assets that were not recorded in the fixed asset register. I was unable to determine the full extent of the misstatement identified as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to the other property, plant and equipment stated at R74 976 062 in note 8 to the financial statements were necessary.
5. The depreciation on infrastructure assets was not calculated in accordance with GRAP 17, *Property, plant, and equipment*. Incorrect remaining useful life rates were used in calculating the accumulated depreciation, without assessing the condition of the asset. Consequently, the property, plant and equipment is overstated by R140 679 234. Additionally, there is a resultant impact on the accumulated surplus.

6. The municipality did not maintain adequate internal control systems for recording and accounting for property, plant and equipment. I identified differences amounting to R46 154 035 between the annual financial statements and the asset register. I was unable to obtain sufficient appropriate audit evidence for corresponding amounts of property, plant and equipment due to a lack appropriate supporting schedules. I was unable to determine the full extent of the misstatement as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to the comparative balance of property, plant and equipment stated at R8 923 016 539 in note 8 to the financial statements was necessary.
7. Total non-current assets was materially misstated by R24 062 398 due to the cumulative effect of individually immaterial uncorrected misstatements in infrastructure assets and other property, plant and equipment. Consequently, I was unable to determine whether any further adjustment to total non-current assets balance of R9 592 384 195 as disclosed in note 8 was necessary.

Receivables from exchange transactions

8. I was unable to determine whether receivables arising from Vhembe District Municipality relating to water and sanitation were correctly recorded due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the receivable balances stated at R54 095 770 in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on the accumulated surplus.
9. An assessment of the impairment of debtors was not properly performed at the year-end, as the provision for impairment of long outstanding debtors was not properly calculated due to incorrect estimates used to determine the provision, in accordance with GRAP 104, *Financial instruments*. I was unable to confirm the provision for impairment by alternative means. Consequently, I was unable to determine whether any adjustments to receivables from exchange transactions stated at R2 306 588 067 (2023: R2 128 999 331) in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on surplus for the year.
10. I was unable to determine whether receivables from exchange transactions arising from Ba-Phalaborwa relating to water and sanitation were correctly recorded in the current and prior year due to the status of the records in the current year. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the receivables balances stated at R532 395 553 (2023: R461 852 437) in note 4 to the financial statements were necessary. Additionally, there is a resultant impact on surplus for the year.

Payables from exchange transactions

11. The municipality did not maintain adequate internal control systems for recording and accounting for trade payables arising from local municipalities in accordance with GRAP 1, *Presentation of financial statements*. I was unable to determine whether local municipalities loan account relating to water and sanitation were correctly recorded due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the local municipalities loan account stated at R 579 758 323 (2023: R 533 030 648) in note 12.7 to the financial statements were necessary.

12. The municipality did not have adequate internal control systems to account for transactions in the correct financial year as required by GRAP 1, *Presentation of financial statements*. I identified various trade payables transactions amounting to R32 176 610 that were not correctly accounted for in the 2023-24 period. Consequently, total trade payables of R1 019 645 878 as disclosed in note 12 to the financial statements is understated by the same amount.

Revenue from the exchange transactions

13. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation due to the status of record keeping. I identified unexplained differences amounting to R 83 703 112 between the municipality's financial statements and underlying records from the local municipalities (Greater Giyani and Greater Tzaneen). I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustments to revenue from exchange transactions stated at R219 685 312 (2023: R266 204 237) in note 19 to the financial statements were necessary.

14. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation amounting to R26 944 269 on corresponding figures due to the status of record keeping. I identified unexplained differences between the municipality's financial statements and underlying records from the Ba-Phalaborwa local municipality. I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustments to revenue from exchange transactions for the comparative period stated at R266 204 237 in note 19 to the financial statements were necessary.

Expenditure

15. The municipality did not have adequate internal control systems to account for transactions in the correct financial year as required by GRAP 1, *Presentation of financial statements*. I identified various expenditure transactions amounting to R 66 436 450 that were not correctly accounted for in the year under review. Consequently, the total expenditure stated at R1 926 109 256 (2023: R1 821 744 494) in the statement of financial performance is understated by the same amount. Additionally, there is an impact on the surplus for the year and the accumulated surplus.

VAT Payable

16. I was unable to obtain sufficient appropriate audit evidence for VAT payable due to the status of record keeping. I identified unexplained differences amounting to R26 548 367 between the municipality's financial statements and underlying records. I was unable to confirm the VAT payable by alternative means. I was unable to determine whether any further adjustments were necessary to VAT payables stated at R287 366 701 (2023: R 250 903 140) on note 13 to the financial statements.

Inventory

17. The municipality did not have an adequate system of internal controls that ensures that water inventory is accounted for in accordance with GRAP 12, Inventories. Water inventory amounting to R208 825 648 was incorrectly classified as expenditure (Bulk purchase). This resulted in the overstatement of expenditure and understatement of water inventory by the same amount. In addition, I was unable to determine whether water inventory was correctly recorded, due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the water inventory balances stated at R5 291 (2023: R85 899) in note 3 to the financial statements were necessary. Additionally, there is an impact on the surplus for the year and the accumulated surplus.

Irregular expenditure

18. The municipality did not record all instances of irregular expenditure as required by section 125(2)(d) of the MFMA. I identified a number of payments made in contravention of the supply chain management requirements (SCM) that were not disclosed in the accounting records. As the municipality did not have adequate systems and controls in place to ensure that all irregular expenditures are disclosed, the irregular expenditure amount stated at R1 356 805 041 in note 54 to the financial statements is understated by R35 852 255.

Commitments

19. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. I identified differences amounting to R 1 188 864 371 between commitments as per the commitments register and the supporting records. Consequently, commitments stated at R1 304 688 100 (2023: R1 715 701 818) in note 45 to the financial statements are understated by the same amount.

Water distribution losses

20. The municipality did not calculate and disclose water distribution losses in accordance with the requirements of GRAP 1, *Presentation of financial statements* and section 125(2)(d) of the MFMA. The calculations only took into account water losses at the purification plant and excluded distribution losses from the reservoir to the final consumers. I was not able to determine the full extent of the error as it was impractical to do so. Consequently, I was unable to determine whether any adjustments to water distribution losses stated at R 328 819; 2 261 871m³ (2023: R 296 155; 2 164 790m³) in note 34 to the financial statements were necessary.

Prior-year adjustments

21. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of inventory, property, plant and equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 48 to the financial statements was necessary.

Context for opinion

22. 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.
23. 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.
24. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Underspending of conditional grant

26. As disclosed in note 17 to the financial statements, the municipality materially underspent the conditional grant by R 74 904 273.

Significant uncertainties

27. With reference to note 46 to the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

30. 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.

31. 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

32. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
33. 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

34. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
35. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

| Key performance area | Page numbers | Purpose |
|------------------------------------|--|---|
| KPA 2 – Basic service delivery | <ul style="list-style-type: none"> XX | <ul style="list-style-type: none"> To accelerate sustainable infrastructure and maintenance in all sectors of development. To have integrated infrastructure development. To improve community safety, health and social well-being. |
| KPA 3 – Local economic development | XX | <ul style="list-style-type: none"> To promote economic sectors of the district. |

36. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

37. 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; and
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

38. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

39. The material findings on the reported performance information for the selected key performance areas are as follows:

KPA 2 – Basic service delivery

Number of households with access to water

40. An achievement of 9 632 was reported against a target of 6 000 households. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

KPA 3 - Local economic development

Various indicators

41. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets were achieved.

| Indicator | Target | Reported achievement |
|------------------------------------|--------|----------------------|
| ## Marketing initiated coordinated | 4 | 9 |
| ## of SMMEs supported through LED | 100 | 178 |

of jobs created opportunities created through EPWP

42. An achievement of 1 446 was reported against a target of 1 400. However, some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

43. I draw attention to the matters below.

Achievement of planned targets

44. 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.

45. 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 measures taken to improve performance are included in the annual performance report on pages xx to xx.

KPA 2: basic service delivery

| <i>Targets achieved: 57%</i> <i>Budget spent: 87%</i> | | |
|---|----------------|----------------------|
| Key service delivery indicator not achieved | Planned target | Reported achievement |
| Number of monthly MIG reports captured on the MIS website (CoGHSTA) | 12 | 11 |
| Number of by-laws gazetted by 30 June 2024 | 5 | 0 |
| Number of HH with access to sanitation | 473 | 86 |

Material misstatements

46. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2- Basic service delivery and KPA 3 - Local economic development. Management did not correct some of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

47. 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.
48. 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.
49. 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.
50. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

51. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue non- exchange transaction, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were

provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Revenue management

52. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
53. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

54. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM prescripts and treasury regulations.
56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R 63 731 230, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payment of suppliers.
57. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R422 689 099, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by under budgeted items in the various departments.
58. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for payment of funds, as required by section 65(2)(a) of the MFMA.
59. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors as required by section 65(2)(b) of the MFMA.

Consequence management

60. The 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.
61. The irregular, fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Asset management

62. 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.
63. 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.

Strategic planning and performance management

64. The performance management system and related controls were inadequate as it did not describe how the performance monitoring, measurement, review and reporting processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

65. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of supply chain management (SCM) regulation 43. Similar non-compliance was also reported in the prior year.
66. Some of the invitations for competitive bidding were not advertised for a required minimum period of 14 days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the sourcing of suppliers for the preparation of annual financial statements and updating of the fixed asset register.
67. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations.
68. A contract was awarded through a competitive bidding process that was not adjudicated by the bid adjudication committee as required by SCM regulation 29(1)(a) and (b).
69. A contract awarded made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
70. Other SCM role players whose close family members, partners and associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

Other information in the annual report

71. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

72. 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.
73. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
74. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

75. 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.
76. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
77. The basic accounting and internal control disciplines of daily and monthly reconciliation of transactions was not adequately implemented and monitored.
78. Measures put in place for the preparation, review and approval of the annual financial statements and annual performance report are inadequate as the annual financial statements and annual performance report submitted for audit contained misstatements that were not detected and rectified prior to submission of the report for audit.
79. The accounting officer did not exercise his oversight responsibilities regarding compliance and related internal controls to ensure that all instances of unauthorised, irregular and fruitless and wasteful expenditure are investigated to determine if any person is liable for the expenditure.
80. The accounting officer did not implement effective controls to ensure that compliance with the applicable laws and regulations is reviewed and monitored at all times
81. There was no proper implementation of controls over daily and monthly processing and reconciling of achievements reported and supporting evidence.

Material irregularities

82. 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

Failure to keep full and proper records of the financial affairs of the municipality resulting in ineffective use of financial reporting consultants.

83. Section 62(1)(b) of the Municipal Finance Management Act 56 of 2003 (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.

84. The municipality appointed three financial reporting consultants to prepare the 2020-21 annual financial statements. The consultants were appointed for the preparation of the annual financial statements, asset management as well as tax services.

85. The municipality failed to keep full and proper records required to produce credible and GRAP compliant financial statements. This resulted in the municipality not being able to provide the appointed financial reporting consultants with complete, accurate and reliable information as required by section 62(1)(b) of the MFMA to enable them to compile GRAP compliant financial statements. This failure of the municipality to furnish the financial reporting consultants with the necessary records resulted in the municipality obtaining a disclaimed audit opinion on the 2020-21 annual financial statements.

86. The non-compliance is likely to result in a material financial loss for the municipality as the equivalent value of the amounts paid to the consultants could not be obtained by the municipality.

87. The accounting officer was notified of the material irregularity on 21 November 2022. The following actions were taken to resolve the material irregularity:

- All deputy managers and all other employees signed performance agreements by 30 June 2023.
- VAT 201 returns are prepared and submitted internally by the deputy manager expenditure. This action have been implemented since the 2023 financial period and has resulted in substantial decrease in consultancy fee as the VAT portion contributed the majority of the consultancy fee paid by the municipality.
- Personal development plans were developed by 20 April 2023 and staff is continuously underdoing finance related trainings.

- Restructuring in the budget and treasury office resulting in movement and appointment of staff to capacitate this unit. This action was implemented in September 2022.
- Inclusion of a skills gap analysis in the signed service level agreement with the consultants and monitoring of performance of the consultants. This action was implemented and the current service level agreement with the consultant include skills transfer to capacitate employees of the municipality.
- Based on the outcome and recommendation made on the investigation that was conducted and concluded by SIU in February 2022 relating to SCM contraventions and other financial mismanagement matters, of which some contributed to the weak control environment and unavailability of financial information to support the financial statements, consequence management was implemented and employees who were found to have contributed to the poor record keeping and other financial misconduct that led the municipality to fail to keep proper record were charged and served with warning letters. This action was implemented during the 2023-24 financial period on various dates where affected employees attended disciplinary hearings and were charged and served with warning letters.
- The accounting officer also assessed whether it was possible to recover the financial loss from the consultants and the outcome of the assessment concluded that it was not possible as the consultant were not found to be in the wrong. The material irregularity was caused by weak control

88. I received written submission on 03 October 2024. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter anymore.

Payment for duplication of work

89. In terms of section 78(1)(b) of the MFMA, each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently.

90. On the Mamefja-Sekororo Regional Water Scheme (RWS) project there was a duplication of a significant portion of the works completed by contractors. My audit focused on the mechanical and electrical items component of the scheme.

91. The first contractor appointed on the project was appointed at a contract amount of R19 201 350, for a period of four months commencing on 1 October 2015. The first contractor was officially terminated due to poor performance and breach of contract in June 2019; after having incurred expenditure totaling R12 992 201 on the project. However, the project was not complete at the time. The municipality appointed a second contractor for a revised contract amount of R27 375 737 with a commencement date of 21 May 2018. The mechanical and electrical works on the scheme was eventually completed on 22 December 2020 after additional expenditure of R25 437 749 was incurred by the second contractor.

92. The relevant officials and senior managers involved in the project did not thoroughly review invoices and payment certificates issued to ensure that items claimed by the first and second contractors are not duplicated. This resulted in the municipality double paying for some of the goods and services said to be rendered by the two contractors.

93. The above resulted in non-compliance with section 78(1)(b) of the MFMA, which states that "each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently".

94. The above non-compliance is likely to result in a material financial loss for the municipality.

95. The accounting officer was notified of the material irregularity on 9 May 2023. The following actions have been taken to resolve the material irregularity:

- The accounting officer appointed a law firm to investigate the matter on 9 May 2023. The investigation was concluded in September 2024, and tabled to the council on 31 October 2024.
- The council took a resolution that the report be referred to the accounting officer for further processing and Legal Services for advice.

96. The accounting officer plan to take the following actions;

- The matter has been referred to the Legal manager and deputy Labour Relation manager to isolate the findings that should be referred to the Financial Misconduct board, the civil matters to be contested in court and those that should be referred to the disciplinary hearing. This action was taken on the 25th of November 2024
- The accounting officer to apply to the financial misconduct processes within 90 days following the decision by council.
- The accounting officer to appoint a firm to conduct a self-review process in accordance with the law. The firm is to investigate whether moneys can be recovered from the service provider.

97. I will follow up on the implementation of the planned actions during my next audit.

Auditor-General

Polokwane

30 November 2024



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|---|---|
| Municipal Finance Management Act 56 of 2003 | <p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 - Definition: service delivery and budget implementation plan</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a),</p> <p>Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii),</p> <p>Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e),</p> <p>Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j),</p> <p>Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b),</p> <p>Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a),</p> <p>Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p> |
| MFMA: Municipal Budget and Reporting Regulations, 2009 | Regulation 71(1), 71(2), 72 |
| MFMA: Municipal Investment Regulations, 2005 | Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3) |
| MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 | Regulations 5(4), 6(8)(a), 6(8)(b), 10(1) |
| MFMA: Municipal Supply Chain Management Regulations, 2017 | <p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b),</p> <p>Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii),</p> <p>Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p> |
| MSA: Disciplinary Regulations for Senior Managers, 2011 | Regulations 5(2), 5(3), 5(6), 8(4) |
| Annual Division of Revenue Act | Sections 11(6)(b), 12(5), 16(1); 16(3) |

| Legislation | Sections or regulations |
|---|---|
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | 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), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2) |
| Preferential Procurement Regulations, 2022 | Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4) |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |
| Municipal Systems Act 32 of 2000 | Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b) Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v) |
| MSA: Municipal Planning and Performance Management Regulations, 2001 | Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii) |
| MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006 | Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3) |
| MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 | Regulations 17(2), 36(1)(a) |



GLOSSARY

2023 - 2024



APPENDICES

2023 - 2024

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| # | Councillors, Committees Allocated and Council Attendance | | | | | |
|----|--|---------------------|--|--------------------------------|--------------------|-----------------------------------|
| No | Council Members | Full Time/Part Time | Committee Allocated | *Ward and/or Party Represented | Number of meetings | Percentage of meetings attendance |
| | | FT/PT | | | # | % |
| 1 | Cllr PJ Shayi | FT | MAYCO | ANC | 14/14 | 100 |
| 2 | Cllr MN Maswanganyi | FT | Council | ANC | 14/14 | 100 |
| 3 | Cllr M Lewele | FT | Council | ANC | 13/14 | 93 |
| 4 | Cllr L S Mohlala | FT | MAYCO | ANC | 13/14 | 93 |
| 5 | Cllr M L Maloko | FT | MAYCO | ANC | 12/14 | 86 |
| 6 | Cllr MH Sefufi | FT | MAYCO | ANC | 11/14 | 78 |
| 7 | Cllr D J Mmetle | FT | MAYCO | ANC | 09/13 | 69 |
| 8 | Cllr N R Khandhela | FT | MAYCO | ANC | 14/14 | 100 |
| 9 | Cllr M S Magomane | PT | MAYCO | ANC | 09/14 | 64 |
| 10 | Cllr M G Mangena | FT | MAYCO | ANC | 13/14 | 93 |
| 11 | Cllr N N Baloyi | FT | MAYCO | ANC | 12/14 | 86 |
| 12 | Cllr D M Makhananisa | FT | MAYCO | ANC | 09/14 | 64 |
| 13 | Cllr S Mothomogolo | PT | Committee of Chairs Chair | ANC | 13/14 | 93 |
| 14 | Cllr MM Mkhabela | PT | Chairperson MPAC | ANC | 12/14 | 86 |
| 15 | Cllr B A Shibambu | PT | Chair: Governance & Shared Services | ANC | 14/14 | 100 |
| 16 | Cllr MA Mathebula | PT | Chair :Finance | ANC | 10/14 | 71 |
| 17 | Cllr E Hlungwane | PT | Chair : Agriculture & Environment Management | ANC | 11/14 | 79 |
| 18 | Cllr J Rakgoale | PT | Chair :Infrastructure | ANC | 09/14 | 64 |
| 19 | Cllr F M Morwatshehla | PT | Chair: Water Services | ANC | 11/14 | 78 |

| | | | | | | |
|----|----------------------|----|---|---------|-------|-----|
| 20 | Cllr P Mampeule | PT | Chair: LED & Water Services | ANC | 10/14 | 71 |
| 21 | Cllr NH Ntsimbani | PT | Chair: Sports, Arts & Culture | ANC | 14/14 | 100 |
| 22 | Cllr N J Mbalati | PT | Chair: Roads & Transport | ANC | 12/14 | 85 |
| 23 | Cllr S S Mathebula | PT | Chair: Community Development | ANC | 11/14 | 78 |
| 24 | Cllr MP Matlou | PT | Chair: Ethics | ANC | 05/14 | 35 |
| 25 | Cllr M W Mohale | PT | Governance & Shared Services | ANC | 13/14 | 93 |
| 26 | Cllr H D Lebeza | PT | Economic Development & Spatial Planning | ANC | 11/14 | 79 |
| 27 | Cllr R T Mavundza | PT | Finance | DA | 09/14 | 64 |
| 28 | Cllr Z Ndlovhu | PT | Infrastructure | EFF | 08/14 | 57 |
| 30 | Mabasa TA | PT | MPAC | EFF | 09/14 | 64 |
| 31 | Cllr T C Letsoalo | PT | Water & Sanitation Services | EFF | 03/14 | 21 |
| 32 | Cllr MN Madike | PT | Sports Recreation Arts & Culture | Warrior | 13/14 | 93 |
| 33 | Cllr DG Mkhabela | PT | Sports Recreation Arts & Culture | ANC | 13/14 | 93 |
| 34 | Cllr MC Morwatshehla | PT | Mpac | ANC | 11/14 | 78 |
| 35 | Cllr S B Ramoshaba | PT | Roads & Transport | ANC | 08/14 | 57 |
| 36 | Cllr CM Ramathoka | PT | Agriculture & Environment Management | EFF | 12/14 | 85 |
| 37 | Cllr L Ramalepe | PT | Water & Sanitation Services | DA | 09/14 | 64 |
| 38 | Cllr T C Letsoalo | PT | Water & Sanitation Services | EFF | 03/14 | 21 |
| 39 | Cllr C Stoltz | PT | Finance | ANC | 11/14 | 78 |
| 40 | Cllr J Mashele | PT | Governance & Shared Services | ANC | 14/14 | 100 |
| 41 | Cllr WM Maake | PT | MPAC | ANC | 10/14 | 71 |
| 42 | Cllr M S Baloyi | PT | Infrastructure | ANC | 10/14 | 71 |

| | | | | | | |
|----|-------------------|----|--------------------------------------|------|-------|-----|
| 43 | Cllr GE Kobane | PT | Agriculture & Environment Management | ANC | 03/14 | 21 |
| 44 | Cllr NR Sekgobela | PT | Ethics | EFF | 11/14 | 78 |
| 45 | Cllr T Rabothata | PT | Agriculture & Environment Management | ANC | 14/14 | 100 |
| 46 | Cllr S Mavasa | PT | Community & Development | ANC | 13/14 | 93 |
| 47 | Cllr PM Hlungwani | PT | MPAC | PA | 09/14 | 64 |
| 48 | Cllr T J Senyolo | PT | Finance | Cope | 11/14 | 78 |
| 49 | Cllr S M Shai | PT | Infrastructure | ANC | 12/14 | 85 |
| 50 | Cllr P Mashumu | PT | Finance | EFF | 11/14 | 78 |
| 51 | Cllr B Mabilo | PT | Roads & Transport | EFF | 0/14 | 0 |
| 52 | Cllr S P Letebele | PT | Agriculture & Environment Management | ANC | 9/14 | 64 |
| 53 | Cllr MD Selaelo | PT | Governance & Shared Services | ANC | 14/14 | 100 |
| 54 | Malemela D | PT | Finance | EFF | 04/14 | 28 |
| 55 | Mangena S | PT | Agriculture | EFF | 06/14 | 42 |
| | | | | | | |

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES | |
|--|---|
| Municipal Committee | Purpose of Committee |
| Finance | Deal with financial related matters. |
| Infrastructure | Deal with infrastructure development & maintenance. |
| Community services | Deal with health services, disaster and fire services. |
| Governance and Shared Services | Deal with human resource matters, administration, legal and IT matters. |
| Sport, Arts and Culture | Coordinate anything related to sport, arts and culture in the district. |
| Roads and Transport | Dealing with roads and transport matters in the district |
| Planning & Development | Dealing with planning and development in the district. |

| | |
|-----------------------------|---|
| Agriculture and environment | Dealing with environmental and agricultural matters. |
| Water and sanitation | Provision and maintenance of water and sanitation. |
| Municipal Public Accounts | Municipality's watch dog in terms of compliance with legislation and performance. |
| Rules Committee | Dealing with all rules and policies in the municipality. |
| By-laws and policies | Dealing with By-laws and policies in the municipality. |
| | TB |

APPENDIX C–THIRD TIER ADMINISTRATIVE STRUCTURE

| THIRD TIER STRUCTURE | |
|--|--|
| Director | Director/Manager (State title and name) |
| Office of the Municipal Manager | T.J. Mogano – Municipal Manager |
| | Seshoene ME – Manager Officer of the Municipal Manager |
| | Muedi LT - Chief Risk Officer |
| | Mphahlele MF- Manager Internal Audit |
| | Kgabi NT- Deputy Manager Specialised Audit |
| | Sekgoka MN- Deputy Manager IDP |
| | Malungane RS – Deputy Manager Performance Management |
| | Shai MM – Deputy Manager Risk Based Auditor |
| | Lethole – Manager Legal services |
| Corporate Services | Ngobeni SN - Senior Manager Corporate Services |
| | Rasekgala MJ – Deputy Manager IT |
| | Lebadika P – Deputy Manager Human Resources |
| | Mkhari T – Deputy Manager Administration |
| | Manganyi K – Deputy Manager Council Support |
| | Mampuru K – Deputy Manager Organizational Development |
| | Lathane LP – Deputy Manager Labour Relations |
| Budget and Treasury | S Mathebula – Chief Financial Officer |
| | Motau L - Deputy Manager Budget & Control |
| | Pootona MR - Deputy Manager Revenue |
| | Seemela L – Deputy Manager Expenditure |
| | Mokgonyana P- Deputy Manager Supply Chain Management |
| | Mohlamme Kv- Deputy Manager Assets |
| Office of the Executive Mayor | Magabane TG - Manager Office of the Executive Mayor |
| | Makhananisa R – Deputy Manager Public Participation |
| | Ngobeni O – Deputy Manager Communications |

| | |
|---------------------------------|---|
| | Mabunda N- Deputy Manager Special Programmes |
| | |
| Community Services | Pilusa MB – Senior Manager Community Services |
| | Mudau NR – Deputy Manager Environment and Waste Management |
| | Masingi T – Deputy Manager Environmental Health |
| | Masedi KS – Deputy Manager Traffic Services |
| Water Services | Shilowa P – Senior Manager Water Services |
| | Rammalo AM – Deputy Manager Maintenance and operations Services |
| | Chavalala R.S –Deputy Manager Water Quality |
| | Nkwinika – Deputy Manager water Quality |
| Technical Services | Mahayi L – Senior Manager Technical services |
| | M Mandiwana - PMU Manager |
| | Masipa MK Deputy Manager Infrastructure Planning |
| | Mabulane TJ Deputy Manager Energy |
| Planning and Development | Monakedi T - Senior Manager Planning and Development |
| | Ngobeni TR - Deputy Manager Spatial Planning |
| | Maponya GT - Deputy Manager GIS |
| | Mr Malatji K.P- Deputy Manager LED |
| | T2.2.2) |

APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

| MUNICIPAL/ENTITY FUNCTIONS | | |
|---|--|---|
| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (yes/no) |
| Constitution schedule 4, Part B functions | | |
| Air Pollution | Yes | n/a |
| Building Regulations | No | n/a |
| Child Care facilities | No | n/a |
| Electricity and gas reticulation | Yes | n/a |
| Firefighting services | Yes | n/a |
| Local tourism | Yes | n/a |
| Municipal airports | Yes | n/a |
| Municipal planning | Yes | n/a |
| Municipal Health Services | Yes | n/a |
| Municipal Public Transport | Yes | n/a |
| 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 | No | n/a |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related | No | n/a |
| Storm water management systems in built up areas | No | n/a |
| Trading regulations | No | n/a |
| Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems | Yes | n/a |
| | | |

APPENDIX E – WARD REPORTING

As a District Municipality, there are no wards that directly fall under the Mopani District Municipality.

| FUNCTIONALITY OF WARD COMMITTEES | | | | | | |
|----------------------------------|------|--|--------------------------------|---|--|---|
| Ward (Number) | Name | 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 |
| N/A | | N/A | N/A | N/A | N/A | N/A |
| | | | | | | TE |

APPENDIX F: WARD INFORMATION/N

| CAPITAL PROJECTS: SEVEN LARGEST IN 2022/23 (FULL LIST AT APPENDIX N) | | | | | R' 000 |
|--|---|--------------|--------------|--------------|--------|
| Ward No | Project Name & Detail | Start Date | End Date | Total Value | |
| GLM | Construction of Sekgosesa water scheme | 01 July 2023 | 30 June 2024 | R59 150 000 | |
| BPM | Construction of Makhushane Water Scheme | 01 July 2023 | 30 June 2024 | R72 982 179 | |
| BPM | Construction of Lulekani water scheme phase1 | 01 July 2023 | 30 June 2024 | R467 000 419 | |
| GTM | Construction of Tours water reticulation) | 01 July 2023 | 30 June 2024 | R77 305 198 | |
| GGM | Construction of Ritavi 2 water scheme phase 4A Zangoma & Mohlaba village water reticulation | 01 July 2023 | 30 June 2024 | R59 150 000 | |
| GTM | Construction of Lephepane water | 01 July 2023 | 30 June 2024 | R 43 137 000 | |
| GTM | Construction Thabina Regional water scheme phase6) | 01 July 2023 | 30 June 2024 | R 57 633 667 | |

APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023/24

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF MOPANI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2024

The Audit Committee is pleased to present our report for the financial year ended 30 June 2024.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee (AC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA). Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires a municipality to establish an independent audit committee which must advise the municipal council, political office-bearers, accounting officer and management on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, risk management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation and performance evaluation.

The Audit Committee was able to meet nine (9) times during the financial year under review as per the approved terms of reference. The meetings included the five (5) special and four (4) normal Audit Committee meetings. The Chief Audit Executive is the permanent invitees to the Audit Committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee.

SUMMARY OF TENURE, QUALIFICATIONS, AND MEETING ATTENDANCES OF THE MEMBERS

The previous Audit Committee members' contract ended on 31 August 2024 and the current Audit Committee was appointed in September for 3 years. The members of the audit committee were all independent from the municipality.

| EXPIRED AUDIT COMMITTEE AS AT END OF AUGUST 2024 | | | |
|---|---|------------------------------------|----------------------------|
| NAME OF THE MEMBER | QUALIFICATIONS | NUMBER OF MEETINGS ATTENDED | TENURE PERIOD (2) |
| Mr. Modipane TC CA(SA) (Chairperson) | Bachelor of Commerce in Accounting / Bachelor of Commerce Honours (CTA) / Higher Diploma in Auditing / Chartered Accountant registered with SAICA - CA(SA) / Certificate in Business Development Systems / SAICA GRAP Certificate | 7 | August 2021 to August 2024 |
| Ms. Mabuza JM -(Member) | B Juris Degree- Law/Advance Diploma Labour law/Legislative Drafting Certificate | 7 | August 2021 to August 2024 |
| Mr. T Lekoloane AG(SA) (Member) | Bachelor of Commerce in Accounting/ Bachelor of Commerce Honours in Accounting/Masters of Business Administration (MBA)/Associate General Accountant registered with SAICA / Chartered Global Management Accountant registered with CIMA / National Treasury & CIGFARO MSCOA trainer certificate | 7 | August 2021 to August 2024 |
| Mr. NT Baloyi* (Member) | Bachelor of Commerce in Financial Management; Advanced Diploma in Accounting Sciences Postgraduate Diploma in Internal Auditing; Postgraduate Diploma in Risk Management, Master of Philosophy in Development Finance; Master of Business Administration (MBA); Master of Public Administration (MPA); Bachelor of Science (B.Sc.) in Computer Science and Information Systems; B.Sc. Honours in Computational and Applied Mathematics; Master of Science in Electronics (Information Security; Computer Networks); Master of Science in Electrical Engineering(Telecommunications); Certified Information Systems Auditor (CISA); Higher Diploma in Computer Auditing; Certified Risk Management | 3 | August 2021 to August 2024 |

| EXPIRED AUDIT COMMITTEE AS AT END OF AUGUST 2024 | | | |
|--|--|--|--|
| | Practitioner (CRM Prac) Professional Member of the Institute of Risk Management of South Africa. | | |

*Mr NT Baloyi was appointed for the first term in 1st of March 2023.

| NEW AUDIT COMMITTEE WITH EFFECT FROM 2 nd SEPTEMBER 2024 | | | |
|---|---|-----------------------------|-------------------------------|
| NAME OF THE MEMBER | QUALIFICATIONS | NUMBER OF MEETINGS ATTENDED | TENURE PERIOD (1) |
| Mr. A Tshikovhi (Chairperson) | Bachelor of Commerce in Accounting, Bachelor of Commerce Honours in Accounting , Post Graduate Diploma in Accounting Sciences (CTA), Master of Commerce in Accounting, Chartered Accountant registered with SAICA - CA(SA). | 2 | September 2024 to August 2027 |
| Mr. T Moroa (Member) | Bachelor of Commerce in Accounting, Bachelor of Commerce Honours in Accounting (CTA), Chartered Accountant registered with SAICA - CA(SA). | 2 | September 2024 to August 2027 |
| Mr. SAB Ngobeni (Member) | B Compt Honours, High Diploma in Computer Auditing, 2 MBA, MPA MCompt. | 2 | September 2024 to August 2027 |
| Ms. MP Ramutsheli (Member) | Masters in Internal Auditing, Certified Internal Auditor (CIA) and High Diploma in Computer Auditing. | 2 | September 2024 to August 2027 |

Four (4) ordinary audit committee meetings and five (5) special committee meetings were held during the year. The meetings were for the following purposes :

- Unaudited Draft Annual Financial Statements and Draft Annual Performance Report (before submission to the AGSA);
- 4th Quarter Audit Committee Meeting;
- AGSA 2023/2024 Audit Strategy and Engagement letter;
- AGSA 2023/2024 Audit Report;
- Disputes between management and AGSA;
- Mid-Year Budget and Performance Report;
- 2023/24 Budget Adjustment and SDBIP;
- Draft Annual Report;

- 2024/25 Internal Audit Plan;
- 2024/25 Draft Budget.

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager;
- All Senior Managers;
- Other officials (as and when required);
- Chief Audit Executive and relevant staff;
- Limpopo Provincial Treasury;
- CoGHSTA;
- SALGA; and
- AGSA.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King IV Report on the Best Practices on Corporate Governance for South Africa. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the municipality over financial and risk management have slightly improved. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the municipality have been fairly designed, however they are not fully efficient and effective. This is as a result of failure to identify control weaknesses and non-implementation of recommended enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, the municipality received a qualified audit opinion for the year under review. Management did not fully resolve findings raised by Internal Audit and Auditor General in the year under review. We recommended that management should develop and implement audit action plan to address all the findings raised by the Auditor General and Internal Audit in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

We draw attention to the following areas flowing from the Committee's observations and internal audit findings reported during the year:

- lack of diligent basic discipline of accounting;
- lack of regular reconciliations;
- the continuing resource and capacity constraints resulting in skills and performance limitations in Budget and Treasury Office;
- non-compliance with SCM Regulations and Preferential Procurement Regulations;
- lack of sufficient management review and supervisory checks;
- delayed performance management reporting and monitoring processes;
- failure to hold management accountable for poor performance;
- asset management procedure manual not developed;
- asset register not timeously updated; and
- water distribution losses not monitored regularly;
- non implementation of Revenue enhancement strategy;
- projects and contract management not effectively implemented; and
- lack of standard operating procedure for effective expenditure management.

The areas highlighted above require the necessary management attention, as the first line of defence in combined assurance, it is critical to emphasise that these are serious enough to negatively impact the audit opinion if not attended to.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

- Management submitted draft Annual Financial Statements to the Audit Committee which were incomplete at the time of review. This limited the oversight responsibility of the Audit Committee on the Annual Financial Statement before submission to the Auditor General.
- The Audit Committee reviewed the audited annual financial statements to be included in the annual report.
- The Audit Committee reviewed the Municipality compliance with legal and regulatory provisions.
- The Audit Committee reviewed the Auditor General's management report and audit report.
- The Audit Committee reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit performed the audit of internal controls of the Municipality. The Audit Committee is not satisfied with the pace of improving the efficiency and effectiveness of the internal control environment during the financial year based on outcome of Internal Audit work. Majority of the overall opinion on internal audit project were not satisfactory as internal controls were not adequately planned and designed Management while in several instances controls were not effectively implemented to provide reasonable assurance. This is a negative reflection on the quality of internal controls planned and designed and also on management's commitment to quality and good governance. The Committee has noted that there is a need to improve supervisory checks, monitoring and oversight and by Management in managing internal controls.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit conducted follow-up audit on internal audit findings issued previously to management. The implementation is not satisfactory. We are of the view that there is a need for more efforts from management to resolve all findings not yet implemented. That management should timeously implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Municipal Manager with unfettered access to the Mayor. This will ensure that independence of the Internal Audit function is maintained.

Internal Audit has gone through an external quality assessment in the financial year 2023/24. This assessment exercise provided some assurance on whether Internal Audit processes and procedures “Generally Conforms” to the Institute of Internal Auditors (IIA) Core Principles for the Professional Practice of Internal Auditing Standards, Global Internal Audit Standards, and Code of Ethics, and that it conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. The Audit Committee will monitor progress on this exercise and the outcome of the assessment reported.

To ensure continued effectiveness in the performance of audit function the CAE developed a Continuous Development Programme for internal audit staff. The programme outlines training programmes aligned to each staff members development needs. All Internal Audit staff attended the planned training as per the Audit Committee approved CPD programme.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan. We recommend the establishment of a combined assurance forum to accelerate implementation of combined assurance in the municipality.

RISK MANAGEMENT

The Audit Committee is satisfied that risk management is continually improving within the municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal

manner to address the top risks of the Municipality. The risks that were not mitigated are carried forward to the 2024/25 risk register. The Audit Committee will monitor progress in the implementation of mitigation measures.

PRE-DETERMINED OBJECTIVES

The Audit Committee has noted no improvement in the aforementioned area. The audit opinion on pre-determined objectives remained unchanged at qualified audit opinion. This means there is no improvement in the preparation and reporting on pre-determined objectives. It was recommended that Management should improve on timely reporting of performance information with portfolio of evidence to avoid discrepancies in the performance report. The process should flow from the quarterly performance report to the annual performance report regularly. Pre-determined objectives is a standing item in Audit Committee meetings, concerted efforts are being made by management to sustainably improve in this area.

QUALITY OF IN-YEAR REPORTING

Management was able to table all quarterly financial reports and performance reports for the financial year 2023/24. Management failed to prepare quarterly financial statements as advised by the Committee. This limited the review by the Audit Committee. The Audit Committee continues to advise management to prepare quarterly financial statements in the coming financial year to allow adequate review by all relevant stakeholders.

ICT GOVERNANCE

The Audit Committee reviewed reports from ICT department in the year under review. The ICT remedial actions were not fully implemented and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. The Audit Committee previously advised the Accounting Officer to resuscitate the ICT Steering Committee through the appointment of a qualified external Chairperson who will help capacitate the unit and improve controls thereof. The officials within the ICT department should undergo regular trainings in order to keep abreast with latest development in the ICT space. The Audit Committee will regularly provide oversight on this area as part of their mandate.

AUDITOR-GENERAL OF SOUTH AFRICA

The AC in consultation with management, agreed to the terms of the engagement and approved the Audit Strategy. The audit fee for the external audit has been considered and approved taking into

consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The AC concurs with and accept the Auditor-General of South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remained independent throughout the financial year.

REPORTING

The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the relevant quarter.

APPRECIATION

The Audit Committee wishes to thank the Executive Mayor, Mayoral Committee, Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.

Mr Ambani Tshikovhi CA(SA)
Audit Committee Chairperson
Mopani District Municipality
31 January 2025

APPENDIX –LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2023/24) | | | | | |
|---|--|------------------------|-------------------------|-----------------|----------------|
| Name of service provider (entity of municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project Manager | Contract Value |
| Seedi Development Project | Construction of Sefofotse to Ditshosing water supply & reticulation Phase 2E | 12 July 2018 | 22 Dec 2024 | Mr Mandiwana M | R48 433 956 |
| Moepeng Trading 40CC | Construction of Makhushane Water Scheme | 23 Nov 2021 | 06 Dec 2024 | Mr Mandiwana M | R46 799 474 |
| Nandzu Trade & General projects | Construction of (Ritavi 2 water scheme) | 19 Apr 2021 | 31 Aug 2024 | Mr Mandiwana M | R41 284 588 |
| Rembu Construction | Construction of Ritavi water scheme Phase3) | 10 Dec 2021 | 10 Oct 2024 | Mr Mandiwana M | R42 257 340 |
| Martmol Trading | Construction of Sekgosese Regional water scheme phase2B | 24 Jan 2022 | 25 Jan 2024 | Mr Mandiwana M | R40 128 913 |
| LEBP construction | Construction of Lulekani water scheme phase1 | 24 Jan 2022 | 24 Jan 2024 | Mr Mandiwana M | R44 225 286 |
| Selby Construction | Construction of Tours water reticulation) | 27 Jan 2022 | 17 Jan 2024 | Mr Mandiwana M | R44 761 253 |
| Good Example Trading | Construction of Sekgosese water scheme phase 2B | 13 Jan 2022 | 13 Jan 2024 | Mr Mandiwana M | R38 550 591 |
| Bukuta JV British | Construction Thabina Regional water scheme phase6) | 20 Jun 2022 | 20 Dec 2024 | Mr Mandiwana M | R41 227 619 |

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2023/24)

| Name of service provider (entity of municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project Manager | Contract Value |
|--|---|-------------------------------|--------------------------------|------------------------|-----------------------|
| Martmol Trading CC | Construction of Ritavi 2 water scheme phase 4A Zangoma & Mohlaba village water reticulation | 29 Nov 2022 | 18 Oct 2024 | Mr Mandiwana M | R41 413 344 |
| Koephu Business Enterprise | Construction of Tours Reticulation water reticulation phase 2C | 22 Dec 2022 | 15 Dec 2025 | Mr Mandiwana M | R41 476 820 |
| Mamohlala Projects | Construction of Lulekani water scheme phase 2C | 12 Jan 2023 | 11 Jan 2025 | Mr Mandiwana M | R39 580 079 |
| TQM Projects Engineers | Construction of Tours water reticulation | 10 Mar 2023 | 08 Mar 2025 | Mr Mandiwana M | R41 839 780 |
| LebP Construction | Construction of Sekgosese regional ground water scheme 3b | 09 Mar 2023 | 12 Mar 2025 | Mr Mandiwana M | R46 713 622 |
| Brooklyn Projects 21 | Construction of Sekgosese regional ground water sceme 3c | 28 Nov 2022 | 28 Nov 2024 | Mr Mandiwana M | R43 547 779 |
| Good Example Trading (| Construction of Ritavi 2 water scheme phase 4b Petanenge village | 22 Dec 2022 | 22 Oct 2024 | Mr Mandiwana M | R45 132 889 |
| Nandzu Trade & General | Construction of Regional ground water scheme phase 3A | 10 Mar 2023 | 10 Mar 2025 | Mr Mandiwana M | R45 013 324 |

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2023/24)

| Name of service provider (entity of municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project Manager | Contract Value |
|--|---|-------------------------------|--------------------------------|------------------------|-----------------------|
| Selby Construction | Construction of Tours water reticulation to 25 villages | 17 Jan 2022 | 17 Jan 2023 | Mr Mandiwana M | R41 406 105 |
| Bright Idea Project 838 CC | Construction of Tours water reticulation to 25 villages phase 2B) | 22 Dec 2022 | 22 Dec 2024 | Mr Mandiwana M | R41 109 261 |
| Qcobs CC (Maselapata water supply) | Construction of Maselapata water supply) | 08 Dec 2022 | 28 Apr 2024 | Mr Mandiwana M | R47 308 670 |

APPENDIX I–MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

No service provider performance schedule for 2023/24 financial year

APPENDIX J–DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|------------------------------------|---------------------|---|
| Period 1 July 2023 to 30 June 2024 | | |
| Position | Name | Description of financial interest* (Nil/or details) |
| Executive Mayor | Cllr Shayi PJ | MTN Zakhele Nathi – 500 shares Erf 78 R 316 000 (Gravellote) Erf 80 R 316 000 (Gravellote) |
| Speaker | Cllr Maswanganye NM | Juta River Lodge (paying work outside MDM & Directorship) Juta Family Trust Pfunanani Eating house Juta River Lodge Property (R100m) |
| Chief whip | Cllr Lewele M | Hope combined English medium School - R 60 000 |
| Mayoral Committee | Cllr L S Mohlala | House 4 Tembisa R 500 000 Stand D Namakgale R 80 000 Stand R3 Mashishimale R150 000 Stand R3 Mashishimale R 500 000 |
| | Cllr NR Khandhela | NIL |
| | Cllr Maloko ML | Marylouie Trading (Trust) Maloko Brick yard (other Financial interest) House Tzaneen 2 Million |
| | Cllr MG Mangena | NIL |
| | Cllr MH Sefufi | Poultry Farms (selling chickens) Liquor Rest |
| | Cllr NN Baloyi | African Pride Holding Financial Services |

| | |
|---------------------|--|
| | Land ownership Giyani |
| Cllr DM Makhananisa | House Sekgosese R 2000 000 Vehicles R750 000 |
| Cllr MS Magomane | Stand 554 Gravelotte R360 000 |
| Cllr DJ Mmetle | House no 2919 Nkowankowa R5000 000 House no 3277 Tzaneen Golden Acres R 1 200 000 HOUSE 4589 Riverside Tzaneen R 1 800 000 |
| Cllr MP Hlungwani | House 4 bedrooms Mavalani R500, 00 |
| Cllr PM Matlou | House a Mohlabaneng village R750 000 Modjadjiskloof house R1 Million |
| Cllr PS Mothomogolo | NIL |
| Cllr B Shibambu | Nil |
| Cllr MJ Rakgoale | NIL |
| Cllr M Mathebula | NIL |
| Cllr E Hlungwane | Rooms Namakgale R980 000 Rooms Namakgale R400 000 |
| Cllr F Morwatshehla | NIL |
| Cllr P Mampeule | Modjadi Resort ,Balobedu Kingdom Farm Portion 6HA Khekhothi Village |
| Cllr Senyolo TJS | SASSA Manager Empty stand extent 900 (R550 000) |
| Cllr HN Tshimbani | NIL |
| Cllr NJ Mbalati | Residential stand & House R1.3m |

| | | |
|--------------------|--------------------|--|
| | Cllr S S Mathebula | NIL |
| | Cllr J Mashele | NIL |
| | Cllr MM Mukhabele | Nkhaveleni co operations ,Dali moss |
| | Cllr E M Mathaba | 1/29 Doreen street Modjadjiskloof R 180 000 4/29 Doreen street Modjadjiskloof R 480 000 |
| | Cllr MW Mohale | NIL |
| | Cllr MS Baloyi | NIL |
| | Cllr I Hlungwani | Amigos EPOL – R20 000 income Paledi Civils – R20 000 income |
| | Cllr L Ramalepe | NIL |
| | Cllr S M Shai | NIL |
| | Cllr P Mashumu | NIL |
| Councillors | Cllr R Mavundza | NIL |
| | Cllr C Stoltz | House R 500 000 |
| | Cllr E Kobane | NIL |
| | Cllr T Rabothata | NIL |
| | Cllr C Ramathoka | Nil |
| | Cllr SP Letebele | NIL |
| | Cllr SB Ramoshaba | NIL |
| | Cllr TC Letsoalo | NIL |
| | Cllr HD Lebeya | NIL |
| | Cllr D G Mkhabele | House Dan Village R500 000 |
| | Cllr ML Mokoena | NIL |
| | Cllr L Mtebule | NIL |
| | Cllr S Mavasa | NIL |

| | | |
|------------------------------|----------------------|--|
| | Cllr MC Morwatshehla | NIL |
| | Cllr WM Maake | NIL |
| | Cllr GN Bokisi | Hluvukani Farm |
| | Cllr MP Hlungwani | NIL |
| | Cllr M Madike | NIL |
| | Cllr R N Sekgobela | NIL |
| | Cllr MD Selaelo | NIL |
| Municipal Manager | Mr Mogano TJ | RSA Bonds shares R 100 000 Unit Trust R 200 000 TJ Mogano Investments 72% profit Homenet Rental R 5000 per month House R 650 000 (205m2) |
| Chief Financial Officer | Ms Mathevula SP | House R1.8M Town House R1.1m BEE Sasol Izalo R 10.00 P.S BEE Media 24 R10.00 p.s Director Vuxeni advisory Services R30 000 (revenue p.a) |
| Director: Community Services | Ms B Pillusa | House 1 – Residential R 13 000 000 House 2 – Residential R 1600 000 House 3 – Residential R 1 100 000 House 4 – Residential Flat R 400 000 |
| Director Corporate Services | Ms SN Ngobeni | MTN Group LTD (Zakhele) R2000 value Residential House R 3m (379,1m2) |
| Water & Engineering Services | Mr Shilowa P | WISA NGO-WATER R0 3QS QUALITY MANAG R 0 Dwelling plot R 800 000 |

| | | |
|--|----------------|---|
| | | Erven 4418 R 900 000 Stand No 37 PTO |
| Technical Services | Mr M Mahayi | Vankuna motocity R 0 new entity G.A home owner NPO Residential House R 2 100 000 Residential House R 2 400 000 Residential House R 8 000 000 Residential House R 3 200 000 |
| Director Planning & Development | Mr TA Monakedi | SACPLAN DIRECTOR REGULATORY BODY R0 CBE Director Public Compacy R0 TASQUARED Dynasty Director – Domant company R0 |
| *Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A TJ | | |

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

| R' 000 | | | | | | |
|--|---------------------|--------------------|--------------------|--------------------|-----------------|--------------------|
| Description | 2022/23 | Current: 2022/23 | | 2023/24 | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | | - | 0 | | | |
| Service charges | 239 256 | 309 801 | 289 601 | 219 685 | 325 753 | 325 753 |
| Interest received | 94 451 | 71 713 | 71 713 | 112 147 | 79 281 | 79 281 |
| Interest received (trading) | - | - | - | | | |
| Investment revenue | | | | 27 775 | 4 000 | 4 000 |
| Transfers recognised - operational | 11 463 | 9 000 | 9 000 | | | |
| Other own revenue | 1 158 167 | 1 184 019 | 1 184 019 | 2 746 | 3 565 | 4 115 |
| Total Revenue (excluding capital transfers and contributions) | 11 282 | 3 173 | 3 173 | 362 355 | 412 599 | 413 149 |
| Employee costs | 356 457 | 393 687 | 373 487 | (520 952) | (473 007) | (528 437) |
| Remuneration of councillors | (485 368) | (460 123) | (461 134) | (16 181) | (12 468) | (20 113) |
| Depreciation & asset impairment | (15 890) | (12 935) | (22 935) | (299 587) | (450 000) | (293 348) |
| Finance charges | (232 733) | (219 126) | (219 126) | (73 830) | (54 828) | (27 978) |
| Materials and bulk purchases | (50 876) | (150 000) | (150 000) | (266 552) | (409 898) | (407 548) |
| Contracted services | (225 999) | (346 514) | (298 309) | (114 636) | (115 544) | (185 483) |
| Debt Impairment | (102 238) | (147 977) | (179 436) | (297 410) | (63 714) | (63 714) |
| Lease rentals on operating lease | (434 502) | (70 005) | (70 005) | (699 568) | - | - |
| Vip Toilets | (699 568) | (699 568) | - | - | - | - |
| Transfers and grants | - | --- | - | | | |
| Notional expenses | (1 143) | - | - | (3 159) | - | - |
| Consulting and professional fees | (2 953) | - | - | | | |
| Operating expenses | - | - | - | (386 741) | (109 946) | (167 398) |
| Total Expenditure | (1 894 813) | (1 712 561) | (1 027 458) | (2 001 853) | (1 689 405) | (1 694 019) |
| Surplus/(Deficit) | (1 942 526) | (1 403 074) | (1 419 987) | 721 646 | 551 500 | 468 283 |
| Transfers recognised - capital | 361 966 | 750 453 | 673 523 | - | - | - |

| | | | | | | |
|---|-------------|-------------|-------------|------------|------------|----------------|
| Contributions recognised - capital & contributed assets | - | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - |
| Surplus/(Deficit) for the year | | - | - | - | - | - |
| | | - | - | - | - | - |
| Capital expenditure & funds sources | | - | - | - | - | - |
| Capital expenditure | | - | - | - | - | - |
| Transfers recognised - capital | - | - | - | - | - | - |
| Public contributions & donations | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - |
| Internally generated funds | | - | - | - | - | - |
| Total sources of capital funds | - | - | - | - | - | - |
| Financial position | | - | - | - | - | - |
| Total current assets | - | - | - | 777 780 | 2 678 624 | 2 495 070 |
| Total non current assets | 285 986 | 1 677 403 | 2 130 240 | 10 414 882 | 11 427 139 | 11 422 879 |
| Total current liabilities | 9 039 356 | 6 538 939 | 8 879 899 | 1 660 258 | 2 870 490 | 2 949 449 |
| Total non current liabilities | 1 861 742 | 1 463 807 | 3 134 228 | 714 266 | 728 554 | 728 554 |
| Community wealth/Equity | 7 384 588 | 6 752 535 | 7 748 080 | - | - | - |
| | | | | | | |
| Cash flows | | | | | | |
| Net cash from (used) operating | | | | 2 562 283 | 2 185 532 | 2 254 109 |
| Net cash from (used) investing | (1 926 402) | (1 909 013) | (1 869 013) | (923 105) | (447 409) | (478 476) |
| Net cash from (used) financing | 577 178 | 604 725 | 455 224 | 1 085 607 | 1 004 500 | 907 729 |
| Cash/cash equivalents at the year end | (306 400) | - | - | 180 979 | 726 274 | 598 436 |
| | | | | | | |
| | | | | | | |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i> | | | | | | <i>T 5.1.1</i> |

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

| R' 000 | | | | | | |
|--|------------------|------------------|------------------|----------------|-----------------|--------------------|
| Description | 2022/23 | Current: 2022/23 | | 2023/24 | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | | | | | - | 0 |
| Service charges | 239 256 | 309 801 | 289 601 | 219 685 | 325 753 | 325 753 |
| Investment revenue | 11 463 | 9 000 | 9 000 | 27 775 | 4 000 | 4 000 |
| Transfers recognised - operational | 1 158 167 | 1 184 019 | 1 144 202 | | | |
| Transfer recognised Capital | 760 345 | 541 243 | 537 292 | | | |
| Other own revenue | 11 282 | 3 173 | 3 173 | 2 746 | 3 565 | 4 115 |
| Total Revenue (including capital transfers and contributions) | 2 180 513 | 2 047 236 | 1 983 268 | 250 206 | 333 318 | 333 868 |

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

| Details | Budget | Adjustment Budget | Actual | Variance | Adjustment Budget |
|--------------------------|---------|-------------------|---------|----------|-------------------|
| | | | | Budget | |
| WSIG | 5 722 | - | 5 722 | | |
| RRAMS | 2 415 | - | 2 415 | | |
| FMG | 3 000 | - | 3 000 | | |
| EPWP | 8 226 | - | 8 226 | | |
| LP ECON BIOSPHERE | 0 | 0 | 0 | | |
| LGW SETA | 748 807 | - | 748 807 | | 0 |
| TOTAL | 768 170 | | 768 170 | | |

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2023/24

| CAPITAL PROGRAMME BY PROJECT BY WARD: 2023/24 | | |
|--|----------------------------------|--------------------------|
| Capital Project | Ward(s) affected | Works completed (Yes/No) |
| Water | | |
| Tours water reticulation | GTM | Yes |
| Water reticulation infrastructure for Middle Letaba water scheme cluster 6 | GGM | Yes |
| Ritavi 2 water scheme | GTM | Yes |
| Thabina to lenyenye water scheme | GTM | Yes |
| Selwane water scheme | BPM | Yes |
| Thapane Regional water scheme | GTM | Yes |
| Sanitation/Sewerage | | |
| Rural Household Sanitation (VIP Toilets) GGM | GGM | Yes |
| Rural Household Sanitation (VIP Toilets) GTM | GTM | Yes |
| Rural Household Sanitation (VIP Toilets) GLM | GLM | Yes |
| Rural Household Sanitation (VIP Toilets) BPM | BPM | Yes |
| Rural Household Sanitation (VIP Toilets) MLM | MLM | Yes |
| | | |
| Fire Services | | |
| Purchase & delivery of fire and rescue equipment's | <i>All wards in the district</i> | No |
| Purchase & deliver specialised fire and rescue vehicles | <i>All wards in the district</i> | No |
| | | T O |

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

| Households (HHs) | | | | |
|---|---------------------------------------|-------|--|---------|
| | *Service level above minimum standard | | **Service level below minimum standard | |
| | No. HHs | % HHs | No. HHs | % HHs |
| Water | 0 | % | 249925 | 84 |
| Sanitation | | % | 251976 | 85 |
| Electricity | | % | 257798 | 87 |
| Waste management | | % | 55300 | 19 |
| Housing | | % | 271518 | 92 |
| <i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i> | | | | T 5.8.2 |



**Mopani District Municipality
(Registration number DC33)
Annual Financial Statements
for the year ended 30 June 2024**

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

General Information

| | |
|--|--|
| Legal form of entity | Local Government |
| Nature of business and principal activities | Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities, Bulk supply of water that affects a significant proportion of municipalities in the district Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district. Municipal Health Services serving the area of the district municipality as a whole Fire Fighting services serving the area of the district municipality as a whole. Disaster Management services Provision of the water and sanitation services |
| Accounting Officer | Mr T.J Mogano |
| Grading of local authority | 4 |
| Chief Finance Officer (CFO) | Ms SP. Mathevula |
| Registered office | Government Building Main Road Giyani 0826 |
| Business address | Government Building Main Road Giyani 0826 |
| Postal address | Private Bag X9687 Giyani 0826 |
| Bankers | First National Bank |
| Auditors | Auditor General - South Africa |

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

General Information

Attorneys

Selokela Mashola
Verveen Attorneys
Nyoffu Attorneys
Mphoke Magane Attorneys
M & M Maiwashe Attorneys
T C Pilusa Attorneys
Nkgapele & Nkgapele Attorneys
Moloko Phooko Attorneys
Machaka Inc
Phungo Incorporated
Ramusi Attorneys
Kovani Machete Attorneys
Mello Attorneys
Mafa & Associates
Ndobela & Associates
Phuthi Manamela Inc
M T Matsau Inc
Lebea & Associates
Mvundlela & Associates
Ngoako Seabela Incorporated
Mohaie Incorporated
Modjadji Raphesu Inc Attorneys
Mmakola Matsimela Attorneys
Maboku Mangena Attorneys
TJ Machete Attorneys
SC Mdhuli Inc Attorneys
Buthane Rasemana Attorneys
Michael Raphela Attorneys
Talane & Associates
P K Legodi Attorneys
Kgalla inc
Mabuza Attorneys
Phambane Mokone Attorneys
Raphela Attorneys
Mahumani Inc
M M Maiwashe Attorneys
Mahowa Attorneys
Machaba Inc

Audit Committee

Mr Modipane T.C CA(SA) Chairperson
Ms Mabuza J.M
Mr Lekoloane T.A
Mr Baloyi T.N

Executive Mayor

Cllr. P.J. Shayi
Cllr. NM. Maswanganyi (Speaker)
Cllr. M. Lewele (Chief Whip)

Mayoral committee

Cllr. NR. Khandlhela
Cllr. DJ. Mmetle Ramohlola (Resigned June 2024)
Cllr. MH. Sefufi

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

General Information

Other councillors

Cllr. NN. Baloyi
Cllr. ML. Maloko
Cllr. MS. Magomane
Cllr. MG. Mangena
Cllr. SL. Mohlala
Cllr. MD. Makhnanisa
Cllr. BA. Shibambu
Cllr. CM. Ramathoka
Cllr. FM. Moroatshehla
Cllr. MMA. Mathebula
Cllr. TJ. Senyolo
Cllr. RN. Sekgobela
Cllr. AT. Rabothata
Cllr. BT. Mabilo
Cllr. E. Hlungwani
Cllr. GE. Kobane (Resigned May 2024)
Cllr. HD. Lebeya
Cllr. MM. Mukhabele
Cllr. MP. Matlou
Cllr. NH. Tshimbana
Cllr. NJ. Mbhalati
Cllr. PJ. Mampeule
Cllr. PS. Mothomogolo (Chairperson of MPAC- From June 2024)
Cllr. RT. Mavundza
Cllr. SP. Letebele
Cllr. MJ. Rakgoale
Cllr. MN. Madike
Cllr. MW. Mohale
Cllr. S. Mavasa
Cllr. SS. Mathebula
Cllr. C. Stoltz
Cllr. DG. Mkhabela
Cllr. ML. Ramalepe
Cllr. SP. Mashumu
Cllr. WM. Maake
Cllr. J. Mashele
Cllr. MC. Morwatshehla
Cllr. MS. Baloyi
Cllr. SB. Ramoshaba
Cllr. SM. Shai
Cllr. MD. Selaelo
Cllr. TA. Mabaso
Cllr. Z. Ndhlovu
Cllr. MG. Letsoalo (Resigned)
Cllr. D. Malemela (Resigned)
Cllr. IN. Shivambo
Cllr. MS. Mangena
Cllr. Mabandla Patrick. Hlungwani (Resigned August 2023)

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

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

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Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Index

Abbreviations used:

| | |
|--------|---|
| SARS | South African Revenue Services |
| EPWP | Expanded Public Works Programme |
| CPI | Consumer Price Index |
| GRAP | Generally Recognised Accounting Practice |
| IAS | International Accounting Standards |
| IPSAS | International Public Sector Accounting Standards |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| PEMA | Post-Employment Medical Aid |
| SALGA | South African Local Government Association |
| SALGBC | South African Local Government Bargaining Council |
| MPAC | Municipal Public Accounts Committee |
| VAT | Value Added Taxation |
| PAYE | Pay As You Earn |
| UIF | Unemployment Insurance Fund |
| MDM | Mopani District Municipality |
| LSA | Long Service Award |
| ASB | Accounting Standards Board |

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

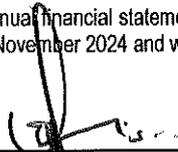
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

The annual financial statements set out on pages 7 to 115, which have been prepared on the going concern basis, were approved by the accounting officer on 29 November 2024 and were signed on its behalf by:



Mr T.J Mogano
Accounting Officer

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality operates in the Mopani district in South Africa and is involved in the following activities:

- Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities,
- Bulk supply of water that affects a significant proportion of municipalities in the district,
- Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district,
- Solid waste disposal sites serving the area of the district municipality as a whole,
- Municipal Health Services serving the area of the district municipality as a whole,
- Fire Fighting services serving the area of the district municipality as a whole,
- The establishment, conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole,
- Solid waste disposal sites serving the area of the district municipality as a whole,
- Disaster Management services, and
- Provision of the water and sanitation services.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 721 646 912 (2023: surplus R 501 815 334).

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 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. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will be met on time. Contingent liabilities will be managed accordingly.

The municipality continues to receive its equitable share in line with Constitutional mandate and the Division of Revenue Act.

As at 30 June 2023, the municipality's current liabilities exceed the current assets by R(882 477 350) (2023 : R(743 311 626)). However, the total assets of the municipality exceed total liabilities. The fact on its own does not bar the municipality to continue being a going concern given that going concern implies that the municipality will be in existence within 12 months of the balance sheet dates.

The following factors could have undermined the going concern assumptions indicated above if they were not properly managed as indicated:

- The municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The Local Municipalities are appointed as service providers and the District Municipality is the Water Service Authority;
- The litigation against the municipality to the value of R155 398 859 (2023: R174 259 418) provided continuity risk for the district municipality. However, management continues to monitor the risk by ensuring compliance.

Based on the above assessment done, the District Municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2024 under going concern assumptions. The municipality will continue with its endeavours to increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

| Name | Nationality |
|---------------|--------------------|
| Mr T.J Mogano | South Africa |

6. Bankers

The District Municipality banks with First National Bank.

7. Auditors

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

8. Accounting Officer's interest in contracts

The Accounting Officer declares that he has no interest whatsoever in the contracts of the Municipality.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

| | Notes | 2024 R | 2023 Restated* R |
|--|-------|-----------------------|------------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 3 | 31 626 664 | 32 737 425 |
| Operating lease asset | 11 | 699 568 | 699 568 |
| Receivables from exchange transactions | 4 | 61 862 319 | 100 338 099 |
| Receivables from non-exchange transactions | 5 | 126 862 075 | 52 005 619 |
| VAT receivable | 6 | 375 750 623 | 305 809 653 |
| Cash and cash equivalents | 7 | 180 979 567 | 18 477 337 |
| | | 777 780 816 | 510 067 701 |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 9 592 384 195 | 8 923 016 539 |
| Intangible assets | 9 | 5 336 378 | 2 804 853 |
| Heritage assets | 10 | 432 000 | 432 000 |
| Receivables from exchange transactions | 4 | 37 025 622 | 46 400 000 |
| Operating lease asset | 11 | 1 923 811 | 2 623 379 |
| | | 9 637 102 006 | 8 975 276 771 |
| Total Assets | | 10 414 882 822 | 9 485 344 472 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 12 | 1 284 017 126 | 885 318 268 |
| VAT payable | 13 | 287 366 701 | 250 903 140 |
| Consumer deposits | 14 | 4 039 483 | 4 091 085 |
| Employee benefit obligation | 15 | 9 930 583 | 6 130 359 |
| Unspent conditional grants and receipts | 17 | 74 904 273 | 106 936 475 |
| | | 1 660 258 166 | 1 253 379 327 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 15 | 97 688 557 | 79 012 605 |
| Payables from exchange transactions | 12 | 616 577 955 | 834 241 290 |
| | | 714 266 512 | 913 253 895 |
| Total Liabilities | | 2 374 524 678 | 2 166 633 222 |
| Net Assets | | 8 040 358 144 | 7 318 711 250 |
| Accumulated surplus | | 8 040 358 144 | 7 318 711 250 |
| Total Net Assets | | 8 040 358 144 | 7 318 711 250 |

* See Note 48

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

| | Notes | 2024 R | 2023 Restated* R |
|---|-------|------------------------|------------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 19 | 219 685 312 | 266 204 237 |
| Interest charged on overdue consumer accounts | 20 | 112 147 776 | 94 451 604 |
| Other income | 21 | 2 746 943 | 11 282 654 |
| Interest received - investment | 22 | 27 775 043 | 11 463 425 |
| Total revenue from exchange transactions | | 362 355 074 | 383 401 920 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and subsidies | 23 | 2 347 327 558 | 1 944 364 604 |
| Revenue from debt forgiveness | 24 | 9 952 251 | - |
| Public contributions and donations | 25 | - | 58 700 |
| Services in kind revenue | 26 | 3 159 924 | 2 953 200 |
| Other non-exchange income | 27 | 748 807 | 658 272 |
| Total revenue from non-exchange transactions | | 2 361 188 540 | 1 948 034 776 |
| Total revenue | | 2 723 543 614 | 2 331 436 696 |
| Expenditure | | | |
| Employee related costs | 28 | (520 952 477) | (488 410 164) |
| Remuneration of councillors | 29 | (16 181 245) | (15 890 084) |
| Depreciation and amortisation | 30 | (299 587 945) | (238 808 655) |
| Finance costs | 31 | (73 830 747) | (50 876 844) |
| Lease rentals on operating lease | 32 | (699 568) | (699 568) |
| Debt Impairment | 33 | (297 410 727) | (349 697 119) |
| Inventory consumed and bulk purchases | 34 | (266 552 831) | (195 462 387) |
| Contracted services | 35 | (114 636 548) | (99 945 682) |
| Transfers and Subsidies | 36 | - | (1 143 000) |
| Notional expenses | 26 | (3 159 924) | (2 953 200) |
| Operating expenses | 37 | (206 687 094) | (180 972 904) |
| Consulting and professional fees | 38 | (81 085 153) | (68 982 957) |
| Repairs and maintenance | 39 | (93 945 033) | (61 562 626) |
| VIP Toilets | 40 | (5 024 572) | (66 339 304) |
| Total expenditure | | (1 979 753 864) | (1 821 744 494) |
| Operating surplus | | 743 789 750 | 509 692 202 |
| Loss on disposal of assets and liabilities | 42 | (58 575) | (1 435 969) |
| Actuarial gains | 15 | 372 796 | 10 521 517 |
| Impairment and write off - assets | 41 | (22 100 004) | (16 962 416) |
| Inventories losses/write-downs | 3 | (357 055) | - |
| | | (22 142 838) | (7 876 868) |
| Surplus for the year | | 721 646 912 | 501 815 334 |

* See Note 48

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

| | Accumulated surplus / deficit R | Total net assets R |
|---|---------------------------------------|-----------------------|
| Opening balance as previously reported | 7 013 537 095 | 7 013 537 095 |
| Adjustments | | |
| Prior year adjustments 48 | (196 641 179) | (196 641 179) |
| Balance at 01 July 2022 as restated* | 6 816 895 916 | 6 816 895 916 |
| Changes in net assets | | |
| Surplus for the year | 501 815 334 | 501 815 334 |
| Total changes | 501 815 334 | 501 815 334 |
| Restated* Balance at 01 July 2023 | 7 318 711 232 | 7 318 711 232 |
| Changes in net assets | | |
| Surplus for the year | 721 646 912 | 721 646 912 |
| Total changes | 721 646 912 | 721 646 912 |
| Balance at 30 June 2024 | 8 040 358 144 | 8 040 358 144 |

* See Note 48

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

| | Note(s) | 2024 R | 2023 Restated* R |
|---|-----------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 120 476 375 | 108 142 743 |
| Grants | | 2 241 187 710 | 1 853 240 739 |
| Interest income | | 27 775 043 | 11 463 425 |
| VAT refunds | | 169 395 862 | 97 623 044 |
| Other receipts | | 3 448 853 | 12 882 482 |
| | | 2 562 283 843 | 2 083 352 433 |
| Payments | | | |
| Employee costs | | (530 294 615) | (517 248 910) |
| Suppliers | | (946 232 720) | (927 040 085) |
| Finance costs | | (149 032) | (3 331 924) |
| | | (1 476 676 367) | (1 447 620 919) |
| Net cash flows from operating activities | 43 | 1 085 607 476 | 635 731 514 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (919 796 024) | (646 733 154) |
| Proceeds from sale of property, plant and equipment | | - | 360 |
| Purchase of other intangible assets | 9 | (3 309 308) | - |
| Net cash flows from investing activities | | (923 105 332) | (646 732 794) |
| Cash flows from financing activities | | | |
| Finance lease payments | | - | (306 400) |
| Net increase/(decrease) in cash and cash equivalents | | 162 502 144 | (11 307 680) |
| Cash and cash equivalents at the beginning of the year | | 18 477 337 | 29 785 017 |
| Cash and cash equivalents at the end of the year | 7 | 180 979 481 | 18 477 337 |

* See Note 48

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|------------------------|---------------------|------------------------|--|---|-----------|
| | R | R | R | R | R | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 325 753 000 | - | 325 753 000 | 219 685 312 | (106 067 688) | [BC1] |
| Interest charged on overdue consumer | 79 281 000 | - | 79 281 000 | 112 147 776 | 32 866 776 | [BC3] |
| Other income | 3 565 000 | 550 000 | 4 115 000 | 2 746 943 | (1 368 057) | [BC2] |
| Investment revenue | 4 000 000 | - | 4 000 000 | 27 775 043 | 23 775 043 | [BC3] |
| Total revenue from exchange transactions | 412 599 000 | 550 000 | 413 149 000 | 362 355 074 | (50 793 926) | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants and subsidies | 1 828 306 000 | (79 153 000) | 1 749 153 000 | 2 347 327 558 | 598 174 558 | [BC4] |
| Levies | - | - | - | 9 952 251 | 9 952 251 | [BC13] |
| Services in kind revenue | - | - | - | 3 159 924 | 3 159 924 | [BC14] |
| Other non-exchange income | - | - | - | 748 807 | 748 807 | |
| Total revenue from non-exchange transactions | 1 828 306 000 | (79 153 000) | 1 749 153 000 | 2 361 188 540 | 612 035 540 | |
| Total revenue | 2 240 905 000 | (78 603 000) | 2 162 302 000 | 2 723 543 614 | 561 241 614 | |
| Expenditure | | | | | | |
| Employee related costs | (473 007 000) | (55 430 000) | (528 437 000) | (520 952 477) | 7 484 523 | [BC5] |
| Remuneration of councillors | (12 468 000) | (7 645 000) | (20 113 000) | (16 181 245) | 3 931 755 | [BC6] |
| Depreciation and amortisation | (450 000 000) | 156 652 000 | (293 348 000) | (299 587 945) | (6 239 945) | [BC7] |
| Impairment loss/ Reversal of impairments | - | - | - | (22 100 004) | (22 100 004) | [BC16] |
| Finance costs | (54 828 000) | 26 850 000 | (27 978 000) | (73 830 747) | (45 852 747) | [BC8] |
| Lease rentals on operating lease | - | - | - | (699 568) | (699 568) | |
| Debt Impairment | (63 714 000) | - | (63 714 000) | (297 410 727) | (233 696 727) | [BC9] |
| Inventory consumed and bulk purchases | (409 898 000) | 2 350 000 | (407 548 000) | (266 552 831) | 140 995 169 | [BC10] |
| Contracted Services | (115 544 000) | (69 939 000) | (185 483 000) | (114 636 548) | 70 846 452 | [BC11] |
| Notional expenses | - | - | - | (3 159 924) | (3 159 924) | [BC17] |
| Operating expenses | (109 946 000) | (57 452 000) | (167 398 000) | (386 741 852) | (219 343 852) | [BC12] |
| Total expenditure | (1 689 405 000) | (4 614 000) | (1 694 019 000) | (2 001 853 868) | (307 834 868) | |
| Operating surplus | 551 500 000 | (83 217 000) | 468 283 000 | 721 689 746 | 253 406 746 | |
| Loss on disposal of assets and liabilities | - | - | - | (58 575) | (58 575) | |
| Actuarial gains/losses | - | - | - | 372 796 | 372 796 | |
| Inventories losses/write-downs | - | - | - | (357 055) | (357 055) | |
| | - | - | - | (42 834) | (42 834) | |
| Surplus | 551 500 000 | (83 217 000) | 468 283 000 | 721 646 912 | 253 363 912 | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------------|----------------------|-----------------------|------------------------------------|--|-----------|
| | R | R | R | R | R | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 40 439 000 | 2 350 000 | 42 789 000 | 31 626 664 | (11 162 336) | [BC18] |
| Operating lease asset | - | - | - | 699 568 | 699 568 | |
| Receivables from exchange transactions | 1 674 386 000 | (171 281 000) | 1 503 105 000 | 61 862 319 | (1 441 242 681) | [BC19] |
| Receivables from non-exchange transactions | 2 501 000 | 23 973 000 | 26 474 000 | 126 862 075 | 100 388 075 | [BC20] |
| VAT receivable | 226 870 000 | - | 226 870 000 | 375 750 623 | 148 880 623 | [BC15] |
| Other current assets | 8 183 000 | - | 8 183 000 | - | (8 183 000) | [BC22] |
| Cash and cash equivalents | 726 245 000 | (38 596 000) | 687 649 000 | 180 979 567 | (506 669 433) | [BC23] |
| | 2 678 624 000 | (183 554 000) | 2 495 070 000 | 777 780 816 | (1 717 289 184) | |
| Non-Current Assets | | | | | | |
| Property, plant and equipment | 8 739 266 000 | 180 444 000 | 8 919 710 000 | 9 592 384 195 | 672 674 195 | [BC24] |
| Intangible assets | 4 792 000 | (1 150 000) | 3 642 000 | 5 336 378 | 1 694 378 | [BC25] |
| Heritage assets | 432 000 | - | 432 000 | 432 000 | - | |
| Receivables from exchange transactions | - | - | - | 37 025 622 | 37 025 622 | [BC19] |
| Operating lease asset | 4 025 000 | - | 4 025 000 | 1 923 811 | (2 101 189) | [BC27] |
| | 8 748 515 000 | 179 294 000 | 8 927 809 000 | 9 637 102 006 | 709 293 006 | |
| Total Assets | 11 427 139 000 | (4 260 000) | 11 422 879 000 | 10 414 882 822 | (1 007 996 178) | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Finance lease obligation | 1 886 203 000 | - | 1 886 203 000 | - | (1 886 203 000) | [BC28] |
| Payables from exchange transactions | 837 773 000 | 36 185 000 | 873 958 000 | 1 284 017 126 | 410 059 126 | |
| VAT payable | - | - | - | 287 366 701 | 287 366 701 | [BC15] |
| Consumer deposits | 3 867 000 | - | 3 867 000 | 4 039 483 | 172 483 | |
| Employee benefit obligation | - | - | - | 9 930 583 | 9 930 583 | [BC30] |
| Unspent conditional grants and receipts | 82 205 000 | 42 134 000 | 124 339 000 | 74 904 273 | (49 434 727) | [BC31] |
| Landfill site provision | 60 442 000 | 640 000 | 61 082 000 | - | (61 082 000) | [BC26] |
| | 2 870 490 000 | 78 959 000 | 2 949 449 000 | 1 660 258 166 | (1 289 190 834) | |
| Non-Current Liabilities | | | | | | |
| Finance lease obligation | 636 402 000 | - | 636 402 000 | - | (636 402 000) | [BC28] |
| Employee benefit obligation | 58 625 000 | - | 58 625 000 | 97 688 557 | 39 063 557 | [BC30] |
| Landfill site provision | 33 527 000 | - | 33 527 000 | - | (33 527 000) | [BC26] |
| Payables from exchange transactions | - | - | - | 616 577 955 | 616 577 955 | [BC29] |
| | 728 554 000 | - | 728 554 000 | 714 266 512 | (14 287 488) | |
| Total Liabilities | 3 599 044 000 | 78 959 000 | 3 678 003 000 | 2 374 524 678 | (1 303 478 322) | |
| Net Assets | 7 828 095 000 | (83 219 000) | 7 744 876 000 | 8 040 358 144 | 295 482 144 | |
| Net Assets | | | | | | |
| Reserves | | | | | | |
| Accumulated surplus | 7 828 095 000 | (83 219 000) | 7 744 876 000 | 8 040 358 144 | 295 482 144 | [BC21] |

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Budget on Accrual Basis

| Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|-----------------|-------------|--------------|------------------------------------|--|-----------|
| R | R | R | R | R | |

[BC1] The 2023/24 projections were based on the tariffs as approved by the District in consultation with the locals. All municipalities basic tariff has been increased by 5%.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|
| | R | R | R | R | R | |

[BC2] This is due to high volume of tender documents sold and the collection of revenue on other services like fire services and EHP.

[BC3] The positive cashflow position throughout financial year with high interest received more than anticipated.

[BC4] The variance is due to WSIG 6B and RBIG Mamelja Sekororo grants.

[BC5] The variance is due to reduction of overtime to essential service workers.

[BC6] The council remuneration was adjusted during budget adjustment as was not accurately budgeted.

[BC7] The variance is due to under budgeting of depreciation and amortisation.

[BC8] Delaying in paying LNW invoices due to lack of new repayment agreement.

[BC9] The variance is due to increased rate of non-payment by consumers.

[BC10/11/12] The variance is due to reclassification among operating expenses.

[BC13] The variance is due to revenue from debt forgiveness that was not budgeted for.

[BC14] The variance is due to services in kind revenue that was not budgeted for.

[BC15] The variance is due to lower service charges than budgeted.

[BC16] The variance is due to impairment loss which was not budgeted for.

[BC17] The variance is due to notional expenses that were not budgeted for.

[BC18] The variance is due high consumption of inventory, leading lower inventory balances at year end.

[BC19] The variance is due to lower consumption than budgeted, leading to lower service charges.

[BC20] The variance is due to WSIG and Mamelja Sekororo grants.

[BC21] The variance is due to income from grants that was higher than budgeted for.

[BC22]

[BC23] The variance is due to more payments made.

[BC24] The variance is due to work in progress and additions to assets.

[BC25] The variance is due to additions to the intangible assets.

[BC26] The variance is due to landfill site that was budgeted for and was not incurred.

[BC27] The variance is due to lesser amount of operating leases paid in advance.

[BC28] The entity did not have finance leases, hence the variance.

[BC29] The variance is due higher operational expenses.

[BC30] The variance is due to employee benefit expenses that were higher than budgeted.

[BC31] The variance is due WSIG grant.

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|------------------------|----------------------|------------------------|--|---|-----------|
| | R | R | R | R | R | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Sale of goods and services | 349 726 000 | (23 973 000) | 325 753 000 | 120 476 375 | (205 276 625) | |
| Grants | 1 827 706 000 | - | 1 827 706 000 | 2 241 187 710 | 413 481 710 | |
| Interest income | 4 000 000 | - | 4 000 000 | 27 775 043 | 23 775 043 | |
| Other receipts | 4 100 000 | 92 550 000 | 96 650 000 | 3 448 853 | (93 201 147) | |
| VAT refunds | - | - | - | 169 395 862 | 169 395 862 | |
| | 2 185 532 000 | 68 577 000 | 2 254 109 000 | 2 562 283 843 | 308 174 843 | |
| Payments | | | | | | |
| Suppliers and employees | (1 181 032 000) | (164 220 000) | (1 345 252 000) | (1 476 527 335) | (131 275 335) | |
| Finance costs | - | (1 128 000) | (1 128 000) | (149 032) | 978 968 | |
| | (1 181 032 000) | (165 348 000) | (1 346 380 000) | (1 476 676 367) | (130 296 367) | |
| Net cash flows from operating activities | 1 004 500 000 | (96 771 000) | 907 729 000 | 1 085 607 476 | 177 878 476 | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (447 409 000) | (31 067 000) | (478 476 000) | (919 796 024) | (441 320 024) | |
| Purchase of other intangible assets | - | - | - | (3 309 308) | (3 309 308) | |
| Net cash flows from investing activities | (447 409 000) | (31 067 000) | (478 476 000) | (923 105 332) | (444 629 332) | |
| Net increase/(decrease) in cash and cash equivalents | 557 091 000 | (127 838 000) | 429 253 000 | 162 502 144 | (266 750 856) | |
| Cash and cash equivalents at the beginning of the year | 169 183 000 | - | 169 183 000 | 18 477 337 | (150 705 663) | |
| Cash and cash equivalents at the end of the year | 726 274 000 | (127 838 000) | 598 436 000 | 180 979 481 | (417 456 519) | |

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

| | Note(s) | 2024 R | 2023 R |
|--|---------|-----------|-----------|
|--|---------|-----------|-----------|

1. Significant account 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 (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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.

1.3 Going concern assumption

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

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Offsetting

Financial assets and liabilities are offset, and net amount reported on the statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 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:

Receivables from exchange transactions

The municipality assesses its receivables from exchange transactions 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 receivables from exchange transactions 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 receivable 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 replacement cost. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available, estimated expenditure to be incurred to settle the liability is recognised as a provision. Where the effect of time value of money is material, the liability is discounted. Additional disclosure of these estimates of provisions are included in note 18 - Landfill site provision.

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

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

Allowance for doubtful debts

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

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows:

The municipality assesses whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit. The municipality also considers whether it has the power to direct significant terms and conditions of the transaction in determining whether it is an agent or principal.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Additional information is disclosed in Note 58.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

Point that water meet the definition of inventory

Key judgements made and assumptions applied to establish where water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory, are as follows:

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not classified as inventory.

Designation of assets as non-cash-generating, or cash-generating

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made based on a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cashgenerating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Long services awards

The entitlement to long service award benefits is based on the employee remaining in service and the completion of a minimum service period of 10 years. Independent qualified actuaries carry out valuations of these obligations using the projected unit method. The assumptions used in determining the liability include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service award. Additional information is disclosed in Note 15.

Subsequent events

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the balance sheet date are disclosed by way of note to the financial statements.

Disclosure for each material category of non - adjusting events after the reporting date is done disclosing the nature of the event and the estimation of its financial effect of a statement that such an estimation cannot be made.

1.7 Property, plant and equipment

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

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

Initial measurement

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Subsequent measurement

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

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

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 | 10 - 30 years |
| Plant and machinery | Straight-line | 4 - 10 years |
| Furniture and fixtures | Straight-line | 5 - 7 years |
| Motor vehicles | Straight-line | 7 - 15 years |
| IT equipment | Straight-line | 4 years |
| Specialised vehicles | Straight-line | 15 years |
| Water reservoir reticulation | Straight-line | 5 - 60 years |
| Sewerage purification | Straight-line | 5 - 60 years |

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Accounting Policies

1.7 Property, plant and equipment (continued)

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

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.

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.

Derecognition

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 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

1.8 Site restoration and dismantling cost

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

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.

1.9 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.

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Accounting Policies

1.9 Intangible assets (continued)

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.

Initial recognition

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.

Subsequent measurement

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight-line | 5 years |
| Licenses | Straight-line | 5 years |

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Derecognition

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).

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1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

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.

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.

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Accounting Policies

1.10 Heritage assets (continued)

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising 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).

1.11 Financial instruments

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

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

Financial instruments comprise of financial assets and liabilities in accordance with GRAP 104.

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

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

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

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

A financial asset is:

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

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

A residual interest is any contract that entitles the holder to an interest in the assets of a municipality after deducting all of its liabilities net assets.

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

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

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

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

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

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

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

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

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

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1.11 Financial instruments (continued)

Classification

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

| Class | Category |
|--|--|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Receivables from exchange transactions | Financial asset measured at amortised cost |

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

| Class | Category |
|-------------------------------------|--|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits | Financial liability measured at amortised cost |

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

- Financial instruments at amortised cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, 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.

Short term receivables and payables are not discounted were initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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1.11 Financial instruments (continued)

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 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.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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.

Financial liabilities

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

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Accounting Policies

1.11 Financial instruments (continued)

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 municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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.

1.12 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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

The municipality does not charge any interest on statutory receivables.

Other charges

The municipality does not levy any other charges statutory receivables.

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Accounting Policies

1.12 Statutory receivables (continued)

Impairment losses

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

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

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

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

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

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

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

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.

1.13 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.

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1.13 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.14 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost 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.

Water inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

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Accounting Policies

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

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Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.16 Net Assets

Net assets consist of residual interest of the municipality after deducting all of its liabilities.

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Accounting Policies

1.17 Employee benefits

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

The Municipality provides short term benefits, long term benefits and long service awards for its employees and councillors.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

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1.17 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

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Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

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

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

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

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

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

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;

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Accounting Policies

1.17 Employee benefits (continued)

- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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

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

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

The municipality provides post-employment medical care benefits to retired employees after completion of a minimum service period. The expected cost of these benefits is accrued over the life expectancy of the retired employees.

The Municipality has an obligation to provide Long-service Allowance Benefits to all its employees.

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Accounting Policies

1.17 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

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Accounting Policies

1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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

1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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Accounting Policies

1.20 Revenue from exchange transactions (continued)

Services charges

Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

Interest income

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.

1.21 Revenue from non-exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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.

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.

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

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

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

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Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Conditional grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of noncompliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Debt forgiveness and assumption of liabilities

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

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

Re-imbursive Grant Receivable

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.

Grants are recognized as non-exchange receivables to the extent that the Municipality has incurred expenditure prior to receiving the grant payout.

Gifts and donations, including goods in-kind

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. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of noncompliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Services in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and 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. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

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.

1.22 Investment income

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

1.23 Borrowing costs

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

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Accounting Policies

1.23 Borrowing costs (continued)

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

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Accounting Policies

1.24 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

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Accounting Policies

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

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.

1.27 Fruitless and wasteful expenditure

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

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

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.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

Irregular expenditure disclosed in the annual financial statements will comprise irregular expenditure incurred in the current year, whilst irregular expenditure incurred in the previous financial year will be disclosed as a comparative amount in the annual financial statements.

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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Accounting Policies

1.30 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2023/06/30.

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

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

1.31 Related parties

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

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

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

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

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

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

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

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

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

1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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.

1.33 Additional disclosure in terms of Municipal Finance Management Act

The Municipal Finance Management Act requires the Municipality to disclose details of amounts invoiced, amounts paid and outstanding balances relating to Contributions to organised local government, Audit fees, payments to SARS in respect of employee taxes (PAYE, UIF and SDL), Pension and Medical Aid Deductions as well as VAT. The Municipality collects such information from its records and disclosed it in Note 55.

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Accounting Policies

1.34 Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the South African Revenue Service is included as part of receivables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis. VAT control debit and credit accounts (recognised on transaction(s) date before payments) are presented on a net basis and they do not form part of financial instruments. Once payments are received or paid, the VAT receivable or payable from/(to) SARS is presented on a net basis and is accounted as a statutory receivable under GRAP 108 or statutory payable in line with GRAP 19.

VAT input accrual is recorded on the transaction date as a receivable and is reported under current assets together with VAT receivable on the same note in the Statement of Financial Position.

VAT output accrual is recorded as a payable on transaction date and is reported under current liabilities (VAT payable) on the Statement of Financial Position.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| 2024 | 2023 |
|------|------|
| R | R |

2. New standards and interpretations

2.1 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:

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set by the Minister of Finance.

The municipality expects to adopt the revised standard for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the revisions is for years beginning on or after 01 April 2025.

The municipality expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

3. Inventories

| | | |
|---------------------------|-------------------|-------------------|
| Consumable stores | 31 978 428 | 32 651 526 |
| Water for distribution | 5 291 | 85 899 |
| | 31 983 719 | 32 737 425 |
| Inventories (write-downs) | (357 055) | - |
| | 31 626 664 | 32 737 425 |

Inventories recognised as an expense during the year 19 833 755 9 705 104

Inventories pledged as security

No inventory was pledged as security in the period under review.

Inventories gains/(write-downs)

Inventories losses/write-downs (357 055) -

The loss arose due to inventory price variances at year end.

4. Receivables from exchange transactions

| | | |
|---|-------------------|--------------------|
| Ba - Phalaborwa Municipality [4.1] | - | - |
| Consumer debtors - Water and sanitation [4.2] | 85 610 902 | 135 131 754 |
| Eskom - deposits | 10 641 583 | 10 537 645 |
| Payroll control | 1 574 519 | 23 274 |
| Prepaid expenditure [4.3] | 446 553 | 458 019 |
| Service providers [4.4] | 254 679 | 130 714 |
| Staff debtors [4.5] | 359 705 | 456 693 |
| | 98 887 941 | 146 738 099 |

| | | |
|--------------------|-------------------|--------------------|
| Non-current assets | 37 025 622 | 46 400 000 |
| Current assets | 61 862 319 | 100 338 099 |
| | 98 887 941 | 146 738 099 |

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

| | | |
|---------------------|----------------|----------------|
| Prepaid expenditure | 446 553 | 458 019 |
| Staff debtors | 359 705 | 456 693 |
| | 806 258 | 914 712 |

Financial asset receivables included in receivables from exchange transactions above 98 081 683 145 823 387

Total receivables from exchange transactions 98 887 941 146 738 099

There are no statutory receivable in the receivables from exchange transactions disclosed above.

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|-----------|-----------|
|--|-----------|-----------|

4. Receivables from exchange transactions (continued)

4.1. Ba - Phalaborwa Municipality

The debt owed by Ba-Phalaborwa Local Municipality has been impaired at year end following the assessment performed by Council. This was mainly informed by the realisation that the prospects of ever getting cash out of this reasonable are very minimum. The table below details the gross amount as well as impairment:

| Description | 2024 R | 2023 R |
|---------------------------|---------------|---------------|
| Gross carrying amount | 532 395 553 | 461 852 438 |
| Less impairment allowance | (532 395 553) | (461 852 438) |
| | - | - |

The loan account is broken down into loan accounts and agency fees as tabulated below:

| Description | 2024 R | 2023 R |
|---------------------|--------------|--------------|
| Loan Balance | 615 147 002 | 533 383 764 |
| Agency Fees Payable | (82 751 449) | (71 531 326) |
| | 532 395 553 | 461 852 438 |

| 2024 | Ba- Phalaborwa | Total |
|---------------------|-------------------|---------------|
| Loan Balance | 615 147 002 | 615 147 002 |
| Agency Fees Payable | (82 751 449) | (82 751 449) |
| Subtotal | 532 395 553 | 532 395 553 |
| Impairment | (532 395 553) | (532 395 553) |
| | - | - |

| 2023 | Ba- Phalaborwa | Total |
|---------------------|-------------------|---------------|
| Loan Balance | 533 383 764 | 533 383 764 |
| Agency Fees Payable | (71 531 326) | (71 531 326) |
| Subtotal | 461 852 438 | 461 852 438 |
| Less Impairment | (461 852 438) | (461 852 438) |
| | - | - |

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|------------------------|------------------------|
| 4. Receivables from exchange transactions (continued) | | |
| 4.2. Consumer debtors - Water and sanitation | | |
| The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts. | | |
| Gross balances | | |
| Sewerage | 372 841 234 | 332 403 356 |
| Water | 1 933 746 833 | 1 796 595 974 |
| | 2 306 588 067 | 2 128 999 330 |
| Less: Allowance for impairment | | |
| Sewerage | (367 664 987) | (320 831 396) |
| Water | (1 853 312 175) | (1 673 036 231) |
| | (2 220 977 162) | (1 993 867 627) |
| Net balance | | |
| Sewerage | 5 176 247 | 11 571 960 |
| Water | 80 434 658 | 123 559 743 |
| | 85 610 905 | 135 131 703 |
| Sewerage - Ageing | | |
| Current (0 -30 days) | 5 990 151 | 30 552 492 |
| 31 - 60 days | 4 302 251 | 3 703 037 |
| 61 - 90 days | 4 045 119 | 3 492 236 |
| 91 - 120 days | 3 847 057 | 3 338 077 |
| 121 - 365 days | 354 656 657 | 291 317 515 |
| | 372 841 235 | 332 403 357 |
| Water - Ageing | | |
| Current (0 -30 days) | 28 308 074 | 158 925 803 |
| 31 - 60 days | 17 143 408 | 26 433 455 |
| 61 - 90 days | 17 646 206 | 27 046 929 |
| 91 - 120 days | 17 179 266 | 32 925 097 |
| 121 - 365 days | 1 853 469 878 | 1 551 264 690 |
| | 1 933 746 832 | 1 796 595 974 |

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| | 2024 R | 2023 R |
|--|------------------------|------------------------|
| 4. Receivables from exchange transactions (continued) | | |
| Summary of debtors by customer classification | | |
| Consumers | | |
| Current (0 -30 days) | 29 167 020 | 147 543 502 |
| 31 - 60 days | 19 056 701 | 22 380 570 |
| 61 - 90 days | 19 218 922 | 23 718 167 |
| 91 - 120 days | 18 781 038 | 27 311 859 |
| 121 - 365 days | 2 061 250 604 | 1 577 787 557 |
| Subtotal | 2 147 474 285 | 1 798 741 655 |
| Less: Allowance for impairment | (2 122 389 790) | (1 764 027 179) |
| | 25 084 495 | 34 714 476 |
| Industrial / commercial | | |
| Current (0 -30 days) | 3 076 283 | 15 709 343 |
| 31 - 60 days | 1 413 838 | 4 786 782 |
| 61 - 90 days | 1 485 147 | 4 197 543 |
| 91 - 120 days | 1 301 738 | 4 623 847 |
| 121 - 365 days | 75 957 596 | 107 526 631 |
| Subtotal | 83 234 602 | 136 844 146 |
| Less: Allowance for impairment | (79 066 413) | (100 955 281) |
| | 4 168 189 | 35 888 865 |
| National and provincial government | | |
| Current (0 -30 days) | 2 054 922 | 26 225 450 |
| 31 - 60 days | 975 120 | 2 969 140 |
| 61 - 90 days | 987 256 | 2 623 454 |
| 91 - 120 days | 943 547 | 4 327 468 |
| 121 - 365 days | 70 918 335 | 157 268 016 |
| Subtotal | 75 879 180 | 193 413 528 |
| Less: Allowance for impairment | (19 520 958) | (128 885 167) |
| | 56 358 222 | 64 528 361 |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (1 993 867 627) | (1 590 315 351) |
| Amounts written off as uncollectible | - | 217 106 |
| Contributions to allowance | (227 109 535) | (403 769 382) |
| | (2 220 977 162) | (1 993 867 627) |

Receivables breakdown by municipality

The table below shows the gross consumer debtors by category and municipality of origin as well as related impairment.

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| | 2024 | | | | | | 2023 | |
|--|----------------------|--------------------|--------------------|--------------------|------------------|-------------------|----------------------|--|
| | R | | | | | | R | |
| 4. Receivables from exchange transactions (continued) | | | | | | | | |
| 2024 | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng | Vhembe | Total | |
| Sewerage | 221 842 862 | 40 376 937 | 52 629 391 | 57 273 574 | 718 470 | - | 372 841 234 | |
| Water | 1 417 308 681 | 178 130 912 | 208 378 122 | 68 073 013 | 7 760 334 | 54 095 770 | 1 933 746 832 | |
| Subtotal | 1 639 151 543 | 218 507 849 | 261 007 513 | 125 346 587 | 8 478 804 | 54 095 770 | 2 306 588 066 | |
| Less: Allowance for impairment sewerage | (219 385 425) | (38 306 265) | (52 427 642) | (56 930 728) | (614 928) | - | (367 664 988) | |
| Less: Allowance for impairment - Water | (1 406 748 413) | (166 272 475) | (207 102 323) | (67 000 458) | (6 188 507) | - | (1 853 312 176) | |
| | 13 017 705 | 13 929 109 | 1 477 548 | 1 415 401 | 1 675 369 | 54 095 770 | 85 610 902 | |
| 2023 | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng | Vhembe | Total | |
| Sewerage | 199 235 697 | 35 419 686 | 46 003 904 | 51 103 322 | 640 748 | - | 332 403 357 | |
| Water | 1 317 878 487 | 157 374 421 | 193 481 818 | 63 933 962 | 5 927 286 | 58 000 000 | 1 796 595 974 | |
| Subtotal | 1 517 114 184 | 192 794 107 | 239 485 722 | 115 037 284 | 6 568 034 | 58 000 000 | 2 128 999 331 | |
| Less: Allowance for impairment Sewerage | (197 545 234) | (26 159 899) | (45 812 384) | (50 777 664) | (536 215) | - | (320 831 396) | |
| Less: Allowance for impairment - Water | (1 292 895 994) | (120 172 835) | (192 756 781) | (61 860 375) | (5 350 246) | - | (1 673 036 231) | |
| | 26 672 956 | 46 461 373 | 916 557 | 2 399 245 | 681 573 | 58 000 000 | 135 131 704 | |

Consumer debtors pledged as security

There were no consumer receivables that were pledged as security against any of the municipal liabilities at year end.

4.3. Prepaid expenditure

Prepaid expenditure relates to fuel that has been paid in advance at the end of the year.

4.4. Service providers

Service provider debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

| Description | | |
|---------------------------|----------------|----------------|
| Gross carrying amount | 8 706 242 | 8 807 277 |
| Less impairment allowance | (8 451 563) | (8 676 562) |
| | 254 679 | 130 715 |

4.5. Staff debtors

Staff debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

| Description | | |
|---------------------------|----------------|----------------|
| Gross carrying amount | 4 151 913 | 4 265 824 |
| Less impairment allowance | (3 792 208) | (3 809 131) |
| | 359 705 | 456 693 |

Trade and other receivables pledged as security

There were no receivables from exchange transactions that were pledged as security against any of the municipal liabilities at year end.

Credit quality of trade and other receivables

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| | 2024 R | 2023 R |
|--|--------------------|-------------------|
| 4. Receivables from exchange transactions (continued) | | |
| The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts. | | |
| Trade and other receivables past due but not impaired | | |
| Consumer debtors which are between 0-30 days are not to be impaired. As at 30 June 2024, R34 298 225 (2023: R189 478 295) was current and not impaired. | | |
| Trade and other receivables impaired | | |
| As of 30 June 2024, trade and other receivables of R2 272 289 842 (2023: R1 939 521 036) were impaired and provided for. | | |
| The amount of impairment was R2 220 977 162 as of 30 June 2024 (2023: R1 993 867 627). | | |
| 5. Receivables from non-exchange transactions | | |
| Government grants and subsidies | 126 862 075 | 52 005 619 |
| Statutory receivables included in receivables from non-exchange transactions above are as follows: | | |
| Government grants: DWS | 126 862 075 | 52 005 619 |
| Total receivables from non-exchange transactions | 126 862 075 | 52 005 619 |
| Statutory receivables general information | | |
| Transaction(s) arising from statute | | |
| Funding receivable from DWS represents grants payable by DWS to the municipality upon completion of work done. In terms of the grant arrangements, the municipality first appoints contractors and performs the work on the projects and then uses the value of work performed to claim from the DWS. The receivable at the end of year represents invoices claimed from the DWS but not yet received at year end. | | |
| Interest or other charges levied/charged | | |
| The Municipality does not charge any interest on outstanding statutory receivables. | | |
| Basis used to assess and test whether a statutory receivable is impaired | | |
| No impairment was considered necessary as all DWS receivables were subsequently received after year end. None of these receivables have been pledged as security for the Municipality's financial liabilities. | | |
| Receivables from non-exchange transactions pledged as security | | |
| There are no receivables from non-exchange transactions that were pledged as security. | | |
| Grants Receivable are made up of the following | | |
| DWS - WSIG schedule 6b grants | 113 588 132 | 39 906 361 |
| DWS - RBIG Mametja Sekororo | 13 273 943 | 12 099 259 |
| | 126 862 075 | 52 005 620 |

Prior year adjustments

The Municipality omitted these items from statutory disclosures of the previous financial year.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--------------------------|-------------|-------------|
| 6. VAT receivable | | |
| VAT | 375 750 623 | 305 809 653 |

The VAT receivable is made up of the following:

| | | |
|-----------------------|--------------------|--------------------|
| VAT Input accrued [1] | 354 890 927 | 236 350 970 |
| VAT due from SARS [2] | 20 859 696 | 69 458 683 |
| | 375 750 623 | 305 809 653 |

VAT Input accrued [1]

This relates to the portion of input (invoices) that the Municipality has not yet paid over to suppliers (Accrual). Therefore, the Municipality is not yet entitled to claim from SARS until it pays them. In terms of the ASB's Fact sheet 11 - Classification of VAT it is not appropriate to net off this portion with that of sales output accrual reported under VAT payables in note 13.

VAT due from SARS [2]

This represents the VAT returns submitted to SARS and assessed but the refunds were only received by the Municipality after year end. This is a statutory receivable based on the ASB's ASB's Fact sheet 11 - Classification of VAT which clarified the matter. The balance is analysed as tabulated below:

| | | |
|---|-------------------|-------------------|
| Opening balance | 69 458 683 | 32 897 175 |
| Input VAT for the year | 141 575 440 | 153 214 955 |
| Output VAT for the year | (20 778 565) | (19 030 403) |
| Refunds received | (169 395 862) | (97 623 044) |
| Closing balance (Statutory receivable) | 20 859 696 | 69 458 683 |

7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|--------------------|-------------------|
| Bank balances | 18 431 519 | 3 166 975 |
| Short-term deposits | 162 548 048 | 15 310 362 |
| | 180 979 567 | 18 477 337 |

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit quality of cash at bank and short term deposits, excluding cash on hand has been disclosed on Note 49.

Cash and cash equivalents pledged as collateral

No item of cash and cash equivalents has been pledged as security.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 | | | 2023 | | |
|---|-------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | R | | | R | | |
| 7. Cash and cash equivalents (continued) | | | | | | |
| The municipality had the following bank accounts | | | | | | |
| Account number / description | Bank statement balances | | | Cash book balances | | |
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| FNB - Public Sector Cheque - 62854372093 [1] | 18 190 825 | 3 200 900 | 64 092 | 18 431 527 | 3 166 975 | 1 632 761 |
| FNB - Money On Call - 62858452205 | 73 143 773 | 6 777 170 | 26 854 | 73 143 773 | 6 777 170 | 26 854 |
| FNB - Money On Call - 62858453568 | 89 404 274 | 8 533 192 | 28 125 402 | 89 404 274 | 8 533 192 | 28 125 402 |
| Total | 180 738 872 | 18 511 262 | 28 216 348 | 180 979 574 | 18 477 337 | 29 785 017 |

[1] The difference between the cash book balance and bank statement was due to valid reconciling items which all cleared after year end.

8. Property, plant and equipment

| | 2024 | | | 2023 | | |
|-------------------------------------|-----------------------|---|----------------------|-----------------------|---|----------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Buildings | 194 504 884 | (98 594 394) | 95 910 490 | 193 866 284 | (91 069 092) | 102 797 192 |
| Infrastructure | 8 947 994 933 | (2 750 037 390) | 6 197 957 543 | 8 835 907 984 | (2 459 037 627) | 6 376 870 357 |
| Land | 11 980 776 | - | 11 980 776 | 11 980 776 | - | 11 980 776 |
| Other property, plant and equipment | 200 833 899 | (125 857 837) | 74 976 062 | 190 030 196 | (105 309 724) | 84 720 472 |
| Work in progress | 3 211 559 324 | - | 3 211 559 324 | 2 346 647 742 | - | 2 346 647 742 |
| Total | 12 566 873 816 | (2 974 489 621) | 9 592 384 195 | 11 578 432 982 | (2 655 416 443) | 8 923 016 539 |

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Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Disposals/written off | Transfers | Change in rehabilitation estimate for landfill [1] | Depreciation | Impairment loss | Total |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------|--|----------------------|---------------------|----------------------|
| Buildings | 102 797 192 | 638 600 | - | - | - | (7 525 302) | - | 95 910 490 |
| Infrastructure | 6 376 870 357 | 32 755 101 | (34 958) | 79 542 422 | - | (272 880 522) | (18 294 857) | 6 197 957 543 |
| Land | 11 980 776 | - | - | - | - | - | - | 11 980 776 |
| Other property, plant and equipment | 84 720 472 | 10 840 876 | (23 617) | - | - | (18 571 234) | (1 990 435) | 74 976 062 |
| Work in progress | 2 346 647 742 | 946 101 917 | - | (79 542 422) | - | - | (1 647 913) | 3 211 559 324 |
| | 8 923 016 539 | 990 336 494 | (58 575) | - | - | (298 977 058) | (21 933 205) | 9 592 384 195 |

Reconciliation of property, plant and equipment - 2023

| | Opening balance | Additions | Disposals/written off | Transfers | Change in rehabilitation estimate for landfill [1] | Depreciation | Impairment loss | Total |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------|--|----------------------|---------------------|----------------------|
| Buildings | 110 816 960 | - | - | - | - | (8 019 788) | - | 102 797 192 |
| Infrastructure | 6 574 784 528 | 31 314 760 | (5 935 804) | - | (1 238 931) | (205 637 244) | (16 416 952) | 6 376 870 357 |
| Land | 11 980 776 | - | - | - | - | - | - | 11 980 776 |
| Other leased Assets | 47 600 188 | - | - | (47 600 188) | - | - | - | - |
| Other property, plant and equipment | 52 834 043 | 2 933 140 | - | 47 600 188 | - | (18 646 899) | - | 84 720 472 |
| Work in progress | 1 681 068 756 | 665 578 986 | - | - | - | - | - | 2 346 647 742 |
| | 8 479 085 251 | 699 826 886 | (5 935 804) | - | (1 238 931) | (232 303 911) | (16 416 952) | 8 923 016 539 |

[1] This amount arose due to the annual valuation of the landfill site. There was a decrease in the liability at the end of the year and IGRAP 2 paragraph 5 requires this to be credited to the asset and only be taken to Statement of Financial Performance when the asset has been reduced to Rnil.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | R | R |
| 8. Property, plant and equipment (continued) | | |
| Pledged as security | | |
| There were no assets held as security for any of the municipal liabilities. | | |
| Compensation received for losses on property, plant and equipment – included in operating profit. | | |
| Insurance claims | 50 674 | 1 030 188 |
| Property, plant and equipment in the process of being constructed or developed | | |
| Cumulative expenditure recognised in the carrying value of property, plant and equipment | | |
| Sanitation network | 106 917 799 | 106 917 799 |
| Water network | 3 104 808 455 | 2 239 729 976 |
| Buildings | 3 | 3 |
| | 3 211 726 257 | 2 346 647 778 |

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| | 2024 R | 2023 R |
|--|-------------|-------------|
| 8. Property, plant and equipment (continued) | | |
| Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected | | |
| Refurbishment of Nkowankowa sewer plant | 5 519 000 | 5 706 000 |
| Appointed contractors withdrew from the project. A 3-year capital plan including outer years for sourcing funds was developed to ensure completion of the project. The planned expenditure (MIG) of R 123 000 000.00 for the period 2026-2029. | | |
| Refurbishment of Foskor sewer pump | 2 091 552 | 2 091 552 |
| The project was delayed due to other phase being under construction. | | |
| Sekgosese Ground water development scheme [1] | 93 768 037 | 93 768 037 |
| The overall project is a multi-year project. Delays were experienced on construction phases due to delay in ESKOM to connect boreholes and pump stations. | | |
| Construction of water reticulation in GA-Wally village | 4 650 971 | 4 650 971 |
| The project was delayed due to other phase being under construction. | | |
| Refurbishment DWAF | 10 269 856 | 10 269 856 |
| The project was delayed by as result of Eskom connection and bulk line water supply | | |
| Borehole development | 18 884 841 | 101 519 499 |
| The project was delayed by project management and Eskom energising.. | | |
| Upgrading of water reticulation Maruteng | 32 060 039 | 45 635 103 |
| The project was delayed my project managemnt- awaiting another phase (Bulk line) to be functional. | | |
| Selwane Water Phase 2 D | 3 964 626 | 9 895 782 |
| The project is awaiting anothe phase ,selwane phase 2c. | | |
| Tours Bulk Water Scheme | 177 070 525 | 177 070 525 |
| The project was delayed due to pressure challenges on the bulk. | | |
| Lenyenye Sewerage plant | - | 42 533 661 |
| The project has been capitalised. | | |
| Upgrading of Senwamokgope Sewage Plant | 21 987 362 | 21 987 362 |
| The project was delayed due to other phase being under construction. | | |
| Upgrading of Phalaborwa Sewage Plant | 20 034 401 | 37 201 383 |
| The project was delayed due to other phase being under construction. | | |

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|---|------------|-------------|
| 8. Property, plant and equipment (continued) | | |
| Upgrading of Nkowankowa Sewage Plant | 16 350 998 | 16 350 998 |
| A 3-year capital plan including outer years for sourcing funds was developed to ensure completion of the project. The planned expenditure (MIG) of R 123 000 000.00 for the period 2026-2029. | | |
| Kampersrus Sewage Plant | 56 786 033 | 56 786 033 |
| Awaiting Eskom energising. | | |
| Jopie Mawa - Ramotshinyadi | - | 171 119 154 |
| This is a multi-phase project, the reticulation is complete and awaiting another phase to be functional. | | |
| Namakgate Sewerage Project | 3 518 468 | 3 518 468 |
| The project was delayed due to other phase being under construction. | | |
| Upgrade of Water Reticulation GTM | 15 740 464 | 15 740 464 |
| The project was delayed by project management. | | |
| Kampersrus Water Supply | 32 780 364 | 32 780 364 |
| The project was delayed due to other phase being under construction. | | |
| Tours - Refurbishment | 15 526 533 | 15 526 533 |
| The project was delayed due to other phase being under construction. | | |
| Hoedspruit Bulk Water Supply | 59 556 733 | 59 556 733 |
| The project was delayed due to other phase being under construction. | | |
| Extension of scope for Sekgosese and Worcester Schemes - Senakwe | 1 843 586 | 1 843 586 |
| The project was delayed due to other phase being under construction. | | |
| Extension of scope for Sekgosese and Worcester Schemes - Kuranta | 1 972 479 | 1 972 479 |
| The project was delayed due to other phase being under construction. | | |
| Construction of Muhlava Water Pump Station | - | 2 564 261 |
| The project has been capitalised. | | |
| Upgrading of Maapane Water Reticulation Network | 1 | 1 140 514 |
| The project has been impaired. | | |
| Upgrading of the internal water reticulation and extensions-Kuranta | 824 904 | 824 904 |
| The project was delayed due to other phase being under construction. | | |
| Makosha Village: Construction of A 1.7 km, 110 mm PVC Bulk pipeline and 300kl elevated Steel Tank | 55 102 | 55 102 |
| The project was delayed due to other phase being under construction. | | |

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|---|------------|------------|
| 8. Property, plant and equipment (continued) | | |
| Replacement and resizing of Water storage tank-Makhushane (Mapikiri Reservoir) | - | 11 918 200 |
| The project has been capitalised. | | |
| Upgrading of Internal Water Reticulation network-Zava | - | 11 156 627 |
| The project has been capitalised. | | |
| Refurbishment of Control panels for clear water at Giyani water Works | 1 306 060 | 1 306 060 |
| The project was delayed due to other phase being under construction. | | |
| Assesment and refurbishing of water infrastructure in the willows and sedawa village | 4 611 115 | 4 611 115 |
| The project was delayed due to other phase being under construction. | | |
| Drought Relief (WSIG) Boreholes | 41 521 948 | 41 521 948 |
| Awaiting ESKOM energising. | | |
| Assesment and refurbishing of water infrastructure of electro mechanical components Khanyisa village | 3 436 050 | 3 436 050 |
| The project was delayed due to other phase being under construction. | | |
| Lephephane water reticulation | 31 931 818 | 49 526 794 |
| The contractor is done with the original scope of work as per the BOQ and done the additional work as per approved contingencies. | | |
| The outstanding works is pressure testing the pipeline. | | |
| Lulekani water scheme (Namakgale) | 3 822 181 | 3 822 181 |
| The project was delayed due to other phase being under construction. | | |
| Upgrade and refurbishment of middle letaba water treatment works | 10 588 499 | 10 588 499 |
| The project was delayed due to other phase being under construction. | | |
| Molalane Water works | 7 687 660 | 7 687 660 |
| The project was delayed due to other phase being under construction. | | |
| Repair and Installation of Pumps and Motor (Nkambako Water Works) | 3 120 350 | 3 120 350 |
| The project was delayed due to other phase being under construction. | | |
| Lulekani water scheme- COVID 19 project | - | 2 453 257 |
| The project has been completed | | |
| Construction of water Reticulation Ngove | 13 912 | 13 912 |
| The project was delayed due to other phase being under construction. | | |
| Nkambako Water Treatment works | 10 559 294 | 10 559 294 |
| The project was delayed due to other phase being under construction. | | |

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|--|--------------------|----------------------|
| 8. Property, plant and equipment (continued) | | |
| Sekgopo Water Supply COVID 19 | 4 838 510 | 4 838 510 |
| The project was delayed due to other phase being under construction. | | |
| Refurbishment of Kgapane Waste Water Treatment | 4 446 132 | 4 446 132 |
| The project was delayed due to other phase being under construction. | | |
| Tours Water Reticulation COVID 19 | 32 561 462 | 32 561 462 |
| The project was delayed due to other phase being under construction. | | |
| Tours Bulk Water Scheme (Upgrading of Tours Water Treatment | 36 422 512 | 36 422 512 |
| The project was delayed due to other phase being under construction. | | |
| Dzumeri upgrading of internal Reticulation | 26 155 | 26 155 |
| The project was delayed due to other phase being under construction. | | |
| Makhuvha upgrading of internal water reticulation network | 335 970 | 335 970 |
| The project was delayed due to other phase being under construction. | | |
| Maruleng LM Ground Water Augmentation | 2 605 072 | 2 605 072 |
| The project was delayed due to other phase being under construction. | | |
| | 795 091 575 | 1 175 067 084 |
| Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s) | | |
| Buildings (Mopani Office buildings) | 1 | 1 |
| The municipality abandoned construction of new office building at the Tzaneen Disaster Centre due to termination of service provider (Kgafela Construction) which subsequently led to litigation. The project was impaired to the carrying value of R1 in the 2017/2018 financial period. | | |
| Modjadji Royal Pavilion and extension of fencing | 1 | 1 |
| The municipality abandoned project due to land dispute between the royal household and the municipality. The royal household gave the municipality another site to execute the project other than the initially provided at the beginning of the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period. | | |
| Namakgale Sewer Project | 1 | 1 |
| The municipality abandoned project due to the fact that the municipality terminated contract with consultant responsible for running the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period. | | |
| Refurbishment - Giyani water works (Impaired to R1) | 1 | 1 |
| The municipality abandoned the project because of the building structure that was cracking from the foundation. The refurbishments were impaired to R1 in the 2020-2021 financial period, | | |
| | 4 | 4 |

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| | | | 2024 | 2023 |
|---|--------------------|----------------------|------------------|----------------------|
| | | | R | R |
| 8. Property, plant and equipment (continued) | | | | |
| The four projects impaired had a total cost of R72 405 458 when they were impaired. | | | | |
| Reconciliation of Work-in-Progress 2024 | | | | |
| | Sanitation | Water | Buildings | Total |
| Opening balance | 106 917 799 | 2 239 729 976 | 3 | 2 346 647 778 |
| Additions/capital expenditure | - | 946 268 814 | - | 946 268 814 |
| Impairment | (507 400) | (1 140 513) | - | (1 647 913) |
| | 106 410 399 | 3 184 858 277 | 3 | 3 291 268 679 |

Reconciliation of Work-in-Progress 2023

| | | | | |
|-------------------------------|--------------------|----------------------|------------------|----------------------|
| | Sanitation | Water | Buildings | Total |
| Opening balance | 106 917 799 | 1 574 150 954 | 3 | 1 681 068 756 |
| Additions/capital expenditure | - | 665 579 023 | - | 665 579 023 |
| | 106 917 799 | 2 239 729 977 | 3 | 2 346 647 779 |

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

| | | |
|--|-------------------|-------------------|
| Maintenance of buildings and facilities | 2 796 195 | 19 140 |
| Maintenance of infrastructure | 79 734 927 | 54 245 453 |
| Motor vehicle and other general municipal services | 11 413 911 | 7 298 033 |
| | 93 945 033 | 61 562 626 |

Fixed assets register

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. Intangible assets

| | 2024 | | | 2023 | | |
|-------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 8 765 980 | (3 429 602) | 5 336 378 | 5 456 672 | (2 651 819) | 2 804 853 |

Reconciliation of intangible assets - 2024

| | | | | |
|-------------------|------------------------|------------------|---------------------|--------------|
| | Opening balance | Additions | Amortisation | Total |
| Computer software | 2 804 853 | 3 309 308 | (777 783) | 5 336 378 |

Reconciliation of intangible assets - 2023

| | | | | |
|-------------------|------------------------|------------------|---------------------|--------------|
| | Opening balance | Additions | Amortisation | Total |
| Computer software | 3 291 963 | - | (487 110) | 2 804 853 |

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| | 2024 R | 2023 R |
|--|-----------|-----------|
|--|-----------|-----------|

9. Intangible assets (continued)

Pledged as security

None of the intangible assets has been pledged as security for any liability of the municipality.

10. Heritage assets

| | 2024 | | | 2023 | | |
|---------------|------------------|-------------------------------|----------------|------------------|-------------------------------|----------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Mayoral chain | 432 000 | - | 432 000 | 432 000 | - | 432 000 |

Reconciliation of heritage assets 2024

| | Opening balance | Total |
|---------------|-----------------|---------|
| Mayoral chain | 432 000 | 432 000 |

Reconciliation of heritage assets 2023

| | Opening balance | Total |
|---------------|-----------------|---------|
| Mayoral chain | 432 000 | 432 000 |

Pledged as security

None of the heritage assets has been pledged as security for any liability of the Municipality.

11. Operating lease asset

| | | |
|--------------------|------------------|------------------|
| Non-current assets | 1 923 811 | 2 623 379 |
| Current assets | 699 568 | 699 568 |
| | 2 623 379 | 3 322 947 |

The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2028. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R15 950 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 cubic meters in a month. This is to be charged at R0.83 per cubic meter.

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| | 2024 R | 2023 R |
|--|----------------------|----------------------|
| 12. Payables from exchange transactions | | |
| Bonus accrual [12.1] | 9 984 218 | 9 716 159 |
| Debtors with credit balances [12.2] | 1 198 757 | 1 009 703 |
| Greater Giyani Municipality [12.7] | 532 100 | 2 625 378 |
| Greater Letaba Municipality [12.7] | 187 141 668 | 174 870 346 |
| Greater Tzaneen Municipality [12.7] | 352 864 564 | 322 402 965 |
| Leave accrual [12.3] | 43 283 605 | 47 959 987 |
| Maruleng Municipality [12.7] | 39 219 993 | 33 131 961 |
| Retentions | 225 840 651 | 155 300 180 |
| Trade creditors at local municipalities | 20 883 647 | 21 405 778 |
| Trade payables [12.4 & 12.5] | 1 019 645 878 | 951 137 101 |
| | 1 900 595 081 | 1 719 559 558 |
| Current liabilities | 1 284 017 126 | 885 318 268 |
| Non-current liabilities | 616 577 955 | 834 241 290 |
| | 1 900 595 081 | 1 719 559 558 |

12.1. Bonus accrual

Municipality employees have structured their salary packages to include 13th cheque as bonus on the anniversary of their employment date except for employees who were transferred from Health Department and Water Department as their bonus is linked to the date, they joined the municipality. This arrangement is not applicable to Section 57 employees. In addition to the Bonus Maruleng Local Municipality has however cascaded the performance management system to its employees wherein the staff responsible for water and sanitation has been affected by the arrangement and receive the performance bonus relating to a performance. In addition to Bonus accrual the MDM has included the performance bonus awarded by Maruleng Local Municipality.

12.2. Debtors with credit balances

This relates to overpaid accounts by consumers.

12.3. Leave accrual

The municipality grants its employees 21 working days leave per year, except for section 57 employees who are entitled to 24 working days per calendar period. This leave is cumulative up to a limit of 48 working days.

There is no discounting applied to the calculation of the annual leave provisions. The leave provision is based on the estimated salaries and is capped at 48 days.

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| | 2024 R | 2023 R |
|--|----------------------|--------------------|
| 12. Payables from exchange transactions (continued) | | |
| 12.4. All other payables from exchange transactions | | |
| These relate to operational creditors of the municipality. | | |
| 12.5. Trade payables | | |
| These represent outstanding municipal liabilities for its main operations are are tabulated below: | | |
| Department of Water and Sanitation [1] | 387 543 040 | 383 234 790 |
| Eskom trade payables | - | 13 615 519 |
| Lepelle Northern Water [2] | 335 792 029 | 450 474 201 |
| SITA | 423 796 | 410 340 |
| Trade creditors [3] | 295 887 013 | 103 402 251 |
| | 1 019 645 878 | 951 137 101 |

[1] The municipality signed a settlement agreement with the Department of Water and Sanitation a monthly payment of R2.5 million until the debt is fully paid up.

[2] The municipality entered into a settlement with Lepelle Northern Water wherein the municipality committed to pay R30 000 000 in the 2024 financial year, R72 000 000 in the 2025 financial year, R84 000 000 in the 2026 financial year and R97 000 000 in the 2027 financial year. Lepelle Northern Water agreed to write off historic collection penalty and historic interest totalling to R160 942 118. The write off is dependent on the actual amount of repayments made by the Municipality for the settlement of the historical debt. In the current year, the amount written off amounted to R9 952 251.

[3] These relate to operational creditors including accruals of the municipality.

12.6. Financial liabilities in payables from exchange transactions

The table below shows the reconciliation of payables from exchange transactions to financial liabilities disclosed in note 44.

| | | |
|--|----------------------|----------------------|
| Payables from exchange transactions on Statement Financial of Position | 1 900 595 081 | 1 719 559 558 |
| Less: Bonus accrual - employee benefits | (9 984 218) | (9 716 159) |
| Less: Leave accrual - employee benefits | (43 283 605) | (47 959 987) |
| | 1 847 327 258 | 1 661 883 412 |

12.7 Local municipalities loan accounts

The loan accounts of the local municipalities are broken down into loan accounts and agency fees as tabulated below:

| 2024 | Tzaneen | Giyani | Letaba | Maruleng | Total |
|---------------------|--------------------|------------------|--------------------|-------------------|--------------------|
| Loan Balance | 339 994 992 | (8 505 229) | 183 936 500 | 37 299 636 | 552 725 899 |
| Agency Fees Payable | 12 869 571 | 9 037 329 | 3 205 167 | 1 920 357 | 27 032 424 |
| | 352 864 563 | 532 100 | 187 141 667 | 39 219 993 | 579 758 323 |
| 2023 | Tzaneen | Giyani | Letaba | Maruleng | Total |
| Loan Balance | 311 536 577 | (5 770 757) | 171 950 898 | 31 449 845 | 509 166 563 |
| Agency Fees Payable | 10 866 387 | 8 396 135 | 2 919 448 | 1 682 115 | 23 864 085 |
| | 322 402 964 | 2 625 378 | 174 870 346 | 33 131 960 | 533 030 648 |

13. VAT payable

| | | |
|------------------------|-------------|-------------|
| VAT output accrual [1] | 287 366 701 | 250 903 140 |
|------------------------|-------------|-------------|

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|---|-----------|-----------|
| | R | R |
| 13. VAT payable (continued) | | |
| [1] VAT output accrued relates to the value of water and sanitation related invoices raised by the Municipality but not yet settled by the consumers. This obligation is only payable to SARS on receipt of outstanding money from the consumers. Since the payment is not yet due to SARS, it is reflected as an "accrual" until received from consumers. In terms of the ASB's Fact sheet 11 - Classification of VAT it is not appropriate to net off this portion with that of VAT input accrual reported under VAT receivables in note 6. | | |
| 14. Consumer deposits | | |
| Water | 4 039 483 | 4 091 085 |

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|------|------|
| R | R |

15. Employee benefit obligations

Defined benefit plan

Defined benefit plan for the municipality consists of post-employment medical aid plan and long service award. In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2024 by ARCH Actuarial Consulting.

The municipality has no legal obligations to settle this liability with any immediate contributions or additional once off contributions.

The municipality intends to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

[A] Post-employment medical benefit plan (PEMA)

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All continuation members and their eligible dependents receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependents will not continue to receive a subsidy.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

[B] Long service award (LSA)

The municipality provides long-service award to its permanent employees.

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

In accordance with the prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2024.

The benefits awarded for long term are calculated as follows:

| Completed service (In years) | Long services Bonuses (% of annual Earnings) |
|------------------------------|--|
| 5 years | (2%) 5/250 x annual earnings |
| 10 years | (6%) 15/250 x annual earnings |
| 15 years | (10%) 25/250 x annual earnings |
| 20, 25, 30, 35, 40, 45 years | (14%) 35/250 x annual earnings |

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contribution.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

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|--|----------------------|---------------------|
| 15. Employee benefit obligations (continued) | | |
| [C] Post-retirement medical aid plan and Long service award | | |
| Valuation Method | | |
| The projected Unit Credit Funding method has been used to determine the past service liabilities at the valuation date and expense in the year following the valuation date. | | |
| Liability of employer | | |
| Liabilities of an employer may be split between a past-service (or accrued) element and a future-service element. This serves to recognise the manner in which the accounting standards suggest that the liabilities be accrued uniformly over an employee's period of service. The method of accrual that has been used in this valuation is based on length of service at the valuation date relative to total potential service until the expected retirement date. | | |
| Valuation assets | | |
| As at the valuation date, the medical aid liability and long service award of the Municipality are unfunded. (No dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation. | | |
| The amounts recognised in the statement of financial position are as follows: | | |
| Carrying value | | |
| Present value of the defined benefit obligation - wholly unfunded - PEMA | (63 566 022) | (56 923 694) |
| Present value of the defined benefit obligation-wholly unfunded - LSA | (44 053 118) | (28 219 270) |
| | (107 619 140) | (85 142 964) |
| Non-current liabilities | (97 688 557) | (79 012 605) |
| Current liabilities | (9 930 583) | (6 130 359) |
| | (107 619 140) | (85 142 964) |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening balance | 85 142 964 | 85 103 319 |
| Benefits paid | (7 355 268) | (4 162 216) |
| Net expense recognised in the statement of financial performance | 29 831 446 | 4 201 861 |
| | 107 619 142 | 85 142 964 |
| Net expense recognised in the statement of financial performance | | |
| Current service cost | 20 153 951 | 5 217 539 |
| Interest cost | 10 050 291 | 9 505 839 |
| Actuarial (gains) losses | (372 796) | (10 521 517) |
| | 29 831 446 | 4 201 861 |
| Calculation of actuarial gains and losses | | |
| Actuarial (gains) losses – Obligation | (372 796) | (10 521 517) |

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|--|-----------|-----------|
|--|-----------|-----------|

15. Employee benefit obligations (continued)

Key assumptions used

[A] Post-employment medical aid plan

In estimating the liability for the post-employment health care benefits a number of assumptions are required. The GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the post-employment health care arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs

are recognised over time. The key financial and demographic assumptions are summarised below:

Financial variables

The most important financial variables used in our valuation are the discount and medical aid inflation rates. We have assumed the following values for these variables:

| | | |
|---------------------------------|---------|---------|
| Discount rates used | 12,27 % | 12,51 % |
| Maximum subsidy inflation rate | 5,44 % | 5,72 % |
| Health care cost inflation rate | 7,75 % | 8,12 % |

Demographic Assumptions

| | | |
|--|-----------|-----------|
| Average retirement age | 62 | 62 |
| Continuation of membership at retirement | 75,00 % | 75,00 % |
| Proportion with a spouse dependent at retirement | 60,00 % | 60,00 % |
| Proportion of eligible in-service non-members joining a scheme by retirement | 15,00 % | 15,00 % |
| Mortality during retirement | SA85-90 | SA85-90 |
| Mortality post-retirement | PA (90)-1 | PA (90)-1 |

[B] Long service award

Key assumptions for long service awards are as follows:

Financial variables

| | | |
|---|---------|---------|
| Discount rate used | 11,05 % | 11,20 % |
| General earnings inflation rate (Long-term) | 6,20 % | 6,52 % |
| Net effective discount rate | 4,56 % | 4,39 % |

The earnings used in the valuation include assumed increase of 4% as per the SALGBC Circular No.: 23/2021.

Demographic assumptions

| | | |
|-----------------------------|----------|----------|
| Average retirement age | 62 | 62 |
| Mortality during employment | SA 85-90 | SA 85-90 |

Withdrawal from service

| Age | Female | Male |
|-----|--------|--------|
| 20 | 9,00 % | 9,00 % |
| 30 | 6,00 % | 6,00 % |
| 40 | 5,00 % | 5,00 % |
| 50 | 3,00 % | 3,00 % |
| 55 | 0,00 % | 0,00 % |

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| | 2024 R | 2023 R |
|---|---------------------------------|---------------------------------|
| 15. Employee benefit obligations (continued) | | |
| Membership for Post-employment medical aid data: | | |
| The number of members entitled to receive post-employment medical aid subsidies from the municipality were: | | |
| Category | 31-03-2024 Valuation | 30-06-2023 Valuation |
| Current (In-service) members | 403 | 422 |
| Continuation members (Pensioners) | 33 | 24 |
| In-service (employee) non-members | 250 | 244 |
| | 686 | 690 |

Accrued Contractual Liability

The figures below reflect the total value of the accrued contractual liability of the municipality in respect of the municipality in respect of post-employment medical aid benefit offered to employees:

| | | |
|-----------------------------------|-------------------|-------------------|
| Category | | |
| Current (In-service) members | 27 969 000 | 27 193 000 |
| Continuation members (Pensioners) | 13 914 000 | 10 285 000 |
| In-service (employee) non-members | 7 877 000 | 7 741 000 |
| | 49 760 000 | 45 219 000 |

Financial Assumptions

[i] Discount rate

A discount rate of 12.27% per annum has been used. The corresponding index-linked yield at this term is 5.20%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2024.

[ii] Health care inflation rate

The medical contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

The next contribution increase was assumed to occur with effect from 1 January 2024.

[iii] Replacement Ratio

This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Demographic assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

[i] Pre-retirement Mortality

SA85-90 ultimate table, adjusted for female lives.

[ii] Post-retirement Mortality

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| 2024 | 2023 |
|------|------|
| R | R |

15. Employee benefit obligations (continued)

PA (90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from $[1-(1-1\%)^2]$ and so on.

[iii] Withdrawal from service

If an eligible employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:

| Age | Females | Males |
|-----|---------|--------|
| 20 | 9,00 % | 9,00 % |
| 25 | 8,00 % | 8,00 % |
| 30 | 6,00 % | 6,00 % |
| 35 | 5,00 % | 5,00 % |
| 40 | 5,00 % | 5,00 % |
| 45 | 4,00 % | 4,00 % |
| 50 | 3,00 % | 3,00 % |
| 55 | 0,00 % | 0,00 % |
| >55 | 0,00 % | 0,00 % |

[iv] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

[v] Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

[vi] Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme at retirement (should they not exit employment before then).

[vii] Family Profile

It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, we've assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependent on their medical aid. For current retiree members, actual medical aid dependents were used and the potential for remarriage was ignored.

Sensitivity Analysis for Post-Employment Medical Aid

The liability at the Valuation Date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed rate of health care cost inflation;
- a 1% increase and decrease in the discount rate;
- a one-year age reduction in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age;
- a 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

In order to illustrate the sensitivity of the results to changes in certain key variables, the liability has been recalculated using the assumptions as below:

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| | | | | 2024 R | 2023 R |
|---|----------|--------------------|----------------------|------------|-----------|
| 15. Employee benefit obligations (continued) | | | | | |
| Assumption | Change | In-service members | Continuation members | Total | % Change |
| Central assumption | 0,00 % | 35 846 000 | 13 914 000 | 49 760 000 | 0,00 % |
| Health care inflation | 1,00 % | 38 620 000 | 14 786 000 | 53 406 000 | 7,00 % |
| | (1,00)% | 32 482 000 | 13 025 000 | 45 507 000 | (9,00)% |
| Discount rate | 1,00 % | 31 360 000 | 12 873 000 | 44 233 000 | (11,00)% |
| | (1,00)% | 41 339 000 | 15 117 000 | 56 456 000 | 13,00 % |
| Post-retirement mortality | 1 year | 34 931 000 | 13 518 000 | 48 449 000 | (3,00)% |
| | -1 year | 36 749 000 | 14 306 000 | 51 055 000 | 3,00 % |
| Average retirement age | -1 year | 39 266 000 | 13 914 000 | 53 180 000 | 7,00 % |
| Continuation of members at retirement | (10,00)% | 31 068 000 | 13 914 000 | 44 982 000 | (10,00)% |

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 7% higher than that shown.

The sensitivity analysis on current-service and interest cost for the year ending 30 June 2024.

| Assumption | Change | Current Service Costs | Interest Cost | Total | % Change |
|---------------------------------------|----------|-----------------------|---------------|-----------|----------|
| Central assumptions | 0,00 % | 2 042 000 | 5 600 000 | 7 642 000 | 0,00 % |
| Health care inflation rate | 1,00 % | 2 235 000 | 6 022 000 | 8 257 000 | 8,00 % |
| | (1,00)% | 1 795 000 | 5 108 000 | 6 903 000 | (10,00)% |
| Discount rate | 1,00 % | 1 726 000 | 5 360 000 | 7 086 000 | (7,00)% |
| | (1,00)% | 2 440 000 | 5 862 000 | 8 302 000 | 9,00 % |
| Post-employment mortality | 1 year | 1 991 000 | 5 450 000 | 7 441 000 | (3,00)% |
| | -1 year | 2 093 000 | 5 748 000 | 7 841 000 | 3,00 % |
| Average retirement age | -1 year | 2 148 000 | 6 015 000 | 8 163 000 | 7,00 % |
| Continuation of members at retirement | (10,00)% | 1 770 000 | 5 017 000 | 6 787 000 | (11,00)% |

[B] Sensitivity analysis for long service awards

The liability at the valuation date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed general earnings inflation rate;
- a 1% increase and decrease in the discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and 50% increase in the assumed rates of withdrawal from services.

Sensitivity analysis on the unfunded liability

| Assumption | Change | Liability | % Change |
|----------------------------|----------|------------|----------|
| Central assumptions | 0,00 % | 38 760 000 | 0,00 % |
| General earnings inflation | 1,00 % | 40 680 000 | 5,00 % |
| | (1,00)% | 36 998 000 | (5,00)% |
| Discount rate | 1,00 % | 36 927 000 | (5,00)% |
| | (1,00)% | 40 786 000 | 5,00 % |
| Average retirement age | 2 years | 42 070 000 | 9,00 % |
| | -2 years | 35 739 000 | (8,00)% |
| Withdrawals | x2 | 34 983 000 | (10,00)% |
| | x0.50 | 41 238 000 | 6,00 % |

Sensitivity analysis on current service and interest costs for the year ending 30 June 2024:

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| | | | | 2024 | 2023 |
|---|----------|-----------------|---------------|-----------|----------|
| | | | | R | R |
| 15. Employee benefit obligations (continued) | | | | | |
| Assumption | Change | Current Service | Interest Cost | Total | % Change |
| | | Costs | | | |
| Central assumptions | 0,00 % | 2 042 000 | 2 444 000 | 4 486 000 | 0,00 % |
| General earnings inflation | 1,00 % | 2 204 000 | 2 577 000 | 4 781 000 | 7,00 % |
| | (1,00)% | 1 897 000 | 2 322 000 | 4 219 000 | (6,00)% |
| Discount rate | 1,00 % | 1 912 000 | 2 525 000 | 4 437 000 | (1,00)% |
| | (1,00)% | 2 189 000 | 2 352 000 | 4 541 000 | 1,00 % |
| Average retirement age | 2 years | 2 238 000 | 2 796 000 | 5 034 000 | 12,00 % |
| | -2 years | 1 809 000 | 2 060 000 | 3 869 000 | (14,00)% |
| Withdrawal rates | x2 | 1 505 000 | 2 044 000 | 3 549 000 | (21,00)% |
| | x0.50 | 2 436 000 | 2 708 000 | 5 144 000 | 15,00 % |

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| 2024 | 2023 |
|------|------|
| R | R |

15. Employee benefit obligations (continued)

Key Assumptions for Long service award

Financial variables

[i] Discount Rate

A discount rate of 11.05% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 11.05% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 5.08%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2024.

The liability-weighted average term of the total liability is 8.25 years.

[ii] Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

[iii] General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

Demographic assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

[i] Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 6.20% per annum for all employees:

| Age band | Additional promotional scale |
|----------|------------------------------|
| 20 - 24 | 5,00 % |
| 25 - 29 | 4,00 % |
| 30 - 34 | 3,00 % |
| 35 - 39 | 2,00 % |
| 40 - 44 | 1,00 % |
| > 44 | 0,00 % |

[ii] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age have been assumed to retire at their next birthday.

[iii] Pre-retirement Mortality

SA85-90 ultimate table, adjusted down for female lives.

[iv] Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:

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| | 2024 R | 2023 R |
|---|----------------|--------------|
| 15. Employee benefit obligations (continued) | | |
| Age | Females | Males |
| 20 | 9,00 % | 9,00 % |
| 25 | 8,00 % | 8,00 % |
| 30 | 6,00 % | 6,00 % |
| 35 | 5,00 % | 5,00 % |
| 40 | 5,00 % | 5,00 % |
| 45 | 4,00 % | 4,00 % |
| 50 | 3,00 % | 3,00 % |
| 55 | 0,00 % | 0,00 % |
| >55 | 0,00 % | 0,00 % |

Disclosures on the actuarial valuations of Mopani employees stationed at local municipalities

The actuarial valuation for Mopani employers that are stationed at local municipalities were performed by different actuaries. The actuaries at the respective local municipality relied on the information as per the submission from the local municipality concerned. The methodologies used for valuations of PEMA and LSA are similar across the board

The number of employees stationed at local municipalities is too insignificant in comparison to the employees at MDM to have any negative influence on the total value of liability. It is against this background that further detailed assumptions and sensitivity analysis per local municipality are not disclosed.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

| | 2024 R | 2023 R | 2022 R | 2021 R | 2020 R |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Defined benefit obligation - PEMA | (63 566 022) | (56 923 694) | (56 995 253) | (53 464 820) | (44 803 443) |
| Defined benefit obligation - LSA | (44 053 118) | (28 219 270) | (28 108 067) | (23 584 088) | (25 914 513) |

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| | 2024 R | 2023 R |
|---|------------|------------|
| 15. Employee benefit obligations (continued) | | |
| Defined contribution plans | | |
| It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. | | |
| The municipality is under no obligation to cover any unfunded benefits. | | |
| The total economic entity contribution to such schemes recognised as an expense | 50 579 970 | 46 478 038 |

Employee benefits obligation breakdown by municipality

The table below shows the Employee benefits obligation category and municipality of origin:

| 2024 | Mopani | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng |
|----------------------|-------------------|----------------------|------------------|------------------|------------------|------------------|
| PEMA | 49 760 000 | 4 987 987 | 4 544 000 | 1 259 000 | 2 252 942 | 762 000 |
| LSA | 38 760 000 | 893 242 | 3 291 000 | 264 000 | 437 648 | 407 000 |
| Total | 88 520 000 | 5 881 229 | 7 835 000 | 1 523 000 | 2 690 590 | 1 169 000 |
| Less current portion | (8 674 000) | (338 531) | (762 503) | (44 624) | (72 279) | (38 645) |
| | 79 846 000 | 5 542 698 | 7 072 497 | 1 478 376 | 2 618 311 | 1 130 355 |
| 2023 | Mopani | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng |
| PEMA | 45 219 000 | 4 429 227 | 4 056 000 | 1 242 000 | 1 442 478 | 618 000 |
| LSA | 23 836 000 | 851 652 | 2 473 000 | 351 000 | 413 057 | 304 000 |
| Total | 69 055 000 | 5 280 879 | 6 529 000 | 1 593 000 | 1 855 535 | 922 000 |
| Less current portion | (5 078 000) | (242 511) | (620 792) | (79 077) | (59 718) | (50 260) |
| | 63 977 000 | 5 038 368 | 5 908 208 | 1 513 923 | 1 795 817 | 871 740 |

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| 2024 | 2023 |
|------|------|
| R | R |

16. Multi-employer plans

The municipality makes provision for post-retirement benefits to eligible councilors and employees who belong to different pension schemes.

All councilors belong to the pension fund for municipal councilors.

Employees belong to a variety of approved Pension funds and provident funds as described below.

All these afore-mentioned funds are multi-employer plans and are subjected to either a tri-annual, bi-annual or annual actuarial valuations, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each funds are held in one portfolio and are not notionally allocated to each of participating employer;
- One set of financial statements is compiled for each fund and financial statements are not drafted for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefits plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R50 579 970 (2023 :R46 478 038) represents contributions paid to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The retirement funds have been valued by making use of the discounted cash flow method of valuation.

Defined Benefit Schemes -Valuation outcome

Municipal Employee Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Defined Contribution Schemes

Municipal Council pension fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Municipal Employees Gratuity Fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

National Fund for Municipal Workers:

The Scheme is subject to an annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Government Employee Pension Fund:

The scheme is subject to an actuarial valuation at least once in every 3 years. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

The results of the March 2020 actuarial valuation show that the Fund is 108.3% funded, The Funding policy requires that the Board of Trustees ensure that the funding level of liabilities is above 90%. This is in line with Rule 7.2 of the Rules of the Fund, which states that the employer contributions should be sufficient to ensure that the Fund is able to always meet its obligations, subject to a funding level of liabilities of at least 90%.

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| | 2024 R | 2023 R |
|--|-------------------|--------------------|
| 17. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Unspent conditional grants and receipts | | |
| Drought Relief WISG [1] | 6 777 182 | 6 777 182 |
| Rural roads asset management grant | - | 45 000 |
| RBIG - COVID 19 relief grant [2] | 36 090 000 | 36 090 000 |
| Water Services Infrastructure Grant | 32 037 091 | 64 024 293 |
| | 74 904 273 | 106 936 475 |

[1] The Department of Water and Sanitation allocated the municipality Drought relief grant in the financial period 2018/2019. The municipality could not fully spend the allocation. The grant allocation was not extended to period under review.

[2] The municipality received a COVID 19 relief grant from the Department of Water Affairs amounting to R36 090 000 in 2021 financial year. The purpose of the grant was to assist the municipality in providing water to the communities during the COVID pandemic period.

Movement during the year

| | | |
|--------------------------------------|-------------------|--------------------|
| Balance at the beginning of the year | 106 936 475 | 146 712 992 |
| Additions during the year | 483 144 000 | 533 337 000 |
| Income recognition during the year | (488 911 202) | (533 113 517) |
| Unapproved rollover | (26 265 000) | (40 000 000) |
| | 74 904 273 | 106 936 475 |

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

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

See note 23 for reconciliation of grants from National/Provincial Government.

Repayment of unspent conditional grants

The Municipality has completed a repayment arrangement with National Treasury wherein all the R101 million of unspent grants will be repaid to National Treasury through deductions from the 2024/2025 Equitable share due to the Municipality. National Treasury will deduct an amount of R33.7 million per tranche over three payments in July 2024, December 2024 and March 2025 from the Equitable Share Grant.

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| | 2024 R | 2023 R |
|--|-----------|-----------|
|--|-----------|-----------|

18. Landfill site provision

Reconciliation of landfill site provision - 2023

| | Opening Balance | Reductions | Change in discount factor | Derecognition | Total |
|------------------------------|-----------------|-------------|------------------------------|---------------|-------|
| Environmental rehabilitation | 5 403 991 | (1 238 931) | 334 415 | (4 499 475) | - |

Environmental rehabilitation provision

The landfill site provision related to the costs of rehabilitating its landfill site that was located in Maruleng Municipality when it reaches the end of its useful and was discounted to reflect its present value at 31 January 2023 and was derecognised on the same date when it was transferred to Maruleng local Municipality.

The evaluation, audit and computation of the provision for rehabilitation of the site was carried out by Environmental & Sustainability Solution CC.

Provision was made for this cost based on the estimated present value of future cash flow arising from the landfill cost expected as at 31 January 2023, the discount rate used for present value calculation was based on average CPI of 6.17%, a discount rate of 11.42% and net effective discount rate of 5.25%.

The landfill site was expected to be used for the next thirty-seven and half (37.5) years as at 31 January 2023 and it was estimated that R25 474 365 (2022: R23 749 951) would have been required to rehabilitate the site.

This obligation was not cash backed at the date of derecognition. Further, the municipality did not have any separate investments or assets to fund this obligation.

19. Service charges

| | | |
|---------------------------------|--------------------|--------------------|
| Sale of water | 174 432 569 | 227 483 635 |
| Sewerage and sanitation charges | 45 252 745 | 38 720 602 |
| VAT Recovery | (2) | - |
| | 219 685 312 | 266 204 237 |

20. Interest charged on overdue consumer accounts

| | | |
|---|-------------|------------|
| Interest charged on overdue consumer accounts | 112 147 776 | 94 451 604 |
|---|-------------|------------|

This relates to interest charged by the municipality for late payment of water and sanitation accounts by consumers.

21. Other income

| | | |
|-------------------|------------------|-------------------|
| Insurance claims | 50 674 | 1 030 188 |
| Reconnection fees | 67 996 | 59 160 |
| Sundry income | 1 399 312 | 1 218 154 |
| Tender fees [1] | 1 228 961 | 8 975 152 |
| | 2 746 943 | 11 282 654 |

[1] The decrease in tender sales income was due to there being no high value bids in current year. These high value bids were issued at an average tender price R4 000 per document in the previous year.

22. Interest received - Investment

| | | |
|--------------------------------|------------|------------|
| Interest received - Investment | 27 775 043 | 11 463 425 |
|--------------------------------|------------|------------|

The Increase is due to an increase in money in the call account which has been unutilised throughout the whole year and has been invested.

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| | 2024 R | 2023 R |
|--|----------------------|----------------------|
| 23. Government grants and subsidies | | |
| Operating grants | | |
| Equitable share | 1 265 409 000 | 1 170 419 000 |
| EPWP grant | 8 226 000 | 10 600 000 |
| Finance management grant | 3 000 000 | 3 000 000 |
| | 1 276 635 000 | 1 184 019 000 |
| Capital grants | | |
| Municipal infrastructure grant | 469 548 000 | 486 572 718 |
| Water services infrastructure grant | 5 722 202 | 29 277 798 |
| Rural roads asset management grant | 2 415 000 | 3 663 000 |
| WSIG Schedule 6B grants | 586 081 727 | 193 429 578 |
| RBIG Mamefja Sekororo grant | 6 925 629 | 47 402 510 |
| | 1 070 692 558 | 760 345 604 |
| | 2 347 327 558 | 1 944 364 604 |

Conditional and Unconditional

Included in above are the following grants and subsidies received:

| | | |
|-------------------------------|----------------------|----------------------|
| Conditional grants received | 1 081 918 558 | 773 945 604 |
| Unconditional grants received | 1 265 409 000 | 1 170 419 000 |
| | 2 347 327 558 | 1 944 364 604 |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | - | 45 543 719 |
| Current-year receipts | 469 548 000 | 481 029 000 |
| Conditions met - transferred to revenue | (469 548 000) | (486 572 719) |
| Unapproved rollover | - | (40 000 000) |
| | - | - |

There are no conditions still to be met on these grants.

The purpose of this grant is to improve access to basic service infrastructure for poor communities.

Finance management grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 3 000 000 | 3 000 000 |
| Conditions met - transferred to revenue | (3 000 000) | (3 000 000) |
| | - | - |

There are no conditions still to be met on these grants.

The Finance Management Grant (FMG) is the grant to assist with the appointment of finance interns and also to augment the salary for the Chief Financial Officer and lastly to capacitate the employees to meet minimum competency requirement to work in finance.

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| | 2024 R | 2023 R |
|--|-------------|-------------|
| 23. Government grants and subsidies (continued) | | |
| Rural roads asset management grant | | |
| Balance unspent at beginning of year | 45 000 | - |
| Current-year receipts | 2 370 000 | 3 708 000 |
| Conditions met - transferred to revenue | (2 415 000) | (3 663 000) |
| | - | 45 000 |

There are no conditions still to be met on these grants.

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

Expanded Public Works Programme Integrated Grant

| | | |
|---|-------------|--------------|
| Current-year receipts | 8 226 000 | 10 600 000 |
| Conditions met - transferred to revenue | (8 226 000) | (10 600 000) |
| | - | - |

There are no conditions still to be met on these grants.

The purpose of the grant is to improve opportunities for sustainable employment based on experiential learning attained through the programme.

WSIG schedule 6B grants

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | (39 906 361) | - |
| Current-year receipts | 512 399 956 | 153 523 217 |
| Conditions met - transferred to revenue [1] | (586 081 727) | (193 429 578) |
| | (113 588 132) | (39 906 361) |

There are no conditions still to be met on these grants.

The purpose of the grant is to finance construction of water and sanitation infrastructure in the communities.

The closing balance is negative representing amounts receivable from the Department of Water Affairs at the end of the year as reported in note 5.

RBIG Mamefja Sekororo

| | | |
|---|--------------|--------------|
| Balance unspent at beginning of year | (12 099 259) | - |
| Current-year receipts | 5 750 944 | 35 303 251 |
| Conditions met - transferred to revenue [1] | (6 925 628) | (47 402 510) |
| | (13 273 943) | (12 099 259) |

There are no conditions still to be met on these grants.

The purpose of the grant is to finance construction of the Mamefja Sekororo Water infrastructure.

The closing balance is negative representing amounts receivable from the Department of Water Affairs at the end of the year as reported in note 5.

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| | 2024 R | 2023 R |
|---|-------------------|-------------------|
| 23. Government grants and subsidies (continued) | | |
| RBIG - COVID 19 relief grant | | |
| Balance unspent at beginning of year | 36 090 000 | 36 090 000 |
| Conditions still to be met - remain liabilities (see note 17). | | |
| The municipality received a COVID 19 relief grant from the Department of Water Affairs amounting to R36 090 000 in 2021 financial year. The purpose of the grant was to assist the municipality in providing water to the communities during the COVID pandemic period. | | |
| Water service infrastructure grant | | |
| Balance unspent at beginning of year | 64 024 293 | 58 302 091 |
| Current-year receipts | - | 35 000 000 |
| Conditions met - transferred to revenue | (5 722 202) | (29 277 798) |
| Unapproved rollover | (26 265 000) | - |
| | 32 037 091 | 64 024 293 |
| Conditions still to be met - remain liabilities (see note 17). | | |
| The purpose of this grant is to support refurbishment of water services infrastructure projects. | | |
| Drought Relief WISG | | |
| Balance unspent at beginning of year | 6 777 182 | 6 777 182 |
| Conditions still to be met - remain liabilities (see note 17). | | |
| The Department of Water and Sanitation allocated the municipality Drought relief grant in the financial period 2018/2019. The municipality could not fully spend the allocation. The grant allocation was not extended to period under review. | | |
| 24. Revenue from debt forgiveness | | |
| Lepelle Northern Water debt write-off [1] | 9 952 251 | - |
| [1] This amount arose due to debt write off by Lepelle Northern Water on the amount owed by the District Municipality following conclusion of a debt settlement agreement. In terms of the agreement, the municipality committed to pay R30 000 000 in the 2024 financial year, R72 000 000 in the 2025 financial year, R84 000 000 in the 2026 financial year and R97 000 000 in the 2027 financial year. Lepelle Northern Water agreed to write off historic collection penalty and historic interest totalling to R160 942 118. The write off is dependent on the actual amount of repayments made by the Municipality for the settlement of the historical debt. In the current year, the amount written off amounted to R9 952 251. | | |
| 25. Public contributions and donations | | |
| Assets received as donation | - | 58 700 |

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| | 2024 R | 2023 R |
|--|--------------------|--------------------|
| 26. Service in-kind | | |
| The nature and type of major classes of services in-kind received, are as follows | | |
| Services in-kind that are significant to the municipality's operations and/or service delivery objectives | | |
| Free use of offices belonging to other organs of state [1] | 3 159 924 | 2 953 200 |
| Notional expenses | | |
| Notional rent on office space [1] | (3 159 924) | (2 953 200) |
| <p>[1] The municipality has been occupying an office space at Giyani Government Complex, under the property which belongs to the Department of Public Works. The municipality has been using this property from year 2003, The municipality occupies the space of about 4872 square meters in office complex. The municipality has been occupying this office space without paying any rental to the Department of public works. Therefore, this qualifies to be regarded as a service in kind. The deemed right of use of the building is significant to its operations and/or service delivery objectives as the building is used for housing of key departments which are integral to the execution of water and sanitation services to the community. The rental was valued by the Department of Public Works.</p> | | |
| 27. Other non-exchange income | | |
| LGW SETA income | 748 807 | 658 272 |
| 28. Employee related costs | | |
| Bargaining council | 208 025 | 66 631 |
| Basic | 295 208 667 | 273 817 700 |
| Bonus | 21 309 348 | 20 660 429 |
| Car allowance | 39 589 953 | 35 710 917 |
| Defined contribution plans | 50 579 970 | 46 478 038 |
| Housing benefits and allowances | 5 051 254 | 4 285 781 |
| Leave expenditure | 11 289 084 | 19 204 764 |
| Long-service awards - service cost | 17 357 570 | 2 365 373 |
| Medical aid - company contributions | 21 578 565 | 18 881 696 |
| Non-pensionable allowance | 1 695 | 293 719 |
| Other allowances and levies | 7 674 913 | 7 685 177 |
| Overtime payments | 40 878 455 | 45 131 013 |
| Post-employment medical aid - service cost | 2 796 381 | 2 852 166 |
| SDL | 3 528 425 | 3 743 976 |
| UIF | 1 791 306 | 1 676 860 |
| Workman compensation | 2 108 866 | 5 555 924 |
| | 520 952 477 | 488 410 164 |
| <p>Detailed senior management remuneration disclosures for Section 57 managers have been disclosed in note 47.</p> | | |
| 29. Remuneration of councillors | | |
| Executive Mayor | 1 046 025 | 988 262 |
| Speaker | 927 835 | 806 625 |
| Chief Whip | 884 307 | 895 357 |
| Other councillors | 13 323 078 | 13 199 840 |
| | 16 181 245 | 15 890 084 |

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|---|--------------------|--------------------|
| 29. Remuneration of councillors (continued) | | |
| In-kind benefits | | |
| The Executive Mayor, Speaker, Chief Whip 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 and the Speaker have use of Council owned vehicles for official duties. | | |
| Additional information | | |
| The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa. | | |
| Detailed councillors' remuneration disclosures have been disclosed in note 47. | | |
| 30. Depreciation and amortisation | | |
| Property, plant and equipment | 298 810 162 | 238 321 545 |
| Intangible assets | 777 783 | 487 110 |
| | 299 587 945 | 238 808 655 |
| 31. Finance costs | | |
| Interest on late payment of trade and other payables | 63 780 456 | 41 035 641 |
| Finance leases | - | 949 |
| Discounting of landfill site provisions | - | 334 415 |
| Post-employment benefits | 10 050 291 | 9 505 839 |
| | 73 830 747 | 50 876 844 |
| 32. Lease rentals on operating lease | | |
| Infrastructure | | |
| Contractual amounts | 699 568 | 699 568 |
| The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2028. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R15 950 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 cubic meters in a month. This is to be charged at R0.83 per cubic meter. | | |
| 33. Debt impairment | | |
| Debt impairment - Consumer debtors | 261 960 040 | 434 840 842 |
| Debt impairment - Ba-Phalaborwa loan account | 35 692 610 | (93 367 139) |
| Debt impairment - Staff debtors and service providers | (241 923) | 8 223 416 |
| | 297 410 727 | 349 697 119 |
| 34. Inventory consumed and bulk purchases | | |
| Borehole Spares | 19 833 756 | 9 477 264 |
| Chemicals | 37 893 427 | 19 379 281 |
| Water | 208 825 648 | 166 605 842 |
| | 266 552 831 | 195 462 387 |

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|--------------------|-------------------|
| 34. Inventory consumed and bulk purchases (continued) | | |
| Water losses | | |
| Production losses | 2024 | 2023 |
| Raw abstracted Volumes (m3) | 35 818 169 | 29 566 968 |
| Produced Volumes (m3) | (32 212 075) | (26 446 701) |
| Loss | 3 606 094 | 3 120 267 |
| Distribution losses | | |
| Produced Volumes (m3) | 32 212 075 | 26 446 701 |
| Distributed Volumes (m3) | (29 950 204) | (24 281 911) |
| Total | 2 261 871 | 2 164 790 |
| Percentage Loss: | | |
| Production losses | 10,068 % | 10,553 % |
| Distribution losses | 7,022 % | 8,185 % |
| Losses in Rand value | | |
| Production loss | 202 072 | 174 848 |
| Distribution losses | 126 747 | 121 307 |
| | 328 819 | 296 155 |
| 35. Contracted services | | |
| Agency fees | 12 511 705 | 14 582 542 |
| Meter management | 1 724 937 | 2 632 753 |
| Security services | 100 399 906 | 82 730 387 |
| | 114 636 548 | 99 945 682 |
| 36. Transfer and subsidies | | |
| Employee Bursaries | - | 1 143 000 |

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|--------------------|--------------------|
| 37. Operating expenses | | |
| Advertising | 449 830 | 1 021 331 |
| Air quality monitoring | 117 391 | 407 383 |
| Audit committee remuneration | 2 287 153 | 1 660 218 |
| Auditors remuneration | 11 420 278 | 12 003 118 |
| Bank charges | 236 118 | 87 309 |
| Catering services | 3 326 957 | 804 317 |
| Consumable stores | 8 673 808 | 6 453 668 |
| Conferences and seminars | 2 655 523 | 558 876 |
| Electricity | 67 795 733 | 62 742 446 |
| Files and records management | 318 004 | - |
| Fuel and oil | 15 265 935 | 16 240 329 |
| IT expenses | 414 035 | 550 460 |
| Insurance | 3 518 406 | 1 005 820 |
| Motor vehicle expenses | 718 047 | 739 970 |
| Municipal services | 283 127 | 109 196 |
| Municipal tribunal and planning members | 303 054 | 450 141 |
| OHS assessment | - | 184 000 |
| Other expenses | 2 545 421 | 2 608 491 |
| Printing and stationery | 1 038 994 | 904 818 |
| Protective clothing | 6 401 256 | 1 933 422 |
| Road management system | 2 336 989 | 3 185 217 |
| Software expenses | 2 200 639 | 3 912 452 |
| Subscriptions and membership fees | 5 393 257 | 4 970 113 |
| Telephone and fax | 5 630 194 | 5 739 785 |
| Township establishment | - | 355 500 |
| Training | 706 147 | 1 397 348 |
| Transport and equipment hire | 141 770 | - |
| Travel - local | 20 774 704 | 24 271 312 |
| Waste management | 175 266 | 795 430 |
| Water tanker services | 41 559 058 | 25 880 434 |
| | 206 687 094 | 180 972 904 |
| 38. Consultation and professional fees | | |
| Accounting and advisory | 12 955 937 | 17 276 381 |
| Asset management | 4 055 239 | 3 455 534 |
| Legal advice and litigation [1] | 46 971 362 | 29 634 322 |
| Project management | 17 007 515 | 18 616 720 |
| Transport plan | 95 100 | - |
| | 81 085 153 | 68 982 957 |
| 39. Repairs and maintenance | | |
| Maintenance of buildings and facilities | 2 796 195 | 19 140 |
| Maintenance of infrastructure | 79 734 927 | 54 245 453 |
| Motor Vehicle and other general municipal services | 11 413 911 | 7 298 033 |
| | 93 945 033 | 61 562 626 |
| 40. VIP Toilets | | |
| VIP Toilets | 5 024 572 | 66 339 304 |

[1] The increase in legal expenses is due to a high number of disciplinary cases in the current year.

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| | 2024 R | 2023 R |
|--|----------------------|--------------------|
| 41. Impairment and write off - assets | | |
| Impairments | | |
| Property, plant and equipment | 22 100 004 | 16 962 416 |
| <p>The assessment of property, plant and equipment conditions was performed in current year and impairment loss was identified on some items of property, plant and equipment. The review led to the recognition of an impairment loss of R22 100 004 (2023: R16 962 416).</p> | | |
| 42. (Loss) gain on disposal of assets and liabilities | | |
| Gain on derecognition of landfill site provision | - | 4 499 475 |
| (Loss) gain on disposal of items of property, plant and equipment | (58 575) | (5 935 444) |
| | (58 575) | (1 435 969) |
| 43. Cash generated from operations | | |
| Surplus | 721 646 912 | 501 815 334 |
| Adjustments for: | | |
| Depreciation and amortisation | 299 587 945 | 238 808 655 |
| Gain on sale of assets and liabilities | 58 575 | 1 435 969 |
| Finance costs - Finance leases | - | 949 |
| Discounting of landfill site provisions | - | 334 415 |
| Impairment loss | 22 100 004 | 16 962 416 |
| Debt impairment | 297 410 727 | 349 697 119 |
| Movements in operating lease assets and accruals | 699 568 | 699 568 |
| Movements in retirement benefit assets and liabilities | 22 476 176 | 39 644 |
| Inventory losses or write-downs | 357 055 | - |
| Non-cash donations and other in-kind benefits | - | (58 700) |
| Services in kind revenue | (3 159 924) | (2 953 200) |
| Notional expenses | 3 159 924 | 2 953 200 |
| Non cash in other income | - | (9 967) |
| Revenue from debt forgiveness | (9 952 251) | - |
| Changes in working capital: | | |
| Inventories | 753 706 | 4 157 758 |
| Receivables from exchange transactions | (249 560 570) | (315 704 529) |
| Other receivables from non-exchange transactions | (74 856 456) | (52 005 619) |
| Payables from exchange transactions | 120 447 302 | (30 018 320) |
| VAT receivable | (69 940 972) | (91 084 103) |
| Unspent conditional grants and receipts | (32 032 202) | (39 776 519) |
| Consumer deposits | (51 602) | 65 254 |
| VAT Payable | 36 463 559 | 50 372 190 |
| | 1 085 607 476 | 635 731 514 |

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|---|--------------------------|----------------------|
| 44. Financial instruments disclosure | | |
| Categories of financial instruments | | |
| 2024 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Receivables from exchange transactions | 98 081 683 | 98 081 683 |
| Cash and cash equivalents | 180 979 567 | 180 979 567 |
| | 279 061 250 | 279 061 250 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Payables from exchange transactions | 1 847 327 258 | 1 847 327 258 |
| Consumer deposits | 4 039 483 | 4 039 483 |
| | 1 851 366 741 | 1 851 366 741 |
| 2023 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Receivables from exchange transactions | 145 823 387 | 145 823 387 |
| Cash and cash equivalents | 18 477 337 | 18 477 337 |
| | 164 300 724 | 164 300 724 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Payables from exchange transactions | 1 661 883 412 | 1 661 883 412 |
| Consumer deposits | 4 091 085 | 4 091 085 |
| | 1 665 974 497 | 1 665 974 497 |
| Financial instruments in Statement of financial performance | | |
| 2024 | | |
| | At amortised cost | Total |
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 139 922 819 | 139 922 819 |
| Interest expense (calculated using effective interest method) for financial instruments at amortised cost | (63 780 456) | (63 780 456) |
| Impairment loss | (297 652 650) | (297 652 650) |
| | (221 510 287) | (221 510 287) |
| 2023 | | |
| | At amortised cost | Total |
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 105 915 029 | 105 915 029 |
| Interest expense (calculated using effective interest method) for financial instruments at amortised cost | (41 036 590) | (41 036 590) |
| Impairment loss | (341 473 703) | (341 473 703) |
| | (276 595 264) | (276 595 264) |

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| | 2024 R | 2023 R |
|--|----------------------|----------------------|
| 45. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 1 154 811 079 | 1 584 212 740 |
| Total capital commitments | | |
| Already contracted for but not provided for | 1 154 811 079 | 1 584 212 740 |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Services | 149 877 021 | 131 489 078 |
| Total operational commitments | | |
| Already contracted for but not provided for | 149 877 021 | 131 489 078 |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 1 154 811 079 | 1 584 212 740 |
| Authorised operational expenditure | 149 877 021 | 131 489 078 |
| | 1 304 688 100 | 1 715 701 818 |

Capital commitment represent future, capital expenditure. The municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per Medium-Term Revenue and Expenditure Framework (MTREF). This committed expenditure relates to capital expenditure projects that are in line with municipalities service delivery. The municipality has unspent grants on WSIG and RRMS amounting to R32 037 091 which are not cash backed. However, a rollover application has been done, which on approval will be utilised in meeting the commitments. The balance of the commitments will be further financed by the equitable share that will be received from National Treasury.

Prior period errors

Certain errors were identified and corrected retrospectively for commitments disclosure of the 2022/2023 financial year. The table below shows the impact:

| Details | Amount |
|-----------------------------|----------------------|
| Amount Previously disclosed | 1 675 558 605 |
| Correction of errors [1] | 40 143 213 |
| Balance restated | 1 715 701 818 |

[1] The errors were due to understatements caused by including contracts with negative balances as commitments.

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| | 2024 R | 2023 R |
|--|------------|------------|
| 46. Contingencies | | |
| Litigation is in the process against the municipality relating to a number of disputes. The municipality's lawyers and management treat each case in its merits and does not see likelihood of these cases being successful. The contingent raised is based on litigation the municipality has instituted against third parties and management has assessed there is high possibility of the litigation working out in their favour. | | |
| Pending Legal Cases | | |
| Matter between Anna Magaretha Botha and MDM for the injury she sustained at a MDM sewage manhole in Modjadjiskloof. The matter is before the high court | 950 000 | 950 000 |
| Matter between Palm Kwekery and MDM for failure to prevent wildfire. The summons have been issued | 4 684 140 | 4 684 140 |
| Matter between Oryx Pipes and MDM for payment of outstanding invoice on the Nandoni pipeline project | 2 183 903 | 2 183 903 |
| Matter between Maile Nkoane and MDM seeking compensation relating to her car damages. The summons have been issued. | 37 384 | 37 384 |
| Borehole operators claims for services rendered for the municipality. Full list of operator claims on the register. [1] | - | 8 844 923 |
| Matter between EMC Consulting and MDM application for settlement of account on work done for the sefototse and ditshosine/ ramahlatsi bulk water and reticulation. | 29 730 284 | 29 730 284 |
| Matter between Kgafela Construction and MDM for termination of contract for the building of Offices in Tzaneen. A counter claim was instituted against Kgafela Construction by the Municipality | 43 611 996 | 43 611 996 |
| Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by the municipality | 4 500 136 | 4 500 136 |
| Matter between Dr Mazana and MDM for accident due to road maintenance | 27 384 | 27 384 |
| Civil - Cession claim based on a cession, Matter between BD Finance and MDM | 375 000 | 375 000 |
| Matter between SGL Engineering and MDM for Nkowankowa Sewer Project [2] | - | 2 412 437 |
| A claim by MN Nengovhela for alleged work done at Senakwe project | 461 664 | 461 664 |
| A claim by Siphwe Engineering and MDM for failing to make payment in respect of service rendered and disbursement incurred up to the completion of stage 3 for design development on the Thapane project | 17 554 634 | 17 554 634 |
| A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs [3] | - | 5 219 666 |
| A civil matter between Hlimbyi and MDM. Hlimbyi is claiming unpaid invoices relating to escalation costs security contract it had with the municipality | 2 978 401 | 2 978 401 |
| Sebata has instituted Arbitration proceedings claiming an amount of for alleged work done prior to the termination of contract | 4 608 397 | 4 608 397 |
| Matter between Kgalla Family and MDM/Civil Element. The family is suing for damages to property on Thapane water scheme phase 28 | 995 000 | 995 000 |
| Matter between Lilithelethu Trading and MDM. Lilithelethu Trading served with MDM a provisional sentence summons for retention on a completed project | 1 817 564 | 1 817 564 |
| Matter between Nkuriso and MDM. Mkuriso is claiming damage for services that were rendered and the municipality refuses to settle the account | 25 180 676 | 25 180 676 |
| Matter between Patoka Trading and MDM. Patoka is suing for damages relating to use of property without permission | 1 663 000 | 1 663 000 |
| Matter between CV Chabane and MDM | 5 120 169 | 5 120 169 |
| Matter between MDM and Endecon Ubuntu. Endecon launched legal action for work done | 1 530 513 | 1 530 513 |
| Matter involving MD and Chem Tech. This is claim for alleged services rendered | 822 192 | 822 192 |
| Matter involving MD and Joachim Johannes Nienaber relating to a motor vehicle accident claim | 190 193 | 190 193 |
| Matter involving MDM and BMK Electro mechanics relating to a civil contract claim for work done | 2 500 690 | 2 500 690 |
| Matter involving MDM and Manengo Ngobeni for a civil – claim for damages as a result of a car accident | 63 884 | 63 884 |
| Matter involving MDM and Mpumamanzi Group relating to a civil – claim for alleged work done | 269 788 | 269 788 |
| Uranus Consulting Engineering cc.Failure to pay for service rendered | 3 432 331 | 3 432 331 |
| Happy Nkuna case no 46/2023. Mr Nkuna issued summons as a result of damage to his tyre due to a pothole. Mr Nkuna was served with plea | 109 536 | 109 536 |
| Justmat Trading and Projects (Pty) Ltd [4] | - | 2 383 533 |
| Mopani Flying Squad and Alarm Response, issued a review application against MDM under case number 354/2022 following it being unsuccessful in a tender bidding process [5] | - | - |

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| | 2024 R | 2023 R |
|--|--------------------|--------------------|
| 46. Contingencies (continued) | | |
| | 155 398 859 | 174 259 418 |
| [1] Settlement agreement has been reached with plaintiffs. Trade creditor has been raised. | | |
| [2] Case has been dismissed in favour of the municipality. No liability due by the municipality. | | |
| [3] Appeal has been dismissed. No liability due by the Municipality. | | |
| [4] Case has been settled. No liability due by Municipality. | | |
| [5] Case has been dismissed in favour of the municipality. No liability due by the municipality. In the prior year, there was no amount claimed but rather a review application for the tender process followed. | | |
| Contingent assets | | |
| The municipality is suing the contractor and the contractor is counter suing MDM for cancellation of same contract by Kgafela | 14 140 977 | 14 140 977 |
| Matter between MOM and Tsurikomi SSV JV. The municipality is claiming refunds for overpayment on Kampersrus sewer phase 2 | 1 373 881 | 1 373 881 |
| Matter Between MOM and Modiro Consulting. MDM Is claiming recovery of funds as a result of negligence by the consulting engineer | 3 503 266 | 3 503 266 |
| Matter between MDM and Twin Corner Construction. The municipality is claiming refunds for payment made for services not performed | 14 764 271 | 14 764 271 |
| MDM // Councillors Civil – Overpayment of Upper limits | 3 589 337 | 3 589 337 |
| | 37 371 732 | 37 371 732 |

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| | 2024 R | 2023 R |
|----------------------------|--|-----------|
| 47. Related parties | | |
| Relationships | | |
| Accounting Officer | Refer to accounting officers' report note 5. | |
| Councillors | Refer to General Information page 3. | |
| Members of key management | Mr. Mogano TJ (Municipal Manager) Ms. Mathevula SP (Chief Financial Officer) Ms. Ngobeni SN (Corporate Services) Mr. Shitowa JP (Water Services) Mr. Mahayi ML (Engineering Services) Ms. Ntimbani C (Community Services - until 31 July 2023) Mr. Monakedi TA (Planning and Development) Ms. Pilusa MB (Community Services - From 01 June 2024) Mr. Mudau NR (Acting: Community Services - August 2023 to January 2024) Mr. Masingi TF (Acting: Community Services - March 2024 to April 2024) | |

Related party balances

| 2024 | Members of key management | Councillors | Total |
|----------------------------|---------------------------|----------------|------------------|
| Staff receivables | 189 427 | 828 993 | 1 018 420 |
| Subtotal | 189 427 | 828 993 | 1 018 420 |
| Less impairment recognised | (189 216) | (751 727) | (940 943) |
| | 211 | 77 266 | 77 477 |
| <hr/> | | | |
| 2023 | Members of key management | Councillors | Total |
| Staff receivables | 189 216 | 870 549 | 1 059 765 |
| Subtotal | 189 216 | 870 549 | 1 059 765 |
| Less impairment recognised | (189 216) | (790 397) | (979 613) |
| | - | 80 152 | 80 152 |

The impairment was recognised based on the related party (senior management and council) having left the municipality without signing repayment agreements, no payments received in the past year and in some cases the related party having been deceased. The municipality assessed these factors as objective evidence of impairment.

The municipality has no guarantee in relation to the debt raised.

Compensation to accounting officer and other key management

| | | |
|------------------------------------|-------------------|------------------|
| Basic salary | 6 907 713 | 6 109 265 |
| Car allowances | 2 181 924 | 2 126 067 |
| Other short-term employee benefits | 718 788 | 758 591 |
| Acting allowances | 155 597 | 200 036 |
| Cellphone Allowance * | 111 000 | 106 300 |
| | 10 075 022 | 9 300 259 |

* The municipality omitted cell phone allowances line in the disclosure of the financial statements of 2023 financial year.

Key management information

| Class | Description | Number |
|----------------------|---|--------|
| Section 57 Directors | Head of departments within the municipality | 8 |

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Notes to the Annual Financial Statements

| | | | | | 2024 R | 2023 R |
|---|------------------------|------------------|------------------------------------|-------------------|---------------------|-------------------|
| 47. Related parties (continued) | | | | | | |
| Councillors | Political appointments | | | | | 60 |
| Remuneration of management | | | | | | |
| Management class: Section 57 Directors | | | | | | |
| 2024 | | | | | | |
| Name | Basic salary | Car allowances | Other short-term employee benefits | Acting allowances | Cellphone Allowance | Total |
| T.J. Mogano (Municipal Manager) | 1 224 039 | 384 700 | 56 905 | - | 18 000 | 1 683 644 |
| SP Mathevula (Chief Financial Officer) | 991 016 | 314 473 | 47 847 | - | 18 000 | 1 371 336 |
| SN. Ngobeni (Corporate Services) | 998 303 | 236 762 | 134 640 | - | 18 000 | 1 387 705 |
| JP. Shilowa (Water services) | 1 000 591 | 314 473 | 52 573 | - | 18 000 | 1 385 637 |
| ML. Mahayi (Engineering Services) | 989 491 | 319 191 | 50 557 | - | 18 000 | 1 377 239 |
| C. Ntimbani (Community Services - until 31 July 2023) | 106 397 | 31 919 | 104 278 | - | 1 500 | 244 094 |
| TA. Monakedi (Planning and development) | 946 565 | 314 474 | 33 959 | - | 18 000 | 1 312 998 |
| MB. Pilusa (Community Services - From 01 June 2024) | 82 192 | 27 397 | 2 768 | - | 1 500 | 113 857 |
| NR. Mudau (Acting director: Community Services - August 2023 to January 2024) | 385 429 | 165 592 | 122 196 | 77 644 | - | 750 861 |
| TF. Masingi (Acting director: Community Services - March 2024 to April 2024) | 183 690 | 72 943 | 113 065 | 77 953 | - | 447 651 |
| | 6 907 713 | 2 181 924 | 718 788 | 155 597 | 111 000 | 10 075 022 |

The director of Community Service SC Ntimbani resigned in July 2023. NR. Mudau and TF. Masingi acted from August 2023 to April 2024 when MB Pilusa was hired.

2023

| Name | Basic salary | Car allowances | Other short-term employee benefits | Acting allowances | Cellphone Allowance | Total |
|--|--------------|----------------|------------------------------------|-------------------|---------------------|-----------|
| T.J. Mogano (Municipal Manager) | 1 199 446 | 384 700 | 15 582 | - | 18 300 | 1 618 028 |
| SP Mathevula (Chief Financial Officer - Started October 2022) | 721 716 | 235 855 | 9 019 | - | 13 500 | 980 090 |
| SN. Ngobeni (Corporate Services) | 974 549 | 228 791 | 90 868 | - | 18 500 | 1 312 708 |
| JP. Shilowa (Water services) | 982 415 | 314 473 | 11 648 | - | 18 500 | 1 327 036 |
| ML. Mahayi (Engineering Services - Started January 2023) | 752 277 | 327 314 | 207 090 | - | 16 500 | 1 303 181 |
| C. Ntimbani (Community Services - Started January 2023) | 690 434 | 339 284 | 183 047 | - | 16 500 | 1 229 265 |
| MA. Monyepao (Senior Manager Planning) resigned September 2022 | 235 855 | 78 618 | 33 456 | - | 3 000 | 350 929 |
| TA. Monakedi (Planning and development - Started June 2023) | 78 618 | 26 206 | 921 | - | 1 500 | 107 245 |
| LI. Nkoane (Acting Chief Financial officer - up to September 2022) | 174 279 | 69 206 | 49 441 | 106 112 | - | 399 038 |

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| | | | | | 2024 R | 2023 R |
|--|------------------|------------------|----------------|----------------|----------------|------------------|
| 47. Related parties (continued) | | | | | | |
| GT. Maponya (Acting Director for planning to May 2023) | 299 676 | 121 620 | 157 519 | 93 924 | - | 672 739 |
| | 6 109 265 | 2 126 067 | 758 591 | 200 036 | 106 300 | 9 300 259 |

Councillors

2024

| Name | Basic salary | Cellphone Allowance | Travel Allowance | Other | Sitting Allowance | Total |
|-------------------------------------|--------------|---------------------|------------------|-------|-------------------|-----------|
| Cllr. P.J. Shayi | 990 646 | 45 600 | 9 779 | - | - | 1 046 025 |
| Cllr. NM. Maswanganyi | 792 506 | 45 600 | 87 757 | 1 972 | - | 927 835 |
| Cllr. SL. Mohlala | 404 948 | - | 307 805 | - | 1 136 | 713 889 |
| Cllr. MH. Sefufi | 742 769 | 45 600 | 211 465 | - | - | 999 834 |
| Cllr. ML. Maloko | 414 548 | 22 800 | 165 195 | - | - | 602 543 |
| Cllr. NN. Baloyi | 742 668 | 45 600 | 48 093 | - | - | 836 361 |
| Cllr. CM. Ramathoka | 1 727 | - | 22 524 | - | 30 681 | 54 932 |
| Cllr. FM. Moroatshehla | 14 456 | - | 46 594 | - | - | 61 050 |
| Cllr. MMA. Mathebula | 88 824 | - | 96 353 | - | - | 185 177 |
| Cllr. T.J. Senyolo | 11 571 | - | 30 155 | - | - | 41 726 |
| Cllr. I. Hlungwana * | 9 227 | - | - | - | - | 9 227 |
| Cllr. RN. Sekgobela | 648 | - | 12 637 | - | 12 500 | 25 785 |
| Cllr. AT. Rabothata | 11 571 | - | 26 858 | - | - | 38 429 |
| Cllr. BT. Mabilo | 11 571 | - | - | - | - | 11 571 |
| Cllr. E. Hlungwani | 402 324 | 22 800 | 53 674 | - | - | 478 798 |
| Cllr. GE. Kobane** | 11 571 | - | 9 502 | - | - | 21 073 |
| Cllr. GN. Bokisi | 9 227 | - | - | - | - | 9 227 |
| Cllr. HD. Lebeya | 313 500 | 22 800 | 27 142 | - | - | 363 442 |
| Cllr. MG. Mangena | 100 444 | - | 92 040 | - | - | 192 484 |
| Cllr. MM. Mukhabele | 715 182 | 24 300 | 139 088 | - | - | 878 570 |
| Cllr. Mafemani Patrick. Hlungwani | 10 612 | - | - | - | - | 10 612 |
| Cllr. Mabandla Patrick. Hlungwani** | 1 407 | - | 1 665 | - | 1 136 | 4 208 |
| Cllr. MP. Matlou | 100 395 | - | 15 472 | - | - | 115 867 |
| Cllr. NH. Tshimbana | 402 324 | 22 800 | 66 263 | - | - | 491 387 |
| Cllr. NJ. Mbhalati | 402 324 | 22 800 | 59 203 | - | - | 484 327 |
| Cllr. P.J. Mampeule | 100 395 | - | 21 767 | - | - | 122 162 |
| Cllr. PS. Mothomogolo | 103 113 | - | 47 353 | - | - | 150 466 |
| Cllr. RT. Mavundza | 313 140 | 22 800 | 72 108 | - | - | 408 048 |
| Cllr. SP. Letebele | 11 571 | - | 22 818 | - | - | 34 389 |
| Cllr. WL. Mtebule* | 9 227 | - | - | - | - | 9 227 |
| Cllr. BA. Shlbambu | 100 395 | - | 65 084 | - | - | 165 479 |
| Cllr. DJ. Mmetle Ramohlola** | 666 817 | 42 982 | 116 415 | - | - | 826 214 |
| Cllr. M. Lewele | 712 416 | 45 600 | 126 291 | - | - | 884 307 |
| Cllr. MD. Makhnanisa | 112 555 | - | 77 752 | - | - | 190 307 |
| Cllr. MJ. Rakgoale | 100 395 | - | 70 644 | - | - | 171 039 |
| Cllr. MN. Madike | 311 378 | 43 800 | 20 005 | - | - | 375 183 |
| Cllr. MS. Magomane | 414 484 | 22 800 | 53 546 | - | - | 490 830 |
| Cllr. MW. Mohale | 370 625 | 22 800 | 107 724 | - | - | 501 149 |
| Cllr. NR. Khandhela | 710 256 | 45 600 | 61 878 | - | - | 817 734 |
| Cllr. S. Mavasa | 11 571 | - | 45 606 | - | - | 57 177 |
| Cllr. SS. Mathebula | 100 395 | - | 87 947 | - | - | 188 342 |
| Cllr. C. Stoltz | 2 418 | - | 27 725 | - | 34 089 | 64 232 |
| Cllr. DG. Mkhabela | 2 332 | - | 58 497 | - | 48 862 | 109 691 |
| Cllr. ML. Ramalepe | 1 209 | - | 32 992 | - | 20 454 | 54 655 |

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| | | | | | 2024 R | 2023 R |
|--|-------------------|----------------|------------------|--------------|----------------|-------------------|
| 47. Related parties (continued) | | | | | | |
| Cllr. SP. Mashumu | 1 425 | - | 50 778 | - | 37 499 | 89 702 |
| Cllr. TC. Letsoalo* | 345 | - | - | - | - | 345 |
| Cllr. WM. Maake | 259 | - | 26 689 | - | 42 044 | 68 992 |
| Cllr. EM. Mathaba* | 605 | - | - | - | - | 605 |
| Cllr. J. Mashele | 2 009 | - | 50 571 | - | 51 134 | 103 714 |
| Cllr. MC. Morwatshehla | 2 245 | - | 42 818 | - | 51 134 | 96 197 |
| Cllr. MS. Baloyi | 1 339 | - | 42 601 | - | 17 045 | 60 985 |
| Cllr. SB. Ramoshaba | 1 209 | - | 36 779 | - | 21 590 | 59 578 |
| Cllr. SM. Shayi | 1 684 | - | 55 230 | - | 20 453 | 77 367 |
| Cllr. MD. Selaelo | 307 964 | - | 33 906 | - | - | 341 870 |
| Cllr. TA. Mabaso | 302 428 | 21 700 | 27 385 | - | - | 351 513 |
| Cllr. Z. Ndhlovu | 303 351 | 21 800 | 36 533 | - | - | 361 684 |
| Cllr. MG. Letsoalo* | 273 698 | 20 391 | 8 931 | - | - | 303 020 |
| Cllr. D. Malemela* | - | - | 2 424 | - | 6 818 | 9 242 |
| Cllr. IN. Shivambo | 9 090 | - | 17 786 | - | 1 136 | 28 012 |
| Cllr. MS. Mangena | - | - | - | - | 3 409 | 3 409 |
| | 12 069 333 | 630 973 | 3 077 847 | 1 972 | 401 120 | 16 181 245 |

* These Councillors resigned in the prior year.

** These Councillors resigned in the current year

2023

| Name | Basic salary | Cellphone Allowance | Travel Allowance | Other | Sitting Allowance | Total |
|-------------------------------------|--------------|---------------------|------------------|-------|-------------------|---------|
| Cllr. PJ. Shayi | 947 462 | 40 800 | - | - | - | 988 262 |
| Cllr. NM. Maswanganyi | 757 615 | 40 800 | 7 405 | 805 | - | 806 625 |
| Cllr. SL. Mohlala | 310 264 | - | 313 789 | - | - | 624 053 |
| Cllr. MH. Sefufi | 687 404 | 40 800 | 200 500 | - | - | 928 704 |
| Cllr. ML. Maloko | 383 338 | 34 000 | 148 542 | - | - | 565 880 |
| Cllr. NN. Baloyi | 705 052 | 43 940 | 53 687 | - | - | 802 679 |
| Cllr. CM. Ramathoka | 331 | - | 37 838 | - | 40 808 | 78 977 |
| Cllr. FM. Moroatshehla | 14 060 | - | 58 865 | - | - | 72 925 |
| Cllr. MMA. Mathebula | 84 102 | - | 149 338 | - | - | 233 440 |
| Cllr. TJ. Senyolo | 10 955 | - | 31 557 | - | 1 360 | 43 872 |
| Cllr. I. Hlungwani * | 251 279 | 30 600 | 12 656 | - | - | 294 535 |
| Cllr. RN. Sekgobela | 1 740 | - | 10 289 | - | 14 026 | 26 055 |
| Cllr. AT. Rabothata | 10 955 | - | 46 771 | - | - | 57 726 |
| Cllr. BT. Mabilo | 10 955 | - | - | - | - | 10 955 |
| Cllr. E. Hlungwani | 380 927 | 34 000 | 80 945 | - | - | 495 872 |
| Cllr. GE. Kobane | 10 955 | - | 36 407 | - | - | 47 362 |
| Cllr. GN. Bokisi * | 251 576 | 30 832 | 33 949 | - | - | 316 357 |
| Cllr. HD. Lebeya | 296 825 | 34 000 | 25 423 | - | - | 356 248 |
| Cllr. MG. Mangena | 95 614 | - | 88 449 | - | - | 184 063 |
| Cllr. MM. Mukhabele | 506 549 | 34 000 | 106 832 | - | - | 647 381 |
| Cllr. Mafemani Patrick. Hlungwani * | 296 926 | 17 309 | 64 363 | - | - | 378 598 |
| Cllr. Mabandla Patrick. Hlungwani | 10 955 | - | 65 585 | - | - | 76 540 |
| Cllr. MP. Matlou | 94 838 | - | 28 547 | - | - | 123 385 |
| Cllr. NH. Tshimbana | 380 927 | 34 000 | 72 834 | - | - | 487 761 |
| Cllr. NJ. Mbhaleti | 380 927 | 34 000 | 42 179 | - | - | 457 106 |
| Cllr. PJ. Mampeule | 95 057 | - | 30 026 | - | - | 125 083 |
| Cllr. PS. Mthomogolo | 92 573 | - | 40 233 | - | - | 132 806 |
| Cllr. RT. Mavundza | 296 825 | 34 000 | 85 054 | - | - | 415 879 |
| Cllr. SP. Letebele | 10 955 | - | 16 717 | - | - | 27 672 |
| Cllr. WL. Mtebule | 261 509 | 31 527 | 41 901 | - | - | 334 937 |

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Notes to the Annual Financial Statements

| | | | | | 2024 R | 2023 R |
|--|-------------------|----------------|------------------|------------|----------------|-------------------|
| 47. Related parties (continued) | | | | | | |
| Cllr. BA. Shibambu | 95 057 | - | 73 815 | - | - | 168 872 |
| Cllr. DJ. Mmetle Ramohlola | 703 968 | 40 800 | 133 154 | - | - | 877 922 |
| Cllr. M. Lewele | 700 377 | 40 800 | 154 180 | - | - | 895 357 |
| Cllr. MD. Makhananisa | 106 569 | - | 90 663 | - | - | 197 232 |
| Cllr. MJ. Rakgoale | 95 057 | - | 56 471 | - | - | 151 528 |
| Cllr. MN. Madike | 282 870 | 40 800 | 27 451 | - | - | 351 121 |
| Cllr. MS. Magomane | 392 439 | 34 000 | 76 530 | - | - | 502 969 |
| Cllr. MW. Mohale | 296 825 | 34 000 | 94 164 | - | - | 424 989 |
| Cllr. NR. Khandhela | 703 968 | 40 800 | (6 713) | - | - | 738 055 |
| Cllr. S. Mavasa | 10 955 | - | 51 111 | - | - | 62 066 |
| Cllr. SS. Mathebula | 95 057 | - | 112 432 | - | - | 207 489 |
| Cllr. C. Stoltz | 1 026 | - | 48 333 | - | 54 279 | 103 638 |
| Cllr. DG. Mkhabela | 563 | - | 43 557 | - | 50 969 | 95 089 |
| Cllr. ML. Ramalepe | 662 | - | 16 901 | - | 28 342 | 45 905 |
| Cllr. SP. Mashumu | 761 | - | 98 932 | - | 50 870 | 150 563 |
| Cllr. TC. Letsoalo | 364 | - | 5 168 | - | 11 297 | 16 829 |
| Cllr. WM. Maake | 529 | - | - | - | 1 136 | 1 665 |
| Cllr. EM. Mathaba | 563 | - | 8 107 | - | 15 809 | 24 479 |
| Cllr. J. Mashele | 794 | - | 45 607 | - | 50 969 | 97 370 |
| Cllr. MC. Morwatshehla | 794 | - | 67 845 | - | 47 527 | 116 166 |
| Cllr. MS. Baloyi | 596 | - | 34 217 | - | 31 618 | 66 431 |
| Cllr. SB. Ramoshaba | 728 | - | 31 956 | - | 28 309 | 60 993 |
| Cllr. SM. Shayi | 629 | - | 71 448 | - | 41 911 | 113 988 |
| Cllr. MD. Selaelo | 162 232 | - | 4 153 | - | - | 166 385 |
| Cllr. TA. Mabasa | 24 280 | 1 700 | - | - | - | 25 980 |
| Cllr. Z. Ndhlovu | 48 559 | 3 400 | 7 326 | - | - | 59 285 |
| Cllr. MG. Letsoalo | 24 280 | 1 700 | - | - | - | 25 980 |
| | 11 389 952 | 752 608 | 3 277 489 | 805 | 469 230 | 15 890 084 |

The municipality has discovered that it had made overpayment relating to remuneration of councillors which resulted in councillors owing the municipality the portion which was identified as overpayment. The municipality has made a repayment arrangement with the affected councillors and its in the process of recovering the overpaid portion.

The below listed councillors have an outstanding balance as at year ended 30 June 2024:

Councillors' balance owed to the municipality

The following relates to amounts owed by councillors emanating from overpayments of councillors remunerations in prior years. These balances are older than 90 days. No other amounts are owed by councillors.

| Name | | |
|------------------------|----------------|----------------|
| Cllr. NM. Maswanganyi | 12 812 | 12 812 |
| Cllr. MH. Sefufi | 9 913 | 21 014 |
| Cllr. ML. Maloko | 31 670 | 38 670 |
| Cllr. NN. Baloyi | 696 950 | 696 950 |
| Cllr. CM. Ramathoka | 29 966 | 29 966 |
| Cllr. BT. Mathevula | 11 999 | 11 999 |
| Cllr. MSM. Lewele | 10 403 | 30 691 |
| Cllr. MC. Morwatshehla | 11 267 | 28 447 |
| Cllr. MW. Mohale | 9 100 | - |
| Cllr. MMA. Mathebula | 4 913 | - |
| | 828 993 | 870 549 |

Prior period errors

The municipality identified errors in this disclosure which involved omission of two (2) councillors from the disclosure note. These were corrected retrospectively, and the effect is analysed in the table below:

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 | 2023 | |
|--|----------------------------------|-------------------|------------------------|
| | R | R | |
| 47. Related parties (continued) | | | |
| Detail | Gross carrying Amount | Impairment | Carrying Amount |
| Amount previously reported | 811 411 | (790 397) | 21 014 |
| Cllr. MSM. Lewele [1] | 30 691 | - | 30 691 |
| Cllr. MC. Morwatshehla [1] | 28 447 | - | 28 447 |
| Amount restated | 870 549 | (790 397) | 80 152 |

[1] The amount owed by these two councillors were omitted from the list in the previous year's financial statements and corrections have now been made retrospectively.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| 2024 | 2023 |
|------|------|
| R | R |

48. Prior-year adjustments

The Municipality's annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The basis is consistent with the prior year except for restatements reflected below.

The municipality identified errors affecting the reported financial statements of the previous financial years. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The municipality identified errors affecting the reported financial statements of the previous financial years. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Reclassifications

During the current financial year, Municipal Council decided to change certain general ledger account classifications in the annual financial statements to achieve a more accurate presentation in the municipal annual financial statements. As a result of these reclassifications, the prior years were restated retrospectively in terms of GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The annual financial statement line items affected by these reclassifications were VAT receivable (Note 6) and VAT payable (Note 13). These reclassifications had no effect on the surplus previously reported in the prior year.

Reclassifications as reported in this set of financial statements relate to moving of account codes from one financial statement area to another as well as moving from a sub class of a financial statement area to another.

Disclosures

The municipality identified completeness and accuracy disclosure errors on Irregular expenditure (Note 54), commitments (Note 45), related parties (note 47) unauthorised expenditure (Note 52). Further statutory receivables relating to Grants receivable from DWS were omitted under "Statutory receivables" section of note 5. Receivables from non-exchange transactions and from note 59 Other Statutory receivables altogether. Details of the errors are disclosed in the relevant notes as indicated.

In the previous year, the Municipality disclosed WSIG schedule 6B grants and RBIG Mamefja Sekororo grants revenue recognised as R153 523 217 and R35 303 251 respectively (being the same amount as receipts) instead of the R193 429 578 and R47 402 510 (the actual revenue recognised) (Note 23). This misstated the receivable closing balance on the note by R39 906 361 (WSIG 6B) and R12 099 259 (RBIG Mamefja Sekororo).

The Municipality did not disclose the water losses completely and accurately in the previous year. This was due to not including all the schemes, omission of distribution losses and omission of Rand values of losses from the disclosure (Note 34).

The Municipal segment report (Note 57) for the previous year has been affected by prior period errors identified and corrected in other financial statement areas as detailed in this note.

These were all corrected retrospectively as required by GRAP 3.

Receivables from exchange transactions (Note 4), Service charges (Note 19) and intermunicipal loan accounts (Notes 4 and 12)

During the current financial year, errors were identified where the Municipality misstated its consumer debtors in the previous years. These were due to errors in impairment calculations, preparing financial statements that were not tying to general ledger, payroll, and billing reports. Also, errors in calculations of the agency fees due to the local municipalities were identified and corrected. There errors resulted in the district having differences between financial statements and underlying supporting documents. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts receivables and the related revenues were updated accordingly..

Accounts payable, general expenditure and accruals

During the current financial year, errors were identified where the Municipality had duplicated certain suppliers' invoices, omitted recording of supplier invoices and or posted invoices in incorrect accounting periods. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts payable and the related expenditure were updated accordingly.

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| 2024 | 2023 |
|------|------|
| R | R |

48. Prior-year adjustments (continued)

Property, plant and equipment, Work in progress (WIP), depreciation, impairment and retentions

The municipality identified a multiple number of errors affecting property, plant and equipment and related depreciation, residual, values and impairment loss. In the previous years, some items of property, plant and equipment were recorded as expenses and some assets were duplicated in error. The municipality also incorrectly carried some completed project in WIP thereby understating completed assets and related depreciation. These have been corrected in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors..

VAT receivable (Note 6) and VAT Payable (Note 13)

In the previous year, the municipality incorrectly reported all VAT categories as net under "VAT receivable" category on the Statement of Financial Position. This was contrary to the guidance given by the ASB's Fact sheet 11 - Classification of VAT. The VAT accrual account does not represent amounts to be received or paid, but rather amounts that are associated with transactions that are yet to be settled. There is no money to be received or paid to SARS for these amounts yet. As there is no transaction to "settle" with a specific counterparty at this point, the requirements for set off are inappropriate. As a result, separate presentation of the VAT accrual "debit" and "credit" may be more appropriate. This has been corrected retrospectively in current year in line with GRAP 3 requirements.

Further, some errors relating to duplication and overstating VAT invoices were identified and corrected in current year in line with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Nature and effect of correction of errors

The nature and impact of corrections of these errors as well as reclassifications on the Financial Statements of the Municipality are as follows:

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | | | 2024 R | | | 2023 R |
|---|----------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|
| 48. Prior-year adjustments (continued) | | | | | | |
| Nature of errors | Reported surplus | Accumulated surplus | Non-current Assets | Current assets | Non-current Liabilities | Current Liabilities |
| Assets duplicated on asset register | (1 280 106) | 20 752 485 | (19 472 379) | - | - | - |
| Assets expensed in repairs and maintenance | (321 080) | - | 321 080 | - | - | - |
| Assets replaced not derecognised | (18 575) | 130 280 | (111 705) | - | - | - |
| Boreholes not recorded on asset register | - | - | 465 239 | 69 786 | - | (535 025) |
| Containers not recognised in asset register | 57 400 | (1 361 402) | 1 304 002 | - | - | - |
| Misstatement in receivables | - | - | - | (20 274) | - | 20 274 |
| Workman Compensation fund invoices not recorded in general ledger | 3 041 209 | - | - | - | - | (3 041 209) |
| Staff debtor repayment understated | - | - | - | (3 000) | - | 3 000 |
| Greater Giyani debtors' impairment misstatements | 2 773 287 | 25 583 199 | - | (28 356 486) | - | - |
| Greater Letaba debtors' impairment misstatements | (901 686) | (593 309) | - | 1 494 996 | - | - |
| Greater Tzaneen debtors' impairment misstatements | (36 624 929) | 49 282 838 | - | (12 657 909) | - | - |
| Maruleng debtors' impairment misstatements | 241 616 | (870 717) | - | 629 101 | - | - |
| Ba-Phalaborwa debtors' impairment misstatements | (81 365 069) | 64 985 962 | - | 16 379 107 | - | - |
| Residual values of other property plant and equipment misstated | - | 16 194 742 | (16 194 742) | - | - | - |
| Infrastructure depreciation misstated | 1 020 | 416 | (1 436) | - | - | - |
| Impairment of Kgapanne waste water treatment works | 545 464 | - | (545 464) | - | - | - |
| DWS invoices overstated | (30 532 300) | - | - | - | - | 30 532 300 |
| BPLM service charges misstated | (26 944 270) | - | - | 26 944 270 | - | - |
| SALGA membership levy 2023 | 4 481 845 | - | - | - | - | (4 481 845) |
| Consumer deposit misstated | - | - | - | 85 550 | - | (85 550) |
| Buildings not in the asset register | 4 601 | (115 015) | 110 414 | - | - | - |
| Finished capital projects not capitalised | 7 229 089 | 22 651 700 | (29 880 790) | - | - | - |
| Ba-Phalaborwa loan impairment misstatements | 31 071 460 | - | - | (31 071 460) | - | - |
| Giyani agency fees misstated | (2 292 343) | - | - | (343 851) | - | 2 636 194 |
| MDM Closing Water inventory | (4 490) | - | - | 4 490 | - | - |
| Depreciation misstatements | 74 290 | - | (74 290) | - | - | - |
| Trade payables not split between current and non-current portions | - | - | - | - | (834 241 290) | 834 241 290 |
| | (130 763 567) | 196 641 179 | (64 080 071) | (26 845 680) | (834 241 290) | 859 289 429 |

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

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Notes to the Annual Financial Statements

| | | 2024 | | 2023 | |
|--|------|------------------------|---------------------|-------------------|-----------------|
| | | R | | R | |
| 48. Prior-year adjustments (continued) | | | | | |
| 2023 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Inventories | 3 | 32 732 935 | 4 490 | - | 32 737 425 |
| Receivables from exchange transactions (Current) | 4 | 122 849 288 | (22 511 191) | - | 100 338 097 |
| Receivables from exchange transactions (Non - Current) | 4 | 46 400 000 | - | - | 46 400 000 |
| VAT receivable | 6 | 59 222 219 | (274 066) | 246 861 499 | 305 809 652 |
| Cash and cash equivalents | 7 | 18 477 337 | - | - | 18 477 337 |
| Receivables from non exchange transactions | 5 | 52 005 619 | - | - | 52 005 619 |
| Operating lease asset (Current) | 11 | 699 568 | - | - | 699 568 |
| Operating lease asset (Non - Current) | 11 | 2 623 379 | - | - | 2 623 379 |
| Property, plant and equipment | 8 | 8 987 096 606 | (64 080 070) | - | 8 923 016 536 |
| Intangible assets | 9 | 2 804 853 | - | - | 2 804 853 |
| Heritage assets | 10 | 432 000 | - | - | 432 000 |
| Payables from exchange transactions (Current) | 12 | (1 744 669 967) | 859 351 705 | - | (885 318 262) |
| Payables from exchange transactions (Non - Current) | | - | (834 241 290) | - | (834 241 290) |
| VAT payable | 13 | - | (4 041 640) | (246 861 499) | (250 903 139) |
| Consumer deposits | 14 | (4 005 535) | (85 550) | - | (4 091 085) |
| Employee benefit obligation (Current) | 15 | (6 130 359) | - | - | (6 130 359) |
| Employee benefit obligation (Non - Current) | 15 | (79 012 605) | - | - | (79 012 605) |
| Unspent conditional grants and receipts | 17 | (106 936 475) | - | - | (106 936 475) |
| Accumulated surplus | | (7 384 588 863) | 65 877 612 | - | (7 318 711 251) |
| | | - | - | - | - |

Statement of financial performance

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Notes to the Annual Financial Statements

| | | 2024 R | 2023 R | |
|---|------|---------------------------|------------------------|--------------------|
| 48. Prior-year adjustments (continued) | | | | |
| 2023 | | | | |
| | Note | As previously reported | Correction of error | Restated |
| Service charges | 19 | 239 259 968 | 26 944 270 | 266 204 238 |
| Interest charged on overdue consumer accounts | 20 | 94 451 604 | - | 94 451 604 |
| Other income | 21 | 11 282 655 | - | 11 282 655 |
| Interest received - Investment | 22 | 11 463 425 | - | 11 463 425 |
| Government grants and subsidies | 23 | 1 944 364 604 | - | 1 944 364 604 |
| Public contributions and donations | 25 | 58 700 | - | 58 700 |
| Services in kind revenue | 26 | 2 953 200 | - | 2 953 200 |
| Other non-exchange income | 27 | 658 272 | - | 658 272 |
| Employee related costs | 28 | (485 368 972) | (3 041 209) | (488 410 181) |
| Remuneration of councillors | 29 | (15 890 084) | - | (15 890 084) |
| Depreciation and amortisation | 30 | (232 733 985) | (6 074 669) | (238 808 654) |
| Finance costs | 31 | (50 876 843) | - | (50 876 843) |
| Lease rentals on operating lease | 32 | (699 568) | - | (699 568) |
| Debt Impairment | 33 | (434 502 442) | 84 805 322 | (349 697 120) |
| Inventory consumed and bulk purchases | 34 | (225 999 176) | 30 536 789 | (195 462 387) |
| Contracted services | 35 | (102 238 026) | 2 292 343 | (99 945 683) |
| Transfers and Subsidies | 36 | (1 143 000) | - | (1 143 000) |
| Operating Expenses | 37 | (176 491 054) | (4 481 845) | (180 972 899) |
| Consulting and professional fees | 38 | (68 982 955) | - | (68 982 955) |
| Repairs and maintenance | 39 | (61 890 656) | 328 030 | (61 562 626) |
| VIP Toilets | 27 | (66 339 304) | - | (66 339 304) |
| Notional expenses | 26 | (2 953 200) | - | (2 953 200) |
| Loss on disposal of assets and liabilities | | (1 435 969) | - | (1 435 969) |
| Actuarial gains/losses | 15 | 10 521 517 | - | 10 521 517 |
| Impairment loss | 41 | (16 416 952) | (545 464) | (16 962 416) |
| Surplus for the year | | 371 051 759 | 130 763 567 | 501 815 326 |

Cash flow statement

2023

| | Note | As previously reported | Correction of error | Restated |
|--|------|---------------------------|------------------------|---------------------|
| Cash flow from operating activities | | | | |
| Cash flow from operating activities | 43 | 687 683 666 | (51 952 157) | 635 731 509 |
| Cash flow from investing activities | | (698 684 946) | 51 952 151 | (646 732 795) |
| Cash flow from financing activities | | (306 400) | - | (306 400) |
| | | (11 307 680) | (6) | (11 307 686) |

The impact of these errors for the opening accumulated surplus at 01 July 2022 is reconciled as tabulated below:

| | |
|--|----------------------|
| Details | |
| Total cumulative effect of error corrections on surplus | (65 877 612) |
| Total effect of error corrections on surplus of 2021/2022 financial year | (130 763 567) |
| Effect on the accumulated surplus as at 01 July 2022 | (196 641 179) |

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| | 2024 R | 2023 R |
|--|-----------|-----------|
|--|-----------|-----------|

49. Risk management

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality uses cash flow forecasts to ensure that sufficient cash is available to meet expected operating expenses. This is guided by working capital and revenue enhancement policies.

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.

The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements:

| 2024 | Carrying amount | Carrying amount Contractual cash flows | 1 year or less | >1 year |
|-------------------------------------|----------------------|--|----------------------|----------|
| Payables from exchange transactions | 1 847 327 258 | 1 847 327 258 | 1 847 327 258 | - |
| Consumer deposits | 4 039 483 | 4 039 483 | 4 039 483 | - |
| | 1 851 366 741 | 1 851 366 741 | 1 851 366 741 | - |

| 2023 | Carrying amount | Carrying amount Contractual cash flows | 1 year or less | >1 year |
|-------------------------------------|----------------------|--|----------------------|----------|
| Payables from exchange transactions | 1 661 883 412 | 1 661 883 412 | 1 661 883 412 | - |
| Consumer deposits | 4 091 085 | 4 091 085 | 4 091 085 | - |
| | 1 665 974 497 | 1 665 974 497 | 1 665 974 497 | - |

Credit risk

Investment

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables

Trade receivables are amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously.

The municipality establishes an allowance for doubtful debts that represents its estimate for anticipated losses in respect of receivables. Payments of accounts of consumer debtors which are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets exposed to credit risk at year end were as follows:

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Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|--------------------|--------------------|
| 49. Risk management (continued) | | |
| Financial instrument | | |
| Cash and cash equivalents | 180 979 567 | 18 477 337 |
| Receivables from exchange transactions | 98 081 683 | 145 823 387 |
| | 279 061 250 | 164 300 724 |

The municipality invested excess funds in call accounts at tiered interest rates per annum for financial year ended 30 June 2024.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings:

| | | |
|--|-------------|------------|
| Credit rating - Standard & Poor's | | |
| Firststrand Bank Limited: zaA-1 + | 180 738 872 | 18 511 262 |

Market risk

Interest rate risk

As the municipality has no significant interest-bearing financial liabilities, the municipality's income and operating cash flows are substantially independent of changes in market interest rates except for the effect of interest received on cash placed on call accounts.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months is made without consultation with the councillor responsible for financial matters.

Consumer receivables comprise of many consumers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Receivables from exchange transactions are presented net of an allowance for impairment.

Cash flow interest rate risk

| Financial instrument | Current interest rate | Due in less than a year | Due in one to two years | Due in two to three years | Due in three to four years | Due after five years |
|--|-----------------------|-------------------------|-------------------------|---------------------------|----------------------------|----------------------|
| Receivables from exchange transactions - normal credit terms | 12,38 % | 98 081 683 | - | - | - | - |
| Cash in current banking institutions | Tiered | 180 738 872 | - | - | - | - |
| | | 278 820 555 | - | - | - | - |

50. Going concern

We draw attention to the fact that at 30 June 2024, although the Municipality had an accumulated surplus of R 8 040 358 144 and that the Municipality's total assets exceed its liabilities by R 8 040 358 144, its current liabilities exceeded its current assets by R(882 477 350) (2023 :R(743 311 626)). This fact on its own does not prevent the Municipality to continue being a going concern given that going concern implies that the Municipality will be in existence within 12 months of the balance sheet dates.

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.

Realisation of assets

Major assets of the Municipality are liquid and can be realised for market value as and when the need arises. This is positive on the going concern assessment.

Commitments

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| 2024 | 2023 |
|------|------|
| R | R |

50. Going concern (continued)

The municipality has commitments amounting to R1 304 688 100 at the end of the year. These are backed by the approved grants (MIG, WSIG 6B). Further, to confirm positive assessment of going concern, users are advised to take cognisance of the motivations below:

- There is a commitment from National Treasury to fund the operations of the municipality through equitable share and conditional grants. This is substantiated by past practice and gazettes issued by National Treasury for the MTREF period under consideration.
- There is no change in the legislation that impact on the Municipality's ability to continue as a going concern.
- There are plans to ensure that there is effective spending of funds.

Other factors affecting going concern are as follows:-

The following factors if not monitored could undermine the going concern assumptions indicated above they were not properly managed as indicated.

- The Municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The local municipalities are appointed as service providers and the district municipality is the Water Service Authority.
- The Municipality has made significant improvements in its cash position and has been able to settle all its operating obligations within the required period (30 Days) and has also entered into settlement arrangements with Lepelle Northern Water whose obligation is R335 792 029 (2023: R450 474 201) and Department of Water and Sanitation with amount owed of R387 543 040 (2023: R383 234 790). This has a positive impact on going concern assessment.
- The municipality does have equivalent cash reserves to honour the contingent obligations to the value of R155 398 859 (2023: R174 259 418) should they fall due. Current settlements, reflect the municipality winning most of the cases even though they happened after reporting date. This has a positive impact on the going concern assessment.

Conclusion

Based on the above assessment done, the Municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2024 under the going concern assumption. The Municipality will continue with its endeavours to Increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

The Municipality continues to manage the mentioned risks individually in order to ensure that there do not pose major threat to going concern.

51. Events after the reporting date

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

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| | 2024 R | 2023 R |
|---|----------------------|----------------------|
| 52. Unauthorised expenditure | | |
| Opening balance as previously reported | 1 543 460 156 | 1 303 588 960 |
| Add: Unauthorised expenditure - current | 422 689 099 | 484 838 436 |
| Less: Amount written off | - | (244 967 240) |
| Closing balance | 1 966 149 255 | 1 543 460 156 |

Unauthorised expenditure: Budget overspending – per municipal department:

| | | |
|----------------------------|--------------------|--------------------|
| Municipal Manager | 35 623 602 | 16 290 977 |
| Finance | 90 616 307 | 64 546 845 |
| Corporate service | 28 694 766 | 18 235 548 |
| Water distribution | 257 513 822 | 354 456 973 |
| Vote 5: Technical Services | 2 776 326 | - |
| Waste Water Management | 2 262 863 | 4 149 817 |
| Planning and development | 4 258 982 | 19 678 708 |
| Mayor and Council | 868 662 | 3 038 130 |
| Public Safety | 73 769 | 9 582 |
| Health | - | 4 431 856 |
| | 422 689 099 | 484 838 436 |

Breakdown by type of expenditure

| | | |
|-----------------------|-------------|-------------|
| Operating expenditure | 422 689 099 | 484 838 436 |
|-----------------------|-------------|-------------|

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes: overspending of the total amount appropriated in the municipality's approved budget; overspending of the total amount appropriated for a vote in the approved budget expenditure from a vote unrelated to the department or functional area covered by the vote; expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation otherwise than in accordance with any conditions of the allocation; or a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

Amount under investigation

Unauthorised expenditure incurred in the previous year is still under investigation by the Municipal Public Accounts Committee (MPAC).

Causes of unauthorised expenditure

The unauthorised expenditure was due to under budgeted items in the various departments.

Prior period errors

In the current year the municipality identified and corrected some errors for the 2023 financial year, relating to understatement of unauthorised expenditure. This was due to using incorrect general ledger figures in calculating the expenditure by management. This was corrected retrospectively, and the details are tabulated below:

| Details | Amount R |
|---|----------------------|
| Unauthorised expenditure as previously reported for 2023 financial year | 1 647 279 454 |
| Less unauthorised expenditure overstated in the previous year | (103 819 297) |
| Restated amount | 1 543 460 157 |

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| | 2024 R | 2023 R |
|--|--------------------|--------------------|
| 53. Fruitless and wasteful expenditure | | |
| Opening balance as previously reported | 472 381 318 | 493 774 529 |
| Add: Fruitless and wasteful expenditure identified - current | 63 731 230 | 40 946 021 |
| Less: Amount written off - current | - | (43 516 843) |
| Less: Amount written off by suppliers | (9 952 251) | (18 822 389) |
| Closing balance | 526 160 297 | 472 381 318 |

Details of fruitless and wasteful expenditure

| | Disciplinary steps taken/criminal proceedings | | |
|--|---|------------|------------|
| Interest incurred on late payment of suppliers | None | 63 731 230 | 40 946 021 |

The interest charged on debt owed to the Department of Water and Sanitation and Lepelle Northern Water contributed the biggest amounts to the fruitless and wasteful expenditure disclosed above. The breakdown is presented here:

| Supplier | | |
|-----------------------------|-------------------|-------------------|
| Department of Water Affairs | 32 023 695 | 18 851 858 |
| Lepelle Northern Water | 31 607 730 | 22 071 177 |
| Eskom | 98 329 | 12 873 |
| Other | 1 476 | 10 113 |
| | 63 731 230 | 40 946 021 |

54. Irregular expenditure

| | | |
|---|----------------------|----------------------|
| Opening balance as previously reported | 1 349 142 862 | 1 430 189 569 |
| Add: Irregular expenditure - current | 7 662 179 | 51 694 817 |
| Prior period correction | - | (2 803 402) |
| Less: Amount written off - prior period | - | (129 938 122) |
| Closing balance | 1 356 805 041 | 1 349 142 862 |

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

| | Disciplinary steps taken/criminal proceedings | | |
|--------------------------------|---|-----------|------------|
| Non-compliance with SCM policy | None | 7 662 179 | 51 694 817 |

Amount written-off

Amount under investigation

Irregular expenditure from the previous year is still under investigation by MPAC.

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| | 2024 R | 2023 R |
|--|-------------------|----------------------|
| 54. Irregular expenditure (continued) | | |
| Prior period adjustment | | |
| In the current year, the restatements have been made to amounts previously disclosed in prior year. This was because the irregular expenditure was overstated the 2022/2023 financial year. This overstatement was due to incorrectly concluding that there was no formal way used by the municipality in allocating work to engineers on the panel. Below is the breakdown of the identified expenditure: | | |
| Non-compliance with Supply Chain Management regulation | | Amount |
| No formal allocation of work for suppliers on the panel | | 2 803 402 |
| In the current year, the restatements have been made to amounts previously disclosed in prior years. This was due to the fact that the municipal irregular expenditure was overstated from the 2022/2023 financial year. The table below details the impact of corrections of these errors on the previously reported amounts: | | |
| Details | | Amount |
| Irregular Expenditure as previously reported | | 1 351 946 264 |
| Less: Overstatement of Irregular Expenditure (Detailed Above) | | (2 803 402) |
| Restated balance | | 1 349 142 862 |
| 55. Additional disclosure in terms of Municipal Finance Management Act | | |
| Contributions to organised local government | | |
| Audit fees | | |
| Current year subscription / fee | 11 420 278 | 12 003 118 |
| Amount paid - current year | (11 420 278) | (12 003 118) |
| | - | - |
| PAYE and UIF | | |
| Opening balance | (1 988) | 6 229 183 |
| Current year subscription / fee | 73 808 756 | 75 991 976 |
| Amount paid - current year | (73 806 768) | (82 223 147) |
| | - | (1 988) |
| Pension and Medical Aid Deductions | | |
| Opening balance | - | 6 561 445 |
| Current year subscription / fee | 61 390 143 | 55 005 607 |
| Amount paid - current year | (61 390 143) | (61 567 052) |
| | - | - |
| VAT | | |
| VAT receivable | 375 750 623 | 305 809 653 |
| VAT payable | (287 366 701) | (250 903 140) |
| | 88 383 922 | 54 906 513 |

VAT output payables and VAT input receivables are shown in note 6 and note 13 respectively.

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

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| | 2024 R | 2023 R |
|--|------------------|-------------------|
| 56. Deviation from supply chain management regulations | | |
| Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. | | |
| Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. | | |
| In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the period amounted to R2 449 249 (2023: R12 422 965) which has been tabled to council for noting in terms of Section 36(2). Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the financial statements Major deviations related to emergency procurement of water related services since water is an essential service (water supply). | | |
| The amount for deviations consists of the following categories that make up the disclosed balance: | | |
| Category/Item | | |
| Sole Supplier | 1 027 617 | 721 346 |
| Other | - | 11 425 619 |
| Emergency | 1 421 632 | 276 000 |
| | 2 449 249 | 12 422 965 |

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| 2024 | 2023 |
|------|------|
| R | R |

57. Segment information

General information

Identification of segments

The municipal management is organised and reports to Council on the basis of five (5) major functional areas: Community services, Engineering Services, Mayor and Council, Planning and development and Water services. The segments were organised around the type of service delivered and the target community. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management and Council 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 jurisdiction of Mopani District. Segments were aggregated on the basis of services delivered as council considered that the economic characteristics of the segments throughout the district 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 | Goods and/or services |
|---------------------------|---|
| Community services | Provision of fire services, health services, sports and recreation services to the community. |
| Engineering Services | Provision of project management services. Water infrastructure construction, maintenance. |
| Planning and development | Responsible for local economic development, spatial planning. |
| Water services | Provision of water and sanitation services to the community. |
| Mayor and Council | The council is responsible for governing the local area, provision of service delivery of municipal services to local residents and provision of political oversight to administration. |

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|--|----------------------|----------------------|---------------------|--------------------------|----------------------|----------------------|
| Revenue | | | | | | |
| Revenue from non-exchange transactions | 12 797 | 18 012 386 | - | 8 226 000 | 1 043 326 746 | 1 069 577 929 |
| Revenue from exchange transactions | 970 | 663 560 | 27 860 | 689 | 219 779 195 | 220 472 274 |
| Interest revenue | - | - | - | - | 112 147 777 | 112 147 777 |
| Total segment revenue | 13 767 | 18 675 946 | 27 860 | 8 226 689 | 1 375 253 718 | 1 402 197 980 |
| Unallocated interest revenue | | | | | | 27 775 043 |
| Other unallocated revenue | | | | | | 1 293 570 591 |
| Total revenue reconciling items | | | | | | 1 321 345 634 |
| Entity's revenue | | | | | | 2 723 543 614 |
| Expenditure | | | | | | |
| Employee related costs | 126 404 649 | 23 502 348 | 20 576 468 | 17 846 080 | 218 621 046 | 406 950 591 |
| Remuneration of councillors | - | - | 16 181 245 | - | - | 16 181 245 |
| Depreciation and amortisation | 10 996 088 | - | - | 7 525 302 | 272 713 626 | 291 235 016 |
| Interest expense | - | - | - | - | 2 006 291 | 2 006 291 |
| Debt impairment | - | - | - | - | 297 652 650 | 297 652 650 |
| Inventory consumed and bulk purchases | - | - | - | - | 266 909 886 | 266 909 886 |
| Contracted services | - | - | - | - | 14 236 642 | 14 236 642 |
| Operating Expenses | 6 191 435 | 2 222 703 | 4 392 253 | 30 856 962 | 128 331 940 | 171 995 293 |
| Consulting and professional fees | - | 7 816 162 | - | 9 286 452 | - | 17 102 614 |
| Repairs and maintenance | 1 907 988 | 672 968 | - | - | 88 567 881 | 91 148 837 |
| VIP Tolls | - | - | - | - | 5 024 573 | 5 024 573 |
| Actuarial gains/losses | - | - | - | - | (18 563) | (18 563) |
| Total segment expenditure | 145 500 160 | 34 214 181 | 41 149 966 | 65 514 796 | 1 294 045 972 | 1 580 425 075 |
| Total segmental surplus/(deficit) | (145 486 393) | (15 538 235) | (41 122 106) | (57 288 107) | 81 207 746 | (178 227 095) |

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| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|--|--------------------|----------------------|-------------------|--------------------------|----------------|--------------------|
| 57. Segment information (continued) | | | | | | |
| Interest expense | | | | | | (71 824 456) |
| Unallocated expenses | | | | | | (349 647 173) |
| Total revenue reconciling items | | | | | | 1 321 345 634 |
| Entity's surplus for the period | | | | | | 721 646 910 |

| | |
|--|-------------------|
| Assets | |
| Segment assets | 54 861 935 |
| Unallocated assets | 37 086 662 |
| Total assets as per Statement of financial Position | 91 948 597 |

| | |
|---|--------------------|
| Liabilities | |
| Segment liabilities | 141 519 806 |
| Unallocated liabilities | 5 763 360 |
| Total liabilities as per Statement of financial Position | 147 283 166 |

| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|--|--------------------|----------------------|-------------------|--------------------------|----------------------|----------------------|
| 2023 | | | | | | |
| Revenue | | | | | | |
| Revenue from non-exchange transactions | 66 112 | 11 946 952 | - | 10 600 000 | 697 267 031 | 719 880 095 |
| Revenue from exchange transactions | - | - | 110 | - | 266 263 486 | 266 263 596 |
| Interest revenue | - | - | - | - | 94 451 604 | 94 451 604 |
| Total segment revenue | 66 112 | 11 946 952 | 110 | 10 600 000 | 1 057 982 121 | 1 080 595 285 |
| Interest revenue | | | | | | 11 463 425 |
| Other unallocated revenue | | | | | | 1 239 377 976 |
| Total revenue reconciling items | | | | | | 1 250 841 401 |

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| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|---|--------------------|----------------------|-------------------|--------------------------|----------------|----------------------|
| 57. Segment information (continued) | | | | | | |
| Total liabilities as per Statement of financial Position | | | | | | 2 166 633 222 |

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

The municipality's operations are in the Mopani District in Limpopo Province.

58. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangements.

Details of the arrangement(s) are as follows:

Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality. In terms of the agreements, the five local municipalities are to sell water to the consumers on behalf of MDW in return for an agency fee which is based on the cash collections as well as profit from water and sanitation trading.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality.

In terms of the agreements, the five local municipalities are to sell water and provide sanitation services to the consumers on behalf of Mopani District Municipality (MDM).

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|--|------------|------------|
| 58. Accounting by principals and agents (continued) | | |
| <p>As the principal agent MDM is liable for agency fees to each local municipality as disclosed in note 35. All cash collections by the locals are payable to MDM, and all water related expenses are to be reimbursed by MDM. The nature of expenses paid by the locals on behalf of MDM, includes inter alia, bulk water purchases, salaries of employees in the water department, contracted services, repairs and maintenance of water related infrastructure. These expenses are disclosed under the respective financial statements line items of the District Municipality.</p> <p>Historically, there hasn't been cash payments/receipts between the principal and agents and all amounts owed to/by the local municipalities were netted off and disclosed in the Inter-municipal loan accounts. However, in the current year, one of the local municipalities, Greater Letaba Local Municipality started servicing its loan and has paid R3 874 130 in the current year. The amount payable or receivable are disclosed under Payables from exchange transaction note 12 or Receivables from exchange transactions note 4.</p> <p>The Local Municipalities are in full control of the billing systems and apply their credit control policies in managing MDM's consumer debtors. There were no changes to any significant terms and conditions of this agreement during the current reporting period.</p> <p>MDM is entitled to all income and is liable for all expenses relating to water transactions at the local municipalities. The risk of non-payment by the customer, and variations due to increase/decrease in selling prices of water and sanitation services are borne by MDM.</p> <p>Benefits and Risks</p> <p>Non-payment risks of amounts receivable from the Local Municipalities is considered to be significant. However, as an alternative recovery method, the Local Municipalities are required to incur expenses relating to water related activities for reimbursement by MDM. These costs are not reimbursed directly by MDM but netted off against amounts receivable from the local municipalities.</p> <p>Claims from Greater Tzaneen Municipality are limited to R30 000 000 per annum, any excess amount is recognised as part of other income.</p> <p>Fees payable</p> | | |
| Agency fees incurred as compensation to the agent | 12 511 705 | 14 582 542 |

There are fees payable to the Local Municipalities as agents. These are based on a percentage of cash collected for water and sanitation receivables for all the other 4 local municipalities while the agreement of Ba-Phalaborwa provides for this calculation based on the volumes of water distributed (sold) to consumers. However, no physical cash has been paid over but agency fees owed to the agents were raised as a payable and netted off with the other intermunicipal loan accounts under payables from exchange transactions in note 12 - payables from exchange transactions and note - receivables from exchange transactions.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Should the principal agent arrangement be terminated, Mopani District Municipality will take over the responsibility from the 5 local municipalities. The costs to be incurred will mainly include, obtaining of a billing system and other resources to enable sale of water to consumers within the district.

Prior period errors

This disclosure has been restated for prior years following discovery that the agreement between the Department of Water Affairs and Mopani District Municipality does not constitute any agent/principal relationship in terms of GRAP. The accounting for the related assets, liabilities and revenue has been corrected retrospectively and so has been the related disclosure on principal/agent relationships.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

| | 2024 R | 2023 R |
|---|--------------------|--------------------|
| 59. Other statutory receivables | | |
| VAT due from SARS | 20 859 696 | 69 458 683 |
| This represents amount of VAT that is receivable from the South African Revenue Service following the submission of the returns. Refer to note 6. | | |
| Grants receivable | 126 862 075 | 52 005 619 |
| This relates to Grants receivable from DWS for projects work completed. (Refer to note 5).for further details. | | |
| | 147 721 771 | 121 464 302 |

Statutory receivables general information

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the South African Revenue Service (SARS) is included as part of VAT receivables in the Statement of Financial Position. Once payments are received or paid, the VAT returns are submitted to SARS and the resultant VAT receivable from SARS is accounted as statutory receivables. No interest is charged on outstanding VAT receivable from the South African Revenue Service. Also no impairment is recognised on this receivable since SARS always settles the VAT receivable in time.

Funding receivable from DWS represents grants payable by DWS to the municipality upon completion of work done. In terms of the grant arrangements, the municipality first appoints contractors and performs the work on the projects and then uses the value of work performed to claim from the DWS. The receivable at the end of year represents invoices claimed from the DWS but not yet received at year end.

Prior period error

In the previous financial year, the Municipality omitted Grant receivables from DWS from disclosure of "Other Statutory receivables" in error. This has now been corrected retrospectively in line with GRAP 3 requirements.

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MOPANI DISTRICT MUNICIPALITY

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Municipality
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Fax: 015 812 2068

Maruleng
Municipality
Tel: 015 793 2409/ 2237
Fax: 015 793 2341

Ba-Phalaborwa
Municipality
Tel: 015 780 6300
Fax: 015 781 0726

Greater Tzaneen
Municipality
Tel: 015 307 8000
Fax: 015 307 8489

www.greaterletaba.gov.za

www.greatergiyani.gov.za

www.maruleng.gov.za

www.ba-phalaborwa.gov.za

www.greatertzaneen.gov.za



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality