

SENQU MUNICIPALITY

ANNUAL REPORT 2022/23



SENQU MUNICIPALITY

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CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

1. VISION

A leading rural Municipality with a viable and modern economy.

1.1 JOB CREATION

In financial year 2022/23, 290 jobs were created through LED initiatives compared to 303 created in the previous financial (Expanded Public Works Programmes). It should also be noted that Senqu Municipality continues to be one of the most employment creator in this jurisdictional area of the municipality with a staff complement of about 278 fulltime employees.

1.1.1 LANDFILL CHALLENGES

Commendable progress has been made and the municipality managed obtain permission to construct landfill sites in Herschel and Rossouw. The Herschel landfill site has been practically completed while the Rossouw one is 95% completed. The Lady Grey site has been marred by a myriad of problems relating to poor performance of contractors, but in April a contractor was appointed, and this project is likely to be finished by the end of the next financial year if all goes well.

In Rhodes, the EIA was rejected by the Rate Payers Association of Rhodes, claiming that that there are no Buffer zones and that the site is situated on the riverbanks. Plans are afoot to register and develop a transfer station to avoid the legal operations required in operating a landfill site according to National Environmental Management: Waste Act 59 of 2008. This is a waste transfer facility that is used to accumulate and temporarily store waste before it is transported to a recycling, treatment, or waste disposal facility, which in this case will be Barkly East.

1.1.2 YOUTH PROJECTS

To ensure that the Youth of Senqu municipality is not involved in criminal and drug related activities, the municipality has established a Special Programmes Unit which is responsible for youth, women, and people living with disability development. In 2022/23 financial year, the municipality had one major event. The vent was a sports competition among the various wards of the municipality. The sporting codes were soccer and netball. The plan is to expand this event and include other sporting codes. We also want to have other activities like the music festival, which if all goes well it will be held in December of 2023. More recreational activities will be held in the outer years to curb the scourge of crime and drugs by young people in our communities.

1.1.3 SPORTFIELD

The geographic spread of sport facilities within the Senqu Municipality indicates that most urban areas have access to the sport facilities. Sport fields are found at Sterkspruit Town, Lady Grey, Barkly East, KwaGcina Village in Sterkspruit, and Naledi Village in Sterkspruit.

Lastly, the municipality received a grant funding to construct a Sportfield in Bluegums. An amount of R357 000.00 was set aside during this financial year to do an EIA, however this proved to take too long and could not be completed as planned by the end of the financial year.

1.1.4 TRAFFIC SERVICES

- **Basic traffic law enforcement** functions are well provided overall using four traffic officers, and it must be noted that there hasn't been any significant increase in the number of tickets and summons issued because of a directive from Eastern Cape Provincial Department of Transport and RTMC on the promulgation of AARTO system country wide and its eminent implementation by all law enforcement agencies. Administrative Adjudication of Road Traffic Offences Act, 1998 is an act of the Parliament of South Africa which introduces a points demerit system for violations of traffic law. It is managed by the Road Traffic Management Corporation, a public entity under the Department of Transport. This service has proved to be challenging with the vehicle population increase in Sterkspruit warranting additional traffic wardens and collaboration with other relevant stakeholders.
- **The Roadworthy Division** in Barkly East does not meet compliance criteria and does not have all the required resources to function. It is noted that this testing station / division/ roadworthy system has not been functional for the 4 past financial years *since 2017/2018. No vehicles have been tested for Roadworthiness during the previous financial year, nor during the current year under review.
- **The Driving License Testing Centre** is fully function relatively meeting the requirements of the Minimum Norms and Standards as per the DOT Service Level Agreement, National Road Traffic Act and regulations including the minimum requirements for Grading of Centers, functions and grading of examiners. Improvements required relate to access control, space layout and general infrastructure maintenance. In the 2023/2024 financial year the municipality will also start with the construction of the DLTC in Sterkspruit.

1.1.5 HAWKERS

Hawkers are encouraged to operate legitimately with assistance provision at every opportunity. Hawker's licenses are renewed, and business licenses are issued to the compliant premises.

1.2 PUBLIC PARTICIPATION

Public Participation has tremendously improved in the municipality as we have increased our visibility programmes. Apart from legislative compliance programmes, the municipality also had a public participation called "taking legislature to the people". This programme was organised by the Eastern Cape legislature and it was held in Sterkspruit between January and February of 2023.

1.3 AGREEMENTS /PARTNERSHIPS

These reflect the formal and semi-formal structures that existed in order to improve all aspects of functioning such as: MUNIMEC, DIMAFU, IGR and the like. These need to be actively pursued moving forward.

Agreements are entered into with the appointed Service Providers who are then evaluated in accordance with the recognized service provider's assessment processes. The JOGEDA (recognized Development Agency) that is used to boost tourism in the area, is effective in ensuring that tourism objectives are prioritized.

Agreements with DSRAC (libraries), Department of Roads and Public Works are examples of other agreements entered into nationally in order to ensure that services are provided effectively.

1.4 CONCLUSION

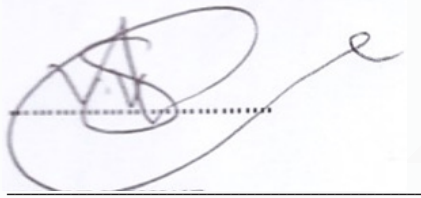
The year 2022/2023 was rather a difficult year for the municipality. It started with us losing our record of clean audit, and it was followed by the departure of our long serving Municipal Manager, Mr. Mxolisi Yawa. This meant that the municipality must function without an MM until recruitment processes were concluded. As if that was not enough the contract of also our long serving CFO also came to an end and we also had to start recruitment processes. Until the end of the financial year the municipality was operating with bot the acting Municipal Manager and CFO.

In April just after our ordinary council meeting one of our councillors, Cllr. Zuziwe Mnisi passed on as result of sudden illness.

All of these things could have deterred us by because we have committed people in our council and administration, we fought very hard to ensure that we earn our glorious name of being one of the best managed municipalities in the Eastern Cape and the country as whole.

I am therefore pleased to announce that the municipality managed to achieve its 9th clean audit during the 2022/2023 financial year. I am also please to announce that the municipality has appointed a new Municipal Manager, Mr. Thembinkosi Mawonga. Mr. Mawonga is no stranger to this district as he was once a municipal manager of the erstwhile Gariep Municipality before it was merged to be the now Walter Sisulu Municipality, which he was also its first Municipal Manager.

I therefore wish that we can continue to maintain our good governance status without compromising on service delivery and take this municipality to even greater heights during the 2023/2024, 2024/2025 and 2025/2026 financial year that are remaining for this council.



V.V STOKHWE

COMPONENT B: EXECUTIVE SUMMARY

1.5. MUNICIPAL MANAGER'S OVERVIEW

I joined this Municipality in July of 2023, which means it was exactly at the beginning of the 2023/2024 financial year and the end of 2022/2023 which this report will focus on. It is really an honor to serve this municipality especially with its remarkable governance proven over its clean audits records. This means I must hit the ground running in order to ensure that we preserve these outcomes. In my analysis of the municipality, I focused on the following areas:

ALIGNMENT OF SERVICE DELIVERY PRIORITIES

While the municipality has been doing a great job to ensure that the government money is spent well, there is still a gap in ensuring that its primary objective for existence is optimally met without compromise. This necessitated a turnaround plan which we did in July and August of 2023 with both the administration and the Executive council. The exercise was a success as it ensured firstly that we are serious about spending conditional grants and the quality of our services meets the standards that our people expect.

SERVICE DELIVERY PERFORMANCE

Service Delivery Performance for the 2022/2023 financial year was faced with many challenges which will be detailed in the report. A number of capital projects struggled to meet their targets, and this was due to poor performance of contractors and to an extent limited oversight. Part of our turnaround strategies was to expedite the implementation of our infrastructure development plans for the MTREF by ensuring that procurement is not left up to the last moment especially for key service delivery projects identified by our communities. The following are specifics per service delivery programme:

a. BASIC SERVICE DELIVERY

Roads, bridges and transport infrastructure

The maintenance of roads is done regularly but there were challenges in acquiring the cold asphalt that is needed for this work. This caused delays but ultimately planned maintenance was done. Another problem facing the municipality is the old and damaged assets which are needed to carry out this work. The municipality is therefore only able to do planned maintenance and even that is also sometimes disrupted by constant breakdowns on the existing fleet. The municipality is investigating a permanent solution to this problem and am confident that by the end of the next financial year, this problem will be a thing of the past.

The construction of new roads is also facing its own problems. The implementation of capital projects is not done with the speed that will ensure that we get value for money without compromising the final product. A rigorous monitoring all construction projects is high on the list of our turnaround strategy and any non-compliance will be met with serious consequences.

There is a need to address the traffic blockage in Sterkspruit that occurs during festive seasons and other holidays. We have recently finalised our Urban Design Framework, which among its key projects is attending to this problem. This is a multi-year task but the plan is to ensure that by the end of the term of this council, a sizeable chunk of work is done in this respect.

b. Recreation and Community Facilities

Although there seem to be a need for more recreational facilities in the entire municipality, the plan is to ensure that we maintain properly the existing ones and promote their optimal usage. This will give a clear indication of the actual needs for our communities. We are currently busy with the process of constructing a new Sportfield in Bluegums. This project should be completed by the end of the 2024/2025 financial year.

c. Cemeteries and Pauper Burials

The process of pauper burials is done in accordance with municipal policy and all legislations that are governing it. All town have cemeteries, the only problem is with the Lady Grey cemetery that is almost to its capacity. There are plan in place to acquire land for it and this will form part of the future projects to be implemented by the municipality. It is however worrying that a reactionary approach is advanced in this case wherein it would be better of the municipality will start land acquisition processes when the burial site is atleast 50 percent full to avoid any delays when full capacity is actually reached. This aspect of proactive planning is what we will advance in the future.

d. Libraries

Senqu Municipality has 5 libraries and two modular libraries. All libraries are operating from Monday to Friday from 08:00 to 16:00. The libraries have 10 permanent library personnel. Libraries are financed through the conditional grant from the Department of Sport Recreation Arts and Culture. is monthly circulation of books in the libraries. Barkly East and Sterkspruit libraries offers audio books available for the visually impaired.

e. Commonages and Animal Licensing

Stock registers were updated as required. The animal pound in Lady Grey is operational although there is still a challenge of non-availability of transport to impound animals from other areas like Sterkspruit and Barkly East. There are plans in place to acquire a pound vehicle so that this service can be effectively carried out.

f. Waste Management

While the municipality is effectively collecting waste in all service areas, there is a challenge of non-collection in villages as they are not serviced areas. Our approach in this regard, is to systematically formalise all villages that are not formalised. The problem with this approach is it needs the by-in of traditional leaders and politicians. This will to an extent increase our revenue and also ensure that all our communities are getting equal services. This is a very long term strategy. There is also a short term strategy which will be costly to the municipality and will be set up collection points in all villages and rather collect there in the meantime.

There is also a problem of scarcity of land for the development of a new waste site, particularly in Sterkspruit. Areas that were identified had to be changed because community complained that the site is nearer to their houses. The current operating site is on an extension, and it will soon lapse. This will mean the municipality is non-compliant and can face up to R10 million fine from the Department of Environmental Affairs.

Urgent intervention is needed in this regard and related stakeholders will be approached for a speedy solution.

g. Free Basic Service Delivery

The municipality is doing exceptionally well in ensuring that those who qualify for indigent services, access them without any interruption. Our Indigent register is updated on monthly basis to ensure that those who have changes in their economic situation do not have to wait up until the end of the financial year to access their duly afforded services.

h. Electricity and Street Lighting

With the loadshedding not showing any signs of being permanently solved, the municipality is in process of engaging various alternative energy service providers to partner with it so that communities can benefit in the uninterrupted provision of electricity. It is currently not clear how long this process will take but updates will be given as soon as there is clarity on what is available on the market and how it will better benefit our communities. The municipality is also going to rollout a programme of installing streetlight in high crime areas to improve visibility during the night.

i. Job Creation

The municipality recently adopted a slogan for its self, which says “employee of choice”. The municipality is very serious in ensuring that it creates both formal and informal jobs where possible to circumvent the increasing levels of unemployment cum-poverty. To augment to the formal employment the municipality also annually sets aside funds for job creation programme. This programme does not include EPWP and CWP which are grant funds. All these three sources of employment contribute effectively to the creation of jobs within the Senqu area.

Conclusion

It is important to note that my observations are backed by various reports submitted to me during the handover period as well as interviews session with both the administrative and political arm. To effectively turnaround this ship and maintain the good name of the municipality, it will need a commitment of all those involved. This therefore means that even communities will have to effectively participate in the shaping of this municipality without only taking a passive participation approach.

Let me take this opportunity to thank the council of Senqu for having confidence in me steering this ship and also the administration for a warm welcome. This has made my few month at the municipality very easy.



THEMBINROST MAWONGA

MUNICIPAL MANAGER

1.6 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.6.1 Introduction to Background Data

The geographical area and aspects defining the Senqu Municipal context within which it exists, together with demographics relating to the population itself will be examined. This information is captured further within Senqu Municipalities Integrated Development Plan (IDP) that is updated annually. In this manner, insight into the challenges and situations faced by Senqu Municipality will be obtained and must be considered when determining context at any and every level.

Geographical Context and Overview of the Municipality

Historically it must be noted that Senqu Municipality was established following the amalgamation of the following Local Authorities and towns:

Lady Grey (including Transwilger and Kwezi Naledi);

Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);

Sterkspruit; Rhodes (including Zakhele), Rossouw; and

Portion of Wodehouse (Dordrecht) and Indwe.

The Senqu area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe. The map which follows clearly indicates the boundaries relating to the Senqu Municipal district and provides an appropriate pictorial context and frame of reference for further discussion.



- Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality and spans an area of 6 772km squared.
- It borders the Eastern Cape Province and Lesotho.
- It is characterized by mountains and beautiful rivers. There are many game-fishing opportunities and both agriculture and the potential for tourism are considered to be critical economic factors to nurture for growth.
- Elundini and Sakhisizwe Municipalities are to the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality. These then link to the N6 at Aliwal North.
- The municipality has three urban nodes viz. Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate.

- The remaining areas of the municipality are characterized by small villages and communal and commercial farming land.
- In examining the background detail, due cognizance must be taken of the efforts made by Senqu Municipality to satisfy basic service delivery requirements, while facing the many social and economic challenges.

1.6.2 Demographic Overview: Senqu Municipality (2022/2027 IDP)

Senqu Municipality consist of 3 main towns i.e. Lady Grey, Barkly East and Sterkspruit;

The dominant home languages are Isi Xhosa, isiHlubi, seSotho, Afrikaans and English. A larger part of isiHlubi speakers can be found living within the Sterkspruit area;

According to the 2001 Census, 83.5% of households are rural in nature (StatsSA). Whilst it is difficult to determine this figure with any accuracy from the 2011 census, indications are that it is at least around 70 %. This dynamic is shifting with the phenomenon of urban in migration occurring in Senqu Local Municipality. The majority of which is situated around the town of Sterkspruit (SDF 2017). This simply means that people are moving to live in villages which are expanding towards the urban centre of Sterkspruit. The concept of a rural countryside with scattered homesteads is disappearing, to be replaced by many villages growing towards each other creating rural urbanisation.

There appears to be an “out migration” of people both out of the rural areas and to the urban areas and from JGDM to other districts. An inward migration from Lesotho to Mt Fletcher and Sterkspruit is also being experienced (Joe Gqabi WSDP 2010);

Senqu Municipality in 2016 has a higher population density than Joe Gqabi district at 19.3 people per square kilometre compared to 14.5 people per square kilometre. This is an increase from 2006 of 18.71 which is an annual growth rate of 0.33%. This was the lowest average annual growth rate in the District Municipality. This average is however less than the Eastern Cape Province of 41.5 per square kilometre (Ecsecc,2017:70-71).

As reflected within the IDP 2022/2027 and based on the official definition, out of the Economically Active Population, there are 17 300 that are unemployed which is an unemployment rate of 40.6% (IHS Markit 2020).

Literacy levels: As reflected within the IDP 2017/2022 only 58.66% of the adult population can read and write as compared to the provincial level of 66.7% and the national average of 73.62%;

Skills Challenge: It is noted that the majority of the adult population (32.21%) are unskilled and there is a major shortage of technical skills (currently reflected at only 0.19%). Notwithstanding, it is to be noted that Senqu has a relatively high proportion of professionally skilled persons (23.46%);

Income:

50.25% of the households earn no income at all.

21.39% of households earn between R1 and R1600 per month; and

Almost two thirds of Senqu households are indigent. More than a quarter of the households (6 134) earn R400 or less per month.

NOTE: This reflects Senqu’s low economic base, which negatively affects investor confidence, their investments and has serious negative repercussions for the economy and the municipality overall.

Fewer people are able to sustain their livelihoods and afford to live and pay for services.

While Senqu has experienced positive economic growth between 2000 and 2010, the economy has been unable to create meaningful benefits for the poor. The poverty rate is 62.93% (much higher than

the provincial average of 53.61%);

The municipality has a very high youthful population which requires a high need for employment, secondary and tertiary education in the region. Tertiary opportunities are offered outside the region. As summarized, Senqu Municipality experiences a youthful population with low skills levels and high unemployment. The majority of the population live in rural villages and rely on social grants. There is high migration to the more urban areas inside and outside the municipality for employment and educational opportunities. The high “out migration” to areas outside the municipality has an annual season with persons returning for Easter and Christmas holidays. Persons also tend to return to the traditional areas when they are faced with illnesses that require high caring from relatives;

The traditional employment opportunities in agriculture and the commercial sector for low skilled workers do not appeal to the better educated youth;

Senqu is a poor area with:

High levels of service backlogs;

Poverty;

Unemployment;

A very small tax base to pay for services;

Limited skills base; and

Reliance on public sector employment.

NOTE: The Municipality disputes the accuracy of the figures relating to the population. Due to the scattered and mountainous terrain of the municipality, the rural population was not adequately accounted for in the census.

- Population Figures & Gender and Race
- As per the statistics reflected within the IDP of 2017/2022 the following figures and statistics are additionally noted:
- The male/female split in population was 88.1:100 (Male: Female) in 2016. The Municipality effectively has more females (53.17%) than males due to the high “out migration” of males looking for work due to historical factors;
- According to (Ecsecc,2017:13) there were 75 400 (53.17%) females and 66 400 (46.83%) males;
- The largest population group is between 0-14 years of age who make up 32.7% of the population and this indicates a very youthful population that the LED Strategy is required to take into account in order to ensure employment opportunities in the future.
- The category with the second largest number of people is the young working age (25-44 years) age; and
- The composition of the households by population group shows that Africans are the largest group of 97.3%, followed by Whites at 1.2% and then Coloureds at 0.9%. The smallest population group in terms of households is the Asian population group with only 0.6% in 2016 (Ecsecc,2017:17).

• Poverty Levels

The poverty gap measures the depth of poverty by measuring the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. “It is estimated that the poverty gap rate in Senqu Local Municipality amounted to 30.0% in 2016 - the rate needed to bring all poor households up to the poverty line and out of poverty. In 2016, the poverty gap rate was 30.0% and in 2006 the poverty gap rate was 32.5%, it can be seen that the poverty gap rate decreased from 2006 to 2016, which means that there were improvements in terms of the depth of the poverty within Senqu Local Municipality (Ecsecc,2017:63)”.

1.6.3 Service Delivery Challenges

A number of Service Delivery challenges appear to exist, and these are reflected generally as follows:

- **Water**

As per STATS SA, 2011: 7 209 households out of 38 046 households reflect the unserved population. This figure reflects a percentage below 20%;

- **Sanitation**

Sanitation provision has improved, and it is noted that currently 6,7 % of the population does not have any access to sanitation at all (STAT SA,2016). Senqu continues to work towards eradication all old, “decaying” and poorly designed water and sanitation systems that simply cannot handle the current demands placed upon them.

- **Electrification and Telecommunication**

It is acknowledged that these networks are mostly inadequate and poor quality is experienced in many areas. In addition, it is noted that a great deal of electricity leakages/losses are experienced, and it is the intention to address this in a manner that produces desired outcomes and reduces these losses;

Waste management

While success has been achieved with the waste removal function, it is acknowledged that challenges are experienced in terms of old vehicles that require maintenance. The development of solid waste sites and the maintenance of solid waste sites can be challenging (especially in terms of supply chain management issues and when attempting to obtain required Environmental Impact Assessments as these are reliant on third parties). Recycling efforts also remain limited due to financial constraints;

- **Environmental Management**

The concept of sustainable development has been integrated into many elements of governance in South Africa. For example:

National government has committed to achieving the Millennium Development Goals (one of which relates to environmental sustainability).

Sustainable development is a powerful theme throughout the Constitution and underpins all environmental management legislation developed since 1994. Importantly, the Constitution and legislation places an obligation on local government to provide services in an environmentally sustainable manner.

Local government has a duty to protect the ‘environmental rights’ of its citizens. The Municipal Systems Act states “The Constitution of South Africa envisages a robust local government system, which can provide democratic and accountable government for local communities; ensure the provision of services to communities in a sustainable manner; promote social and economic development; promote a safe and healthy living environment; and encourage the involvement of communities and community organisations in the matters of local government.”

It is important to note that the Municipal Systems Act reinforces the above when it spells out the rights and duties of municipal councils. It states that these include inter alia that the municipality (having regards to practical considerations) has the duty to strive to ensure that the municipal services are provided in an environmentally sustainable manner. Municipalities must also promote a safe and healthy environment. This role is reiterated in the section dealing with the executive and legislative authority of

the municipality.

Service delivery within this area is poorly provided due to limited financial and human resources provision. This makes it extremely difficult to enforce related by-laws. As a direct consequence, many town planning by-laws are broken, and illegal land invasion occurs regularly. The greatest challenges faced in terms of environmental issues **include** the following:

- Alien vegetation eradication (specifically the Crack Willow which grows along the Kraai River and sucks up litres of water);
- Firewood collection that results in the destruction of trees;
- Grassland burning (indiscriminately) which heightens air pollution and loss of biodiversity;
- Dipping tank locations as these can poison water supplies (from streams);
- Borrow Pits which are not adequately rehabilitated;
- Drainage culverts that can either hinder or promote gulley erosion;
- The proximity of all wastewater treatment works which may result in water contamination (risk of flood damage and spillage into dams, rivers and wetlands) causing contamination generally and risk to animals);
- Soil erosion which is the highest in the Joe Gqabi District Municipality (JGDM) due to marginal soils being utilised for inappropriate agricultural practices;
- The registration and management of solid waste disposal sites;
- The lack of recycling at waste sites;
- The burning of and inadequate collection of waste at times that may lead to illegal dumping;
- Inappropriate land and hygiene practices leading to increased sedimentation and pollution of fresh and groundwater sources; and
- The increased invasion by alien and undesirable species like Slangbos and blue bush near Lady Grey and limited protection of environmental sensitive areas.
- Overall it may be stated that limited financial and human resources make it extremely difficult to control the environmental factors that present themselves.

- **Access Roads and Bridges**

Access roads and bridges in the rural areas are generally of a very poor standard, due to the lack of maintenance and staff. It is also noted that rural people do struggle to access services due to these factors and especially during the rainy period when the roads become impassable and flooded. Access to clinics and schools remains a challenge as people are required to walk long distances and the quality of the service is limited.

1.6.4 Concluding Statements: Demographics

- a) Population studies have indicated that Senqu is characterized as having a youthful population with low skills and high unemployment. There is there for a high need for tertiary and secondary education;
- b) The majority of the population lives in rural villages and relies on social grants.
- c) The majority of the population are black Africans.
- d) There is high migration to the more urban centres inside and outside the municipality for employment and educational opportunities.
- e) The high “out migration” to areas outside the municipality presents as an annual season with persons returning for the Easter and Christmas holidays;
- f) Senqu has an exceptionally low rate base;

- g) There is a corresponding need for infrastructure and social services due to the high number of indigent people. This means that there is a risk that the Equitable Share contribution will remain insufficient to provide basic services as set out in the Constitution;
- h) Agriculture and Tourism are the major economic drivers of the local economy;
- i) Tourism reflects as a key potential economic sector, and economic driver, particularly with the inclusion of the country's only ski resort, Tiffendell; and
- j) Senqu is characterised by scenic beauty, hiking and wildlife attractions and trout fishing.

Natural Resources

NATURAL RESOURCE	
Major Natural Resource	Benefit / Potential
Mountains	Beautiful scenery (adventure and agricultural tourism)
Wind	Off grid and cleaner sources of electricity from wind
Rivers	Game fishing and tourism

More specifically and as reflected within the IDP it must be noted that Senqu's rugged terrain is able to be utilized for adventure and agricultural tourism which is already occurring, such as the case of the "Salmon Skyrun".

Numerous varieties of sandstone are available and have a variety of uses, such as: building bricks or paving - as is being provided from Hershel Sandstone. It must be noted that there is also a great deal of fine river sand for building purposes, but this needs to be monitored as a great deal of illegal sand mining occurs without permits.

The high levels of wind and solar energy facilitate the use of greener energy alternatives such as wind and solar energy (JGDM Environmental Management Plan 2011). Despite this it is acknowledged that these types of alternatives require further study and mapping.

The Senqu District is home to many bird species and a vulture restaurant is located near Lady Grey. It contains many species of the unique alpine plants and an example of this is the red-hot poker which does not grow anywhere else.

In addition, many paleontological species are being discovered in the area with many dinosaur skeletons as well as rock art.

SERVICE DELIVERY OVERVIEW

1.7 Service Delivery Introduction

Free Basic Water and Free Basic Sanitation statistics are handled by Joe Gqabi District Municipality (District Municipal Function) and not Senqu Municipality.

FREE BASIC REFUSE REMOVAL					
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service	Type of subsidy e.g. Equitable Share	Frequency of waste collection e.g. once a week or twice a week
2 414	0	2 414	On site appropriate & regularly supervised disposal	Equitable share	Once a week
			Community transfer to central collection point	0	0
			Curbside Collection	2 414	1 x Week
			Other (Please specify)	0	

FREE BASIC ENERGY	
No. of Indigent (poor) beneficiaries	13027
No. of other beneficiaries (non-indigent)	0
Total beneficiaries	12088
No. of Indigents configured in Eskom database	11661
No. of Indigent who collected tokens and the % thereof	8269
Beneficiaries provided by Eskom	7533
Beneficiaries provided by Municipality	736
Non-grid energy Beneficiaries	497
level of Service (e.g., 50 kWh per household) or the Rand value in the case of non-grid	259.82

1.7.1 Financial health overview

The following dashboard information and tables indicate the municipality's performance in terms of National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas. As an overall assessment, the following indicators are highlighted

	2021/2022	2022/2023
Capital charges to Operating Expenditure	12%	12%
Liquidity: times	3	2.7 times
Outstanding debtors to Annual Revenue	0.14%	0.12%
Creditors to cash	2.3%	23 days
IDP regulation financial viability figures	2021/2022	

Debt Coverage	3 time	2.7 times
Outstanding Service Debtors	153.8%	137.7%
Cost Coverage	19 months	19 months

ORGANIZATIONAL DEVELOPMENT OVERVIEW

1.7.2 Organizational Development Performance

Reference is made to Chapter 4 as this issue is dealt with and reported on extensively in this section.

a. Introduction to Employee Personnel

This aspect is to be examined with reference to Chapter 4.

Generally the Human Resources function is considered to have been well managed overall. The institution strictly adheres to the Human Resources Strategy, Employee Performance, Recruitment and Selection Policy and the Employment Equity Plan when planning for the appointment of staff. As an innovation the municipality intends to explore using the e-recruit, where people will submit their application online and limit the risk of paper sharing from one individual to another,

- i. The Employment Equity targets have been met as per its Employment Equity Plan and reporting to the Equity Registry /Department of Labour, for target groups employed in the three highest levels of management continues in compliance with the municipality's approved Employment Equity Plan. The demographics at that sphere of Top Management are as follows
 - a. 3 African Males; 1 Coloured Male; and 2 African Females. Of the 6 people in the top management, 2 positions became vacant during the financial and they that of the MM and that of the CFO. Subsequent to that, the position of that MM was successfully filled in July 2023 while that of the CFO remains vacant but with a person acting on it..
 - b. The category of **Middle Management** has been combined with the category **Professional qualified and experienced specialist and mid-management**.

The following targets were achieved: 19 African Males; 1 Coloured Male; 17 African Females and 3 Coloured Females.

- i. Only critical positions were filled within the financial year under review.
- ii. The Employment Equity Plan was reviewed quarterly, and reporting was conducted as required. The Employment Equity Report was captured on the Equity Registry Site before the legislated date for electronic submissions i.e. January 2023.
- iii. All staff are in possession of job descriptions, and these were written according to the TASK system of Job Evaluation. Notwithstanding, the Municipality recently underwent a restructuring exercise and currently all job descriptions are being redrafted according to said new structure. The job descriptions have been re-evaluated by the PJEC'S appointed locally. This will continue to occur thereafter, as and when there are changes to either the organizational structure or the job profiles.
- iv. The organogram was reviewed and approved by the MM and noted by Council on 31 May 2023.
- v. Skills Retention remains a challenge, especially due to the geographical location of the municipality (rural nature) and the inability to offer competitive salaries; and
- vi. Staff capacitation remains of critical importance and the development, and the implementation of the Workplace Skills Plan ensures that this occurs in a planned manner. Most trainings within the financial year took place virtually due to Covid restrictions.

c. Managing the Municipal Workforce

Numerous and varied efforts have been made in order to ensure that the municipal workforce continues to be effectively managed. Historically it is noted that a strong administrative support structure was created in order to facilitate this process. More specifically, it is noted that:

- i. Policies and procedures have been put in place, not simply as a matter of compliance, but to ensure that the manner in which work is performed occurs under guidance and with fairness to both the employer and employee. Funding constraints are the greatest challenge experienced when attempting to ensure that this occurs;
- ii. Occupational Health and Safety Committees have been formed and are functional with reporting occurring.
- iii. In line with the Performance Management Policy, the strategic approach in separating the institutional and employee performance has been effected.
- iv. Risk is managed through the establishment and implementation of a Risk Management Committee and the development of of the Risk Management Plan for the Insstitution.

d. Capacitating the Municipal Workforce

Capacitating Councillors, management and staff underpins the deliberate approach by the Management to grow and develop its own human capital as a lasting solution to the problem of skills shortage and skill drain experienced by the institution. Progress in that approach is ongoing and is beginning to bear fruits as some of the managers and professional staff members were once interns in the institution:

- i. The Workplace Skills Plan (WSP) together with all supporting documentation was adopted in April 2022 is aligned to the IDP performance objectives and incorporates the future needs of the Municipality and Personal Development Plans.
- ii. Efforts are continuously made to ensure that only competent service providers are used in the delivery of training initiatives and to this end “value add” is imperative.
- iii. The municipality continues to receive FMG Interns that are funded by Treasury and other interns who are taken for experiential training from institutions of higher education

e. Managing Workforce Expenditure

Very strict protocols exist in an attempt to ensure that workforce expenditure is managed effectively and correctly and in line with the National Treasury norms.

AUDITOR GENERAL'S REPORT

This report is detailed in Chapter 6 of this document.

1.8 STATUTORY ANNUAL REPORT PROCESS

ANNUAL REPORT PROCESS TABLE		
No	Activity	Time frame
1	Consideration of next financial year's Budget and IDP process plan. In-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft previous financial year Annual Report and evidence to Internal Audit and the Auditor-General including annual financial statements and non-financial information	August
5	Municipal entities submit draft annual reports to MM	
6	Performance Audit Committee considers draft Annual Report of municipality	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - October
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data 1	
10	Municipalities receive and start to address the Auditor General's comments	November
11	Executive Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audited Annual Report is made public and representation is invited	February
13	Oversight Committee assesses Annual Report	February – March
14	Council adopts Oversight report	March
15	Oversight report is made public within seven days of its adoption	April
16	Oversight report is submitted to Legislatures, Treasuries and CoGTA	

Comments on the Annual Report Process

- The table above defines all the deadlines required to be met in terms of compliance. In this manner it is ensured that all required reporting occurs timeously and is an accurate consolidation of all required reporting.
- The Annual Report is acknowledged as the strategic document that accurately depicts an annual review of performance for the entire year. It is this document that will be used for all forward planning and for this reason it is imperative that there is alignment and verification between all content shown between and within the IDP, SDBIP, Budget (AFS) and the Annual Report.
- The Annual Report is required to reflect the most accurate, aligned and consolidated version of all preceding documents. This is achieved through a very structured process of auditing (internally and externally). Through validation and confirming the accuracy of data, the Annual Report may be used to inform the IDP review process; the structuring of the organogram; the development of SDBIP's; Performance Planning; the development of the Budget and the like.
- The Annual Report provides a holistic view of the organization – its challenges, available resources, and records of performance.

- The Annual Report is required to comply with very definite prescripts and timeframes as follows:
- The Annual Performance Report (s46) and Annual financial statements were compiled and submitted to the Auditor General by 31 August 2023; and
- The draft Annual Report 2022/2023 was tabled on or before 26 January 2024, and the Final with an Oversight report was submitted for approval on before 27 March 2024.

CHAPTER 2: GOVERNANCE

2. INTRODUCTION TO GOVERNANCE

“Governance” involves the interdependence and interaction that occurs between four critical components which will be examined further below. The concept of “Governance” requires that one take a holistic view of these four (4) components, to establish whether the organization is functioning effectively and achieving its required objectives.

The following four (4) components are discussed to examine and understanding “Governance” appropriately:

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

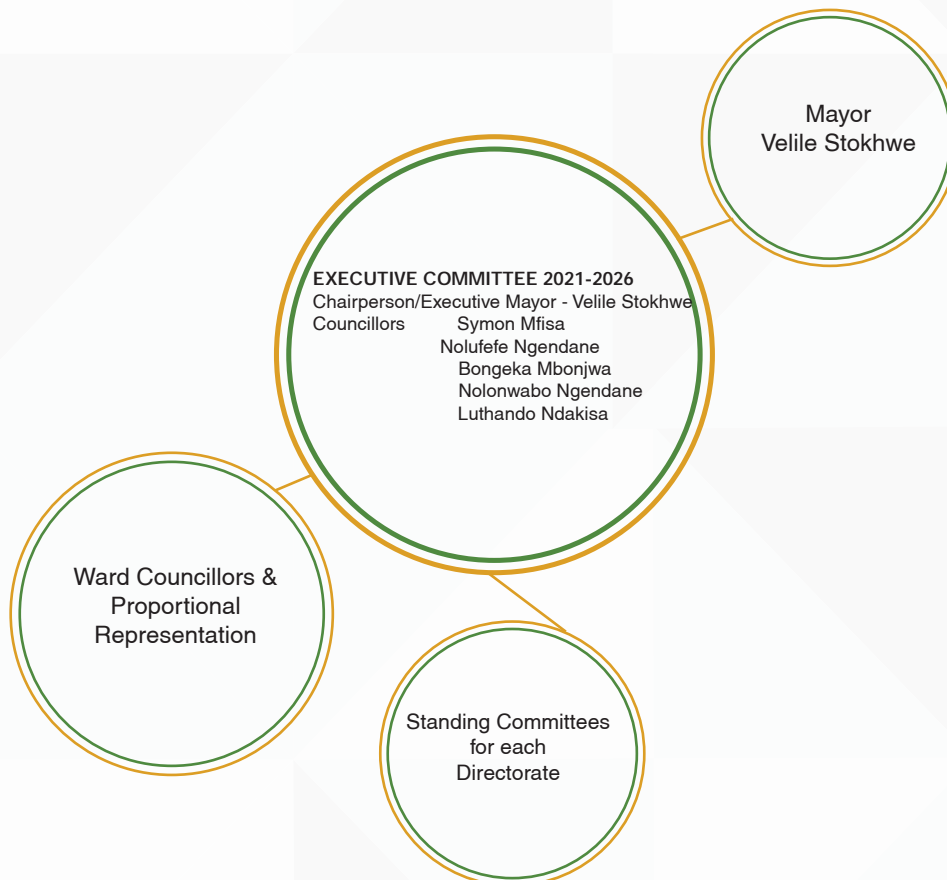
2.1 Introduction to political and administrative governance

2.2.1 Political Governance

Introduction to Political Governance

As per the Municipal Structures Act, Act No. 117 of 1988, Senqu Municipality has a **Council Executive System**. In terms of this and as depicted within the diagram below, it presents as a democratically elected Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors.

Political Structure 2021 - 2026



a. Councillors

Refer to Appendix A (Chapter 6: Glossary): Full list of Councillors (including the Committee allocations and attendance of Council meetings).

The Senqu Municipal Council is comprised of 34 Councillors (Ward Councillors and Party Representatives) and this is reflected as follows:

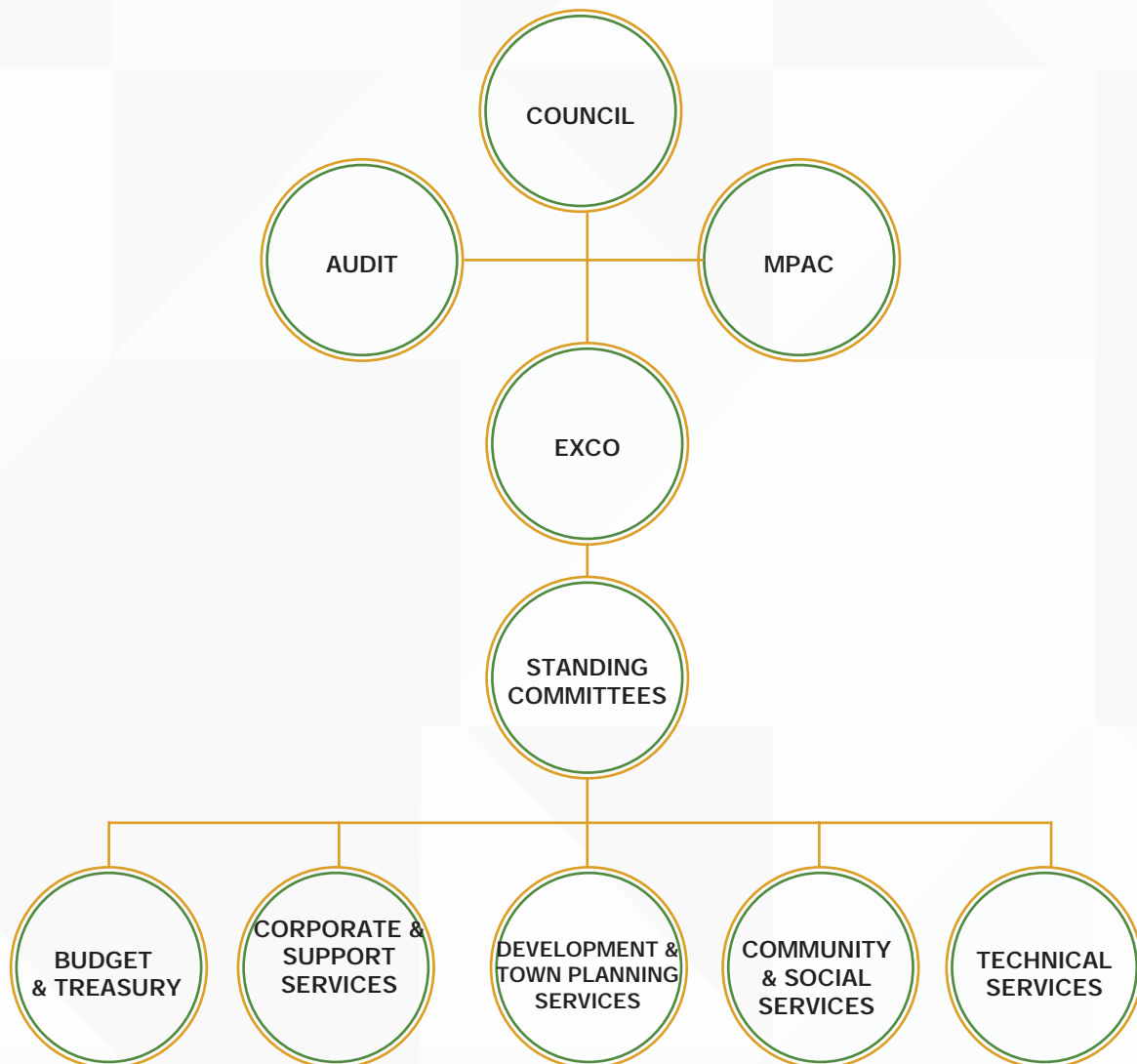
Party Representatives: 17

Ward Councillors: 17

Administrative responsibilities of Councillors/Council

b. Committees of Council (Standing Committees, MPAC, Traditional Leaders, Ward Committees et al)

Reference is made to Appendix B (Chapter 6: Glossary) which details all the committees applicable to Councillors and their purpose.



c. Standing Committees

Approved and functioning Standing Committee Structures (as reflected within the table that follows):

DIRECTORATE	FOCUS AREAS
BUDGET & TREASURY Chairperson: Cllr. Nolonwabo Ngendane Councillors: Cllr. Molefe Ms Cllr. Zandisile Mangciphu Cllr. Bukhosibakhe Cllr. Ngamlana	Management of financial resources Budget and Treasury, Revenue Services, SCM, Stores and Expenditure Management Policies, Procedures and By-laws (MFMA and National Treasury) Financial support to all Departments Information Technology Support Fleet Management eNatis Licensing
DEVELOPMENT AND TOWN PLANNING Chairperson: Cllr. Bongeka Mbonjwa Councillors: Cllr. Thulisa Mbane Cllr. Dumisani Somsila Cllr. Akhona Mvelase Cllr. Tshepiso Madiene	Support to community participation structures Housing, Town Planning and Land Use Management Integrated Planning and Economic Development LED
COMMUNITY AND SOCIAL SERVICES Chairperson: Cllr. Nolufefe Ngendane Councillors: Cllr. Kholiwe Mpiti-Xhelesha Cllr. Busaphi Duba Cllr. Mcebisi Mgojo Cllr. Pulane Mmele	Community based service provision: Cemeteries, Environmental management, Libraries and amenities Traffic Services – Law enforcement Community based by-laws Waste Management and Refuse

<p>CORPORATE & SUPPORT SERVICES</p> <p>Chairperson: Cllr. Symon Mfisa</p> <p>Councillors: Cllr. Thenjiwe Dumzela</p> <p style="padding-left: 40px;">Cllr. Mahlubi Phuza</p> <p style="padding-left: 40px;">Cllr. Zuziwe Mnisi</p> <p style="padding-left: 40px;">Cllr. Ndileka Nyongwana</p>	<p>Council Administration, Assets and Building Preservation</p> <p>Council Support and ward support</p> <p>HR & Labour Relations</p> <p>Employee Performance</p> <p>Stakeholder Relations – participation</p> <p>Customer Care/ Presidential Hotline</p> <p>Legal Services / Compliance</p> <p>Special Programmes (HIV Aids Youth, disabled, elderly and woman)</p> <p>By-Laws Facilitation</p> <p>Document Management</p>
<p>TECHNICAL SERVICES</p> <p>Chairperson: Cllr. Luthando Ndakisa</p> <p>Councillors: Cllr. Melisizwe Kafile</p> <p style="padding-left: 40px;">Cllr. Nonkuselo January</p> <p style="padding-left: 40px;">Cllr. Mzuvelile Mbutyu</p> <p style="padding-left: 40px;">Cllr. Thulisa Mbane</p>	<p>Infrastructure Development (Maintenance and Minor Construction)</p> <p>Technical Service Delivery</p> <p style="padding-left: 40px;">Electricity</p> <p>Roads (Maintenance and Minor Roads Construction) and Stormwater</p> <p>PMU Project Management /Administration</p> <p>Fleet Management</p>

d. Audit Committee

MEMBER	POSITION
Mrs. F Mushohwe	Chairperson
MR. S. Maharaj	Ordinary Member
Mr. A Makhabeni	Ordinary Member
Mrs. N. Hermanus - Mabuza	Ordinary Member

e. MPAC (Municipal Public Accounts Committee)

The committee is constituted as follow:

MEMBER	POSITION
Cllr. Kholiwe Mpiti-Xhelesha	Chairperson (Acting)
Cllr. Mchumane Ntlwatini	Member
Cllr. Tshepiso Madiene	Member
Cllr. Pulane Mmele	Member
Cllr. Babalwa Lawu	Member
Cllr. Dumisani Somsila	Member

Cllr. Akhona Mvelase	Member
Cllr. Mahlubandile Phuza	Member
Cllr. Lunga Nongongo	Member

Functions of MPAC

- Provision of an oversight role in respect of the administration and executive committee of the council.
- Reviewing the municipal / municipal entity's quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council.
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy.
- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
- Promoting good governance, transparency, and accountability on the use of municipal resources.
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee's responsibilities/ area of competence.

To fulfil its functions MPAC is required to:

- Seek / have access to any information required from any councillor/employee.
- Report to council on the activities of the committee.
- Perform any other function assigned to the committee through a resolution of Council.
- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity.
- Request the support of the internal and external auditors when necessary.
- Engage directly with the public and consider public comments when received.
- Have permanent referral with regard to the following reports:
 - Mid-year /In-year s72 wreports
 - Annual Financial Statements
 - Reports of Auditor General and Audit Committee
 - Any other financial audit report from the municipality
 - Information on compliance in terms of sections 128 and or sections 133 MFMA
 - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
 - Performance information relating to the municipality.

f. Ward Committees Establishment and Functionality

Ward Committees were established in terms of section 73 of the Municipal Structures Act 117 of 1998.

Purpose

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils to ensure that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. Ward Committees play a critical role in achieving the above. Ward committees are essentially a representative structure of the community and citizens and they are created in order to be in a position to inform the municipality regarding the issues,

goals, aspirations and difficulties experienced by community members.

Ward Committee meetings provide the community and the municipality with an opportunity to engage and to facilitate what is in essence and in simplified form an opportunity for two-way communication. Ward committees have an extremely important role to play in ensuring that there is active participation and involvement from the community when determining core municipal process. These include: Integrated Development Planning, municipal budgeting and municipal performance management processes. Should these processes occur without this involvement it is fair to say that our system of “democratic government and developmental local government” will not be considered to have been centred within the community and having representation from the community.

Ward committee meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This process has assisted the municipality in ensuring that public participation is enhanced, and accountability of the municipality is not compromised. In the past and in the brewing protests in Sterkspruit for example, information was communicated via this channel, especially on issues such as Municipal Public meetings and other information sharing sessions.

During 2021/2022 the targeted number of required Ward Committee meetings were held as required.

Administrative Considerations

Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005.

- The Municipality published its By-Laws relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).
- In terms of these prescriptions the following issues are required to apply:
- Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women’s associations.
- Committees are required to meet at least once per quarter and report formally to the Speaker at least quarterly through their Ward Councillor.
- The term of office of a member is a period of five years – concurrent with the term of office of Council.
- The Speaker is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed.
- The Speaker shall submit a 6-month report to Council on the activities and considerations of the Ward Committees.

Each Committee will be chaired by its respective Ward Councillor and only the 10 Ward Committees of the ward and secretariat is provided by the municipality to ensure that proper minutes are taken. These meetings are also used to get complaints from the wards, which are then reported to customer care who then ensures that the complaints are sent to the responsible officials at the local municipality, district municipality as well as sector departments.

During Ward meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained; and To facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.

In keeping with all required legislation, it must be noted that:

All records of meetings scheduled and attended are maintained (minuted).

Minutes of all meetings are made available.

Written proof of resolutions tabled to Council are made available.

Minutes are available for all feedback meetings with communities; and

Ward Committee activity reports are made available to all.

Community Development Workers (CDW's)

Community Development Workers (CDWs) are effectively multi-skilled public servants who are deployed at the community level in order to bridge the gap between the provision of services by government and access to those services by the communities. CDWs are deployed to municipalities where they live in order to address issues that may include lack

of information, knowledge and poor communication that communities experience in relation to municipal services.

Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose).
- CDW's report monthly to their co-ordinator in Sterkspruit in order to provide operational monthly reports i.e., reports on activities performed. Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office.
- All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.
- The role and task of CDWs is to link communities with all government spheres and departments.
- CDW's work as community facilitators and organisers, focuses on the following key functions:
 - Assisting communities with developing and articulating their needs
 - Facilitating the development of community structures
 - Facilitating public participation in government development projects (e.g. IDP, LED, infrastructure and service delivery projects and the like)
 - Identifying service blockages in the community
 - Finding solutions to identified needs and blockages by interacting with national, provincial, and local government structures.
- Community Development Workers are required to interact with the community, identify households in need and to ensure that community relationships are nurtured so that community participation, support and correct utilization of services occurs because of effective marketing.
- CDW's report to COGTA by utilizing designated reporting mechanisms to obtain required support and assistance for particular households; and
- Round Table Meetings are held quarterly and chaired by the Speaker. COGTA representation is to be found at these meetings. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work – with a view to resolving these at higher levels.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Institutional Meetings Held by Committees 2022/2023

INSTITUTIONAL MEETINGS	DATES ATTENDED - 2022/2023
MPAC	08 September 2022
	20 December 2022
	23 March 2023
	13 June 2023
	12 September 2023
EXCO	21 July 2022
	25 August 2022
	22 September 2022
	22 October 2022
	22 November 2022
	22 February 2023
	22 March 2023
	18 April 2023
	17 May 2023
Audit Committee Meetings	28 June 2023
	22 July 2022
	02 December 2022
	10 February 2023
	19 May 2023
Council Meetings	29 July 2022
	30 August 2022
	27 October 2022
	15 November 2022
	12 December 2022
	27 January 2023
	27 February 2023
	31 March 2023
	26 April 2023
	31 May 2023

h. Committees and Committees' Purpose

COMMITTEES (OTHER THAN MAYORAL /EXECUTIVE COMMITTEE) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
Audit committee	Administrative Oversight
Municipal Public Accounts Committee (MPAC)	Oversight
Local Labour Forum	Labour Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget and Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Town Planning Services Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational Health and Safety issues of the Council
Employment Equity Committee	To carry out and discuss all the Employment Equity issues of the Council

The following Traditional leaders are recognized and consulted as and when appropriate

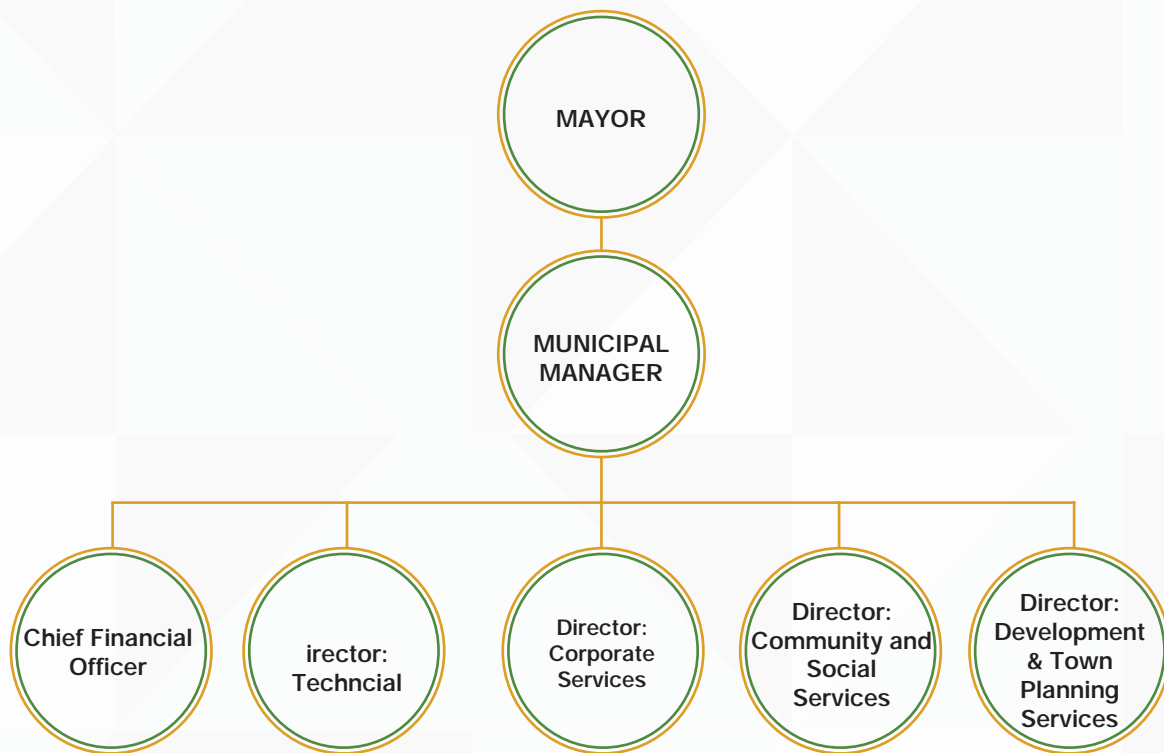
J Mguye	Traditional Leader
T Kakudi	Traditional Leader
N J Tikiso	Traditional Leader
N H Binza	Traditional Leader
Z Mphambo	Traditional Leader

Political Decision Making

2.2.2 Administrative Governance

a. Introduction to Administrative Governance

The functional structure representing administrative governance is reflected as follows:



As depicted by the diagram above, the administrative structure consists of the Municipal Manager (Administrative Head) and the five (5) s56 Directors who report to the Municipal Manager.

S56 Directors are appointed under the following conditions:

Two positions became vacant during the financial year, and they are that of the MM and that of the CFO. The position of the MM was successfully filled before the end of the financial year, while that of the CFO still remained vacant and the former CFO acting on it.

S56 directors are appointed on 5-year fixed term contract, and they are required to sign Performance Agreements annually between the Municipal Manager (to whom they report). This details their specific contract conditions and together with an annually reviewed performance scorecard, their performance goals and objectives are agreed to annually (as performance measurable targets). It is against these that their performance will be measured; and

S56 Directors' report regularly to the Municipal Manager regarding performance and issues requiring appropriate action.

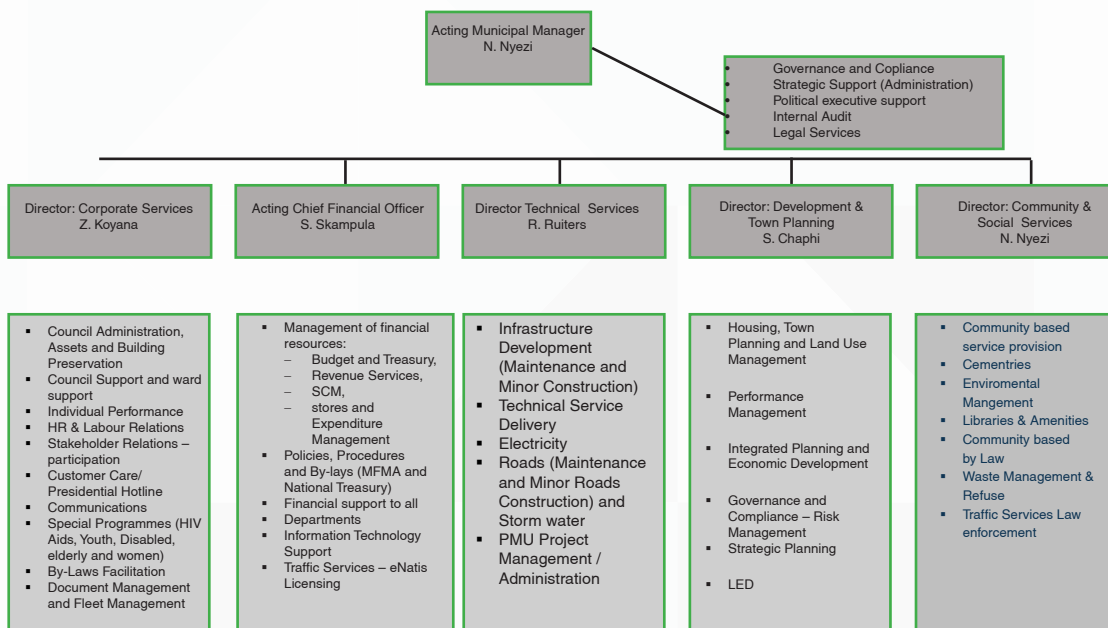
b. Reporting Relationships and Administrative Functioning

- Directors report directly to the Municipal Manager regarding functional issues that relate to their specific directorates.
- Reporting occurs according to reporting lines and recognized communication structures (encouraging

free flow of communication).

- Director's compile/present reports to Council regarding their respective directorates monthly (to the Standing Committees), who then recommend that these are approved/taken to Exco/Council as deemed appropriate (for final approval /resolution).
- Council resolutions are required to be implemented within a specific period and follow ups are required to be undertaken to ensure that this occurs timeously and, in the manner, required.
- Directors are required to meet the terms and conditions of the approved Performance Management Policy; and
- Directors are required to ensure that all reporting occurs in terms of compliance and in respect of all internal controls and systems.

The diagram that follows on the next page details each directorate, the name of its director and the functional requirements for each directorate



COMPONENT B: INTERGOVERNMENTAL RELATION

2.2.3 Introduction To Co-Operative Governance And Intergovernmental Relations

It is recognized that organizations benefit from both individual and shared experiences. In this manner, opportunities are created for organizations to share and learn from each other and to develop more effective skills in handling day to day operations and specific challenges.

Efforts to improve and facilitate these relationships has led to the development of IGR (intergovernmental relations) structures which have been put in place and are driven at the level of the district. The IGR Forum has been established to formally promote and to improve this process.

To govern and facilitate this process further, an Intergovernmental Relations Framework Policy was adopted by the district (Joe Gqabi District Municipality) and related structures were created that were linked to the following clusters:

Social Needs.

Economic and Infrastructure.

Safety and Justice; and

Governance and Administration.

These clusters meet within the district by-monthly, in order to discuss service delivery, policy issues, integration, co-ordination, monitoring and evaluation.

Existing and Functional Structures

Aside from the clusters, the following structures exist:

The District Technical Task Group.

The District Mayor's Forum (DIMAFU).

Meets quarterly to align key programmes and issues that relate to municipalities.

This is a s79 committee (special committee that consists of Mayors of all Local Municipalities within Joe Gqabi District Municipality).

- **MUNIMEC Meetings.**

Attended by Mayor and Municipal Manager.

Driven and coordinated by MEC for Co-operative Governance (to evaluate the performance of government programmes)

- **Presidential Hotline**

- The Presidential Hotline is still functional, and more citizens have shown interest in lodging complaints on this platform.
- Targets are being met in relation to resolved cases and escalation within 7 days. 12 reports have been submitted for the 4 quarters.
- In the 1st quarter there were 2 complaints of which 1 was misallocated bring the stats to 98% resolved cases. In the 2nd quarter there were no complaints having a 100% resolution rate.
- In the 3rd Quarter there were no complaints lodged on the Presidential Hotline, but the Public Liaison Officers took a decision to assist Joe Gqabi District Municipality and Walter Sisulu as they were having many backlogged cases which was bring the overall percentage of the district down.
- In the 4th Quarter there was one cases opened and was resolved.

- The Presidential Hotline still requires more branding and marketing as it is still used by a small community. This will also assist the Municipality in

- **Intergovernmental Relations**

National Intergovernmental Structures

All the programmes that are developed by Senqu Municipality are derived from the legislative policies that are approved by National and Provincial Government. The Local Development strategies in Senqu Municipality's Integrated Development Plan are aligned to the National Development strategies and policies.

- **Provincial Intergovernmental Structures**

Munimec meetings are attended as and when run. Munimec technical team and political team meetings are scheduled and attended accordingly. These meetings are held to discuss and to resolve issues of mutual interest with neighbouring municipalities. Reference is made to Appendix D (detailing a complete list of entities and delegated functions).

- **District Intergovernmental Structures**

Efforts to improve intergovernmental relations are driven at the level of the district. The IGR Forum has been used in the past to promote this process and Joe Gqabi District Municipality has adopted an Intergovernmental Relations Framework Policy. Intergovernmental structures were created historically (linked to the clusters of Social Needs; Economic and Infrastructure; Safety and Justice and Governance and Administration). Notwithstanding it must be noted that the District IGR Forum has not been active for the last two financial years.

- **Additional structures have and do include:**

The District Technical Task Group.

The District Mayor's Forum (DIMAFU) – meeting quarterly in order to align key programmes and issues between all municipalities within Joe Gqabi District Municipality. This s79 committee comprises the Mayors of all local municipalities within the district.

As is clearly observed, in this manner, many opportunities are provided for the benefit of both district and local municipalities.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Every year formal opportunities are created to provide the public with opportunities to input into organizational objectives and the manner in which services need to be and are addressed. In addition, they are given opportunities to “interact” with information regarding service delivery, operational and financial performance (IDP and Budget meetings, SDBIP reporting, Performance and Annual Reports and the like). In this manner, a “people centered” organization is created – one in which the needs of the community are noted, and plans are made to address these through processes of interaction and inclusion.

The IDP Process and Budget Plan are just a few of the structures that have been created to ensure that public participation occurs effectively – ensuring that the needs of the public are met.

Public Meetings

Communication, Participation and Forums

The 5-year Communication Strategy and the Public Participation Plan were both approved by the Council on 30 July 2021. Unlike the previous years where it was difficult to hold public gatherings, during this financial year, the municipality fully met its targets and consulted its stakeholders conventionally. Although people were still skeptical, these sessions continued as planned and their attendance was good. This was also amplified using other conventional methods like use of radio stations, Live Streaming (Sterk TV) and other forms of media. Public participation has improved much over the year and the “voice of the people” has been the center of our developmental planning and strategies.

Other Role-players Used to Improve Public Participation

In addition, the following role-players are used to heighten and improve public participation overall:

a. Community Development Workers (CDW's)

The CDW's report to province, but also report to the municipality via the Round Table Meeting which is held quarterly. Communication and cooperation is facilitated by these round table meetings where issues relating to the wards may be discussed. These discussions are chaired by the Speaker and meetings are constituted as follows: Ward Councilors', Traditional Leaders, Local Government, Traditional Affairs Representatives and CDW's.

b. Economic Development Forum

This forum is required to meet quarterly and comprises all stakeholders involved in LED. Issues and challenges relating to LED implementation are discussed and the forum monitors the implementation of the LED Strategy.

c. Communications Forum

This forum meets quarterly to discuss issues relating to communications within the region. It consists of local municipal communicators, GCIS and local media representatives. Meetings will again be held once COVID restrictions and regulations are relaxed, and operations are normalized.

d. Ward Committees

As s73 structures (as per s73 of the Municipal Structures Act, Act 117 of 1998) these have been created to facilitate ward communication with Council.

Committees are required to meet monthly and report to the Speaker regarding issues of interest. Historically, meetings have not always been held as regularly as required and in an effort to improve attendance, the payment of stipends was recommended by the National Treasury. Financial constraints have impacted negatively on this.

Senqu Ward Committees are effective in the sense that issues raised by ward committees are reported on quarterly to the Executive Committee. This ensures that council in general is always on board of functionality of the ward committees.

Reference: Appendix E (Ward Committee Governance) and Appendix F (Performance Data for Wards)

e. Comment on Effectiveness of Public Meetings Held

The Public Participation Plan was approved and adopted, and Public Participation Meetings were held,

IDP Participation and Alignment

s34 of the Municipal Systems Act, (Act No 32 of 2000), together with Chapter 2 of the Local Government Municipal Planning and Performance Management Regulations (No. 796/2001) requires the development and completion of the Integrated Development Plan (IDP). This 5-year document was compiled and was adopted by Council May 2021.

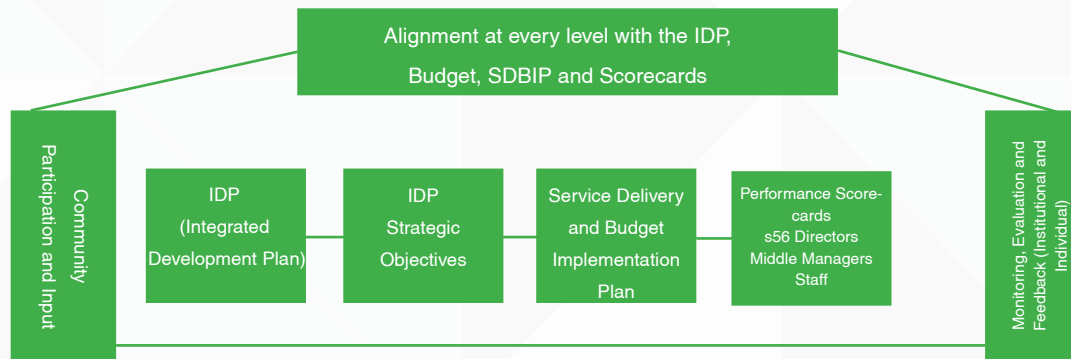
The IDP is required to correspond with each new Council's elected term of office. It is the organization's strategic document that directs and influences the functioning of the organization overall – informing and influencing the strategic direction and operation of all projects and planning that occurs internally.

The Integrated Development Plan (IDP) is explained by the diagram that follows, detailing its impact and role within the organization. More specifically the following points of explanation are noted:

- a. The IDP is developed for a period of 5 years and is reviewed annually. The strategic targets and goals consider the available resources and are developed as realistic goals that are reworked annually from the 5-year strategic goals. Available resources are considered and impact on the development and approval of annual achievable and realistic targets – aligned to the overall strategic objectives contained within the IDP.
- b. A Process Plan is developed annually which informs the way the IDP will be reviewed and managed (and public participation will be maximized).
- c. Planned meetings are detailed and scheduled as required.
- d. Performance is evaluated according to the use of the Budget Evaluation Checklist.
- e. The Budget Executive Committee meets regularly to evaluate the previous year's budget process – learning from current and past situations.
- f. It is critical that there is alignment between the IDP, Budget and the SDBIP. In this manner, the achievement of performance objectives as reflected in performance scorecards will facilitate the achievement of the IDP strategic objectives.

- g. In accordance with this philosophy, alignment must be carried through to the population of the s56 Directors' scorecards and to the levels below; and
- h. The assessment of the degree to which performance targets are achieved is facilitated through regular assessment and reporting structures. Reporting structures are in place to ensure that implementation, monitoring and feedback occurs ongoing – thereby ensuring that every effort is being made to meet the IDP objectives.

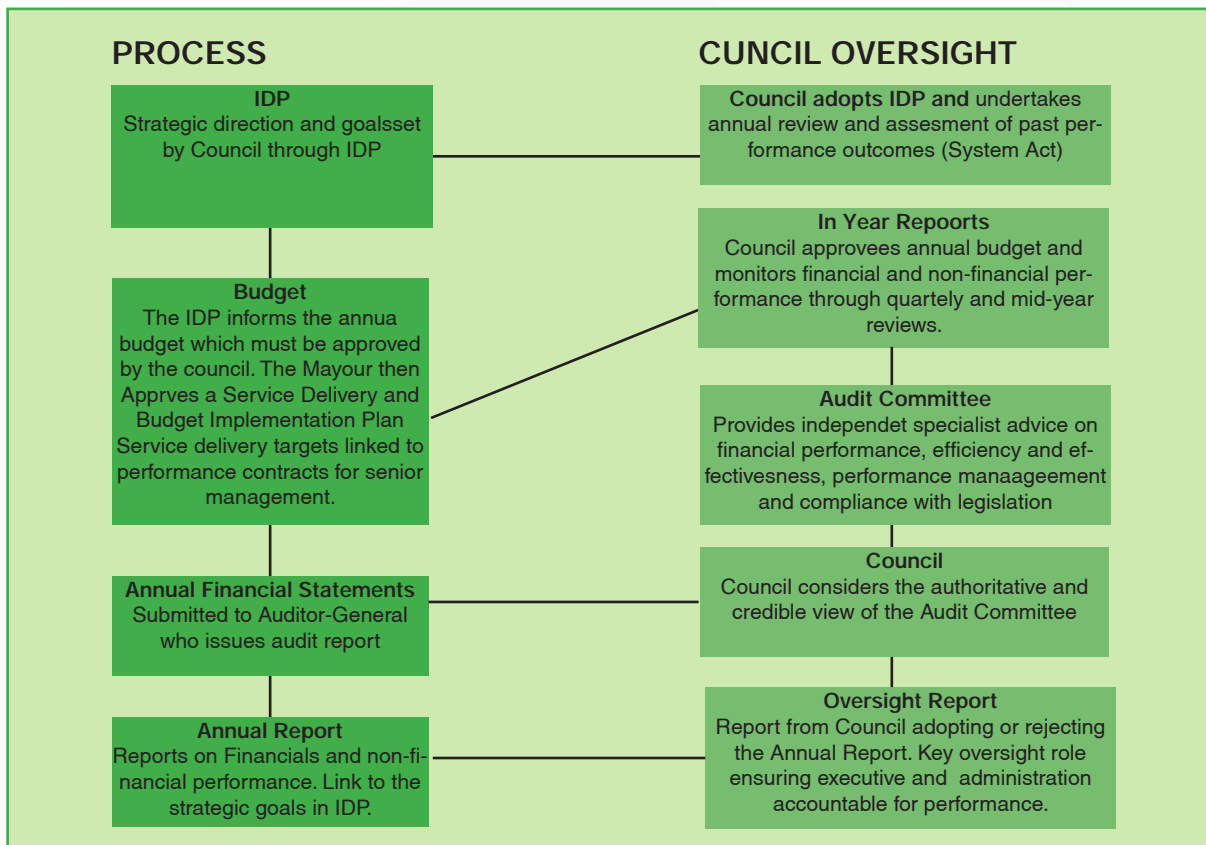
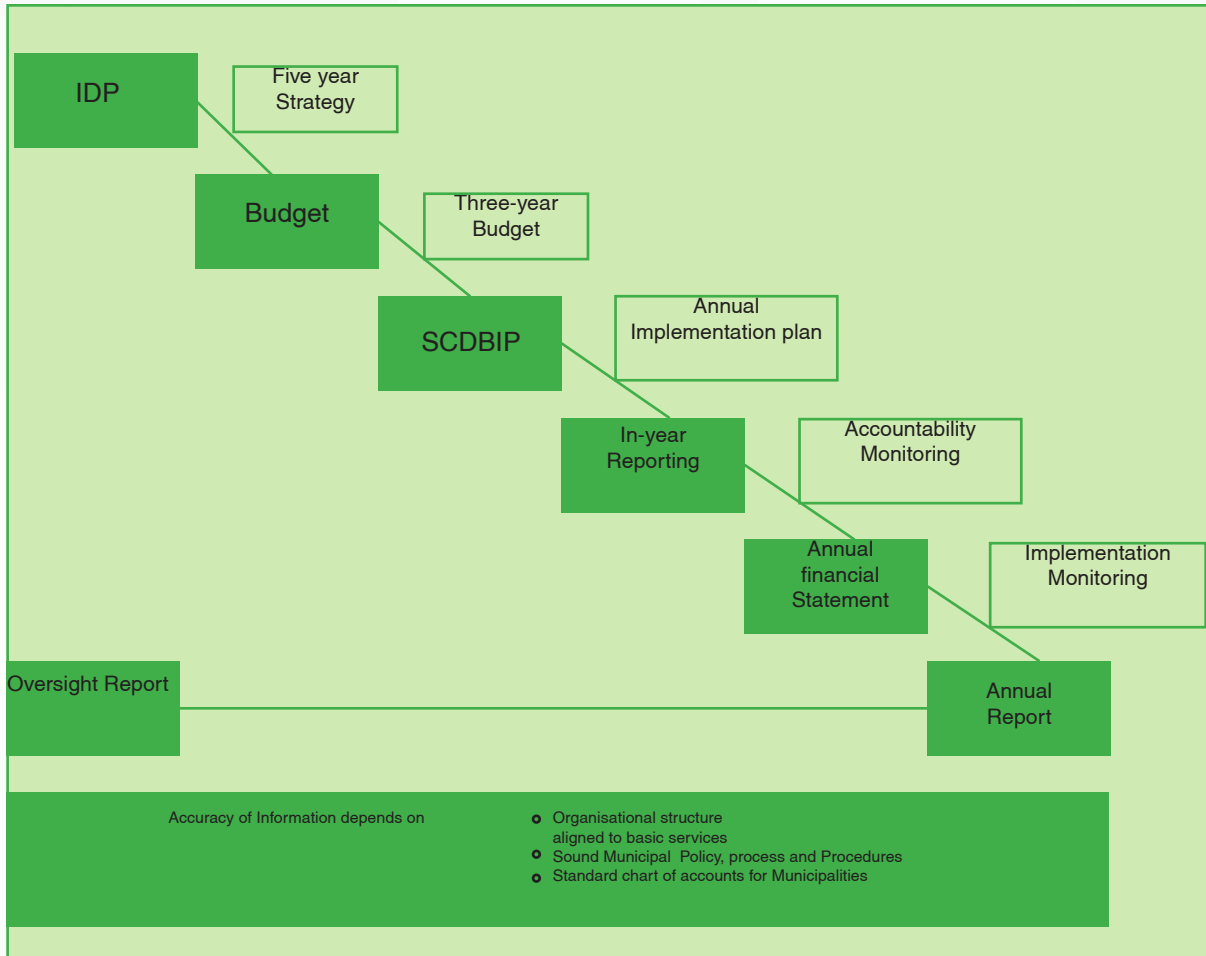
Figure: Development of the IDP through Public Participation and alignment with SDBIP and Budget



In keeping with the practice of planned IDP related consultations, the following meetings and achievements occurred:

- The development of the 2022/2023 IDP Review and Budget Process Plan was done and adopted on 30 July 2021.
- The draft IDP was adopted 31 March 2022 and the Final IDP adopted by Council on 30 May 2022.
- The required number of IDP and Budget Steering Committee meetings were not held as required due to Council going into recess in October 2021. The gave birth to the actual approved draft and final budget as inputted by all municipal stakeholders. The draft was then presented to management and to Exco prior to approval by Council. One meeting during Quarter 2 was not held as it was moved to WQuarter 3. It is realized that Compliance to the Calendar of Events must be managed and monitored.
- The Draft SDBIP was compiled and approved by the Mayor within 28 days after the approval of the budget.
- The decision of the Council to go into recess meant that no outreach was held with the community. Therefore, ward-based plans were developed in January 2022 which Ward Councilors then took to their wards to have them ratified. These ward plans were then utilised at the institutional strategic session in February 2022 to develop the draft budget and IDP which was presented to stakeholders on the 22nd of March 2022. The incoming Mayor had meetings with ratepayer associations and interested stakeholders in May 2022 to present the draft IDP and budget. The delays in the training of the incoming Council led to delays in being able to implement the usual IDP participation programme. All needs and inputs (formally identified by the community) were recorded, prioritized, and included in Council's Integrated Development Plan (which was adopted by Council). The table below provides a brief analysis of the participation and alignment that resulted in the development of the IDP and related documents.

MUNICIPAL ACCOUNTABILITY CYCLE



IDP PARTICIPATION AND ALIGNMENT CRITERIA* 2022/2023	YES/ NO	COMMENT
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 56 Directors	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	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate is required, in order to ensure that the organization functions effectively and minimizes/eradicates all identified aspects of risk.

This section will detail issues relating to: Risk Management, Fraud and Anti-Corruption, Supply Chain Management, By-laws, Website access and Public Satisfaction levels --- all in terms of compliance required and the level achieved.

Risk Management

Section 62(i)(c) of the Municipal Finance Management Act prescribes that formal risk management is a matter of compliance. In terms of this, it is required that all municipalities develop and adopt an effective, efficient and transparent system of risk management.

It is acknowledged that the failure to identify and manage identified risks will impact negatively on the organisation (financially and operationally). Costs and the negative impact of failing to manage risk cannot be justified, particularly if the risk had been noted and no appropriate action was taken. The lack of appropriate action would reflect as poor business practice and poor management overall. The “fall out” in respect of this would include extreme costs to the organisation, audit queries and possible audit qualifications.

Top 5 Risks

RISK NAME	CURRENT CONTROLS	RISK MITIGATION
Ineffective maintenance of the ageing municipal infrastructure assets	Repairs and maintenance budget; and Maintenance personnel.	Systematic increments of the repairs and maintenance budget
		Develop a costed repairs and maintenance plans
Under-expenditure of conditional grants	Established PMU; Approved IDP; and Project Management Strategy.	Develop Procurement Strategy with aligned to other municipal strategies
		Implement Project Management Strategy
Loss of Institutional Memory	Established Registry Unit; Approved File Plan; Designated storage sites; and Manual document management system.	Develop a document management concept document
		Develop a comprehensive document management strategy
Disconnection between the municipality and community	Public Participation Strategy	Revise the Public Participation Strategy to include social cohesion activities
Illegal occupation of municipal land	Land-Use Scheme; PIE Act; Building Regulations Act; Municipal By-Laws	Develop and Approve the Land Disposal Policy
		Finalisation and enforcement of By-Laws

The Governance and Compliance Division of the Municipal Managers Office is location to the risk management division. The Manager of Governance and Compliance oversees the duties associated with this position. Risk remains the responsibility of each Directorate and said parties on all levels are required to manage risk within the ambit of their control. A Risk Management Committee has been established and consist of Senior Management from all Directorates, Provincial Treasury as well as a seconded member from the Audit Committee. The Manager of Governance and Compliance, who oversees Risk Management, has been designated as the Committee’s Chief Risk Officer.

The function of this committee is to ensure that from the management side, risk is facilitated in an effective and efficient manner.

This committee meets once a month to look at all risk, compliance, and fraud related issues for the purpose of addressing any findings that might have been made and report progress to the Audit Committee.

Oversight on Risk

The **Internal Audit Committee** provides the required oversight on all matters pertaining to risk (both internal and external). The top five (5) risks as reflected within the table above receive priority. Notwithstanding risk is identified on all levels and where at all possible, contingency plans are put into place to mitigate risk. The oversight role involves making a comparison between perceived and actual risk experienced. Recognized practices and processes are utilized to measure and assess the manner in which risk is minimized and the manner in which reporting, and controls are undertaken, so as to manage risk effectively.

To facilitate monitoring, oversight and management, the following structures and reporting mechanisms were utilised:

A Risk Management Framework and Policy have been developed and are updated regularly except for the current year –in which no policies were reviewed. In this manner, a standardized approach to risk management and commitment to such throughout the organization is achieved.

The municipality has developed a Risk Profile in which risks are identified and rated – illustrating the gravity of the risk and action plans required to resolve this risk – which is then ideally monitored and reported on.

- Directorates/Departments are advised on mitigating measures that are required to be implemented in respect of identified risks.
- The Risk Action Plan for each Directorate is required to be developed, monitored, and reviewed annually.
- The IT Disaster Recovery Plan was reviewed, and no changes required or made.
- To combat fraud, to prevent any inappropriate influences regarding supply chain management processes and awards and as a matter of compliance, all staff members and Councillors signed their disclosures in the Conflict-of-Interest Register.
- The Declaration of Conflict-of-Interest Register was developed and tabled for both Councillors and employees; and
- The Fraud Risk Workshop and Awareness was not held as planned due to the clashing timeframes of the municipality and ECCOGTA, as an effort to promote fraud prevention the municipality distributed fraud prevention pamphlets within the municipality.

Litigation Issues

The municipality is currently involved in the following litigation issues that could result in damages/loss awarded against/ in favour of Council if claimants are / Municipality is successful. The following cases apply:

LITIGATION ISSUES	2021	2022	2023
<p>Dibanani Consulting CC v Senqu Local Municipality.</p> <p>Claim for the recovery of professional consulting engineering fees for road construction projects in Tienbank and Herschel. The Municipality has defended the action. Whilst the matter is active, the litigation has not advanced. The claimant relies on variation orders which they are unable to produce because they do not exist. The Makhanda High Court is likely to issue a judgement in favour of the Municipality.</p>	R640 368.87	R640 368.87	R640 368.87
<p>Tsembeyi V. Senqu Local Municipality Claim instituted in the High Court, Mthatha during March 2020 for the market value of the top structures of houses that Mr Tsembeyi allegedly constructed on municipal land. The Municipality has defended the action but the matter has not progressed. The claimant is unable to produce documents that show he built those top structures.</p>	R700 000.00	R700 000.00	R700 000.00
<p>R T Civils CC v Senqu Local Municipality</p> <p>Claim for the unlawful termination of the contract for Bid number: 03/2018, the Upgrading of the Lady Grey Solid Waste Site. The Municipality's position is that the contractor abandoned the works and that the termination was lawful.</p>		The contractor has claimed payment of R8 141 903.40 The Municipality has submitted a counter claim for R3 800 000.00.	The contractor has claimed payment of R8 141 903.40 The Municipality has submitted a counter claim for R3 800 000.00.
<p>DCB van Zyl N.O. & 4 Others v Senqu Local Municipality</p> <p>The plaintiffs have issued summons in the Barkly East Magistrate's Court for the recovery of the costs of erecting a boundary fence in the amount of R166 538.56. The Municipality has filed a special plea that the plaintiffs have not complied with the Fencing Act. The Municipality has furthermore denied liability and that the Magistrate's Court has jurisdiction to hear the matter as the plaintiffs have failed to comply with the prescribed dispute resolution mechanisms prior to instituting action.</p>		R166 538.56.	R166 538.56.
<p>Mvenya Auto & Towing Services Pty) Ltd v Senqu Local Municipality</p> <p>The plaintiff has issued summons in the Lady Grey Magistrate's Court for damages of R150 431.61 as a result of damages to the plaintiff's vehicle due to a pothole near Botha and Murray Street, Lady Grey.</p>			R150 431.61
<p>Senqu Local Municipality v Burhali & Another</p> <p>Application for the eviction of illegal occupants of a municipal erf, and for the demolition of illegally erected structures on the site.</p>	n/a		

2022/2023 period:

i. Anti-Corruption and Fraud

Senqu Municipality has an approved Fraud Prevention Plan. This plan outlines the concept of "fraud" and has resulted in the development of a Code of Conduct for Employees and Councillors. Procedures for reporting fraud and a policy and practice to be utilized to protect "whistle-blowers" was developed and implemented. This plan also outlines the policies and procedures that must be adhered to/implemented to prevent any fraudulent practice/activity that may be observed within supply chain management activities and the like. To this end it is further noted that the Internal and External Audit as well as the Audit Committee are required to provide an oversight role in this regard and all are mandated to expose any evidence of fraud.

- **Fraud and Anti-corruption Strategy**

In an effort to minimise and to prevent fraud it is noted that:

The Fraud Prevention Plan is in place and is being implemented by the Risk and Compliance Coordinator.

- All new employees and Councillors are inducted regarding the Code of Conduct – thus ensuring that they are adequately prepared regarding protocols and the manner in which all parties are required to behave.
- In terms of the Disciplinary Policy and Procedure Code, any instance of misbehaviour /malpractice will result in appropriate action in terms of the policy.
- Very clear procedures for authorisation of approval/payments are in place in order to prevent corruption, fraud and theft. In this regard, very specific signing authority as per the Municipal Finance Management Act (MFMA), is specified.
- In any instance where it is suspected that a person has contravened any aspect relating to compliance/having committed fraud, they are immediately suspended pending the nature of the allegation and if justified criminal charges are laid.
- As indicated, the Fraud Risk Workshop and Awareness was not held as planned due to the clashing timeframes of the municipality and ECCOGTA, as an effort to promote fraud prevention the municipality distributed fraud prevention pamphlets within the municipality.
- A Declaration of Interest Register for 2022/2023 was developed for both Councillors and Employees to ensure that no conflict of interest occurs; and
- It is noted that both the Mayor and the Municipal Manager have publicly condemned acts of corruption, fraud, and malpractice of any kind.

Audit Committee Comments/Recommendations (as per Appendix G and Chapter 6)

Notwithstanding the progress within this area, it is important to make reference to the Audit Committee Recommendations for the current year – thereby ensuring that all issues are accommodated. In this regard reference is made to Appendix G and Chapter 6.

ii. Supply Chain Management

Overview of Supply Chain Management

The MFMA s110-119, the SCM Regulations of 2005 and the relevant MFMA circulars set out the required processes and guidance manuals that will facilitate that the application of Supply Chain Management Policy and Procedures – facilitating the correct acquisition and provision of required goods and services. All SCM reporting submissions as legislated were met. Quarterly reports to the Municipal Manager and Mayor were made within 10 working days of each quarter, and submission of annual SCM report within 30 days of end of each financial year on implementation of SCM Policy to Council: and

- a. During 2021/2022 SCM compliance reporting was submitted to National Treasury; and
- b. Reference is made to **Appendix H** for detail regarding long-term contracts and Chapter 3 for statistical reporting regarding Supply Chain Management.

Note: *Chapter 3 in which the analysis of performance in respect of Supply Chain Management is discussed in greater depth.*

By-Laws

By-laws are required to be reviewed and updated annually.

Comments on By-Laws

During 2021/2022 by-laws were gazzeted and printed. A challenge remain on the enforcement of these by-laws as the municipality does not have a dedicate law enforcement unit and sometimes relies on other agency of the state like SAPS to enforce some bylaws which require certain skills and equipment.

A plan is underway to establish a law enforcement unit, however this will largely depend on the availability of financial resources.

Municipal Website

Comment Municipal Website Content and Access

The website was developed in order to improve communication with communities. Reports on the monitoring of the Website in terms of compliance with the MFMA and MSA were submitted quarterly to the Executive Committee.

The Communications Officer is required to maintain and update the Website regularly. It must be noted that the content of the website has greatly improved, although there is always room for improvement and growth aesthetically and overall, in terms of the “look and feel” and functionality. This function is shared with the ICT Department due to capacity issues and the fact that the individual best suited to perform this function was within this department (with required resources).

Note: *The MFMA s75, requires that Municipalities monitor and report on the use of their websites by the public - detailing the number of hits per website and related data.*

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's /Entity's Website	Yes /No
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
All budget-related documents	Yes
All budget-related policies	Yes
Annual report	Yes
The annual performance agreements for the municipal manager and other senior managers are placed on the website.	Yes
The date these agreements were posted on the website is shown	Yes
All service delivery agreements	No
All long-term borrowing contracts	No
All supply chain management contracts above R30 000	No
An information statement of capital assets that have been disposed	No
Contracts which impose a financial obligation on the municipality beyond 3 years	No
All quarterly reports tabled in council	Yes
Public invitations for formal price quotations	Yes
Public invitations for competitive bids	Yes
The number of quarterly reports tabled to council on the implementation of the budget	Yes

Oversight reports	Yes
Monthly budget statement	Yes
Mid-year budget and performance assessment	Yes
The IDP is placed on the website	Yes
The SDBIP is placed on the website	Yes
Strategy (LED)	Yes
Delegations	No
Internal Audit Plan	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

Public Satisfaction on Municipal Services

During the period under review no Customer Care survey were conducted as no funding was allocated for Customer Care Surveys.

In an effort to provide opportunities for Customers to rate municipality and/or to complain, address issues of concern the following tools / opportunities are provided:

- Complaint boxes have been installed at designated Community Halls and all Municipal offices throughout the Senqu Municipal jurisdiction (Lady Grey, Sterkspruit and Barkly East). The boxes are opened weekly and the complaints /suggestions if any are channelled through the Communication divisions to the relevant Directorates for response.
- The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins and anonymous complaints). Reports (inclusive of statistics) are submitted to the Standing committee monthly.
- The Complaints Hotline has been installed (number is 0861 (Senqu) 73678), this together with feedback from the many public participation structures, the Presidential Hotline, Performance and Service Delivery statistics and the like, the organization continuously look for ways to address the issues raised and to improve the level of customer satisfaction.
- The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Division.



CHAPTER 3

SERVICE DELIVERY PERFORMANCE PERFORMANCE REPORT PART 1

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

Despite the old, recognized challenges that relate to old and ageing infrastructure and the scarcity of required resources for ensuring that service delivery targets are adequately addressed in a coordinated fashion. It must be stated that, 2022/2023 was a challenging year more so because there were many changes top administration that took place.

These challenges are additionally impacted by the high levels of unemployment and the extremely small rate base. This in turn impacts on the revenue base and resultantly on the ability of the organization to have required and much needed financial resources with which to engage in infrastructure maintenance and development activities.

Unprecedentedly, the municipality lost its good governance of cleans audits when it regressed from 8 clean audit opinions to an unqualified opinion with findings due to deviations. Equally the MM who served for over 20 years resigned to serve in another municipality and the CFO who also was with the municipality for a long time had his contract ending.

Over the past 8 years, Senqu Municipality has received much recognition for not only its financial health but for the manner in which the IDP was compiled and the high levels of service delivery provided.

Reference is made to **Appendix D** (Functions of all municipal entities); **Appendix I** (Service Providers Report) and **Appendix F** (Service Delivery performance at Ward level) in order to provide both context and progress in terms of projects undertaken.

Service delivery functions currently performed by Senqu Municipality (noting that the water services and sanitation function are performed by Joe Gqabi District Municipality as the Water Services Authority) are reflected as follows:

- Electricity distribution – licensed areas only
- Provision of assistance to Eskom with rural electrification issues
- Street Lighting
- Roads construction and maintenance – municipal and access roads (including Stormwater Maintenance)
- Storm water and pavement construction
- PMU / Infrastructure planning and Technical Administration (including roads – PMU Construction)
- Library Services (Service Level Agreement entered into between Senqu Local Municipality and DSRAC on an agency basis. (Portion of funding received from DSRAC)
- Community Halls and facilities
- Cemeteries
- Sport and Recreational Facilities
- Parks and Public Open Spaces
- Public Safety
- Commonages

- Issuing of business licenses
- Communications
- Town Planning (Land Use Management, Housing and Building Control)
- LED (Tourism, SMME and Poverty Alleviation); and
- Building of crèches (Grant funding through MIG)
-
- Each of these areas will be examined in terms of reporting on their performance for the period under review.

Component A: Basic Services

ELECTRICITY

Background

The National Energy Regulator of South Africa (NERSA) has licensed Senqu Municipality to distribute electricity within the towns of Sterkspruit, Lady Grey and Barkly East. It was always assumed that Eskom is licensed to supply the rural areas. In reality it appears that this is a matter of perspective as according to legislation, municipalities are considered to be “wall to wall” and the electricity authority overall, in terms of the Constitution.

Despite this thinking and aspect of interpretation, the following points are to be considered in terms of electricity disputes and issues currently faced:

- The matter for the right to reticulate electricity within the new 802-unit housing project in Barkly East (Boyce Nondala) remains “ongoing”. An official dispute was declared with Eskom and this has been submitted to NERSA. The Senior Executive Management has resolved to seek formal engagement with NERSA as the resolve of this matter is long overdue.
- Public hearings were held in Pretoria during August 2017. The result was received in June 2018 despite Eskom having been informed by NERSA in March 2018 that NERSA had rejected Eskom’s application and that the matter would be required to be arbitrated by the Department of Energy. A meeting was held between all stakeholders, in East London during November 2018. This was chaired by NERSA. At this meeting, the Eskom representatives stated that due to the fact that NERSA had already decided not to incorporate the Boyce Nondala area of distribution into the Eskom license, the only other organisation would have to be the Senqu Local Municipality. NERSA made a commitment to provide a final decision in this regard in writing. To date this has not been received, despite a reminder having been sent. Eskom is still currently distributing in the area as instructed by NERSA, until the final decision is taken. The primary purpose of this was to increase the revenue base of the municipality safely and to facilitate improved service delivery while implementing its rights in terms of the Constitution. The Senior Executive Management has resolved to seek formal engagement with NERSA as the resolve of this matter is long overdue.
- It is noted that while most of the Senqu communities have access to electricity, there are certain communities that are still required to be electrified (either in the form of electricity installations of infill sites, new connections or for those that have no grid connection, through solar power).
- Overall, it must be acknowledged that the standard of electricity provision within the licensed area is “reasonable” as the municipality strives to and manages to maintain the various National Rationalisation Standards (NRS 047 &
- NRS 048), ERA and the NERSA licence conditions.
- Electricity backlogs have been noted within the rural areas and it is currently calculated that 5 046 households do not yet have access to basic electrical services, The reason for the increase in the

backlog is due to prioritisation of new RDP Housing projects. Although some house was electrified there is a slight increase in numbers due to the RDP Houses that has been build and the extension of houses in some areas by owners. New information received from the Ward Councillors.

- 83.40 % of households have access to basic level of electricity that is provided by both Eskom and the Municipality within the Senqu Local Municipality area.
- Integrated National Electrification Programme (INEP) that is utilizes by Eskom through DoE. This contributed to
- The strategic Electrical Upgrade Programme has been running for the past seven (8) years and is expected to run for a further four (3) years – although this is clearly dependent on available resources. On completion it is expected that all networks (LV and MV) will be upgraded, safety standards will have been met, service connections will have been replaced and metering systems updated and replaced (resource dependent) to achieve a fully functional AMI system, which will bring electrical losses down to an acceptable level. The ultimate target for losses is 7.5 %. It is the intention that this would extend the lifespan of the distribution networks for an estimated further twenty-five (25) years, or longer, depending on presenting circumstances such as development, disaster, and the like. This programme is completely dependent on the level of capital and operational funding made available within the approved budget; and
- The installation of pre-payment split phase, AMI ready, metering is continuing with a “phased - in” approach in order to assist with backlogs and to minimize losses.
-

Overall Challenges and Comments regarding Electricity Provision

- There are limited financial resources to accommodate required upgrades to old and ageing infrastructure.
- There are a great number of schools, clinics and other social facilities that don't have a regular supply of electricity (if any supply at all).
- Affordability of the service is a challenge, recognizing that Senqu has such a high rate of unemployment.
- Electricity tokens are difficult to distribute as vendors are generally far from the rural areas and the population is widely spread over a large geographical area – in many cases with great difficulties being experienced in terms of transport.
- Electricity losses occur due to theft, poor metering management, poor network conditions in some areas, incorrect accounts, lack of resources for Quality of Supply monitoring (Eskom & Own networks) and transformer earthing issues. Despite these issues, improvements have occurred overall.
- It is noted that the quality of supply needs to be improved through the installation of capacitor banks on all points of supply from Eskom to the three towns licensed for distribution to Senqu Local Municipality.
- The lack of coordination of meter reading dates between the municipality and Eskom do result in in-accurate electricity loss information.
- An insufficient budget exists, and this is required to be increased to remedy the situation.
- It is noted that Electricity backlogs exist within the rural areas (Eskom - specifically non-grid areas). These are being addressed by Eskom with assistance from the municipality, in terms of the INEP.
- The target percentage for losses was previously set at 10%. COGTA has subsequently regulated an 8% national norm and the municipality will accordingly reset its final target to 8% or less, over the next 5 years. It is expected that this target will be met by June 2028 (resource dependent).
- Currently there is 4 vacant posts and will be filled in the next Financial Year. All post filled through the financial year.

- Eskom is the current recognized licensed supplier of electricity in rural areas. As such they do not allow other utilities to utilise their infrastructure. As a result, and due to the required infrastructure duplication, it therefore becomes extremely expensive to supply public lighting.
- All users of electricity token meters (STS TDI rollover pre-paid meter and vending systems software updated to STS6) must be reset by the year 2024. This is directly due to the worldwide programming having reached its maximum number of available tokens. The metering department of the financial services section is required to address this as a matter of urgency as the tokens will not be accepted after 2024. Failure to comply will prevent electricity sales and this in turn will result in corresponding consumer complaints and losses. The new prepaid meters that is bought is already programmed with the new STS Token 2).
- This situation involves a special configuration change to be made to all pre-paid meters and vending systems. This must be addressed with meter suppliers, regarding new procurement and this will be conducted by the electricity section of the Technical Services Department for new meters only; and
- It is noted that insufficient funding exists for new street lighting and the replacement of old lights with LED's in order to reduce consumption without loss of effect.
- Efforts to conserve power have resulted in the following considerations that will be implemented moving forward. Three energy savings opportunities were identified as having sizeable potential:
 - **Lighting:** Reduction of power due to the replacement of Street Light Fittings with LED Fittings. Reducing the wattage range from 57w to 40w LED and 250w to 120w LED respectively. Solar lighting is now considered in the coming financial year to cater for load shedding by Eskom and also for public lightning.
 - **Buildings:** Senqu Municipality has installed Solar Panel system and to have them fully functional batteries will be purchased and installed in the next financial year for the Municipal Main Office block.
 - **Mass Roll Out (MRO) programmes:** These are to be practised in the residential sector. The municipality is encouraging its residents to adhere to the National Energy Efficiency Action Plan (NEEAP).

Achievements and Challenges

During the 2022/2023 financial year the following work was completed successfully:

- 56 new meters were installed increasing revenue collection.
- 148 electricity meters replaced the credit meters with Senqu Municipality internal funding to increase the revenue collection.
- 1 Transformers were sent for refurbishment.
- 91 Streetlights were replaced.
- Electricity losses: 18,88%. This is a decrease of 1.59% from the previous financial year.

Progress to date is reflected as follows (2022/2023)

#	INDICATOR NAME	TOTAL NUMBER OF HOUSEHOLD/ CUSTOMER EXPECTED TO BENEFIT	ESTIMATED BACKLOGS (ACTUAL NUMBERS)	TARGET SET FOR THE FINANCIAL YEAR UNDER REVIEW (ACTUAL NUMBERS)	NUMBERS OF HOUSEHOLDS/ CUSTOMERS REACHED DURING THE FINANCIAL YEAR	PERCENTAGE OF ACHIEVEMENT DURING THE YEAR 2022/2023
1	Percentage of households with access to electricity services	Senqu Municipality 56 in urban	Senqu Municipality 148 (urban)	Senqu Municipality 56 (urban)	Senqu Municipality 56 new connections (urban)	Senqu Municipality 100% (Urban)
		Eskom 300 (Rural)	Eskom 5 046 (Rural)	Eskom 300 including infills	Eskom 250 including infills (Rural)	Eskom 83%

ESKOM DISTRIBUTION (RURAL AREA – Data is estimated due to THE LACK OF INFORMATION PROVISION FROM Eskom):

Electricity Service Delivery Levels

ELECTRICITY SERVICE DELIVERY LEVELS*				
Households (Eskom Area)				
Description	2019/2020	2020/2021	2021/2022	2022/2023
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity – prepaid (min. service level)	40 492	40 592	41 012	41 262
Minimum Service Level and Above sub-total	95,9%	89,03%	85%	85%
Minimum Service Level and Above Percentage				
Energy: (below minimum level)				
Electricity (<min. service level)	0	0	0	
Electricity-prepaid (<min. service level)	0	0	0	
Other energy sources	2 223	5 001	5023	5046

Electricity Service Delivery Levels (continues from the previous page)

ELECTRICITY SERVICE DELIVERY LEVELS*				
Households (Eskom Area)				
Description	2019/2020	2020/2021	2021/2022	2022/2023
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Below Minimum Service Level sub-total	5,26%	10,97%	1,93%	1,12%
Below Minimum Service Level Percentage				
Total number of households	42 223	45 593	46 013	

ESKOM Consumers

HOUSEHOLDS – ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
SENQU MUNICIPALITY AREA						
Households						
Description	2019/20	2020/21	2021/22	2022/2023		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Households below minimum service Level	972	400	420	300	250	250
Formal Settlements Senqu Municipality						
Total households	3 037	3 397	3 496	3 496	3 496	3 552
Households below minimum service Level	44	360	67	56	56	56
Proportion of households below minimum service level	1,45%	10,56%	1,92%	1,6%	1,6%	1,57%
Informal Settlements Eskom						
Total households	42 223	42 623	43 043	43 343	43 293	43 293
Households below minimum service Level	972	400	420	300	250	250
Proportion of households below minimum service levels	2,3	0,94%	0,98%	0,67%	0,58%	0,58%

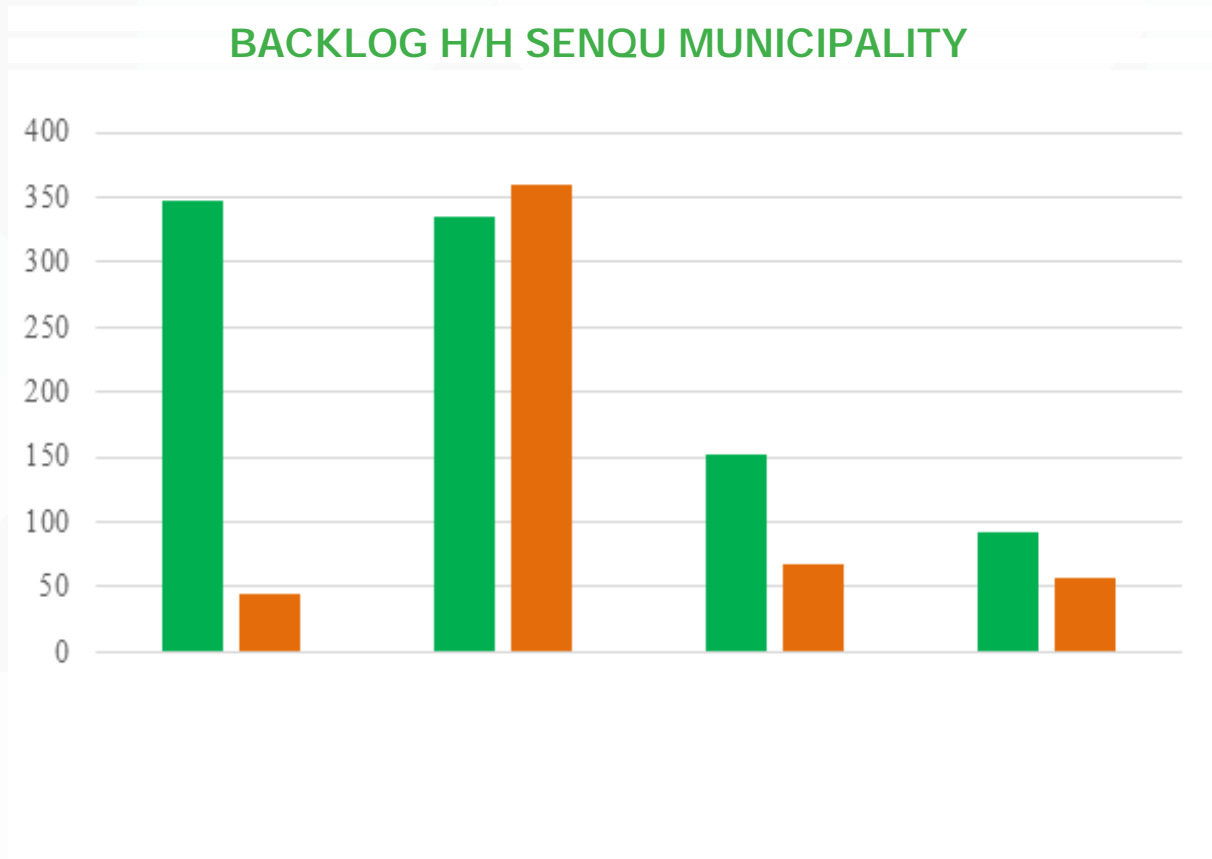
Electricity Service Delivery Levels

ELECTRICITY SERVICE DELIVERY LEVELS				
Households (Municipal)				
Description	2019/2020	2020/2021	2021/2022	2022/2023
	Actual No.	Actual No.	Actual No.	Actual No.
Electricity – prepaid (min. service level)	433	360	32	56
Minimum Service Level and Above sub-total	2604	2 964	3 324	3 380
Minimum Service Level and Above Percentage	3 037	3 397	3 757	3 813
Energy: (below minimum level)	90,0%	87,25%	88,47%	88,64%
Electricity (<min. service level)	303	360	32	56
Electricity-prepaid (<min. service level)	130	57	60	56

Municipal Backlogs (Area of Distribution)

YEAR	2019/2020	2020/2021	2021/2022	2022/2023
Backlog	347	335	152	92
Achieved	44	360	67	56

Municipal backlogs as reflected per table above in graph below (2019-2023)



TOTAL BACKLOGS (Eskom & Municipality)

ESKOM DISTRIBUTION – Data is estimated due to lack of information provision from Eskom

Total Households	Original Backlog Rural (Eskom)	Target Eskom (2022/2023)	Actual Eskom (Estimated)	New Backlog (Rural)	Original Backlog (Urban)	Target (Urban)	Actual (Urban)	New Backlog (Urban)	Total Backlog (End FY)
43 293	5 023	300	250	4 773	148	56	56	92	92

Electricity Service Policy Objectives taken from IDP

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2021/2022		2022/2023			Following Years		
		Target		Target			Target		
		*Previous Year	Actual	*Previous Year	*Previous Year	Actual	2020/2021	2021/2022	2022/2023
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (No elect.)	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom	Eskom
		270 Households	2 823 Households	2 823 Households	270 Households	2 823 Households	2 823 Households	270 Households	2 823 Households
		Municipality	Municipality	Municipality	Municipality	Municipality	Municipality	Municipality	Municipality
		193 Households	56 Households	56 Households	193 Households	56 Households	56 Households	193 Households	56 Households

Electricity Service Policy Objectives taken from IDP (cont.)

Service Objective		ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP				*Following Years			
		2018/2019		2019/2020		Target			
(i)	(ii)	Target	Actual	*Previous Year	*Current Year	Actual	2020/2021	2021/2022	2022/2023
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To reduce the electrical Losses	To do repair and maintenance	Service Objective							
		<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) : 14,03% o 2 934 consumers o 193 New connection o 108 distribution faults o 327 Street light repairs o 8 New Street Lights o 140 Street Light Fittings replaced o 4 Transformers refurbished o 319 KWH Meters replaced o 0 m MV New Conductor installed o 2 643 m LV Conductor installed 	<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) : 16.43% o 2 994 consumers o 60 New connection o 267 distribution faults o 519 Street light repairs o 19 New Street Lights o 213 Street Light Fittings replaced o 4 Transformers refurbished o 405 KWH Meters replaced o 0 m MV New Conductor installed o 1 950 m LV Conductor installed 	<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) : 16.57% o 3 038 consumers o 44 New connections o 29 distribution faults o 686 Street light repairs o 18 New Street Lights o 173 Street Light Fittings replaced o 6 Transformers refurbished o 127 KWH Meters replaced o 0 m MV New Conductor installed o 1 950 m LV Conductor installed 	<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) = 18.4% o 3 398 Consumers o 360 New connections o 450 distribution faults o 393 Street light repairs o 2 New Street Lights o 84 Street Light Fittings replaced o 5 Transformers refurbished o 89 KWH Meters replaced o 0 m MV New Conductor installed o 75 m LV Conductor installed 	<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) = 20.47% o 3 465 Consumers o 67 New connections o 361 distribution faults o 288 Street light repairs o 9 New Street Lights o 97 Street Light Fittings replaced o 2 Transformers refurbished o 202 KWH Meters replaced o 0 m MV New Conductor installed o 450 m LV Conductor installed 	<ul style="list-style-type: none"> o Electricity losses (Inclusive of 10% Technical losses) = 18,88% o 3 521 Consumers o 56 New connection o 610 distribution faults o 446 Street light repairs o 1 New Street Lights o 91 Street Light Fittings replaced o 1 Transformers refurbished o 148 KWH Meters replaced o 7 m MV New Conductor installed o 150 m LV Conductor installed 		

Electricity Losses (Historic to Date)

2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
16 %	16.57%	18.4%	20,47%	18,88%

- Upon completion of the following operationally planned targets it is anticipated that electricity losses will reduce to a level of 7.5% during the 2027/28 financial year:
- Completion of the AMI Meter project, inclusive of data collectors (budget dependent);
- Minor conductor upgrades.
- Installation of check sectional metering (Budget dependent);
- Installation of capacitor banks on the MV to ensure quality of supply.
- LV phase balancing (ongoing); and
- Assessment of loss calculations in order to reduce the time lapse in order to ensure efficiency and correctness.

Employee Statistics: Electrical Services

The table below provides the employee statistics for electrical services.

Table: Employee Statistics: Electrical Services

EMPLOYEES: ELECTRICITY SERVICES					
Job Level	Year 1	Year 2022/2023			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3	6	6	5	1	1.0%
4-6	0	0	0	0	0
7-9	7	7	4	3	1.75%
10-12	3	3	3	0	0
13-15	1	1	1	0	0
16-18	1	1	1	0	0
19-20					
Total	18	18	14	4	2.75%

Financial Performance

The below provides the financial performance for the period of F/Y 2022/23

FINANCIAL PERFORMANCE YEAR JUNE 2022: ELECTRICITY SERVICES					
R'000					
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	48 684	98 714	87 264	50 113	(37 151)
Expenditure					
Employees	6 529	7 750	7 760	7 222	(538)
Repairs and Maintenance	1 673	3 655	3 132	1 100	(2 032)
Other	49 632	4 461	5 005	57 329	52 324
Total Operational Expenditure	57 834	15 866	15 897	13 249	49 764

Electricity Services Capital Expenditure 2022/23

The table below provides a summary of the capital expenditure for electricity services for period 2022/23.

Electricity Services Capital Expenditure 2022/2023

CAPITAL EXPENDITURE YEAR 2022/2023: ELECTRICITY SERVICES					
MUNICIPAL AREA					
R' 000 (Ex VAT)					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	2 257	2 257	130	(2 127)	
Tools & Equip & Vehicles	60	60	0	(60)	
Infrastructure	2 197	2 197	130	(2 067)	

Municipal INEP Allocation (2022/23)

The municipal INEP allocation for 2022/23 is provided in the table below.

INEP MUNICIPAL 2022/2023				
R'000				
Allocation	Budget	Actual	Variance	Total Project Value
0	0	0	0	

Operational Cost Electrical Services (Distribution)

The operational cost for electrical distribution for 2022/23 is provided below.

OPERATIONAL EXPENDITURE: YEAR JUNE 2023: ELECTRICAL SERVICES (DISTRIBUTION)					
DETAILS	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	44 597	48 567	58 605	48 684	9 921
Expenditure					
Employees	7 551	5 535	6 270	6 529	(259)
Repairs and Maintenance	3 222	2 373	2 477	1 673	804
Other	49 404	61 042	61 742	49 632	12 110
Total Operational Expenditure	60 177	68 950	70 489	57 834	12 655

Operational Cost Electrical Services Street Lighting

The table below provides the operational cost for electrical services: street lighting for 2022/23.

OPERATIONAL EXPENDITURE 2022/2023: STREET LIGHTING				
Details	2022/2023			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0
Expenditure				
Employees	74	77	64	(13)
Repairs and Maintenance	501	651	449	(202)
Other	417	472	235	(237)
Total Operational Expenditure	751	962	752	(452)

Capital Expenditure for Year 2022/23: Electricity Services (Street Lighting)

CAPITAL EXPENDITURE YEAR 2022/2023: ELECTRICITY SERVICES					
(STREET LIGHTING)					
MUNICIPAL AREA			R' 000 (Ex VAT)		
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	N/A	0	0	0	0
Tools & Equip & Vehicles	N/A	0	0	0	0
Infrastructure	N/A	0	0	0	0

WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Note: In terms of the mSCOA implementation, this function was initially moved from the Community Services Directorate to the Technical Services Directorate. As of 1 July 2017, this function again returned to the Community Services Directorate.

Waste Management

It is the intention of the solid waste management division to focus on improving the management of the environment and creating a healthy and aesthetic living environment for all.

This process is required to be managed and implemented according to the legislation most pertinent to the management of waste in South Africa. This is specifically referred to as the National Environmental Management Waste Act, (Act 59 of 2008). This Act has been promulgated in order to ensure that there is structure and compliance in respect of:

institutional arrangement and planning matters, national norms and standards for regulating the management of waste by all spheres of government, and the licensing and control of waste management activities and all matters connected therewith.

Other objectives of Solid Waste Management:

In so doing it provides the legislative framework for the management of waste in South Africa.

It is the overall intention and objective of waste management, to improve the management of the environment, to combat illegal dumping and to ensure that all refuse and waste is removed and disposed of timeously and in the appropriate manner.

Targets identified and implemented during 2022/2023

To achieve these objectives the following targets were identified and implemented in as far as possible:

Construction and Completion of the Solid Waste Site in Ward 13 – Herschel (Herschel Solid Waste Site is completed)

Construction and Completion of the Solid Waste Site in Ward 5 – Rossouw (Final stage of completion)

Completion of the Lady Grey Solid Waste Site (still under upgrade)

Application for EIA in Rhodes (Rhodes has taken other route of developing a Transfer station which might not need the EIA) The Development and Town Planning Services department has been approached by Technical Services' PMU section to assist them in the subdivision of a portion of municipal land in Lady Grey and Rhodes (Remainder Erf 1 Rhodes)

Completion of Barkly East Solid Waste Site (The Barkly East Solid Waste Site was completed and functional)

Application for EIA and appointment of contractor in Sterkspruit (EIA did not take place due to the disputes of the land the land that was earmarked for the development of the landfill sites, currently the engagement are continuing with the Communities and also of Cause the request for the Councilors to intervene with the Traditional leaders) (The land discussion is still not bare any fruit does far)

Waste awareness campaigns conducted within the Community. 5 are targeted within the wards; Twelve (12) awareness campaigns were conducted in all six towns (ward 8; 10;13; 14; 15 and 16) Community environmental and waste awareness campaigns were conduct at ward (8, 15: 10, 16, 14; 14, 15,10 14 target was to conduct 8 awareness (9 awareness conducted)

Waste Awareness campaigns conducted within Schools. 6 are targeted within schools; Twelve (12) awareness campaigns were conducted in all six towns (ward 8; 10;13; 14; 15 and 16)

School environmental and waste awareness campaigns were conducted in schools in the following wards: (Ward 8,10; 13,14,16; 10,13; 14,16)

Cleaning of CBD streets in all towns; All Six Towns CBD streets are cleaned on a daily.

The target of 956,92 tons of waste collection in rural areas was exceeded and 1302.01 tons of waste was collected; and (no longer the service rendered).

Total tons collected in the six towns (9 588.18 tons of waste)

Construction and completion of Solid Waste sites (Herschel, Rossouw, Lady Grey, Barkly East) (completed)

The following achievements and challenges were noted:

Solid Waste Site: Herschel

- The site did receive the permit for operation: permit No JG/B/M/003/17
- A site handover meeting was held on the 1st July 2021 at the Technical Services Directors Office.
- Herschel Landfill Site is a Class B
- The Heschel Landfill sites construction is completed according to the requirement of the Department of Water and Sanitation in terms of lining of the cell. MRF was also constructed with the landfill sites which promote access to the landfill site by recyclers and also they will be able to bail with the landfill site, save them for transporting waste for an outside bailing area.

- The landfill site is complete, but it is not yet handed over to the user department for operations)

Solid Waste Site Ward 5: Rossouw

Rossouw Solid Waste Site did receive the permit for operation: No JG/B/M/002/17

A contractor was appointed and site handover meeting was held in Rossouw

Construction of the Solid waste has progressed well and the landfill site is partly complete, electricity is not yet connected to the site.

Lady Grey

This target was not achieved due to legal proceedings underway. Due to the previous contractor's alleged underperformance, their services were terminated. Until such time as this process is settled the project remains on hold. The Arbitrations proceedings were completed, and the Contractor was appointed and started with the upgrading of the solid waste site. the construction is continuing with the very slow pace.

The new appointed contract is moving smoothly one cell is lined, busy with the second cell.

Applications for EIA's (Environmental Impact Assessments)

Ward 10 (Sterkspruit)

New site was identified in ward 17, and community engagement (consultative meeting) was held with affected communities. Although this meeting was held but there was no agreement reached between the two parties,

Communities were taken to Cape Town, Swartland Municipality for the best practice and the operations of the landfill site, so that the community can be able to know and understand what the landfill site is and how it operates and the benefits thereof, but still the communities are not yet convinced, to approve the project to continue. The Councillors are planning to assist the administration in engaging the Traditional Leaders and communities regarding the approval of the establishment of the landfill site in Sterspruit. These delays are affecting the closure and rehabilitation of the old Sterkspruit landfill site, which was due for closure in September 2022, this pose a risk for the municipality as the municipality is operating the old Sterkspruit illegally as the permit of closure is expired. Engagement is continuing but there no results or resolution toward granting the go ahead with the development of the landfill site as the target of the municipality.

Ward 15 (Rhodes)

There current dumping site has no buffer zone and it on top of the stream dongas. New site was identified but no progress was made after the site was identified. The current dumping site is left with 2 years for operation, funding for the closure is required as dumping site not complying with the NEMWA Act. The Municipality has opted against the construction of the landfill site and opted to the development of the Transfer station, this is minimising the development of the landfill site all over the municipality of cause with also the challenge of maintenance and management. The development of the Transfer station was budgeted for 2022/2023 financial year, the contractor was appointed and it commenced with the construction work, however, the contractor's performance was very slow and penalties were imposed on the contractor. Further more a notice of intent to terminate the contract has been served on the contractor.

Historic and current Challenges experienced within Waste Sites

Waste sites are in Lady Grey, Barkly East, Sterkspruit, Rhodes and Rossouw. Sites do experience

related challenges, that include:

All landfill sites are not complying with the NEM: WA act and as well as the Minimum Requirement for the Operation of Solid Waste Sites. (The requirements for the daily covering and compaction of the waste that enters the landfill site to avoid waste for being blown out and fires that might burn the land adjacent, this is due to the lack of Specialized vehicles for landfill site management)

There is a lack of technical personnel for the operation of the landfill sites, the landfill sites are operated by General Workers, although it is high technical field of operation, a technical person is required for the management of the landfill sites

There is no specialized Vehicles for the operation of landfill sites. This the one of the huge challenges with a high risk of non-compliance with the Act, that can put the municipality in the Court of Law.

Status of Landfill Sites:

LANDFILL SITE	STATUS QUO AND CONDITIONS
Lady Grey Landfill Site	<p>The Contractor who was appointed to do upgrading of the Lady Grey landfill site moved out of the site without completing the upgrading of the site, therefore the municipality is dealing with matter. New contractor was appointed, and the contractor is busy with the upgrading the landfill site, although the pace is very slow and not acceptable.</p> <p>A Tender was place for the upgrade of the landfill site for Lady Grey after Contractor appointed and is on site upgrading the landfill site (Contractor appointed and the upgrade is continuing smoothly)</p>
Sterkspruit Landfill Site (old Site)	<p>The Municipality is in the process of development of the closure plan for the site as per the budget allocation. Budget was not allocated as per the expectation and therefore the rehabilitation plan is not yet developed</p> <p>The Closure License expired 30th June 2018. The municipality has applied to DEDEAT for the extension of the license to finalise the new planed landfill sites in Sterkspruit (HO/A/14/L043/14). The extension was granted to the municipality by DEDEAT for a three (3) year period which was to terminate in 2021. The extension was because the land that was identified on Masekeleng was suitable and was expropriated by the municipality, EIA conducted, and the only outstanding item was the testing of the level of the ground water table, that did not materialise, and the application was closed by the Department of Environmental Affairs. That failure left the municipality without any option but to re-apply for the second extension is currently pending.</p> <p>There is a burning of waste in the cell and there is no compaction (this is illegal). As reported in almost all landfill site there is no covering, compaction of waste, which left the landfill site vulnerable to fires The site has been fenced. The service provider was appointed for the fencing of the Sterkspruit landfill site, and it was fenced off as required.</p> <p>An ongoing challenge exists in terms of the need for plant and equipment for proper cover and compaction. No plant and equipment for proper covering and compaction on site exists.</p> <p>Improvements within this site have been made and the site is currently compliant with the Occupational Health and Safety Act in respect of the health and safety of its employees (access to toilets, shelter, running water and the like – as previously identified); and</p>
LANDFILL SITE	STATUS QUO AND CONDITIONS
Sterkspruit (New)	<p>A new site has been identified at ward 17 and the process is on community engagement. Voyizana VillageThe municipality has expropriated land in Tapoleng village (Ward 17) where a new disposal site was to have been developed. The application was closed by DEDEAT due to the fact that the site was not compliant and was not found to be suitable for the development of the landfill site. The buffer zone challenge contributed to this decision.</p> <p>Moving forward the municipality was required to restart the application for the development of the landfill site in Sterkspruit, following the DEDEAT closure of the application, due to the non-submission of the geohydrological report on the due date. As required public participation initiatives have already begun and the EIA process is required to be begin.</p>

Hershel landfill Site	<p>The site has been handed over to the Contractor for development/ construction of the landfill site.</p> <p>The Municipality has received the permit to construct the landfill site in Herschel.</p> <p>While the municipality had budgeted for the establishment of the landfill site in the 2017/2018 financial year, a delay was experienced in the completion of the EIA.</p> <p>The EIA has since been completed and the landfill site construction will resume in 2021/2022 as the contractor was appointed on 24 June 2021.</p> <p>Currently, waste is being transported to Lady Grey and Sterkspruit.</p>
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Status of Landfill Sites (cont.)

LANDFILL SITE	STATUS QUO AND CONDITIONS
Rossouw Landfill Site	<p>The site has been handed over to the Contractor for development/ construction of the landfill site.</p> <p>Rossouw has received the permit to construct the new landfill site, which is expected to be constructed during the 2020/2021 financial year.</p> <p>The site is currently unlicensed and is situated near the Wasbank River. It will be listed for closure and rehabilitation in terms of license.</p> <p>Waste is covered through the use of shovels and it is not well compacted as there is no proper compaction equipment. This status quo has existed for quite some time and there continues to be no plant and equipment and the use of shovels for covering waste.</p> <p>No permanent staff are appointed and only EPWP staff are utilized to work in this area.</p> <p>Legislative compliance is lacking; and</p> <p>Originally the EIA was expected to be completed by November 2017, and</p> <p>New land has been established for the development of the landfill site facility. Accordingly, the EIA has been approved and the constructor was appointed in April 2021, and the sight handover was done in May 2021.</p>

NOTE: The Sterkspruit Waste Site has reached the end of its life cycle .

Medical waste for the four (4) hospitals and fourteen (14) clinics is collected by a company called Compass Waste and this was organised by the Department of Health; and Environmental Health Practitioners are responsible for the control of waste management at clinics, being under the supervision of a Chief Environmental Health Practitioner. Monthly reports are received on Solid Waste Sites' but are mostly negative due to insufficient resources and SCM delays.

Waste Collection

- In all areas it must be noted that Waste Collection is successfully achieved, despite challenges relating to insufficient plant and staff.
- Currently challenges are experienced that relate to illegal dumping within all Senqu towns. It has been suggested as a solution that consideration be given to increasing the number of available law enforcement officers.
- The weighbridges are calibrated annually.
- It is noted that staff challenges exist in the operation of weighbridges in Barkly East and Lady Grey. WSP will be addressing the shortage skill for the staff in all landfill sites (training of staff)
- Senqu Municipality currently has three (4) licensed landfill sites. More specifically:
- Lady Grey, Barkly East, Herschel and Rossouw are licensed as required to be able to operate; and

- Sterkspruit have a closure license/permit.
- The following new sites are required to be developed:
- Sterkspruit
- Rhodes (Transfer Station)
- Specific challenges in terms of each of these sites are reflected as follows:
- Insufficient staff.
- Technical personnel for the operation of the landfill sites
- Old and ageing vehicles.
- Inadequate plant and equipment with which to manage solid waste disposal sites in terms of legislation.
- Breakdown of vehicles (no mechanic available for maintenance).
- Non-compliance with legislation with a resulting to unpleasant consequences.
- The lack of recycling projects and related components; and
- Delays in terms of SWS lining projects, due to insufficient resources; and
- Suffice is to note that generally, Solid Waste is not receiving the resources required, to meet Constitutional and legislative requirements.

The Constitution of the country places the responsibility on government to ensure that such services are progressively expanded to all, within the limits of the available resources. Municipal policy is progressively moving towards universal access to Waste Management.

Currently the municipality provides only waste collection services to the communities and private enterprises of:

- Lady Grey
- Barkly East
- Rhodes
- Sterkspruit
- Herschel
- Mokhesi and Tienbank (rural) (no longer Providing service)

The municipality is no longer collecting waste in Mokhesi and Tien Bank, this is due to the fact the service that the municipality rendered is not paid for, and the areas need to be formalised and identification of indigent communities are required and also non- indigent communities that qualify to pay for the service rendered With no waste collection taking place in the rural areas, illegal dumping as well as burning of waste is taking place and this represents a huge challenge for the municipality.

- This problem further compounds the effect of contamination, pollution, damage to tourist assets and the environment.
- Waste is collected weekly from households and twice or three times in a week from businesses within the areas of collection. Residential and most commercial waste is handled as “kerbside collection”.
- Metric Tonnage collected per annum.
- The municipality collected a total of 10031.02 tons against the annual target of 8055.19
- A total of 138 tons of variance, caused by the extension of collection to informal settlements and part of the RDP houses in Herschel.
- Recycling

There are only a few informal recycling programmes currently running within Senqu Municipality, extracting less than 1% of the potential recyclable product.

Issues were experienced with recycling co-ops within the municipality, who were supposed to claim all the recyclable material which ended up in the landfill site, thus minimising the air space in our landfill sites. Co-ops were given PPE by the Department of Environmental Affairs Integrated Waste Management Plan (IWMP).

The IWMP is implemented and approved by Council. In terms of data:

- Households served
- 2 835 households in Barkly East.
- 510 in Herschel.
- 2 820 in Lady Grey.
- 144 in Rhodes.
- 100 in Rossouw; and
- 639 in Sterkspruit.

The IWMP is due for review three services providers pulled out of the panel of consultant are under review.

Waste Awareness

Public awareness and education are important factors in sustainable waste management. Waste awareness initiatives have been implemented using internal funding.

To achieve sustainable waste management, it is imperative that the public become aware and educated regarding waste issues.

Waste Management By-Laws

Waste Management By-Laws were promulgated, and fine Schedule were endorsed by the Magistrate in Sterkspruit in March 2021. The challenge is the enforcement of the By-Laws.

Financial Performance: Solid Waste Management Services

Financial Performance Year 2022/2023: Solid Waste Management Services

Financial Performance Year 2022/2023: Solid Waste Management Services					
R'000					
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 800	46 904	49 536	13 270	(36 266)
Expenditure					
Employees	18 445	13 396	13 420	13 834	414
Repairs and Maintenance	5 426	1 466	1 466	796	(670)
Other	13 122	18 557	16 530	15 026	(1 504)
Total Operational Expenditure	36 993	33 419	31 416	29 656	1 248

Capital Projects: Solid Waste

Financial Performance Year 2022/2023: Solid Waste Management Services					
Municipal Areas					
R'000(Ex VAT)					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	16 415	16 036	13 800	(2 236)	
Machinery and Equipment	169	319	129	(190)	
Solid Waste Infrastructure	16 140	15 717	13 671	(2 426)	

Housing

Introduction to Housing

The Department of Human Settlements is responsible for the function of housing in terms of providing planning services, construction of the top structures and the transfer of the properties to the beneficiaries. Since this period, the Department has been the implementer of housing projects, services, and the top structures. This was conducted through the Department of Human Settlement's own procurement procedures and service providers.

Not with standing, the municipality assists the department and this function by engaging in the following activities:

Beneficiary identification and registration for RDP houses.

Ensuring land availability.

Assisting the Department of Human Settlements by assisting beneficiaries in filling out deeds of sale for the Department to transfer the properties to the beneficiaries through their appointed conveyancers. The municipality has developed a Housing Sector Plan (an attachment to the IDP), which was adopted in July 2021.

To realign municipal departments with the Treasury GFS functions under mSCOA, the housing function was not considered to be a municipal function and officials were transferred / re - allocated to posts within EPWP and LED. Notwithstanding, this has proved to be a misunderstanding of the regulations and the function of housing returned to Development and Town Planning Services during 2017/18 under Town Planning.

The Housing Sector Plan for the municipality was re-adopted to accommodate changes to the identified needs of the community. This has now been revised in totality and after taking into account more detailed studies, this provides the municipality with a more realistic backlog total. The current housing need according to the Housing Sector Plan for 2020 is 3339, the total housing need is 14 083.

Comparison between Census 2011 and 2016 figures, indicates an increased number of households (from 67% to 75%) living in formal brick / block structures and a decrease in the number of people living in traditional dwellings (24% to 18%) and informal dwellings (5% to 3%). (Housing Sector Plan 2021). It must be noted that the Spatial Development Framework (SDF) has identified land in all towns for future

housing developments. A land audit was conducted for Sterkspruit, and available land was identified for resale to the public for individual residential development. This exercise is in accordance with the SCM Regulation of August 2014. This land audit has been undertaken by the Housing Unit and is 90% credible.

To provide context, the Rhodes and Rossouw projects were approved in the 2010/2011 financial year. To date only the Rossouw project has been completed. The first phase of the Rhodes Green Field Project is still awaiting EIA approval but construction in phases (an in-situ project - not requiring an EIA) is under construction. All 87 units of phase one have been completed and handed over. The layout plans for the Green Field have not yet been approved, due to issues of bulk water in Rhodes.

It is noted that Land Invasion had caused delays to the Herschel Housing Project. More specifically, only five hundred and five (505) units of the original seven hundred (700) units have been constructed. The Council took the decision to reduce this project to five hundred and five (505) units and identify other land for a new project registration that would accommodate the shortfall.

The Department of Human Settlements and the municipality have come to an agreement to utilise the remaining funds for the construction of the Herschel 700 units project on other housing related matters such as land use planning activities before construction and the transfer of the RDP houses by the municipal conveyancers.

The municipality will appoint service providers to undertake these activities. To combat this, Land Invasion Signboards were erected for Lady Grey, Barkly East and Sterkspruit; and layout plans developed for Lady Grey and Barkly East. These were tabled for approval in the July 2019 Council meeting. The Town Planning section has developed an Unlawful Occupation of Land Bylaw.

Phase 1 of the Sterkspruit 4000 units project has been completed. The Department of Human Settlements is currently in the procurement stage for phase 2 of the project.

The Destitute and Emergency housing project has commenced, and 85 units will be built in the various wards.

There is currently legal action being taken against land invasion, but legal matters are a costly and a drawn-out process. These processes have been underway for the last eight (8) years without success to date.

A great challenge continues to be experienced regarding the fact that in many cases beneficiaries allocated to housing units become "lost" for various reasons. This then results in the de-registration and registration of new applicants. The transfer of erven to achieve title deeds, depends on professional legal persons and in some cases this process occurs at a very slow rate.

There are currently insufficient resources to enable the municipality to become more efficient within this area of service delivery. In this regard the municipality took a decision that they would apply for accreditation to be able to complete the entire housing process in the future. This has not been resourced to date; and

Illegal building within the Sterkspruit rural area is a challenge with limited capacity. Traditional leaders complicate land and building matters allowing adhoc building operations – placing severe strain on service delivery.

Access to Basic Housing

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING 2022/23		
Type of dwelling	Number of households	% of total number of households
House of brick/ concrete block	30 250	75.25
Traditional dwelling/ hut	7 036	17.5
Informal dwelling/ shack	556	1
Informal dwelling in an informal settlement or farm	799	2

Most of the population reside in formal houses on individual stands. One quarter of the population still lives in traditional (mud) houses and minority of the population within the urban areas reside in informal structures in informal settlements. The total household for formal settlements sits at a figure of 30250 and informal settlements are reflected as 8391.

Housing Backlogs (Historical data and contextual overview) HOUSING BACKLOGS (dating back up to 2015 / 2016)

Housing Service Policy Objectives Taken from IDP

HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP										
Service Objectives / Service Indicators	Outline Service Targets	2021/2022		2021/2022			2022/2023	2022/2023		
		Target	Actual	Target		Actual	Target			
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(viii)	(viii)	(ix)	(x)	
Service Objectives										
Provision for housing for all households	Additional houses provided during the year (Houses required at year end) Barkly East 298 units Senqu Destitute/ Emergency housing 85 units	4000 additional houses (9 262 houses required)	4000	4000	3 500 additional houses (5 762 houses required)		1359	1100 8 0	0 0 65	
Facilitate housing project(s)/ implementation.	Evidence of facilitation efforts/reports / Database updated	12 x monthly reports	12 x monthly reports	12 x monthly reports	12 x monthly reports		12 x monthly reports	12 x monthly reports	12 x monthly reports	

Employee Statistics (Housing Services)

EMPLOYEES: HOUSING SERVICES					
Job Level TASK SYSTEM	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (full time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	
0-3					
4-6	2	0	0	0	0%
7-9					
10-12	1	1	1	0	0%
13-15	1	1	1	0	0%
16-18	1	1	1	0	0%
19-20					
Total	6	3	3	0	0%

Note: No funded vacancies exist for the current year.

Comments on the Performance of the Housing Service Overall

As already detailed, Senqu Municipality is no longer involved in the capital construction of housing projects but only assists in an administrative manner with regard to beneficiaries (considered as operational);

The delivery of housing units is slow due to: poor communication and cooperation challenges experienced from the department of Human Settlements; late approval of the The difficult and sometimes inaccessibility of sites in the rural areas in order to deliver materials and construct (due to poor road access, and intermittent water supply) which affects construction and increases project costs in general; The quality of workmanship is currently a concern as the municipality has no control thereof. This is reliant on the Department of Human Settlements which conducts the related quality control. The Hillside Project bears testimony to this in that: of the 998 units already built, 603 required rectification and the DHS is aware of this. This issue has been accommodated in the revised Housing Sector Plan. Clearly this question and raises extreme doubt regarding the construction quality. In this regard, it must be noted that the department is clearly aware of this situation, having been informed of this by the municipality.

The municipality no longer has control of any housing capital projects. The operational budget variance was caused by poor performance on the part of service providers (conveyances) in transferring the title deed to the beneficiaries. The municipality has removed all non-performing conveyances and appointed new conveyances to attend to the transfer of properties. The issuing of rates clearance certificates by the Joe Gqabi District Municipality also contributes to the slow progress of the transfers of properties.

There is an urgent need for middle and rental housing within the area and these applications have been submitted, however, the challenge remains due to the limited availability of bulk infrastructure and land in Sterkspruit.

The issue of disaster housing is gaining importance. Persons applying for emergency houses wait for long periods of time as the Department of Human Settlements waits until it reaches a minimum number of houses required in the area before it contracts a person to build them; and

Housing staff were trained on the HSS system and the Housing Needs Register. It is hoped that this will decrease allegations of corruption as persons cannot be removed from the list or moved up or down - it is in essence a national list.

FREE BASIC SERVICES

Introduction to Free Basic Services (FBS) and Indigent Support

In terms of its powers and functions, the Joe Gqabi District Municipality is the Water Services Authority and is therefore responsible for the implementation of all water and sewerage services, including Free Basic Services (FBS). Senqu Municipality, in conjunction with Eskom, is responsible for FBE (Free Basic Energy) and FBAE (Free Basic Alternative Energy). Currently there is a Service Level Agreement (SLA) in place with Eskom for FBE in the rural areas. This is based on technical data (20 A supply).

Senqu Municipality has both an Indigent and a FBE Policy in place. These cater for any household earning a combined income of no more than twice the official old age pension, which changes on an annual basis. This then entitles them to receive Free Basic Energy or Free Basic Alternative Energy. Free Basic Solid Waste Removal and a full subsidy on property rates is included for formally identified indigent households.

The Indigent Register was updated. The indigent verification was completed by utilizing the CAAT system and there were 6398 beneficiaries as 30 June 2023.

FREE BASIC SERVICES - including Solid waste /refuse removal 2022/2023(Comparison with previous financial year 2021/2022)

KPA & INDICATOR	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2021/2022	2022/2023
The percentage of households earning less than two state pension fund per month with access to free basic services	31,04 % of our serviced consumers are registered as Indigent consumers. Senqu LM service 5757 consumers of which 1787 are indigent beneficiaries Rural areas fall outside the Municipal service area and are thus not reported on during the year under review.	27% of our serviced consumers are registered as Indigent consumers on. The municipality is in control of 7% percent coverage as compared to Eskom area of supply. Rural areas fall outside the Municipal service area and are thus not reported on during the year under review.
The percentage of households with access to basic level of solid waste removal	85,75% 6 713, households have access to refuse removal of which 5 757 receive free basic properties during the year under review. There are 956 properties where services were not collected these do appear on the collection site.	98.03% of our household have access to waste disposal during the year under review. 6 153, households have access to refuse removal of which 2410 receive free basic properties during the year under review. There were 881 properties where services were not collected these do appear on the collection site

Households Receiving Free Basic Energy

REGISTERED HOUSEHOLDS (Eskom & Municipality)	Year	Year	Year	Year	Year
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Free Basic Energy	12 530	12640	12530	12530	12536
Free Basic Alternative Energy	497	497	497	625	650

Free Basic Services to Low Income Households										
	Number of Households									
	Total	Households earning less than R2 920 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
	44716	13273					12536	28%	2410	5.37%
Year - 3	47 477	12640	JGDM	-	JGDM	-	12 640	26%	1790	3.77%
Year -2	39 438	12 523	JGDM	-	JGDM	-	12 523	32%	Not available	-
Year -1	41 408	14 943	JGDM	-	JGDM	-	12 523	30.4%	2 420	5.83%
Year - 0	41 453	15 113	JGDM	-	JGDM	-	12 523	30.22	2 590	6.25%

FREE BASIC SERVICES: ELECTRICITY 2022/2023

INDICATOR NAME	TOTAL NUMBER OF HOUSEHOLD/ CUSTOMER EXPECTED TO BENEFIT	ESTIMATED BACKLOGS (ACTUAL NUMBERS)	TARGET SET FOR THE FINANCIAL YEAR UNDER REVIEW (ACTUAL NUMBERS)	NUMBERS OF HOUSEHOLDS/ CUSTOMERS REACHED DURING THE FINANCIAL YEAR	PERCENTAGE OF ACHIEVEMENT DURING THE YEAR 2020/2021
1 Percentage of households with access to electricity services	Est 97% in urban Est 68% in rural	25 (urban – land invasion) 3 301 (Rural)	0 (done on application) 2 753	28 new connections (Urban-On demand) 324 (Rural)	100% 19% (Eskom)
2. Percentage of indigent households with access to basic electricity services	100% of applicants (Urban) 100% of applicants (Rural)	On application 578 (Urban) 12 533 (Rural estimated)	725 (Urban)	575 (Urban) 7 084 (Rural)	100% (Urban) 61% (Rural)

FINANCIAL PERFORMANCE YEAR 2022/2023: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED R '000

Services Delivered	Year 2021/2022		Year 2022/2023		Variance to Budget
	Actual	Budget	Adjustment Budget	Actual	
Water	-	-	-	-	-
Wastewater (Sanitation)	-	-	-	-	-
Electricity	8 116	13 248	15 248	12 002	1 940
Waste Management (Solid Waste)	13	6 616	6 616	0	6 616
Total	8 129	19 864	21 864	12 002	8 556

FREE BASIC SERVICE OBJECTIVES TAKEN FROM IDP													
Service Objectives / Service Indicators	Outline Service Targets	2018/2019		2019/2020		2020/ 2021		2022/2023					
		Target	Actual	Target	Actual	Target	Actual	Target	Actual				
		*Previous Year	(iii)	(iv)	*Previous Year	(v)	*Current Year	(vi)	*Current Year	(viii)	*Current Year	(ix)	*Following Year
(i)	(ii)												
Service Objectives													
Provision of alternative energy support to low-income households that do not received free basic services	Low Income Households (LIH's) who do not receive all free basic services but do receive alternative support (total number of LIH's not in receipt of free basic services)	602 HHs	625 HHs receiving support	625 HHs receiving support	625 HHs receiving support	625 HHs receiving support	625 HHs receiving support	625 HHs receiving support	625 HHs receiving support	650 HHs receiving support	650 HHs		
Facilitate the provision to access to adequate basic Electricity; Free Basic Electricity of 50 Kwh	Report on number indigent households receiving free basic services / inclusive of expenditure.	12 000	12 523	12 523	12 523	12 523	12 523	12 523	12 523	12 536	700		

Comment on Free Basic Services and Indigent Support:

It must be noted that the Free Basic Services and Indigent Support Policies are revised annually, and Free Basic Services are paid for from the Equitable Share Grant as allocated under DORA.

Joe Gqabi District Municipality is the Water Services Authority and deals with all aspects of water and sewerage services, while the Senqu Municipality Technical Services Department is now responsible for Solid Waste matters until 1 July 2017.

In total 6713 households have access to refuse removal services of which 2 410 is free basic refuse removal services.

98.03% of households have access to refuse removal.

27 % of our serviced consumers are registered as Indigent consumers.

The electricity consumption is difficult to calculate as some households require the FBE units every month while others only obtain these once every two (2) to three (3) months, and therefore consumers are calculated on households that are registered.

There is currently only one (1) dedicated staff member for the FBS function. Notwithstanding it is the intention to employ an intern, with the possibility of long-term employment, to assist with FBS due to the magnitude of the service. The intention is to achieve a permanent FBS Unit within the next 3 years, budget dependent.

In areas that will not be grid electrified, the municipality will be completing and submitting applications to the DoE for solar energy, after assessment of the need is complete; and Applications have been submitted to the DoE for Solar Water Heaters for areas where criteria are met but no response has been received to date.

Challenges Experienced (FBS and FBAE)

No vehicle

Delivery logistics

Insufficient staff

Insufficient data

Insufficient political assistance

SCM turnaround time.

Budget vs Expenditure: Free Basic Services

	Year 2019/2020	Year 2021/2022	Year 2022/2023
Budget	12 082	16 900	16 656
Expenditure	9 132	11 353	8 129

NOTE: There is to be a concerted effort made to increase FBE in the new financial year.

COMPONENT B: ROAD TRANSPORT (ROADS, TRANSPORT AND WASTEWATER (STORMWATER DRAINAGE) ROADS

Introduction to Roads

Senqu Municipality has the largest and longest amounts of unsurfaced main roads and access roads. Within this geographical region it must be noted that following Gariep, Senqu Municipality has the second longest road length within this area.

The Transport Plan is completed by the Joe Gqabi District Municipality with input from all local municipalities. Road's forums are championed by the Department of Roads and Public Works (DRPW) but are seldom successful due to non-attendance of stakeholders and due to the insufficient availability of staff found within municipalities.

A Roads Maintenance Plan for 2022/2023 was approved for implementation. This involved planned maintenance for 56,12 Km of Roads in Wards' 1, 7, 8, 10, 11, 12 and 13 . The analysis of progress has been summarized as follows:

Summary Q1 of 2022/23

PROJECTS & WARD	KM	Estimate km	Diff
R & M Gravel Roads-Ward 8	9010,00	3000,00	6010,00
R & M Gravel Roads - Ward 10	2480,00	3000,00	-520,00
R & M Gravel Roads - Ward 12	6320,00	3000,00	3320,00
TOTAL:	17810,00	9000,00	8810,00
Potholes			
Pothole R & M Ward 15	540 Potholes	N/A	
Pothole R & M Ward 10	310 Potholes	N/A	
Pothole R & M Ward 14	633 Potholes	N/A	
TOTAL:	1483 Potholes	N/A	

Summary Q2 of 2022/23

PROJECTS & WARD	KM	Estimate km	Diff
R & M Gravel Roads-Ward 11	13210,00	3000,00	10210,00
R & M Gravel Roads - Ward 13	800,00	3000,00	-2200,00
TOTAL:	14010,00	6000,00	8010,00
Potholes			
Pothole R & M Ward 15	240 Potholes	N/A	
Pothole R & M Ward 10	94 Potholes	N/A	
Pothole R & M Ward 14	420 Potholes	N/A	
Pothole R & M Ward 8	605 Potholes	N/A	
Pothole R & M Ward 16	200 Potholes	N/A	
TOTAL:	1559 Potholes	N/A	

Summary Q3 of 2022/23

PROJECTS & WARD	KM	Estimate km	Diff
R & M Gravel Roads-Ward 1	3090,00	3000,00	90,00
R & M Gravel Roads - Ward 13	7130,00	3000,00	4130,00
TOTAL:	10220,00	6000,00	4220,00
Potholes			
Pothole R & M Ward 15	427 Potholes	N/A	
Pothole R & M Ward 10	239 Potholes	N/A	
Pothole R & M Ward 14	883 Potholes	N/A	
Pothole R & M Ward 8	197 Potholes	N/A	
TOTAL:	1746 Potholes	N/A	

Summary Q4 of 2022/23

PROJECTS & WARD	KM	Estimate km	Diff
R & M Gravel Roads-Ward 1	5580,00	3000,00	2580,00
R & M Gravel Roads - Ward 7	8500,00	3000,00	5500,00
TOTAL:	14080,00	6000,00	8080,00
Potholes			
Pothole R & M Ward 15	510 Potholes	N/A	
Pothole R & M Ward 10	89 Potholes	N/A	
Pothole R & M Ward 14	496 Potholes	N/A	
TOTAL:	1095 Potholes	N/A	

Overall, the target relating to Roads Maintenance was overachieved. This was mostly due to more blading and not total re-graveling as requested by ward councillors and communities.

An analysis of our tarred roads has indicated as follows):

- the resurfacing of the R58 FROM Aliwal North to Barkly East were done and the last part of painting of lines and cutting repairs is still in process. Once that is done the project will be finish. This project started in 2021 up to now in 2023.

The R 393 between Lady Grey and Sterkspruit is for the most part found to be in good condition, but there are sections that are failing. In these instances, there are an increased number of potholes that have occurred; and livestock found on the road are commonplace because of having been stolen or due to poor/lack of fencing. This represents a danger to both animals and drivers; and Business plans are drawn up annually and submitted to the Department of Transport during each new financial year, for any required surfacing of roads, identified as top priority by Council.

In terms of Gravel/ Unsurfaced Roads it is fair to say that, despite maintenance by the DRPW, most of provincially maintained gravel roads have deteriorated significantly to a level where they need extensive re-gravelling and low-level bridges need repair or replacing. The DRPW is required to re-examine their strategy and to investigate ways in which a more sustainable road surface process (such as interlock paving) can be utilized. This is also required as it is noted that the quantity and quality of gravel is diminishing. Ultimately this will result in a situation where people will be unable to access goods and services or will be required to pay a high price for the transport of goods and persons, due to poor or impassable roads.

This is compounded by extreme weather conditions such as flooding and snow. Several roads aside from the above have been prioritised for re-gravelling and priority upgrading by the municipality through the DRPW.

Roads requiring urgent attention

The R 396 from Barkly East to Rhodes as this leads to an important tourist destination.

Access roads to the 7 gravel passes of Lundeansneck, Joubert's, Otto du Plessis, Carlislehoek DR 03230, Volunteers (MN 20635), Bastervoetpad, and Naudesnek (R396). These passes incorporate three (3) of the highest passes in South Africa. In addition, the roads leading to Tiffindell Ski Resort must be attended to, noting that this is the only ski resort in South Africa however currently not in use.

DR 393 to Lundeans Neck and Sterkspruit from Barkly East.

Upgrade of DR 03214, DR 03221 and DR 3222.

Access roads to hospitals and villages.

Khiba DR 08526 Road.

Coville DR 08510 Road.

Mlamli DR 08606 Road. (Project is currently in process)

Herschel to Manxeba to Sterkspruit DR 08511 Road (Interlock paving/Asphalt surfacing).

Road from Sterkspruit to Holo Hlahatsi Dam DR 08521/DR 08516 (previously Jozanashoek Dam) - Interlock paving / Asphalt surfacing.

Herschel/Manxeba/Sterkspruit (interlock paving/asphalt surfacing; and Access Roads are required to be maintained by municipalities in terms of the Municipal Structures Act (although this is not financially viable for Senqu Municipality) - maintaining all roads as frequently as planned for optimal maintenance. The municipality inherited a backlog of maintenance of existing access roads as well as many villages which don't have access roads or internal roads. Taking this into account together with the acknowledgement of the small tax base and high levels of unemployment, it is observed that the municipality is heavily reliant upon MIG grant funding for construction and rehabilitation of roads infrastructure and the Equitable Share for the repair and maintenance of roads.

In terms of Powers and Functions, Senqu Municipality is responsible for all access and municipal roads in its area. The balance of roads falls under the powers and functions of the Department of Roads and Public Works (DRPW) now known as the Department of Transport (DoT), as of 1 April 2018.

As in previous years, the Municipality has engaged its municipal wards to identify and prioritize the access roads that required surfacing/paving.

Streets within towns are the responsibility of the relevant local authority. Streets within townships in all the urban settlements are mostly in a reasonable state, however it is noted that Lady Grey and surrounding areas have been affected and hit in the past by weather extremes i.e., flooding, and localized flooding and/or affected by severe drought conditions. In all instances these circumstances may lead to impassable roads and poor access across the Senqu area during times of bad weather.

The original RDP housing constructed in Kwezi Naledi has contributed to the original flooding challenge due to incorrect building practices (failure to build above the natural ground level) and it is noted that communities block storm water flow due to illegal access constructions and dumping of waste in storm water channels.

Senqu Municipality does not have any entities responsible for rendering road maintenance services within the municipality. Capital projects are completed through the procurement of professional service providers and contractors and funded through the MIG programme and internal funding. Capital projects are identified through the IDP process, prioritised by the IDP & Budget Steering Committee and dependent on available funding. These priorities change periodically to suit the changing needs of the community. It must be noted that the weather patterns (heavy rain/snowfall) wreak havoc on the gravel roads, and this will in turn lead to changes within the MTERF.

As the quality and quantity of gravel is rapidly dwindling within the area, the use of gravel access roads is currently being phased out in favour of interlock paving, which is sustainable and has high job creation content. The adopted Roads Policy now incorporates the construction of sustainable roads as well as the provision of an on-going sustainable source of job creation for years to come.

The Barkly East, Mokhesi, Zwelitsha, Ext 4, Lady Grey (inclusive of Khwezi, Steve Tshwete) asphalt surfaced roads required urgent attention in terms of revitalisation, resurfacing and possible rehabilitation, failing which there is a real risk of having to downgrade these roads to Class 5 (gravel roads). The MIG infrastructure also needs to be prioritised for maintenance.

Currently the municipality is in possession of its own roads team that was used in the construction, rehabilitation, and maintenance projects until recently, when Council resolved that the team be used for maintenance purposes only. This has also been incorporated into the adopted Roads Policy. While this should have provided a boost to the current road infrastructure lifespan, it did not occur, due to the low-level maintenance strategy of Council. It must be emphasized that this is a short-term solution that requires a higher level of maintenance through capacitation within the roads section. It is further noted that the Senqu area is too large for the roads team to be considered efficient and the maintenance of municipal roads in urban areas is also dealt with by the roads team. Some roads require major maintenance and are required to be re-gravelled. This then slows down the maintenance program, which in turn affects performance targets.

This all occurs at the cost of time, which is contradictory to the Council's current strategy of attempting to reach all wards and their communities; and it is noted that each constructed/rehabilitated road will only be visited once every 2 to 3 years as there are insufficient plant and operators to do this more frequently and to ensure that this occurs at the proper level. This is an extremely inefficient option and plan, as each road needs to be maintained at least once per year and following every heavy rainfall/snow. The cost of sufficient plant and staff to maintain the entire area will be high and therefore will need to be phased in but should be considered as a high municipal priority. The replacement of existing plant also needs to be considered.

Backlogs will likely increase again once existing roads find themselves severely impaired at the end of their lifetime. This will be due to the insufficient maintenance capability required to extend lifespans of the new roads. This has largely contributed to the Council policy of constructing more sustainable roads and creating jobs using interlock paving systems.

Maintenance in urban areas takes longer than in rural areas due to greater existing infrastructure, road furniture and access ramps.

The cost of plant purchases is planned as a phased in approach over various financial years by the municipality (budget dependent). There is however a real need for more plant and operators to split the team into two sections in order to establish re-gravelling team and a light maintenance team. The need for Plant Operators within the area is also a critical issue as they represent a scarce skill and tend to prefer to work in the private sector as the benefit is greater. The municipality is continuously busy with an on-going training programme that results in all operators obtaining official “Operator Certificates”.

The matter of powers and functions sometimes leads to a frustrated community as the access roads of the municipality are often in better condition than the provincial roads. This can be attributed to lack of integration in the maintenance programmes. Meetings have been held with the local DRPW office, but they also have resource issues.

Pothole Repairs

During the current year the following pothole repairs were completed:

POTHOLE REPAIRS 2022/2023			
	Target	Actual	Variance
Barkly East	1000	1717	-717
Lady Grey	1000	2432	-1432
Sterkspruit	1000	732	268
Mokhesi	1000	802	198

Note: Additional potholes were caused by heavy rain and further deteriorating road conditions.

It remains difficult to establish targets on pothole repairs as they may increase due to poor weather. Senqu did experienced a challenge with the supply of materials for pothole repairs and is trying to have a permanent solution in having materials supplied on a 3 year contract In Barkly East, Zwelitsha and Mokhesi the current asphalt roads are extremely bad and break up due to age, making pothole repairs almost impossible. In addition, as when they are repaired the existing road surface surrounding the repair work breaks up. These roads are in urgent need of rehabilitation or within a few years they will have to be converted back to standard gravel roads, increasing maintenance cost and time, and decreasing sustainability.

There are numerous bridges that are required to be replaced / renovated within the area, but these exist mainly on provincial roads for which the DRPW has insufficient budget.

Gravel Road Infrastructure

GRAVEL ROAD INFRASTRUCTURE				
Kilometres				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/Paving	Gravel roads graded/maintained/ re-gravelled
Year 2020/2021	606			89,68
Year 2021/2022	606			61,60
Year 2022/2023	606			56,12

NOTE: Only roads constructed by MIG and streets on the assets register were maintained as it is a condition of MIG to maintain infrastructure. There is insufficient capacity to maintain all roads within the

area unless more resources are allocated in terms of plant and staff.

Gravel Roads (Infrastructure and Maintenance)

TARRED ROAD – INFRASTRUCTURE KILOMETRES					
	Total tarred roads	New tar roads constructed	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads-maintained Potholes Repaired
Year 2020/2021	15	0	0	0	7 511
Year 2021/2022	15	0	0	0	8 945
Year 2022/2023	0	0	0	0	5 883

ACTUAL COST OF CONSTRUCTION/MAINTENANCE						
R'000						
	Gravel			Tar/ Paving		
	New	Gravel	Maintained	New	Tar/Paving	Maintained
Year 2020/2021		7265	89680	0	29175	1171
Year 2021/2022	0	7265	61600	0	29175	8945
Year 2022/2023	0	7 265	56120	0	29 175	5883

ROAD SERVICE OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators	Outline Service Targets	Year 2019/2020		Year 2020/2021			Year 2021/2022	2022/2023	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
To upgrade and maintain current infrastructure: Internal Roads Team	Validation of km / report quantifying the number of kilometres/meters maintained/ constructed internally	12,78 (target)	89,68 km	12,78 km	12	61,6	21	56	60
	MIG Reports / consultant / contractor's performance reporting. Pedestrian and Road Bridges constructed	0	0 – Under construction – Extension of time due to weather	2	2	0	0	0	0
	MIG Reports / consultant / contractors performance reporting / validation of km / Report quantifying the number of kilometres/meters of access road constructed	13.1	10.3	10.3 km gravel road & 5.1 km upgrade to paving.	12.07	12	6.76	13.01	6

Employee Statistics (Roads Services)

Provided by Directorate of Technical Services

Please note that this information includes funded and unfunded vacant positions in terms of vacancies.

EMPLOYEES: ROADS SERVICES					
Job Level	Year 2020/2021	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (full time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	
0-3	19	21	20	1	4.8
4-6	0	12	12	0	0
7-9	14				
10-12	1	2	2	0	0
13-15	1				
16-18		1	1	0	0
19-20					
Total	35	36	35	1	2.8

Note: The number of employees has increased due to the adsorption of previous contract staff (job creation).

Details	Year 2022/2023			
	Original Budget	Adjustment Budget	Actual	Variance to original Budget
Total Capital Revenue	39 608	44 899	36 030	0
Expenditure	17 383	13 131	13 793	(662)

Financial Performance Year 2022/2023: Road Services

FINANCIAL PERFORMANCE YEAR 2022/2023: ROAD SERVICES					
R'000					
Details	Year 2021/2022		Year 2022/2023		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	27 140	39 608	44 899	36 030	(8 869)
Expenditure					
Employees	8 911	7 353	7 361	7 259	(102)
Repairs and Maintenance	2 115	8 892	8 212	3 676	(4 536)
Other	11 567	12 847	11 193	11 040	(153)
Total Operational Expenditure	22 593	29 092	26 766	21 975	(4 791)

Table: Expenditure (Non-MIG)

Etails	Year 2022/2023		
	Original Budget	Adjustment Budget	Actual Expenditure
Total Capital Revenue	-	-	-
Expenditure			
Change Rooms - LG	635 309	234 309	0.00
NEW_Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges	5 640 000	3 640 000	770 989
New Rest Construction - Paving	940 000		
Tienbank_Access to Property (180 Properties)	188 000	400 000	0.00
Renew_Transwilger Bridge	1 880 000	1 880 000	1 333 931
Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14	6 824 204	6 483 897	6 453 093
New_Herschel Community Hall	893 000	893 000	368 256
Renew_Renovation (Barkly East Town Hall)	8 235 320	8 235 000	660 526
Fencing of existing cemeteries at Joveleni, Hinana and Voyizana	806 857	306 857	0
Lady Grey and Herschel Cemetery Layout Plans (EIA) (W13 & 14)	300 000	300 000	0
Barkly East & Lady Grey Boundary Fence	350 000	670 000	524 197
Construction of Lady Grey Animal Pound	0	400 000	0
Solid Waste Site - Sterkspruit	0	0	0.00
Construction of Transfer Station in Rhodes	1 200 000	200 000	0.00

Comment on the Performance of Roads Overall

Un-licensed borrow pits present an extreme compliance challenge in terms of legislation, usage by all and the fact that they are located mainly in tribal areas. This also results in access difficulties experienced by contractors due to the tribal authority/community interference. The registration of borrow pits is currently underway as a project.

The quality and quantity of gravel available for roads construction is diminishing rapidly in the area and this results in over-haulage or crushing. This raises the costs of construction and maintenance. Accessibility to gravel requires roads to be constructed with borrow pits to procure gravel and this leads to further delays.

The municipality is working according to a Roads Maintenance Plan. Delays in the Roads Maintenance Plan is generally caused by unforeseen circumstances and circumstances beyond Senqu Local Municipalities control. Delays were also caused by litigation issues or through poorly drafted tender specification documents.

In terms of other targets, it must be noted that in many instances the targets were able to be met. In those that were not, SCM and issues with the specification committee/adjudication committee were at

times to blame for lack of appointment and/or unnecessary delays.

The municipality is urgently required to consider the increase of plant and staff for roads maintenance to meet its Constitutional and MIG mandate and to physically implement sufficient roads maintenance. Meetings have been held with the DRPW to integrate maintenance on all roads in the area and to obtain mutual assistance where possible. Due to insufficient resources and political priorities, this has not been proven to be successful.

Road signage is a legal issue and is dealt with by the traffic department but the Roads section assists with labour when signage must be replaced or painted although the roads section have very little capacity.

A prioritised, costed roads and storm water master plan is critically required for proper budgeting and planning to take place.

The current 'low level maintenance' strategy was unsuccessful as almost all the roads have been found to require complete re-gravelling back to a 150mm wearing course and base repairs in places; and There is confusion within the community as to the difference between a "constructed road", an "unconstructed road" and a "track" which all have different needs and costs. This results in high expectations from the roads section which cannot meet the expectations of the community.

TRANSPORT (MOTOR VEHICLE LICENSING)

Introduction to Motor Vehicle Licensing

Currently the functions of: Learners and Drivers Licences; vehicle registrations; and vehicle licensing are provided at the designated Traffic Testing Stations in the Senqu Municipal area in Barkly East.

Appointment of professional consultant to plan, design and identify has been done. Appointment of contractor has been done. All specialised studies for the development of Sterkspruit DLTC are complete. The site that was identified for this purpose has since been changed from Sterkspruit Prison site to ERF 79 & 80 closer to Thusong Centre It is noted that this NATIS motor vehicle registration facility service is rendered by Council on an agency basis for the Department of Transport in Lady Grey, Sterkspruit and Barkly East; and Due to insufficient budget, Senqu Municipality has not been able to ensure that the roadworthy division in Barkly East meets the compliance criteria sufficient for registration and operation as a centre. More specifically, it lacks all the required resources to be able to function in this capacity formally. It is worth noting that this testing station / division of roadworthy system, has not been functional for the 3 past financial years *since 2017/2018. Moving forward, an analysis and review/report on the management and functionality of this test station is required. Contributing factors relate to poor and/or lack of management, budgeting, planning, lack of resources, lack of human capital and maintenance at this test division. Extensive investigations are required to be conducted.

Traffic Section Objectives

Provision of facilities for the licensing of motor vehicles within existing centers.

Maintenance and utilization of the National Traffic Information System (Natis) on behalf of the Department of Transport.

Establishment and operation of a fully compliant Motor Vehicle Registration and Licensing facility within Sterkspruit, sanctioned by the Department of Transport. This center is intended to provide driver testing and plans are in place to develop the DLTC in Sterkspruit.

Provision of traffic calming methods are progressing well especially in Sterkspruit. Continuous updating and training of staff on the operation of the Natis System occurs. Herein below is the summary of services offered in the Barkly East DLTC

SERVICE PROVIDED	YEAR 2021/2022	YEAR 2022/2023	Comments
TESTING OF DRIVING LICENCE	1841		
TESTING OF LEARNERS LICENCE	680		
TESTING OF MOTOR VEHICLE	0		

Comment on the performance of Vehicle Licensing Overall

Regular reporting on the licensing and testing of vehicles was provided as required. No vehicles were tested for roadworthiness during 2022/ 2023 or the previous financial year. It must be noted that the roadworthy testing system has not been functional since the last financial year. The Roadworthy division in Barkly East does not meet compliance criteria and does not have all the required resources to function.

Moving forward, an analysis / review /report of the management and functionality of this test station is required and acknowledgement that there are several contributing factors that have resulted in: poor / lack of management, budgeting, and planning; and the lack resources, human capital, and maintenance at the test division. This will improve when sufficient personnel has been deployed at management level. The absence of the manager for public safety exacerbate matters.

WASTEWATER (STORMWATER DRAINAGE)

Introduction to Storm Water Drainage

Senqu Municipality does not use entities to maintain storm water systems within the area. When required, capital construction is outsourced through the procurement policy for the services of a consultant and contractor and these projects are funded through the MIG programme. Historically, due to the implementation of mSCOA, the cleaning of storm water drainage was moved from the Technical Services Department to the Community Services Department. Despite this arrangement, maintenance construction remains within the Technical Services Department.

The on-going cleanliness of the storm water system is conducted through the job creation programme as there are no designated permanent staff appointed to the storm water function. While “storm water” is generally regarded as a roads project, construction aspects are separated and as per mSCOA CAPEX requirements, roads and storm water are depicted separately.

Historically it is to be noted that there are storm water control issues that are present throughout all the areas of Senqu. Indigent and rural areas are included. The rural challenges provide the greatest challenge as they have been caused by uncontrolled development. This occurs when tribal authorities allocate land at will and then demand basic services. The municipality is not in possession of the manpower and capacity to manage these issues effectively.

RDP/indigent projects experience challenges in that the roads and storm water infrastructures are poorly constructed due to budget constraints on project funding. The situation is then made worse over time and results in more critical issues occurring. It has also been noted that there are instances in which

people interfere with their own constructions, compounding the issue of blockages further. By way of example, it must be noted that in Lady Grey, Barkly East and Herschel, grey water is experienced as problematic. This is by necessity, discharged into the storm water system, as there are no other options for this.

Overall comments on the performance of storm water drainage:

The storm water capital programme is being dealt with on an on-going basis, as part of the roads programme and is dependent on resources, although there have been dedicated projects in the past. These capital projects are now implemented by the Department of Development and Town Planning Services.

The job creation programme is used for cleaning existing systems on an on-going basis. Storm water infrastructure physical repairs are dealt with by the road's maintenance team and cleansing within the job creation programme, under the supervision of the Community Services Department. The lack of capacity and attempts to reduce costs have resulted in the roads and storm water function being an operational priority (except for cleaning). There is a dedicated storm water section reflected in the organogram but there are insufficient resources for a storm water section.

There are very serious storm water issues experienced within all the villages (86 in total) and within the Kwezi Naledi and Nkululeko townships. Rossouw experiences the greatest problems as there is insufficient roads & storm water infrastructure and the cost of creating this will be extremely high compared to its benefit. As there is no town planning (historically) it is extremely difficult to control storm water, aside from the cost.

Sterkspruit has mostly been dealt with although a few areas still require attention. These are slowly being addressed under the road's construction programme of the municipality. Realistically it will take years and an exorbitant amount of funding to address these challenges throughout the Senqu area. This on its own remains a further motivation for sustainable roads and storm water systems. In short, gravel does not work and is compounded by the lack of capacity for maintenance.

During the current year successful construction of 1,5km of storm water control in Ward 1 (Walaza, Thozama, Bikizana & Magubudela). In other instances, a great deal of challenges relating to the storm-water function were experienced and progress was not achieved as a result. Reasons for this included: issues brought about by COVID-19; delays in the supply chain process; failure to finalize tender specifications; litigation issues with SMMES'; issues requiring resolution with the Demarcation Board regarding boundaries and the like.

It is noted that there is no dedicated Storm Water Department; and There is no Storm Water Master Plan.

COMPONENT C: PLANNING AND DEVELOPMENT (PLANNING AND LOCAL ECONOMIC DEVELOPMENT)

PLANNING AND DEVELOPMENT

Introduction to Planning and Development

It must be noted that there is insufficient capacity (both human and financial) within the Housing Unit, to achieve accreditation currently. In terms of mSCOA, it is acknowledged that housing is no longer a core function. As a direct result, the municipality is no longer directly involved in housing.

It is acknowledged that the Spatial Development Framework (SDF) represents a shared responsibility between both the IDP and the Town Planning units. Despite efforts to staff this unit there have been limited dedicated resources for the SDF over the past few years. To alleviate this challenge, a service provider has been appointed to assist the municipality to review the SDF, in terms of SPLUMA (Spatial Planning and Land Use Management Act). The previous SDF was adopted by Council on the 31st of March 2017. A SPLUMA compliant SDF was finalised and approved by Council during prior financial year. The municipality has developed local spatial development frameworks for Lady Grey, Barkly East and Sterkspruit. The municipality has also developed a land use scheme as per the requirements of SPLUMA. The municipality is currently developing an Urban Design Framework for the Sterkspruit town and the surrounding villages. This will be used as a guiding document to transform the town and make it more functional.

The municipality has also developed a wall-to-wall land use scheme that is compliant with SPLUMA. The Land Use Scheme (LUS) was adopted by Council on the 31st of March 2017. This is a requirement in terms of the Spatial Planning and Land Use Management Act 16 of 2013. The objective of this project is to have uniform town planning regulations for the entire municipal area that will also accommodate the needs of the rural community. This tool will enable development to occur in a controlled manner and will assist in enforcing the principles of the Spatial Development Framework. The Land Use Scheme will be reviewed in 2023/24 financial year. It must be noted that there might still be challenges as the municipality currently has only (2) two Building Control Officers for the entire municipality.

Senqu Municipality comprises a large rural environment consisting of mountainous areas, 86 villages and the towns of Barkly East, Sterkspruit and Lady Grey as well as the hamlets of Rhodes, Rossouw and Herschel. This makes prioritised planning difficult as politically and realistically, not all parties within these areas can be fully accommodated on all levels of need.

Land invasion remains a large concern for the municipality. The Building Control unit attends to land invasion matters on a weekly basis and when an emergency arises. They issue contravention notices to the invaders and give them time to comply. Regular site visits are conducted during this time and when the invaders do not comply, matters are then forwarded to the attorneys of the municipality. The municipality has developed a bylaw on illegal occupation of land in the 2021/2022 financial year.

This unit also attends to Town Planning and the National Building Regulations contraventions to ensure that the development occurs in a harmonious manner that will promote health, safety, social cohesion, and economic development for the communities.

This section is also involved in facilitating the implementation of Housing Development in Senqu by the Provincial Department of Human Settlements. Accordingly, this section reports monthly on the number of houses already built. More specifically, 1329 houses were completed overall. In Ward 9: 509 houses

were completed, and 509 houses were handed over out of the 539 units planned for the financial year. In Ward 10: 506 houses were completed and handed over, and in Ward 17: 314 houses were completed and handed over.

The challenge that the unit faces with attending to land invasion, town planning and building control is the insufficient staff, the lack of knowledge of procedures and legislation from the public and the fact that sheriffs at times do not execute the court orders to evict the illegal occupants because they are threatened by the illegal occupants, and they get no assistance from SAPS.

Senqu Municipality has further been able to develop a Land Use Management System that is compliant with SPLUMA and business processes for the division. Policies are being developed for the division that will assist in operational requirements. Currently the division has one policy for both town planning and building control.

Physical planning needs are based primarily on community needs which are prioritized by the IDP and Budget Steering Committee, taking all resources into account. The Technical Services Directorate is involved in the implementation of all infrastructure capital projects, although some are reported on by other departments (e.g., solid waste sites) depending on where the responsibility lies. These projects are managed by the Project Management Unit (PMU) of the municipality, including implementation planning, time frames, budget, and the like.

Building Plans 2021/2022 and 2022/2023

Category	Number of new applications received 30 June 2022	Total value of applications received 30 June 2022 Rand	Number of new applications received 30 June 2022	Number of new applications received 30 June 2023	Total value of applications received 30 June 2023 Rand	Number of new applications received 30 June 2023
Residential new	2	R1 020, 600	2	5	R 3300,000	5
Residential additions	10	R980, 000	10	21	R 1750,000	21
Commercial	0	0	None	0	0	None
Industrial	0	0	None	0	0	None
Other (specify)						
Telecommunication mast	0	0	None	11	R 7500.000	11
Signage	0	0	None			
Church	1	R650,000	1	1	R1074,60	1

Town Planning Applications 2022/2023

Applications outstanding 1 July 2021	Category	Number of new applications received July 2022	Applications outstanding 30 June 2023
0	Rezoning	1	1
0	Consolidation	2	0
0	Sub-Division	1	0
0	Special consent	0	0
0	Temporary departure	1	0
0	Closure of public open space	1	1
0	Permanent departure	0	0

Planning Policy Objectives Taken From IDP

PLANNING POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	Year 2020/2021		2021/2022			Year 2020 - 2023		
		Target	Actual	Target	Actual	Target	2020/ 2021	2021/ 2022	2022/ 2023
		*Previous Year		*Previous Year		*Previous Year			
		(iii)	(iv)	(iii)	(iv)	(iii)			
Service Objectives									
Construction of access roads	Construction of 200 km of access roads	9.5	33	25	10	10	12	9.5	6.76
Construction of river crossings	Construction of 2 river crossings	2	2	0	2	2	1	2	0
Renovation and construction of municipal property	Renovation of offices, mayoral residence & construction of Fleet Bay	100%	100%	100%	100%	100%	100%	100%	0
Sterkspruit Taxi rank	Completion of construction (multiyear)	80%			-	-	-	80%	0
Construction of houses	1302 low-cost units in Barkly East, Lady Grey, Rhodes & Rossouw.	69.25%	0%	0%	4000	3500	3500	69.25%	100%
Reduce electricity losses	To be at acceptable limits (15% or lower)	16%	15%	15.03%	15%	14%	14%	16%	17%

Capital Investment Programme

The capital project investment programme is run and managed by the PMU Unit which is in the Technical Services Department.

PMU Employee Statistics

Table: Employee Statistics (Planning Services)

EMPLOYEES: PLANNING SERVICES (MIG PMU)					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees No	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
TASK					
0-3					
4-6					
7-9	1	1	1	0	0
10-12	3	1	3	0	0
13-15					0
16-18	1	1	1	0	0
19-20					0
Total	5	5	5	0	0

Note: No funded vacant positions for this financial year.

An annual PMU Business Plan is submitted annually to COGTA for approval of the budget for the PMU unit.

All projects form part of the Integrated Development Plan.

Financial Performance (MIG Project Management Unit)

FINANCIAL PERFORMANCE YEAR 2021/2022: MIG PROJECT MANAGEMENT UNIT					
R'000					
Details	Year 2021/2022	Year 2022/2023			
	Actual	Original Budget	Budget Adjustment	Actual	Variance Original Budget
Total Operational Revenue	5 608	7 874	8 666	6 351	(2 315)
Expenditure (Total MIG UNIT)	1 561	3 049	3 055	2 699	(356)
Total Operational Expenditure	1 561	1 921	1 423	537	(886)
Net Operational Expenditure	4 047	4 970	4 478	3 236	(1 242)

Challenges and improvements influencing projects

CHALLENGES		IMPROVEMENTS
Objections during public EIA participation processes delaying implementation of projects	1	Objections can be over-ruled dependent on circumstances
Community resistance / Land matters in community lands	2	Politicians aware of the resistance
Poor performance of service providers	3	Successful meetings held with Service Providers to improve performance
PMU under capacitated	4	Two Civil Technicians were appointed as of 2nd January 2019
Non-responsive tenders requiring re-advertisement	5	CIDB and SCM are attempting to workshop contractors
Eskom infrastructure issues and poor communication	6	Issues raised
Budget estimates not always correct	7	The implementation of mSCOA is there to assist and to resolve
SCM Regulations oblige appointment of Service Provider with highest points	8	There is allowance in the regulations for SCM to investigate further service provider for appropriate appointments
Non-appointment of contractors due to funding shortages and pending confirmation leads to delays	9	The BEC & BAC meetings sit monthly
Project savings remain uncommitted and therefore contribute to uncommitted funds	10	NT will be requested that no funding be removed as all will be used in the new year with projects currently out for tender
Difficulty in start timing of multi-year projects due to budget	11	Unfortunately, this cannot be changed with exception of loans
End user departments not fully co-operating during project implementation stage	12	Ensure commitment and understanding between PMU & end user department
There is grey area on functions between SCM & PMU from tender advertisement to tender award period	13	Conducting workshops and formulation of standard operating plan.

The previous financial year - MIG Project Detail 2022/2023

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2022/2023)	ACTUAL EXPENDITURE (2022/2023)	CURRENT YEAR ROLLOVER / COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Roads					
Tienbank_Access to Property (180 Properties)	400 000	0.00	-	Own funding	Re-advert
Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14	6 483 897	6 453 093	-	MIG	Design
Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..	3 640 000	770 989	-	Own funding	Design
New Rest Construction - Paving	-	-	-	MIG	Litigation
Pound Project Lady Grey	400	0		Own funding	Retention
Community Assets					
Construction of Sterkspruit Driving License Testing Centre	-	585 110.77	-	MIG	Registered - Design
Construction of Blue-Gums Sportfield	357	310	-	MIG	Registered - Design
Construction of Change rooms - Lady Grey	234 309	0.00	-	Own funding	Design
Renovations (Barkly East Town Hall)	8 235 000	660 526	-	MIG	Construction
Herschel Community Hall	893 000	368 256	-	MIG	Registered - Design
Community Cemetery					
Construction of New Cemetery in Barkly East	4 815	3 748	-	MIG	Registered - Construction
Fencing of existing cemeteries at Jovelani, Hinana and Voyizana	306	0	-	Own funding	Design
LG & Herchel Cemetry Layout	300	0		Own funding	Design
Solid Waste Sites					
Construction of a new SWS in Herschel (W11)	2 820 000.00	1 916 430.29	-	MIG	Registered - Construction
Solid Waste Site – Sterkspruit	-	-	-	Own funding	Procurement for land availability
Construction of a new SWS in Rossouw (W 15)	6 392 000.00	5 021 532.00	-	MIG	Registered - Construction
Upgrading of Lady Grey Solid Waste (Ward 14)	6 928 030.00	5 963 599.31	-	MIG	Registered - Construction
Solid Waste Site - Rhodes	200 000	0.00	-	Own funding	Design
Other					
PMU 5%	3 055	2 699	-	MIG	Registered
TOTAL	45 459 236	27 969 936			

The performance of MIG remains a concern for the municipality and the municipality is devising plans to improve this. As stated in the previous financial year, the PMU section. A panel of Consultants in different disciplines has been appointed

The current financial year - MIG Project Detail 2022/2023

The previous financial year - MIG Project Detail 2021/2022

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2020/2021)	ACTUAL EXPENDITURE (2020/2021)	CURRENT YEAR ROLLOVER / COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Roads					
Roads between Esilindini and Frans	2 270 000	4 040 058	-	MIG	Registered
New Rest Construction – Paving	250 000	-	-	MIG	Registered
Construction of Bus Route in Boyce Nondala Township Barkly East	9 425 958	10 473 286	-	MIG	Registered
Construction of 6 km Access Roads with Storm Water control W1	4 230 000	4 154 802	-	MIG	Registered
Community Assets					
Construction of Lady Grey Animal Pound	2 081 000	1 730 340	-	MIG	Registered
Solid Waste Sites					
Upgrade Barkly East Solid Waste Site	11 183 792	7 635 817	-	MIG	Not Registered
Upgrade Lady Grey Solid Waste Site	500 000	-	-	MIG	Not Registered
Old Sterkspruit SWS Compliance & Rehabilitation Construction	2 200 000	875 616	-	MIG	Not Registered
Other					
Upgrade Second Floor Building	10 920 000	8 853 026	-	MIG	Registered
TOTAL	40 860 750	36 887 329			

The performance of MIG remains a concern for the municipality and the municipality is devising plans to improve this. As stated in the previous financial year, the PMU section has been beefed up and a new Director has been appointed since the contract of the previous Director ended. The municipality will continue to monitor this aspect until it is satisfactorily improved.

Overall, in the past five years the municipality performed reasonably and there is a room for improvement.

- Senqu local economy generates 3,6 billion per annum which is just under a third of the total District GVA.
- Senqu Local Municipality achieved an average annual growth rate of 1,03% from 2010 to 2020 which is a higher GDP growth than the Eastern Cape Province's and South Africa (IHS Markit, 2020).

Economic Growth, Structure and Sectors

- It is noted that of the GDP of R 3.07 billion in 2016 (up from R 1.16 billion in 2006), Senqu contributed 29.42% to the Joe Gqabi District Municipality GDP.
- Annual growth is forecast at 2.13% pa from 2016 to 2021. This is higher than JGDM and SA whose annual growth is 1,61%.
- In 2016 the community services sector represented the largest sector within Senqu Municipality and accounted for 1.23 billion or 44.2 % of the total GVA. The sector that contributed the second most to the GVA is the trade sector at 19.4 %, followed by the finance sector with 12.4 %. The sector that contributed the least was the mining sector with 7.08 million or 0.25 % of the GVA (Ecsecc,2017:26).
- During 2006 the unemployment rate was 28.3% which decreased to 27.1% in 2016.
- The poverty gap rate in Senqu Local Municipality amounted to 30.0%. This represented a decrease from 2006 at 32,5 %.

Overall, the economy is at risk because it has become over reliant on certain sectors.

Most of the employment is to be found within community services; and There is a low skill level with only 69.33% of the population being functionally literate, although this has improved from the level of 58,3 % in 2006.

The Municipality had a total GDP of R 4 billion and in terms of total contribution towards Joe Gqabi District Municipality ranked second (IHS Markit 2020).

In 2020, the sector which has performed the best at 1.9 billion is that of Community services which reflects the makeup of the economy where Community Services , essentially government is the major employer and procurer. The next sector is that of trade and then finance. The lowest contributor is mining
In 2020, the unemployment rate in Senqu Local Municipality (based on the official definition of unemployment) was 40.57%. The unemployment rate in Senqu Local Municipality is higher than that of Joe Gqabi (IHS Markit, 2020).

In 2020, the poverty gap rate was 32.1% which increased from 2010 poverty gap rate of 31.8% (IHS Markit 2020).

There is a low skill level even though 92,5 % have some level of schooling but the percentage with educational qualifications higher than G 12 is only 5.9% in 2020.

* Stats obtained from latest IDP figures (review 2022-2027).

Comparative and Competitive Advantages

Competitive: Large producer of wool – In 2016/17 The Senqu region produced 10,08 % of the Eastern Capes wool clip of 8,517,088 kg. This makes Senqu one of the larger producers of wool in the Eastern Cape. Its climate and topography make it well suited to expand this type of farming.

Technology

The Municipality is a pilot municipality for SALGA for the rollout of 5 G

Tourism

Scenic beauty, hiking and wildlife attractions and trout fishing. South Africa's only ski resort at Tiffendell. Tiffendell Ski Resort is the only ski resort in South Africa and is uniquely positioned to capture the local skiing market. Due to the shutdown of the tourism sector during lockdown, the ski resort was forced to shut down. The area has a well-developed road network that enters beautiful valleys and mountains. It is favoured by off road enthusiasts, trail runners and mountain bikers.

Agriculture

Agriculture is one of the major economic drivers of the local economy and is considered one of the New Growth path's job drivers. The total cultivated area of arable land is 47 319, 21 Ha, dry land under commercial Production has 18 178, 39 Ha; commercial irrigated Land of 3 866, 57 Ha, semi commercial (Commonages) has 25 274, 25 Ha (Information supplied by the Department of Agriculture). In general, however the area has limited land available that can sustain intensive agricultural practices. This is due to its highly erodible soils and unchecked poor veld management which has led to massive loss of topsoil and the growth of extensive dongas and gulleys.

The area is more suited towards stock farming than crop production due to its mountainous profile, short growing season and shallow erodible soils. However due to this fact and the changing climate newer crops are being investigated such as grapes. However, where soils are suitable, dryland crops such as beans, maize, sorghum and cabbage can be produced. Fodder is also grown for winter feed and Lucerne is grown under irrigation on many commercial farms. Stocking rates tend to be low due to the mountainous area but sheep, cattle and goats are in the majority.

In general, agricultural infrastructure has been installed in the former homeland and communal region but farmers still express needs in particular for fencing, tractors, stock dams, shearing sheds and dip for the dipping tanks. There is the following infrastructure available:

- 15 Dipping tanks in various states of disrepair requiring water and dip
- 33 shearing sheds
- 2 red meat facilities
- 1 poultry abattoir (Sterkspruit)
- 11 stock dams
- 2 tunnel facilities
- (Source: Municipal Ward survey 2022)

The most common complaint is for roads to be fixed in all commercial and communal areas and especially to the lands. The former homeland is also being invaded by plants which reduce grass from growing and affect animal health like the jointed cactus and Slangbos. DRDAR will be starting programmes to eradicate the cactus and DEDEA have funded projects to eradicate Slangbos but more needs to be done as it is spreading throughout the district. Stock theft remains a constant threat to both commercial and non-commercial farmers. A positive note is the growth of farming co-operatives building relationships with commercial farmers to utilise underutilised communal land such as the Tugela co-operative near

Skisazana. JOGEDA are also looking at the processing of peaches with a partnership agreement with the South African deciduous company and various communal farmers.

In 2010/11, 46 099 196 kilograms of greasy wool was produced in South Africa. Out of this the Eastern Cape produced 14 300 585 kilograms. In 2011/12, 44 807 741 kilograms were produced out of which the Eastern Cape produced 13 950 406 kilograms. Barkly East 876 812, Lady Grey 178, 107 and the Transkei 3,357,008 (Cape Wool production figures 2010-2012). This makes Senqu one of the largest producers of wool in the Eastern Cape. Its climate and topography make it well suited to expand this type of farming.

Bottling of fresh spring water is a potential niche. Senqu has pure, clear water that is already being bottled on a small scale. Potential may exist for further expansion.

Strategic location and proximity to Lesotho provides development opportunities near the Telle Bridge border post as well as for the revitalisation and upgrade of Sterkspruit. These provide major tourism development opportunities for both Senqu and Lesotho. The proximity of the area to Lesotho, the Free State allows it to tap into these potential markets as well as being only 60 km from the N6 route from East London to Johannesburg allows it to ship goods relatively easier.

Comparative advantage

- Growing of lucerne and maize production utilising the Orange River for irrigation
- Good quality sand for brickmaking and building. The appropriate environmental concerns must be addressed to protect these precious community resources from exploitation.
- Good quality sandstone for mining. DRE need to assist communities obtain the relevant mining permits.
- Good road linkages to the N6 give easy access to markets in the Free State, Eastern Cape, and Gauteng.
- Skilled crafters produce a range of cultural and other hand made goods like leather bags etc.
- Huge tracts of underutilised land for crop production. However, measures to reduce erosion and overgrazing must be applied

Basic Services and Infrastructure

The local municipality performs above District average in respect of access to all basic services excluding refuse removal. The majority of Senqu households enjoy access to the RDP minimum levels of basic services in respect of housing, energy, and sanitation. In Senqu's favour is the considerable allocation of the local government equitable share.

LED Support System

The Senqu Municipality has a dedicated LED Unit located within its planning department. This Unit is responsible for coordination and facilitation of LED processes in Senqu as well being required to advise Council regarding LED matters.

Senqu Municipality is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the four local municipalities in Joe Gqabi. Regarding Senqu, the Agency has prioritised commercial

property development and plastic manufacturing as its immediate flagship projects.

Senqu local economy generates around one quarter (25.7%) of total District GVA. This is the second largest contribution after Elundini (39.0%).

From 2000 to 2010, the local economy has grown at an average rate of 3.0% per annum (pa). The District and provincial economies have averaged 5.6% pa and 3.2% pa, respectively, over the same period: and

Total formal employment within the District sees Senqu Municipality making a relatively higher contribution of 27.9% (i.e. ranking second to Elundini at 36.7%).

Comparative advantage

LED Support System

The Senqu Municipality has a dedicated LED Unit located within its planning department. The Unit is responsible for coordination and facilitation of LED processes in Senqu as well as advise Council on LED matters. The LED Unit is fully staffed.

Senqu is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the three local municipalities in Joe Gqabi. With respect to Senqu, the Agency has prioritised commercial property development and plastic manufacturing as its immediate flagship projects. Its other partners are the local tourism organization (Senqu Tourism Association) and the Small Enterprise Development Agency (SEDA) which provides support services to tourism enterprises and other small businesses in the area. Other partners include the JGDM, ECDC, DLGTA, DEDEA and the Department of Agriculture.

EPWP, CWP & Enterprise development

EPWP & CWP programmes are operated very effectively in the Municipality. Enterprise development is however struggling as SMME's and Co-operatives struggle to become financially viable. The Municipality continues however to support these initiatives through its percentages in its supply chain management policy.

Economic Growth, Structure and Sectors

The tertiary sector contributes the greatest share of GVA (82.3%) and formal employment (68.8%) to the Senqu local economy. The Senqu economy claims a comparative advantage in the primary sector, with a location quotient (LQ) of 1.18, where both Agriculture (LQ: 1.15) and particularly Mining (LQ: 2.16) are claimed as advantages. A comparative advantage is also enjoyed in the tertiary sector, with a modest location quotient of 1.03, which is principally due to the relative strength of the Community (LQ: 1.20) and General Government (LQ: 1.23) Services.

No comparative advantage exists in the secondary (LQ: 0.80) sector, although several manufacturing sub-sectors are claimed as advantages (i.e., the radio and instrumentation (LQ: 3.88);

Community services and General government (Services) account for the bulk (39.8%) of local GVA and for 37.4% of all local formal employment. The dominance of services contributes to the concentration of

the local economy (Tress Index: 63.48). Given that diversification is essential for a robust and resilient economy, the promotion of economic development across a range of sectors, away from the current concentration on Services, will mitigate against negative seasonal or sectoral impacts.

Finance, like Services, is not strictly a driving sector in that no new productive value is generated, although both can play significant roles, as services, in facilitating (or limiting) an enabling environment conducive to local economic development. Beyond these dominant service-related sectors, potential local economic drivers emerge as mining and quarrying together with the Manufacturing sub-sectors of Electrical machinery and Transport equipment. The latter industries emerge as leading (GPI >100) comparative advantages (LQ >1; positive shift in share) and further claim higher than average growth rates, with the notable exception of Mining (-1.9%pa). Agriculture, while being claimed as a comparative advantage (LQ: 1.15), emerges as a lagging sector (GPI: 95.11) and reflects negative growth (-3.2%pa) as well as relative loss in share (-1.5%) of the District economy. However, agriculture's contribution to formal employment in Senqu (36.3%) and in the JGDM (36.6%) and contrasted with 19.3% provincially, represents more than one third of local formal employment. Senqu is characterised by a strong presence of subsistence agriculture, which does not contribute directly to the formal economy but does enhance local food security and survivalist economics at household level, and further presents opportunities for skills development and growth in small-scale agricultural development. Limitations to commercial agricultural development, beyond the predominance of subsistence agriculture, lie in the limited extent of arable land in Senqu – one of the most degraded areas in South Africa – although intensive production of selected fruit, with related processing and packaging opportunities, as well as marginal production of dry beans and grain sorghum, have been identified for Senqu Municipality. (JGDM 2010; UKDM 2009).

Tourism

Senqu hosts Tiffindell, the only ski resort in Africa. Unfortunately, this has now closed due to operational cost issues.

It also contains many of the highest mountain passes in South Africa; and

In addition, many rare plant and bird species are found in the area.

Agriculture

Senqu is one of the biggest producers of greasy wool in South Africa and this production is increasing. Economic Growth, Structure and Sectors

From 2010 to 2020, the finance sector had the highest average annual growth rate in Senqu at 2.18%. "The second highest average annual growth rate is the community services sector averaging at 1.25% per year. The construction sector had an average annual growth rate of -1.13%, while the electricity sector had the lowest average annual growth of -2.69%. Overall, a negative growth existed for all the industries in 2020 with an annual growth rate of -5.39% since 2019 (IHS Markit, 2020) .

The agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 21.1%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period (IHS Markit, 2020). Senqu is characterised by a strong presence of subsistence agriculture, which does not contribute directly to the formal economy but does enhance local food security and survivalist economics at household level, and further presents opportunities for skills development and growth in small-scale agricultural development. Limitations to commercial agricultural development, beyond the predominance of subsistence agriculture, lie in the limited extent of arable land in Senqu – one of the most degraded areas in South Africa – although intensive production of selected fruit, with

related processing and packaging opportunities, as well as marginal production of dry beans and grain sorghum, have been identified for Senqu Municipality. (JGDM 2010; UKDM 2009).

The best performing sector between 2010 and 2020 was the manufacturing sector with a growth rate of 4.9% in 2010. The construction sector reached its highest growth in 2013 at 6.0%. The electricity sector experienced the highest growth in 2012 at 3.0%, while it recorded the lowest growth of -7.2% in 2016 (IHS Markit 2020).

The Finance sector has declined in prominence from 2006 to 2016 and experienced the highest growth rate in 2012 when it grew by 5.8% which can be seen by the decline in the number of banks in the towns. The trade sector experienced the highest positive growth in 2012 with a growth rate of 6.1% but also the lowest growth rate in 2020 at -8.9%. The community services sector experienced its highest positive growth in 2011 with 4.7% and the lowest growth rate in 2020 with -0.7% (IHS Markit, 2020).

The transport sector is expected to grow fastest at an average of 3.63% annually from R 142 million in Senqu Local Municipality to R 170 million in 2025. The community services sector is estimated to be the largest sector within the Senqu Local Municipality in 2025, with a total share of 49.1% of the total GVA (as measured in current prices), growing at an average annual rate of 1.7%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of -0.38%. (IHS Markit, 2020).

Challenges

Local Economic Development or LED is one of the mandates of local government, which is directly derived from the Constitution, Act 108 of 1996 S 152 and is required to promote social and economic development. Senqu Municipality's LED Strategy and Responsible Tourism Plan was adopted in July 2022.

LED is one of the more difficult mandates of local government as it is holistic and involves all municipal departments and includes all spheres of government as well as the private sphere. The role of local government is therefore to provide an environment which is conducive to the development of the economy. It does this by ensuring that the necessary infrastructure is in place and maintained for the economy to grow and thrive.

Due to historical factors the infrastructure which is needed to drive the economy is in a bad state of repair and the current and future budget projections do not allow for the infrastructure to reach a standard which will promote economic development. The Municipality consists of small towns which do not have any industrial output and only offer services and sell goods procured and made elsewhere. The road network is inadequate with poor linkages, poor signage and predominantly gravel. The existing main rural roads have reached the end of their lifespan and require rebuilding. However, only a maintenance budget is available, and this has been likened to "trying to stem blood flow from a main artery with a piece of paper". The cellular network is patchy and fast internet connections are desired by most residents.

Whilst water and sanitation networks have improved in the past years, the service is inadequate and irregular with the result that many areas suffer from droughts. More water storage facilities must be built as well as increasing the education of water wise consumers. Agricultural facilities for stock have increased in the communal areas with many shearing sheds being built which has increased agricultural production. However, the lack of maintenance and vandalism of dipping and fencing together with poor

veld management on highly erodible soils has led to overgrazed lands with huge dongas and increased loss of topsoil.

The lack of land for development in urban areas has led to an expansion of former rural villages to the town boundaries. This can be seen in Sterkspruit and Hershel where the former town now has an urban fringe of villages under a communal land tenure system. This has an impact on service delivery as current systems do not accommodate homeowners without formal title deeds.

Land invasions due to lack of finance for acquiring land and lack of land for sale continues to be a problem in the former RSA towns of Barkly East, Lady Grey, Rossouw and Rhodes.

Intergovernmental Platforms

The LED Unit is focused on achieving LED through creating partnerships. It therefore focuses on engaging with the public and private sector to create institutions whereby engagement can take place such as LTO's and Economic Development Forums.

However due to the review and development of an LED Strategy, SMME Strategy and Responsible Tourism Plan, forum meetings were not held except in the first quarter where the development plan for the above was discussed. Instead, meetings were held with various stakeholders to gain their inputs into the plan.

However due to the implementation of the new plan, stakeholders had to be mobilised and as a result 2 LED Forum workshops were held in May 2023 and 1 CTO was held in March 2023.

Name of Forum	Times met	Dates
Local Tourism Organization Meetings	1	March 2023
Economic Development Forum (EDF)	1	24-25 May 2023

Promotion of Tourism

Tourism is a growing industry and provides a growth opportunity for the local economy. As such it is one of the important drivers of the LED Strategy. The LED Unit therefore supports the local tourism industry by providing support to Community Tourism Organisations (CTO's).

It is accepted that more efficient co - ordination, communication, planning and use of limited resources is required to ensure that tourism specific events and awareness campaigns occur in a more targeted and strategic manner.

This was done by organising a Women in Tourism workshop in Barkly East and hosting a Tourism day in Qhemegha with JGDM

- A Museum policy day was also held in Rhodes
- A grant was given to the RTIC in Rhodes
- Brochures were printed
- Sites were mapped and put into a new brochure for the Eastern Cape Highlands with assistance from the World Wildlife Fund.
- Tourism reports were developed on Visitor information sites.
- An Eastern Cape Highlands brand and marketing strategy was developed.

- A concept for the festival was developed
- The LED training plan and implementation plan was developed.
- Support to SMME's
- Introduction

The LED Strategy, responsible tourism plan and SMME strategy were adopted by Council in July 2022. All of these strategies were incorporated into the LED Strategy and an implementation plan developed for the year.

Training

- A LED Training plan was developed and the following training was undertaken:
- 2 x Social media training where 25 SMME's in tourism were trained hosted by ECPTA
- Co-operative training in conjunction with DEDEA where 32 co-operatives were trained
- 2 X NYDA Business training where 60 SMME's were trained
- OHS training where 30 SMME's were trained
- Bank Seta Training in conjunction with SALGA where over 60 SMME's were trained

Awareness campaigns

Awareness campaigns where SMME's and emerging entrepreneurs attended to receive information on business compliance, registering businesses, procurement, funding opportunities and tendering. 4 day compliance roadshows held in Phelendaba amongst other from 14 to 17 November 2022. 269 people attended.

- SMME awareness in Ward 11 with DEDEA
- Women in business breakfast with ECDC
- Women in Tourism
- NYDA youth day on the 13th June
- 51 people attended an Agricultural day on access to market and tendering in Sterkspruit
- Tourism day in Qhemegha with JGDM
- Festivals
- Senqu Municipality hosted 2 main festivals in the 2022 – 2023 FY. It was the arts and crafts festival in December 2022 where 10 craft SMME's displayed their wares and 4 artists performed. A youth symposium was held in June 2023 whereby youth SMME's were given presentations on funding and business opportunities. 291 people attended.
- Document development

The SMME database was updated twice and cross referenced with the finance database. A proposal was made and accepted for an SMME expenditure target of 30 % of all operational expenditure going to SMME's. A redtape reduction strategy was developed

LOCAL ECONOMIC DEVELOPMENT 2022/2023

KPA & INDICATOR	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2020/2021	2021/2022	2022/2023
Report on number of jobs created through local economic development initiatives LED (CWP) including EPWP - capital projects	An average of 194 jobs were created during 2020/2021 financial year.	.An average of 303 jobs were created during 2021/2022 financial year.	An average of 290 jobs were created during the 2022/2023 financial year

The Expanded Public Works Programme (EPWP)

- The EPWP policy was reviewed in January 2016 and went to Council for adoption. A new framework for EPWP and Interns was adopted in the 2018/2019 financial year.
- The currently approved policy outlines the institutional arrangements for implementing EPWP, roles and responsibilities, the employment opportunities, training and EPWP target, conditions of employment, target groups and reporting processes. The Director of Technical Services is responsible for implementing EPWP, but co-ordination thereof will be completed by the EPWP Steering Committee.
- The EPWP programme exists to:
 - Create job opportunities by reviewing the manner in which municipalities implement existing projects/programmes.
 - To identify and propose programmes that will contribute towards additional job creation opportunities; and
 - To ensure that the proposed job creation programmes form part of the service delivery mandates of the municipality.
- These principles have been incorporated into the municipality's efforts to increase employment opportunities for its residents. Projects have included: basic road maintenance, paving of streets, picking up refuse, pothole repair and stormwater channel maintenance.
- To date, the Expanded Public Works Programme (EPWP), funded by the Department of Public Works, is considered to have been successfully implemented. Management and politicians review the program annually in order to ensure that sustainable work opportunities are created and that graduates from the programme acquire the necessary skills in order to increase their employment opportunities. From its inception, internal and MIG infrastructure projects have also been registered with the EPWP and have resulted in the opportunity to provide many job opportunities and to obtain benefits from the Labour Rebate Program of the EPWP. An average of 194 jobs were created during the 2021/2022 period.

Table: EPWP project costs and results for the 2022/2023 period as reported on the EPWPRS

LOCATION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL	MONTHLY AVERAGE
Mass Job Creation	154	154	154	154	154	154	154	154	154	154	154	154	1848	154
Transwiliger Bridge	0	0	0	0	0	0	0	0	12	12	12	12	48	12
Construction of Change rooms - Lady Grey	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tienbank Property Access Construction	0	0	0	0	0	0	0	0	8	8	8	0	24	8
LOCATION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL	MONTHLY AVERAGE
Construction of Gravel Road with Stormwater control Ward 2 (7.01 km)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction of Change rooms - Barkly East	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Renovations (Barkly East Town Hall)	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL	10.2
LOCATION														
Construction of New Cemetery in Barkly East	17	17	17	17	11	11	11	0	0	15	15	15	146	12.17
Masekeleng Cemetery Fencing	0	0	0	0	0	0	0	0	8	8	8	8	32	8
Senqu Cemeteries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Solid Waste Site - Sterkspruit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Solid Waste Site - Herschel	14	14	14	14	14	14	14	18	18	18	18	18	188	15.67
Solid Waste Site - Rossouw	5	5	5	5	5	0	0	0	8	12	12	12	69	5.75
Solid Waste Site - Rhodes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Upgrading of Existing Solid Waste Site in Lady Grey	0	0	0	0	0	0	0	0	0	9	9	9	27	9

Table: Detailing the actual number of people employed per quarter in designated groups for the 2022/2023:

Location	Youth				Female				Male			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mass Job Creation	1386	1386	1386	1386	300	300	300	300	162	162	162	162
Transwiler Bridge	0	0	12	36	0	0	4	12	0	0	8	24
Tienbank Property Access Construction	0	0	6	12	0	0	2	6	0	0	6	18
Renovations (Barkly East Town Hall)	5	20	5	0	2	12	3	0	6	20	8	0
Construction of New Cemetery in Barkly East	31	25	0	5	9	12	0	12	42	27	0	44
Masekeleng Cemetery Fencing	0	0	5	15	0	0	2	6	0	0	6	18
Solid Waste Site – Herschel	21	21	29	29	9	9	15	39	33	33	39	39
Solid Waste Site – Rossouw	2	5	1	9	3	2	2	12	12	8	6	24
TOTAL	1440	1457	1444	1492	323	323	328	387	255	250	235	329

The table below details the EPWP project costs and provides results for the 2022/2023 period as reported on the Expanded Works Programme Reporting System (EPWPRS)

EPWP PROJECTS (2022/2023 Financial Year)	BUDGET	NO. OF JOBS	Male	Female	Youth
Mass Job Creation	2 566 000	1689	591	1098	1267
Upgrading of Municipal Office in Lady Grey Ward 14	R 9 828 354	1764	579	1283	1101
Construction of Gravel Road with Stormwater control Ward 2 (7.01 km)	796 419.30	32	20	12	22
TOTAL	13 190 773.30	3644	1239	2503	2601

Support Social Investment Programme

The Sustainable Developmental Community/Social Development Programme (SIP) is a project that is intended to move beyond project-based community economic development. The emphasis is on “empowerment” and innovative methodologies are utilized to systematically build community competence and capacity. Under these circumstances, Senqu is required to present its plan to create the conditions required for the second economy through community-based organisations and informal business associations. Information required includes: the number of cooperatives, small business associations and women/youth associations, develop and maintain unemployment data base.

Expanded Public Works Programme/s (EPWP)

Annual Performance as Per Key Performance Indicators in LED 2022/2023

INDICATOR NAME	TARGET SET FOR THE YEAR	ACHIEVEMENT LEVEL DURING THE YEAR (ABSOLUTE FIGURE)	ACHIEVEMENT PERCENTAGE DURING THE YEAR
Implementation of the LED Strategy	4 Quarterly Reports on Implementation of the LED Strategy	4	100
Development of LED Plan by June 2022)	1 LED plan sent to Director	1	100
Number of job opportunities created through the LED initiatives including capital projects (Technical Services)	1 Annual Report	1 Annual Report	100
% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMME's through sub-contracting (Technical Services)	1 Annual Report	1 Annual Report	100

Comment on EPWP Performance Overall

EPWP targets were exceptionally well achieved during this period. More specifically: An average of 290 people were engaged in EPWP and MIG projects.

Despite this it is noted that job creation beneficiaries leave the programme for more permanent employment /better employment offers. As a matter of great urgency there exists a need to investigate the main streaming of dis-abled persons and the incorporation of these into these programmes where at all possible. This is difficult as most jobs available rely on able bodied persons to fulfil the tasks.

Challenges regarding LED strategy implementation

Challenges within the LED function continue and may be attributed to funding constraints and limited staff capacity in order to deal with the challenges. Taking these issues into account the following remedial action is proposed:

- Implementation of the SMME strategy to improve the rating of local contractors CIDB ratings as well as providing training, compliance assistance and financial assistance with cash flow.
- The Local Municipalities lack of annual growth has resulted in unprecedented high unemployment rates. This places Senqu Municipality in an unenviable position in which they have a high dependence on government grants. This issue, coupled with access to basic household and community services which is below optimal levels, creates tension amongst communities who compete for relatively scarce resources. Under these circumstances it is critical that the municipality creates appropriate conditions for job creation and participation in agricultural activities by availing land for development.
- It is noted that businesses are not growing as SMME's as they do not receive strategic support from government institutions. Areas for great concern are centred around food, security and land reform.
- It is noted that the tourism sector is underdeveloped and needs strategic intervention to revive and contribute to the local economy meaningfully. In this regard, a responsible tourism sector plan must be developed which could provide direction to optimise the potential that exist in the area.
- Agriculture remains central to the development of the area. However, it must be managed and grown in a coordinated fashion.
- Land administration and town planning remain as areas requiring focus.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

The main function of this directorate is the maintenance of municipal infrastructure as well as to ensure effective service delivery. The department is responsible for rendering services within the following areas: cemeteries; crematoriums; community facilities (including sporting facilities, community halls); waste management; libraries; parks & amenities; commonage management; public safety; childcare facilities and the planning, coordination and implementation of the Community Services Departments' capital and expenditure budget.

LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, OTHER

Introduction to Libraries

Senqu Municipality currently has 5 libraries and 2 modular libraries that can service the community. Areas of operation include Lady Grey, Barkly East, Sterkspruit, satellite libraries in Rhodes and Rossouw and 2 modular libraries in Herschel and Hillside Village.

The library service offers a wide variety of services within the following areas: lending; referencing; study; photocopying and wi-fi facilities. Books are provided for research and lending in a vast number of areas and disciplines that include fiction and non-fiction.

The libraries have a wide of resources including books, newspapers, periodicals, during the financial year libraries maintenance plan was implemented.

It must be noted that libraries are a provincial competency and are run on an agency basis by Senqu Municipality. The municipality is there for dependent on an annual subsidy received from the DSRAC Government Grant to provide this function. A service level agreement that sets out the terms and conditions of this arrangement is signed between DSRAC and was signed by the Municipality for 2021/2022 although DSRAC delayed signing the SLA which in turn delayed the transferring of funds.

This situation unfortunately initially impacted negatively on library services provision.

The Department of Sports, Arts and Culture is in the process of transferring the Sterkspruit Library to the Municipality in accordance with PFMA section 42 asset transfer process.

Overall Comment on Library Service Performance

Inadequate funding continues to be experienced as a challenge as the grant from DSRAC does not cover all library expenditure.

Quarterly reports on the implementation of the SLA were compiled and sent to DSRAC.

Library promotion events were held during the financial year.

The mini libraries for the blind continue to operate within Barkly East and Sterkspruit effectively.

The provision of information to the community occurs in different ways. Learners and students are firstly helped with information out of books, newspapers magazines, pamphlets and the Internet to do their assignments and for research.

It must be noted that the modular library in Herschel has been vandalised and it is currently not operational.

Library Services Statistics

LIBRARY	NUMBER OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	104	656
Rossouw	1	74	546
Barkly East	1	345	1452
Lady Grey	1	184	1142
Sterkspruit	1	230	3895

Library Services Employee

EMPLOYEES: LIBRARIES					
Job Level	Year 2020/2021	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (full time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	
0-3					
4-6	3				
7-9	1	3	3	0	0
10-12	1	2	2	0	0
13-15					
16-18					
19-25					
Total	5	5	5	0	0

Financial Performance: Library Services

FINANCIAL PERFORMANCE YEAR 2022/2023: LIBRARIES R'000					
Details	Year 2021/2022	Year 2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 505	1 505	1 510	1 507	(3)
Expenditure					
Employees	3 196	2 235	2 238	3 481	(1 243)
Repairs and Maintenance	28	5	15	0	(15)
Other	131	305	307	255	(52)
Total Operational Expenditure	3 355	2 545	2 560	3 736	(1 194)
Net Operational Expenditure	(1 850)	(1 040)	(1 050)	(2 229)	1 197

CEMETERIES

Introduction to Cemeteries

This unit is responsible for the management, maintenance and development of Cemeteries and Crematoria. Responsibility lies in the provision and maintenance of cemeteries in terms of functions that include grave digging, exhumations, burial related administration (reservation of graves, record keeping and the like). There are municipal cemeteries within the urban areas of Senqu Municipality. The Municipality strives to provide safe and accessible cemeteries to all residents. This is done by implementing the cemetery by-laws and maintaining all cemeteries to an acceptable standard. The

Municipality is responsible for managing all cemeteries. The Municipality also provides an administration and booking function for burial sites. This includes the including pauper and indigent burials. Burial Plots were provided as per request and pauper and indigent burials were also conducted.

- Service Statistics for Cemeteries & Crematoriums
- Closed Cemeteries:
 - Khwezi Naledi Cemetery
 - Two cemeteries in Barkly East
- Operating Cemeteries:
 - Rhodes: two cemeteries
 - Rossouw Cemetery
 - Lady Grey: three cemeteries
 - Barkly East: 1 cemetery
 - Rural cemeteries in Sterkspruit.

2022/2023 Cemetery Performance Overall:

- In the 2022/2023 financial year there were 197 normal burials that took place in the municipal cemeteries and the municipality assisted with destitute burials.
- The development of a new cemetery in Lady Grey, is also not yet completed due to the tedious land issues and environmental authorization processes that must be followed.
- Barkly East new cemetery was completed and operational during the financial year.
- 9 cemeteries were maintained during the financial year: Steve Tshwete, Khwezi Naledi, Nkululeko old cemetery, Zola, Rhodes-Zakhele, Barkly East Town, Lady Grey Town, Sterkspruit Town Cemetery.
- Rural cemeteries were maintained during the financial year.
- The Municipality also provides an administration and booking function for burial sites.
- The operational maintenance of the cemeteries is done mainly in-house such as the cutting of grass.
- Masekeleng cemetery was fenced and it is operational.
- The Municipality succeeded in providing well maintained cemeteries to the urban areas in the municipal area.

Nature and Extent of Facilities Provided: Cemeteries (Urban)

LOCATION	2021/2022	2022/2023
Barkly East	2 operational facilities	2 operational facilities
Lady Grey	3 operational facilities	3 operational facilities
Sterkspruit (Urban)	1 closed facility and Rural cemeteries that are operational	1 facility and Rural cemeteries that are operational
Rhodes	2 operational facilities	2 operational facilities
Rossouw	1 Facility operational	1 Facility operational

Financial Performance

FINANCIAL PERFORMANCE YEAR 2022/2023: CEMETERIES AND CREMATORIUMS					
R'000					
Details	Year 2021/2022	Year 2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	26	46	16	21	5
Expenditure					
Employees	118	50	52	133	81
Repairs and Maintenance	674	930	910	149	(761)
Other	792	696	691	1 427	736
Total Operational Expenditure	1 584	1 676	1 652	1 709	56
Net Operational Expenditure	(1 558)	(1 630)	(1 636)	(1 688)	(51)

Capital Expenditure

CAPITAL EXPENDITURE YEAR 2022/2023 CEMETERIES R'00					
Capital Projects	Year 2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	6 558	7 230	4 815	3 748	
LG & Herchel Cemetery Layout	300	300	0	0	
Fencing of existing cemeteries at Joveleni, Hinana and Voyizana	806	306	0	0	
Construction of New Cemetery in Barkly East	5 452	6 624	4 815	3 748	

CHILDCARE, AGED CARE AND SOCIAL PROGRAMMES

Introduction to Childcare, Aged Care and Social Programmes

Special Programmes have been undertaken by the Special Programmes Unit to provide assistance to those in need/those who have been disadvantaged in some way and in this manner to ensure a better quality of life for all. To this end it must be noted that:

Local authorities have a legal mandate in terms of the Constitution (Schedule 4B) regarding their duty to provide facilities for early childhood development, but other imperatives can be gleaned from their responsibility towards promoting social and economic development. In terms of childcare, it is required that the municipality:

- Inspect the facilities utilized to ensure that they meet the minimum requirements – in this manner ensuring the child's safety by the actions of the District Municipality.
- Environmental Health Practitioners are required to inspect identified facilities and to report on their status and whether any interventions are necessary; and
- The Environmental Health Practitioners are required to assist with the monitoring of the quality of early childhood development, facilities, services, and programmes rendered within those facilities.
- Implementation of the SPU Implementation Plan and Projects: projects such as World Aids Day and "16 days of activism against child and woman abuse" are required to be organised.

- Efforts are required to be made to facilitate the upliftment of children, youth, women, people with disabilities and the like; and
- Implementation of the HIV/Aids strategy and plan. Programmes and related interventions are required to be mainstreamed through effective planning and successful execution.
- The 2022/2023 period is reflected on as follows:
- Targets for planned initiatives in respect of mainstreaming and special projects were not well achieved. Many planned events could not be held as planned.

COMPONENT E: ENVIRONMENTAL PROTECTION BIODIVERSITY AND LANDSCAPE (INCLUDING PUBLIC OPEN SPACES) AND OTHER

Introduction Bio-Diversity and Landscape

Biodiversity and Landscape is an area of service delivery involving the management, maintenance and development of parks, open spaces and the beautification of municipal areas. In order to be able to achieve this, horticultural practices undertaken include landscaping and beautifying town entrances, the maintenance of sidewalks and grass cutting.

Parks and Public Open Spaces

Central to this important function is to ensure that parks and public open spaces are effectively maintained, so that the environment created for the community and visitors thereof maybe appreciated, pleasant and aesthetically appealing.

- This function has been well-achieved overall. More specifically it must be noted that:
- The 2 Parks in Lady Grey were well maintained in accordance with the maintenance plan.
- The parks are maintained on a regular basis.
- On-going maintenance occurs and involves grass cutting/mowing, grading/ploughing and cleaning).
- Trees and other plants were planted in the sidewalks and municipal facilities in Lady Grey, Barkly East, Sterkspruit, Rhodes, Rossouw.
- 29 public open spaces were maintained in accordance with the plan.

COMPONENT F: HEALTH

Health Inspection

Introduction to Licensing and Regulation Control

It is the intention of this function to improve the economic development within the community in respect of both formal and informal businesses. It is also the intention to regulate the trading activities of the licence holders.

Strategic Objectives:

Promoting the development of strategic sites within the municipality by marketing these to the developers.
Formulating an informal trading policy and using this to promote trading facilities as required; and
Issuing of licenses and controlling of trading within the municipality.

2022/2023 Licensing and Regulation Performance Overall

Business and Street Trading was monitored during the financial year that Business licenses were issued

to complying premises.

Hawkers are encouraged to operate legitimately with assistance provision at every opportunity.

During the current year Hawker's licenses were renewed, and business licenses were issued to the compliant premises.

Business and Street Trading was monitored during the financial year Business licenses were issued.

Income was generated through issuing of business licenses, and annual renewal of Hawkers licenses.

Workshops and information sharing were conducted with street traders.

During the financial year liquor outlets were visited to ensure compliance with the regulations

Awareness and campaigns were held for business focusing more on municipal by-laws.

Operations were held in partnership with the Environmental Health Practitioners to evaluate business premises in order to ensure compliance in Sterkspruit, Barkly East and Lady Grey.

Complaints of non-compliance in spaza shops were also conducted in partnership with the Joe Gqabi.

COMPONENT G: SECURITY AND SAFETY

DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES

- Introduction to Disaster Management, Animal Licensing and Control, Control of Public Nuisances
- This function focuses on Disaster Management, Commonage Management and Pounds and Control of Public Nuisances.
- Disaster Management
- The municipality does not have its own functional Disaster Management Unit. Disaster Management is the responsibility of the Joe Gqabi District Municipality. The Director Community Services attends Disaster Management meetings in an advisory capacity and liaises with the district on issues of common interest.

Introduction to Commonage Management and Pounds

Commonage land is required to be exclusively used for agricultural activities as described within the Commonage Management Plan. A Commonage Management Plan highlights the issues that must be looked at and managed on a day-to-day basis. This involved the management of commonage including resting and rotation of camps; maintenance of fences and water; development of permanent pastures; water provision in camps and erosion control.

During the 2022/2023 period, it was ensured that:

- Stock registers were updated as required on a quarterly basis and reported to the standing committee.
- Awareness's and information sharing sessions were held with the farmers and commonage users.
-
- Vaccinations were also conducted on the animals in the commonage.
- Animals are impounded although there is still a challenge of non-availability of transport to impound animals from other areas like Sterkspruit and Barkly East.
- Income was generated through impounding of animals.
- Commonage management committees were renewed especially in Barkly East, these committees are meant to assist the municipality in management and control of commonages.
- Challenges
- Limited budget to maintain commonage and boundary fences
- non-availability of transport to impound animals from other areas like Sterkspruit and Barkly East.

non-implementation of commonage management plan.

Vandalism and theft of Fences that are being repaired in the commonage by the Municipality. This creates a situation where animals are not controlled in terms of grazing and rotational grazing system.

Impounding of Animals

- It is to be noted that the overall objective is to ensure that stray animals are removed from the roads and streets and are impounded.
- The Lady Grey Pound was established, it is fully operational and maintained accordingly.
- Income was derived from the selling in auction of unidentified impounded animals.

Income for the pound's function is reflected as follows:

FINANCIAL PERFORMANCE YEAR 2022/2023: DISASTER MANAGEMENT, BY LAW IMPLEMENTATION (ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES) R'000					
Details	Year 2021/2022	Year 2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	42	74	74	59	(15)
Expenditure					
Employees	36	63	65	36	(29)
Repairs Maintenance	198	238	238	81	(157)
Other	84	121	126	86	(40)
Total Operational Expenditure	318	1 186	530	203	(327)
Net Operational Expenditure	(276)	(1 094)	(460)	(144)	(312)

Capital Expenditure

CAPITAL EXPENDITURE YEAR 2022/2023 POUNDS R'000					
Capital Projects	Year 2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All					
Pound Project Lady Grey	0	400	0	0	0

COMPONENT H: SPORTS AND RECREATION (INCLUDES COMMUNITY HALLS, SPORTS FIELDS, SPORTS HALLS, STADIUMS, SWIMMING POOLS AND CAMP SITES)

INTRODUCTION TO SPORT AND RECREATION

Manage maintenance and development of all municipal sports facilities the promotion and development of sports and recreation. Maintenance plan of sports facilities were approved. The municipality is required to provide basic sport and recreation facilities within its area of jurisdiction. 5 Sports fields were maintained in terms of the approved maintenance plan. The nature and extent of facilities provided is reflected in the table that follows:

LOCATION	FACILITIES
Barkly East	1 x Multipurpose field in Nkululeko Township 1 x Soccer field
Lady Grey	1 x Multipurpose field in Steve Tshwete Township 2 x soccer fields 1 x Golf Course run by the Golf Club on a lease agreement
Sterkspruit	1 x multipurpose field in Patrick Shibane Playgrounds in the rural areas
Rhodes	1 x soccer field 1 x tennis court

2021/2022 Sport and Recreation Performance Overall:

- All sports fields in the urban areas were maintained in terms of the approved maintenance plan and reported to the standing committee.
- The maintenance programme was implemented as planned, which includes general maintenance.
- The geographic spread of sport facilities within the Senqu Municipality indicates that most urban areas have access to the sport facilities.
- Annual Maintenance plan of Sport fields was implemented during the current year, 5 sports fields were maintained with the available budget.
- Targets in SDBIP were met for the maintenance of the sports fields.
- In terms of success, it must be noted that notwithstanding challenges, the required maintenance was carried out. It is acknowledged that greater efforts are to be made in respect of the planning phase to ensure that rural sports grounds are maintained.
- Challenges
- Vandalism and theft are now reaching critical levels. Furthermore, there is an urgent need for the development of new and additional sporting facilities in the Senqu Municipal area.
- Upgrading of security measures and education through Sport Councils and ward committees is being undertaken to address the issues of vandalism and usage of the sport facilities.

Financial Performance

FINANCIAL PERFORMANCE YEAR 2022/2023: SPORT AND RECREATION					
R'000					
Details	Year 2021/ 2022	Year 2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 793	2	2	1 050	1 048
Expenditure					
Employees	729	668	670	776	106
Repairs and Maintenance	280	458	458	198	(260)
Other	587	844	588	454	(502)
Total Operational Expenditure	1 596	1 970	1 716	1 428	(288)
Net Operational Expenditure	197	6 835	1 714	(378)	(1 336)

Capital Expenditure sport and recreation

CAPITAL EXPENDITURE YEAR 2022/2023 SPORT AND RECREATION					
R '000					
Capital Projects	Year 2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Construction of Blue-Gums Sports field	2 500	357	310	(47)	
Total All	2 500	357	310	(47)	0

INDOOR RECREATIONAL COMMUNITY FACILITY (HALLS)

Introduction to Indoor Community Facilities (Halls)

The organization was required to manage maintenance and develop all municipal halls. Maintenance plans for the halls were developed. Senqu municipality manages 27 community halls within the five towns of the Municipality. The municipality is responsible to manage and maintain these halls within the available budget. It is also required that Senqu Municipality manages access control, handles the reservations, and ensures the execution of the municipality's policy on facilities. Halls are made available for public functions or private hire by our community members. Charges vary according to the function, time, and day of the week.

Service Statistics for Community Halls

The table below details the use and accessibility of community halls.

LOCATION	FACILITIES
Barkly East	2 x Facilities: Nkululeko Hall Barkly East Town Hall
Lady Grey	3 x Facilities: Khwezi Naledi Hall Lady Grey Town Hall Transwilger Hall
Sterkspruit (Urban)	1 x Facility: Bhunga Hall
Sterkspruit (rural areas)	18 x Facilities: Ndofera, Storomo, Makalakaleng, Makhumsha; Hillside Phelandaba, Mmusong, Majuba, Thaba-Lesoba, Ngquba, Tienbank, Blue Gums, Magadla, Esilindini (Kwa Ntoyi) Zava, Sunduza; Voyizana. Herschel community hall was burnt down during protest
Rossouw	1 x Facility: Rossouw Hall
Rhodes	1 x Facility: Rhodes Hall

2022/2023 Community Halls Performance Overall:

- There are 27 community halls (inclusive of rural areas) and it must be noted that there are facilities within the rural areas which require maintenance, although no revenue is generated.
- The renovation project for the Barkly East Town Hall the contract was appointed.
- Transwilger hall upgrade was also carried out during the financial year.
- Herschel Community was burnt down due to community protest. The upgrade of this hall could not be fulfilled due to budgetary constraints the hall is prioritised for the next financial year.
- Planned maintenance for the hall was carried out as planned in accordance with the approved maintenance plan.
- Cleaning occurred weekly for the halls in Towns where there is staff employed for cleaning.

Financial Performance community halls

FINANCIAL PERFORMANCE YEAR 2022/2023: COMMUNITY HALLS R'000					
Details	Year 2021/2022	Year			
		2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43	705	124	38	(86)
Expenditure					
Employees	9 096	10 317	10 400	9 892	(508)
Repairs Maintenance	998	1 799	1 652	928	(724)
Other	2 424	2 335	2 480	2 327	(149)
Total Operational Expenditure	12 518	14 451	14 532	13 147	(1 385)
Net Operational Expenditure	12 475	(13 746)	(14 408)	(13 109)	(1 299)

Capital Projects Community Halls

CAPITAL EXPENDITURE YEAR 2022/2023 COMMUNITY HALLS					
R'000					
Capital Projects	Year 2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Renovations (Barkly East Town Hall)	8 235	14 534	3 682	10 852	
Herchel Community Hall	893	3 900	1 562	2 338	

COMPONENT I: MISCELLANEOUS

ICT

A great deal of progress was made within this area. More specifically it is noted that the review of the IT Disaster recovery plan and IT Strategic Plan did occur, and no changes were initiated. The ICT Disaster Recovery Plan forms part of the ICT Governance Framework. Back – ups are completed in terms of this and back up registers are provided to validate this.

A great deal of progress was made within this area. More specifically it is noted that the review of the ICT Disaster recovery plan and ICT Strategic Plan did occur. The ICT Disaster Recovery Plan forms part of the Municipal Corporate ICT Governance Framework Policy. Back – ups are completed in terms of this and back up registers are provided to validate this.

ICT remains a challenge for the municipality as its infrastructure requires upgrading. There are constant downtime periods which frustrates the delivery of service by the municipality.

ICT remains a challenge for the municipality as its infrastructure requires upgrading and human capacity as the organogram is depleted and needs more staff addition as per new reviewed ICT Strategic Plan. Although the municipality is experiencing challenges in this regard, it has improved tremendously especially since Covid 19 pandemic. The use of more sophisticated methods is slowly being introduced hopefully with time the municipality will be able to deliver services that are technologically up to date without compromising those who can't use technology.

However, it should be noted that Senqu Local Municipality was the best national achiever on Municipal ICT Capability Maturity Assessment and Process Improvement Model on the by 2020-2021 FY. And that trend resulted to SALGA to take resolution for the assessments to be done on annual basis for all provinces. Below is an abstract of the overall assessment outcomes.

Comparative Baseline ICT Maturity Score

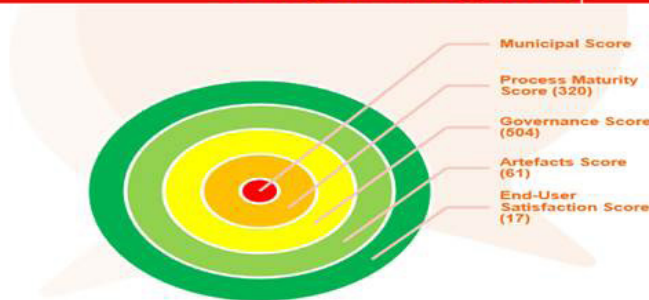


Year	Municipality	Province	Code	ICT Process Perspective	Governance Capability Perspective	ICT Artifacts	User Satisfaction	Maturity Level
2020	Senqu LM	EC	EC142	2.42%	2.79%	3.59%	3.94%	3.18%
2018	Steve Tshwete LM	MP	MP313	3.10%	3.10%	3.00%	3.00%	3.05%
2020	Greater Letaba LM	LP	LIM332	2.11%	2.31%	2.97%	4.26%	2.91%
2019	Ray Enkonyeni LM	KZN	KZN216	2.00%	1.90%	2.80%	4.16%	2.72%
2020	Midvaal LM	GT	GT422	1.99%	2.24%	2.63%	3.53%	2.60%
2019	Emalahleni LM	MP	MP312	2.40%	1.40%	2.83%	3.69%	2.58%
2018	Amathole DM	EC	DC12	2.00%	2.30%	2.40%	3.20%	2.48%
2019	Mkahuduthamanga LM	LP	LIM473	1.60%	0.92%	3.00%	4.18%	2.42%
2018	Thaba Chweu LM	MP	MP321	1.90%	2.30%	1.90%	2.55%	2.16%
2020	KwaDukuza LM	KZN	KZN292	1.53%	1.87%	2.06%	2.14%	1.90%
2020	Kouga LM	EC	EC108	1.75%	0.80%	0.70%	3.71%	1.74%
2019	Chris Hani DM	EC	DC13	1.30%	0.75%	1.51%	3.34%	1.72%
2019	Makana LM	EC	EC104	0.90%	0.60%	1.70%	3.09%	1.57%
2019	Inxuba Yethemba LM	EC	EC131	1.20%	0.70%	1.93%	2.30%	1.53%
2018	Raymond Mhlabi LM	EC	EC129	1.00%	0.40%	1.50%	2.20%	1.28%

The Municipal Baseline ICT Maturity Score



ICT Process maturity baseline score	2.42
ICT Governance baseline score	2.79
ICT Artefacts baseline score	3.59
End-User Satisfaction baseline score	3.94
Municipal Maturity Level	3.18



Subsequent to the above achievement of the Senqu Local Municipality ICT then the municipality ICT Manager was nominated to be part of Operation Vulindlela Task Team formed by Honorable President Cyril Ramaphosa that was tasked in development of the Wayleave Bylaw to regulate implementation of digital communications, rapid rollout of telecommunications infrastructure by private sector, finalizing and issuing regulations under policy and streamlining approval of wayleave applications at municipal level.

Notwithstanding the above achievements and accolades, the ICT section remains severely under resourced in terms of human capital/ warm bodies.

Supply Chain Management

- Overall, it is noted that the Supply Chain Management (SCM) process flow has improved, and the scheduling of meetings has resulted in improvements in the SCM turnaround time (improvements are required ongoing). Historically, certain Directorates have indicated that their progress in terms of achieving targets had been affected by “red tape” and / or slow SCM processes.
- The Supply Chain Management (SCM) process flow has improved, and the scheduling of meetings has resulted in improvements in the SCM turnaround time (improvements are required ongoing). It is noted that certain Directorates have indicated their progress in terms of achieving targets that were hampered by “red tape” and or slow SCM processes.
- It is noted that improvements are required to be made in terms of the management of service providers. It appears that Directorates are not co - operating and are still not ensuring that that the required level of commitment is being given to managing service providers/contractors /consultants appointed within their directorates. These reports are being received by SCM from directorates and/ or project managers in terms of service providers and vendors. This however remains an area that requires attention. It must be remembered that this function is critical – not only for operational reasons but due to legislative prescriptions. Upon further analysis and to improve day to day

functionality it is suggested that:

Improvements are required to be made in terms of the way service providers are managed. Directorates are a contributing factor and fail to ensure that the required level of commitment is being given to managing service providers/contractors /consultants appointed within their directorates. These reports are being received by SCM from directorates and/ or project managers in terms of service providers and vendors.

This is a critical function, and it must be understood that it represents an area of compliance. This area of operation, functioning and reporting is not the sole responsibility of the Supply Chain (SCM) Manager and/or Supply Chain (SCM) Unit. Staff (SCM) are required to assist in collating and reporting of data BUT the performance management function of the service providers and vendors remains the responsibility of the relevant line managers in terms of assessing performance (as part of their day to day operational and management function). Currently, this is not taking place in a formalized manner and is an area of great concern that clearly requires attention. Failure to comply may lead to an audit query and an audit qualification which may have far reaching consequences overall.

Moving forward it must be ensured that Directorates manage service providers /contractor's/ consultant performances, and that good quality monitoring and reporting occurs, and assessments occur in terms of the performance system incorporated into the reviewed performance management policy framework as approved in October 2018. Failing this, consequence management is required to be instituted, and the necessary compliance notices are required to be issued, and disciplinary action taken where required.

A system to manage and rate service providers has been incorporated within the revised Performance Management Policy / Framework Policy as approved in October 2018. Currently the Supply Chain (SCM) Manager in conjunction with relevant Directorates ensures that certain performance protocols are followed prior to processing an invoice. The performance of service providers will for some time remain an ongoing challenge. Overall results: Number Targets 2022/2023 with reference to the prior financial year:

Institutionally 2022/2023 there were 84 targets compared to 113 the previous years.

The municipality saw a decrease of 29 targets from the previous financial year.

In fact, the municipality recorded an overall, result for the 2022 / 2023 financial year of 53.57% on targets met and exceeded combined, while the overall result for the prior financial year 2020 /2021 was 73.45%

COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARDS AND S46 PERFORMANCE REPORT 2022/2023

The s46 performance report is attached as an Annexure i.e., Appendix T – pages 1 to 64.

s46 of the Municipal Systems Act, Act 32 of 2000 informs this report directly and requires that:

- The Annual Performance report forms part of the municipality's Annual Report as per Chapter 12 of the Municipal Finance Management Act;
- The Annual Performance Report is required to reflect:
- The performance of the municipality and all external service providers utilised within the current financial year.
- Comparisons of all performance between the current and previous financial years (comparing targets against actual performance); and
- Detail regarding all measures taken to improve performance.

This s46 Performance Report will detail all issues as required and based on the information accessed via municipal reports, records, statistics and the like. It will be noted that this information is provided as a draft that incorporates the previous, current and future performance management targets and performance is reflected for the previous and current years (based on information provided by management).

Note:

- Information is provided in this first draft. Information has been accepted at face value and may be required to be amended during the final draft of the Annual Report.
- Challenges were experienced with reporting information. More specifically it is noted that:
- When considering the targets and reporting on milestones (these targets) there is often no alignment or correlation between the two. Often a specific technical and quantifiable answer is required (e.g., work performed) and the reporting states "Report". This clearly does not define anything.
- Often reporting is inadequate and not enough information is provided. If meetings were held the dates are required and any other pertinent facts.
- It is strongly recommended that when setting IDP targets it is ensured that these are set in a realistic and achievable manner. It is hard to adjust targets after the fact and sometimes a "continuous" or long-term target will be more realistic.
- Discrepancies are at times noted and it is not always clear which information is correct. Information must be provided accurately. The collators of the information depend totally on documentation provided and it is the responsibility of all Directors to ensure that.
- The IDP is required to show projected reporting that spans five (5) years – in this instance reporting does not cover this period – making it extremely difficult to compile the s46 report; and
- Correct reporting on performance is beneficial for all other performance reporting and performance assessment (i.e., reporting at both the institutional and individual). In order to assist it is suggested that the content is updated regularly in order to ensure accuracy of content – ensuring too that this is available and able to be used and accommodated within all other reporting required.

ANNUAL PERFORMANCE TARGETS 2022/2023 (SEE S46 ATTACHED)
Result of the prior financial year 2021 /2022

KPA	Total Number of KPI's Per KPA AREA	Number KPI's Exceeding Target	% KPI'S Exceeding Target	Number KPI's Meeting Target	% KPI'S Meeting Target	Number of KPI's Not Achieved	% KPI's Not Achieved	Number of targets on Not assessed/ On Hold	% Targets Not assessed/ On Hold
Service Delivery	40	4	10.00%	23	57.50%	13	32.50%	0	0.00%
LED	6	0	0.00%	4	66.67%	2	33.33%	0	0.00%
Financial Viability	20	0	0.00%	14	70.00%	6	30.00%	0	0.00%
Municipal Transformation & Development	26	0	0.00%	23	88.46%	3	11.54%	0	0.00%
Good Governance & Public Participation	21	0	0.00%	15	71.43%	6	28.57%	0	0.00%
TOTAL	113	4	3.54%	79	69.91%	30	26.55%	0	0.00%

Result of the current financial year under review 2022/2023

KPA	Total Number of KPI's Per KPA AREA	Number KPI's Exceeding Target	% KPI'S Exceeding Target	Number KPI's Meeting Target	% KPI'S Meeting Target	Number of KPI's Not Achieved	% KPI's Not Achieved	Number of targets on Not assessed/ On Hold	% Targets Not assessed/ On Hold
Service Delivery	26	1	3.85%	8	30.77%	17	65.38%	0	0.00%
LED	6	0	0.00%	4	66.67%	2	33.33%	0	0.00%
Financial Viability	17	0	0.00%	11	64.71%	6	35.29%	0	0.00%
Municipal Transformation & Development	13	1	7.69%	9	69.23%	3	23.08%	0	0.00%
Good Governance & Public Participation	13	0	0.00%	9	69.23%	4	30.77%	0	0.00%
ENVIRONMENTAL AND SPATIAL MANAGEMENT	9	0	0.00%	3	33.33%	6	66.67%	0	0.00%
TOTAL	84	2	2.38%	43	51.19%	39	46.43%	0	0.00%



CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE:
PERFORMANCE REPORT PART 2

Chapter 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE: (PERFORMANCE REPORT PART 2)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

Performance management and ultimately performance optimization are critical factors in ensuring that the organization is able to meet its strategic and day to day operational objectives. Senqu Municipality engages in all reasonable efforts to ensure that it is able to meet both the IDP objectives and day to day operational needs. This is achieved by ensuring that it has all required resources at its disposal in order to achieve desired outcomes.

Political and administrative infrastructure support is provided in order to ensure that staff and relevant departments function optimally. To this end, the required policies, procedures, human resources, financial resources, operational resources and infrastructure are made available. In doing so all aspects of legislative compliance are adhered to and so too operational needs and alignment with policy on all levels. In terms of legislation, all issues of compliance are adhered to. These relate to Recruitment, Employment Equity, Skills and related others.

Strictest controls are undertaken so as to ensure that all aspects of staff recruitment, selection, appointment and retention are handled correctly and strictly in accordance with stated policy, procedures and legislation. It is understood and recognized that effective employee relations is critical and enhanced where possible by ensuring that: staffing is managed effectively; labour is managed by engaging in effective employment practices; staff are trained and developed according to structured needs; optimal organizational structures are developed and job descriptions for all posts are developed in accordance with the principles of correct division of work and the manner in which performance will be monitored.

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEE TOTALS					
Description	Year	Year June 2023			
	June 2022	Approved Posts No.	Employees No.	Vacancies No. (funded)	Vacancies%
	Employees No.				
Municipal Manager	9	11	9	2	18.2
Human Resource	6	7	6	6	0
Admin & Council Support	17	22	21	1	4.5
IGR/ Stakeholder Engagement	9	9	9	0	0
Roads & Stormwater	36	38	37	1	2.6
Fleet	1	1	1	1	0
Housing	7	7	6	1	14.2
PMU	6	6	6	0	0
Governance & Compliance	4	5	4	1	20
Local Economic Development & Planning	2	3	2	1	33.3
Communications	2	2	2	0	0
Community & Social service	34	35	34	1	2.9
Electricity	14	18	14	4	22.2
Budget & Treasury	2	3	2	1	33.3
Information Technology	3	3	3	0	0
Traffic	9	12	10	2	16.66
Supply Chain & Expenditure	14	13	12	1	7.69
Revenue	19	18	18	0	0
Waste Management	70	74	70	4	5.40
Department Coordinators	4	4	4	0	0
Section 56	6	6	4	2	33.33
Totals	275	297	274	29	9.8

EMPLOYEE VACANCY AND TURNOVER RATE (Continued)

VACANCY RATE: YEAR AS AT JUNE 2022			
Designations	*Total Approved Posts	*Vacancies (total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	0
Chief Financial Officer (CFO)	1	1	0
Other s56 Managers	4	0	0
levels 16-25 (excluding Finance posts)	13	2	15.4
levels 16-25 (Finance posts only)	5	0	0
levels 13-15 (excluding Finance posts)	7	2	28.6
levels 13-15 (Finance posts only)	2	1	50
levels 9-12 (excluding Finance posts)	44	7	15.9
Levels 9-12 (Finance posts only)	17	0	0
Levels 4- 8	79	7	8.9
Levels 1-3	124	8	6.5
Other (Finance Only)			
Total	297	29	9.8

TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
July 2021 to June 2022	275	23	8.36
July 2022 to June 2023	274	29	10.58

Due to Covid and restrictions and risks in both financial years as depicted below, the municipality did not perform well.

- During 2021/2022: 8.36 % of all funded posts were filled.
- During 2022/ 2023: 10.58 % of all funded posts were filled

Staff Establishment Figures:

2021/ 2022				2022/2023			
Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant	Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant
310	275	23	12	315	274	29	12

Approved and Funded Posts in the entire Institution	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Institution	Total Number of Vacant unfunded posts in the Entire Institution
298	6	275	16	7

The table below details the approved, filled and vacant funded posts within Senqu Municipality for 2022/23 (previous year):

Approved and Funded Posts in the entire Institution	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Institution	Total Number of Vacant unfunded posts in the Entire Institution
315	6	274	29	12

Organization Structure

The municipality has a total of 315 posts on its organogram. 274 posts have been filled and 29 funded positions remain vacant. There are 12 unfunded and vacant positions. An analysis of posts during the year under review provides the following detail:

Organizational Structure (2022/2023)

Department / Function	Posts Filled	Posts Funded But Vacant	Posts Unfunded	Total Number of Posts
Council and Executive	13	2	1	16
Corporate & Support Service	34	2	1	37
Budget & Treasury Service	40	2	3	45
Community & Social Service	114	12	3	129
Technical & Engineering Service	59	9	3	71
Planning and Development	15	2	0	17
Total	274	29	12	315
Percentage (against total no. of posts)				--

- Staff appointments during this time: 25
- Staff terminations: 14

Levels of education and skills (2022 - 2023)

Period	Total Number of Staff	Number of Staff Without Grade 12	Number of Staff With Senior Certificate Only	Number of Staff With Tertiary/Accredited Professionals Training
2021 / 2022	275	137	41	97
2022 / 2023	275	137	41	97

Comment on Vacancies and Turnover

It must be noted that the turnover rate moved from 6.1 % to 8.36 %. The increase was as a result of number of natural attritions. The 10 terminations are detailed as follows: 4 resignations, 3 decease, 2 dismissals and 1 retirement.

Employment Equity Statistics

This reflects the following target groups i.e. staff employed in the three highest levels of management in compliance with the Municipality's approved Employment Equity Plan (2022/2023)

Occupational Levels	Male				Female				T.O.
	A	C	I	W	A	C	I	W	
Legislators	19				15				34
Top Management	3	1			2				6
Senior Management Targets		1						1	2
Senior Management Targets Met – June 2022	7			2	5	1		2	17
Professionally Qualified and Experienced Specialists and Mid Management		1			1	1			3
Professionally Qualified and Experienced Specialists and Mid Management met – June 2022	16	1			22	3			42
Skilled Technical and Academically Qualified Workers		1				1			2
Skilled Technical and Academically Qualified Workers Target met – June 2022	16				5				21

Despite notable successes, the scarcity of skills challenge remains. More specifically it is noted that:

Compliance has been achieved in respect of the fact that the number of people from employer equity target groups employed in the 3 highest levels of the organogram are in compliance with a municipal approved Employment Equity Plan.

Despite having been able to fill vacancies, it must always be remembered that Senqu LM is a rural based municipality and salary structures are attached to the grade of the Municipality. The Task Job Evaluation System allows for flexibility and equivalent qualifications as per qualification recognition. By recognizing this, we promote and ensure inclusivity and fairness by providing a greater scope of opportunity to be part of an appropriate job pool. As a rural municipality in particular, we acknowledge that there exists a combination of experience and appropriate qualifications that would allow applicants to function in posts should they be appointed thereto. Many suitable criteria exist that will create opportunities to best fill vacancies and this is 100% in line with accepted Job Evaluation criteria - acknowledging essential and preferred requirements. It must be acknowledged that rural type municipalities struggle on a national level to attract/fill critical posts. While this is a reality and acknowledged nationally, it must always be taken into account and acknowledged when issues and difficulties arise in attempting to make appointments.

There is an under-representation within the category of the disabled, but this issue must be understood within its particular context. This situation is to a large extent due to factors beyond one's control. In many instances efforts to recruit and select the right candidates are hampered by the fact that those applying for a post, may not meet the Employment Equity criteria/are not from the designated /targeted groups within the labour market. In these instances, there is little one can do aside from marketing to these groups and attempting to recruit by using more attractive remuneration packages; and It is well known and accepted that the geographical location and the rural nature of the municipality often in itself presents a challenge, in terms of influencing whether candidates will apply to the organization and whether the organization and/or the geographical location will meet their specific needs or not.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The management and control of the Municipal Workforce is governed and defined by the Labour Relations Act; the Basic Conditions of Employment Act; the Employment Equity Act; the Municipal Finance Management Act; the Internal Disciplinary Policy and Procedures; the Performance Management Policy and many related policies, procedures and legislation. In order to ensure that these are implemented correctly and to ensure that management and staff have the required level of commitment, stakeholders are involved in the compilation of these policies and relevant staff are well trained on these in order to ensure that they can be effectively applied.

All staff joining Senqu Municipality are taken through an appropriate induction. Accordingly, all staff, management and Councilors receive a Code of Conduct and undergo suitable induction training. The policies and procedures are reviewed annually in order to ensure that they are managed and remain applicable to the current context at all times.

At all times it remains the intention of the organization to create a personnel administration that is administered and managed in a manner that is: fair, efficient, effective and transparent. Management in turn are required to manage and support staff appropriately and according to legislative prescripts. In this manner a supportive management and administrative structure is created, which enables successful outcomes and performance optimization at every level.

POLICIES

Human Resource Plans that have been developed and/or reviewed 2022/2023:

HUMAN RESOURCES POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Leave Policy	100	100	26 February 2021
2	Recruitment and Selection Policy	100	100	30 May 2022
3	Remuneration	100	100	26 February 2021
4	Travel and Substance Allowance	100	100	30 May 2022
5	Perks/Travelling allowance Policy	100	New	26 May 2021
6	Cellular & 3G	100	100	26 February 2021
7	Termination of Employment	100	100	30 May 2022
8	Skills Development previously known as the Bursary Policy	100	100	30 May 2022
9	Promotion, Demotion and Transfer	100	100	30 May 2022

Human Resource Plans that have been developed and/or reviewed 2022/2023:

HUMAN RESOURCES POLICIES AND PLANS				
Name of Policy		Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Bursary	100	100	30 May 2022
2	Occupational Health & Safety	100	100	23 August 2018
3	Recruitment, Selection & Appointments	100		30 May 2022
4	Remuneration Policy	100	100	30 May 2022
5	Termination of employment	100	100	30 May 2022

Organization – wide Policies and Plans that have been developed and/or reviewed 2021/2022 and 2022/2023:

POLICIES (ORGANIZATION WIDE)				
Newly Developed	Revised	Consultation Top Management LLF (through circular for comment or at LLF meetings)	Dates Ratified by Council By	Policies Implemented (Yes or No)
No	Supply Chain Management	Yes	30 May 2022	Yes
No	Debt Collection and Credit Control	Yes	30 May 2022	Yes
No	Cash Management Banking and Investment Policy	Yes	30 May 2022	Yes
No	Borrowing Funding & Reserve	Yes	30 May 2022	Yes
No	Virement Policy	Yes	30 May 2022	Yes
No	IT Disaster Recovery Plan	Yes	July 2019	Yes
No	ICT Strategic Plan	Yes	30 May 2022	Yes
No	Performance Management Policy	Yes	October 2018	Yes
No	Liquidity	Yes	30 May 2022	Yes
No	Property Rates	Yes	30 May 2022	Yes
No	Municipal Cost Containment	Yes	30 May 2022	Yes
No	Asset Management and Insurance	Yes	30 May 2022	Yes
No	Municipal Corporate ICT Governance Framework	Yes	30 May 2022	Yes

INJURIES, SICKNESS AND SUSPENSIONS

The tables below reflect the statistics for both the current and the previous financial year i.e. 2021/2022 and 2020/2021 reflecting sick leave related statistics:

Previous Financial Year Sick Leave related costs: 2021/2022

Number of Days and Costs of Sick Leave (Excluding IOD) 2021/2022						
Salary Band	Total Sick Leave Days	Proportion of sick leave without medical certificate %	Number Employees using sick leave	Total number of employees in post	Average sick leave per employee Days	Estimated cost R '000
Levels 1-3	246	0	33	118	2	24 206.40
levels 4-8	297	0	297	56	2	44 570.79
Levels 9-12	305	0	38	60	2	58 023.20
Levels 13-15	61	0	9	7	2	20 020.81
Levels 16 – 25	162	0	12	18	2	79 571.16
MM and s56	22	0	4	6	1	21 121.10

Note: Calculations are made against the lowest earnings on each level, multiplied by the total sick leave days and reflected as a total i.e. the total estimated cost.

Current financial year Sick Leave related costs: 2022/2023

Number of Days and Costs of Sick Leave (Excluding IOD) 2022/2023						
Salary Band	Total Sick Leave Days	Proportion of sick leave without medical certificate %	Number Employees using sick leave	Total number of employees in post	Average sick leave per employee Days	Estimated cost R '000
Levels 1-3	509	0	45	111	2	46 135.76
levels 4-8	219	0	40	70	2	23 879.76
Levels 9-12	306	0	39	61	1	57 564.72
Levels 13-15	74	0	6	11	2	22 967.70
Levels 16 – 25	79	0	7	16	2	37 476.60
MM and s56	26	0	4	6	1	20 340.80

Comment on Injury and Sick Leave

Although sick leave patterns may not appear excessive, they must be monitored closely as a matter of course and emerging patterns must be handled correctly.

All instances of Sick Leave must be applied strictly in accordance with the policy and all paperwork relating to Sick Leave must be completed prior or after the illness (depending on its nature). As per the prescriptions of policy, a doctor's certificate is not required for a period less than 3 days unless there is a history of sick leave having been taken (i.e. sick leave that has been taken twice in a continuous 8-week period). If this is the case a doctor's certificate is required. A certificate is also required if patterned behaviour begins to emerge and management may then justifiably request a sick leave certificate, should this become evident. For any period, greater than 2 consecutive days, a sick leave certificate is also required.

Injury on Duty (IOD's) are required to be reported and managed strictly in accordance with the Occupational Health and Safety Policy in which the procedure is clearly stated. In instances where injuries / sick leave extends for long periods or are in question, the organization reserves the right to have the injury/aspect of sick leave examined by a doctor of choice.

Suspensions and Cases of Financial Misconduct:

Number and Period of Suspensions 2021 / 2022				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized
N/A	N/A	N/A	N/A	N/A

Cases of Misconduct

Position	Nature of Alleged Misconduct and Rand Value of any loss to the municipality	Disciplinary Action taken	Date Finalized
Middle manager	Contravention of the SCM regulations	Dismissal	15 September 2022

PERFORMANCE REPORTING AND REWARDS

Performance Management Context and Guiding Principles

The Performance Management Framework, Policy and Procedure was updated, revised and aligned to the Competency Framework within the 2018/2019 period. As already detailed, this was not completed during the 2019/2020 period. It is important to note that the Competency Framework has replaced Regulation 26(8) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (Government Notice No. 805) as published in the Government Gazette No. 29089 of 1 August 2006. In terms of this, any person appointed as a senior manager is now required to possess all the specific leadership and management related competencies as set out within this framework. This clearly impacts on recruitment and as such, when appointing any such manager, the suitability for any such position must incorporate assessment of the applicants' proven ability within all of these specified areas. Training and development should also take these competencies into account and inform all training required to close any such competency gaps.

In order to comply with the prescriptions of the Competency Framework, these competencies have been incorporated into Senqu Municipality's current policy. As this policy is translated into operational targets and performance targets for individuals to whom the policy applies (as part of the policy "roll-out"), the specific performance targets that relate to Leading Competencies and Core Competencies are now included within the Employee Scorecards (to whom these apply i.e. to the s56 Directors and middle managers). This is also detailed within the Employee Performance Management System and related policy.

As per legislative prescriptions, all municipalities are legally required to develop a performance management system that will enhance the organisations levels of efficiency and effectiveness, account for the use of municipal resources and clearly indicate the achievement of outcomes. That being said and in terms of the Systems Act it was understood and accepted that municipalities were required to develop and utilize systems that were best suited to their environment, circumstances and available resources. It is under these conditions and with this express understanding, that Senqu Municipality

developed its PMS Framework and Policy and is revised continuously since 2011..

The reviewed and updated Performance Management Policy was approved by Council in October 2018. This policy is now split into 2 groups. Group 1 is applicable to s56 employees and identified middle managers from Task Levels 15 and above. Group 2 is applicable to all staff not deemed to be middle management i.e. from TASK Levels 14 and below. It also accommodates the performance management of interns, service providers and the appropriate performance assessment of all parties. In order to ensure compliance with the latest legislation the policy has also been written to accommodate the new Competency Framework Regulations.

The Performance Management Framework and System must not simply be followed in order to achieve required levels of compliance (in terms of legislative prescripts). This framework and system is in effect a management tool, that is designed to assist and facilitate the manner in which performance objectives and targets are met throughout the organization. It is in all instances an “enabler” of improved performance. The existence of a framework and system of this nature facilitates a process whereby service delivery objectives can be successfully achieved overall, in a specific, realistic and planned manner. Current circumstances, available resources and current challenges must always be taken into account.

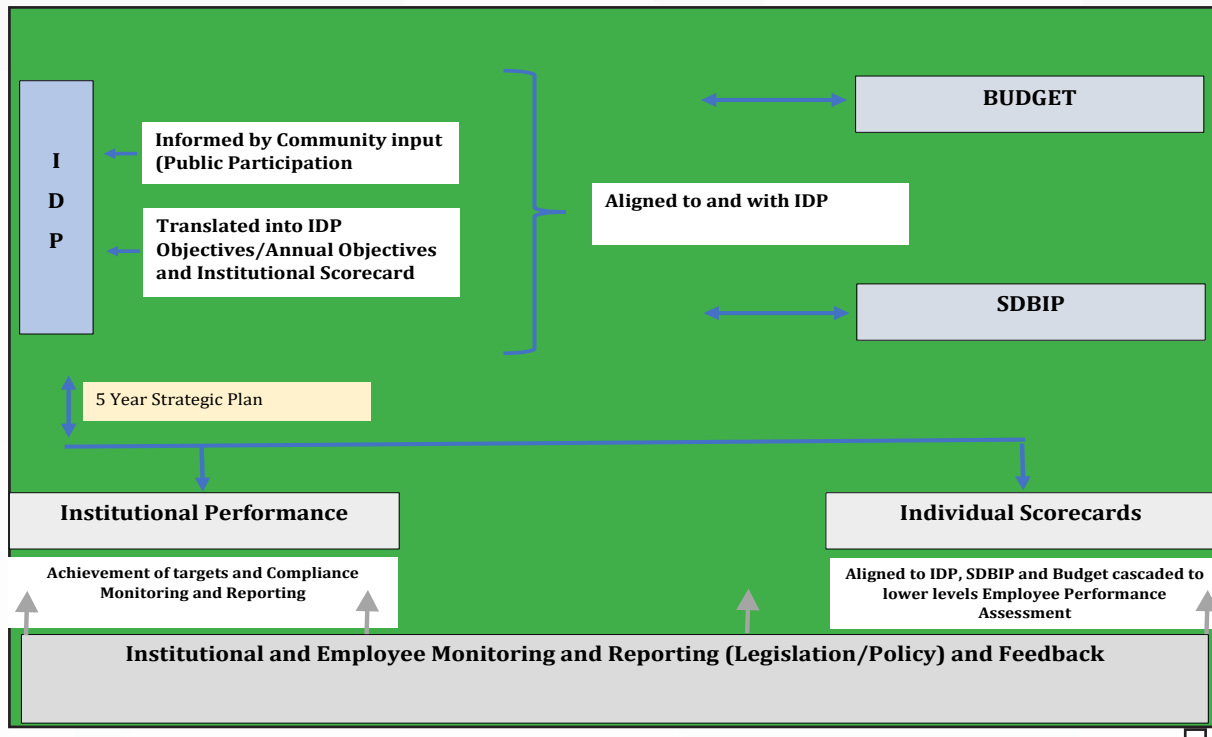
The Performance Management System exists in order to provide the organisation with the framework and tools necessary to ensure the development of a performance management culture throughout. As a management tool, the performance management system, enables the organization to achieve its strategic objectives which are aligned to the IDP and institutional scorecard – facilitating effective and efficient service delivery.

“Performance Management” is not an isolated event. It represents a “means to an end” in the efforts undertaken to achieve a state and culture of performance optimization throughout the organization. In order to achieve this, it is recognized that performance management must be regarded as an integrated approach that combines the manner in which both individual employee performance and institutional performance is managed and reported on, in accordance with the relevant legislative prescripts. It is further acknowledged that the one cannot be successfully achieved in the absence of the other.

Relationship between the Performance Management System and targets and issue of alignment

The relationship between the performance management system and process and the performance targets is explained diagrammatically below:

- Figure: Integration of Institutional and Employee Performance Management and alignment of objectives and targets with IDP and Budget



As per the figure above:

- The Five (5) year Integrated Development Plan (IDP) is developed with community input.
- The IDP (as a 5-year strategic plan) is translated into an Annual Plan or Institutional Scorecard.
- It is critically important that there is alignment between the IDP, the Institutional Scorecard, the Budget and the SDBIP. It is also critically important that there is alignment between the SDBIP and the Performance Scorecards of all staff.
- The SDBIP and the integrated PMS provide the vital link between the mayor, council (executive) and the administration and facilitates the process of holding management accountable for its performance. The SDBIP and the PMS are management implementation and monitoring tools which assist the mayor, the councillors, municipal manager, senior managers and the community in evaluating the performance of the council. A properly formulated SDBIP and PMS will ensure that the appropriate information is circulated, assessed and reported on internally and externally for purposes of monitoring.
- Directorate performance scorecards reflect the strategic objectives which are incorporated and aligned to the IDP, Budget and SDBIP. Competency Framework Standards are also included within the s56 Director's scorecards and those of middle management.
- The SDBIP represents a "contract" between the administration, council and the community. It expresses the goals and objectives set by the council as quantifiable outcomes that are to be achieved by the end of the financial year in question. Service delivery performance is measured in terms of the SDBIP targets and the degree to which operational plans have been achieved. As per a "cascade type approach", the Departmental SDBIP's will inform the Performance Scorecards of each manager and staff member and at every level, the operational targets and objectives will be cascaded and aligned to the strategic plan; and
- Despite the split between the PMS Policy required by levels and explained further below, the performance management concepts remain the same and all required targets (from as per the SDBIP and competency framework) are cascaded to all levels to a greater or lesser degree as dictated in terms of the prescriptions of each policy.

Current scenario and Way Forward (context provided)

- During 2017/2018 the Performance Management System was applicable only to the level of s56 Directors and middle managers. In terms of policy in its current state it was therefore only applicable to Group 1 only i.e. applicable down to TASK level 15. Moving forward and as from 2019/2020 it was the intention that the system would be cascaded down to lower levels i.e. from TASK levels 14 to TASK levels 12. In effecting this change during 2019/2020, it was recognized that a Group 2 policy be developed and aligned to the needs of the lower levels and appropriate assessment of their performance as follows:
- As already indicated, what was once a single policy had now been split into two policies in order to accommodate both Groups of Staff to whom it would be applicable and to ensure that these policies would be able to be practically applied.
- The first half of the policy would be applicable to Group 1 i.e., to all staff at the level of the Municipal Manager, s56 Directors' and those staff considered to be at the Middle Management level (i.e. those staff reporting directly to s56 Directors) and generally considered to be at a TASK Level that is not lower than a level 15. When assessing performance of directors and middle management at these levels, all assessment processes and criteria as detailed within policy are to be adhered to as prescribed.
- This policy also incorporated Institutional Performance Management and performance assessment of service providers, as these functions and responsibilities apply at these levels of management and staff;
- The policy for Group 2 would be applicable to all remaining staff (from TASK Level 14 and below). It would also include the performance management and assessment of any interns.
- Ultimately in 2021/2022 the system cascaded to staff below middle managers, but it was met with apathy challenges.
- The capacity of to carry out this exercise internally effectively also impacted negatively on the project as result, the municipality took a decision to move employee performance to Corporate Services in 2021/2022 as stated above.
- NOTE: Both the Employee and Institutional Performance Management System will be detailed separately and in the case of the Employee Performance Management process –the issue of rewards also will be covered.

Employee Performance Management (Assessment and Management)

The Employee Performance Management System operates within a cycle which extends from 1 July – 30 June annually – divided into quarterly activities as depicted below:



Steps in The Performance Management Cycle (as depicted in the diagram above)

1st Quarter (July to September): Informal Review occurs between manager and direct report. Discussion, agreement and development of Personal Plan (scorecard); development of Personal Development Plan (PDP) and SDBIP Reporting is required to occur.

2nd Quarter (October to December): Formal review/assessment between manager and direct report. Assessment on PDP and SDBIP Reporting culminating in s72 formal performance assessment report.

3rd Quarter (January to March): Informal Review between manager and direct report. Discussion and agreement regarding achievement of performance regarding Personal Plan; Personal Development Plan (PDP) and SDBIP Reporting.

4th Quarter (April to June): Final formal review with panel (occurring after AG audit of s46 and approved Annual Report).

Annually, the following steps are taken:

- Step 1: Fourth Quarter (Planning for the next cycle)
- Scorecards (Personal Plans) for staff are developed. These Scorecards differ for Groups 1 and Groups 2 and are prescribed as per policy. All targets are written strictly in accordance with the manner in which targets are required to be written (i.e. In accordance with the SMART principle).

It is very important that every effort is made to ensure that there is alignment at every level i.e. between scorecards, the SDBIP, Budget and IDP;

- Manager/line supervisor (depending on the group) and subordinate discuss and agree on targets.
- Areas for development are identified and reflected in a Personal Development Plan (PDP) or customized action plan that is signed by both parties in order to show commitment to achievement. This reflects the training and development needs that must take place in order to ensure that the subordinate is able to meet the required targets; and
- The Municipal Manager and s56 Directors and Middle Manager's sign annual performance agreements, applicable for this period.

NOTE: Since Individual and Employee Performance will not longer be housed under the same department and section in 2021/2022, this might necessitated a change in policy.

- Step 2: First Quarter Informal Review (Coaching and Reinforcement)
- At the end of this quarter the manager/line supervisor (depending on group) and subordinate meet to discuss actual performance against required performance. Achievements are commended, and appropriate Action Plans developed in order to address any highlighted performance issues; and
- Action Plans are monitored so that appropriate action occurs, and targets are met.
- Step 3: Second Quarter Formal Review/Assessment
- Manager/line supervisor and subordinate meet to discuss the formal assessment and the rating of actual performance against expected performance for all performance indicators. (The manner of ratings follows below). Agreement is reached on ratings and commitment (action plans) to required action to ensure that required targets are achieved.
- Institutional Performance Targets, including Directorate individual targets, are formally assessed through the s72 performance report in quarter 2.
- Third Quarter: Informal Review (Coaching and Reinforcement)
- At the end of this quarter the manager/line supervisor and subordinate meet to discuss actual performance against required performance.
- Achievements are commended, and appropriate Action Plans developed in order to address any highlighted performance issues; and
- Action Plans are monitored so that appropriate action occurs.
- Fourth Quarter: Final Formal Review (Formal Panel Assessment)
- This assessment occurs after the auditing of the s46 / Annual Report. This is necessitated in order to be able to verify (from an external source) the achievement of targets/the extent to which targets have been achieved.
- Assessment of performance for all performance indicators is undertaken and, in this instance, assessment is undertaken by a panel, constituted according to the Framework and detailed below;
- As detailed within the Framework and Policy and amendments to the two groups as indicated in 4.2.1, differences will ultimately be observed in the final assessment (panel constitution and process).

Developing Personal Plans and Scorecards for employees

When developing scorecards (Personal Plans), it is critically important to ensure that the prescriptions for each policy group are adhered to as follows:

- Group 1: Municipal Manager, s56 Directors and middle managers
-

- Each scorecard for the Municipal Manager, s56 Directors and Middle Manager's is compiled of Key Performance Areas (that make up 80% of the scorecard weighting) and Leadership and Core Competencies (that make up 20% of the scorecard weighting). Each area of assessment shall be weighted and shall contribute a specific part to the total score. The KPA's will total 100 points and the Leadership and Core Competencies will total 100 points, despite their total weightings of 80% and 20% respectively.
- Senqu Municipality has adopted the five National Key Performance Indicators as contained within the 5-year Local Government Strategic Agenda as their Key Performance Areas (KPAs') within the organisational performance scorecard.

Accordingly, the following Key Performance Areas (KPA's) apply:

Basic Service Delivery (all service delivery related activities and functions);

- Local Economic Development (relating to all activities and functions that promote economic development and alleviate poverty);
- Governance and Public Participation (relating to organizational and administrative governance and all aspects of public participation);
- Municipal Transformation and Organisational Development (this relates to the manner in which the institution is capacitated to conduct its affairs with required levels of conformance); and
- Municipal Financial Viability and Management (ensuring strict adherence to the MFMA and standard accounting and financial management practices).
- In the case of the Municipal Manager, the s56 Directors and middle managers, the scorecards are populated with the Key Performance Areas that are appropriate to the positions' themselves. The amount of emphasis that a National KPA would carry within this particular Directorate /Department/ Division and the position itself is key to the degree of its use. Under these circumstances, certain scorecards/performance plans will be populated with all five (5) of the national key indicators and some may only consist of three (3) or four (4) of the five National Key Performance Indicators. The weightings may vary/ differ, depending entirely on the responsibilities of the position itself.
-
- Performance Agreements and current scorecards/Personal Plans are concluded annually for the Municipal Manager; s56 Directors' and middle managers'; and
- In terms of policy there are additional differences in the manner in which performance scorecards/ personal plans are structured for different levels within and between policies as follows:
 -
 - These consist of Key Performance Areas that are appropriate to the positions' themselves (accounting for 80% of the weighting) and relate to the National Key Performance Indicators.
 - The Municipal Manager and s56 Directors will have scorecards that include "Leadership and Core Competencies" that make up 20% of the scorecard weighting).
 - By comparison, the Middle Managers from the same group, will have scorecards that have the 20% weighting made up of only three (3) Compulsory Core Management Competencies.
 - The competencies that now appear in the Competency Framework Structure are detailed in the table that follows– defined as Leading Competencies and Core Competencies:
 - Leadership and Core Competencies

LEADING COMPETENCIES	
<p>Strategic Direction and Leadership</p> <p>“Provide and direct a vision for the institution and inspire and deploy others to deliver on the strategic mandate”.</p>	<p>Impact and Influence</p> <p>Institutional Performance and Management</p> <p>Strategic Planning and Management</p> <p>Organisational Awareness</p>
<p>People Management</p> <p>“Effectively manage, inspire and encourage people, respect diversity, optimise talent and build and nurture relationships in order to achieve institutional objectives”.</p>	<p>Human Capital Planning and Development</p> <p>Diversity Management</p> <p>Employee Relations Management</p> <p>Negotiation and Dispute Management</p>
<p>Programme and Project Management</p> <p>“Able to understand programme and project management methodology; plan, manage, monitor and evaluate specific activities in order to deliver on set objectives”.</p>	<p>Programme and Project Planning and Implementation</p> <p>Service Delivery Management</p> <p>Programme and Project Monitoring and Evaluation</p>
<p>Financial Management</p> <p>“Able to compile, plan and manage budgets, control cash flow, institute financial risk management and administer procurement processes in accordance with recognised financial practices. Further to ensure that all financial transactions are managed in an ethical manner”.</p>	<p>Budget Planning and Execution</p> <p>Financial Strategy and Delivery</p> <p>Financial Reporting and Monitoring</p>
<p>Change Leadership</p> <p>“Able to direct and initiate institutional transformation on all levels in order to successfully drive and implement new initiatives and delivery professional and quality services to the community”.</p>	<p>Change Vision and Strategy</p> <p>Process Design and Improvement</p> <p>Change Impact Monitoring and Evaluation</p>
<p>Governance Leadership</p> <p>“Able to promote, direct and apply professionalism in managing risk and compliance requirements and apply a thorough understanding of governance practices and obligations. Further, able to direct the conceptualisation of relevant policies and enhance cooperative governance relationships”.</p>	<p>Policy Formulation</p> <p>Risk and Compliance Management</p> <p>Cooperative Governance</p>

CORE COMPETENCIES
Moral Competence
Planning and organising
Analysis and Innovation
Knowledge and Information Management
Communication
Results and Quality Focus

Group 2 - Other staff (TASK levels 14 and below)

- All remaining staff will have generic type scorecards;
- Each Scorecard is made up of 100 points.
- There are two (2) parts to each scorecard.
- Part 1: Technical Competencies (applicable to three (3) areas of specific technical competence) and contributes to 80 points overall; and

- Part 2: Standardized Behavioural and Performance Targets. This comprises the same generic targets for all staff in this group viz. Time Keeping, Absenteeism, Meeting Deadlines, Customer Focus, Health and Safety, Discipline, Administration and Communication. These contribute to a full 20 points of the scorecard);
 - Performance targets become more operationally based at each lower level and accordingly the performance targets must be written differently and more operationally at these levels. This will become effective at the time that the PMS is applicable to them and will be signed annually.
 -
 - Rating of Employee Performance (differences in Groups 1 and 2)
 - The rating of an employee's level of performance, whether in the category of s56 Director, as a middle manager or general staff member, requires that ratings occur in terms of the rating calculator reflected within the stated and currently applicable policy (Group 1 and 2 differ as indicated).
- **Group 1 Rating Assessments**

Within the current year the Rating Calculator Assessment Tool has been aligned to the levels attached to the Competency Framework i.e., Basic (Level 1 and 2), Competent, Advanced and Superior Performance (as reflected in the table below):

Rating Calculator Assessment Tool

LEVEL	TERMINOLOGY	DESCRIPTION
5	Outstanding performance "SUPERIOR"	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations "ADVANCED"	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective "COMPETENT"	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
2	Performance not fully effective "BASIC LEVEL 2"	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
1	Unacceptable performance "BASIC LEVEL 1"	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Performance is rated in accordance with this scale for each target. In addition to the level descriptors above, the following factors and descriptions must also be considered when assigning achievement levels and related ratings:

ACHIEVEMENT LEVELS	DESCRIPTION
Basic	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention
Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses.
Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses.
Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods.

Note: To ensure consistent application of these level descriptors, attention to the wording of the descriptors must be taken into account. Allowances for extenuating circumstances and actions out of the norm/over what was required, must be taken into account. This may be used to justify a change in rating, or effectively to accommodate the target being considered to have been achieved – with a variance.

Example:

If 4 meetings were required per quarter and 4 took place but two of these were held in the same quarter (timings out but justified) – this would be considered to have been met – with a variance (which is then explained).

In these instances, the reason for the variance and the remedial action taken must be justified accordingly. A degree of flexibility when determining the applicable rating – providing it can be warranted/justified must be allowed. These factors must be considered during the auditing process as if not applied this can be challenged.

Note: When assessing an individual’s performance external factors may be considered as the employee is able to use initiative in order to ensure that the job gets done. Targets may then be met “with a variance” and extenuating circumstances will be taken into account.

When it comes to institutional performance this does not apply and targets are either rated as “achieved” or “not achieved”.

As per the previous Regulations, assessment of actions taken must also take the following issues into account:

Duration of Task	Was the target achieved within the projected timeframe?
Level of Complexity	What problem-solving techniques occurred? What innovative action was taken? What level of operation/complexity occurred?
Cost	To what extent were costs maintained within budget? Was the budget exceeded? Were savings apparent?
Constraints	What constraints were expected: Did these occur? To what extent did this affect the desired outcome? What actions /especially proactive where taken to resolve the issue?

Note: Assessment and Rating for Group 1 (the Municipal Manager, s56 Directors and Middle Managers) During the first “formal” review (December), the “Manager” will assess the subordinate’s performance by using the rating scale of 1 to 5 and the reasons for variances. Similarly, the subordinate will conduct a self- assessment. When meeting, both parties will attempt to reach agreement on the ratings. Where no agreement is reached as to the final score, the decision will be made by the next higher level of authority (as per the dispute resolution mechanism). The results of the assessment will guide the manager and subordinate to take appropriate steps to improve performance ongoing (through the development of action plans); and

During the final review assessment (formal panel assessment for the period 1 July to 30 June), performance will also be rated according to these level descriptors although it will be rated by the relevant performance assessment panel and consolidated ratings will be translated into appropriately weighted scores by the Performance Management Facilitator. Variances are taken into account and examined/motivated appropriately.

Note: KPA’s are assessed by the panel, as stipulated, but leading and core competencies are assessed only by the incumbent, the relevant Director/Municipal Manager and the Performance Management Facilitator; and No final assessment should take place prior to the Annual Report being approved. At this point all the performance information has been audited and considered to be a true reflection of reality. Only verified evidence of claims of performance are considered to be true and can be taken into account.

Assessments are based on the degree to which a performance indicator has been met. Failure to produce adequate evidence will result in the lowest rating being awarded i.e. a rating of the number “1”.

Group 2 Rating Assessments

Staff will be rated according to performance on a set of stipulated targets (generic and technical issues) as stipulated within the approved policy. A different rating scale as applicable and is detailed below:

Group 2 Rating Calculator

LEVEL	TERMINOLOGY	DESCRIPTION
5	Outstanding performance “SUPERIOR”	Performance exceeds targets in 80% of indicators.
4	Performance significantly above expectations “ADVANCED”	Performance is higher than the standard expected in terms of the target. Consider action over and above what is expected/use of initiative.
3	Fully effective “COMPETENT”	Performance fully meets the standard required by the targets.
2	Performance not fully effective “BASIC LEVEL 2”	Performance is below the standard.
1	Unacceptable performance “BASIC LEVEL 1”	Performance does not meet the standard expected for the job.

When assessing performance, the following issues must be taken into account:

Duration of Task	Was the target achieved within the projected timeframe?
Level of Complexity	<p>What problem-solving techniques occurred?</p> <p>What innovative action was taken?</p> <p>What level of operation/complexity occurred?</p>
Cost	<p>To what extent were costs maintained within budget?</p> <p>Was the budget exceeded?</p> <p>Were savings apparent?</p>
Constraints	<p>What constraints were expected?</p> <p>Did these occur?</p> <p>To what extent did this affect the desired outcome?</p> <p>What actions /especially proactive where taken to resolve the issue?</p>

In the first assessment review, the immediate manager and related subordinates will discuss assessments and validate all assessments made via a suitably prepared Portfolio of Evidence. A rating will be agreed. During the final assessment an assessment panel will determine the final rating and thus score. Spot checks will be conducted by the PMS Facilitator. The relevant Head of Department/Director will sign off on the final outcome.

Scoring of Employees Performance (Groups 1 and 2)

Note: Rating and Scoring are two distinct and different processes.

The rating is used to determine the actual score from the total possible score for each output.

In the case of Group 1, each performance scorecard is made up of 200 points. 100 points for the KPA's which are then weighted as a total of 80% and 100 points allocated to the Leading and Core Competencies (only Leading Competencies applicable for Middle managers) which are then weighted as 20%. This is adjusted to finally reflect the 80:20 = 100% scorecard value, that is referred to later when scoring.

It is the responsibility of the PMS Facilitator to translate these ratings into the final weighted scores.

Note: Terminology Consistency

- It is noted that there are occasions where for all intents and purposes targets are met, but with a justifiable variance. No longer may the term “partially met” be used – it is required that the reason for the variance/deviation be explained and motivated, together with any remedial action that may have been taken to address it, i.e. “Target met with a variance in that (Insert what had occurred) and the following remedial action was taken to remedy the situation.....”;
- The extent of the remedial / pro-active action required and taken may impact on the fact that a target will be regarded as having been met with “a variance”.

In the case of Group 2 panellist ratings added and consolidated to determine the final score out of 100. The panel is used to address bias!

Performance Bonuses

- Group 1: Performance Bonuses applicable to Municipal Manager and s56 Directors
- In order for the Municipal Manager, s56 Directors and Middle Managers to qualify for a performance bonus, the ratings of all panellists are required to be consolidated and changed into averaged scores (representative of the entire panel) for all KPA related targets; and
- Leading Competency scores are evaluated according to ratings provided by the incumbent, immediate supervisor/manager/audit committee member and the performance management expert who are deemed as being most appropriate to rate these areas – measuring aspects of leadership. Total ratings and scores per incumbent are consolidated by the Performance Management Facilitator appointed for this purpose.

Figure: Assessment panel constitution for the Municipal Manager and s56 Managers

Assessment Panel of the Municipal Manager (MM)	Assessment Panel of S56 Directors accountable to the Municipal Manager (MM)
Mayor	MM
Chairperson of the audit committee or Audit Committee Member	Chairperson of the audit committee or Audit Committee Member
Mayor or Municipal Manager from another municipality	Municipal Manager from another municipality
Ward committee member nominated by Mayor	Portfolio Councillor or Exco Member as nominated by the Mayor
Exco Member as nominated by the Mayor	Governance and Compliance Manager
Governance and Compliance Manager	PMS Facilitator
PMS Facilitator	

The Municipal Manager and s56 Directors are required to prepare and present a Portfolio of Evidence substantiating claims of performance for each and every Performance Indicator for KPA's, Leading Competencies and CMC's. This, together with the audit of the Annual Report will validate /authenticate claims of performance – necessary in order to justify/verify the final consolidated score and any applicable bonus. Bonuses are awarded according to the following sliding scale – achieved by doubling the final total score out of 100 - as adjusted down in 80:20 ratio to reflect out of 100 from 200. This 80:20 adjusted figure out of 100, is then doubled to reflect a figure out of 200- so that it can apply strictly in accordance with the rating scale.

The sliding scale for bonuses applicable to s56 Managers is reflected as follows:

Score / 200	% Bonus for s56 Managers
130 (65%)	5 % of total annual remuneration package
134	6 % of total annual remuneration package
138	7 % of total annual remuneration package
142	8 % of total annual remuneration package
146	9 % of total annual remuneration package
150	10 % of total annual remuneration package
154	11 % of total annual remuneration package
158	12 % of total annual remuneration package
162	13 % of total annual remuneration package
166+ (83% +)	14 % of total annual remuneration package

As per the Performance Regulations, the Municipal Manager and s56 Directors will be able to qualify for performance bonuses according to the following ratings (reflected in the table below):

A score of 130% to 149% is awarded a performance bonus ranging from 5 – 9%, and

A score of 150 and above is awarded a performance bonus ranging from 10% - 14%.

Merit awards applicable to the Municipal Manager and s56 Directors (budget permitting)

Merit awards for the Municipal Manager and s56 Directors' are determined by assessing performance against required targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit award. The merit award is calculated as a percentage of the total annual remuneration package of the employee, as indicated in the table hereunder.

Score / 200	Merit Award for s56 Managers
130 to 141 (65% - 70%)	1% of total annual remuneration package
142 to 149 (71% - 74%)	2% of total annual remuneration package
150 to 161 (75% - 80%)	3% of total annual remuneration package
162 to 165 (81 – 82%)	4% of total annual remuneration package
166+ (83% +)	5% of total annual remuneration package

Performance Bonuses applicable to Middle Managers

Middle Managers are required to prepare and present a Portfolio of Evidence – substantiating claims of performance for each and every Performance Indicator for KPA's at 100 points and Leading Competencies at 100 points but reflected finally as an 80:20 ratio and a final rating out of 100 points taking the weightings into consideration. Bonuses are awarded according to the following sliding scale – achieved by doubling the score out of 100 as calculated by the PMS Facilitator, so as to reflect a total out of 200 – applicable to the rating scale.

In order for Middle Managers to qualify for a performance bonus, the ratings of all panellists are required to be consolidated and changed by the Performance Management into averaged scores (representative of the entire panel) for the KPA's. Leading competencies are evaluated and rated by the incumbent, the immediate supervisor/manager, member of the Audit Committee and the Performance Management Facilitator.

The assessment panel for middle managers is constituted as follows:

ASSESSMENT PANEL FOR MIDDLE MANAGERS
Director (for relevant Directorate)
Manager (Relevant to Division) being reviewed (self-score and motivation /POE).
PMS Facilitator
Member of the Audit Committee

All Middle Managers are required to prepare and present a Portfolio of Evidence – substantiating claims of performance for each and every Performance Indicator for KPA's and Leading Core Management Competencies (CMC's). This, together with the audit of the Annual Report will validate /authenticate claims of performance – necessary in order to justify/verify the final consolidated score and any applicable bonus.

It must be noted that each KPA is individually weighted according to the level of importance and the amount of emphasis that this KPA would carry within this particular Directorate / Department/Division and position. Between positions and Directorates / Departments the weightings may vary/ differ, depending entirely on the responsibilities of the position itself. The only prescription is that , the total number allocated for the weights of the KPA's is 80%. The remainder of the scorecard adds up to 20% and made up of Core Management Competencies (CMC's). there are three (3) compulsory CMC's and one other, that are required to be evaluated in terms of the PMS policy. The consolidated scores reflecting the 100 points per each and 80:20 ratio are determined by the PMS Facilitator out of 100 total points and then doubled out of 200. Bonuses are applicable as per the following sliding scale:

The sliding scale applicable to Middle Managers' is reflected as follows:

Score / 200	% Bonus of Middle Manager's Basic Salary
130-133	10 % Middle Manager's Basic Monthly Salary
134-137	20% Middle Manager's Basic Monthly Salary
138-141	30% Middle Manager's Basic Monthly Salary
142-145	40% Middle Manager's Basic Monthly Salary
146-149	50% Middle Manager's Basic Monthly Salary
150-153	60% Middle Manager's Basic Monthly Salary
154-157	70% Middle Manager's Basic Monthly Salary
158-161	80% Middle Manager's Basic Monthly Salary
162-165	90% Middle Manager's Basic Monthly Salary
166	100% Middle Manager's Basic Monthly Salary

Merit Awards applicable to middle managers (budget permitting)

Merit awards for middle managers may be determined by assessing performance against required targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit increase. The merit increase (budget permitting) is calculated as a percentage of the total annual remuneration package of the employee, as indicated in the table hereunder:

Score / 200	Merit Award for Middle Managers
130 to 141 (65% - 70%)	1% of Basic Monthly Salary package
142 to 149 (71% - 74%)	2% of Basic Monthly Salary package
150 to 161 (75% - 80%)	3% of Basic Monthly Salary package
162 to 165 (81 – 82%)	4% of Basic Monthly Salary package
166+ (83% +)	5% of Basic Monthly Salary package

Merit Awards applicable to all other staff (TASK Level 14 and below)

It is the intention to roll out the award of Performance Bonuses to all other staff providing the required criteria are met. This will be implemented by agreement over time. In accordance with this, all other staff will only be eligible to achieve a merit award providing they qualify to be assessed in this manner and providing they achieve a stipulated rating during the final review that is applicable to the assessment of annual performance and is detailed in the table that follows.

While this is not a legislated requirement it is important to assess performance throughout the organisation and daily. Using the applicable rating scale of 1 to 5 for achievement on targets as specified in terms of a standardized scorecard, the ratings of all parties to the formal evaluation (the incumbent and the direct supervisor/manager) will be averaged and an average rating for each incumbent will be obtained which will translate to an overall rating that ranges from 1 to 5. A Merit Award Bonus will be applicable in terms of the overall rating that correlates with the scale below – budget permitting:

Group 2 Merit Award Bonus Scale

AVERAGE RATING	MERIT AWARD
5	60% of monthly basic package
4	40% of monthly basic package
3	20% of monthly basic package
2	0%
1	0%

Performance Rewards

Although the Annual Cycle runs from 1 July – 30 June annually, the final formal assessment only occurs after the final approval of the Annual Report and the auditing of the Annual Financial Statements. After auditing these represent verified documents – all detail provided within these documents being recognized as being credible (having been assessed); and

In terms of the PMS Policy, a deserving and qualifying employee may receive a performance bonus, providing the terms and conditions of policy are met. Following the outcomes of the ratings and consolidated scores (from the assessment panel) the final score will be considered against the sliding scale relating to performance bonuses.

Management of Poor Performance

Poor performance is required to be managed on-the-job through performance /behavioural assessment and coaching. Performance/behavioural issues will be handled according to the terms /conditions of any fixed term contract of employment and/or in terms of the applicable Disciplinary and Procedure Code.

Final Reporting: Employee Performance

Final reporting in terms of performance assessments of s56 Directors and others takes place through formal record and is contained with the Performance Report that is submitted to Council.

In the case of the Municipal Manager, these results are submitted to the MEC for Eastern Cape Local Government and the National Minister for Local Government. Institutional Performance Management

The following institutional reporting is required in terms of legislative prescriptions and provides the required information that leads to appropriate action:

Assessment Report	Timeframe	Submitted to	Required by
SDBIP's	Quarterly	Exco	MFMA, Circular 13
Budget Statements	Monthly	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
Organizational Scorecard	Quarterly	Exco	PMS Framework
SDBIP Mid-year budget & Performance Assessment	Annually during January each year	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
Performance Report	Annually	Council	S46 of MSA as amended. Incorporated into Annual Report
Annual Report	Annually	Council	Circular 63 and Chapter 12 of the MFMA

Institutional PMS Progress 2022/2023

The following performance reporting targets were appropriately met, in order to meet all aspects of compliance:

- The SDBIP (aligned to the IDP) was developed and tabled to the Mayor 14 days after the budget was approved
- It was submitted timeously to National Treasury and to Provincial Treasury.
- Quarterly SDBIP reports were developed and submitted as required.
- As required the s72, s46 and Annual Report for this period were compiled and submitted as required, and lastly
- During the Audit of the predetermined objectives the municipality received a clean audit from the Auditor General.

Service Provider Reporting

Section 76 b of the MSA states that KPI's should inform the indicators set for every municipal entity and service providers with whom the municipality has entered into a service delivery agreement. Although the Municipality has introduced a performance rating system managed by the Supply Chain Management Unit, the Municipality is also in the process of enhancing the system in order to ensure that it effectively evaluates the performance of the service providers.

The Council and management remain committed to ensuring that all SCM legislation and regulations are complied with in order to ensure that fair and transparent tender processes are followed at all times and to ensure full compliance with the applicable legislation. In support of this, the Municipal SCM Policy has been reviewed and approved by Council as part of the review of all budget related policies.

In order to comply with section 119 of the MFMA all members serving on Bid Specification, Evaluation and Adjudication Committees and all SCM staff are required to attend National Treasury approved training in order to ensure that they meet the prescribed minimum competency levels relating to SCM.

Various other control measures are also being implemented in order to ensure that SCM practices are affected in a fair, equitable and transparent manner. Supply Chain Management continues to be seen as an area of priority for top management.

The new Performance Management Policy makes provision for Service Provider/Vendor performance

assessment and reporting. The manner in which this is required to occur is strictly prescribed. To date, while improvements in reporting have occurred it is clear that additional training in this regard is required. Directorates are required to recognize the importance of this reporting and that it is not just in terms of compliance but to ensure effective service delivery on every level and to prevent wasteful, fruitless and irregular expenditure.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Introduction to Workforce Capacity Development

Senqu Municipality continues to place strong emphasis on the development of a well capacitated workforce. This incorporates all efforts to capacitate all Councillors, management and staff. As reflected within the statistics presented below, Senqu Municipality has demonstrated both in the current and preceding years the extent of its commitment to fulfilling all planned training as reflected within the Workplace Skills Plan (WSP). The WSP itself was informed to a large extent by the results of the skills audit, requirements in terms of the IDP objectives and determining the gaps and the developmental needs of Councillors, management and employees.

The WSP for-2022 - 2023 period and was together with all the supporting document submitted to LGSETA by 26 April 2022. This year 's WSP was designed to close the gaps identified through the Job Evaluation process. Reports on the implementation of the WSP are compiled and submitted to the LGSETA. Notwithstanding the successful development of the WSP and its implementation, one has to acknowledge the very real limitations in respect of financial resources. Accordingly, notwithstanding the fact that training and development takes place, it must be acknowledged that this will never be considered to be sufficient in terms of current need.

The training function is centralized, and all related expenditure is authorized by the Director of Corporate Services.

SKILLS DEVELOPMENT AND TRAINING

Comment on Skills Development Expenditure 2022/2023

The institutional training budget:	1 874 076.00
Actual expenditure	1 288 136.84
Variance:	585 939.16

TRAINING EXPENDITURE PER DEPARTMENT 2022/2023	
Municipal Manager's Department	
Budgeted amount	563 475
Amount spent	444 582 .62
Variance:	118 892.38
All the required training programmes were implemented in the Municipal Manager's office.	
Internal Auditing Section	
Budgeted amount	43 661.00
Amount spent	85 707.65
Variance:	-42 046.65
Corporate Services Department	
Budgeted amount	298 734.00
Amount spent	150 926.86
Variance:	147 807.14
Legislators	
Budgeted amount	8 440.00
Amount spent	6 782.61
Variance:	1 657.39
Planning and Development Department	
Budgeted amount	44 159.00
Amount spent	27 954.00
Variance:	16 205.00
Finance Department	
Budgeted amount	367 151.00
Amount spent	182 100.96
Variance:	185 051.00
Traffic Section	
Budgeted amount	68 580
Amount spent	55 860.20
Variance:	12 719.80

TRAINING EXPENDITURE PER DEPARTMENT 2022/2023	
Community Services Department	
Budgeted amount	273 966.00
Amount spent	227 165.34
Variance	46 800.66
Technical Services Department	
Budgeted amount	205 910.00
Amount spent	107 056.60
Variance	98 853.40

Areas of training priority (as reflected in the IDP) for 2022/2023 are reflected as follows:

Bachelor of Engineering in Civil Engineering
National Diploma in Civil Engineering
National Diploma: Office Administration
Master of Business Administration
National Certificate: Municipal Integrated Development Planning
National Diploma in Human Resources Development
Bachelor of Arts: Social Science
Diploma in Public Relations
Postgraduate Diploma: Social Science
Diploma in Fleet Management
National Diploma: Public Administration
National Certificate: Building
National Certificate in Facilities Management
Bachelor of Engineering Technology in Electrical Engineering
Bachelor of Engineering in Civil Engineering
Further Education and Training Certificate: Community Development: HIV/AIDS
Higher Certificate: Archives and Record Management
Advanced Diploma in Environmental Education
Postgraduate Diploma in Legal Principles Compliance
Postgraduate Diploma in Internal Auditing
National Certificate: Social Housing Property Development
Diploma: Library and Information Science
Advanced Diploma in Business Administration
Bachelor of Arts in Environmental Management
CPMD Programme
National Certificate: Multi- National Safety and Security Operations Management
Advanced Certificate: Education: Agriculture
Occupational Certificate: Library Assistant
Animal Production
Contract Management
Finance for Non-Financial Managers
Excavator Training
ADT Training
Basics of Inventory Operations Training
Advanced Excel
SAMTRAC (Construction Health and Safety)
Branding Management
Public Administration
Councillor Development Programme
Basic Computer Training for Councillors
Supply Chain Management (Application of Prescripts)
Electrical Modules 4-7
Intro to OHS Training
Strategic and Governance Training

Waste Management
Municipal Governance
Electrical Module 0-3
Advanced Project Management
TLB Operator Training
Risk Management
Advanced Employee Assistance Programme
Cemetery Management
Rules and Ethics Training
MPAC Training
Public Procurement & Supply Chain Management
Examiner of Driving Licences e-Natis training and Examiner of Vehicles
Grader Operator
Supervisory Skills
Office Administration
Advanced Facility Management
Operational and Programming of Auto Re-Closer
New Managers Programme
Recruitment and Selection
Truck Driver
Gardening
Solid Waste Management from Waste to Value
Advanced Labour Law
Mechanical Repairs and Maintenance Training
Basic Plumbing Course
Public Management

NC: Ward Committee Governance

7 FMG interns were employed during the 2022/2023 financial year. They are to be found in the departments of: Finance, Internal Audit.

SKILLS MATRIX 2022/2023

Management Level	Gender	Number of Employee in post as at 30 June 2023	Learnerships			Skills Programme and other Short Courses			Other Forms of Training			Total		
			Actual End of Year June 2022	Actual End of June 2023	Year 2022/2023 Target	Actual End of Year June 2022	Actual End of June 2023	Year 2022/2023 Target	Actual End of Year June 2022	Actual End of June 2023	Year 2022/2023 Target	Actual End of Year June 2022	Actual End of June 2023	Year 2022/2023 Target
MM and s56	Female	2	-	-	-	3	2	2	-	-	-	3	2	2
	Male	4	1	1	1	4	3	3	-	-	-	4	3	3
Councillors	Female	12	-	-	-	12	15	15	-	-	-	12	15	15
	Male	16	1	1	1	16	19	19	-	-	-	16	19	19
Senior Managers	Female	10	-	-	-	1	1	1	-	-	-	1	1	1
	Male	13	-	-	-	1	1	1	-	-	-	1	1	1
Technicians	Female	09	-	-	-	2	2	2	-	-	-	2	2	2
	Male	19	-	-	-	2	1	2	-	-	-	2	1	2
Professionals	Female	17	2	2	2	10	8	8	-	-	-	10	8	8
	Male	08	1	1	1	7	6	6	-	-	-	7	6	6
Sub Total	Female	50	2	2	2	28	28	28	-	-	-	28	28	28
	Male	60	3	3	3	30	30	31	-	-	-	30	30	31
Total		110	5	5	5	58	58	59	-	-	-	58	58	59

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

FINANCIAL COMPETENCY DEVELOPMENT REPORT 2022/2023						
Description	A Total number of officials employed by municipality (Regulation 14(4) (a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4) (a) and (c))	Consolidated total A & B	Consolidated Competency Assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated Total Number of Officials whose Performance Agreements Comply with Regulation 16 (Regulation 14(4)(f))	Consolidated Total Number of Officials that meet prescribed competency levels (Regulation 14(4) (e))
Financial Officials						
Accounting Officer	1			1	1	1
Chief Financial Officer	1			1	1	0
Senior Managers	4			4	4	1
Any other Financial Officials	2			2	2	0
SCM Officials	2			2	2	0
Heads of SCM Management Units						
SCM Senior Managers						
Total	10			10	10	2

Note: The National Treasury template focuses on the financial officials and senior managers/directors only. The information that has been populated in the template this financial year reflects reporting as per the treasury template.

Comment on the Financial Competency Regulations

On 15 June 2007, National Treasury published the Municipal Regulations on Minimum Competency Levels in Government (Gazette No. 29976). These Regulations went on to prescribe the higher education qualifications, work related experience and Financial and Supply Chain Management (SCM) competency areas that were required to be met by all officials of South African municipalities/municipal entities who exercise financial management responsibilities.

The Certificate Programme in Municipal Finance Development was required to be obtained by the following officials to whom the competency level prescriptions apply nationally within local authorities:

Accounting Officers – Municipal Managers.

Chief Financial Officer's (CFO's).

Senior Managers – Executive Directors.

Heads of Supply Chain Management (SCM) Units – Directors: SCM.

Managers of Supply Chain Management Units – Assistant Directors: SCM.

SCM Officials; and

Any other financial officials

Staff Training conducted 2022/2023

Quarter 1 14 employees

Quarter 2 41 employees

Quarter 3 19 employees

Quarter 4 28 employees

Councillor training was conducted as follows:

Quarter 1: 00 Councillors

Quarter 2: 00 Councillors

Quarter 3: 01 Councillors

Quarter 4: 09 Councillors

Community Training Initiatives 2022/2023

Despite training initiatives in the past, it must be noted that the targets for 2022/2023 could not be met, and this can be attributed to number of challenges that were experienced during the procurement of training such as the appointment of training providers, tax compliance issues by some providers etc. However, the few programmes that could not be implemented have been included in the 2023/2024 Workplace Skills Plan.

Most provider were not yet ready to provide the required training offsite as result many trainings delayed or could not take place at all. In addition, there was no funding allocation provision made by the LGSETA from the Discretionary Grant had not been approved by LGSETA for the 2022/2023 period and the reliance during the planning of training interventions was placed on their funding provisions.

Training Committee

The Training Committee met regularly (quarterly) to discuss and decide/approve training related issues. As a consultative forum this committee was comprised of the following representatives:

- Skills Development Facilitator
- Portfolio Head of Corporate Services (Chairperson)
- Director Corporate Services
- Manager: Human Resource, Labour Relations & Legal Services
- IDP Manager
- Manager: Community Services
- Manager: PMU
- HR Officer
- Electrician
- Manager: Revenue
- Manager: Roads
- Manager: Governance & Compliance
- Manager: DTPS
- Manager: Admin and Buildings
- Manager: Waste
- Manager: IGR
- SAMWU Representative (90%)
- IMATU Representation (10%)
- Personal Assistant in Community Service
- Manager: Communications and Political Affairs
- SPU Officer
- Internal Auditor
- IT Manager
- Labour Relations Officer

As required, the Workplace Skills Plan was compiled for the 2022/2023 financial year. This was adopted by Council (after having been signed off by Union).

As required all training that took place, were implemented in terms of the WSP.

SKILLS DEVELOPMENT EXPENDITURE (2022/2023)											
MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL		
			ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	
		NO.									
Director: Corporate services	Female	1	-	-	14 000.00	-	-	-	-	14 000.00	
Corporate services Manager	Male	0	-	-	-	-	-	-	-	-	
	Female	2	-	-	14 000.00	-	-	-	-	14 000.00	
Corporate services Professionals	Female	6	-	-	35 096.00	-	-	-	-	35 096.00	
	Males	1	-	-	54 600.00	-	-	-	-	54 600.00	
Corporate Services clerks	Male	2	-	-	-	-	-	-	-	-	
	Female	5	-	-	68 700.00	-	-	-	-	68 700.00	
Corporate services elementary workers/general workers	Males	2	-	-	12 750.00	-	-	-	-	12 750.00	
	Female	10	-	-	13 760.08	-	-	-	-	13 760.08	
Remaining was for unemployed	Males	0	-	-	-	-	-	-	-	-	
	Female	1	-	-	-	-	-	-	-	-	
Director Technical Services	Male	1	-	-	14 000.00	-	-	-	-	14 000.00	

SKILLS DEVELOPMENT EXPENDITURE (2022/2023)

MANAGEMENT LEVEL	GENDER NO.		EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR		LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
			ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	
Technical Services technicians	Male	2	-	-	-	-	39 912.50	-	-	-	-	39 912.50
	Female	2	-	-	-	-	10 599.00	-	-	-	10 599.00	
Technical Services clerks	Males	0	-	-	-	-	14 610.00	-	-	-	-	14 610.00
	Female	2	-	-	-	-	-	-	-	-	-	
Technical services machine operators and drivers	Males	12	-	-	-	-	109 280.14	-	-	-	-	109 280.14
	Female	0	-	-	-	-	-	-	-	-	-	
Director Development and Planning	Male	1	-	-	-	-	14 000.00	-	-	-	-	14 000.00
IPME Managers	Males	1	-	-	-	-	14 000.00	-	-	-	-	14 000.00
	Female	2	-	-	-	-	-	-	-	-	-	
IPME Professionals	Males	5	-	-	-	-	49 325.00	-	-	-	-	49 325.00
	Female	1	-	-	-	-	-	-	-	-	-	
IPME clerks	Males	0	-	-	-	-	-	-	-	-	-	-
	Female	2	-	-	-	-	-	-	-	-	-	-

SKILLS DEVELOPMENT EXPENDITURE (2021/2022)											
MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL		
			ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	
Director Community Services	Males	0	-	-	-	-	-	-	-	-	
	Female	1	-	-	14 000.00	-	-	-	14 000.00	-	
Community Services Manager	Female	1	-	-	3 220.00	-	-	-	3 220.00	-	
	Male	1	-	-	-	-	-	-	-	-	
Community Services Professionals	Male	5	-	-	-	-	25 391.00	-	-	25 391.00	
	Female	4	-	-	-	-	25 391.00	-	-	25 391.00	
Community Services Clerks	Male	1	-	-	-	-	-	-	-	-	
	Female	3	-	-	-	-	-	-	-	-	
Community Services Elementary Workers	Female	17	-	-	-	-	-	-	-	-	
	Male	28	-	-	-	-	150 993.08	-	-	150 993.08	

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Senqu Municipality is required to manage all resources in the most effective manner, and this includes the financial management thereof (i.e. workforce expenditure). In an effort to institute and maintain effective controls (thereby minimizing opportunities to overspend), strict adherence to policy and procedure is required. To this end, no appointments may be made without the appropriate approval and ensuring that the budget is allocated correctly.

Accordingly:

- Budgets are strictly controlled and over and/or under expenditure is reported on regularly (via monthly reporting);
- Staff appointments are made strictly in accordance with the relevant legislation and/or policy agreements; and
- Staffing issues rely on forward planning and ensuring that the correct appointments to the relevant post are made.

EMPLOYEE EXPENDITURE

Trends on total personnel expenditure (2022 - 2023)

FINANCIAL YEARS	TOTAL APPROVED OPERATING BUDGET	PERSONNEL EXPENDITURE (SALARY AND SALARY RELATED)	PERCENTAGE OF EXPENDITURE
2020 - 2021	244 806 062	99 890 943	40.08%
2021-2022	318 903 523	123 961 044	38.87%

• Comment on Workforce Expenditure

The 2021/2022 period was characterized by an increase in personnel expenditure when compared with the previous period (2020/2021) i.e., 41.88% to 40.08%.

Disclosures of Financial Interest (Refer Appendix J)

Reference is made to Appendix J which details all information as required.



CHAPTER 5

FINANCIAL PERFORMANCE

Chapter 5: FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL PERFORMANCE

As the global economic uncertainty and rising costs places inflationary pressure on the municipality, due care is exercised in order to ensure that effective financial management is maintained. In this regard, every effort is made to ensure that systems and procedures are in place to ensure that there are sound fiscal controls and an environment that promotes effective financial management and minimizes fruitless and wasteful expenditure. In addition, the municipality takes appropriate steps to ensure that operations are properly controlled – thereby maintaining efficient and effective service delivery to our consumers.

The 2022/2023 financial year has been quite successful for Senqu Municipality in so far as financial management and proven financial sustainability is concerned, as has been the case in the previous years. The municipality's 2021/22 Approved Budget is funded with sufficiently cash-backed reserves, provisions and all liabilities including the long-term. The municipality was able to achieve an operating surplus of R36.4 million which decreased from R64.1 million in the 2021/22 financial year, as a result of accelerated operating expenditure. In addition, the municipality has over the years consistently maintained a favorable financial position through funded reserves which is kept in investment deposits to the tune of R497 million as at the end of 2022/23 financial year.

Subsequent to the delayed 2021/22 audit which was due to a dispute matter, its ultimate finalization in August 2023 saw the municipality regressing to an unqualified audit opinion with material non-compliance findings for the 2021/22 financial year. This audit opinion regression came after eight years in succession of clean audit opinions. The municipality, through various efforts in strengthening of controls and implementation of improvement plans, received once again an unqualified audit opinion with no findings for the 2022/23 financial year which makes it the ninth clean audit opinion in the last ten years.

All aspects relating to mSCOA preparation are being incorporated within Senqu Municipality and its operating systems – ensuring that the financial and support systems integrate with mSCOA requirements and performance reporting. With the introduction of GRAP, information has become more readily available and this allows information to be presented correctly in most instances. That being said, difficulties are experienced in respect of information required for property, plant and equipment, inventory, external valuations of employee benefits and tip site provisions. Regular reporting and reporting of compliant and useful information is required from each directorate and should be regarded as mandatory – which it is. This information is critical for all other reporting and should be readily available at all times.

While specific detail on all aspects of finance are provided within the schedules attached, a simple set of standard practices are required in order to ensure that required information is provided in a useful manner.

STANDARD PRACTICES TO FACILITATE ACCURATE INFORMATION PROVISION

- It is required that there is compliance regarding all reporting and in particular regarding the predetermined objectives - ensuring that they are written in accordance with the SMART principles.
- Issues identified in terms of the Audit Action Plan are required to be addressed and appropriate “follow ups” conducted.
- The Internal Audit and Audit Committee are required to work together in order to review the Strategic

and Annual Performance Plans – ensuring that these are correctly addressed, and that appropriate and valuable reporting occurs.

- The quality of quarterly and monthly reports is to be assessed and suitable and timeous action taken to rectify issues identified (financial, pre-determined targets or otherwise). Oversight from managers and the Internal Audit/Audit Committee is required; and
- Zero tolerance will be implemented in respect of unauthorised, irregular, fruitless and/or wasteful expenditure and in respect of the potential qualification, due to the failure to detail and report on predetermined objectives and National Treasury views on non-priority spending.

FINANCIAL INDICATORS

The following dashboard information and tables indicate the municipality’s performance in terms of National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

As an overall assessment, the following indicators are highlighted:

FINANCIAL INDICATORS	2021/2022	2022/2023
Capital charges to Operating Expenditure	12%	12%
Liquidity: times	8.5	7.7
Repairs and maintenance	3%	2%
Creditors Payment Period	6 days	14 days
IDP REGULATION FINANCIAL VIABILITY FIGURES		
Debt Coverage	115.5 times	133.6 times
Outstanding Service Debtors	129.2%	153.6%
Cost Coverage	19 months	19 months

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Financial Performance are reflected in the tables that follow.

Note: Reference is made to Appendix K in which “Statements of Revenue Collection Performance by Vote and by Source” are included.

This component provides an overview of financial performance of the municipality and focuses on its financial health.

Statements of Financial Performance – 2022/2023 in comparison with previous financial year 2021/2022 Actuals

SENQU LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023			
		2023	2022
		R	R
	Notes	(Actual)	(Actual)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Taxation Revenue		17 330 716	15 497 080
Property Rates	20	17 330 716	15 497 080
Transfer Revenue		223 217 310	204 133 510
Transfers and Subsidies – Capital	21	34 365 765	24 571 877
Transfers and Subsidies – Operating	21	188 851 545	179 561 633
Other Revenue		8 270 612	4 297 636
Actuarial Gains	17	4 671 529	11 296
Fines Penalties and Forfeits	22	915 394	2 084 302
Insurance Receipts		-	-
Interest Earned - Penalty Interest on Property Rates	26	1 720 263	1 201 133
Gain on Fair Value Adjustments of Investment Property	8	963 425	820 500
Gain on Disposal of Capitalised Restoration Cost (PPE)	18	-	180 405
REVENUE FROM EXCHANGE TRANSACTIONS			
Operating Activities			
Service Charges	23	53 643 060	57 104 457
Rental from Fixed Assets	24	1 475 736	1 482 076
Interest Earned - external investments	25	32 208 528	17 805 824
Interest Earned - outstanding debtors	26	4 751 626	3 075 152
Licences and Permits	27	1 300 733	1 255 686

Agency Services	28	1 204 135	1 200 192
Sales of Goods and Rendering of Services	29	110 377	161 519
Operational Revenue	30	549 287	551 051
TOTAL REVENUE		344 062 120	306 564 182

Statements of Financial Performance – 2022/2023 in comparison with previous financial year 2021/2022 Actuals (Continues from the previous page)

SENQU LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023			
		2023	2022
		R	R
Notes		(Actual)	(Restated)
EXPENDITURE			
Employee related costs	31	124 615 650	112 975 676
Remuneration of Councillors	32	12 975 962	12 761 110
Debt Impairment	33	16 641 103	12 678 672
Depreciation and Amortisation	34	16 992 088	17 181 028
Impairment Loss	35	314 017	-
Actuarial Losses	17	-	346 880
Finance Charges	36	5 397 454	4 365 877
Bulk Purchases	37	45 498 755	44 034 167
Contracted services	38	31 251 097	30 337 821
Transfers and Subsidies	39	42 055	42 055
Operating Leases	40	550 203	447 001
Operational Cost	41	40 917 381	33 937 217
Loss on Disposal of Assets	42	833 099	389 165
Inventory Loss		3 142	783
TOTAL EXPENDITURE		296 032 005	269 497 452
NET SURPLUS FOR THE YEAR		48 030 115	37 066 730

During the financial year 2022/2023 Senqu Municipality achieved an operating surplus of R 48 030 115 as compared to R 37 066 730 in the prior year. Actual results as compared with planned budget outcomes can be observed in the table that follows with explanations provided for material variances.

Statements of Financial Performance: Budget Comparisons Operating Revenue

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET				
	2023	2023	2023	
	R	R	R	
	(Actual)	(Final Budget)	(Variance)	
REVENUE BY SOURCE				
Property rates	17 330 716	16 190 081	1 140 635	7%
Service charges	53 643 060	61 579 954	(7 936 894)	-13%
Rental of facilities and equipment	1 475 736	1 813 681	(337 945)	-19%
Interest earned - external investments	32 208 528	22 599 080	9 609 448	43%
Interest earned - outstanding debtors	6 471 889	6 071 378	400 511	7%
Fines, penalties and forfeits	915 394	70 368	845 026	1201%
Licences and permits	1 300 733	1 351 293	(50 560)	-4%
Agency services	1 204 135	1 513 323	(309 188)	-20%
Transfers and Subsidies - Operating	188 851 545	191 732 022	(2 880 477)	-2%
Other revenue	6 294 619	863 632	5 430 987	629%
TOTAL OPERATING REVENUE	309 696 355	303 784 812	5 911 543	
EXPENDITURE BY TYPE				
Employee related costs	124 615 650	123 628 858	986 791	1%
Remuneration of councillors	12 975 962	16 196 263	(3 220 301)	-20%
Debt impairment	16 641 103	14 194 619	2 446 484	17%
Depreciation & asset impairment	17 306 105	18 112 769	(806 664)	-4%
Finance charges	5 397 454	3 450 678	1 946 776	56%
Bulk purchases	45 498 755	51 842 521	(6 343 766)	-12%
Inventory consumed	-	20 948 374	(20 948 374)	-100%
Contracted services	31 251 097	47 171 308	(15 920 211)	-34%
Transfers and subsidies	42 055	42 055	-	0%
Other expenditure	41 467 584	41 372 373	95 211	0%
Losses	836 241	2 200 000	(1 363 759)	100%
TOTAL OPERATING EXPENDITURE	296 032 005	339 159 818	(43 127 813)	

NOTE: Operating Revenue earned at end of the financial year shows a positive variance of R5 911 543 as compared to the final budget. This can be attributed to the higher Interest on investment that was

realised due to a significantly high interest rates as compared to the initial estimates, as well as the other revenues which exceeded the budget.

Note:The operating expenditure came in at a variance of R43 127 813 due to under-expenditure. This may be directly attributable to a Cost Containment Strategy that was implemented which reduced expenditure across the categories of expenses as well as the under-expenditure of the budget of Bulk Purchases due to significant loadshedding experienced during the financial year.

Expenditure Authorised in Terms of Section 32 of the MFMA

- Unauthorised Expenditure

During the 2022-2023 financial year, no unauthorised expenditure was incurred by Senqu Local Municipality.

Budget comparison by vote - unauthorised expenditure current year – operating

Unauthorised expenditure – Operating	2023	2023	2023
	(Actual)	(Final Budget)	(Unauthorised)
	R	R	R
Executive & Council	34 243 866	37 227 445	-
Planning & Development	21 238 611	23 438 456	-
Corporate Services	36 707 277	43 814 342	-
Budget & Treasury	41 044 833	49 495 202	-
Road Transport	30 999 496	36 462 988	-
Waste Water Management	7 353 654	7 479 195	-
Community & Social Services	19 143 989	19 411 185	-
Sport & Recreation	1 462 430	1 717 476	-
Public Safety	207 424	1 196 338	-
Electricity	66 635 848	78 573 099	-
Waste Management	36 994 577	40 344 092	-
Total	296 032 005	339 159 818	

Budget comparison by vote - unauthorised expenditure current year (capital)

Unauthorised expenditure – Capital	2023	2023	2023
	(Actual)	(Final Budget)	(Unauthorised)
	R	R	R
Executive & Council	775 813	1 600 000	-
Corporate Services	1 033 879	9 833 309	-
Budget & Treasury	1 307 331	1 575 000	-
Road Transport	10 649 082	24 427 838	-
Waste Water Management	770 989	3 640 000	-
Community & Social Services	9 031 589	16 536 998	-
Sport & Recreation	310 448	357 016	-

Public Safety	196 605	1 070 000	-
Electricity	130 321	2 257 284	
Waste Management	11 373 329	16 379 767	-
Total	35 579 388	77 677 212	

Expenditure Authorised in Terms of Section 32 of the MFMA Fruitless & Wasteful Expenditure

Fruitless and Wasteful expenditure for the financial year (2022/2023) amounted to R 2 023 681 and R 160 553 was incurred during the previous financial years. An increase was therefore noted between the previous financial year as compared with the current year.

INCIDENT	DISCIPLINARY STEPS/ CRIMINAL PROCEEDINGS	2023	2022
Penalties paid – Dept. Transport	Investigation completed	23 665	25 648
Interest paid to SARS	Not yet started	15 420	-
Interest paid to SALA Pension Fund	Not yet started	24 042	-
Advance payment to contractor	Not yet started	1 800 000	-
TOTAL		1 863 127	25 648

Irregular Expenditure

Irregular expenditure increased from R 38 239 511 to R 59 550 856 during the 2022/2023 financial year. The amount of R 21 311 345 for 2022/23 and R7 528 016 for 2021/22 identified as Deviations from Supply Chain Regulations and Policies relates to procurement that did not follow the supply chain prescripts but was detected via the municipal internal control system.

GRANTS

IRREGULAR EXPENDITURE CONSISTS OUT OF THE FOLLOWING	2023	2022
Deviations from Supply Chain Regulations and Policies - Disciplinary processes have not been initiated.	21 311 345	7 528 016
Total	21 311 345	7 528 016

APPENDIX E DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2023							
	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	FUNDS RE-TURNED TO NT	CLOSING BALANCE
	R	R	R	R	R	R	R
NATIONAL GOVERNMENT							
Equitable Share	-	177 125 000	-	177 125 000	-	-	-
Municipal Finance Management Grant	-	1 650 000	-	1 650 000	-	-	-
Municipal Infrastructure Grant	8 283 405	37 385 000	-	6 351 741	34 365 765	-	4 950 899
NDPG (Neighborhood Development Partnership Grant)	2 010 056	-	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 658 000	-	1 658 000	-	-	-
Total	10 293 461	217 818 000	-	186 784 741	34 365 765	-	6 960 955
PROVINCIAL GOVERNMENT							
Prov Gov - Housing (Hillside)	232 651	-	-	-	-	-	232 652
Herschel People's Housing	11 950 704	-	771 874	-	-	-	12 722 578
Libraries	-	1 500 000	-	1 500 000	-	-	-
EPWP (Expanded Public Works Program)	566 804	-	-	566 804	-	-	-
Greenest Municipality	458 545	300 000	-	-	-	-	758 545
Municipal Disaster Relief Grant	13 208 704	8 200 000	771 874	2 066 804	-	-	20 113 776
Total	23 502 167	226 018 000	771 874	188 851 545	34 365 765	-	27 074 731
ALL SPHERES GOVERNMENT							

Comments regarding Grant Funding

It is noted that the municipality forfeited R6.25 million of the MIG funding allocation to National Treasury due to low spending by December 2022.

ASSET MANAGEMENT

Introduction to Asset Management

The Municipal Finance Management Act No. 56 of 2003 clearly states in Section 62[1][a] 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 resources of the municipality are used effectively efficiently and economically.

It is acknowledged that an Accounting Officer of a municipality is responsible for the management safeguarding and maintenance of assets and liabilities and must for this purpose take all reasonable steps to ensure that the municipality has and implements the following:

Maintains a management accounting and information system that accounts for the assets and liabilities of the municipality;

Ensures that assets and liabilities are valued in accordance with the standards of Generally Recognised Accounting Practice; and

Maintains a system of internal control of assets and liabilities including an Asset and Liabilities Register.

Roles & Responsibilities

• Role of the Municipal Manager

As the Accounting Officer of the municipality, the Municipal Manager is regarded as the principal custodian of the entire municipality's fixed assets. Accordingly, the Municipal Manager is responsible for ensuring that the Fixed Asset Management Policy is scrupulously applied and adhered to. The Municipal Manager may in terms of section 79 of the Municipal Finance Management Act No 56 of 2003 delegate this responsibility.

Role of the Senior Managers

• Chief Financial Officer

The Chief Financial Officer shall control the Fixed Asset Register of the municipality and is required to ensure that a complete accurate and up-to-date computerized fixed asset register is maintained. No amendments, deletions, additions or transfers between departments to the Fixed Asset Register shall be made other than by the Chief Financial Officer or by an official acting under the written instruction of the Chief Financial Officer.

The Chief Financial Officer shall:

- Ensure implementation of the Asset Management and Insurance Policy;
- Ensure the verification of all assets in possession of council annually as at 30 June each year within the last three months of that specific financial year;
- Keep a complete and balanced record (assets register) of all assets in possession of the council; and

- Report in writing on all asset losses to the council.
- **Other Senior Managers**

The responsibility for the physical control of assets rests with the relevant Head of Department to whom the responsibility was delegated in terms of section 79 of the Municipal Finance Management Act No 56 of 2003;

Each Head of Department shall ensure that assets entrusted to him / her are adequately maintained properly used and insured and ensure that section 78 of the Municipal Finance Management Act no 56 of 2003 is adhered to;

The Chief Financial Officer must approve any transfer of assets between departments after arrangements between the relevant heads of departments are made.

Upon the resignation / retirement of an employee the applicable Head of Department must inform the Chief Financial Officer and Corporate Service Department in writing that the inventory and asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary, the applicable Head of Department must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant Head of Department.

Although capacity within the municipality's asset management section is limited due to the size of the municipality, capacitation programmes have been identified and increased internal control over assets is observed. This clearly shows the commitment from management to ensure that capacity is improved.

Additions during the financial year for capital assets amounted to **R35 317 128** which include the following categories of assets as reflected in the following table. Note: This does not include intangible assets (not included in the table below).

Capital Assets 2022/2023

30 June 2023	Additions
	R
Land and Buildings	7 539 937
Buildings	7 539 937
Infrastructure	19 914 423
Roads	8 558 015
Stormwater	-
Solid Waste	11 226 086
Electricity	130 321
Community Assets	5 323 029
Sport Field	310 448
Node Development	-
Parks & Gardens	-
Cemetery	4 815 976
Other	196 605
Other Assets	2 539 739
Plant & Equipment	147 243
Motor Vehicles	646 492
Office Equipment	111 592
Furniture & Fittings	180 146
Computer Equipment	1 454 265
Total	35 317 128

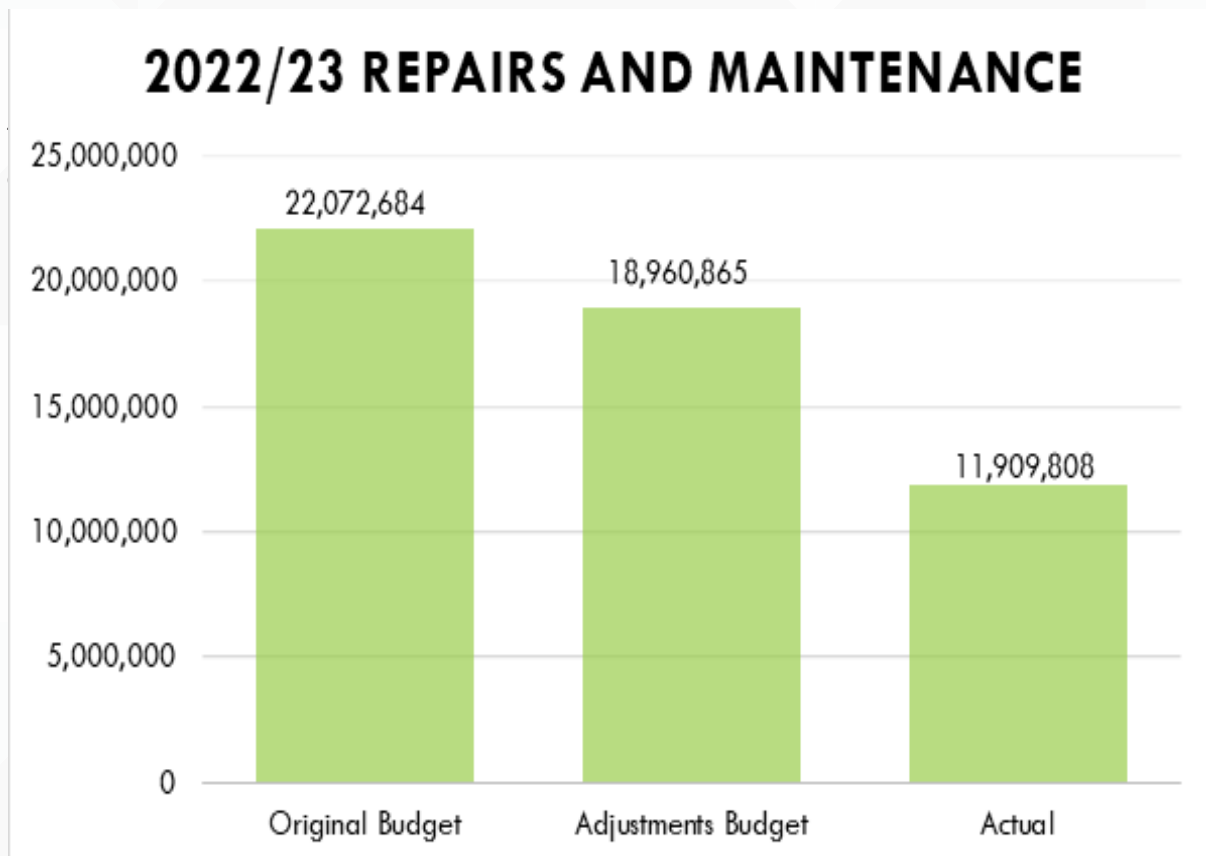
Table: Schedule A9 Asset Management Summary Sheet

	2021/22		Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework			Budget Year +2 2025/26
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	'000	'000	'000	'000	'000	'000	'000	'000
ASSET REGISTER SUMMARY - PPE (WDV)	5							
Infrastructure - Road transport	116 123	134 158	124 176	124 176	136 036	159 028	197 929	
Infrastructure - Electricity	25 033	26 431	25 820	25 820	26 154	29 887	35 458	
Infrastructure - Other	99 870	129 658	118 804	118 804	127 864	139 081	161 366	
Infrastructure	241 027	290 247	268 800	268 800	290 054	327 997	394 753	
Community	56 659	90 370	72 095	72 095	80 493	88 585	86 566	
Investment properties	46 309	45 488	46 309	46 309	46 309	46 309	46 309	
Other assets	113 756	114 938	119 370	119 370	128 810	142 760	141 668	
Intangibles	128	64	66	66	2 072	2 405	2 336	
Computer Equipment	1 517	1 808	2 117	2 117	2 689	3 127	2 817	
Furniture and Office Equipment	1 064	3 097	1 561	1 561	1 597	1 220	788	
Machinery and Equipment	16 351	15 393	19 971	19 971	34 329	39 906	43 261	
Transport Assets	5 350	7 325	10 550	10 550	16 534	20 855	22 383	
Land	29 776	29 776	29 779	29 779	29 779	29 779	29 776	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	511 937	598 506	570 615	570 615	632 664	702 940	770 655	

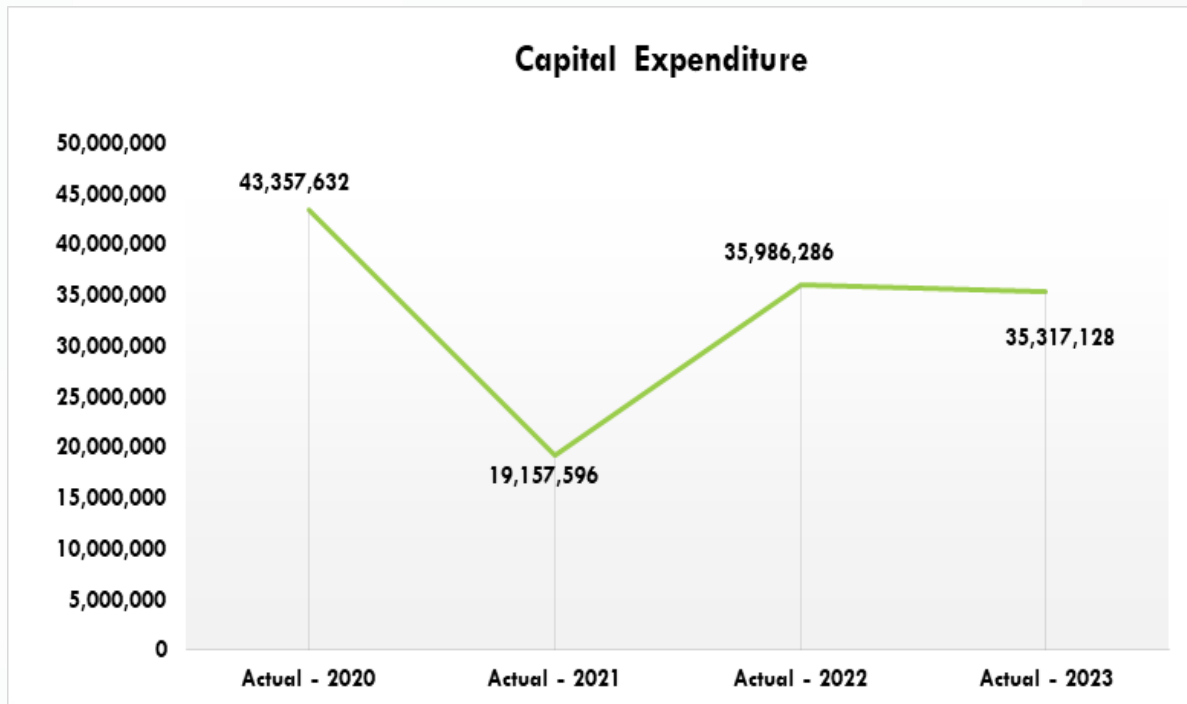
Repairs & Maintenance (2022/2023)

Repairs and Maintenance Expenditure Year June 2023				
R'000				
Repairs and Maintenance Expenditure	Original Budget	Adjustment Budget	Actual	Budget variance %
Totals	22 073	18 961	11 909	37.2%

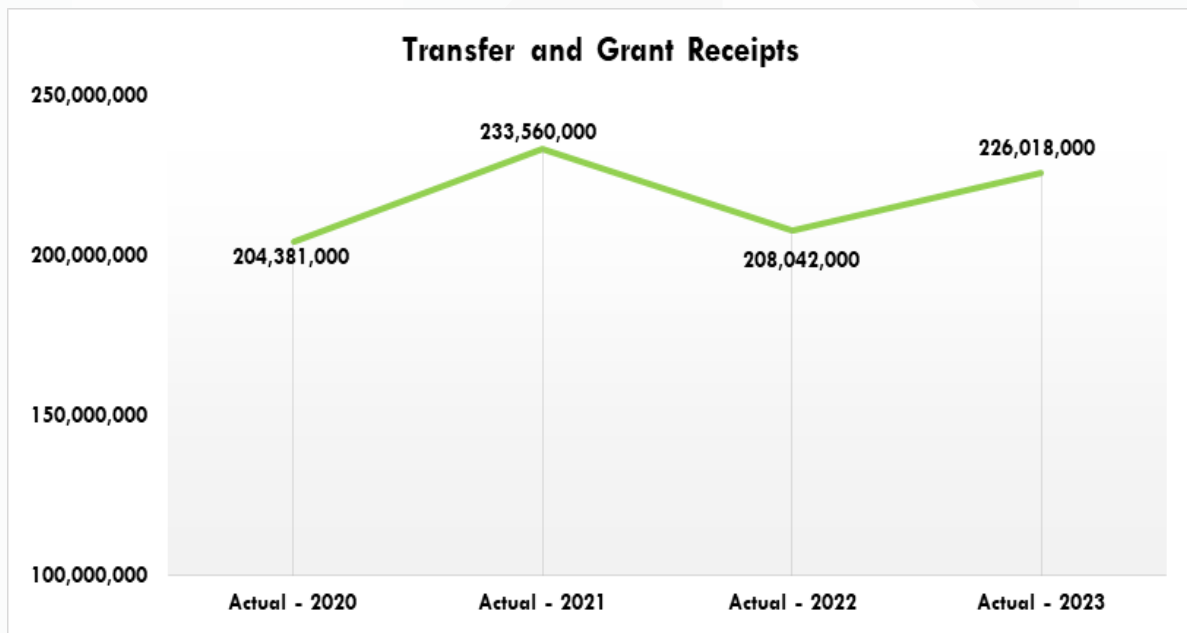
Comments on Repairs and Maintenance:



FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

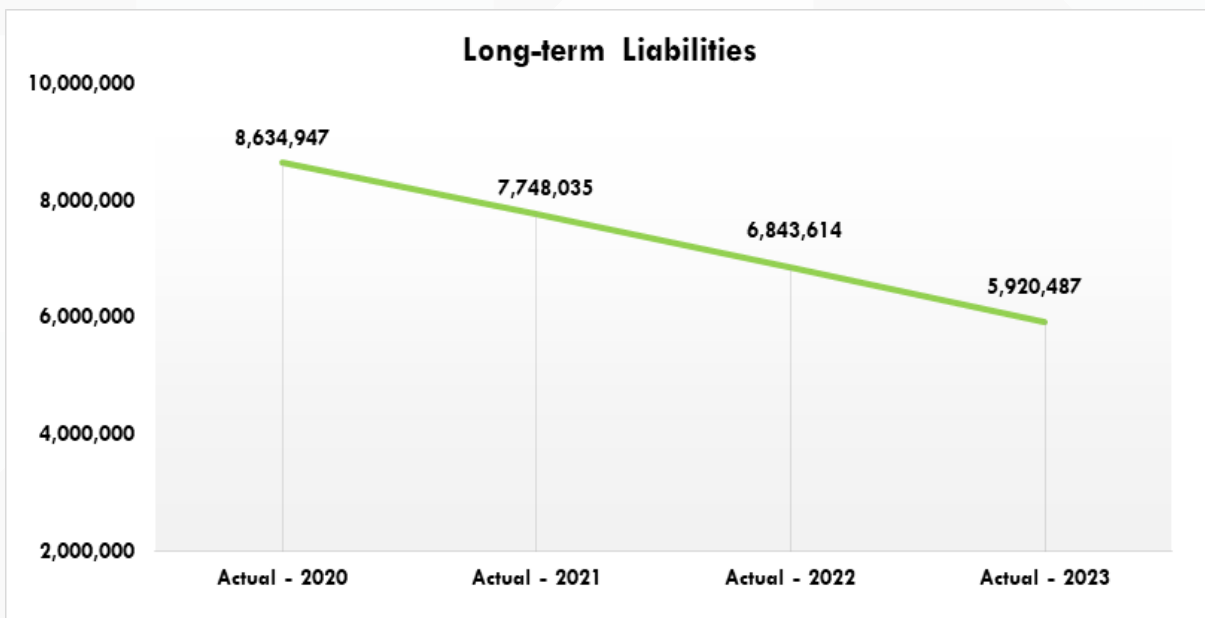
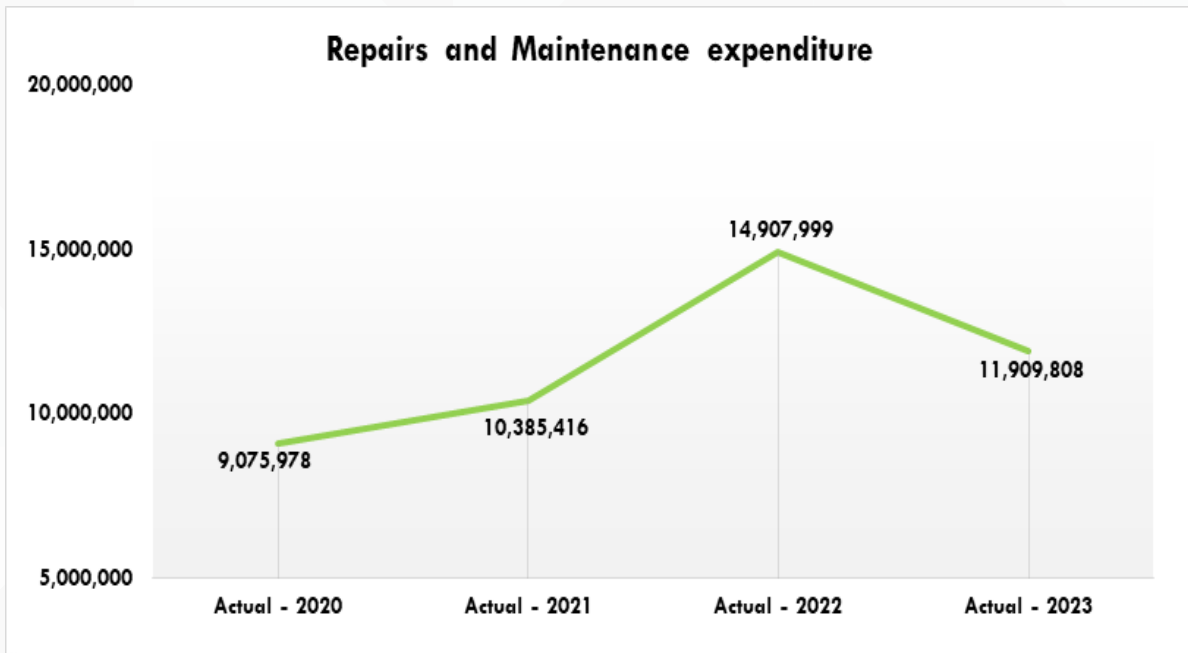


The Graph above shows the movement of Capital Expenditure from the financial year 2019-2020 to the financial year 2022-2023.



The Graph above shows the estimated increase of total grant receipts for Senqu Municipality from the financial year 2019-2020 to the financial year 2022-2023.

The Graph below show the movement of expenditure for repairs and maintenance from the financial year 2021-2022 to the financial year 2022-2023.



Long term liabilities are expected to decrease within the future financial period as initial loans are redeemed and no additional loans are expected to be undertaken.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

In this regard it must be noted that:

Capital expenditure relates mainly to construction projects that will have lasting value over many years;
and

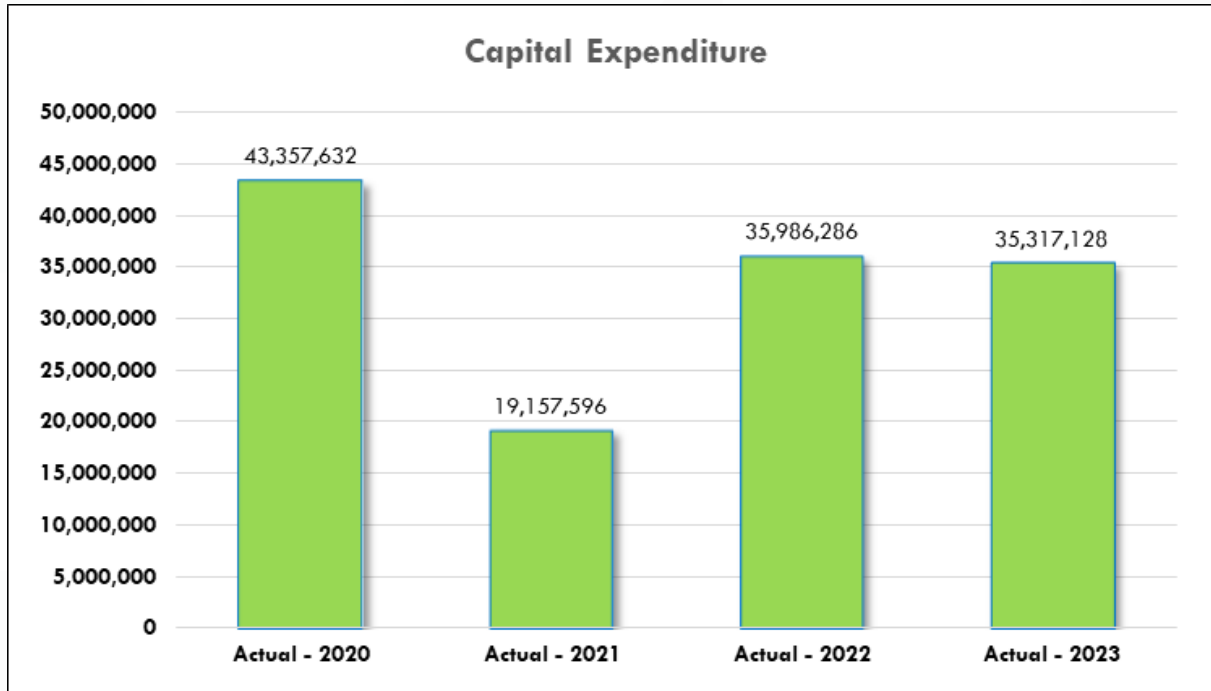
Capital expenditure is funded from grants and the municipality's Capital Replacement Reserve

Table: Senqu Municipality's Capital Acquisition Programme

Description	2021/22		Current Year 2022/23			2022/23 Medium Term Revenue & Expenditure Framework		
	Actual 2021/22 '000	Original Budget '000	Adjusted Budget '000	Full Year Forecast '000	Budget Year 2023/24 '000	Budget Year +1 2024/25 '000	Budget Year +2 2025/26 '000	
CAPITAL EXPENDITURE								
Roads Infrastructure	3 267	17 108	12 857	12 857	20 665	32 009	48 152	
Storm water Infrastructure	2 160	5 640	3 640	3 640	7 200	10 600	5 000	
Electrical Infrastructure	1 173	1 880	2 197	2 197	1 800	5 259	7 157	
Solid Waste Infrastructure	16 473	17 340	15 917	15 917	5 400	4 160	20 843	
Infrastructure	23 073	41 968	34 611	34 611	35 065	52 027	81 151	
Community Facilities	6 070	16 037	29 974	29 974	10 820	4 300	600	
Sport and Recreation Facilities	-	2 500	357	357	-	6 310	-	
Community Assets	-	18 537	30 331	30 331	10 820	10 610	600	
Operational Buildings	1 652	7 778	4 594	4 594	10 450	15 000	-	
Other Assets	-	7 778	4 594	4 594	10 450	15 000	-	
Licences and Rights	-	-	-	-	2 070	400	-	
Intangible Assets	-	-	-	-	2 070	400	-	
Computer Equipment	316	1 000	1 300	1 300	1 300	1 195	478	
Furniture and Office Equipment	290	860	910	910	466	69	33	
Machinery and Equipment	4 076	1 552	5 498	5 498	16 311	7 608	5 467	
Transport Assets	-	1 600	5 600	5 600	6 400	4 753	1 977	
TOTAL CAPITAL EXPENDITURE - Asset class	35 477	73 295	82 844	82 844	82 881	91 663	89 705	

CAPITAL EXPENDITURE

The following graph indicates the Capital Expenditure from the financial year 2019-2020 to the financial year 2022-2023.



Total Capital Expenditure 2022/2023

SOURCES OF FINANCE

The table below shows the sources of finances to be used for Capital Acquisitions for Senqu Municipality excluding VAT. It must be noted that the municipality mainly uses the MIG Grant Funding and its Capital Replacement Reserves to fund capital acquisitions:

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2023	BUDGET ADJUSTMENTS 2023	FINAL BUDGET 2023	ACTUAL OUTCOME 2023	BUDGET VARIANCE 2023	RESTATED OUTCOME 2022
	R	R	R	R	R	R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	37 947 826	117 319	38 065 145	29 883 274	(8 181 871)	24 571 877
Provincial Government	-	-	-	-	-	-
Transfers recognised - capital	37 947 826	117 319	38 065 145	29 883 274	(8 181 871)	24 571 877
Internally generated funds	35 347 374	4 264 692	39 612 066	5 696 114	(33 915 953)	11 414 409
Total Capital Funding	73 295 200	4 382 011	77 677 211	35 579 388	(42 097 824)	35 986 286

CAPITAL SPENDING ON PROJECTS

The following table details the infrastructure assets and related progress through expenditure on these assets during the financial year 2022 /2023.

INFRASTRUCTURE ASSETS 2022/2023	EXPENDITURE
	R
Herschel - Solid Landfill Site	1 667 798
Rossouw - Solid Landfill Site	5 542 916
Lady Grey Solid Waste Site	4 015 372
Renew of Transwilger Bridge Ward 14	1 333 932
New Rest Paving Ward 8	3 003 065
Lining fencing and upgrading of primary storm water channel through Khwezi Naledi - and upgrade of two motor bridges	770 989
Interlock Paved Street in Kwezi Naledi - Ward 14	3 450 029
Pre-Paid Electricity Meters	130 321
Renovation town hall Barkly East	3 021 689
Installation of Electrical Fencing at Mayoral House and Fleet Yard	462 268
Driving License and Testing Centre Sterkspruit	2 862 056
Herschel Community Hall - Ward 13	1 193 924
Barkly East Cemetery	4 815 976
Blue-Gums Sportsfield	310 448
Barkly East & Lady Grey Boundary Fence	196 605
TOTAL	32 777 389

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Having displayed excellent financial management and investment practices it must be noted that the municipality is currently experiencing an extremely favourable cash flow and finds itself in a position to meet its long- and short-term commitments in a timely manner. It must be noted that the Council of the municipality is regarded as the trustee of the public revenue that it collects and it therefore has an obligation to the community to ensure that the municipality's cash resources are effectively and efficiently managed. Under these circumstances the Council has a responsibility to invest these public revenues knowledgeably and judiciously and must be able to account fully to the community in respect of these investments. The overall responsibility of investments lies with the Municipal Manager. However, it must be noted that the day-to-day handling of investments remains the responsibility of the Chief Financial Officer or his delegates.

As part of the Cash Management Programme, the Chief Financial Officer prepares an annual estimate of the municipality's cash flow divided into calendar months and updates these estimates on a monthly

basis. These estimates shall indicate when and for what periods and amounts surplus revenues may be invested; when and for what amounts investments will have to be liquidated and when (if applicable) either long-term or short-term debt must be incurred.

CASH FLOW

The table that follows will detail comparisons regarding Senqu Municipality' cash flow for 2022/2023 financial year:

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2023	2023	2023	
	R	R	R	
	(Actual)	(Final Budget)	(Variance)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	13 342 325	12 006 991	1 335 334	10%
Service charges	48 290 229	45 669 317	2 620 912	5%
Other revenue	5 605 946	9 646 384	(4 040 438)	-72%
Government – operating	184 102 250	189 064 739	(4 962 489)	-3%
Government – capital	41 915 750	30 883 261	11 032 489	26%
Interest	32 980 402	22 599 080	10 381 322	31%
Payments				
Suppliers and Employees	(249 334 198)	(289 218 259)	39 884 061	-12%
Finance charges	(610 062)	(3 450 678)	2 840 616	-466%
Transfers and Grants	(42 055)	(42 055)	-	-100%
NET CASH FROM OPERATING ACTIVITIES	76 250 588	17 158 779	59 091 808	

CASH FLOW Cont. from previous page

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2023	2023	2023	
	R	R	R	
	(Actual)	(Final Budget)	(Variance)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	0%
Payments				
Capital assets	(35 579 389)	(77 677 212)	42 097 823	-118%
NET CASH USED IN INVESTING ACTIVITIES	(35 579 389)	(77 677 212)	42 097 823	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Increase in consumer deposits	64 090	194 680	(130 590)	-204%
Payments				
Repayment of borrowing	(916 507)	(904 130)	(12 377)	1%
NET CASH USED IN FINANCING ACTIVITIES	(852 417)	(709 450)	(142 967)	
NET INCREASE/(DECREASE) IN CASH HELD	39 818 782	(61 227 882)	101 046 665	
Cash and Cash Equivalents at the beginning of the year	458 013 042	458 013 042	-	0%
Cash and Cash Equivalents at the end of the year	497 831 824	396 785 160	101 046 665	20%

BORROWINGS AND INVESTMENTS

- Borrowings**

The Municipality currently has two (2) long-term borrowing commitments, and both are payable to the Development Bank of South Africa.

One loan relates to the extension of the Senqu Municipality office building and the second loan relates to the purchase of electrical infrastructure in order to reduce electricity losses and improve service delivery.

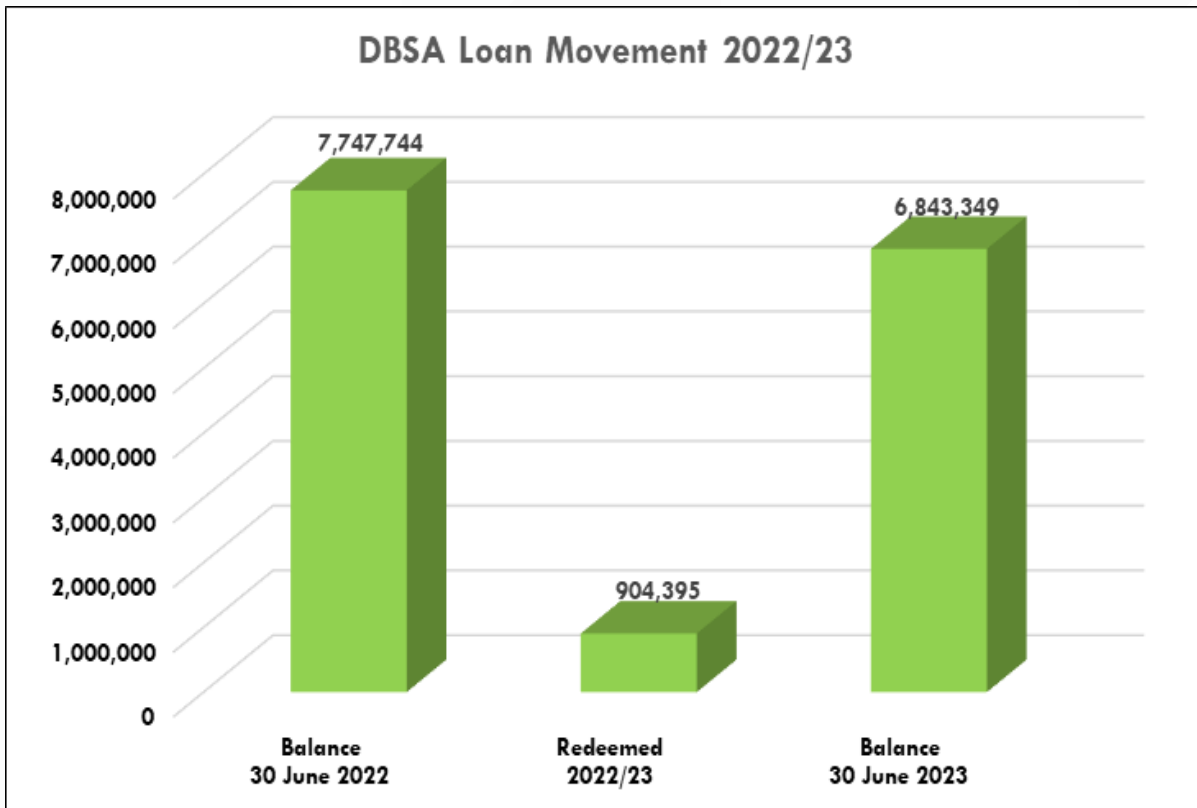


Table: DBSA LOAN MOVEMENTS 2022/2023

INVESTMENTS

The municipality has accumulated investment funds which are kept in call deposit accounts to accumulate interest. These funds are partially reserved and earmarked for specific purposes as determined by the Accounting Officer, including the Capital Replacement Reserve, Valuation Roll reserve and Employee Benefits Reserve.

The following graph depicts the level of investments held by the municipality from the 2019-20 financial year to 2022-23 financial year. The investments reflect a gradual increase year on year, having increased from R347.8 million in 2019-20 to R497,3 million in 2022-23.

PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships

Note: Council has not entered into any private public partnerships during this financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

SUPPLY CHAIN MANAGEMENT

Introduction to Supply Chain Management

The Council and management remain committed to ensuring that there is compliance with all SCM legislation and regulations in order to ensure that fair and transparent tender processes are followed at all times and to ensure full compliance with the applicable legislation. In support of this, the Municipal SCM Policy has been reviewed and approved by council during the previous financial year as part of the review of all budget related policies.

In order to comply with section 119 of the MFMA all members serving on Bid Specification, Evaluation and Adjudication Committees and all SCM staff are attending National Treasury approved training in order to ensure that they meet the prescribed minimum competency levels relating to supply chain management (SCM).

Various other control measures are also being implemented in order to ensure that SCM practices are effected in a fair, equitable and transparent manner. Supply Chain Management continues to be seen as an area of priority for top management.

Further details on the SCM are outlined in Appendix I of the report.

GRAP COMPLIANCE

- **Introduction to GRAP Compliance**

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. The Municipality is currently in full compliance with all provisions of GRAP.

The financial statements have been prepared using an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB). This has occurred in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued but not yet effective. The improvements affected the following Standards of GRAP:

STANDARD	DESCRIPTION	EFFECTIVE DATE
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

STANDARD	DESCRIPTION	EFFECTIVE DATE
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The Municipality further resolved to early adopt the following Amendments to the Standards of GRAP which were issued but are not yet effective:

STANDARD	DESCRIPTION	EFFECTIVE DATE
GRAP 1 (2019)	Presentation of Financial Statements	1 April 2023

The effect of the above-mentioned Improvements, Interpretations and Amendments to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.

CHAPTER 6: AUDIT COMMITTEE FINDINGS 2022/2023

This chapter will detail the following audit related information:

Component A: The Auditor-General Report 2022/23

Component B: Audit Committee Report on Service Delivery 2021/2022

Component C: Audit Committee Report on Service Delivery 2022/2023

Component D: Overall audit /financial performance of the Senqu Municipality for the year ended 30 June 202

SENQU LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Senqu Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Senqu Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and, statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Senqu Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 48.3 to the financial statements, the municipality has accumulated R59.6 million (2022: R38.2 million) irregular expenditure that has not been recovered, written off or condoned.

Material allowance for impairment - Receivables

8. As disclosed in note 3 and 4 to the financial statements, allowance for impairments of R68.5 million (2022: R57.1 million) relating to receivables from exchange transactions and R26.4 million (2022: R22.4.6 million) relating to receivables from non-exchange transactions were incurred.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

11. The supplementary information set out on pages... to ... do not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly we do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance in accordance with 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.
13. 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

14. 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.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

16. 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 programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following programme presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a programme that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Service delivery and infrastructure development	[XX]	Service delivery and infrastructure development is the core mandate of the municipality

18. I evaluated the reported performance information for the selected programme 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.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets / measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected objective.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Material misstatements

24. I identified a material misstatements in the annual performance report submitted for auditing. This material misstatements was in the reported performance information of Basic service delivery and infrastructure. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

25. 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 municipality's compliance with legislation.
26. 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.
27. 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.
28. I did not identify any material findings on compliance with the legislative requirements.

Other information in the annual report

29. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
30. My opinion on 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.
31. 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 programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. 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, 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

33. 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. I did not identify any significant deficiencies in internal control.

Auditor-General

East London

30 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes 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 (Act No. 56 of 2003)	Section 122 (1) Section 122 (2) Section 126 (1) (a) and 126 (1)(b) Section 133 (1)(a) and 133 (1)(c) Section 127 (2) and 127 (5)(a) Section 129 (1) and 129 (3) Section 65 (2) (e) and 65 (2) (a) Section 11 (1) Section 62 (1)(d) Section 87 (8) Section 15 Section 29 (1) and 29 (2) (b) Section 62(1)(f)(i) and 62(1)(f)(ii) Section 63(2)(a) Section 64(2)(e) and 64 (2) (b) Section 64(2) (c) and 64(2)(g) Section 13(2) Section 14(1) Section 14(2)(a) and 14(2)(b) Section 33(2) Section 170 Section 32(2) and 32(6)(a) Section 171 (4)(a) Section 53(1)(c)(ii) Section 1 Section 72(1)(a)(ii) Section 24(2)(c)(iv) Section 54(1)(c) Section 117
Municipal Budget and Reporting Regulations	Regulation 71 (1) and 71 (2) Regulation 72
Municipal Structures Act ,(Act No.32 of 2000)	Section 74(1) Section 96 (b) Section 29(1)(b)(ii) Section 42

Legislation	Sections or regulations
	Section 25(1) Section 26 Section 41(1)(a) and 41(1)(b) Section 43(2) Section 4(a) and 41(1)(c)(ii) Section 34(b) Section 38(a)
Municipal Property Rates Act ,(Act No.06 of 2004)	Section 3 (1)
Municipal investment regulations	Regulation 3(1)(a) and 3(3) Regulation 6 Regulation 7 Regulation 12(2) and 12(3)
Prevention and Combatting of Corrupt Activities Act (Act No.12 of 2004)	Section 34(1)
Municipal Planning and Performance Management Regulations	Regulation 15(1)(a)(i) Regulation 2(1)(e) Regulation 2(3)(a) Regulation 9(1)(a) Regulation 10(a) Regulation 12(1) Regulation 3(4)(b) and 15(1)(a)(ii) Regulation 3(3) Regulation 8 Regulation 7(1)
Disciplinary Regulations for Senior Managers	Regulation 5 (2) Regulation 5 (6) Regulation 8 (4)
Financial Misconduct Regulations	Regulation 5(4) Regulation 6(8)(a) Regulation 10(1)
Supply Chain Management Regulations	Regulation 121(1)(c) Regulation 16(a) Regulation 17(a) and (c) Regulation 17(b) Regulation 43

Legislation	Sections or regulations
	Regulation 19(a) &(b) Regulation 3691)(a) Regulation 12(3) Regulation 27(2)(a)&(e) Regulation 22(1)(b) & 22(2) Regulation 28(1)(a)(i) Regulation 21(b) Regulation 29(1) (a) & (b) Regulation 29(5)(a)(ii) & (b)(i) Regulation 13(c) Regulation 38(1) (c.) Regulation 38(1)(d)(ii) & (g)(iii) Regulation 38(1) (e.) Regulation 38(1)(g)(i) and 38(1)(g)(ii) Regulation 32 Regulation 5 Regulation 44 Regulation 46(2)(e) and 46(2)(f)
Preferential Procurement Policy Framework Act,(Act No.5 of 200)	Section sec 2(1)(a) Section 2(1)(f)
Public Procurement Regulations of 2017	Regulation 6(1) and 7(1) Regulation 6(8), 7(8), 10(1)&(2) & 11(1) Regulation 5(1) & 5(3) Regulation 5(6) Regulation 5(7) Regulation 9(1)
Public Procurement Regulations of 2022	Regulation 4(1) and 5(1) Regulation 4(4) & 5(4)
Construction Industry Development Board Act (Act No.38 of 2000)	Section 18(1)
Construction Industry Development Board Regulations	Regulation 17 Regulation 25(7A)
Municipal Cost Containment Regulations,2019	Reg 5(1) MFMA 62(1)(a) / MFMA 78(1)(b) MFMA 95(a) / MFMA 105(1)(b) Reg 5(5)(f)

COMPONENT B: AUDIT COMMITTEE REPORT ON SERVICE DELIVERY 2021/2022
AUDIT COMMITTEE REPORT ON SERVICE DELIVERY YEAR 2021/2022

Audit Committee on Service Delivery: June 2022 (Previous Financial Year)

AUDIT COMMITTEE REPORT ON SERVICE DELIVERY YEAR 2021/2022

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE SENQU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2022

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council. The Committee presents its report for the financial year ended 30 June 2022.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In the year under review, the Committee consisted of four members and five Audit Committee meetings were held in the year under review as indicated below. In addition, and as demanded by good corporate governance norms, separate exclusive meetings were held with the Auditor General of South Africa as well as with the Head of Internal Audit. Internal Audit facilitates audit committee meetings and the Auditor General of South Africa is a standing invitee at these meetings and generally attends the majority of them. Name of member Number of meetings attended Ms Ms F Mushohwe (Chairperson) 5 Ms N Hermanus-Mabuza 5 Mr S Maharaj 4 Mr A Makhabeni 5

AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is to exercise an oversight function on the effectiveness of good corporate governance at the Municipality. The MFMA prescribes the minimum specific responsibilities to be executed and fulfilled by the Audit Committee. This report gives account on these legislated responsibilities.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Auditor General reports that in their review of the internal control system, they identified significant or material deficiencies in the internal control system as it relates to irregular expenditure. Accordingly, their conclusion and opinion reflected a regression from a clean administration to an unqualified audit opinion with findings. The committee is concerned with this regression but commits to work closely with management to ensure that the identified issues are addressed and the Municipality improves and gets back to a state of clean administration. The committee will continue to monitor the Audit Improvement plan to ensure that the identified findings are addressed. The committee also made sure that the 23/24 financial year internal audit plan includes work on supply chain management including irregular expenditure. The committee appreciates that the Municipality is in a favourable financial position with huge reserves. Whilst this is a desirable position to be in, the committee recommends that the Municipality consider to spend some of the funds on improving on its aging infrastructure. Internal Audit identified occasional lapses in the internal control system which were reported quarterly to the committee. Recommendations were made to management which, in many instances, management agreed to implement. There were instances in which management disagreed with internal audit findings. Whilst the committee appreciates that they can be instances where management disagrees with assurance providers such as internal audit, the committee is concerned and was not always convinced of the basis of disagreements.

INTERNAL AUDIT ACTIVITY

Internal Audit continued to be effective in the year under review, wherein the unit executed and fulfilled its mandate as envisaged by Section 165 of the Municipal Finance Management Act encapsulated in the internal audit plan and in the internal audit charter. The committee appreciate the support received from management in capacitating the internal audit unit and applaud the internal audit unit on the good quality of work performed during the financial year under review.

RISK MANAGEMENT

Risk Management was considered to be effective in the year under review. The Committee however acknowledges that there is still no fully functional internal risk management committee which would be assessing risks throughout the year. This issue has been discussed with management and commitments have been made to address the issue.

ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with Generally Recognised Accounting Practice standards, accordingly, there were no audit findings on accounting policies.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements for the financial year under review. Some comments and recommendations were made by the committee to management which were subsequently implemented.

GOVERNANCE

Governance at the Municipality for the year under review was effective, accordingly neither the Auditor General nor Internal Audit raised any issues on governance.

COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The irregular expenditure completeness issue as indicated earlier is indicative of noncompliance with the MFMA legislation and Supply Chain Management policies. Accordingly, the committee, with the assistance of internal audit, will monitor the implementation of the recommendations given to management by assurance providers, to ensure that these issues are adequately dealt with.

COMPARISON TO PRIOR YEAR

The Municipality had a regression in terms of the audit opinion for the financial year under review due to the material issue identified, relating to irregular expenditure completeness. Accordingly, the committee will continuously review the control environment to ensure that improvements are noted and the issue is addressed.

CONCLUSION

The committee would like to appreciate the continuous and consistent support received from management that ensured that the committee carry out its duties effectively. The committee commits to work closely with management to ensure that the Municipality gets back to a state of clean administration.

F Mushohwe

F Mushohwe Audit Committee

Chairperson For and on behalf of the Audit Committee

AUDIT COMMITTEE REPORT ON SERVICE DELIVERY YEAR 2022/2023

COMPONENT C: AUDIT COMMITTEES REPORT ON AUDITOR GENERAL'S OPINION ON SERVICE DELIVERY 2022/2023

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE SENQU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003

(the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

The Committee is pleased to present its report for the financial year ended 30 June 2023.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In the year under review, the Committee consisted of four members. As demonstrated

below, five Audit Committee meetings were held in the year under review. In addition, and as demanded by good corporate governance norms; separate exclusive meetings were held with the Auditor General of South Africa as well as with the Head of Internal Audit and with Accounting Officer. Internal Audit facilitates audit committee meetings, and the Auditor General of South Africa is a standing invitee at these meetings and generally attends majority of them.

Name of member

Mrs F Mushohwe (Chairperson)

Mr Suren Maharaj

Mrs N Hermanus-Mabuza

Mr A Makhabeni

Number of meetings attended

5 5 5

5

AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is to exercise an oversight function on the effectiveness of good corporate governance at the Municipality. The MFMA prescribes the minimum specific responsibilities to be executed and fulfilled by the Audit Committee. This report gives account on these legislated responsibilities.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Internal Audit through its processes assessed the control environment of the municipality to be acceptable, however some areas were considered to have weak and or no controls. Recommendations to remedy these were given by the Internal Audit and were either actioned by management throughout the financial year, or commitments were made to resolve the internal audit findings. The Internal audit together with the Audit Committee will continue to monitor and report on the control environment giving practical recommendations to the municipality to improve.

INTERNAL AUDIT ACTIVITY

Internal Audit continued to be effective in the year under review, wherein they executed and fulfilled their mandate as envisaged by Section 165 of the Municipal Finance Management Act. This was encapsulated in the internal audit plan and in the internal audit charter.

RISK MANAGEMENT

Risk Management was not effective in the year under review. Management has established a risk management committee, however there were no risk management meetings that were convened in the year under review. The risk management committee attended a 2-week training in June 2023 with the University of Pretoria. Risk Management committee should be function in the new year. The committee acknowledges that there needs to be improvement in as far as risk management is concerned. Processes are underway to appoint an independent chairperson of the committee who will report to the audit committee.

ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with Generally Recognised Accounting Practice standards (GRAP), accordingly, there were no internal audit findings on accounting policies.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements together with the Annual Performance Report were submitted by management to Internal Audit and the Audit Committee. The Internal Audit performed its reviews with its findings reported to the Audit Committee. The Audit Committee also had its review of the Annual Financial Statements and Annual Performance Report. The committee recommended the Annual Financial Statements for submission to the Auditor General.

PERFORMANCE MANAGEMENT

The Internal Audit reviewed the performance management of the municipality throughout the year. Minimal deficiencies were identified and subsequently corrected by management.

GOVERNANCE

Governance at the Municipality for the year under review was effective, accordingly the Internal Audit did not raise any issues on governance.

COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The internal audit did not identify

any new material non-compliance issues within the municipality in the year under review. Internal Audit continues to monitor management commitments on their action plan to mitigate the risk of recurring non-compliance.

COMPARISON TO PRIOR YEAR

The Committee noted the improvements in the Municipality as reflected by the reports received from the external auditors. The Committee would like to congratulate the Municipality for receiving a clean audit outcome and appreciate the team efforts by

management which lead to the Municipality receiving a clean administration status (unqualified audit opinion with no findings). The committee would also like to congratulate the Municipality for employing an accounting officer as the former accounting officer departed from the Municipality.

The committee is concerned with the Municipality's inability to fully spend its budget especially as it relates to infrastructure grant(s). The Municipality has aging infrastructure and huge financial reserves, yet there seems to be a reluctance to spend money on the same infrastructure and other crucial things for the Municipality. The committee has been recommending the Municipality that they should consider using some of the reserves to fund their infrastructure backlog.

There also seems to be lack of clarity as it relates to the function of the committee in, amongst others, reviewing certain, specific reports and making comments and or recommendations thereon before they are presented to the Council. For example, the audit committee charter requires that the committee is to inform the council regarding material matters which need to be addressed when considering the preparation and discussion of the financial statements. The same charter requires that the committee review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organisation. The audit committee does not seem to be given room by to fully executes such functions which are stipulated in its Charter.

The Committee has also taken note of the concerns raised by Internal Audit and accepts that there is further room for improvement in the accounting function and elements of the internal control environment.

I would like to thank all members of the Committee for their contribution and the professional way in which meetings were conducted. The Committee wishes to express to the Accounting Officer, management, Executive Mayor and the Council, our sincere appreciation for the commitment and progress made this year.



F Mushohwe
Audit Committee Chairperson

For and on behalf of the Audit Committee 23 January 202

GLOSSARY

Accessibility Indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within those particular areas. If not provided it may endanger the public health and safety or the environment
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs
Distribution indicators	The distribution of capacity to delivery services.

GLOSSARY CONT.

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key Performance Indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
Impact	The results of achieving specific outcomes, such as reducing poverty and reducing jobs
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans
National Key Performance Areas	<p>Service delivery & Infrastructure</p> <p>Economic development</p> <p>Municipal transformation and institutional development</p> <p>Financial viability & management</p> <p>Good governance & community participation</p>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

GLOSSARY CONT.

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

Appendix: A

council members	full time/ part time	committees allocated	ward and/or party repre- sented	Percentage Council Meetings Attendance	Per- centage Apologies for non-at- tendance
VELILE VICTOR STOKHWE	FT	Mayor	PR	94.4	5.6
NOLUFEFE MERCY NDENGANE	PT	cOMMUNITY SERVICE	PR	94.4	5.6
NONKUSELO JANUARY	PT	TECHNICAL service	PR	100	
NDILEKA NYONGWANA	PT	CORPORATE & SUPPORT SERVICES	PR	94.4	5.6
LUTHANDO STEPHEN NDAKISA	PT	TECHNICAL SERVICES	PR	89	11.1
BONGEKA MBONJWA		DTPS	PR	83	5.6
RUTH NOGOLI GWABINI	FT		PR	94.4	5.6
BABALWA LAWU	PT	mpac	PR	89	
XOLA GARY MAGCAI	PT	strategic and goverNnce	PR	67	11.1
ZOLISWA REJOICE MXOLI	PT		PR	44	16.7
MOEKETSI JOHN MOAHLOLI	PT	rules & ethics	PR	50	11.1
NOLONWABO NGENDANA	PT	BTO	PR	39	16.7
TSHEPISO JACKSON MADIENE	PT	DTPS	PR	56	5.6
BUKHOSIBAKHE PATRICK NGAM- LANA	PT	BTO	PR	44	11.1
MCEBISI NTSIKELELO MGOJO	PT	COMMUNITY AND SOCIAL SERVICES	PR	50	11.1
NOKUZOLA MURIEL PHAMA	PT		PR	39	11.1
LUZUKO LUNGA NONGOGO	PT	MPAC	PR	61	5.6
THULISA MBANE	PT	DTPS	WARD	100	
PULANE CECELIA MMELE	PT	COMMUNITY AND SOCIAL SERVICES	WARD	89	
SAMUEL MCHUMANE NTLWATINI	PT	MPAC	WARD	89	
MZWANDILE THEO MBIJEKANA	PT	MANDATE	WARD	73	
Z. Mnisi	PT	STRATEGIC & GOVER- NANCE	WARD	89	
MZUVELILE ELLIOT MBUTYA	PT	TECHNICAL SERVICES	WARD	100	
ZANDISILE ISHMAEL MANGCIPU	PT	BTO	WARD	83	5.6
KHOLIWE SANNA MPITI-XELESHA	PT	COMMUNITY AND SOCIAL SERVICES	WARD	72	5.6
DUMISANI JOSEPH SOMSILA	PT	DTPS	WARD	72	11.1
SIMON MFISA	PT		WARD	100	
THEMBA NONJOLA	PT		WARD	94.4	5.6
BUSAPHI DUBA	PT	COMMUNITY AND SOCIAL SERVICES	WARD	100	
MELISIZWE MCDONALD KAFILE	PT		WARD	89	
THENJIWE MIRRIAM DUMZELA	PT	CORPORATE & SUPPORT SERVICES	WARD	94.4	5.6
MAHLUBI PHUZA	PT	CORPORATE & SUPPORT SERVICES	WARD	73	
MLIFA AMOS MSHASHA	PT	BTO	WARD	50	5.6
AKHONA MVELASE	PT	DTPS	WARD	61	11.1

Appendix B: Committees & Committee Purposes

COMMITTEES (OTHER THAN MAYORAL /EXECUTIVE COMMITTEE) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
Audit Committee	Administrative Oversight
Municipal Public accounts committee	Oversight
Local Labour Forum	Labour related Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the Strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget & Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Planning Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational and Health issues of the Council
Employment Equity Committee	To carry out and discuss all the Employment Equity issues of the Council

Appendix C: Third Tier Administrative Structure

THIRD TIER STRUCTURE	
Directorate	Director/Manager (state title and name)
Financial Services	Chief Financial Officer: Mr K. Fourie (Acting)
Technical Services	Director: Mr. R.S. Ruiters
Development and Planning Services	Director: Mr. S. Chaphi
Community Services	Director: Mrs N. Nyezi
Corporate Services	Director: Z. Koyana

Appendix D: Functions of Municipality/ Entity

MUNICIPAL / ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality Yes/No	Function applicable to Entity Yes/No
Constitution Schedule 4, Part B functions		
Air Pollution	No	N/A
Building Regulations	Yes	N/A
Childcare facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	No	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal Planning	Yes	N/A
Municipal Health Services	No	N/A
Municipal Public Transport	No	N/A
Municipal Public Works only in respect of the needs of municipalities to administer functions specifically assigned to them under this Constitution or any other law	Yes	N/A
Pontoons, ferries, jetties, piers & harbours, excluding the regulation of international & national shipping & matters related thereto	No	N/A
Storm water management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public area	Yes	N/A

appendix d (cont.)

MUNICIPAL / ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality Yes/No	Function applicable to Entity Yes/No
Constitution Schedule 4, Part B functions		
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	Yes	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	Yes	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic & Parking	Yes	N/A

PUBLIC MEETINGS						
NAME AND PURPOSE OF MEETING	DATE OF MEETING	NUMBER OF PARTICIPATING COUNCILLORS /WARD MEMBERS	NO. OF PARTICIPATING MUNICIPAL OFFICIALS / ADMINISTRATORS	NUMBER OF COMMUNITY ATTENDING	ISSUES ADDRESSED (YES / NO)	DATES AND MANNER OF FEEDBACK GIVEN TO THE COMMUNITY
Mayoral Outreach (Public Consultation)	2nd May 2023, 5th May 2023, 8th May 2023, 9th May 2023, 10th May 2023,	28	7	3000	Yes, although needs are limited to budget constraints.	9th September to 28th September 2023
Ward committee meeting.	Quarter 1 meeting was held on 16th August – 21st September 2022 Quarter 2 Meetings was held on 1st November – 9th December 2022 Quarter 3 meetings was held on 28th February – 28th March 2023 Quarter 4 21st June- 29th June 2023.	15 Ward Councillors 9 Ward Committee members	17 CDWs 1 Official	0 Community Members	Yes	9th September to 28th September 2023
The main purpose of the ward meetings is to ensure information reaches communities and also used to collect complaints from the wards. IDP and other developmental projects are also communicated in this meeting.						

Appendix F: Ward Information: NB: SEE ATTACHED AUDITED AFS

PROJECTS APPROVED AND IN PROGRESS			
R' 000			
NATIONAL PROJECT REFERENCE NO.	PROJECT NAME	EXPENDITURE 2020/2021	BALANCE AVAILABLE ON MIG APPROVAL
	Barkly East Cemetery	5,538,372.40	
	Herschel - Solid Landfill Site	1,917,967.79	
	Lady Grey Solid Waste Site	4,617,677.73	
	Rossouw - Solid Landfill Site	6,374,353.57	
	Driving License and Testing Centre Sterkspruit	3,291,364.73	
	Interlock Paved Street in Kwezi Naledi - Ward 14	3,967,533.10	
	New Rest Paving Ward 8	3,453,524.59	
	Herschel Community Hall - Ward 13	1,373,012.90	
	Renovation town hall Barkly East	3,474,942.29	
	Blue-Gums Sports field	357,015.60	
	TOTAL	34,467,099.45	

Appendix G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2022/2023

DATE OF THE MEETING	RECOMMENDATIONS	ADOPTED (ENTER YES) IF NOT, PROVIDE EXPLANATION
22 July 2022	<p>Management should report on the consequence management processes relating to the WDR irregular expenditure as identified by the Auditor General.</p> <p>Risk Management Committee to have a quarterly report on progress against plan on the risk management activity.</p> <p>Re-assessment of the Key Controls Dashboard – management should include the MIG performance on the key controls’ dashboard.</p> <p>Management should have a dashboard with a schedule of all capex projects and report on them quarterly.</p> <p>Management to provide the audit committee with annexures to disclose month to month updates on the total revenue collected.</p>	YES
02 December 2022	<p>Municipal Manager to give an overview of the Municipality at each AC meeting.</p> <p>Management should detail in the report internal factors that are affecting the spending on the MIG grant.</p> <p>Management to provide feedback on the investigation of unauthorised debit orders.</p> <p>Management should present in the next AC meeting a plan on how they plan to address the issue of reports going to Council before being presented to the Audit Committee.</p>	YES
10 February 2023	<p>Internal Audit to review validity of regulation 36 matters in SCM in the next SCM Audit</p> <p>CFO to provide progress on the capacitation of the SCM unit and present a plan on how SCM will be capacitated.</p> <p>Management should engage Provincial Treasury on the matter relating to erroneous transfer of properties to the municipality by the National and provincial government.</p>	YES
19 May 2023	<p>Management to present an item to AC relating to the municipal reserves and the utilization thereof.</p> <p>Management to give feedback on the submission of the Annual Report post meeting with the Auditor General – considering the delay on the finalization of the 2021/22 Audit.</p> <p>Management to provide an update on the developments of the stakeholder engagement strategy.</p> <p>Management to provide the AC with an update on the investigations of the alleged fraud relating to the Kwezi Naledi procurement process.</p> <p>The legal services report should include the total legal fees that the municipality incurred in defending cases</p>	YES

Appendix H: LONG-TERM CONTRACTS & PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)

R'000

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry Date of Contract	Project Manager	Contract Value
Standard Bank of South Africa	BANKING SERVICES	04 January 2023	04 January 2028	K Fourie	Rates based

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING YEAR 0

R'000

Name and Description of the Project	Name of the Partner(s)	Initiation Date	Expiry Date	Project Manager	Value
N/A					2022/2023

SENQU MUNICIPALITY

APPENDIX I: MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC
PERFORMANCE MANAGEMENT AND MONITORING REPORT: CONSOLIDATED BIDS AWARDED FOR THE PERIOD 2022 /2023



MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC PERFORMANCE MANAGEMENT
AND MONITORING REPORT: CONSOLIDATED BIDS AWARDED FOR THE PERIOD 2022 /2023

APPENDIX I

MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC PERFORMANCE MANAGEMENT AND MONITORING REPORT: 2022/23

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality

Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

The performance of each service provider

a Comparison of the performance with targets set for and performances in the previous financial year; and measures taken to improve performance

The purpose of this section is to provide information related to the performance of external service providers.

SCM STATISTICAL AND COMPLIANCE/ADMINISTRATIVE REPORTING: 2022/2023

Total number of times that the Bid Committee met during 2022/2023			
	Specifications Committee (17 Meetings)	Evaluation Committee(21 meetings)	Adjudication Committee(13 Meetings)
1	18 August 2022	21 July 2022	30 August 2022
2	7 September 2022	27 July 2022	16 September 2022
3	2 November 2022	3 August 2022	28 October 2022
4	4 November 2022	19 August 2022	7 December 2022
5	10 November 2022	24 August 2022	8 December 2022
6	9 February 2023	08 September 2022	26 January 2023
7	10 February 2023	12 October 2022	01 February 2023
8	15 February 2023	24 October 2022	22 March 2023
9	7 March 2023	2 November 2022	24 March 2023
10	22 March 2023	16 November 2022	25 April 2023
11	12 April 2023	17 November 2022	15 May 2023
12	17 April 2023	15 February 2023	18 May 2023
13	18 April 2023	26 April 2023	12 June 2023
14	21 April 2023	02 May 2023	
15	25 April 2023	03 May 2023	
16	18 May 2023	04 May 2023	
17	12 June 2023	15 May 2023	
18		17 May 2023	
19		18 May 2023	
20		8 June 2023	
21		12 June 2023	
22			
Bids Approved /awarded/Turnaround Time			

Total number of Tenders considered: 62
Total number of Tenders approved: 29
Average time taken from tender advertisement to award of a tender: 120 Days: 4 Months

SCM BID COMMITTEES 2022 /2023

Various BID Committee Members 2022/2023		
Bid Specification Committee Members	Bid Evaluation Committee Members	Bid Adjudication Committee Members
X Mnzilwa (Chairperson)	T. Van Zyl (Chairperson)	K. Fourie (Chairperson)
A Gushmani (Alternative Chairperson)	S. Skampula (Chairperson)	S. Skampula (Chairperson)
B. Viedge (Ad Hoc Chairperson)	B. Viedge (Ad Hoc Chairperson)	A. Gushmani (Alternative Chairperson)
L. Tobben (Ad Hoc Chairperson)	L. Tobben (Ad Hoc Chairperson)	B Tsotso (SCM Practitioner)
Z. Ndamase (SCM Practitioner)	M. Theron (Ad Hoc Chairperson)	N. Sbukwana (SCM Practitioner)
B. Tsotso (SCM Practitioner)	U. Mkontwana (SCM Practitioner)	N. Languza-Mtwebana (Secretary-SCM)
M. Xorile (SCM Practitioner)	Z. Ndamase (SCM Practitioner)	W. Sontshi (Secretary-SCM)
N. Languza-Mtwebana (Secretary-SCM)	M. Xorile (SCM Practitioner)	R. Ruiters
M. Salmani	L. Moyikwa (Secretary-SCM)	S. Chapi
N. Nkopane	N. Nkopane	N. Nyezi
J. Van Rensburg	J. Van Rensburg	Z. Koyana
U. Sobudula	M. Salmani	
L. Booi	U. Sobudula	
T. Wonga	L. Booi	
S. Mbekushe	T. Wonga	
T. Mokhina (Non-voting)	S. Mbekushe	
N. Nelani	T. Mokhina (Non-Voting)	
U. Nako	N. Nelani	
S. Skampula	U. Nako	
T. Van Zyl	X. Mnzilwa	
U. Mkontwana	A. Gushmani	

Consolidated Service Providers Performance Report 2022 /2023 (1 July 2022 until 30 June 2023)

LEGEND		
Total number of projects assessed	28	
Fully Achieved/Targets Met – Excellent performance	28	100.00%
Targets Met with a Variance – Good Achievement	0	0.00%
Not yet met/not fully achieved	0	0.00%
Not achieved	0	0.00%
Not Assessed	Adjudication Stage	Not provided

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
1	15/2021-2022T	Ditsamai Investments and Projects cc	Sterkspruit Urban Design Framework/ Sterkspruit Business Plan	R345,000.00	09-02-22	14-07-22 27-07-22	05-10-22	100%	Service Provider appointed on the 05 October 2022	Tender Document	No Variance	n/a	n/a
2	45/2022-2023T	Indaba IT Solution	New Laptops & IT Equipment	VAT Inclusive Rates	04-05-22	19-08-22 25-08-22 19-08-22	05-10-22	100%	Service Provider appointed on the 05 October 2022	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVER-ALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
3	76/2022-2023T	Izwe Lakwethu Trading	Supply and delivery of Paraffin and Candles	R 252.97 rates based	18-08-22	12-10-22	22-11-22	100%	Service Provider appointed on the 22 November 2022	Tender Document	No Variance	n/a	n/a
4	89/2022-2023T	Kwa Africa (Pty) Ltd	Municipal Events Co-Ordinator	15% Commission	07-09-22	24-10-22	22-11-22	100%	Service Provider appointed on the 22 November 2022	Tender Document	No Variance	n/a	n/a
5	43/2021-2022T	Quick Save Security Services	Provision of Physical Security Services	VAT Inclusive Rates	20-06-22	08-09-22 15-09-22	01-01-23	100%	Service Provider appointed on the 01 January 2023	Tender Document	No Variance	n/a	n/a
6	54/2021-2022T	The Standard Bank of South Africa Limited	Provision of Banking Services	VAT Inclusive Rates	22-06-22	22-11-22	04-01-23	100%	Service Provider appointed on the 04 January 2023	Tender Document	No Variance	n/a	n/a
7	90/2022-2023T	Amended Recline Trading and Projects	Supply and Delivery of Traffic Uniform	VAT Inclusive Rates	07-09-22	16-11-22 17-11-22	24-01-23	100%	Service Provider appointed on the 24 January 2023	Tender Document	No Variance	n/a	n/a
8	95/2022-2023T	Global South Africa (Pty) Ltd	Appointment of a Consultant or Consulting Company for Senqu Municipality Strategic Planning Facilitation Services for 3 years	R870,000.00	05-10-22	16-11-22 17-11-22	25-01-23	100%	Service Provider appointed on the 25 January 2023	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REA-SON FOR VARI-ANCE ON TAR-GET	ACTION TO REM-EDY VARI-ANCE	RECT VARIANCE
9	88/2022-2023T	Utilities World (Pty) Ltd	Pre-paid Vending Services	VAT Inclusive Rates	07-09-22	16-11-22 17-11-22	27-01-23	100%	Service Provider appointed on the 27 January 2023	Tender Document	No Variance	n/a	n/a
10	16/2021-2022T	Sikhumbulathini Trading (Pty) Ltd	Supply and Delivery of black and Green Refuse Bags	VAT Inclusive Rates	10-02-22	21-07-22	06-02-23	100%	Service Provider appointed on the 06 February 2023	Tender Document	No Variance	n/a	n/a
11	43/2021-2022T	Likunga Protection Security Services	Provision of Physical Security Services	VAT Inclusive Rates	20-06-22	08-09-22 15-09-22	20-02-23	100%	Service Provider appointed on the 20 February 2023	Tender Document	No Variance	n/a	n/a
12	Transversal Contract RT15	Vodacom East London Office	Supply and Delivery of Mobile Communication Services	VAT Inclusive Rates	N/A	N/A	22-02-23	100%	Service Provider appointed on the 22 February 2023	Tender Document	No Variance	n/a	n/a
13	10/2022-2023T	SP Lenong Civil Group 8 (Pty) Ltd	Purchase and Delivery of Fencing Material for Two Years	Rates Based	08-03-23 09-03-23	03-05-23	23-05-23	100%	Service Provider appointed on the 23 May 2023	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
14	13/2022-2023T	LV Matshete	Purchase and Delivery of Stationery for Three Years	Rates Based	07-03-23 08-03-23	03-05-23	31-05-23	100%	Service Provider appointed on the 31 May 2023	No Variance	n/a	n/a
15	14/2022-2023T	Aqua Transport and Plant Hire (Pty) Ltd	Leasing of Machinery and Equipment	Rates Based	07-03-23 08-03-23	03-05-23	05-06-23	100%	Service Provider appointed on the 05 June 2023	No Variance	n/a	n/a
16	26/2022-2023T	Siyanda Business Solutions (Pty) Ltd	Provision of Accounting and Support Services for a period of Three Years	Fixed amount for preparation of AFS and Rate Based for all other deliverables	17-04-23 18-04-23 21-04-23	08-06-23	15-06-23	100%	Service Provider appointed on the 15 June 2023	No Variance	n/a	n/a
17	39/2022-2023T	Silver Lake Trading 305 (Pty) Ltd T/A Opulentia Financial Services	Provision of Short-Term Insurance Services	Quoted Amount, Inclusive of VAT	24-04-23 25-04-23	12-06-23	15-06-23	100%	Service Provider appointed on the 15 June 2023	No Variance	n/a	n/a

18	45/2022-2023T	Char- maine Van Schalk- wyk Consult- ing	Facilitation and Reporting on the Performance Evaluations of Senior Managers and Staff for 2020-2021 and 2021-2022 Financial Year.	Rates Based	15-05-23 18-05-23	12-06-23	19-06-23	100%	Service Provider appointed on the 19 June 2023	Tender Document	No Variance	n/a	n/a
#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE	
19	10/2020-2021	NILG Group	Renovations to Barkly East Town Hall and Municipal Offices	R8,428,058.28	27-01-21	09-04-21	11-02-23	100%	The Contractor was appointed on 11th February 2023	Tender Document	No Variance	n/a	n/a
20	97/2021-2022T	Nepa (Pty) Ltd	Lady Grey Solid Waste Site	R9,643,245.65	25-08-21	22-02-22	26-04-23	100%	A new Contractor was appointed on the 26 April 2023	Tender Document	No Variance	n/a	n/a
21	06/2022-2023T	Nsovo Construction (Pty) Ltd	Construction of the Sterkspruit Driving Licence Testing Centre	R39,824,578.26	03-03-23 07-03-23	26-04-23 02-05-23 03-05-23 04-05-23 15-05-23	15-06-23	100%	The Contractor was appointed on the 15 June 2023.	Tender Document	No Variance	n/a	n/a

22	84/2021-2022T	Sonke Sanda JV Vuba Imagineers	Civil Engineering Services: Panel of Professional and Consulting Engineering Services for a period of three years	Rates Based	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	No Variance	n/a	n/a
23	84/2021-2022T	Uphuhliso Nohlumo (PTY)LTD	Civil Engineering Services: Panel of Professional and Consulting Engineering Services for a period of three years	Rates Based	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	No Variance	n/a	n/a
#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
24	85/2021-2022T	MBSA Consulting cc	Electrical Engineering Services: Panel of Professional and Consulting Engineering Services for a period of three years.	Rates Based	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	No Variance	n/a	n/a
25	86/2021-2022T	Black Mountain Consulting Engineers (Pty) Ltd	Panel of Building Sport and Recreational Facilities Consultants for a period of three years.	Rates Based	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	No Variance	n/a	n/a

26	87/2021-2022T	Envirolution Consulting (Pty) Ltd	Panel of Environmental Consultants for a period of three years.	Rates Based	N/A	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	Tender Document	No Variance	n/a
27	87/2021-2022T	Ikamva Consulting	Panel of Environmental Consultants for a period of three years.	Rates Based	N/A	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	Tender Document	No Variance	n/a
28	87/2021-2022T	Abantu Environmental (Pty) Ltd	Panel of Environmental Consultants for a period of three years. - Environmental Impact Assessment and Geotechnical Investigation at Bluegum Sport Stadium.	Rates Based	N/A	N/A	N/A	N/A	100%	The consultant was awarded the project on the 30 September 2022.	Tender Document	No Variance	n/a

Management of Service Provider

The Manager: Acquisition, Contract Management and Vendor Performance manages, monitors and reports on the issues related to scope of functioning within the Acquisition, Inventory, Contract Management and Vendor Performance, the reporting is further not just limited to the performance of contracts, deviations and all other related aspects are covered as deemed appropriate. These reports monitored by the Manager: Acquisition, Contract Management and Vendor Performance are tabled to the Mayor and the Council.

Operational Contracts that will Expire

There are 8 non-infrastructure contracts that will expire within 6 months from the end of the financial year under review i.e., 30 June 2023.

The user departments are to start on new procurement processes to obtain the services and goods that will still be needed when the contracts expire.

#	Notice No.	Name of Service Provider	Description of goods/services	Contract Value	Term of Contract	Start Date	End Date
1	126/2018-2019 46/2020-2021 20/2020-2021 21/2020-2021	Munacon/Siyanda Business Solutions	Preparation of Annual Financial Statements	R 3,806,218.00	3 years	06 July 2020	06 July 2023
2		Max-Prof	Tax Advisory and VAT Recovery Services	VAT Inclusive Rates	3 years	18 September 2020	17 September 2023
3		Ebusha General Trading (Pty) Ltd	Purchase and delivery of tar coated poles	VAT Inclusive Rates	3 years	07 December 2020	07 December 2023
4		Ma-siqhame Trading 787 cc	Purchase and delivery of MV and LV overhead line material	VAT Inclusive Rates	3 years	07 December 2020	07 December 2023

#	Notice No.	Name of Service Provider	Description of goods/services	Contract Value	Term of Contract	Start Date	End Date
5	22/2020-2021	Sikhumbulanathi Trading (Pty) Ltd	Purchase and delivery of lighting material	VAT Inclusive Rates	3 years	07 December 2020	07 December 2023
6		SNR Electrical cc	Purchase and delivery of pillar boxes for electrical equipment and meters	VAT Inclusive Rates	3 years	07 December 2020	07 December 2023
7		SN Solutions and Consultancy	Provision and support of Microsoft office 365 business standard and antivirus software "Professional PDF Converter, SSL Certificate Licences for 3 years	R 597,100.00	3 years	07 December 2020	07 December 2023
8	45/2022-2023T	Charmaine Van Schalkwyk Consulting	Facilitation and Reporting on the Performance Evaluations of Senior Managers and Staff for 2020-2021 and 2021-2022 Financial Year.	Rates Based	3 months	19 June 2023	18 September 2023

Deviations Approved by the Accounting Officer

Regulation 36(1) of the Municipal Supply Chain Management Regulations, 2005, allows the accounting officer to dispense with the official procurement processes.

There were nine (9) deviations from the SCM processes incurred in terms of regulation 36(1)(a) of the Municipal Supply Chain Management Regulations.

Furthermore, there were no transactions treated as a minor breach in terms of regulation 36(1)(b) of the Supply Chain Management Regulation.

#	Date/ Period of Deviation	Supplier	Total Amount	Department	Reason for deviation	Action plan to prevent deviation from recurring
1	01/07/22 to 31/12/22	G4s	R132 000.00	Finance Services (Revenue)	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The cash collection services will be incorporated in bank services tender. A Service Provider was subsequently appointed.
2	01/07/22 to 31/12/22	Utilities World	R144 000.00	Finance Services (Revenue)	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The municipality is planning to go out on tender, Draft specification has been developed with the assistance of an SCM Technical Advisor. A Service Provider was subsequently appointed.
3	01/07/22 to 30/09/22	Lunika Chartered Accountants & Auditors	R284 916.00	MM's Office (Internal Audit)	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The municipality intends to capacitate the IA unit as a matter of urgency. The dispute as discussed above are currently being attended by the accounting officer. Furthermore, the municipality will source the services of consultants as Treasury has given guidance that organs of state may continue with their procurement processes.

#	Date/Period	Supplier	Total Amount	Department	Reason for deviation	Action plan to prevent deviation from recurring
4	01/07/22 to 31/12/22	Umhlabavalers	R 5 42 000.00	Finance Services (Revenue)	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	<p>The municipality developed new standard operating procedures and support documentation and has based the new tender documentation that have been developed on the new tender template.</p> <p>It should be noted that the is an intention to utilize the shortest period possible to appoint a service provider in a legally compliant manner to minimize cost related to this deviation.</p> <p>An advert will be placed for procurement of property valuer in accordance with Municipal Property Rates Act no.6 of 2004 to be aligned to the valuation period.</p>
5	26/07/22 to 26/01/23	Tiso Blackstar (Arena Holdings)	R 2 39 685.24	Corporate Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The municipality is in a process of implementing what has been advised to prevent future deviations.
6	01/07/22 to 31/12/22	Inzalo EMS	R1 915 583.80	Finance Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	<p>The municipality developed new standard operating procedures and support documentation and has based the new tender documentation that have been developed on the new tender template.</p> <p>It should be noted that the is an intention to utilize the shortest period possible to appoint a service provider in a legally compliant manner to minimize cost related to this deviation.</p>

#	Date/ Period of Deviation	Supplier	Total Amount	Department	Reason for deviation	Action plan to prevent deviation from recurring
7	05/08/22 to 05/11/22	Vorster Filling Station and Sterkspruit Garage	Rates based on available budget	Technical Services Fleet	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The contract for the procurement of fuel will be advertised for a period of three years and the specification will be formulated in consultation with the Supply Chain Management Unit. The motion of consultation will commence on the week ending 12/08/2022. It is planned that an advert goes out before the end of August 2022.
8	19/09/ 22	South African Monitoring & Evaluation Association	R 6500.00	MM's Office	<p>The deviation is in terms of regulation 36 (1)(a)(ii) of the Municipal Supply Chain Management Regulations.</p> <p>SAMEA is the only professionally body that provides monitoring and evaluation conferences (updates and capacity building) in the field in South Africa.</p>	<p>A plan is made to appoint a service provider to prevent future deviations.</p> <p>There is a service provider that assist with facilitating attendance of trainings and conferences.</p>

9	10/02/23 to 10/07/23	Tiso Blackstar (Arena Holdings)	R122 224.14	Corporate Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(v) – In an exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.	The municipality through its Communication Section is in the process of establishing how to best procure a service provider that will assist in the placement of amongst other materials on various publications.
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Unauthorised and Irregular Expenditure on all procurement thresholds

There were eleven (11) transactions that resulted in irregular expenditure in the 2022/2023 financial year.

#	Date of discovery	Date reported to Accounting Officer	Date of Payment	Supplier	Amount	Department	Description of Incident	Type of expenditure
1	31 August 2022	01 September 2022	15 September 2021	Diversity Technical Training Institute	R104 100.00	Corporate Services	The payment was in contravention with regulation 12(3) of the Municipal Supply Chain Management Regulations. Requests for services (training) were split into five different requests (quotations), therefore, a 3-quote procurement range (R2 001 - R30 000) was followed for each training intervention instead of the seven-days' notice procurement range (R30 001 – R200 000) for all.	Irregular Expenditure
2	20 May 2023	07 June 2023	08 June 2023	Tyremart Aliwal North (Celeba)	R5 950.02	MM's Office	The transaction was in contravention with regulation 13 and 16(a) of the Municipal Supply Chain Management (SCM) Regulation. The SCM procurement processes were not followed.	Irregular Expenditure

#	Date of discovery	Date reported to Accounting Officer	Date of Payment	Supplier	Amount	Department	Description of Incident	Type of expenditure
	12 June 2023	03 July 202	07 June 202	Vorster Filling Station Reopix Order Numbers ORD10957 ORD10967 ORD10969 ORD10973	R1 992.30 R1 992.30 R1 992.30 R1 992.30 Total amount is R7 969.20	Community Services (Waste)	The transaction was in contravention with regulation 13(b) and 43 of the Municipal Supply Chain Management Regulations. Diesel purchase orders were approved for the Reopix Garage; however, the order/s were used at Vorster Filling Station instead of the Reopix Garage.	Irregular Expenditure
4	02 May 2023	30 June 2023	11 July 2022 – April 2023	ICT Sphere Solutions	R677 368.30	Finance Services (ICT)	The transaction was in contravention with regulation 27(2)(g) of the Municipal Supply Chain Management Regulations. Goods procured were not part of the goods/items on the approved specification.	Irregular Expenditure
5	June 2023	August 2023	December 2022	SKC Masakhizwe Engineers	R116 674.46	Technical Services (PMU)	The transaction was in contravention with section 306 and 408(vii) of the Supply Chain Management Policy and MFMA Circular No. 62.	Irregular Expenditure
6	January 2023	August 2023	December 2022 and March 2023	Lehakwe Travel and Events Management	R377 400.56	DTPS	The procurement process was in contravention with the Municipal Supply Chain Management Regulations	Irregular Expenditure

7	09 June 2023	August 2023	21 June 2023	Sphere ICT Solution	R106 006.08	Finance Services (ICT)	<p>The transaction was in contravention with regulation 27(2)(g) of the Municipal Supply Chain Management Regulations.</p> <p>Goods procured were not part of the goods/items on the approved specification.</p>	Irregular Expenditure
8	July 2023	August 2023	August 2022 to January 2023	Imbokotho Mkhonto Security Services	R1 989 290.72	Corporate Services	<p>The extended use of the deviation was in contravention with regulation 36 of the Municipal Supply Chain Management Regulations as reported by Auditor General South Africa.</p>	Irregular Expenditure

#	Date of discovery	Date reported to Accounting Officer	Date of Payment	Supplier	Amount	Department	Description of Incident	Type of expenditure
9	July 2023	August 2023	July 2022 to July 2023	Inzalo EMS	R3 883 026.96	Finance Services	The extended use of the deviation/s was in contravention with regulation 36 of the Municipal Supply Chain Management Regulations as reported by Auditor General South Africa.	Irregular Expenditure
10	July 2023	August 2023	19 July 2023	Quick Save Security Services	R224 905.36	Corporate Services	The transaction was in contravention with regulation 27(2)(g) of the Municipal Supply Chain Management Regulations. The number of guards allocated in January 2023 were more than the guards on the approved specification.	Irregular Expenditure
11	November 2023	November 2023	Various Dates	Various Suppliers	R7 040 151.00	Various Departments	There were various transactions incurred during the month of July 2022 to December 2022 that were in contravention with regulation 13(c) of the Municipal Supply Chain Management Regulations.	Irregular Expenditure

Fruitless and Wasteful Expenditure

There were eleven (11) transactions that resulted to fruitless and wasteful expenditure in the 2022/2023 financial year.

#	Receipt Date	Date of discovery	Date reported to	Supplier	License Number	Amount	Department	Description of Incident	Type of expenditure
1	23/09/22	29/06/23	03/07/23	National Road Traffic (RTMC)	FZV484EC	R4 000.80	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
2	22/11/22	29/06/23	03/07/23	National Road Traffic (RTMC)	FRZ132EC	R3 425.50	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
3	22/11/22	29/06/23	03/07/23	National Road Traffic (RTMC)	HJM676EC	R1 711.90	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
4	17/12/2022	26/05/23	08/2023	Kgompho Civils (Pty) Ltd	N/A	R1 800 000.00	Technical Services (PMU)	Advance payment, work was not done before termination of contract.	Fruitless & Wasteful Expenditure
5	19/12/22	29/06/23	03/07/23	National Road Traffic (RTMC)	FZV476EC	R10 677.70	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure

#	Receipt Date	Date of discovery	Date reported to Accounting Officer	Supplier	License Number	Amount	Department	Description of Incident	Type of expenditure
6	30/03/23	29/06/23	03/07/23	National Road Traffic (RTMC)	HRG915EC	R1 035.60	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
7	30/03/23	29/06/23	03/07/23	National Road Traffic (RTMC)	HWF133EC	R100.80	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
8	03/04/23	29/06/23	03/07/23	National Road Traffic (RTMC)	DWK242EC	R2 572.10	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
9	26/05/23	29/06/23	03/07/23	National Road Traffic (RTMC)	FKR791EC	R140.40	Technical Services (Fleet)	Penalties were charged due to late payment.	Fruitless & Wasteful Expenditure
10	01/03/22 to 06/07/23	31/07/23	08/2023	South African Revenue Service (SARS)	N/A	R15 420.12	Finance Services	Interest charged on employment taxes.	Fruitless & Wasteful Expenditure

11	24/05/23	07/2023	08/2023	South African Local Authorities (SALA) Pension Fund	N/A	R24 042.46	Finance Services	Interest charged on employer's pension contribution.	Fruitless & Wasteful Expenditure
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The contract register is managed, monitored, and reported on. It is broken down into Non-Infrastructure Register (containing operational projects) and the Infrastructure Register (containing PMU/Technical projects)

A system to manage and rate service providers is incorporated in the revised Performance Management Policy / Framework policy as approved in October 2018. The challenges around application and implementation do still exist. Directorates are currently ensuring that all performance protocols are followed prior to processing an invoice. The performance of service providers will for some time remain an ongoing challenge due to the subjectivity of the exercise.

All project managers are legislatively duty bound to manage and report on the performance of their service providers honestly, and heads of departments must equally verify the reported information per project.

Reporting received from directorates and or project managers (submitted to Supply Chain Management – SCM) must be at the required level as this not only a critical function – for operational reasons only but is legislatively bound.

Procedure in place to manage and rate service providers.

Directors or appointed Project Managers of Service Providers are required to report monthly to the SCM unit against predetermined and specific measurable targets and outcomes. These may be different in the case of external funding. In this manner it will be ensured that all service providers deliver on services in a manner that meets all required standards.

All Directors or appointed Project Managers must confirm the required levels of reporting with the SCM unit.

No service provider payment can be made without the acknowledgement that the required outcomes were achieved; and

Service provider reporting is to be consolidated and reported on quarterly basis and used to input into the Annual Report, s46 Report and the s72 Report.

Currently the SCM Manager in conjunction with relevant Directorates ensures that certain performance protocols are followed before an invoice is processed. The performance of service providers will for some time remain an ongoing challenge.

Appendix J: DISCLOSURES OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTEREST (Disclosed in the AFS)		
PERIOD 1 July 2022 to 30 June 2023		
Position	Name	Description of financial interest Nil or provide details
PR CLLR/ MAYOR	V.V STOKHWE	Nil
PR CLLR/ SPEAKER	N.R GWABENI	Nil
WARD COUNCILLOR	T. MBANE	Nil
WARD COUNCILLOR	P MMELE	Lidino Trading 577Cc & Dinare Training skills Lebohang Mmele- Lebo Dinare PTY LTD
WARD COUNCILLOR	S.M NTLWATINI	Nil
WARD COUNCILLOR	M MBIJEKA	Nil
WARD COUNCILLOR	Z MNISI	Nil
WARD COUNCILLOR	M MBUTYU	Nil
WARD COUNCILLOR	Z MANGCIPIU	Nil
WARD COUNCILLOR	K.S MPITI-XHELESHA	Nil
WARD COUNCILLOR	J.D SOMSILA	Nil
WARD COUNCILLOR	S MFISA	Nil
WARD COUNCILLOR	T NONJOLA	Herschel Independent (NPC), ENT Consortium (Community Development), Ithemba Lamahlubi (NPO- Community Development) Supper Life Agent
WARD COUNCILLOR	B DUBA	Nil
WARD COUNCILLOR	M KAFILE	Nil
WARD COUNCILLOR	TM. DUMZELA	Mcebisi Dumzela Owns Qobo projects- General trading
WARD COUNCILLOR	M PHUZA	Shares at Ilanga Libalele Communications 50% shares. Additional salary from DSTV (doing installations)
WARD COUNCILLOR	M.A MSHASHA	Nil
WARD COUNCILLOR	A MVELASE	Abongile Mvelase -Brother. Cynthia Mvelase- Mother (own Abednego Mvelase Constructors)
PR COUNCILLOR	X.G MAGCAI	Nil
PR COUNCILLOR	N NYONGWANA	Nil
PR COUNCILLOR	L NONGOGO	Qukeza trading Enterprise PTY LTD- Company does catering, construction and Provide Rooms for Rental

PR COUNCILLOR	MN NGENDANE	Bulelwa Ngendane -Sister with company(Area of specialisation not specified
PR COUNCILLOR	SL NDAKISA	1. Jonkisa Waste Solutions PTY (LTD) 2. Vital moments PTY (LTD)
PR COUNCILLOR	B MBONJWA	24 Greyvenstein Street Barkly east, Property let out for rental.
PR COUNCILLOR	M.N MGOJO	Nil
PR COUNCILLOR	N.M PHAMA	Supper Life Agent
PR COUNCILLOR	ZR MXOLI	Nil
PR COUNCILLOR	MJ MOAHLOLI	Nil
PR COUNCILLOR	N NGENDANE	Nil
PR COUNCILLOR	TJ MADIENE	Nil
PR COUNCILLOR	N JANUARY	Lizo January- brother owning Taxis
PR COUNCILLOR	BP NGAMLANA	Nil
PR COUNCILLOR	B Lawu	Mother: Nomalinge Siwayi - Owns Injongo Supply and Goods

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS (Cont.)

DISCLOSURES OF FINANCIAL INTEREST (Disclosed in the AFS)		
PERIOD 1 July 2022 to 30 June 2023		
Position	Name	Description of financial interest Nil or provide details
Municipal Manager	M.M. Yawa	Director at Joe Gqabi Development Agency Director at Amaqadi Trust Director at Ndosina Investment Holdings Remuneration from the IEC during non-election period and election period Estate - Van Zyl Street Dordrecht 5435 Spouse salary Emalaheni Municipality
Director: Technical Services	Ranko Ruiters	Best Thought Trading and Project 312
Director: Corporate Services	Z. Koyana	Shareholder at GLS Properties (25%) Directorship at Lwazi Capital Property: 57 and 292 Main Street (25%), GLS Properties (25%); and Fort Hook (B&B)(25%) 26 Eton Park, Sandhurst (100%) My siblings could be Directors of various companies that I am not aware of at this point in time. Will provide same when I become aware e.g. saw in one of the bid documents that my sister is a Director of Work dynamics.
Director: Community Services	N. Nyezi	Zetzaa Deco Landscaping and Catering (De-registered) Ayanda Nyezi - Premium Care
CFO	K Fourie	Uncle: Collin Theron - Lady Grey Joinery & Construction and Copper Leaf Trading. Uncle: Leon Theron - Lady Grey Joinery & Construction
Director: Development & Town Planning Services	S Chaphi	YWBN Mutual Bank, Balwin Properties Ltd, Distell Group Holdings Ltd, Gold Fields Ltd, and Sun International Ltd Brothers for Lone Foundation (NPO) Private consultation - Property Development Town and Regional Planning Services

Appendix K: REVENUE COLLECTION PERFORMANCE BY VOTE 2022 /2023

The Table below shows the comparisons between actual and budgeted revenue for the financial year 2021/2022 and previous financial years with the Original and Adjusted Budget:

	ORIGINAL BUDGET 2023	BUDGET ADJUSTMENTS 2023	FINAL BUDGET 2023	ACTUAL OUTCOME 2023	BUDGET VARIANCE 2023	RESTATED OUTCOME 2022
REVENUE						
Governance and administration	144,828,577.00	8,128,720	152,957,297	232,997,458	80,040,161	202,094,194
Executive and council	6,797,471	-	6,797,471	263,978	-6,533,493	106,656,296
Finance and administration	138,031,106	8,128,720	146,159,826	232,733,480	86,573,654	95,437,898
Internal audit	-	-	-	-	-	-
Community and public safety	6,719,777.00	-1,596,001	5,123,776	1,627,931	-3,495,845	1,620,647
Community and social services	2,257,448.00	-606,000	1,651,448	1,567,429	-84,019	1,576,266
Sport and recreation	2,089.00	-	2,089	1,050	-1,039	1,793
Public safety	4,460,240.00	-990,001	3,470,239	59,452	-3,410,787	42,589
Housing	-	-	-	-	-	-
Economic and environmental services	49,313,324	-352,833	48,960,491	45,477,730	-3,482,761	36,020,361
Planning and development	9,705,002	-477,152	9,227,850	6,386,435	-2,841,415	5,631,215
Road transport	39,608,322	124,319	39,732,641	39,091,295	-641,346	30,389,146
Trading services	146,474,681	-11,997,002	134,477,679	63,390,403	-71,087,276	62,180,108
Energy sources	98,714,819	-11,450,000	87,264,819	50,113,489	-37,151,330	49,579,720
Waste management	47,759,862	-547,002	47,212,860	13,276,914	-33,935,946	12,600,388
Other	333,254	-2,540	330,714	568,597	237,883	4,648,873
Total Revenue-Standard	347,669,613	-5,819,656	341,849,957	344,062,119	2,212,162	306,564,183

appendix k (i): REVENUE COLLECTION BY SOURCE 2022 /2023

A Revenue by Source Analysis with explanations regarding material variances can be seen on the table below

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
REVENUE BY SOURCE						
Property rates	14,319,635	1,870,446	16,190,081	17,330,716	1,140,635	15,497,080
Service charges	74,729,954	-13,150,000	61,579,954	53,643,060	-7,936,894	57,104,457
Rental of facilities and equipment	1,238,407	575,274	1,813,681	1,475,736	-337,945	1,482,076
Interest earned-external investments	17,599,080	5,000,000	22,599,080	32,208,528	9,609,448	17,805,824
Interest earned-outstanding debtors	4,421,378	1,650,000	6,071,378	6,471,889	400,511	4,276,285
Fines	210,368	-140,000	70,368	915,394	845,026	2,084,302
Licences and permits	1,253,833	97,460	1,351,293	1,300,733	-50,560	1,255,686
Agency services	2,313,323	-800,000	1,513,323	1,204,135	-309,188	1,200,192
Transfers recognised-operational	192,227,174	-495,152	191,732,022	188,851,545	-2,880,477	179,561,633
Other revenue	1,408,635	-545,003	863,632	6,294,619	5,430,987	1,724,771
Total Revenue(excluding capital transfers and contributions)	309,721,787	-5,936,975	303,784,812	309,696,355	5,911,543	281,992,305

Appendix L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG 2022 /2023

NB: SEE ATTACHED AUDITED AFS

CONDITIONAL GRANTS	2023 R	2022 R	2021 R	2020 R
EPWP (Expanded Public Works Program)	1,658,000	2,566,000	2,617,000	2,384,000
Libraries	1,500,000	1,500,000	1,500,000	1,500,000
FMG (Finance Management grant)	1,650,000	1,650,000	1,700,000	1,700,000
Disaster relief grant	6,400,000	-	-	-
Greenest Municipality	300,000	500,000	-	200,000
	11,508,000	6,216,000	5,817,000	5,784,000

Conditional Grants for the financial year are listed above and shows amounts for conditions met transferred to revenue.

APPENDIX M – M (I) AND M(II): CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME / CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME 2022/2023

This table contains a complete Capital Programme for all Municipal Capital Acquisitions including both New and Renewal assets. Sources of funding for each asset are also shown and this funding is cash backed and provision is being made for these types of capital purchases in the municipalities Capital Replacement Reserve.

Description	2019/20		2020/21		2021/22		Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26			
Infrastructure	43,358	19,158	35,477	73,295	77,677	77,677	82,881	91,663	89,705			
Roads Infrastructure	18,732	7,732	3,267	17,108	17,757	17,757	20,665	32,009	48,152			
Storm water Infrastructure	-	-	2,160	5,640	3,640	3,640	7,200	10,600	5,000			
Electrical Infrastructure	1,967	2,254	1,173	1,880	2,197	2,197	1,800	5,259	7,157			
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-			
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-			
Solid Waste Infrastructure	8,925	3,871	16,473	17,340	15,917	15,917	5,400	4,160	20,843			
Rail Infrastructure	-	-	-	-	-	-	-	-	-			
Coastal Infrastructure	-	-	-	-	-	-	-	-	-			
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-			
Infrastructure	29,624	13,857	23,073	41,968	39,511	39,511	35,065	52,027	81,151			
Community Facilities	2,426	1,869	6,070	16,037	17,407	17,407	10,820	4,300	600			
Sport and Recreation Facilities	-	-	-	2,500	357	357	-	6,310	-			
Community Assets	2,426	1,869	6,070	18,537	17,764	17,764	10,820	10,610	600			
Heritage Assets	-	-	-	-	-	-	-	-	-			
Revenue Generating	-	-	-	-	-	-	-	-	-			

Appendix N: CAPITAL PROGRAMME BY PROJECT YEAR 2022/2023 Audited

Capital Additions for the financial year 2022/2023 reflected below. The following tables show these additions per category and per vote and are being classified as Infrastructure Assets, Loose Assets and Land & Buildings.

CAPITAL 2022/23	R
DLTC in Sterkspruit	3 895 983.90
New Rest Paving	34 543 524.59
Transwilger Bridge Renewal	1 880 000.00
Inter-lock paving Kwezi-Naledi	7 123 329.76
Licensing of Borrow Pits at different wards	950 000.00
Tienbank 70 accesses to property	400 000.00
Lining and fencing and upgrading of primary stormwater channels in LG	3 640 000.00
Construction of Herschel Community Hall	3 900 218.54
Herschel – Solid Landfill Site	2 820 000.00
Rossouw Solid Landfill Site	7 837 338.10
Construction of Transfer Site - Rhodes	200 000.00
Barkly east Solid Landfill Site	890 061
Upgrading of Lady Grey Solid Waste Site	6 928 030.30
Renovation Town Hall Barkly East	14 534 849.62
Barkly East Cemetery	9 862 247.09
Fencing of Existing Cemeteries in Joveleni, Hinana, and Voyizana	306 857.00
Construction of Bluegums Sportfield	357 015.60
Installation of Power Backup System	5 000 000.00
Construction of staff change rooms in Lady Grey	634 309.18
Plant & Equipment	14 351
Computer Equipment	571 928
Furniture & Office Equipment	183 256
TOTAL	18 831 688

Appendix O: CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2022/2023* AUDITED

DESCRIPTION	2022/2023
R thousand	Actual 2022/2023
Infrastructure	13 508 335
Roads, Pavements & Bridges	6 184 306
Storm water	1 199 426
Electricity	2 253 865
Waste Management	3 870 738
Community	2 085 356
Parks & gardens	-
Node Development	348 698
Cemeteries	1 736 658
Other assets	2 454 194
General vehicles	770 968
Plant & equipment	14 351
Computers - hardware/equipment	571 928
Furniture and other office equipment	183 256
Other Buildings	1 697 493
Intangibles	102 717
Computers - software & programming	102 717
Total Capital Expenditure	18 934 405

Appendix P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

WARD 1	
Mbobo J.S.S	Cracks on walls Water Supply Administration Block Poor Playing Fields Damaged Toilets No Hall
Bikizana J.S.S.	Toilets, Water, Sports Ground One block is a mud Structure and Access Roads
Walaza J.S.S.	Admin Block not in good condition Toilets are falling apart. No Sport Grounds, No Furniture
Ndofela J.S.S.	Mud structure Toilets, Access Roads, Fencing Water Supply, Playing Ground, Admin block
Nxasana S.P.S.	Admin block, Sanitation, Grade R class is falling apart, Sports field. Erection of Security fence Renovations of all classes, Furniture
Governors Drift	Mud structure, Admin block, Fencing Water Supply, Access Roads,
WARD 2	
Chesha, Qhemerha, Telle Junction, Kwa Gcina, Storomo, ST	Access Roads, Water Supply, Sanitation, Admin Block, Furniture, Fencing, Laboratory, Library

appendix P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 3	
Ndingishe J.S.S.	5 Additional Classrooms, Access Roads, Water Supply, Admin Block, Library, Laboratories, School Grounds, Fencing
Tlokweg S.S.S.	Toilets for Teachers, Admin Block, Library, Laboratory.
Mahedi J.S.S.	4 Additional classrooms, Administration Block
Hohobeng J.S.S. and Mmusong	Cracked walls, roof blown away, major renovations, water supply, Toilets, Network Coverage.
Tihakong S.P.S.	Water Supply, Sanitation, Administration Block, Sport Grounds, 3 classrooms blown away.
Ekra J.S.S	5 Additional Classrooms, Administration Block, Water Supply, Toilets, Sports field.
Musong J.S.S	Major Renovations, Water Supply, Sanitation, Administration Block, An access Road, Network Coverage.
MPoki S.P.S	Water Supply, Access Roads, No Network Coverage.
WARD 4	
Bongiwe, Buyani, Cebano, Blikana, Jonas Goduka, Hillside, Lufefe, Mkunyazo, Mthabisa, Ndungunya, Ntlangano, Mxokozeli, Penhoek, Vusisizwe.	Water, 1 2 Schools 8 Schools need Toilets 8 schools need access roads All 14 need sports fields 5 schools need to be upgraded in terms of electricity 11 schools need fencing
WARD 5	
Makhumsha, Mabele, Kwabo, Sivumelene, Bebeza, Nomlengana, Dangershoek.	Mud Structures Water Supply Toilets Fencing Sports fields Network Coverage No compliance Certificate issued to those Schools with electricity
WARD 6	

<p>Hoita, Majuba, Malgas, Mapolo, Thembaletu, Umlami, Zingengele, Bongoletu, Monwabisi, Phelandaba.</p>	<p>Renovations of existing buildings.</p> <p>Playgrounds</p> <p>Water Supply</p> <p>Fencing</p> <p>Access Roads</p> <p>Libraries</p> <p>Laboratories</p> <p>Administration Block</p>
<p>WARD 7</p>	
<p>Nyathela S.S.S</p>	<p>Mud Structure</p> <p>Fencing</p> <p>Sanitation</p> <p>Shortage of Classrooms</p>
<p>Tsakana S.P.S.</p>	<p>5 Classrooms need Renovations.</p> <p>Sanitation</p> <p>Water Supply</p> <p>Sports fields</p> <p>Fencing</p>
<p>Thaba Lesoba</p>	<p>Access Roads</p> <p>Fencing</p> <p>Renovations of 5 Classes</p> <p>Sanitation</p> <p>Water Supply</p> <p>Sports fields</p>
<p>WARD 7 (cont.)</p>	
<p>St Michaels</p>	<p>Mud Structures</p> <p>Weak Electricity</p> <p>Fencing, Toilets, Water Supply</p> <p>Sports Fields</p>
<p>Mbolekwa S.P.S</p>	<p>Mud Structures</p> <p>Administration Block</p> <p>Sanitation, Water Supply</p> <p>Sports Fields</p>
<p>Egugwini J.S.S.</p>	<p>Toilets and Fencing</p>

Macacuma S.P.S.	Sports Fields Fencing and Toilets Minor Renovations Water Supply
WARD 9	
Amaqwathu JSS	Administration Block
Luvumelwano S.S.	Administration Block 10 Classrooms
Voyizana SPS	Renovations of 13 Classrooms Administration Block
Ngquba JSS	Admin Block 4 Classrooms to be added. Renovations of 5 Classrooms
Joveleni S.P.S	Addition of 3 Classrooms
Sunduza J.S.S	Addition of 3 Toilets
	Common Challenges for Ward 9 Water Supply Sanitation Fencing Access Roads Sports Fields Library, Laboratory Upgrading of Electricity
WARD 10	
Bensonvaile JSS	Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road

<p>Ekuzoleni JSS</p>	<p>6 New Classrooms</p> <p>Minor Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
<p>Ngongodoville SPS</p>	<p>3 New Classrooms</p> <p>Major Renovations (building in the stat of collapsing</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
<p>Nkululeko SSS</p>	<p>6 New Classrooms</p> <p>Major Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
<p>WARD 10 (cont.)</p>	

Nomzamo (Sterkspruit) JSS	15 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities
Sterkspruit Community	10 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Sterkspruit SSS	25 New Classrooms (Declared that the building cannot be renovated) Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Tapoleng JSS	6 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
WARD 10 (cont.)	

Tienbank JSS	5 New Classrooms Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
WARD 11	
Herschel Village JSS	Danger Zone School Electricity wires fallen out of ceiling Renovation Struck by disaster & nothing has happened since No fence Trees damaging school with roots
Ezintatyaneni SP	Administration Block Sanitation Fence Electricity (upgrade) Mud Structure (2) No playgrounds
Dibinkonzo JSS	Sanitation Fence Administration Block and Renovations Mud Structure Sport field
Mehlomakhulu SSS	Fence Water & Sanitation Renovations & Administration Block Sports Field Furniture for Learners

St Marys	<p>Water & Sanitation</p> <p>Access Road</p> <p>Sport Ground</p> <p>School Hall</p>
WARD 10 (cont.)	
Hlanjwa SPS	<p>Administration Block</p> <p>Sport Ground</p> <p>Sanitation</p> <p>Access Roads</p> <p>Mud Structure (2)</p> <p>Fence</p>
Meyi JSS	<p>Mud Structure</p> <p>Sanitation</p> <p>Fence</p> <p>Weak & Faulty Electricity – disaster</p>
Magumbu SPS	<p>Sanitation</p> <p>Fence</p> <p>5 Classrooms cracked all sides.</p> <p>Administration Block</p> <p>Weak & Faulty Electricity – disaster</p> <p>Sport Grounds</p> <p>Access road</p>
Ebenezer Nyathi SSS	<p>Sanitation –State of collapse</p> <p>Fencing</p> <p>2 block (community built) one strongly needs renovation.</p> <p>Water</p> <p>Admin Block</p> <p>3 classroom</p> <p>1 lab</p>

Bamboesspruit JSS	<p>Renovations (Whole school)</p> <p>Fencing</p> <p>Sanitation</p> <p>Admin Block</p> <p>Cracked Walls to be fixed</p> <p>Access Roads</p> <p>Sport Grounds</p> <p>Furniture</p> <p>Leaking Roof</p> <p>2 Classrooms</p> <p>Paving</p> <p>Staffing</p> <p>Erection of a Stoep</p>
WARD 12 (cont.)	
Entsimekweni JSS	<p>Minor Renovations</p> <p>Flooring</p> <p>Fencing</p> <p>Access Road</p> <p>Sanitation</p>
Nyaniso SPS	<p>Flooring</p> <p>Fencing</p> <p>Water</p> <p>School Grounds</p>
Manxeba JSS	<p>3 Classrooms</p> <p>Water</p> <p>Fence</p> <p>School Grounds to be constructed</p> <p>Furniture</p>
Mncunubeni JSS	<p>5 Classrooms</p> <p>Sanitation & Water</p> <p>Fence</p> <p>Access Road</p> <p>Sport Ground</p>

Jozana's Nek JSS	Water Playground Access Road Renovation of Ceiling in 4 classrooms Furniture
Jozana's Hoek	Major renovations in 8 classrooms & office Security Fence Play Grounds Access Road Sanitations
Magwiji JSS	6 Classrooms Water & Sanitation Playgrounds Fencing Access Road Furniture
Mrobongwana SPS	Water & Sanitation Playground Access Road Admin Block Furniture
WARD 12 (cont.)	
Hlomendlini JSS	Water & Sanitation Fence Play ground Furniture
MZOMHLE SSS	Water & Sanitation Access Roads Furniture Playgrounds Administration Block
WARD 13	

Khiba JSS	6 Prefect classes 4 Mud Structures Flooring Water & Sanitation Fencing Furniture Electricity Admin Block
Skisazana JSS	Major renovations Flooring Water & Sanitation Roofing Admin Block Fencing Access Road
Lungisani SPS	Access Road Water Fencing Sport Ground
Mbonisweni SPS	Fencing Access Road
Witterbergen SPS	Sport Ground Fencing Access Road Attention to be paid to a query next to school
Diphana SPS	Mud Structure Sanitation Fence Admin Block Access Road
WARD 13 (cont.)	

Witterbergen JSS	Principal's Office Fencing Sanitation Access Roads Sport Field Roofing
Zava SPS	Flooring Sanitation Prevention of soil erosion
Nkopane JSS	Fencing Major Renovations Water & Sanitation Sport Field
Nompumelelo SSS	Fencing Mud Structure Water & Sanitation Sport Ground Access Road
Mdlokovana JSS	Mud Structures Sporting Facilities Sanitation Fencing
WARD 14:	
Rossouw was promised a school 3 years ago	Farm schools need attention
WARD 15	
Mzondeki SPS	No Buildings Water & Sanitation Access Road Playgrounds Fence
Sizamulwazi SPS	Sport Grounds 5 Classrooms
Sijorha SPS	No Buildings Water & Sanitation Access Road Playgrounds Fence

appendix P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 15 (cont.)	
Luyolo SPS	<p>No Proper Buildings</p> <p>Water & Sanitation</p> <p>Admin Block</p> <p>Access Road</p> <p>Playgrounds</p>
Sakakude JSS	<p>No Buildings</p> <p>Water & Sanitation</p> <p>Access Road</p> <p>Electricity</p> <p>Ceiling</p> <p>Fence</p>
Impumelelo SSS	<p>No Buildings</p> <p>Water & Sanitation</p> <p>Access Road</p> <p>Playgrounds</p> <p>Fence</p> <p>Electricity</p>
Wartrail	<p>Water & Sanitation</p> <p>Playgrounds</p>
Malikhanye SSS	<p>Sport Grounds</p> <p>Furniture</p> <p>Minor Renovations</p> <p>Fencing</p>
Rhodes PS	<p>School is Prefab Structure</p> <p>Toilets</p>
Moshoeshoe's Ford	<p>Structure falling apart.</p> <p>School on Private Property</p>

Barkly East DRC P.S	2 Classrooms Science Class Admin Block Grader R Classroom Toilets Kitchen Office Plot Ground to build school in Fairview
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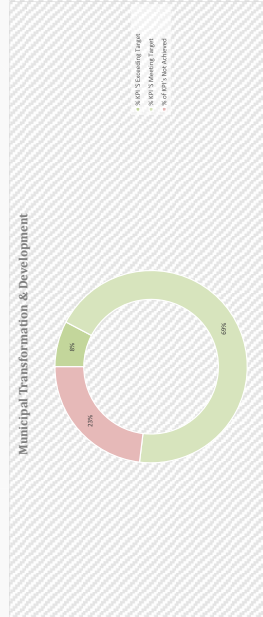
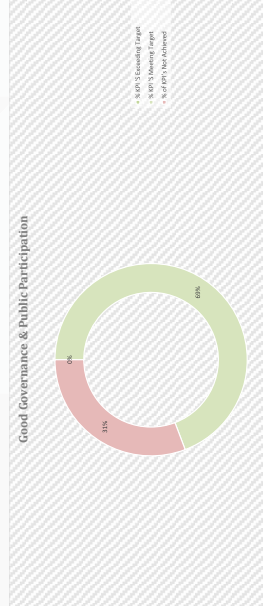
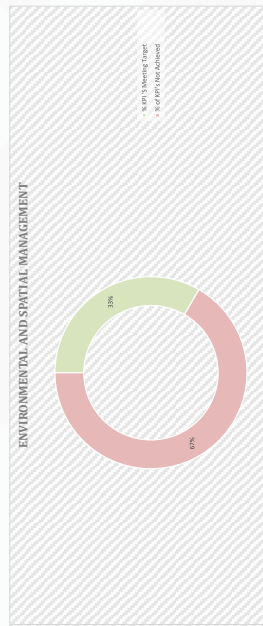
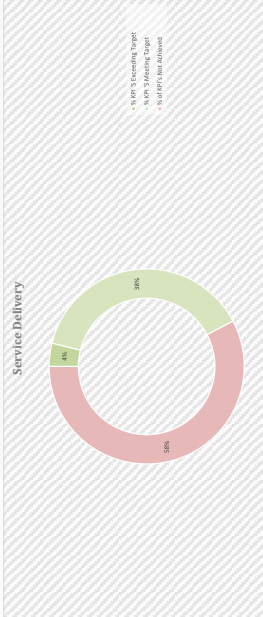
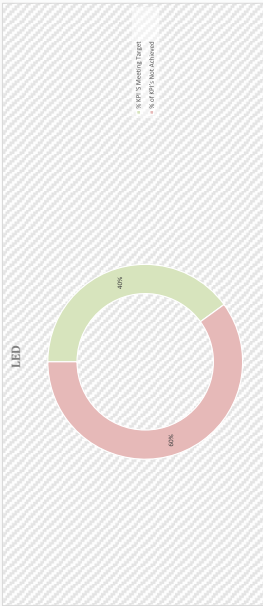
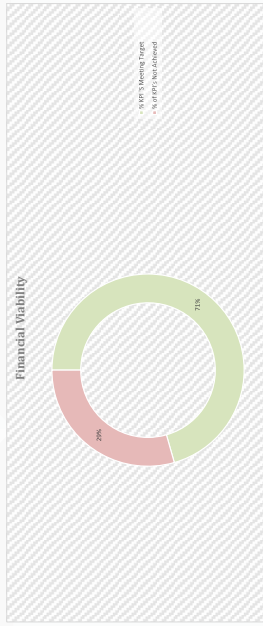
DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY: 2022/2023				
All Organisation or Person in receipt of Loans*/Grants* provided	Nature of Project	Conditions attached to funding	Value 2022/2023 R'000	Total Amount committed over previous and future years
Tourism support	Tourism	See Attached Contract	42	42
GRANTS PAID				42

SENQU MUNICIPALITY

SECTION 46 PERFORMANCE REPORT 2022-2023
(PRE DETERMINED IDP/SDBIP TARGETS)



KPA	Total- Numberof KPI'sPerK- PA AREA	NumberK- PI'sEx- ceeding- Target	%KPI 'S ceeding Target	NumberK- PI'sMeeting Target	%KPI 'S Meeting Target	Number- ofKPI'sNo- tAchieved	%ofK- PI'sNo- tAchieved	Number- TargetsNo- tAssesse- dand/or onHold	Percentage Targets onNo- tAssessedand/oronHold
ServiceDelivery	26	1	3.85%	10	38.46%	15	57.69%	0	0.00%
LED	6	1	16.67%	2	33.33%	3	50.00%	0	0.00%
FinancialViability	17	0	0.00%	12	70.59%	5	29.41%	0	0.00%
MunicipalTransformation&Development	13	1	7.69%	9	69.23%	3	23.08%	0	0.00%
Good Governance & Public Participation	13	0	0.00%	9	69.23%	4	30.77%	0	0.00%
ENVIRONMENTALANDSPATIALMANAGEMENT	9	0	0.00%	3	33.33%	6	66.67%		
TOTAL	84	3	3.57%	43	51.19%	39	46.43%	0	0.00%



KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT												
STRATEGY	IDP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE-30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/GENERAL COMMENTS
							ANNUAL TARGET	ACTUAL TARGET-30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET-30 JUNE 2023		
To ensure that the traffic section operates effectively and efficiently	TRAFFIC-BSD01	BSD01-01	Construction of a DLT in Sterkspruit by June 2024	Contractor Appointed in 2021/22	Director Technical Services/ PMU Manager/ R3895963.90	DLT constructed in Sterkspruit	Appointment of the Contractor	Target Not Met. The contractor was not appointed.	Advert for the procurement of the contractor, Appointment of the contractor and site Establishment	Target Not Met. The contractor was appointed on 01 June 2023.	<p>The site had other people on it which needed to be moved to alternative locations for their operations. Adverts were issued on the 13 April 2023 and the appointment of the contractor was done on the 14th June 2023. The contractor was given 14 days to comply with the pre-site establishments; however, by the end of June 2023 the site had not been fully handed over to the contractor hence site establishment had not been achieved.</p>	<p>This indicator was BSD01-04 in the 2021-2022 Financial Year. The site will be established. In the first quarter of 2023/2024. In future projects which have sites that are occupied by other people must be included in the project plan.</p>

ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE-BSD02	BSD02-01	Maintenance of Roads identified as per the Council Approved Maintenance Schedule by June 2023	100% Completion of Roads	Director Technical/ Manager Roads/ R7 829293,00	Maintained road infrastructure	100% Completion of Maintenance of roads as per the approved maintenance plan	Target Exceeded. Road Maintenance plan was 470% completed against the council approved maintenance plan.	100% Completion of Maintenance of roads as per the approved maintenance plan	Target Exceeded. Road maintenance was planned as 267.23% completed against the council approved maintenance plan. This translates into 167% above the target.	Targets per ward are increased by ward councillors on site within the same time frames as contained on the plans and as a result the maintenance team has more than double the amount of work than what was originally planned.	This is demand based target so it will always have varying results.
ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE-BSD02	BSD02-02	Construction of 6 kms of Paving of streets and Stormwater control in New rest W8 (Phase 1) by June 2024	100% Completion of Roads	Director Technical/ PMU Manager/ R3453524,59	Paved Roads Constructed in New Rest	Construction of 3km of road bed preparation.	Target Not Met. 3km of road bed preparation was not done	Resolved Dispute	Target Met. Dispute was resolved and a payment was made on the 12 Dec 2022.	This project was ready for the procurement of the Contractor as the designs were completed and it is a multi-phase project. Phase 1 comprises of 6km as indicated. It was during the procurement process that the Contractor, that the Consultant was not successful in the project. The dispute was around the evaluation and a judicial call was made on the bid specifications where the main issue centred around insufficient quantification of the refinement of the scope of work. This dispute took long time to be resolved and this had an effect on the actual implementation of the project. The dispute has since been resolved hence the project will proceed.	This project was ready for the procurement of the Contractor as the designs were completed and it is a multi-phase project. Phase 1 comprises of 6km as indicated. It was during the procurement process that the Contractor, that the Consultant was not successful in the project. The dispute was around the evaluation and a judicial call was made on the bid specifications where the main issue centred around insufficient quantification of the refinement of the scope of work. This dispute took long time to be resolved and this had an effect on the actual implementation of the project. The dispute has since been resolved hence the project will proceed.
ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE-BSD02	BSD02-03	Renew Transwiler Bridge by September 2022.	100% Completion of Roads	Director Technical/ PMU Manager/ R1880 000,00	Bridge Renovation completed	Appointment of contractor, Site establishment & Earth works, Gabion structure and guardrails to the bridge.	Target Met. The contractor was appointed on 26 January 2022 and the site was established. Gabion structure and guardrails to the bridge completed.	Renewal of the Transwiler bridge	Target Met. The Bridge was renewed and completed.	The project was completed and the Practical Completion Certificate was issued on 14 September 2022.	The project was completed and the Practical Completion Certificate was issued on 14 September 2022.

ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE - BSD02											
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water											
BSD02-04	Construction of interlock paved streets (6km) in Khwezi Naledi (Steve Tsebe) W14 by June 2024	New	R7 123329,76	Paved Streets constructed in Khwezi Naledi	Nota Target	Nota Target	Nota Target	Advert for the procurement of the contractor. Appointment of the contractor and site establishment	Target Not Met. The advert was done however, the appointment of the contractor and site establishment was not done.	The advert to close - don 19 April 2023, however, an appointment letter had not yet been issued. This was due to different views that the Bid Committee had on some of the factors that impeded the finalisation of the Bid, and the advise was sought from legal services.	The Municipal Manager has instructed the Bid Committee to convene to consider the bids as he has indicated that the reasons for non-finalisation are not sufficient enough to not finalise the appointment. This Bid is therefore at the procurement process to consider the reasons raised.
BSD02-05	Licensing of borrow pits at different wards by June 2023	New	Director Technical/PMU Manager R950000,00.	Borrow pits licensed	Nota Target	Nota Target	Licensing of borrow pits at different wards. Ward 1 – Walaza Ndelela Ward 2 – Chimirha Palmier/Mahedi Ward 3 – Ohoboshane Ekra Ward 4 – Bebeza/Mabele Penhoek / Boomplaas Ward 5 – Phelandaba Hillside Ward 6 – Musong/ Mpoki Majuba / Bultfontein	Target Not Met. The licencing of borrow pits at various wards has not been done.	Identification of borrow pits was a challenge due to stakeholder disputes. The dispute remains unresolved.	There are planned future meetings with all relevant stakeholders to address the dispute.	
BSD02-06	Lining, fencing and upgrading of primary stormwater channel through Khwezi Naledi and upgrade of motor bridges	New indicator	Director Technical/PMU Manager R3 640000,00	maintained stormwater infrastructure	Nota Target	Nota Target	Advert and Appointment of the Contractor	Target Not Met. The advert and appointment of the contractor was not done.	It was later discovered that the EIA Application had to be done in the project. The exclusion of the EIA at the initiation of the planning was due to the lack of oversight and poor planning.	EIA Consultants have been identified from the panel of consultants to carry out the EIA Application and an appointment will be made in 2023/2024 financial year.	
BSD02-07	Construction of 70 accesses to properties in Tienbank by June 2024	110 accesses to property constructed	Director Technical/PMU Manager/ R400000,00	70 accesses to properties constructed in Tienbank	Construction of 180 accesses to properties in Tienbank	Target Not Met : 110 accesses to properties are complete.	Advert and Appointment of the Contractor	Target Not Met. The advert and appointment of the contractor was not done	Three quotes that were received were non-responsive.	The project will be re-advertised. The project will be moved to the new financial year. The Indicator was BSD02-04 in the 2021/2022 Financial Year	

ROADS BRIDGES AND TRANS PORT INFRASTRUCTURE - BSD2										
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water										
BSD02-04	Construction of interlock paved streets (6km) in Khewzi Naledi (Steve Tsebe) W14 by June 2024	New	R7 123329.76	Paved Streets Constructed in Khewzi Naledi	Nota Target	Nota Target	Advert for the procurement of the contractor, Appointment of the contractor and site establishment	Target Not Met . The advert was done however the appointment of the contractor and site establishment has not been done.	The advert closed on 19 April 2023, however, at the end of June 2023 an appointment letter had not yet been issued. This was due to different interviews that the Bid Committee had on some of the factors that impeded the finalisation of the Bid, and the advise was sought from legal services.	The Municipal Manager has instructed the Bid Committee to reconvene to consider the bid. The reasons for non-finalisation are not sufficient enough to not finalise the appointment. This Bid is therefore at the procurement process to consider the reasons raised.
BSD02-05	Licensing of borrow pits at different wards by June 2023	New	Director Technical/PMU Manager R950000.00.	Borrow pits licensed	Nota Target	Nota Target	Licensing of borrow pits at different wards. Ward 1 – Walaza Ndofole Ward 2 – Qhimirha Paimet/Mahedi Ward 3 – Qhoboshane Ekra Ward 4 – Bebeza /Mabele Penhoek / Boomplaas Ward 5 – Phelandaba Hillside Ward 6 – Muisong / Mpoki Majuba / Builtfontein	Target Not Met . The licencing of borrow pits at various wards has not been done.	Identification of borrow pits was a challenge due to stakeholder disputes. The dispute remains unresolved.	There are planned future meetings with all relevant stakeholders to try and resolve the disputes.
BSD02-06	Lining, fencing and upgrading of primary stormwater channel through Khwezi Naledi and upgrade of two motor bridges	New indicator	Director Technical/PMU Manager R3 640000.00	maintained stormwater infrastructure	Nota Target	Nota Target	Advert and Appointment of the Contractor	Target Not Met . The advert and appointment of the contractor was not done.	It was later discovered that the EA application had to be done in the project. The exclusion of the EA at the initiation of the planning was due to the lack of oversight and poor planning.	EIA Consultants have been identified from the panel of consultants to carry out the EA Application and an appointment will be made in 2023/2024 financial year.
BSD02-07	Construction of 70 access to properties in Tienbank by June 2024	110 access to property constructed	Director Technical/PMU Manager R4000000.00	70 accesses to properties constructed in Tienbank	Construction of 180 accesses to properties in Tienbank	Target Not Met : 110 access to properties are complete.	Advert and Appointment of the Contractor	Target Not Met . The advert and appointment of the contractor was not done	Three quotes that were received were non-responsive.	The project will be re-advertised. The project will be moved to the new financial year. The Indicator was BSD02-04 in the 2021/2022 Financial Year

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
STRATEGY	ID Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE-30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023	REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL-TARGET-30 JUNE 2022	ACTUAL-TARGET-30 JUNE 2022			
To ensure effective management and maintenance of indoor recreation community facility	INDOOR RECREATIONAL COMMUNITY FACILITIES-BSD03	BSD03-01	Renovate Barkly East Town Hall by June 2023	Repairing of the Roof structure and plumbing was done in 2021/2022	Director Technical/ PMU Manager/ R14 534849.62	Facility renovated	Appointment of the Contractor and Site Establishment, Repair Roof structure and plumbing.	Target Not Met. The contractor was appointed on 11 February 2022. Repair of the Roof structure and plumbing was not done.	Earthworks, waterproofing on existing roof, plastering, paintwork, sanding and vanishing of wooden floors and new tiling work.	Target Met Earthworks, waterproofing on existing roof, plastering, paintwork, sanding and vanishing of wooden floors and new tiling work were done.	The project will be completed on 15th August 2023.
			BSD03-02	Construction of the Herschel Community Hall by June 2023	New	Director Technical/ PMU Manager/ R 3 900218.54	Facility renovated	Practical completion of the construction of the Herschel Community Hall	Target Not Met. Herschel Community Hall has not been completed. This means there was 0% of work completed on this project.	There reasons for 0% on the works is because the consultant made an error of emailing a priced bill of quantities to bidders and the project was cancelled and re-advised.	The municipality sent corresponding emails of cancellation to all bidders who attended the briefing. The correct BOQ has been prepared and submitted to the Supply Chain Unit for submission to the Bid Specification Committee. Once the committee approved the specifications, the project will be continue. Construction is anticipated to start before the end of December 2023.

To ensure effective management, construction, and maintenance of cemeteries	CEMETERIES AND BURIAL- BSD04	BSD04-01	Construction of New Cemetery in Barkly East by 30 June 2023	Completion of Road Work up to Base Layer, Laying of Kerbs, Marking of 50 Grave Plots in 2021/2022	Director Technical/ PMU Manager/ R 9 862247.09	Provide plots for burials	Appointment of the Contractor and Site Establishment, Completion of Road Work up to Base Layer, Laying of Kerbs, Marking of 50 Grave Plots	Target Met . The contractor was appointed on 11 February 2022 and the site was established. Completion of Road Work up to Base Layer, Laying of Kerbs, Marking of 50 Grave Plots were done.	Project Completion	Target Met. The practical completion was done on the 23 March 2023.	The Indicator was BSD04-04 in the financial year 2021-2022.
To ensure effective management, construction, and maintenance of cemeteries	CEMETERIES AND BURIAL- BSD04	BSD04-02	Fencing of existing cemeteries at Joveleni, Hinana and Voyizana by 30 June 2023	Finalised specification for the procurement of the contractor in 2021/2022	Director Technical/ PMU Manager/ R 306857.00	Provide plots for burials	Appointment of the Contractor and Site Establishment	Target Not Met : Appointment of the Contractor and Site Establishment not done.	Completion of Fencing of existing cemeteries at Joveleni, Hinana and Voyizana	Target Not Met. Fencing of the cemeteries was not done	Specifications have been corrected and have been sent to SCM for re-advertisement. The projects will be advertised in the first quarter of 2023/2024 financial year. Actual work is anticipated to commence before the end of December 2023.
To construct, maintain, identify, establish and upgrade existing sports fields	SPORTS BSD05	BSD05-01	Construction of Bluegums sports field by June 2024	Environmental Impact Assessment was done in 2021/2022	Director Technical/ PMU Manager/ R 357015.60	Constructing sports field	Environmental Impact Assessment	Target Not Met . Environmental Impact Assessment was not done.	EIA Completion and acquire ROD and Advert for the procurement of the contractor	Target Not Met . EIA Completion was not achieved and ROD not acquired and Advert for the procurement of the contractor has not been done.	The EIA process is at its final stages and by the first quarter of 2023-2024 the ROD will be completed. The project will be advertised for construction in the third quarter of 2023-2024 financial year . The Indicator was BSD05-02 in the 2021-2022 Financial Year
To provide library services to residents	LIBRARIES - BSD06	BSD06-01	Report on the Implementation of Library Services SLA with DSRAC by June 2023	4 Quarterly Reports on the Implementation of the SLA were submitted in 2021/2022	Director Community Services/ Manager/ Amenities	Compliance with the signed SLA	4 Quarterly Reports on the Implementation of the SLA.	Target Met . 4 Quarterly Reports on the implementation of the SLA were submitted to DSRAC.	4 Quarterly Reports on the Implementation of the SLA.	Target Met. 4 quarterly reports on the implementation of the SLA were submitted to the DSRAC.	The Indicator was BSD06-02 in the 2021-2022 Financial Year

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT													
STRATEGY	IDP Programme Number	LICENSING AND CONTROL OF ANIMALS - BSD07	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERATION/ ALLOCATIONS
								ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
and control the municipal commongage			BSD07-01	Updating of Stock Register by June 2023	4 stock registers were updated in 2021/2022	Director Community Services/ Manager Amenities	Register updated	Stock Register Quarterly Updated for all Commonages	Target Met. Stock Register was updated quarterly for all commonages.	Stock Register Quarterly Updated for all Commonages	Target Met. 4 Quarterly reports on the updated stock register submitted to the standing committee.		
the waste and landfill site	WASTE MANAGEMENT - RECYCLING BSD08		BSD08-01	Development of a Solid Waste Site in Ward 5 - Rossouw by 30 June 2023	950m perimeter fence and Digging of cells were done in 2021/2022	Director Technical/ PMU Manager/ R7 837338.1	Waste Site Developed	Appointment of the Contractor and Site Establishment, 950m perimeter fence and Digging of cells.	Target Not Met. The contractor was appointed on 11 February 2022 and the site was established. Fence completed was 150m.	Completion of the Development of a Solid Waste Site in Ward 5 - Rossouw	Target Not Met. Development of a Solid Waste Site in Ward 5 - Rossouw has not been completed. Project percentage is at 65%	The performance of the contractor was very slow. The only item remaining is eskom connection. Project percentage is at 65%	The contractor was subjected to penalties and intent to terminate the contract. The Indicator was BSD08-02 in the Financial Year 2021-2022
To effectively manage and reduce waste	WASTE MANAGEMENT - RECYCLING BSD08		BSD08-02	Development of a Solid Waste Site in Ward 13 - Herschel by September 2022	The project was advertised and The Contractor was appointed in 2021/2022	Director Technical Services/ PMU Manager/ R2820000.00	Waste Site Developed	Site establishment and earthworks, 3200m perimeter fencing, 1200m of access roads, Digging of cells, Linings, completion of the Guard house.	Target Met. The site has been established and earthworks were done, 3200m of perimeter fencing was done, 1200m of access road was done, Digging of cells, Linings, and completion of the Guard house was done.	Completion of the Development of a Solid Waste Site in Ward 13 - Herschel	Target Met The project was completed. The practical completion certificate was issued on the 5 Aug 2022.		The Indicator was BSD08-03 in the Financial Year 2021-2022

To effectively manage and reduce waste	WASTE MANAGEMENT-RECYCLING BSD08	BSD08-03	BSD08-04	<p>Upgrading of the Lady Grey Solid Waste Site by June 2023</p> <p>Digging of cells, Linings, completion of the Guard house was done in 2021/2022</p> <p>Director Technical Services/ PMU Manager/ R6928030.30</p>	<p>Waste Site Developed</p> <p>Site establishment and earthworks, 3200m perimeter fencing, 1200m road, Digging of cells, Linings, completion of the Guard house</p>	<p>Target Met. The site has been established and earthworks were done. 3200m of perimeter fencing was done, 1200m of access road was done, Digging of cells, Linings, and completion of the Guard house was done.</p> <p>Target Not Met. The contractor was appointed on 23 February 2022 and the site was established.</p>	<p>Completion of Lining of cells and installation of smart coil. Project completion</p> <p>Appointment of a Consultant and Preliminary Designs</p>	<p>Target Not Met. Lining of cells and installation of smart coil was not done. The project was not completed.</p> <p>Target Met. The preliminary designs were done.</p>	<p>The contractor was terminated on the 3rd April 2023 due to non-performance and poor workmanship.</p>	<p>The new contractor was appointed on the 26th April 2023. The project should be completed by June 2024. The Indicator was BSD08-04 in the Financial Year 2021-2022</p> <p>Initially the project was solid waste site built was later changed to a transfer station.</p>
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KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

STRATEGY	IDP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection	BSD08	BSD08-05	% of refuse removal on households by June 2023	15.94% of refuse removal on households	Director Community Services/ Manager Waste	Number of people with access to free basic refuse removal	1 Annual Report on the percentage of households with access to basic level of refuse removal.	Target Met. 1 Annual Report on the percentage of households with access to basic level of refuse removal was submitted. There were 130% of households which had access to basic level of refuse removal.	15.94% of refuse removal on households	Target Met. 15.94%		The percentage remains the same as last year because there were no new households added.
					Director Community Services/ Manager Waste	Council Approved Waste Management Plan	Nota Target	Nota Target	IWMP Reviewed	Target Not Met. The IWMP was not reviewed because the municipality needed to have a consultant appointed to conduct the study.	Provincial Treasury provided guidance on the use of consultants which are on a panel, and this delayed the appointment.	The target has been moved to the next financial year. A consultant will be appointed following the re-assessment of the appointment of consultants on a panel.
That all registered indigent households receive free basic electricity and refuse removal	BSD09	BSD09-01	Report on the percentage of households earning less than 2 state pension fund per month with access to free basic services by June 2023	1 Annual Report was tabled - 31,04 % of our serviced consumers are registered as indigent consumers in 2021/2022	CFO/ Manager Revenue/R	Number of indigent people approved for free basic electricity	1 Annual Report on the percentage of households earning less than 2 state pension fund per month with access to free basic services	Target Met. 1 Annual Report on the percentage of households earning less than 2 state pension fund per month with access to free basic services was submitted.	1 Annual Report on the percentage of households earning less than 2 state pension fund per month with access to free basic services	Target Met. The report was submitted stating 39% of households earning less than 2 state pension fund per month with access to free basic services was achieved.		39% of household earning less than 2 state pension fund per month with access to free basic services was achieved.
					Director Community Services/ Manager Waste	Integrated Waste Management Plan	Nota Target	Nota Target	IWMP Reviewed	Target Not Met. The IWMP was not reviewed because the municipality needed to have a consultant appointed to conduct the study.	Provincial Treasury provided guidance on the use of consultants which are on a panel, and this delayed the appointment.	The target has been moved to the next financial year. A consultant will be appointed following the re-assessment of the appointment of consultants on a panel.

<p>To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance</p>	<p>ELECTRICITY AND STREET LIGHTING BSD-10</p>	<p>BSD10-01</p>	<p>% of electricity losses reduced by June 2023</p>	<p>New</p>	<p>Director Technical/Electrical Controller</p>	<p>Reduce electricity losses</p>	<p>Nota Target</p>	<p>Nota Target</p>	<p>Reduce electricity losses by 6%</p>	<p>Target not Met. The reduction of electricity losses by 6% has not been achieved. The losses reduced by 3,44%.</p>	<p>The Municipality was able to reduce the losses substantially at Lady Grey. The problematic areas are St. Erkspruit and Barkly East. A Consultant was then appointed to conduct a house to house inspection to identify the problematic areas. This exercise culminated in them developing a Technical Report that has a scope of work for what needs to be done at these 10 towns</p>	<p>The Bid Specifications that will address the condition of what is illustrated in the Technical Report will be developed so that all the gaps identified be addressed in the financial year 2023/24 as a phased approach which will be dependent on the available budget</p>
<p>To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance</p>	<p>ELECTRICITY AND STREET LIGHTING BSD-10</p>	<p>BSD10-02</p>	<p>increase in % of households with access to electricity by June 2023</p>	<p>83.40%</p>	<p>Director Technical/Electrical Controller/ R</p>	<p>Raude electricity backlog</p>	<p>1 Annual Report on the percentage of households with access to basic level electricity.</p>	<p>Target Met . 1 Annual Report on the percentage of households with access to basic level electricity was submitted. 85% of households have access to basic level electricity.</p>	<p>Increase the % of households with access to electricity to 85%</p>	<p>Target Not Met. The municipality registered 84,1 % for 2022/2023.</p>	<p>Funding of the electrification including implementation was done by Eskom. They from time to time downwardly adjusted the planned households and this negatively affected the planned target. The municipality did not budget for electrification in the 2022/2023.</p>	
<p>To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance</p>	<p>ELECTRICITY AND STREET LIGHTING BSD-10</p>	<p>BSD10-03</p>	<p>Installation of Power Backup System Batteries</p>	<p>Power Backup System with no Batteries</p>	<p>Director Technical/Electrical Controller/ R5 0000000.00</p>	<p>Reduce power downtime</p>	<p>Installation of the Backup System</p>	<p>Target Met . The Contractor was appointed on the 23rd of February 2022 and the back up installation project was completed.</p>	<p>Procurement and Installation of Batteries for the Power Backup System</p>	<p>Target Not Met . Procurement and Installation of Batteries for the Power Backup System not done.</p>	<p>Procurement was not finalised by the BAC.</p>	
<p>To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance</p>	<p>ELECTRICITY AND STREET LIGHTING BSD-10</p>	<p>BSD10-05</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	<p>Indicator was BSD10-05 in the 2021-2022 Financial Year</p>	

<p>The tender will be advertised in the first quarter of 2023/2024.</p>	<p>End user department still to finalize the specifications for the change-rooms.</p>	<p>Target Not Met . Construction of Staff Change Rooms in Lady Grey was not done.</p>	<p>Construction of staff change rooms in Lady Grey</p>	<p>Target Not Met . Appointment of the Contractor and Site Establishment was not done.</p>	<p>Appointment of the Contractor and Site Establishment.</p>	<p>Staff change rooms constructed</p>	<p>Director Technical services / PMU/Manager/ R634309.18</p>	<p>Finalised specification for the procurement of the contractor in 2021/2022</p>	<p>Construction of staff change rooms in Lady Grey by June 2023</p>	<p>BSD11-01</p>	<p>OFFICE SPACE BSDS11</p>	<p>To provide office space and parking by building new offices and renovating existing buildings</p>
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KPA 2: LOCAL ECONOMIC DEVELOPMENT												
STRATEGY	ID Programme	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022	ACTUAL TARGET 30 JUNE 2022	CURRENT FINANCIAL YEAR 2022/2023	ACTUAL TARGET 30 JUNE 2023	REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/REMEDIAL ACTION/GENERAL COMMENTS
							ANNUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ANNUAL TARGET 30 JUNE 2023	ANNUAL TARGET 30 JUNE 2023		
To promote responsible tourism, arts and heritage through continued support to local initiatives	TOURISM LED-01	LED01-01	% of the implementation of the Senqu Tourism Strategy by June 2023	Draft Senqu Tourism Plan 2023-2027	Director Development and Town Planning Services/ Manager IPED	Implemented year priorities as per tourism plan	1 adopted tourism plan	Target Met. The Contractor was appointed on the 23rd of February 2022 and the back up installation project was completed.	100% implementation of the year priorities as per tourism plan	Target Not Met. Only 63% of the implementation plan was met with 12 of the 19 targets being met.	Non-performance due to availability of external stakeholders.	The matter will be reported to the Speaker so that stakeholder engagements can be enhanced.
					Director Development and Town Planning Services/ Manager IPED	Implemented year priorities as per LED strategy	1 adopted LED strategy	Target Met. The Contractor was appointed on the 23rd of February 2022 and the back up installation project was completed.	100% implementation of the year priorities as per LED strategy	Target Not Met. 70% of the implementation plan was met with 7 out of the 10 targets reached.	Targets not met due to budget constraints will be done in the 2023/2024 financial year. Targeted with external stakeholders such as DARD and institutions of higher learning as well as procurement targets for the institution were not met.	Intuiture budget adjustment will be done to ensure that only targets that are achievable will be in the plan.
					Director Development and Town Planning Services/ Manager IPED	Outdoor advertising and signage policy	1 Outdoor advertising and signage SOP developed	Target Met. Outdoor advertising & signage SOP was approved by SEM in April 2022	1 Outdoor advertising and signage policy adopted	Target Not Met. The policy was not approved by council.	The SOP has been developed and will be sent to management for approval in the first quarter of the 2023/2024 financial year.	
					Director Development and Town Planning Services/ Manager IPED	Street and public places naming policy developed	Street and public places naming policy adopted	Target Met. The Policy was sent to the DTPSSC in August 2022. It was commented on and went to Council for adoption on 30 September 2022	1 Street and public places naming policy adopted	Target Met. The policy was approved by council.	The policy was approved by council on 30 September 2022.	
					Director Technical Services	Number of jobs created	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. 1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects were submitted. 423 LED initiatives and capital infrastructure projects.	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. 290 jobs were created through the LED initiatives including capital projects.		
To promote data driven development in the local economy through implementation of the LED strategy	LED 02	LED02-05	% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMMEs through subcontracting by June 2023	2020/2021 Report	Director Technical Services	Improved work opportunities for SMMEs	30% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMMEs through subcontracting.	Target Met. 1 consolidated annual report on 30% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMMEs through subcontracting was submitted	30% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMMEs through subcontracting.	Target Exceeded. 30.7% of the municipal infrastructure capital projects in excess of R6 million, were allocated to SMMEs through subcontracting.	The support will continue and possibly be increased in the outer years.	
					Director Technical Services	Number of jobs created	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. 1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects were submitted. 423 LED initiatives and capital infrastructure projects.	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. 290 jobs were created through the LED initiatives including capital projects.	Target Exceeded. 30.7% of the municipal infrastructure capital projects in excess of R6 million, were allocated to SMMEs through subcontracting.	This was due to the fact that the municipality looks stance to fully support its SMMEs where possible and not only give them training.

KPA3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY												
STRATEGY	IDP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
To ensure the efficient and effective procurement of municipal assets through regular asset reporting and reporting to the Municipal Asset Demand Management (ADMINISTRATION AND REPORTING)-MFMV01	ASSET MANAGEMENT-MFMV02	MFMV02-01	Performance of the service provider by June 2023	1 Annual Asset Count was Performed in 2021/2022	CFO/Manager Supply Chain Demand	Asset Count Report developed	1 Annual report on percentage of the implementation of the Institutional Procurement Plan	1 Annual report on percentage of the implementation of the Institutional Procurement Plan	10 Monthly reports on the percentage of the implementation of the institutional procurement plan	10 Monthly reports on the percentage of the implementation of the institutional procurement plan		
							Target Met . 1 Report on Asset Counts submitted. Only 98% of the assets were verified.	Target Met . 1 Report on Asset Counts submitted. Only 98% of the assets were verified.	Target Met . 10 Monthly reports were submitted to Standing Finance Committee.	Target Met . 10 Monthly reports were submitted to Standing Finance Committee.	Target Met. The Annual Asset count was performed.	
To ensure the efficient and effective procurement of goods and service	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)-MFMV01	MFMV01-01	Percentage of the implementation of the Institutional Procurement Plan by June 2023	Procurement Plan developed in 2021/2022	CFO/Manager Supply Chain	Plan Developed	1 Annual report on percentage of the implementation of the Institutional Procurement Plan	Target Met . 1 Annual report on percentage of the implementation of the Institutional Procurement Plan was submitted. 71% of the projects were implemented as per the institutional procurement plan.	10 Monthly reports on the percentage of the implementation of the institutional procurement plan	Target Not Met . The procurement plan was 100% achieved an 10 reports were submitted to the standing committee.		
							Performance of the service provider by June 2023	Report on Performance of Service Providers in 2021/2022	Quarterly Report	10 Monthly Reports on the % of Service Providers who implemented terms and conditions of tender documents in a timely manner	Target Met . 10 Monthly reports were submitted to Finance Standing Committee.	

To annually assess and report on the % of the budget spent by the ratios		FINANCIAL MANAGEMENT-MFMV03	
MFMV03-01	Report on Financial viability as expressed by the ratios in the gazette by June 2023	2021/2022 Ratios	CFO/MANAGER BTO/Financial System / AID Directors
MFMV03-02	Complementary valuation roll by June 2023	2021/2022 Valuation Roll	CFO/Manager Revenue
MFMV03-03	Report on 100% Correct billing of consumers with a 2% variance factor by June 2023	2021/2022 verified actual correct billing reported	CFO/Manager Revenue/ Financial System/
MFMV03-04	Report on actual revenue collected by June 2023	2021/2022 Total Revenue collected	CFO/Manager Revenue/ Financial System
		FINANCIAL MANAGEMENT-MFMV03	
	1 Annual Report on the ratios	1 Annual Report on the ratios	Target Met.
	1 Annual Report on Financial viability as expressed by the ratios in the gazette.	1 Annual Supplementary Valuation Roll compiled	1 Annual Report on Ratios was prepared and submitted to the Finance Standing Committee and Provincial Treasury.
	1 Annual Report on Financial viability expressed by the ratios in the gazette was submitted.	1 Annual Supplementary Valuation Roll compiled	Target Met. 1 Annual Supplementary Valuation Roll was done.
	Target Met. 1 Annual Report on Financial viability expressed by the ratios in the gazette was submitted.	100% Correct billing of consumers with a 2% variance factor	Target Met. Billing was 100%. The billing process was performed based on actual readings no estimations were performed, the exception reports were performed and verified to ensure that no inter billing were performed.
	Target Not Met. The Annual Supplementary Valuation roll was not compiled.	100% Correct billing of consumers with a 2% variance factor	Target Met. 4 Quarterly Reports on the actual collected revenue were submitted. As per the expected norm 95% of the municipality collected 91% with 4% variance during the year 2022.
	There is a dispute with service provider regarding outstanding payment.	4 Quarterly Reports on the actual collected revenue	Target Met. The quarterly reports on the actual revenue collected were submitted to the standing committee.
	The dispute will be resolved in Q1 of the 2023/2024 Financial year.		

KPA3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY												
STRATEGY	IDP Program Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/GENERAL ALLOCMENTS
							ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
To ensure compliance with the MFMA and MSA requirements regarding the annual budget development and submission requirements	BUDGET COMPILATION-MFMV04	MFMV04-01	Completion of the Annual budget for 2023/2024 by 31 May 2023	2022/2023 Budget	CFO/ Financial Systems/ All Directors/ Dora/ Legislative Directives/	MFMA Compliant budget	Target Met. Final Budget compiled and approved by Council on 30 May 2022.	Complete 2023/2024 MFMA Compliant budget by 31 May 2023	Target Met. The budget was approved by Council on 31 May 2023.			
		MFMV04-02	Completion of the Adjustment budget by 28 February 2023	2021/2022 Budget	CFO/ Financial Systems/ All Directors/ Legislative Directives	MFMA Compliant adjusted budget	Target Met. 1. Adjustment of the budget approved by Council on 28 February 2022. 2. Notice informing the public of the adjustment within 10 days after the approval was published.	Compliant MFMA Compliant adjustment budget by 28 February 2023	Target Met. The adjustment budget was approved by Council on 28 February 2023.			
	REPORTING-MFMV05	MFMV05-01	Development and submission of the section 71 report to the Mayor and National Treasury within 10 working days by June 2023	12 section 71 reports for 2021/2022	CFO/ Manager BTO/ Financial System/ Treasury/ Template/ AID Directors	Compliance with Treasury Regulations and the MFMA	Target Met. Reports on development of section 71 reports and submission to the Mayor and National Treasury within 10 working days were submitted.	12 Monthly reports on Section 71 (1) developed	Target Met. 12 Monthly reports on section 71 were developed and submitted to Treasury.			
		MFMV05-02	Completion of financial and performance reports (Section 52(d) and Section 72-MFMA) by June 2023	4 Financial and performance reports developed in 2021/2022	Municipal Manager/ CFO/ Manager Governance and Compliance/ BTO	4 Financial Performance reports compiled	Target Not Met. The S52 (d) report for first quarter was developed but not sent to Council. The S72 report was tabled in Council in January 2022. The S52 (d) report for third quarter was tabled to Council meeting in April 2022. The S52 (d) report for fourth quarter was tabled to Council meeting in July 2022.	4 Financial Performance reports (Section 52(d) and Section 72-MFMA)	Target Met. All Financial and Performance Reports were sent to Council for approval.			
	IT -MFMV06	MFMV06-01	100% of the implementation of the ICT strategy	Implementation of the 28 Strategic Initiatives in 2021/2022	CFO/ Manager IT	8 Strategic ICT priorities achieved	Nota Target	8 of the 28 Strategic ICT Priorities implemented in 2022/2023	Target Not Met. Not all project under the ICT Strategic priorities were done. The actual percentage achieved is 70%	Insufficient budget has contributed to human resource and infrastructure challenges		The municipal budget should adequately for its ICT Infrastructure.
			Effectively secure, efficient ICT service through implementation of policies and procedures for equipment									

KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

STRATEGY	IDP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL TARGET- 30 JUNE 2022	ACTUAL TARGET- 30 JUNE 2022	ANNUAL TARGET- 30 JUNE 2023	ACTUAL TARGET- 30 JUNE 2023		
To ensure implementation of the annual developed SDP	SKILLS DEVELOPMENT - MTID-01	MTID01-01	% of a municipality's budget actually spent on implementing its workplace skills plan by June 2023	Report submitted in 2021/2022	CFO/Director Corporate/Manager HR	Capacity of employees	1 Reports on training initiatives implemented for staff and Councilors	Target Met . 1 Report on training initiatives implemented for staff and councilors was submitted.	1 Annual Report on the % of a municipality's budget actually spent on implementing its workplace skills plan	Target Met . 44,11% spent during the FY under review.		
To ensure that the EEP is implemented	EMPLOYMENT EQUITY - MTID-02	MTID02-01	Number of people from employer equity target groups employed in the 3 highest levels of compliance with a municipal approved employment equity plan by June 2023	Report submitted in 2021/2022	Director/Corporate/Manager HR	Reports compiled	1 Report on no. of people from employer equity target groups employed in the 3 highest levels of compliance with a municipal approved employment equity plan	Target Met . 1 Report on no. of people from employer equity target groups employed in the 3 highest levels of compliance with a municipal approved employment equity plan was submitted.	1 Report on no. of people from employer equity target groups employed in the 3 highest levels of compliance with a municipal approved employment equity plan	Target Met. 12 people were employed from the employment equity group in the 3 highest levels of compliance with a municipal approved employment equity plan		
To ensure that the Municipality has the capacity to implement its programmes and plans	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT - MTID03	MTID03-01	Review of the Institutional Organogram by June 2023	2021/2022 Reviewed Organogram	Director/Corporate/Manager HR	Organogram approved	2021-2022 review of the organogram	Target Met, the Organogram was reviewed, approved by the MM and noted by Council by the end of May 2022.	Implementation and review of the Institutional Organogram	Target Met . The organogram was reviewed and approved by council on 31 May 2023.		
To ensure that the Municipality has the capacity to implement its programmes and plans	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT - MTID03	MTID03-02	Ensuring that vacant positions are filled within prescribed timeframes	New Indicator	Director/Corporate/Manager HR	Well capacitated municipality	Nota Target	Nota Target	% of funded vacancies with evaluation outcomes filled within six months of being vacated by June 2023	Target Met 68,4% of the funded vacancies have been filled.		

KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

STRATEGY	IDP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
Strengthening staff and implementing OHS legislation	OCCUPATIONAL HEALTH AND SAFETY-MTID-04	MTID04-01	% of OHS resolutions implemented annually by June 2023	2021/2022 tracked resolutions	Director/Corporate/Manager/HR	Meetings held	Percentage (70%) of tracked OHS resolutions resolved	Target Met. Employee wellness day was held on the 23rd of June 2022	Percentage (70%) of tracked OHS resolutions resolved	Target exceeded 80% of the OHS resolutions were tracked and implemented. The target exceeded by 10%	Pressure was exerted on different directorates to ensure that the resolutions were attended to and issues like procurement of protective clothing was done on time. Also the assistance from the appointed service provider helped in dealing with OHS issues.	The indicator was MTID05-01. The target will be increased in the outer years to ensure full tracking.
Ensuring implementation of LFL resolutions	LOCAL LABOUR FORUM-MTID05	MTID05-01	Percentage (100%) of ongoing labour matters initiated on time by June 2023	2021/2022 tracked resolutions	MM/ Manager Legal/ Director/Corporate/ Manager HR	Number of meetings held	Percentage (70%) of tracked LFL resolutions resolved	Target Met. 100% of tracked LFL resolutions were implemented.	100% initiation of labour and legal matters	Target Met. Labour achieved 100%	A session has been organised to decide on the organisational redesign and realignment. This session will sit in July 2023. Legal Services has been moved to the office of the MM. The target has not been achieved. When the positions were removed, it required institutional realignment.	Although work has been done but not all reports were submitted to relevant standing committees as the office of the MM does not have a standing committee. This indicator was MTID06-01

To ensure participatory integrated planning and budgeting	INTEGRATED DEVELOPMENT PLAN - MTID 07	MTID07-01	Review of the new 5 year IDP for 2022/23 to 2026/27 by June 2023	IDP 2023-2027	Director Development and Town-Planning Services/ Manager IPED	IDP reviewed		Review of 5 year IDP	Target Met. The IDP was reviewed and approved by council on 31 May 2023.	
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STRATEGY	IDP Program Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/GENERAL COMMENTS		
							ANNUAL TARGET- 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET- 30 JUNE 2023	ACTUAL TARGET- 30 JUNE 2023				
To monitor and evaluate the performance of staff on an annual basis	MTTD06-01	MTTD06-01	Signing of Performance Agreements by the Municipal Manager and all Managers by September 2022	6 Agreements signed	Director/Corporate Services/HRI and Legal Services Manager	Signed Agreements	6 Signed Performance Agreements	Target Met. All 6 Performance Agreements were assigned to COGTA on the 5th of Sep 2022	6 Signed Performance Agreements	Target Met. All 6 Performance Agreements were assigned to COGTA on the 5th of Sep 2022		This Indicator was MTD07-02 in the 2021-2022 Financial year.		
			Signing of Performance Agreements with their respective Directors by September 2022	18 Agreements signed	Director/Corporate Services/HRI and Legal Services Manager	Signed Plans	20 Signed Performance Agreements	Target Met. Submissions were made by only 8 managers.	20 Signed Performance Agreements	Target Met. Submissions were made by only 8 managers.	The difference in the number of submissions has been caused by non-co-operation by user-rectorates. Follow ups have been done with HOD's who have promised to have the two vacant positions which are still awaiting the finalisation of the I.D.	This Indicator was MTD07-03 in the 2021-2022 Financial year. Since the municipality is using a new performance management system, change management will be implemented and the matter monitored by SEM for improvements and consequence management when necessary.		
			Completion of the Annual Performance Report (s46) by August 2022	2020/2021 Annual Performance Report	Municipal Manager/Governance and Compliance/	Annual Performance Report completed and submitted to AG by 31 August 2021	Annual Performance Report completed and submitted to AG by 31 August 2022	Target Met. The report was developed and submitted to AG on 31 August 2021.	Annual Performance Report completed and submitted to AG by 31 August 2022	Target Met. The report was developed and submitted to AG on 31 August 2022	Annual Performance Report completed and submitted to AG by 31 August 2022	Target Met. The report was developed and submitted to AG on 31 August 2022		This Indicator was MTD07-04 in the 2021-2022 Financial year
			Completion of the Annual Report for 2021/2022 by June 2023	2020/2021 Annual Report	Municipal Manager/Governance and Compliance/	Annual Report completed and approved by 31 March 2022	Annual Report completed and approved by 31 March 2023	Target Met. The Draft was approved on 28 January 2022 and the Final was adopted with the Oversight Report on 31 March 2022.	Annual Report completed and approved by 31 March 2023	Target Not Met. The Annual report was completed but not approved.	Annual Report completed and approved by 31 March 2023	Target Not Met. The Annual report was completed but not approved.	The municipality was had a dispute with AG over the Audit Report and this has directly impacted on the approval of the Annual Report.	This Indicator was MTD07-05 in the 2021-2022 Financial year. The report will be approved before 31 December 2023.
			Completion of the 2021/2022 Oversight report by 31 March 2023	2020/2021 Oversight report	MM/Chief of Staff	Not a Target	Not a Target	Not a Target	2021/2022 Oversight report completed by 31 March 2023	Target Not Met. The report was not completed and approved.	2021/2022 Oversight report completed by 31 March 2023	Target Not Met. The report was not completed and approved.	The municipality was had a dispute with AG over the Audit Report and this has directly impacted on the approval of the Annual Report.	This Indicator was MTD07-02 in the 2021-2022 Financial year. The report will be approved before 31 December 2023.
			Development and Tabling of the Service Delivery and Budget Implementation Plan by June 2023	2022/2023 SDBIP	Municipal Manager/Governance and Compliance/	2021/2022 SDBIP developed and approved by the Mayor within 28 days after the approval of the budget	2021/2022 SDBIP developed and approved by the Mayor on 27 June 2022	Target Met. The 2022/2023 SDBIP was developed and approved by the Mayor on 27 June 2022	2023/2024 SDBIP developed and approved by the Mayor within 28 days after the approval of the budget	Target Met. The SDBIP was approved by the Mayor on 28 June 2023	2023/2024 SDBIP developed and approved by the Mayor within 28 days after the approval of the budget	Target Met. The SDBIP was approved by the Mayor on 28 June 2023		This Indicator was MTD07-06 in the 2021-2022 Financial year

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

STRATEGY	IDP Programme Number	KPA NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/GENERAL COMMENTS
							ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023		
To promote and instil good governance practices within Senqu municipality	RISK AND FRAUD PREVENTION GPP01	GPP01-01	Implementation of Risk Management Plan by June 2023	2021/2022 tracked resolutions	Municipal Manager/Manager of Governance and Compliance	Effective implementation of Risk Management Plan	100% of tracked Risk Committee meetings resolutions implemented	Target Not Met. 80% of RMC resolutions has been implemented, 10% in progress and 10% not implemented.	100% implementation of Risk Management Plan	Target not Met. 75% has been implemented. 25% not implemented.	<p>1. RMC not sitting as scheduled; RMC did not sit as scheduled for FY 2022-2023 due to the unresolved matter relating to the composition of RMC.</p> <p>2. Fraud Prevention Plan (FPP) not published on municipal website. The FPP was reviewed Q4 of 2022/23, but will only be approved and uploaded in Municipal website in Q1 of 2023/24.</p> <p>3. Risk Assessment not facilitated as per Risk Management Plan due to clashing timeframe of management this will take place in Q1 of 2023/24.</p>	The RMC will sit religiously from the first quarter as the matter regarding its composition have been resolved with the Audit Committee.
			Develop a Conflict of Interest Register for staff and Councilors by June 2023	2021/2022 Conflict of Interest Register	Municipal Manager/Manager of Governance and Compliance	Register Developed	Development of the Conflict of Interest Register	Target Met. The register was developed and circulated to staff and councillors.	Target Met. The development of the Conflict of Interest Register has been developed.	Target Met. The development of the Conflict of Interest Register has been developed.	The register was approved in the first quarter.	
			Implementation of the Compliance Register by June 2023	2021/2022 tracked compliance register	Municipal Manager/Manager of Governance and Compliance	Institutional Compliance Assessment conducted	100% of tracked Compliance register implemented	Target Met. The Register was tracked and 100% implemented.	Target Met. 100% implementation has been achieved.	Target Met. 100% implementation has been achieved.		
To ensure compliance with legislated deadlines such as MFMA & MSA, mSCOA regulations. IDP and budget dates	COMPLIANCE GPP02	GPP02-01										

To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report	OVERSIGHT - GPP03	GPP03-01	Implementation of the Audit Committee Resolutions by June 2023	2021/2022 tracked resolutions	Municipal Manager/CAE/R	Meetings held	100% of tracked Audit Committee resolutions implemented	Target Met . 100% of tracked Audit Committee resolutions were implemented.	100% of tracked Audit Committee resolutions implemented	Target Met . 100% of tracked resolutions implemented.		
		GPP03-02	Implementation of the Municipal Public Accounts Committee Resolutions by June 2023	2021/2022 tracked resolutions	Municipal Manager/Chief of Staff	Number of MPAC meeting-shield.	100% of tracked MPAC resolutions implemented	Target Met . 100% of tracked MPAC resolutions were implemented.	100% of tracked MPAC resolutions implemented	Target Met. 100% of tracked MPAC resolutions implemented was achieved.		

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
STRATEGY	DP Programme Number	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022		CURRENT FINANCIAL YEAR 2022/2023	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS
							ANNUAL TARGET- 30 JUNE 2022	ACTUAL TARGET- 30 JUNE 2022	ANNUAL TARGET- 30 JUNE 2023	
To ensure that Council, Exco and Top Management meetings are held regularly and that resolutions are implemented	OVERSIGHT -GPP03	GPP03-03	Number of Council/Exco resolutions tracked by June 2023	2021/2022 tracked resolutions	Director Corporate/ Manager IGR	Reports completed	4 Quarterly Reports on tracked resolutions	Target Met. 4 Quarterly Reports on tracked resolutions were submitted.	4 Quarterly Reports on tracked resolutions of Council and EXCO	Target Met. All Exco Resolutions were tracked and reported developed.
							100% of tracked Top Management resolutions implemented	Target Not Met. 71% of Management resolutions were implemented.	100% of tracked Senior Executive Management resolutions implemented	57 resolutions taken and 48 implemented. 84% of resolutions implemented
To ensure that Council, Exco and Top Management meetings are held regularly and that resolutions are implemented	OVERSIGHT -GPP03	GPP03-04	Implementation of the Senior/Executive Management Resolutions by June 2023	2021/2022 tracked resolutions	Municipal Manager/ Strategic and Communication	Meetings Held	100% of tracked Top Management resolutions implemented	Target Not Met. 71% of Management resolutions were implemented.	100% of tracked Senior Executive Management resolutions implemented	In February 2023 the Municipal Manager resigned and Director and Director of Community Services acted until June 2023. All these changes impacted on some resolutions getting delayed.
							% of issues resolved on the audit plan	Target Met. 88% of issues raised have been completed.	100% of issues resolved on the audit action plan	Target Not Met. 92% has been completed
To ensure that Council, Exco and Top Management meetings are held regularly and that resolutions are implemented	OVERSIGHT -GPP03	GPP03-05	Monitor the implementation of the Audit Action Plan by June 2023	2021/2022 reports	Municipal Manager/ Manager Governance and Compliance	Audit Action Plan implemented	% of issues resolved on the audit plan	Target Met. 88% of issues raised have been completed.	100% of issues resolved on the audit action plan	The activities not implemented are due to external circumstances which are still being resolved.
										This indicator is GPP03-05 in the 2021-2022 Financial Year. The New Municipal Manager will commence duties on 01 July 2023.
										This indicator is GPP03-08 in the 2021-2022 Financial Year. The Municipality would engage the external stakeholders and report to the Audit Committee on the outcomes.

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION													
STRATEGY	IDP Program-Number	MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 JUNE 2022	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2021/2022 ANNUAL TARGET 30 JUNE 2022	ACTUAL TARGET 30 JUNE 2022	CURRENT FINANCIAL YEAR 2022/2023 ANNUAL TARGET 30 JUNE 2023	ACTUAL TARGET 30 JUNE 2023	REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE / REMEDIAL ACTION / GENERAL COMMENTS
To ensure regular interaction with the public through the public participation plan, imbizo and meetings such as IPF.		COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04-01	% of the implementation of the communication action plan by June 2023	Communication action plan adopted by council in 2021-2022	Municipal Manager/Strategic and Communication	Implementation Reports actually compiled	Nota Target	Nota Target	100% implementation of the communication action plan with a variation of 20%	Target Not Met. No evident total of 62 targets set of which 8 was not implemented. 87% implemented as provided.	Most of the issues could not be met due to budgetary constraints and late responses by internal stakeholders.	This Indicator was not in the 2021-2022 Financial Year Performance Plan. Consequence Management should be exercised in cases where Directors do not adhere to municipal approved plans and also council should adequately budget for its activities.
To promote interactive communication around townships and service delivery issues		COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04-02	Number of Ward Committees/interactions/support actions by June 2023	4 Quarterly Reports per Ward (17 wards) submitted in 2021/2022	Director Corporate Services/Manager/GR and Stakeholder Relations/R	Engagements/interactions/support	4 Quarterly Reports per Ward (17 wards)	Target Not Met. Only 3 quarterly reports were submitted.	4 Quarterly Reports per Ward (17 wards)	Target Met. 4 Quarterly reports were submitted		This Indicator was GGPP04-01 in the 2021-2022 Financial Year.
To ensure regular interaction with the public through the public participation plan, imbizo and meetings such as IPF.		COMMUNICATIONS, MARKETING, CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04-03	Percentage of issues despatched from the Municipal Customer Care Complaints register within 3 days by June 2023	12 reports submitted in 2021/2022	Director Corporate Services/Manager/GR and Stakeholder Relations/R	Queries resolved	Percentage of issues resolved from the Municipal Customer Care Complaints register and Presidential Hotline within 7 days	Target Met. 100% of issues were resolved.	Percentage of issues despatched from the Municipal Customer Care Complaints register within 3 days	Target Met. 100% of issues despatched from the Municipal Customer Care Complaints register within 3 days was achieved.		This Indicator was GGPP04-02 in the 2021-2022 Financial Year.

Table to continue on the next page...

KPA 6:ENVIRONMENT & SPSATIALPLANNING						
STRATEGY	IDP Programme Number	KPINUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30JUNE 2022	INPUT	OUTPUT
To develop and maintain urban centres to attractand keep investorstothe municipality	SPATIAL PLANNING E&SM02 GE&SM02	E&SM07-02 E&SM02-01	Development and approval of the Senqu Spatial Development Framework by June2023	Draft Senqu SDF developed in2021/2022	Director Development and Town Planning Services/Town Planner/	Senqu Spatial Development Framework developed
		E&SM02-02	Sterkspruit Development Business Plan/ Urban Design Framework by June 2023	Submission of Specification to theSCM committee in 2021/2022	Director Development and Town Planning Services/Town Planner	Approved Sterkspruit Development Business Plan/Urban Design Framework Developed
		E&SM02-03	Township Establishment for Lady Grey new settlements by June 2023	Appointment of SP and submission of the engineering services report to the JGDM was done in 2021/2022	Director Development and Town Planning Services/Town Planner	Approved Township applications
		E&SM02-04	Formalisation of Sterkspruit villages	New Indicator	Director Development and Town Planning Services/Town Planner/	Incorporation of Sterkspruit villages intotheurban edge(town)
	Planning Tribunal E&Sm03-01	E&SM03-01	Establishmentof the Municipal Planning Tribunal by 30June 2023	NewIndicator	Director Development and Town Planning Services/Town Planner/	Efficient Municipal Planning Tribunal
	Property ManagementE&SM04	E&SM04-01	Transfer of public works and rural developm entproperties by 30 June 2023	NewIndicator	Director Development and Town Planning Services/Town Planner/	Registration of properties underthe relevant governemnt department
	Land use E&SM05	E&SM05-01	Development of Land Administration and Disposal Policy by June2023	Legal opinion on the draft disposalpolicy was requested in2021/2022	Director Development and Town Planning Services/Town Planner	Policy approvedby Council
	Housing E&SM07	E&SM07-01	Facilitatethe Implementation of Housing development in Senqu by the Provincial Department of Human Settlement by June2023	4 Quartely reports on houses completed submitted in 2021/2022	Director Development and Town PlanningServices/ Town Planner	Data Base of occupants of theinformal settlement developed
		E&SM07-02	Title deed restoration	NewIndicator	Director Development and Town PlanningServices/ Town Planner/	Opening of township registers for LadyGrey and Herschel

PREVIOUS FINANCIAL YEAR 2021/2022	ACTUAL TARGET 30 JUNE 2022	CURRENT FINANCIAL YEAR 2022/2023	ACTUAL TARGET 30 JUNE 2023	REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/GENERAL COMMENTS
ANNUAL TARGET 30 JUNE 2022		ANNUAL TARGET 30 JUNE 2023			
1 draft Senqu Spatial Development Framework developed	Target Met . The Draft SDF was developed.	1 adopted Senqu Spatial Development Framework	Target Met. Senqu Spatial Development framework was adopted by council on the 17th January 2023.		This Indicator was MTID08-02 in the 2021-2022 Financial Year
Appointment of SP	Target Not Met	Approved Sterkspruit Development Business Plan/Urban Design Framework	Target Not Met . The Sterkspruit Development Business Plan/ Urban Design Framework has not been approved	Draft UDF completed but has to be presented to PSC before Council. The project has delayed due to non-performance of service provider	A letter of non-performance was issued out to the service provider
Appointment of SP and submission of the engineer	Target Not Met	Submission of application to the Municipal Planning Tribunal	Target Not Met . Submission of application to the Municipal Planning Tribunal was not done.	Bulk infrastructure confirmation by the JGDM delayed the project	Engagements with the district. Bulk confirmation has been submitted to DEDEAT.
Nota Target	Nota Target	Signing of MOU between the Municipality and Tribal authorities	Target Not Met. The MOU between the Municipality and the Tribal Authorities has not been signed.	The meetings have not been able to sit due to inavailability of the tribal authorities	The meeting will sit in the first quarter of 2023/2024
Nota Target	Nota Target	Notice for the withdrawal from the District	Target Not Met . Notice of withdrawal from the District was not done	The reason for wanting to withdraw from the District Planning Tribunal has been resolved there is a need to form a municipal planning tribunal has fallen away	The municipality will continue to be part of the District Tribunal
Nota Target	Nota Target	Facilitation of the transfer of 13 properties to Provincial Public Works, 13 properties to National Public Works and 1 property to Department of Agriculture Land Reform and Rural Development	Target Not Met . The facilitation of the transfer of public works and rural Development properties has not taken place.	The draft deed of transfer was incorrect and therefore a correct deed of transfer was sought from the public works department but there seems to be no urgency from their side. An item was discussed at the audit Committee level to suggest that a legal route be explored to force the department to give the matter the seriousness it deserves	The municipality is awaiting the legal advice so that it can proceed with the legal route.
Nota Target	Nota Target	Policy approved by Council	Target Met . The policy was approved by the council on the 31 May 2023		
4 Quarterly reportson houses completed	Target Met . 4 Quarterly reports on houses completed were submitted.	4 Quarterly reports on houses completed	Target Met. All 4 quarterly reports were submitted to the standing committee.		This Indicator was MTID08-04 in the 2021-2022 Financial Year. Report submitted to the standing committee
Nota Target	Nota Target	Pre-conveyancing applications for Lady Grey and Herchel	Target Not Met . Pre-conveyancing applications for Lady Grey and Herchel was not done.	This project was delayed by the BAC requesting an opinion of internal audit on the procurement of the panel of service providers.	The project will be advertised in August 2023.

SENQU MUNICIPALITY

ANNUAL REPORT 2022/23



OVERSIGHT

REPORT 2022/23

CHAIRPERSON'S FOREWORDS

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CHAIRPERSON'S FOREWORDS

To the Senqu community, it is a great pleasure to present the Oversight Report of the Municipal Public Accounts Committee (MPAC) on the 2022/2023 Annual Report. The MFMA assigns specific oversight responsibilities to Council in the annual reporting process and the preparation of the Oversight Report. Given the processes required by Council to effectively undertake its oversight role, the establishment of the MPAC of Council provides the appropriate mechanism through which Council fulfils its oversight responsibilities. The MPAC considered and evaluated the 2022/2023 Annual Report, and monitored that all submissions and calls for comments were undertaken as per Section 127(5), Section 130 and Section 132 of the MFMA. The Oversight Report was prepared taking into consideration the views and inputs of, the communities of Senqu Local Municipality, Stakeholders representatives, representatives of the Auditor-General, organs of state, the Audit Committee and Councillors. The Annual Report was available through a variety of methods including the Senqu Municipality's website, Senqu Facebook page and hardcopies in all our satellite or unit administration buildings and public libraries.

The MPAC commends management for the overall improvement in internal controls, the control environment and assurance provided by all assurance levels. These are largely attributed to strong and competent leadership by Political leadership of this municipality working together with the administration as well as improved consequence management.

The MPAC commends the Municipality for nine clean audit opinion from the previous financial years, which was an unqualified audit opinion with no findings.

On behalf of the MPAC, I would also like to thank the administration for their support in the Oversight process. A word of thanks must also be given to the Office of the Auditor-General and the Audit Committee for their input in the 2021/2022 Annual Report and oversight process. To the MPAC committee we have a long way ensuring transparency, accountability and effective use of public funds.

CHAPTER 1 INTRODUCTION

The basis for the development of the Oversight Report is affirmed in the Constitution of the Republic of South of 1996, section 152 which determines the objects of local government. Section 152(1)(a) and (1) (e). The former implores councils to be democratic and accountable to the communities within which they exist, and the latter obligates the council to create a conducive climate for communities to participate meaningfully in the affairs of the municipal council. To give effect to this constitutional requirement placed upon councils, the Constitution in terms of section 154(2) empowers the National and Provincial governments to develop legislations the status, institutions powers or functions of local government. Chief amongst those legislations is the Municipal Structures Act of 1998, the Municipal Systems Act of 2000 and the Local Government: Municipal Finance Management Act of 2003. The Municipal Structures Act in section 79(1) empowers the municipal council to establish council committees and section 79(2) implores the councils to develop terms of references for those committees as a guide on their establishment, powers and functions. Furthermore Section 129(4)(b) authorizes National Treasury to issue guidelines on the functioning and composition of MPAC The Municipal Public Accounts Committee of Senqu municipality has been established to perform the oversight responsibility on behalf of council. One of the critical tasks of MPAC in pursuit of proper oversight is to assist the council to consider the Annual Report conduct public hearings and develop an oversight report.

The Annual report is one of the key strategic instruments that a municipality uses to take stalk of its financial and non- financial performance for the duration of the period under review. It is a post facto report (it looks backwards). Municipalities are required to prepare and adopt Annual Reports in accordance with section 121 of the MFMA and its purpose can be summarized as follows:

To provide a record of the activities of the municipality during the financial year to which it relates;

To provide a report on performance against the budget of the municipality for that financial year; and

To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

In the process of considering the annual report MPAC is expected to develop an Oversight Report in terms of section which has to make recommendations to council as to whether the council should

approves the annual report with or without reservations;

rejects the annual report; or

refers the annual report back for revision of those components that can be revised.

OBJECTIVES OF THE REPORT

The Oversight Report sets out to assess the progress, successes and achievements made by various departments in delivering on the plans as for the year under review thus seeks:

To measure and test the credibility, accuracy and quality of the 2022/23 Annual Report submitted to council on the 25 January 2023 against the prescripts of Section 121(2)(a)-(c).

To assess and establish whether the projects implemented in the 2022/2023 Financial year have been

completed and whether they were in line with the budget allocation.

Set out to ascertain whether there has been value for money and impact of all services paid for and rendered.

To check out customer satisfaction through engagements of communities and beneficiaries to municipal services and allow them space and platform to make submissions on any aspects of the annual report.

To establish whether programmes and projects reported in the 2022/2023 Annual Report are consistent with the policies of the municipality.

To assess the extent and gravity to which the matters raised by the Auditor General in the 2022/2023 Audit report have been responded to as well as the follow through of MPAC determination through various reports.

To establish issues of compliance with regards to the structure and contents of the 2022/2023 Annual Report by testing it against the prescribed legislation (section 121 of the MFMA) in this case.

LEGISLATIVE FRAMEWORK

NO	SOURCE	PROVISION
1	Constitution of the Republic of South Africa	Objects of Local Government the National and Provincial governments to develop legislations the status, institutions powers or functions of local government.
2	Municipal Structure Act No. 117 of 1998	Establishment of Oversight Committee
3	Municipal Finance Management Act No 56 of 2003	Section 129: Council must consider the Annual Report of the Municipality. Prepare an Oversight Report. Allowance for the submissions and address by the members of the community
4	Municipal Systems Act No. 32 of 1999	To monitor compliance with section 25,34,39,54 reports
5	National Treasury Guidelines 2011	MPAC may engage directly with the public and consider public comments when received. Will be entitled to request documents or evidence from the Accounting Officer of the Municipality. In cases of irregular expenditure or wasteful and fruitless expenditure, MPAC have the right to call upon the Accounting Officer
6	MFMA Circular 32	Structure and content of the Oversight Report. Resolution and statement
7	MFMA Circular 63	Process for Annual report consideration Tabling and adoption of the Annual Report. Timelines for consideration and Tabling of Oversight Report. Timelines for the tabling of Audit Report by the office of the Auditor General to Council in terms of the main Act. The Auditor General to Council in terms of the main Act.
	Local Government Municipal Planning and Performance Management Regulation. Regulation 6	To review the draft annual Budget and ensure that it is informed and aligned to IDP

ACCOUNTABILITY FRAMEWORK FOR LOCAL GOVERNMENT

The Oversight Report is the final major step in the annual reporting process of a municipality therefore section 129 of the MFMA requires the council to consider the annual report of its municipality to adopt an oversight report containing the council's comments on the annual report.

The table below displays the nature of financial governance framework applicable to the municipality.

Responsible Person	Responsible for	Oversight over	Accountable to
Council	Approving policies, IDP and Budget	Mayor and/or Members of Executive Committee	Community
Mayor	Policy, budgets, service delivery outcomes and Management of/ oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation of policies and SDBIP	The Administration	Mayor
CFO & Senior Mangers	Outputs and implementation of SDBIP	Financial Management and Operational Functions	Municipal Manager

Therefore, the oversight report follows consideration and consultation on the Annual Report and is a report of the municipal council to the community disclosing the level of performance/success, obtained in addressing/meeting the priority needs and stated desires of the community as contained in the approved IDP.

AUTHORITY OF THE COMMITTEE

The Municipal Public Accounts Committee is a Council Committee established in terms of sections 33 and 79 of the Municipal Structures Act and accountable in the performance of its delegated responsibilities to the Council. The committee have access to all records and information that it may require from the office bearers, management or employees of the Municipality.

COMPOSITION OF MPAC

The MPAC (Oversight Committee) is a committee of Council established in terms of section 79 of the Municipal Structures Act, the committee comprise solely of councilors appointed through a council resolution.

MFMA Circular No. 63 states that the Oversight Committee should be made up of only non-executive councilors. It further provides that the municipal officials cannot serve as members of an oversight committee.

MEMBER	POSITION
Cllr. Kholiwe Mpiti-Xhelesha	Chairperson (Acting)
Cllr. Mchumane Ntlwatini	
Cllr. Tshepiso Madiene	
Cllr. Pulane Mmele	
Cllr. Babalwa Lawu	
Cllr. Dumisani Somsila	
Cllr. Akhona Mvelase	
Cllr. Mahlubandile Phuza	
Cllr. Lunga Nongongo	

MANDATE OF MPAC

Amongst the primary responsibilities of the committee are the following:

Interrogate the record of activities in each Financial Year, determine linkages between Strategic Plans [IDP], Budget, SDBIP and Annual Report.

Establish deficiencies, omissions, variation, deviations, and reasons thereof and corrective measures.

To hold Executive accountable and to ensure effective use of Municipal resources and enhance public awareness of the financial and performance issues of the Municipality.

Consider and evaluate the content of the annual report and report to council as such when adopting an oversight report.

To promote transparency, and public accountability in the use of municipal resources.

To review any proposals for improving efficiency, effectiveness, and economy in the financial sphere of the organization.

Examine the financial statements and audit reports of the municipality and consider improvements, also considering previous statements and reports.

Examine, and evaluate the extent to which MPAC recommendations and those of the Audit Committee have been implemented.

SCHEDULE OF MPAC MEETINGS

The committee convened a series of working sessions as part of oversight processes to ensure that a credible oversight report is adopted by Council. The following table represent the date and purpose of the meeting.

STAKEHOLDER ENGAGEMENTS

Section 130 of the MFMA stipulates that public participation must of be a central element of all processes relating to an Annual Report. In so doing, the Section instructs that the meetings of a municipal council or committee established by Council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

Publish the Draft Annual Report on the Municipal website and on local newspapers.

Place hard copies of the Annual Report on strategic municipal buildings that are easily accessible to the public.

Invite written submissions from the local community or organs of state on the Annual Report Make public all meetings at which the Annual Report will be discussed.

Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report

Engage in a process of public participation on the Annual Report.

CHAPTER 2 APPROACH ON THE ANNUAL REPORT

Due to resource constraints the committee could not afford to hold public engagement session in different wards instead the committee opted to bring all wards representatives under one roof in the council chambers. The Committee however, received written submission from Cogta. The representation across all wards comprised of the following delegations:

- Ward Committees
- Community Development Workers (CDW's)
- Traditional Leaders
- Business Communities
- Councillors
- Unions
- Government Departments
- Schools
- Municipal Officials
- The report was flighted on the screen using a projector so that everybody could see.

DEPARTMENTAL ENGAGEMENTS

As mentioned above the committee received written submissions from Department of Cooperative Governance and Traditional Affairs. The following points are a summary of their submissions:

Date of submission of the Annual Report to National Treasury was complied with.

Report was submitted in the form of a hard copy

The report was not signed by both the Mayor and the Municipal Manager.

The Auditor General's Report is not included in the Draft Annual Report

The Report was compliant in as far as the structure and content.

The Report has all the required annexures as regulated.

COMMUNITY ENGAGEMENTS

The community comments on the Annual Report presentation can be summarized as follows:

The community representatives and stakeholders expressed appreciation in the manner the session has been organized because it allowed even the disabled and furthest of areas an opportunity to participate.

The issue of the employment in the projects was raised sharply and that all employment must be above board and not favor certain individuals and must cater for the disabled as well.

The problems with the Barkley East Cemetery project need to be attended to as a matter of urgency.

Public participation in all municipal project should be strengthened to avoid misinformation and disruption of project.

Service Centers like community halls and other municipal building that are closer to the people must be renovated and made user friendly.

Community confirms that the projects reported on in the Annual Report are actually a true reflection of what is taking place on the ground.

The plight of the disabled people should always take precedence when project is initiated.

Report on Free Basic services is a true reflection of what is happening in the wards.

The maintenance of roads in rural area needs too be prioritized and additional plant must be purchased to meet the demands of road maintenance.

Inadequate controls in supply chain processes should be attended to as a matter of utmost urgency.

Poor performance of contractors should be addressed and dealt with expeditiously.

The financial reserves of the municipality should be used towards service delivery.

Fruitless and Wasteful Expenditure, Unauthorised Expenditure and Irregular expenditure must be eliminated, and consequence management be enforced.

The role of MPAC is needed more than ever.

Community appreciates the fact that Senqu Municipality is consistently receiving Clean Audits except for 2021-2022 financial year.

All expenditure must be predicated on plans and youth women and disabled people be always considered.

CHAPTER 3

Auditor General Report

The community appreciates the fact that the municipality can submit the financial statements for auditing purpose on time and in compliance with all the audit requirements.

The fact that Senqu Municipality has attained Clean Audits nine time in ten financial years (eight years consecutively) is commended and its testament to the fact that the public pursed is utilized judiciously and prudently.

The municipality should try to eradicate irregular, fruitless, and wasteful expenditures as much as it can.

CHAPTER 4

ANALYSIS OF THE 2022-2023 ANNUAL REPORT CHAPTERS

CHAPTER 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY

Mpac Committee members have noted that both the mayor and the municipality provide a summary of services that the municipality is rendering to its constituencies. Services like waste management, sport facilities development, traffic services. The chapter also touches on youth projects, job creation, public participation. It also highlights the fact that the municipality's financial health is stable however it both allude to the service delivery challenges the municipality is grappling with. The committee also noted that the chapter provides an updated statistics of our demographics and development patterns. All this is consistent with the municipality's vision.

CHAPTER 2: GOVERNANCE

2.1 Political Governance

The annual report accurately captures the status quo of political governance in that councillors are allocated to standing committees that meet monthly to discuss and investigate issues of service delivery. The political structures and their functions are highlighted and explained in the annual report and the relationship between the council and traditional leadership are sound and have become more cordial.

2.2 Administrative Governance

Mpac noted that the municipality's administrative governance led by the Honourable Mayor and the Municipal Manager has brought stability and consistent results in terms of performance results. This clean administrative governance has resulted in successive clean audits for nine out of ten years. The fact that almost all critical positions at top management level are filled and occupied with the exception of the CFO position has yielded positive result for the institution.

2.3 Intergovernmental Relations

Cooperative relations with other levels of governance have been beneficial to the municipality in conducting its operations as it is learning from best practices applied by other institutions at the district, provincial and national levels. Participating in Joe Gqabi District, District Mayors Forum (Demafu), Munimec and other National intergovernmental structures has had remarkable socioeconomic benefits for the municipality.

2.4 Public Accountability & Participation Public Meeting

The committee is satisfied with how public meeting are unfolding in the municipality as this is indicative of the positive thrust relationship between the public and the community. The committee is further emboldened by the establishment of the structures and forums the enhance meaningful participation of the public in the plannings and monitoring and evaluation of the municipality's service delivery operations.

2.5 IDP Participation and Alignment

In respect of IDP Participation and Alignment, the committee is pleased with the information submitted as an accurate reflection of the state of affairs in the municipality. The public participates adequately in the development of the strategic development of the municipality's plans and the development of the budget to allocate resources in pursuit of those plans.

2.6 Corporate Governance

The committee is satisfied that strict adherence and compliance with the legal prescripts by the municipality in conduct of its business and operations is a unique characteristic of Senqu municipality. More emphasis is put on

- Risk Management
- Fraud and anti-corruption and
- Supply Chain

Mpac is satisfied with the information supplied in respect of the above and the risks identified and the management thereof.

2.7 Supply Chain Management

In respect of Supply Chain Management, the committee believes that more attention is required to ensure that service delivery is not compromised due to underspending of the MIG Grant

2.8 Municipal Website

The committee is satisfied that the information given is an accurate reflection of this are. None the less, it will appreciate if the website is updated on a regular basis with updated information so that the public is informed with reliable information.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE: PERFORMANCE REPORT PART 1

3.1 Basic Services

The report on delivery of basic services is a true reflection of the performance of the municipality. The committee is of the view that the are areas that need much improvement such as road maintenance, upgrading of the ageing electrical infrastructure and improvement on reducing electricity losses which become an impediment in delivering basic service. Procurement of road maintenance plant should be given priority to achieve the desired levels of service delivery.

3.2 Environmental protection

The Committee is satisfied that the information reported on waste management services ensures protection, preservation and sustainability of our environment.

3.3 Community and Social Services

The committee is satisfied with the manner in which this item is reported in the annual report as it reflects the obtaining status quo.

3.4 Health

The Committee is satisfied that the information reported on this performance area and notes that more needs to be done.

3.5 Safety and Security

The Committee is satisfied that the information reported on this performance area and notes that more needs to be done.

3.6 Sport and Recreation

The committee is satisfied that what appears in the annual report on this area of performance is the true reflection of what is obtaining on the ground.

3.7 General Comments

MPAC believes that for service delivery to be optimized, the necessary infrastructure has to be in place and this therefore requires the municipality to ensure that it invests more on infrastructure development and maintenance and ensure that revenue collection is enhanced and improved. The report clearly points to the fact that the municipality is achieving in meeting that minimum standard of basic service delivery levels to its communities.

CHAPTER 4 ORGANISATIONAL DEVELOPMENT (PERFORMANCE REPORT PART 2)

The committee is satisfied with the information submitted on this area of report. The fact that the municipality has in place a policy framework that deals with how the municipality should try to keep the skills that it currently has, is encouraging and is a clear testament that it has responded to the 2021-2022 Oversight report. The staff turnover has to be monitored and addressed at all cost of the municipality wants to keep the excellent audit reports. The committee is still not satisfied that issue raised in the 2021-2022 Oversight Report on conduct of exit interview is not adequately addressed or in cases where these have been done, they are not taken seriously. The committee is satisfied that the critical posts have been filled on time. However, the that the expenditure on staff in relation to the total revenue should be monitored as it is slightly ahead of the expected national norm.

CHAPTER 5: FINANCIAL PERFORMANCE

The committee has noted the report on financial performance and is encouraged by the fact that the liquidity status of the municipality is such that the institution can be able to fulfil its current liabilities for the next twelve months from its owner coffers and the committee is encouraged further by the municipality's ability to reclaim the clean audit status with in twelve months. This is indicative of the municipality's willingness to learn from its mistakes and correct the wrongs. The performance of service providers has to be monitored consistently and prompt action to be taken to ensure that service delivery is not compromised. Fruitless and Wasteful Expenditures, unauthorized Expenditures and Irregular Expenditures has to be eliminated and strict compliance to the supply chain policies has to be vigorously enforced.

CHAPTER 6: AUDITOR GENERAL'S FINDINGS

The committee is pleased with the fact that the municipality has reclaimed it clean audit status as this is testament to the fact that the institution is willing to accept its mistakes and learn from them and never to repeat them. The political leadership and management have to be commended for wanting to enforce financial prudence and keeping the good reputation of the municipality intact.

FINDINGS OF MPAC AND ISSUES TO BE CONSIDERED BY COUNCIL

Chapter 1: Mayors Foreword and Executive Summary

The committee makes no findings but wishes to express gratitude on the executive and administrative leadership and dynamism of both offices in steering the institution towards excellence.

Chapter 2: Governance

The committee notes the seriousness with which management treats the issue of corporate governance, risk management and fraud and the supply chain management, because these will have a direct bearing on the extent to which the municipality is able to meet its constitutional obligation towards its

communities.

Chapter 3: (Service Delivery Performance: Performance Report Part 1)

The committee is still concerned about the poor performance of the municipality in respect of performance and loss of revenue due to electricity losses. The perpetual non completion of projects by contractors is testament to the lack of due diligence during the procurement processes. The failure by the municipality is as a consequence of the lack of willingness to enforce our revenue management policies.

Council and management should therefore ensure that prompt action is taken to address the two identified areas of concerns as they might negatively impact on the ability of the municipality to deliver services on a sustainable basis.

Chapter 4: Organisational Development (Performance Report Part 2)

The committee has no findings on this chapter except to say that the morale of the staff has to give priority.

Chapter 5: Financial Performance

MPAC wishes to commend the management of for its unrelenting quest to achieve financial prudence and stability. However, continued underspending of MIG grant remains a thorn in the flesh and the committee implores management to enforce consequence management where it is necessary.

Chapter 6: Auditor General's Findings

The committee is encouraged by the municipality's ability to swiftly recover from the 2021-2022 unfavourable audit results and respond promptly. The return to clean audit is highly commendable.

General Comments

MPAC is satisfied with the information furnished and has taken notes of all the contributions and comments by our stakeholders and communities and wishes to commit that their inputs will be taken seriously and that their participation was not a mere talk show and an act cosmetic compliance.

CHAPTER 5

RECOMMENDATIONS TO COUNCIL

MPAC recommends that:

- The Council having fully considered the 2022/23 Annual Report of the Senqu Municipality and comments thereon, adopts the 2022/23 Oversight Report in terms of Section 129 (1) of the MFMA.
- The Council approves the 2022/23 Annual Report in terms of Section 129 (l)(a) of the MFMA without reservations.
- The Oversight Report of the Senqu Municipality must be made public in terms of Section 129 (3) of the MFMA.
- The Oversight Report and Annual Report 2021/22 of Senqu Municipality be submitted to the Provincial Legislature in terms of Section 132(2) of the MFMA.

CONCLUSION

The committee wishes to express its heartfelt sense of gratitude to the office of the Mayor and Municipal manager for the support on matters brought to their attention during the oversight process. The Portfolio Heads and Management team cooperated and engaged with the committee diligently throughout the process.

Honorable Speaker, members of the Executive, Traditional Leaders, Councilors, and entire community of Nyandeni; the MPAC now tables and submit the oversight report to Council for consideration and adoption.



COUNCILLOR: Kholiwe Mpiti-Xelesha

CHAIRPERSON: MPAC
SENQU MUNICIPALITY (EC142)

25 MARCH 2024

REPORT SIGNATORIES ON BEHALF OF COUNCIL

SENQU LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

AUDITED

SENQU LOCAL MUNICIPALITY

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SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	VV Stokhwe	Proportional	Member of Executive Committee
Speaker	NR Gwabeni	Proportional	Member of Executive Committee
Chief Whip	S Mfisa	Ward 10	Portfolio Head: Corporate Service
Ward Councillor	T Mbane	Ward 1	
Ward Councillor	P Mmele	Ward 2	
Ward Councillor	SM Ntlwatini	Ward 3	
Ward Councillor	M Mbijeka	Ward 4	
Ward Councillor	N Sibatana	Ward 5	
Ward Councillor	M Mbutyu	Ward 6	
Ward Councillor	Z Mangcipu	Ward 7	
Ward Councillor	KS Mpiti-Xhelesha	Ward 8	
Ward Councillor	JD Somsila	Ward 9	
Ward Councillor	T Nonjola	Ward 11	
Ward Councillor	B Duba	Ward 12	
Ward Councillor	M Kafile	Ward 13	
Ward Councillor	TM Dumzela	Ward 14	
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	MA Mshasha	Ward 16	
Ward Councillor	A Mvelase	Ward 17	
PR Councillor	MN Ngendane	Proportional	Portfolio Head: Community Services
PR Councillor	SL Ndakisa	Proportional	Portfolio Head: Technical Services
PR Councillor	B Mbonjwa	Proportional	Portfolio Head: DTSPS
PR Councillor	N Ngendane	Proportional	Portfolio Head: Finance Services
PR Councillor	XG Magcai	Proportional	
PR Councillor	N Nyongwana	Proportional	
PR Councillor	L Nongogo	Proportional	
PR Councillor	MN Mgojo	Proportional	
PR Councillor	NM Phama	Proportional	
PR Councillor	B Lawu	Proportional	
PR Councillor	ZR Mxoli	Proportional	
PR Councillor	TJ Madiene	Proportional	
PR Councillor	BP Ngamlana	Proportional	
PR Councillor	N January	Proportional	
PR Councillor	MJ Moahloi	Proportional	

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

T Mawonga

ACTING CHIEF FINANCIAL OFFICER

S Skampula

REGISTERED OFFICE

Murray Street, Lady Grey, 9755

POSTAL ADDRESS

P.O. Box 18, Lady Grey, 9755

AUDITORS

Auditor-General of South Africa, P.O. Box 13252, East London

PRINCIPAL BANKERS

Standard Bank, Lady Grey

ATTORNEYS

Le Roux Attorneys, 101 Cape Road, Gqeberha

MM Baloyi Incorporated, 14th Floor Marble Towers, Cnr Jeppe and Von Wielligh Streets, Johannesburg

Wesley Pretorius & Associates, 24 Tottenham Road, Baysville, East London

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Labour Relation Amendment Act (Act 6 of 2014)

Collective Agreements

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

Municipal Regulation on Standard Chart of Accounts (mSCOA)

Amended Municipal Structures Act No: 3 of 2021

SENQU LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2023, which are set out on pages 1 to 118 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's annual financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

T Mawonga
Municipal Manager

Date

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets		526 780 823	484 231 407
Cash and Cash Equivalents	2	497 831 824	458 013 042
Receivables from exchange transactions	3	13 955 160	16 650 042
Receivables from non-exchange transactions	4	7 581 115	4 062 429
Taxes	5	6 804 796	4 755 049
Operating Lease Asset	6.1	359	-
Inventory	7	607 567	750 845
Non-Current Assets		537 673 590	512 361 213
Investment Property	8	47 271 925	46 308 500
Property, Plant and Equipment	9	488 518 280	465 499 923
Intangible Assets	10	329 567	128 193
Capitalised Restoration Cost (PPE)	11	1 553 817	424 597
Total Assets		1 064 454 413	996 592 620
Current Liabilities		68 893 311	56 695 554
Borrowings	12	922 862	904 130
Consumer Deposits	13	1 884 698	1 820 608
Payables from exchange transactions	14	12 009 966	8 501 631
Payables from non-exchange transactions	15	27 074 731	23 502 166
Operating Lease Liability	6.2	-	4 217
Current Employee benefits	16	27 001 053	21 962 802
Non-Current Liabilities		50 640 880	48 418 622
Borrowings	12	5 920 487	6 843 614
Employee benefits	17	19 749 000	20 427 000
Non-Current Provisions	18	24 971 393	21 148 007
Total Liabilities		119 534 192	105 114 176
NET ASSETS		944 920 220	891 478 444
COMMUNITY WEALTH			
Revaluation Reserve	19.1	91 022 401	85 610 740
Accumulated Surplus	19.2	853 897 819	805 867 704
		944 920 220	891 478 444

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		248 818 637	223 928 227
Taxation Revenue		17 330 716	15 497 080
Property Rates	20	17 330 716	15 497 080
Transfer Revenue		223 217 310	204 133 510
Transfers and Subsidies - Capital	21	34 365 765	24 571 877
Transfers and Subsidies - Operating	21	188 851 545	179 561 633
Other Revenue		8 270 612	4 297 636
Actuarial Gains	17	4 671 529	11 296
Fines, Penalties and Forfeits	22	915 394	2 084 302
Interest Earned - Penalty Interest on Property Rates	26	1 720 263	1 201 133
Gain on Fair Value Adjustments of Investment Property	8	963 425	820 500
Gain on Disposal of Capitalised Restoration Cost (PPE)	18	-	180 405
REVENUE FROM EXCHANGE TRANSACTIONS		95 243 482	82 635 955
Operating Activities		95 243 482	82 635 955
Service Charges	23	53 643 060	57 104 457
Rental from Fixed Assets	24	1 475 736	1 482 076
Interest Earned - external investments	25	32 208 528	17 805 824
Interest Earned - Service Debtors	26	4 751 626	3 075 152
Licences and Permits	27	1 300 733	1 255 686
Agency Services	28	1 204 135	1 200 192
Sales of Goods and Rendering of Services	29	110 377	161 519
Operational Revenue	30	549 287	551 051
TOTAL REVENUE		344 062 120	306 564 182
EXPENDITURE			
Employee related costs	31	124 615 650	112 975 676
Remuneration of Councillors	32	12 975 962	12 761 110
Debt Impairment	33	16 641 103	12 678 672
Depreciation and Amortisation	34	16 992 088	17 181 028
Impairment Loss	35	314 017	-
Actuarial Losses	17	-	346 880
Finance Charges	36	5 397 454	4 365 877
Bulk Purchases	37	45 498 755	44 034 167
Contracted services	38	31 251 097	30 337 821
Transfers and Subsidies	39	42 055	42 055
Operating Leases	40	550 203	447 001
Operational Cost	41	40 917 381	33 937 217
Loss on Disposal of Assets	42	833 099	389 165
Inventory Loss		3 142	783
TOTAL EXPENDITURE		296 032 005	269 497 452
NET SURPLUS FOR THE YEAR		48 030 115	37 066 730

SENQU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2023

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021 - Previously Reported	77 324 332	781 409 820	858 734 152
Correction of Error - Refer to note 44.8	-	(12 608 846)	(12 608 846)
Balance on 30 June 2021 - Restated	77 324 332	768 800 975	846 125 305
Net Surplus for the year	-	37 066 730	37 066 730
Revaluation on Land and Buildings	8 286 409	-	8 286 409
Balance on 30 June 2022 - Restated	85 610 740	805 867 705	891 478 444
Net Surplus for the year	-	48 030 115	48 030 115
Revaluation on Land and Buildings	5 411 661	-	5 411 661
Balance on 30 June 2023	91 022 401	853 897 820	944 920 220

SENQU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		13 342 325	12 445 652
Service charges and interest on outstanding debtors		48 290 229	49 492 788
Other revenue		5 605 946	6 829 206
Government - operating		184 102 250	171 501 200
Government - capital		41 915 750	20 663 800
Interest		32 980 402	18 263 177
Payments			
Suppliers and employees		(249 334 198)	(225 815 250)
Finance charges		(610 062)	(545 243)
Transfers and Grants		(42 055)	(42 055)
NET CASH FROM OPERATING ACTIVITIES	45	76 250 588	52 793 274
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of Property, Plant and Equipment		(35 317 128)	(35 986 286)
Purchase of Intangible Assets		(262 261)	-
NET CASH USED INVESTING ACTIVITIES		(35 579 389)	(35 986 286)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		64 090	54 198
Payments			
Loans repaid		(916 507)	(887 095)
NET CASH USED FINANCING ACTIVITIES		(852 417)	(832 897)
NET INCREASE IN CASH HELD		39 818 782	15 974 091
Cash and Cash Equivalents at the beginning of the year		458 013 042	442 038 950
Cash and Cash Equivalents at the end of the year		497 831 824	458 013 042

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET	2023 R	2023 R	2023 R	Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS	(Approved Budget)	(Adjustments)	(Final Budget)	
Current assets				
Cash	33 386 755	(27 572 637)	5 814 118	-83% Decreased to a more realistic amount to consider transfer to investments and the result of all other transactions in the budget
Call investment deposits	289 227 031	101 744 010	390 971 041	35% Increased to a more realistic amount based on the actuals for the previous financial year
Consumer debtors	28 546 638	(6 024 657)	22 521 981	-21% Decreased to a more realistic amount based on the actuals for the previous financial year
Other Receivables	5 672 304	423 703	6 096 007	7% Increased to a more realistic amount based on the actuals for the previous financial year
Inventory	977 447	(426 602)	550 845	-44% Decreased to a more realistic amount based on the actuals for the previous financial year
Total current assets	357 810 175	68 143 817	425 953 993	
Non current assets				
Investment property	45 488 000	820 500	46 308 500	2% -
Property, plant and equipment	552 954 437	(28 713 865)	524 240 572	-5% Decrease in capital budget due to delays in projects
Intangible Assets	63 856	2 555	66 411	4% -
Total non current assets	598 506 293	(27 890 810)	570 615 483	
TOTAL ASSETS	956 316 468	40 253 007	996 569 476	
LIABILITIES				
Current liabilities				
Borrowing	923 104	2	923 106	0% -
Consumer deposits	2 015 288	-	2 015 288	0% -
Trade and other payables	29 019 660	64 805	29 084 464	0% -
Provisions and Employee Benefits	19 128 828	448 807	19 577 635	2% Increased to a more realistic amount based on the actuals for the previous financial year
Total current liabilities	51 086 880	513 613	51 600 492	
Non current liabilities				
Borrowing	5 920 533	(24)	5 920 509	0% -
Provisions and Employee Benefits	31 404 987	1 519 194	32 924 181	5% Increased to a more realistic amount based on the actuals for the previous financial year
Total non current liabilities	37 325 520	1 519 170	38 844 690	
TOTAL LIABILITIES	88 412 400	2 032 782	90 445 182	
NET ASSETS	867 904 068	38 220 225	906 124 294	
COMMUNITY WEALTH				
Accumulated Surplus	501 788 232	(21 419 388)	480 368 844	-4% Appropriation to and from Reserves
Reserves	366 115 836	59 639 614	425 755 450	16% Increased to a more realistic amount based on the actuals for the previous financial year
TOTAL COMMUNITY WEALTH/EQUITY	867 904 068	38 220 226	906 124 294	

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET		2023	2023	2023	
REVENUE BY SOURCE	(Approved Budget)	R	R	R	(Final Budget)
Property rates	14 319 635	1 870 446	16 190 081	13%	Increased to a more realistic amount based on the actual trends for the first 6 months
Service charges	74 729 954	(13 150 000)	61 579 954	-18%	Decreased to a more realistic amount based on the actual trends for the first 6 months and the effects of loadshedding on Electricity revenue
Rental of facilities and equipment	1 238 407	575 274	1 813 681	46%	Increased as a result of the FNB lease contract
Interest earned - external investments	17 599 080	5 000 000	22 599 080	28%	Increased due to higher interest rates for the 2022/23 financial year
Interest earned - outstanding debtors	4 421 378	1 650 000	6 071 378	37%	Increased to a more realistic amount based on the actual trends for the first 6 months
Fines, penalties and forfeits	210 368	(140 000)	70 368	-67%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Licences and permits	1 253 833	97 460	1 351 293	8%	Increased to a more realistic amount based on the actual trends for the first 6 months
Agency services	2 313 323	(800 000)	1 513 323	-35%	Decreased to a more realistic amount based on the actual trends for the first 6 months and the effects of loadshedding
Transfers and Subsidies - Operating	192 227 174	(495 152)	191 732 022	0%	Decreased as a result of the reduction in the MIG Grant (VAT portion disclosed as "Operating")
Other revenue	1 408 635	(545 003)	863 632	-39%	Decreased to a more realistic amount based on the actual trends for the first 6 months
TOTAL OPERATING REVENUE	309 721 787	(5 936 975)	303 784 812		
EXPENDITURE BY TYPE					
Employee related costs	122 866 822	762 036	123 628 858	1%	Increased to a more realistic amount based on the actual trends for the first 6 months
Remuneration of councillors	15 796 263	400 000	16 196 263	3%	-
Debt impairment	14 194 619	-	14 194 619	0%	-
Depreciation & asset impairment	19 661 081	(1 548 312)	18 112 769	-8%	Decreased as a result of the under-expenditure in the capital budget
Finance charges	2 900 086	550 592	3 450 678	19%	Increased due to higher interest rates for the 2022/23 financial year
Bulk purchases	52 342 521	(500 000)	51 842 521	-1%	-
Inventory consumed	24 661 126	(3 712 752)	20 948 374	-15%	Decreased to a more realistic amount based on the actual trends for the first 6 months
Contracted services	50 348 677	(3 177 369)	47 171 308	-6%	Decreased to a more realistic amount based on the actual trends for the first 6 months, effect delayed and cancelled tenders
Transfers and subsidies	42 055	-	42 055	0%	-
Other expenditure	39 860 148	1 512 225	41 372 373	4%	Increased to a more realistic amount based on the actual trends for the first 6 months, increased operational costs such as traveling costs and audit fees.
Losses	2 200 000	-	2 200 000	100%	-
TOTAL OPERATING EXPENDITURE	344 873 399	(5 713 581)	339 159 818		
OPERATING DEFICIT FOR THE YEAR	(35 151 612)	(223 394)	(35 375 006)		
Government Grants and Subsidies - Capital	37 947 826	117 319	38 065 145	0%	Result of the approved MIG rollover beginning of the financial year and the reduction in MIG during the financial year
NET SURPLUS FOR THE YEAR	2 796 214	(106 075)	2 690 139		

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET		2023 R	2023 R	2023 R	(Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES	Receipts	(Actual)	(Final Budget)	R	(Variance)	
Property rates		13 342 325	12 006 991	1 335 334	10%	Actual Property Rates billed more than expected
Service charges		48 290 229	45 669 317	2 620 912	5%	Interest earned on outstanding debtors included under Service charges in the AFS and Other revenue in the budget
Other revenue		5 605 946	9 646 384	(4 040 438)	-72%	Interest earned on outstanding debtors included under Service charges in the AFS and Other revenue in the budget
Government - operating		184 102 250	189 064 739	(4 962 489)	-3%	Effect of VAT portion on Capital grants forfeited and unspent
Government - capital		41 915 750	30 883 261	11 032 489	26%	Effect of VAT portion on Capital grants; Municipal Disaster Relief Grant received in June 2023
Interest		32 980 402	22 599 080	10 381 322	31%	Effect of higher interest rates for the 2022/23 financial year
Payments						
Suppliers and Employees		(249 334 198)	(289 218 259)	39 884 061	-16%	Under-expenditure of the budget due to unresponsive and delayed tenders
Finance charges		(610 062)	(3 450 678)	2 840 616	-466%	Only finance charges physically paid included in the "actual" amount
Transfers and Grants		(42 055)	(42 055)	-	-100%	
NET CASH FROM OPERATING ACTIVITIES		76 250 588	17 158 779	59 091 808		
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Capital assets		(35 579 389)	(77 677 212)	42 097 823	-118%	Unspent grants due to delays in projects and non-responsive tenders
NET CASH USED IN INVESTING ACTIVITIES		(35 579 389)	(77 677 212)	42 097 823		
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase in consumer deposits		64 090	194 680	(130 590)	-204%	Less consumer deposits during the year than anticipated (effect of loadshedding)
Payments						
Repayment of borrowing		(916 507)	(904 130)	(12 377)	1%	
NET CASH USED IN FINANCING ACTIVITIES		(852 417)	(709 450)	(142 967)		
NET INCREASE/(DECREASE) IN CASH HELD		39 818 782	(61 227 882)	101 046 665		
Cash and Cash Equivalents at the beginning of the year		458 013 042	458 013 042	-	0%	
Cash and Cash Equivalents at the end of the year		497 831 824	396 785 160	101 046 664	20%	Result of under-expenditure of the budget due to non-responsive tenders and effect of unspent grants at year end

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET	2023 R	2023 R	2023 R	Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES	(Approved Budget)	(Adjustments)	(Final Budget)	
Receipts				
Property rates	11 002 121	1 004 869	12 006 991	9%
Service charges	57 416 828	(11 747 511)	45 669 317	-20%
Other revenue	6 137 657	3 508 727	9 646 384	57%
Government - operating	192 227 174	(3 162 435)	189 064 739	-2%
Government - capital	37 947 826	(7 064 565)	30 883 261	-19%
Interest	20 996 131	1 602 949	22 599 080	8%
Payments				
Suppliers and Employees	(300 568 735)	11 350 476	(289 218 259)	-4%
Finance charges	(2 900 086)	(550 592)	(3 450 678)	19%
Transfers and subsidies	(42 055)	-	(42 055)	0%
NET CASH FROM OPERATING ACTIVITIES	22 216 862	(5 058 083)	17 158 779	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments				
Capital assets	(73 295 200)	(4 382 012)	(77 677 212)	6%
NET CASH USED IN INVESTING ACTIVITIES	(73 295 200)	(4 382 012)	(77 677 212)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Increase in consumer deposits	114 073	80 607	194 680	71%
Payments				
Repayment of borrowing	(904 397)	267	(904 130)	0%
NET CASH USED IN FINANCING ACTIVITIES	(790 324)	80 874	(709 450)	
NET DECREASE IN CASH HELD	(51 868 662)	(9 359 220)	(61 227 882)	
Cash and Cash Equivalents at the beginning of the year	374 482 449	83 530 593	458 013 042	22%
Cash and Cash Equivalents at the end of the year	322 613 787	74 171 373	396 785 160	23%

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is 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. Items deemed immaterial are also corrected if the value thereof can become material.

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.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policies in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to the Standards of GRAP (2020) which were issued but are not yet effective. The improvements affected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The Municipality further resolved to early adopt the following Amendments to the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2019)	Presentation of Financial Statements	1 April 2023

The effect of the above-mentioned pronouncements to the Standards of GRAP which were early adopted is considered insignificant. The early adopted pronouncements mainly relate to the clarification of accounting principles.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality further resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.

1.08.1.2 GRAP 25 (Revised 2021) - Employee Benefits (effective 1 April 2023)

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.1.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 April 2023)

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

This revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.2 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

1.09 RESERVES

1.09.1 Revaluation Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

1.09.2 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.09.3 Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.09.4 Valuation Roll Reserve

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises. The fair value of Investment Property reflects market conditions at the reporting date.

1.10.3 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

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, its 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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment, other than Land and Buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.4 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Land and Buildings	
Roads and Paving	7 - 115	Buildings and	
Bridges	50 - 80	Improvements	100
Electricity	10 - 70	Land	Indefinite
Storm Water	14 - 85		
Community		Other Assets	
Community Halls	100	Vehicles	5 - 25
Libraries	100	Plant & Equipment	2 - 24
Parks & Gardens	15 - 50	Furniture	5 - 25
Sports facilities	30 - 45	Special Vehicles	10 - 12
Cemeteries	10 - 15	Specialised plant and	10 - 21
		Equipment	
Capitalised Restoration Cost		Office Equipment	5 - 21
Landfill Sites	9 - 24	Computer Equipment	3 - 22

1.11.5 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.6 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on their acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

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

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible asset with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 21

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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

1.13.2 Recoverable amount of Non-cash-generating assets

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

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

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.13.4 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 assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at 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 requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.3.4 Other Short-term Employee Benefits

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

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality 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
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.17 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.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the 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 interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 *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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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 is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 *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 is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.19.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. 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 any risks specific to the statutory receivable 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 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 taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions 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 non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions 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.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor 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.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.26.1.4 *Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

1.26.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.34 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.

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship 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 the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the annual financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.35 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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).

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 the 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.

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 shall re-assess whether they act as a principal or an agent in accordance with this Standard.

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 an entity 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:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) 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 is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it 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 other Standards of GRAP.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Management comprises of 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's annual financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis (i.e. departmental charges).

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the annual financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- (b) is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a “whole-of-life” asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

The Municipality initially measures the service concession asset as follows:

- (a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- (b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

If the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

1.38 CONSTRUCTION CONTRACTS

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.38 CONSTRUCTION CONTRACTS (CONTINUED)

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

1.39.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.39.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.39.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.39.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.39.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.39.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.39.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.39.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.39.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	520 449	4 682 069
Call and short-term Investments Deposits	497 310 676	453 330 273
Cash Floats	700	700
Total	497 831 824	458 013 042

Due to the short-term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	27 074 731	23 502 166
Capital Replacement Reserve	225 678 807	214 436 701
Valuation Roll Reserve	2 202 815	1 817 504
Employee Benefit Reserve	46 750 054	42 389 802
Taxes	994 561	1 320 143
Working Capital Requirements	195 130 856	174 546 726
	497 831 824	458 013 042

Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Bank Statement Balance - Opening Balance	4 638 487	1 709 814
Bank Statement Balance - Closing Balance	452 175	4 638 487
Cashbook Balance - Opening Balance	4 682 069	1 771 154
Cashbook Balance - Closing Balance	520 449	4 682 069

Call and short-term Deposits

Call and short-term Deposits consist out of the following accounts:

Standard Bank 388489162/0	373 225 933	340 338 131
Standard Bank 388489731/0	112 317 449	101 996 723
Standard Bank 388486066/0	11 767 293	10 995 419
	497 310 676	453 330 273

Interest between 3.37% and 8.45% (2022 - 3.37% and 4.80%) were attracted by these short term deposits at year end.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2023

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	78 585 205	68 462 185	10 123 020
Electricity	30 545 086	21 981 114	8 563 971
Refuse	47 191 223	45 956 172	1 235 050
Housing Rentals	848 897	524 899	323 998
Other Receivables	3 832 141	-	3 832 141
Joe Gqabi District Municipality (WSA)	3 832 141	-	3 832 141
Total	82 417 346	68 462 185	13 955 160

30 JUNE 2022

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	69 917 149	57 149 891	12 767 258
Electricity	31 663 228	20 284 438	11 378 790
Refuse	37 379 316	36 469 698	909 618
Housing Rentals	874 605	395 755	478 850
Other Receivables	3 882 784	-	3 882 784
Joe Gqabi District Municipality (WSA)	3 882 784	-	3 882 784
Total	73 799 933	57 149 891	16 650 042

Included in the outstanding balances at 30 June 2023 are consumer debtors to the value of R422 892 who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2023	2022
	R	R
Ageing of service and other receivables:		
Electricity Ageing		
Current (0 - 30 days)	3 908 243	3 924 658
Past Due (31 - 60 Days)	1 778 610	1 971 673
Past Due (61 - 90 Days)	1 206 566	1 469 387
Past Due (90 Days +)	23 651 667	24 297 510
Total	30 545 086	31 663 228
Refuse Ageing		
Current (0 - 30 days)	1 199 323	985 228
Past Due (31 - 60 Days)	1 081 727	890 041
Past Due (61 - 90 Days)	1 023 705	856 486
Past Due (90 Days +)	43 886 468	34 647 561
Total	47 191 223	37 379 316

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2023 R	2022 R
Housing Rentals Ageing		
Current (0 - 30 days)	114 218	21 591
Past Due (31 - 60 Days)	22 374	27 395
Past Due (61 - 90 Days)	21 911	23 684
Past Due (90 Days +)	690 394	801 935
Total	848 897	874 605
Other Receivables Ageing		
Past Due (90 Days +)	3 832 141	3 882 784
Total	3 832 141	3 882 784
Total Service and Other Receivables Ageing		
Current (0 - 30 days)	5 221 784	4 931 477
Past Due (31 - 60 Days)	2 882 711	2 889 109
Past Due (61 - 90 Days)	2 252 181	2 349 557
Past Due (90 Days +)	72 060 669	63 629 790
Total	82 417 346	73 799 933
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	57 149 891	49 266 626
Contribution to the provision	12 748 695	9 459 665
Electricity	2 878 018	1 584 843
Refuse	9 741 534	7 874 429
Housing Rentals	129 144	392
Bad Debts Written off	(1 436 401)	(1 576 400)
Electricity	(1 181 342)	(1 505 129)
Refuse	(255 059)	(70 878)
Housing Rentals	-	(392)
Balance at the end of the year	68 462 185	57 149 891

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	28 873 797	24 692 711	4 181 085
Rates	28 873 797	24 692 711	4 181 085
Other Receivables	5 135 330	1 735 300	3 400 030
Traffic fines income due	1 735 300	1 735 300	-
Other Receivables	3 400 030	-	3 400 030
Total	34 009 127	26 428 011	7 581 115

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2022

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	23 873 115	20 937 576	2 935 539
Rates	23 873 115	20 937 576	2 935 539
Other Receivables	2 615 990	1 489 100	1 126 890
Traffic fines income due	1 489 100	1 489 100	-
Other Receivables	1 126 890	-	1 126 890
Balance previously reported	1 096 990	-	1 096 990
Prior period adjustment - Note 44.1	29 900	-	29 900
Total	26 489 105	22 426 676	4 062 429

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service receivables:	2023 R	2022 R
Rates Ageing		
Current (0 - 30 days)	290 557	130 755
Past Due (31 - 60 Days)	667 939	528 265
Past Due (61 - 90 Days)	601 810	446 526
Past Due (90 Days +)	27 313 491	22 767 569
Total	28 873 797	23 873 115

Reconciliation of Allowance for impairment

Balance at the beginning of the year	22 426 677	18 574 616
Contribution to the provision	4 709 308	3 926 080
Rates	4 463 108	3 485 180
Fines	246 200	440 900
Bad Debts Written off	(707 973)	(74 020)
Rates	(707 973)	(74 020)
Balance at the end of the year	26 428 012	22 426 677

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The ageing of amounts past due but not impaired is as follows:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2023			
1 month past due	1 378 467	169 573	1 548 040
2 + months past due	5 097 929	3 908 837	9 006 766
Total	6 476 396	4 078 410	10 554 806
2022			
1 month past due	1 720 907	128 209	1 849 115
2 + months past due	7 373 318	2 803 910	10 177 228
Total	9 094 225	2 932 119	12 026 344

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2023			
Total	68 462 185	26 428 012	94 890 197
2022			
Total	57 149 891	22 426 677	79 576 567

5 TAXES

	2023 R	2022 R
Vat Receivable/(Payable)	78 559	(1 154 288)
Balance previously reported	-	(910 320)
Prior period adjustment - Note 44.2	-	(243 968)
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	6 726 237	5 909 337
Total	6 804 796	4 755 049

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

6	OPERATING LEASES	2023 R	2022 R
	6.1 OPERATING LEASE ASSETS		
	Operating Lease Asset	<u>359</u>	<u>-</u>
	The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
	Reconciliation of Operating Lease Asset:		
	Balance at the beginning of the year	-	9 352
	Movement during the year	359	(9 352)
	Balance at the end of the year	<u>359</u>	<u>-</u>
	The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
	Within 1 Year	883 576	1 015 254
	Between 1 and 5 Years	4 209	887 785
		<u>887 785</u>	<u>1 903 038</u>
	The lease payments are in respect of properties being lease out over a period ranging up to June 2025.		
	6.2 OPERATING LEASE LIABILITIES		
	Operating Lease Liability	<u>-</u>	<u>4 217</u>
	The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
	Reconciliation of Operating Lease Liability:		
	Balance at the beginning of the year	4 217	8 271
	Movement during the year	(4 217)	(4 054)
	Balance at the end of the year	<u>-</u>	<u>4 217</u>
	The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:		
	Within 1 Year	-	30 649
		<u>-</u>	<u>30 649</u>
	The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement was renewed on 1 March 2018 and will run up to 28 February 2023. The initial monthly rental is R3 238 (VAT inclusive) and the lease is subject to an annual increase of 8%.		
7	INVENTORY	2023 R	2022 R
	Electricity materials	<u>607 567</u>	<u>750 845</u>
	Total	<u>607 567</u>	<u>750 845</u>
	No inventory was pledged as security for liabilities.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

8 INVESTMENT PROPERTY	2023 R	2022 R
Investment Property - Carrying Value	<u>47 271 925</u>	<u>46 308 500</u>

The movement in investment properties is reconciled as follows:

Opening Carrying Value	46 308 500	45 488 000
Fair Value	46 308 500	45 488 000
Fair Value Adjustment	<u>963 425</u>	<u>820 500</u>
Closing Carrying Value	47 271 925	46 308 500
Fair Value	47 271 925	46 308 500

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The valuations were performed by Umhlaba Valuers and the valuer was Mr Wessel Christiaan van Deventer, a professional valuer with registration number 2816. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

Rental revenue earned from Investment Properties	1 425 867	1 425 125
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SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT

30 June 2023	Opening Balance			Cost			Accumulated Depreciation			Carrying Value	
	R	R	R	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Disposals/ Revaluation	Loss on Fair Value Revaluation		Transfers to Cost
Land and Buildings	143 532 156	7 539 937	-	4 100 405	-	155 172 498	-	1 311 256	(1 311 256)	-	155 172 498
Land	29 776 275	-	-	408 900	-	30 185 175	-	-	-	-	30 185 175
Buildings	113 755 881	7 539 937	-	3 691 505	-	124 987 323	-	1 311 256	(1 311 256)	-	124 987 323
Infrastructure	389 446 362	19 914 423	(248 500)	-	409 112 284	-	138 992 528	10 804 692	(81 912)	-	259 396 977
Roads	224 382 726	8 558 015	(16 366)	-	232 924 374	-	108 259 830	6 891 631	(1 229)	-	117 774 142
Stormwater	67 154 586	-	-	-	67 154 586	-	17 359 498	1 196 085	-	-	48 599 004
Solid Waste	52 997 228	11 226 086	-	-	64 223 314	-	2 921 580	1 070 686	-	-	60 231 048
Electricity	32 395 390	130 321	(232 134)	-	32 293 578	-	7 362 131	1 260 194	(80 684)	-	23 751 937
Taxi Ranks	12 516 431	-	-	-	12 516 431	-	3 089 489	386 096	-	-	9 040 846
Community Assets	59 837 958	5 323 029	(49 448)	-	65 111 540	-	12 605 464	1 849 345	(717)	-	50 657 448
Sports Fields	26 131 395	310 448	-	-	26 441 844	-	5 506 354	835 390	-	-	20 100 099
Node Development	9 548 529	-	-	-	9 548 529	-	2 455 673	311 243	-	-	6 781 613
Parks & Gardens	7 829 419	-	-	-	7 829 419	-	433 792	60 452	-	-	7 335 176
Cemetery	14 912 892	4 815 976	(49 448)	-	19 679 420	-	2 918 574	598 773	(717)	-	16 162 790
Other	1 415 723	196 605	-	-	1 612 327	-	1 291 070	43 486	-	-	277 771
Other Assets	64 623 671	2 539 739	(1 615 718)	-	65 547 691	-	40 342 231	2 912 047	(997 943)	-	23 291 356
Motor Vehicles	13 118 628	646 492	(570 087)	-	13 195 034	-	8 803 380	303 460	(168 749)	-	4 256 944
Plant & Equipment	31 812 273	147 243	(679 430)	-	31 280 086	-	15 479 314	1 323 115	(480 295)	-	14 957 951
Office Equipment	2 342 888	111 592	(6 391)	-	2 448 089	-	2 249 190	54 647	(6 362)	-	150 614
Furniture & Fittings	5 254 798	180 146	(132 569)	-	5 302 375	-	4 284 903	289 254	(118 325)	-	846 544
Loose Equipment	525 917	-	(120 621)	-	405 296	-	507 886	9 996	(120 122)	-	7 535
Computer Equipment	7 487 788	1 454 265	(106 619)	-	8 835 434	-	5 970 822	705 770	(104 089)	-	2 262 931
Specialised Vehicles	4 081 378	-	-	-	4 081 378	-	3 046 736	225 805	-	-	808 837
Total	657 440 146	35 317 128	(1 913 666)	4 100 405	694 944 013	-	191 940 223	16 877 339	(2 391 828)	-	488 518 280

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2022	Opening Balance			Cost			Accumulated Depreciation			Closing Balance	Carrying Value
	R	R	R	Disposals	Gain on Fair Value Revaluation	Transfers	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost		
Land and Buildings	134 280 814	2 160 672	-	7 090 670	-	-	(1 195 739)	-	-	-	143 532 156
Land	29 776 275	-	-	-	-	-	-	-	-	-	29 776 275
Buildings	104 504 539	2 160 672	-	7 090 670	-	-	(1 195 739)	-	-	-	113 755 881
Infrastructure	366 634 058	23 073 346	(261 043)	-	-	-	(71 295)	-	-	-	250 453 834
Roads	221 115 567	3 267 159	-	-	-	-	-	-	-	-	116 122 896
Stormwater	64 994 905	2 159 682	-	-	-	-	-	-	-	-	49 795 088
Solid Waste	36 523 973	16 473 255	-	-	-	-	-	-	-	-	50 075 647
Electricity	31 483 182	1 173 251	(261 043)	-	-	-	(71 295)	-	-	-	25 033 259
Taxi Ranks	12 516 431	-	-	-	-	-	-	-	-	-	9 426 942
Community Assets	53 950 525	6 070 485	(183 051)	-	-	-	1 710 892	-	-	-	47 232 495
Sports Fields	26 314 447	-	(183 051)	-	-	-	835 390	-	-	-	20 625 041
Node Development	9 548 529	-	-	-	-	-	311 243	-	-	-	7 092 856
Parks & Gardens	7 829 419	-	-	-	-	-	60 452	-	-	-	7 395 627
Cemetery	8 842 407	6 070 485	-	-	-	-	460 321	-	-	-	11 994 318
Other	1 415 723	-	-	-	-	-	43 486	-	-	-	1 246 652
Other Assets	60 388 148	4 681 783	(446 261)	-	-	-	3 149 192	(429 894)	-	-	24 281 439
Motor Vehicles	13 118 628	-	-	-	-	-	377 092	-	-	-	4 315 248
Plant & Equipment	27 736 651	4 075 622	-	-	-	-	1 372 150	-	-	-	16 332 959
Office Equipment	2 406 737	14 000	(77 849)	-	-	-	70 832	(75 695)	-	-	93 698
Furniture & Fittings	4 980 250	275 854	(1 306)	-	-	-	294 919	(1 299)	-	-	969 895
Loose Equipment	525 917	-	-	-	-	-	10 543	-	-	-	18 030
Computer Equipment	7 538 587	316 307	(367 106)	-	-	-	670 709	(352 900)	-	-	1 516 966
Specialised Vehicles	4 081 378	-	-	-	-	-	352 948	-	-	-	1 034 642
Total	615 253 545	35 986 286	(890 355)	7 090 670	-	-	16 649 556	(1 696 928)	-	-	465 499 923

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2022	Opening Balance			Cost			Accumulated Depreciation			Closing Balance	Carrying Value	
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Disposals	Loss on Fair Value Revaluation	Opening Balance	Additions	Disposals			Closing Balance
Previously Reported	615 253 545	35 477 494	(890 355)	7 090 670	-	656 931 354	176 987 595	16 649 556	(1 696 928)	-	191 940 223	464 991 131
Prior Period Adjustment - Refer to Note 44.3	-	508 792	-	-	-	508 792	-	-	-	-	-	508 792
Restated Balance	615 253 545	35 986 286	(890 355)	7 090 670	-	657 440 146	176 987 595	16 649 556	(1 696 928)	-	191 940 223	465 499 923

The valuations of Land and Buildings were performed by Umhlaba Valuers and the valuer was Mr Wessel Christiaan van Deventer, a professional valuer with registration number 2816. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

No assets were pledged as security for liabilities.

Refer to note 43 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

The municipality have 57 assets that are fully depreciated which are still in use. These assets are immaterial in value and will be replaced once funding is made available.

Effect of changes in accounting estimates

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed and adjusted accordingly. The effect on the current and future periods are as follows:

Increase / (Decrease) in Depreciation and Amortisation			
Increase / (Decrease) in Accumulated Surplus			
Increase / (Decrease) in Property, Plant and Equipment			
		2023	2024
		R	R
		(1 176 757)	1 176 757
		1 176 757	(1 176 757)
		1 176 757	(1 176 757)

The following project (Included in Work in Progress) is taking a significant longer period to complete:

Project	Carrying value	Reason for delays
Lady Grey Solid Waste Site	11 071 169	Contractor was terminated due to malperformance, whereby a new contractor was appointed.

The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.

Buildings			
Infrastructure - Roads			
Infrastructure - Waste Management			
Sports Fields			
Community Assets - Other			
Cemetery			
		2023	2022
		R	R
		9 983 151	2 905 481
		9 738 460	4 562 022
		23 733 729	25 711 576
		310 448	-
		196 605	-
		-	7 236 193
		43 962 394	40 415 271

Total Work in Progress (WIP) - Restated 2022

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>329 567</u>	<u>128 193</u>
The movement in intangible assets is reconciled as follows:		
Opening Carrying Value	128 193	186 478
Cost	986 096	986 096
Accumulated Amortisation	(857 903)	(799 619)
Acquisitions	262 261	-
Disposal	(6)	-
Cost	(17 796)	-
Amortisation	17 790	-
Amortisation for the year	(60 881)	(58 285)
Closing Carrying Value	329 567	128 193
Cost	1 230 561	986 096
Accumulated Amortisation	(900 994)	(857 903)

Intangible Assets consist only out of software

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	2023 R	2022 R
11 CAPITALISED RESTORATION COST (PPE)		
Capitalised Restoration Cost - Carrying Value	<u>1 553 817</u>	<u>424 597</u>
The movement in capitalised restoration cost is reconciled as follows:		
Opening Carrying Value	424 597	2 647 354
Cost	8 618 378	10 367 947
Balance previously reported	-	4 893 116
Prior period adjustment - Note 44.6	-	5 474 831
Accumulated Depreciation	(8 193 781)	(7 720 593)
Balance previously reported	-	(1 901 553)
Prior period adjustment - Note 44.6	-	(5 819 041)
Accumulated Impairments	-	-
Balance previously reported	-	(1 405 149)
Prior period adjustment - Note 44.6	-	1 405 149

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

11	CAPITALISED RESTORATION COST (PPE) (CONTINUED)	2023 R	2022 R
	Additions	1 837 731	-
	Balance previously reported	-	612 759
	Prior period adjustment - Note 44.6	-	(612 759)
	Disposal	(340 625)	(1 749 568)
	Balance previously reported	-	-
	Prior period adjustment - Note 44.6	-	(1 749 568)
	Depreciation for the year	(53 868)	(473 188)
	Balance previously reported	-	(87 225)
	Prior period adjustment - Note 44.6	-	(385 963)
	Impairments for the year	(314 017)	-
	Balance previously reported	-	(288 733)
	Prior period adjustment - Note 44.6	-	288 733
	Closing Carrying Value	1 553 817	424 597
	Cost	10 115 484	8 618 378
	Accumulated Depreciation	(8 247 649)	(8 193 781)
	Accumulated Impairments	(314 017)	-

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

The Landfill site asset and provision were restated to comply with iGRAP 2 and the latest Guideline on Accounting for Landfill Sites.

Refer to note 18 for more detail relating to this asset financed by way of a provision

12	BORROWINGS		
	Annuity Loans	6 843 349	7 747 744
	Sub-Total	6 843 349	7 747 744
	Less: Current portion	922 862	904 130
	Annuity Loans	922 862	904 130
	Total Non-current Borrowings	5 920 487	6 843 614

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

12 BORROWINGS (CONTINUED)

Borrowings consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Development Bank of Southern Africa (DBSA)	floating	30-Sep-29
2	Development Bank of Southern Africa (DBSA)	6.75%	30-Sep-30
		2023	2022
		R	R
	Annuity loans are payable as follows:		
	Payable within one year	1 466 362	1 458 090
	Payable within two to five years	5 171 131	5 373 579
	Payable after five years	2 201 527	3 418 392
	Total amount payable	8 839 020	10 250 060
	Less: Outstanding Future Finance Charges	(1 995 671)	(2 502 315)
	Present value of annuity loans	6 843 349	7 747 744

13 CONSUMER DEPOSITS

Electricity	1 884 698	1 820 608
Total	1 884 698	1 820 608

No guarantees held in lieu of Electricity Deposits

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	6 404 890	2 806 342
Balance previously reported	-	-
Prior period adjustment - Note 44.4	-	2 806 342
Other Payables	454 061	694 583
Balance previously reported	-	2 744 156
Prior period adjustment - Note 44.4	-	(2 049 572)
Deposits: Other	-	-
Balance previously reported	-	380 436
Prior period adjustment - Note 44.4	-	(380 436)
Payments received in advance	489 450	399 566
Retentions	4 510 326	4 462 012
Balance previously reported	-	6 631 897
Prior period adjustment - Note 44.4	-	(2 169 885)
DBSA Interest Accrual	151 239	139 128
Total	12 009 966	8 501 631

Payables are being recognised net of any discounts received.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

14 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS	2023 R	2022 R
<u>Unspent Conditional Government Grants</u>		
National Government	6 960 955	10 293 461
Provincial Government	20 113 776	13 208 705
Balance previously reported	-	13 361 166
Prior period adjustment - Note 44.5	-	(152 461)
Total	27 074 731	23 502 166

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short-term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

16 CURRENT EMPLOYEE BENEFITS

Post Retirement Medical Benefits - Note 17	307 000	280 000
Long Service Awards - Note 17	414 000	759 000
Bonuses	3 505 416	3 500 159
Performance Bonuses	11 105 426	7 044 679
Compensation for injuries on duty contribution	6 320 833	5 376 486
Staff Leave	5 348 378	5 002 478
Total	27 001 053	21 962 802

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	3 500 159	3 027 077
Contribution during the year	6 025 268	6 061 146
Payments made	(6 020 010)	(5 588 065)
Balance at end of year	3 505 416	3 500 159

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2023	2022
		R	R
	<u>Performance Bonuses</u>		
	Opening Balance	7 044 679	3 056 922
	Contribution during the year	4 060 747	3 987 757
	Balance at end of year	<u>11 105 426</u>	<u>7 044 679</u>

Performance bonuses are being paid to Municipal Manager, Directors, Managers and Below-Managers after an evaluation of performance by the Council. The provision includes the Performance bonuses for the 2020/21, 2021/22 and the 2022/23 financial years. The performance Evaluation for 2020/2021 and 2021/2022 were done at the beginning of August 2023 and the item will be sent to Council for approval of their payment in the Ordinary Council meeting of October 2023.

Compensation for injuries on duty contribution

Opening Balance	5 376 486	4 616 931
Contribution during the year	944 347	759 555
Balance at end of year	<u>6 320 833</u>	<u>5 376 486</u>

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities.

Staff Leave

Opening Balance	5 002 478	5 096 318
Contribution during the year	3 222 348	2 285 260
Payments made	(2 876 449)	(2 379 100)
Balance at end of year	<u>5 348 378</u>	<u>5 002 478</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

17	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	17 231 000	18 052 000
	Long Service Awards	2 518 000	2 375 000
	Total	<u>19 749 000</u>	<u>20 427 000</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

2023
R

2022
R

17.1 POST RETIREMENT MEDICAL BENEFITS

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	18 332 000	15 147 000
Contribution during the year	3 902 000	3 106 000
Current Service Cost	1 748 000	1 536 000
Interest Cost	2 154 000	1 570 000
Payments made	(288 449)	(267 880)
Actuarial Loss/(Gain)	(4 407 551)	346 880
Total balance at year-end	17 538 000	18 332 000
Less: Current Portion - Note 16	(307 000)	(280 000)
Total	17 231 000	18 052 000

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2023	2022
In-service members	202	194
In-service non-members	74	67
Continuation members	3	3
Total	279	264

The liability in respect of past service has been estimated to be as follows:

In-service members	13 766 000	14 731 000
In-service non-members	1 490 000	1 300 000
Continuation members	2 282 000	2 301 000
Total Unfunded Liability	17 538 000	18 332 000

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2021 R	2020 R	2019 R
In-service members	13 208 000	9 450 000	10 113 774
Continuation members	1 939 000	1 810 000	1 869 858
Total Unfunded Liability	15 147 000	11 260 000	11 983 632

Experience adjustments were calculated as follows:

	2023 R m	2022 R m
Liabilities: (Gain)/Loss	(1.191)	0.208
Assets: Gain/(Loss)	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Experience adjustments were calculated as follows in years prior to the comparative year:

	2021 R m	2020 R m	2019 R m
Liabilities: (Gain)/Loss	0.335	(0.630)	0.636
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
Hosmed
LA Health
Munimed
SAMWU Medical Aid

Key Actuarial Assumptions used are as follows:

Interest Rates	2023	2022
Discount rate	12.59%	11.84%
Health Care Cost Inflation Rate	8.19%	8.45%
Net Effective Discount Rate	4.07%	3.13%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed in July 2023.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

	2023 R	2022 R
The amounts recognised in the Statement of Financial Performance are:		
Employee related costs - Current Service Cost	1 748 000	1 536 000
Finance Charges - Interest Cost	2 154 000	1 570 000
Actuarial Gains	(4 407 551)	346 880
Net amount charged to Statement of Financial Performance	(505 551)	3 452 880

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	15.256	2.282	17.538	
Health care inflation rate				
+ 1%	18.378	2.424	20.802	19%
- 1%	12.784	2.152	14.936	-15%
Discount rate				
+ 1%	12.889	2.158	15.047	-14%
- 1%	18.271	2.420	20.691	18%
Post-employment mortality				
+ 1 year	14.893	2.183	17.076	-3%
- 1 year	15.614	2.382	17.996	3%
Average retirement age				
- 1 year	17.027	2.282	19.309	10%
Membership continuation				
- 10%	13.277	2.282	15.559	-11%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	1 670 000	2 189 000	3 859 000	
Health care inflation rate				
+ 1%	2 032 000	2 600 000	4 632 000	20%
- 1%	1 388 000	1 862 000	3 250 000	-16%
Discount rate				
+ 1%	1 413 000	2 025 000	3 438 000	-11%
- 1%	2 003 000	2 381 000	4 384 000	14%
Post-employment mortality				
+ 1 year	1 633 000	2 131 000	3 764 000	-2%
- 1 year	1 710 000	2 247 000	3 957 000	3%
Average retirement age				
- 1 year	1 561 000	2 412 000	3 973 000	3%
Membership continuation				
- 10%	1 456 000	1 940 000	3 396 000	-12%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

17.2 LONG SERVICE AWARDS

	2023 R	2022 R
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	3 134 000	2 779 000
Contribution during the year	674 000	618 000
Current Service Cost	379 000	389 000
Interest Cost	295 000	229 000
Payments made	(612 022)	(251 704)
Actuarial Loss/(Gain)	(263 978)	(11 296)
Total balance at year-end	2 932 000	3 134 000
Less: Current Portion - Note 16	(414 000)	(759 000)
Total	2 518 000	2 375 000

The following members are eligible for long service bonuses:

	2023	2022
In-service members	276	261

The liability in respect of past service has been estimated to be as follows:

In-service members	2 932 000	3 134 000
Total Unfunded Liability	2 932 000	3 134 000

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2021 R	2020 R	2019 R
In-service members	2 779 000	2 564 000	2 147 050
Total Unfunded Liability	2 779 000	2 564 000	2 147 050

Experience adjustments were calculated as follows:

	2023 R	2022 R
Liabilities: (Gain)/Loss	(85 978)	49 704
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2021 R	2020 R	2019 R
Liabilities: (Gain)/Loss	(56 156)	84 594	553
Assets: Gain/(Loss)	-	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

Interest Rates	2023	2022
Discount rate	11.01%	10.67%
General Salary Inflation (long-term)	6.44%	7.31%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.29%	3.13%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Last Valuation

The last valuation was performed in July 2023.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

	2023 R	2022 R
The amounts recognised in the Statement of Financial Performance are:		
Employee related costs - Current Service Cost	379 000	389 000
Finance Charges - Interest Cost	295 000	229 000
Actuarial (Gain)/Losses	(263 978)	(11 296)
Net amount charged to Statement of Financial Performance	410 022	606 704

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R	% change
Liability	2 932 000	
General earnings inflation rate		
+ 1%	3 077 000	5%
- 1%	2 797 000	-5%
Discount rate		
+ 1%	2 793 000	-5%
- 1%	3 084 000	5%
Average retirement age		
+ 2 years	3 059 000	4%
- 2 years	2 831 000	-3%
Withdrawal rates		
x 2	2 350 000	-20%
x 0.5	3 308 000	13%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	389 000	301 000	690 000	
General earnings inflation rate				
+ 1%	413 000	317 000	730 000	6%
- 1%	367 000	286 000	653 000	-5%
Discount rate				
+ 1%	370 000	311 000	681 000	-1%
- 1%	410 000	288 000	698 000	1%
Average retirement age				
+ 2 years	405 000	315 000	720 000	4%
- 2 years	372 000	289 000	661 000	-4%
Withdrawal rates				
x 2	292 000	237 000	529 000	-23%
x 0.5	455 000	342 000	797 000	16%

17.3 OTHER PENSION BENEFITS

2023

2022

R

R

Defined Benefit Plans

Council contributes to the following defined benefit plans:

Cape Joint Pension Fund

10 443 119

9 604 467

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 131.6%.

Total

10 443 119

9 604 467

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrators claim that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17	EMPLOYEE BENEFITS (CONTINUED)	2023	2022
		R	R
	Defined Contribution Plans		
	Council contributes to the following defined contribution plans:		
	SALA Pension Fund	972 278	997 125
	SAMWU National Provident Fund	92 561	94 314
	Total	1 064 839	1 091 439

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	24 971 393	21 148 007
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	21 148 007	21 056 552
Balance previously reported	-	7 421 987
Prior period adjustment - Note 44.7	-	13 634 565
Contribution during the year	3 823 386	91 456
Increase/(Decrease) in estimate	1 497 105	(1 929 973)
Balance previously reported	-	612 759
Prior period adjustment - Note 44.7	-	(2 542 733)
Interest Cost	2 326 281	2 021 429
Balance previously reported	-	315 434
Prior period adjustment - Note 44.7	-	1 705 995
Total	24 971 393	21 148 007

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Expected Closure		
Site	Date		
Barkly East	2031	6 278 819	5 897 766
Lady Grey	2028	3 853 594	3 536 779
Sterkspruit	2024	4 948 746	3 913 207
Rhodes	2024	7 042 018	5 517 192
Rossouw	2016	2 848 217	2 283 063
Total		24 971 393	21 148 007

The Rossouw Landfill site reached maximum capacity in 2016 and the provision was made for the cost of the rehabilitation of the Landfill site.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

19	COMMUNITY WEALTH	2023	2022
		R	R
	19.1 RESERVES		
	Revaluations Reserve	91 022 401	85 610 740
	Total	91 022 401	85 610 740

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

19.2 ACCUMULATED SURPLUS

The following internal funds and reserves are ring-fenced within the Accumulated Surplus:

Capital Replacement Reserve	225 678 807	214 436 701
Employee Benefits Reserve	46 750 054	42 389 802
Valuation Roll Reserve	2 202 815	1 817 504
Accumulated Surplus due to the results of operations	579 266 143	547 223 696
Total	853 897 819	805 867 704

The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

20	PROPERTY RATES		
	Total Property Rates	25 032 443	20 849 235
	Less: Rebates	(7 701 727)	(5 352 155)
	Total	17 330 716	15 497 080

Property rates levied are based on the following rateable valuations:

Residential Property	782 488 000	782 105 500
Commercial Property	450 245 000	421 275 500
Public Benefits Organisations	79 540 500	80 350 000
Public Service Infrastructure	4 727 000	4 727 000
Agricultural Purposes	2 455 387 000	2 468 923 500
State - National / Provincial Services	767 946 000	811 173 000
Municipal Property	431 744 000	388 582 000
Vacant Property	117 568 500	119 053 500
Industrial Property	14 203 000	14 203 000
Total Valuation	5 103 849 000	5 090 393 000

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

20 PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every five years. The effective date for the valuation is 1 July 2017.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:

	2023	2022
Residential	0.8373c/R	0.7899c/R
Commercial	1.0885c/R	1.0269c/R
Public Service Infrastructure	0.0000c/R	0.0000c/R
Agricultural	0.2093c/R	0.1975c/R
State - National / Provincial Services	1.0885c/R	1.0269c/R
Vacant Property	1.2559c/R	1.1849c/R

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

21 TRANSFERS AND SUBSIDIES

	2023 R	2022 R
Unconditional Grants - National Government	177 125 000	163 362 000
Equitable Share	177 125 000	163 362 000
Conditional Grants - National Government	44 025 506	34 396 859
Municipal Finance Management	1 650 000	1 650 000
Municipal Infrastructure Grant	40 717 506	30 180 859
EPWP (Expanded Public Works Program)	1 658 000	2 566 000
Conditional Grants - Provincial Government	2 066 804	6 374 651
Libraries	1 500 000	1 500 000
EPWP (Expanded Public Works Program)	566 804	4 633 196
Greenest Municipality	-	241 455
Total	223 217 310	204 133 510
Disclosed as:		
Transfers and Subsidies - Capital	34 365 765	24 571 877
Transfers and Subsidies - Operating	188 851 545	179 561 633
Total	223 217 310	204 133 510
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	177 125 000	163 362 000
Budget & Treasury	1 650 000	1 650 000
Planning & Development	6 918 545	10 242 178
Corporate Services	-	-
Community & Social Services	1 500 000	1 500 000
Road Transport	36 023 765	27 137 877
Waste Management	-	241 455
Total	223 217 310	204 133 510

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2023 R	2022 R
	The movements per grant can be summarised as follows:		
	21.01 Equitable Share		
	Grants Received	177 125 000	163 362 000
	Transferred to Revenue - Operating	(177 125 000)	(163 362 000)
	Closing Unspent Balance	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
	21.02 Financial Management Grant (FMG)		
	Opening Unspent Balance	-	-
	Grants Received	1 650 000	1 650 000
	Transferred to Revenue - Operating	(1 650 000)	(1 650 000)
	Closing Unspent Balance	-	-
	The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.		
	21.03 Municipal Infrastructure Grant (MIG)		
	Opening Unspent Balance	8 283 405	15 877 264
	Grants Received	37 385 000	38 464 000
	Transferred to Revenue - Capital	(34 365 765)	(24 571 877)
	Transferred to Revenue - Operating	(6 351 741)	(5 608 982)
	Funds returned to NT	-	(15 877 000)
	Closing Unspent Balance	4 950 899	8 283 405
	The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
	21.04 NDPG (Neighbourhood Development Partnership Grant)		
	Opening Unspent Balance	2 010 056	2 010 056
	Closing Unspent Balance	2 010 056	2 010 056
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
	21.05 EPWP (Expanded Public Works Program) - National		
	Opening Unspent Balance	-	-
	Grants Received	1 658 000	2 566 000
	Transferred to Revenue - Operating	(1 658 000)	(2 566 000)
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2023 R	2022 R
	21.06 Prov Gov - Housing (Hillside)		
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	232 651	232 651
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.07 Herschel People's Housing		
	Opening Unspent Balance	11 950 704	11 493 351
	Current year receipts - Interest	771 874	457 353
	Closing Unspent Balance	12 722 578	11 950 704
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.08 Libraries		
	Opening Unspent Balance	-	-
	Grants Received	1 500 000	1 500 000
	Transferred to Revenue - Operating	(1 500 000)	(1 500 000)
	Closing Unspent Balance	-	-
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		
	21.09 EPWP (Expanded Public Works Program) - Provincial		
	Opening Unspent Balance	566 804	5 200 000
	Transferred to Revenue - Operating	(566 804)	(4 633 196)
	Closing Unspent Balance - Restated 2022	-	566 804
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
	21.10 Greenest Municipality		
	Opening Unspent Balance	458 545	200 000
	Grants Received	300 000	500 000
	Transferred to Revenue - Operating	-	(241 455)
	Closing Unspent Balance - Restated 2022	758 545	458 545
	The grant was received for 'greening' the environment as well as proactively preserving it for future generations.		
	21.11 Municipal Disaster Relief Grant		
	Grants Received	6 400 000	-
	Closing Unspent Balance	6 400 000	-
	The grant was received from Provincial Government to be utilised for flood intervention measures within the Senqu area.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2023	2022
		R	R
	21.12 Total Transfers and Subsidies		
	Opening Unspent Balance	23 502 166	35 013 322
	Grants Received	226 018 000	208 042 000
	Current year receipts - Interest	771 874	457 353
	Transferred to Revenue - Capital	(34 365 765)	(24 571 877)
	Transferred to Revenue - Operating	(188 851 545)	(179 561 633)
	Funds returned to NT	-	(15 877 000)
	Closing Unspent Balance - Restated 2022	<u>27 074 730</u>	<u>23 502 166</u>
		<u><u>27 074 730</u></u>	<u><u>23 502 166</u></u>
22	FINES, PENALTIES AND FORFEITS		
	Fines: Pound Fees	44 248	33 415
	Fines: Traffic	248 300	442 950
	Penalties	213 900	-
	Forfeits: Retentions	408 946	1 607 937
	Total - Restated 2022	<u>915 394</u>	<u>2 084 302</u>
		<u><u>915 394</u></u>	<u><u>2 084 302</u></u>
	In terms of the requirements of GRAP 23 and IGRAP1, all Traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
	Retentions forfeited are recognised as revenue for the construction contracts that were terminated.		
23	SERVICE CHARGES		
	Electricity Revenue	44 526 191	48 684 014
	Refuse Removal Revenue	9 116 869	8 420 443
	Total	<u>53 643 060</u>	<u>57 104 457</u>
		<u><u>53 643 060</u></u>	<u><u>57 104 457</u></u>
	The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:		
	Cost of Free Basic Services: Electricity	12 002 688	9 244 043
	Bulk Purchases	10 041 229	8 115 781
	Operational Cost	1 961 459	1 128 262
	Cost of Free Basic Services: Refuse	-	13 027
	Operational Cost	-	13 027
	Total	<u>12 002 688</u>	<u>9 257 070</u>
		<u><u>12 002 688</u></u>	<u><u>9 257 070</u></u>
24	RENTAL FROM FIXED ASSETS		
	Investment Property	1 425 867	1 425 125
	Buildings	43 082	54 561
	Machinery and Equipment	6 786	2 389
	Total	<u>1 475 736</u>	<u>1 482 076</u>
		<u><u>1 475 736</u></u>	<u><u>1 482 076</u></u>

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023	2022
	R	R
25 INTEREST EARNED - EXTERNAL INVESTMENTS		
Interest earned on Investment - Standard Bank 388489162/0	24 887 802	14 433 425
Interest earned on Investment - Standard Bank 388489731/0	7 320 726	3 372 399
Total	32 208 528	17 805 824
26 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	4 751 626	3 075 152
Interest Earned - Penalty Interest on Property Rates	1 720 263	1 201 133
Total	6 471 889	4 276 285
27 LICENCES AND PERMITS		
Drivers Licence Application	1 058 801	1 055 759
Learner Licence Application	240 138	184 251
Business Licenses	1 794	15 676
Total	1 300 733	1 255 686
28 AGENCY SERVICES		
Vehicle Licencing and Registration	1 204 135	1 200 192
Total	1 204 135	1 200 192
29 SALES OF GOODS AND RENDERING OF SERVICES		
Advertisements	-	3 796
Building Plan Clause Levy	34 694	18 437
Cemetery and Burial	21 351	26 719
Clearance Certificates	24 781	19 095
Entrance Fees	3 014	2 714
Library Fees	5 284	1 159
Photocopies and Faxes	2 607	4 396
Sale of Agricultural Products	14 844	9 174
Tender Documents	-	71 413
Valuation Services	3 803	4 616
Total	110 377	161 519
30 OPERATIONAL REVENUE		
Commission	315 585	372 449
LG Seta	202 211	178 602
Road Worthy Certificate Application	1 304	-
Staff Recoveries	30 187	-
Total	549 287	551 051

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

31	EMPLOYEE RELATED COSTS	2023 R	2022 R
	Basic Salary	88 575 902	79 446 871
	Pension and UIF Contributions	12 445 964	11 297 248
	Medical Aid Contributions	6 568 343	6 461 193
	Bonuses	6 025 268	6 061 146
	Performance Bonus	4 060 747	3 987 757
	Telephone allowance	1 164 877	1 135 200
	Housing Allowances	389 049	341 514
	Other benefits and allowances	36 151	34 485
	Leave Contributions	3 222 348	2 285 260
	Long service awards	379 000	389 000
	Post Retirement Medical Benefits	1 748 000	1 536 002
	Total	124 615 650	112 975 676
	Remuneration of Key Personnel		
	Key management personnel are all appointed on 5-year fixed contracts.		
	Municipal Manager - MM Yawa (Resigned February 2023)		
	Annual Remuneration	1 597 664	2 693 951
	Ex Gracia	3 370 277	-
	Travel Allowance	51 456	-
	Telephone allowance	41 793	66 000
	UIF Contributions	1 417	2 125
	Total	5 062 608	2 762 076
	Director Financial Services - Mr K Fourie (Contract expired April 2023)		
	Annual Remuneration	1 742 467	1 865 599
	Travel Allowance	120 153	144 184
	Telephone allowance	46 068	50 400
	UIF Contributions	1 948	2 125
	Total	1 910 636	2 062 308
	Director Technical Services - R Ruiters		
	Annual Remuneration	1 506 325	1 404 336
	Travel Allowance	336 368	336 368
	Telephone allowance	56 814	50 400
	UIF Contributions	2 125	2 125
	Total	1 901 632	1 793 230
	Director Community and Social Services - N Nyezi		
	Annual Remuneration	1 940 006	1 808 857
	Telephone allowance	56 534	50 400
	UIF Contributions	2 125	2 125
	Total	1 998 666	1 861 382

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

31	EMPLOYEE RELATED COSTS (CONTINUED)	2023	2022
		R	R
	<i>Director Corporate and Support Services - Z Koyana</i>		
	Annual Remuneration	1 777 289	1 912 855
	Travel Allowance	60 000	55 000
	Telephone allowance	56 534	50 400
	UIF Contributions	2 125	2 125
	Total	1 895 948	2 020 380
	<i>Director Development and Town Planning Services - K Chaphi</i>		
	Annual Remuneration	1 608 724	1 507 834
	Travel Allowance	232 870	232 870
	Telephone allowance	56 534	50 400
	UIF Contributions	2 125	2 125
	Total	1 900 254	1 793 230
32	REMUNERATION OF COUNCILLORS		
	Mayor	934 685	916 824
	Speaker	756 149	720 229
	Chief Whip	418 999	408 965
	Executive Committee Members	1 671 196	1 761 761
	Councillors	8 019 733	7 773 032
	Other Councillors' contributions and allowances	1 175 200	1 180 300
	Total	12 975 962	12 761 110
	In-kind Benefits		
	The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	<i>Mayor</i>		
	Annual Remuneration	890 885	872 424
	Telephone allowance	43 800	44 400
	Total	934 685	916 824
	<i>Speaker</i>		
	Annual Remuneration	712 349	675 829
	Telephone allowance	43 800	44 400
	Total	756 149	720 229
	<i>Chief Whip</i>		
	Annual Remuneration	375 199	364 565
	Telephone allowance	43 800	44 400
	Total	418 999	408 965
	<i>Executive Committee Members</i>		
	Annual Remuneration	1 495 996	1 569 361
	Telephone allowance	175 200	192 400
	Total	1 671 196	1 761 761

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

32	REMUNERATION OF COUNCILLORS (CONTINUED)	2023	2022
		R	R
	<i>Councillors (Section 79)</i>		
	Annual Remuneration	1 820 335	1 843 123
	Telephone allowance	219 000	237 473
	Total	2 039 335	2 080 596
	<i>Councillors (Ordinary)</i>		
	Annual Remuneration	6 199 398	5 929 908
	Telephone allowance	956 200	942 827
	Total	7 155 598	6 872 736
33	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 3	12 748 695	9 459 665
	Receivables from non-exchange transactions - Note 4	4 709 308	3 926 080
	Total Contribution to Debt Impairment Provision	17 458 003	13 385 745
	Movement in VAT included in debt impairment - Note 5	(816 900)	(707 074)
	Total	16 641 103	12 678 672
	Debt Impairment consists out of the following:		
	Debt Impairment	14 496 729	11 028 252
	Bad Debts Written off	2 144 374	1 650 420
	Total	16 641 103	12 678 672
34	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	16 877 339	16 649 556
	Intangible Assets	60 881	58 285
	Capitalised Restoration Cost (PPE)	53 868	473 188
	Total - Restated 2022	16 992 088	17 181 028
35	IMPAIRMENT LOSS		
	Capitalised Restoration Cost (PPE)	314 017	-
	Total - Restated 2022	314 017	-
36	FINANCE CHARGES		
	Annuity Loans	598 130	545 448
	Rehabilitation Provision - Landfill Sites	2 326 281	2 021 429
	Post Retirement Medical Benefits	2 154 000	1 570 000
	Long Service Awards	295 000	229 000
	Overdue accounts	24 042	-
	Total - Restated 2022	5 397 454	4 365 877

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023	2022
	R	R
37 BULK PURCHASES		
Electricity	45 498 755	44 034 167
Total	45 498 755	44 034 167
38 CONTRACTED SERVICES		
Consultants and Professional Services	11 012 298	9 878 972
Business and Advisory	7 750 886	6 620 314
Infrastructure and Planning	258 165	459 422
Legal Cost	3 003 247	2 799 237
Contractors	7 886 901	8 676 820
Artists and Performers	-	18 480
Electrical	-	328 672
Employee Wellness	254 400	-
Event Promoters	1 033 287	-
Fire Services	-	12 537
Interior Decorator	4 740	25 550
Maintenance of Buildings and Facilities	1 304 926	2 534 385
Maintenance of Equipment	1 018 991	1 064 922
Maintenance of Unspecified Assets	4 176 073	4 324 946
Pest Control and Fumigation	28 510	-
Plants, Flowers and Other Decorations	-	81 448
Transportation	65 973	285 881
Outsourced Services	12 351 898	11 782 029
Burial Services	28 800	10 100
Catering Services	849 126	1 103 860
Cleaning Services	12 661	-
Medical Services	-	1 151
Personnel and Labour	5 860 437	7 681 010
Project Management	290 000	-
Security Services	5 310 873	2 985 908
Total - Restated 2022	31 251 097	30 337 821
39 TRANSFERS AND SUBSIDIES		
Tourism Support	42 055	42 055
Total	42 055	42 055
40 OPERATING LEASES		
Buildings	268 369	171 836
Machinery and Equipment	204 012	275 165
Transport Assets	77 822	-
Total - Restated 2022	550 203	447 001

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

41	OPERATIONAL COST	2023 R	2022 R
	Advertising, Publicity and Marketing	854 495	856 157
	Assets less than the Capitalisation Threshold	38 228	34 130
	Bank Charges, Facility and Card Fees	319 146	288 955
	Bursaries (Employees)	304 222	-
	Communication	391 476	401 837
	Commission: Prepaid Electricity	439 289	631 864
	Consumables	2 036 742	2 356 275
	Courier and Delivery Services	-	811
	Deeds	14 238	9 711
	Entertainment	66 098	31 566
	External Audit Fees	5 277 163	3 896 326
	External Computer Service	3 409 887	3 698 827
	Fuel and Oil	5 920 938	4 627 714
	Insurance Underwriting	4 219 406	1 972 230
	Learnerships and Internships	335 013	315 175
	Maintenance Materials	2 181 299	3 743 665
	Motor Vehicle Licence and Registrations	297 308	266 423
	Municipal Services	50 644	85 029
	Printing, Publications and Books	23 362	55 827
	Professional Bodies, Membership and Subscription	1 351 205	1 227 715
	Registration Fees	1 288 137	841 185
	Remuneration to Ward Committees	1 953 000	1 124 000
	Seating Allowance for Traditional Leaders	153 800	83 840
	Skills Development Fund Levy	1 063 866	999 504
	Transport Provided as Part of Departmental Activities	972 363	1 063 868
	Travel Agency Fees	297 293	74 623
	Travel and Subsistence	5 278 447	2 439 064
	Uniform and Protective Clothing	1 435 971	2 051 341
	Workmen's Compensation Fund	944 347	759 554
	Total - Restated 2022	40 917 381	33 937 217
42	LOSS ON DISPOSAL OF ASSETS		
	Carrying value of Property, Plant and Equipment disposed	833 093	389 165
	Carrying value of Intangible Assets disposed	6	-
	Total	833 099	389 165

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

43

REPAIRS AND MAINTENANCE

Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:

The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:

	2023 R	2022 R
Contracted Services	7 231 460	9 030 293
Contractors - Electrical	-	328 672
Contractors - Maintenance of Buildings and Facilities	1 304 926	2 534 385
Contractors - Maintenance of Equipment	1 018 991	1 064 922
Contractors - Maintenance of Unspecified Assets	4 176 073	4 324 946
Contractors - Transportation	65 973	112 781
Outsourced Services - Personnel and Labour	665 497	664 588
Operational Cost	4 678 348	5 877 706
Assets less than the Capitalisation Threshold	-	7 501
Consumables	144 011	220 058
Fuel and Oil	2 223 373	1 843 745
Maintenance Materials	2 181 299	3 743 665
Uniform and Protective Clothing	129 665	62 737
Total - Restated 2022	11 909 808	14 907 999
GRAP 17 requires disclosure of repairs and maintenance per asset class:		
Buildings and other structures	2 836 088	4 884 855
Tools and equipment	452 199	676 988
Furniture and office equipment	337 075	266 567
Vehicles and Implements	2 934 176	3 845 990
Roads and stormwater	4 776 974	4 041 268
Electricity Reticulation	85 818	464 638
Streetlights	462 479	429 364
Solid Waste Sites	25 000	298 329
Total	11 909 808	14 907 999

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

44	CORRECTION OF ERROR IN TERMS OF GRAP 3	2022 R
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.	
	44.1 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	
	Balance previously reported	4 032 529
	Inventory Debtor previously not recognised - Notes 44.2 and 44.9	29 900
	Restated Balance on 30 June 2022	4 062 429
	44.2 TAXES	
	Balance previously reported	4 999 017
	Inventory Debtor previously not recognised - Note 44.1	(3 900)
	Recognise Retention forfeits for terminated contracts 2022/23 - Notes 44.4 and 44.9	(240 068)
	Restated Balance on 30 June 2022	4 755 049
	44.3 PROPERTY PLANT AND EQUIPMENT	
	Balance previously reported	464 991 131
	WIP expenditure previously not recognised at 30 June 2022 - Note 44.9	508 792
	Restated Balance on 30 June 2022	465 499 923
	44.4 PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	10 295 182
	Recognise payable at 30 June 2022 - Note 14	-
	Effect on Other Payables	321 880
	Effect on Retentions	(321 880)
	Reclassification of Payables at 30 June 2022 - Note 14	-
	Effect on Trade Payables	2 806 342
	Effect on Other Payables	(2 425 905)
	Effect on Deposits: Other	(380 436)
	Recognise Rental Accrual at 1 July 2021 - Notes 44.8	35 220
	Recognise Rental Accrual at 30 June 2022 - Notes 44.9	19 233
	Recognise Retention forfeits for terminated contracts 2022/23 - Notes 44.2 and 44.9	(1 848 005)
	Restated Balance on 30 June 2022	8 501 631
	44.5 PAYABLES FROM NON-EXCHANGE TRANSACTIONS	
	Balance previously reported	23 654 627
	Recognise VAT portion on Grant expenditure - Note 44.9	(152 460)
	Restated Balance on 30 June 2022	23 502 167
	44.6 CAPITALISED RESTORATION COST (PPE)	
	Balance previously reported	1 823 216
	Correction of Carrying value on 1 July 2021 - Note 44.8	1 060 939
	Correction of Landfill site asset - Cost 2021/22 - Note 44.7	(2 362 328)
	Depreciation on Landfill site asset previously not recognised - 2021/22 - Note 44.9	(385 963)
	Derecognise Impairment on Landfill site asset - 2021/22 - Note 44.9	288 733
	Restated Balance on 30 June 2022	424 597

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

44	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2022
		R
	44.7 NON-CURRENT PROVISIONS	
	Balance previously reported	8 350 181
	Correction of Landfill site Provision on 1 July 2021 - Note 44.8	13 634 565
	Correction of Landfill site asset - Cost 2021/22 - Note 44.6	(2 362 328)
	Gain on disposal of Landfill site previously not recognised - 2021/22 - Note 44.9	(180 405)
	Interest Cost on Landfill site previously not recognised - 2021/22 - Note 44.9	1 705 995
	Restated Balance on 30 June 2022	21 148 007
	44.8 ACCUMULATED SURPLUS	
	Recognise Rental Accrual at 1 July 2021 - Notes 44.4	(35 220)
	Correction of Carrying value on 1 July 2021 - Note 44.6	1 060 939
	Correction of Landfill site Provision on 1 July 2021 - Note 44.7	(13 634 565)
	Restated Balance on 30 June 2022	(12 608 846)
	44.9 STATEMENT OF FINANCIAL PERFORMANCE	
	Balance previously reported	36 413 594
	Inventory Debtor previously not recognised - Note 44.1	26 000
	Effect on Operational Cost	26 000
	WIP expenditure previously not recognised at 30 June 2022 - Note 44.3	508 792
	Effect on Contracted Services	508 792
	Recognise Rental Accrual at 30 June 2022 - Notes 44.4	(19 233)
	Effect on Operating Leases	(19 233)
	Recognise Retention forfeits for terminated contracts 2022/23 - Notes 44.2 and 44.4	1 607 937
	Effect on Fines, Penalties and Forfeits	1 607 937
	Recognise VAT portion on Grant expenditure - Note 44.5	152 460
	Effect on Transfers and Subsidies - Operating	152 460
	Depreciation on Landfill site asset previously not recognised - 2021/22 - Note 44.6	(385 963)
	Effect on Depreciation and Amortisation	(385 963)
	Derecognise Impairment on Landfill site asset - 2021/22 - Note 44.6	288 733
	Effect on Impairment Loss	288 733
	Gain on disposal of Landfill site previously not recognised - 2021/22 - Note 44.7	180 405
	Effect on Gain on Disposal of Capitalised Restoration Cost (PPE)	180 405
	Interest Cost on Landfill site previously not recognised - 2021/22 - Note 44.7	(1 705 995)
	Effect on Finance Charges	(1 705 995)
	Restated Balance on 30 June 2022	37 066 730

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

45	NET CASH FROM OPERATING ACTIVITIES	2023	2022
		R	R
	Net Surplus for the year	48 030 115	37 066 730
	Adjusted for:		
	Non-Cash Items	33 923 775	33 404 756
	Debt Impairment	16 641 103	12 678 672
	Depreciation and Amortisation	16 992 088	17 181 028
	Impairments	314 017	-
	Gain on Fair Value Adjustments of Investment Property	(963 425)	(820 500)
	Gain on Disposal of Capitalised Restoration Cost (PPE)	-	(180 405)
	Actuarial Gains	(4 671 529)	(11 296)
	Actuarial Losses	-	346 880
	Finance Charges	4 775 281	3 820 429
	Loss on disposal of PPE	833 099	389 165
	Inventory Loss	3 142	783
	Contributions - Provisions and Employee Benefits	16 379 710	15 018 719
	Post Retirement Medical Benefits	1 748 000	1 536 000
	Long Service Awards	379 000	389 000
	Performance Bonuses	4 060 747	3 987 757
	Bonuses	6 025 268	6 061 146
	Compensation for injuries on duty	944 347	759 555
	Staff Leave	3 222 348	2 285 260
	Expenditure - Provisions and Employee Benefits	(9 796 930)	(8 486 749)
	Post Retirement Medical Benefits	(288 449)	(267 880)
	Long Service Awards	(612 022)	(251 704)
	Performance Bonuses	-	-
	Bonuses	(6 020 010)	(5 588 065)
	Staff Leave	(2 876 449)	(2 379 100)
	Other adjustments	(2 148 950)	(1 645 123)
	Bad Debts Written Off	(2 144 374)	(1 650 420)
	Movement on Operating Lease Asset	(359)	9 352
	Movement on Operating Lease Liability	(4 217)	(4 054)
	Operating Surplus before changes in working capital	86 387 721	75 358 333
	Movement in working capital	(10 137 133)	(22 565 059)
	Receivables from exchange and non-exchange transactions	(15 320 534)	(9 210 065)
	Inventory	140 136	425 819
	Payables from exchange transactions	3 520 447	(1 460 259)
	Payables from non-exchange transactions	3 572 565	(11 511 156)
	Taxes	(2 049 747)	(809 398)
	Cash Flow from Operating Activities	76 250 588	52 793 274
		<hr/>	<hr/>
46	CASH AND CASH EQUIVALENTS		
	Cash and Cash Equivalents comprise out of the following:		
	Primary Bank Account	520 449	4 682 069
	Call and short-term Investments Deposits	497 310 676	453 330 273
	Cash Floats	700	700
	Total	497 831 825	458 013 042
		<hr/>	<hr/>

Refer to note 2 for more details relating to cash and cash equivalents.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

47 BUDGET COMPARISONS

47.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consists of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Payables from non-exchange transactions (Unspent grants) and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements do not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consists out of the following line items - Actuarial Gains, Insurance Receipts, Gain on Fair Value Adjustments of Investment Property, Gain on Disposal of Capitalised Restoration Cost (PPE), Sales of Goods and Rendering of Services and Operational Revenue.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements do not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Actuarial Losses, Operating Leases and Operational Cost. Other materials are also included under Operational cost in the annual financial statements and not as a separate item on the Statement of financial performance as per the budget schedules. The reason for this is that the current detail provided in mSCOA does not provide the nature of the expense which could be problematic from a GRAP point of view.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

47.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

48

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

48.1 UNAUTHORISED EXPENDITURE

No over-expenditure on votes for the two reporting periods in the annual financial statements.

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R
Unauthorised expenditure - Operating			
Executive & Council	34 243 866	37 227 445	-
Planning & Development	21 238 611	23 438 456	-
Corporate Services	36 707 277	43 814 342	-
Budget & Treasury	41 044 833	49 495 202	-
Road Transport	30 999 496	36 462 988	-
Waste Water Management	7 353 654	7 479 195	-
Community & Social Services	19 143 989	19 411 185	-
Sport & Recreation	1 462 430	1 717 476	-
Public Safety	207 424	1 196 338	-
Electricity	66 635 848	78 573 099	-
Waste Management	36 994 577	40 344 092	-
Total	296 032 005	339 159 818	-

Unauthorised expenditure - Capital

Executive & Council	775 813	1 600 000	-
Corporate Services	1 033 879	9 833 309	-
Budget & Treasury	1 307 331	1 575 000	-
Road Transport	10 649 082	24 427 838	-
Waste Water Management	770 989	3 640 000	-
Community & Social Services	9 031 589	16 536 998	-
Sport & Recreation	310 448	357 016	-
Public Safety	196 605	1 070 000	-
Electricity	130 321	2 257 284	-
Waste Management	11 373 329	16 379 767	-
Total	35 579 388	77 677 212	-

48.2 FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R	2022 R
Fruitless and wasteful expenditure consist of the following:		
Opening balance	160 553	134 906
Fruitless and wasteful expenditure incurred	1 863 127	25 648
Fruitless and wasteful expenditure awaiting Council consideration	2 023 681	160 553

Details of Fruitless and wasteful expenditure incurred:

Penalties paid to Department of Transport	23 665	25 648
Interest paid to SARS	15 420	-
Interest paid to SALA Pension Fund	24 042	-
Advance payment to contractor	1 800 000	-
Total	1 863 127	25 648

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

48

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The Fruitless and Wasteful expenditure for the year under review relates to overdue roadworthy certificates and licences, interest charged on employment taxes (SARS) as well as interest charged on employer's pension contribution.

An Advance payment was made to a contractor, but the contract was terminated before the work was completed.

The Council has referred the amounts disclosed above to MPAC for investigation.

48.3 IRREGULAR EXPENDITURE

	2023 R	2022 R
Irregular expenditure consist of the following:		
Opening balance	38 239 511	30 708 796
Irregular expenditure incurred - current	21 012 942	7 530 716
Irregular expenditure incurred - prior period	298 403	
Council write-offs	-	-
Irregular expenditure awaiting Council consideration	59 550 856	38 239 511

Details of Irregular expenditure incurred :

Deviations from Supply Chain Regulations and Policies	21 311 345	7 530 716
Total	21 311 345	7 530 716

Breakdown of Irregular expenditure incurred:

1. Incorrect procurement threshold followed	-	2 014
2. Expenditure incurred without following SCM prescripts	1 516 274	138 674
3. Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	5 872 318	7 390 028
4. Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	6 584 199	-
5. Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	298 403	-
6. Non-compliance with SCM regulation 13(c)	7 040 151	-
Total	21 311 345	7 530 716

Number of incidents:

	2023	2022
1. Incorrect procurement threshold followed	-	1
2. Expenditure incurred without following SCM prescripts	7	3
3. Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	2	2
4. Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	4	-
5. Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	1	-
6. Non-compliance with SCM regulation 13(c)	1	-
Total	15	6

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

48

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Irregular expenditure for 30 June 2022 was restated from R33 249 401 to R38 236 811 to disclose the amounts inclusive of VAT in terms of the updated MFMA Circular 68, whereas previously it was presented exclusive of VAT.

The amounts R4 932 682 for 2020/21, R7 390 028 for 2021/22 and R5 872 318 for 2022/23 identified as Deviations from Supply Chain Regulations and Policies, relates to procurement that did not follow the supply chain prescripts, but was detected via the municipal internal control system.

Included in the 2021/22 opening balance is an amount of R25 047 868 which was identified as non-compliance with the BBEEE Act. This relates to an award that was made to a contractor that was not in compliance with the BBEEE act, read with the Preferential Procurement Regulations. The irregular expenditure was identified in October 2019 and the total amount of R25 047 868 represents the expenditure up to the date the irregularity was identified. No further payments were done after the identification of the irregularity. The project was halted pending legal action.

The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA and section 14 of the PPPFA 2017.

The Council has referred the amounts disclosed above to MPAC for investigation.

48.4 MATERIAL LOSSES

Electricity distribution losses

	2023	2022
- Units purchased (Kwh)	22 142 594	26 120 058
- Units sold (Kwh)	18 002 192	20 776 957
- Units lost during distribution (Kwh)	4 140 402	5 343 101
- Units cost (Kwh)	1.7359	1.4862
- Percentage lost during distribution	18.70%	20.46%
- Units lost considered material losses above a 10% norm	1 926 143	2 731 095
- Cost of units lost considered as material losses	3 343 602	4 058 835

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49

49.1 Salga Contributions [MFMA 125 (1)(b)]

	2023 R	2022 R
Opening balance	-	-
Expenditure incurred	1 328 399	1 218 620
Payments	(1 328 399)	(1 218 620)
Outstanding Balance	-	-

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2023 R	2022 R
	49.2 Audit Fees [MFMA 125 (1)(c)]		
	Opening balance	-	4 709
	Expenditure incurred	6 068 738	4 480 775
	External Audit - Auditor-General	6 068 738	4 480 775
	Payments	(6 061 391)	(4 485 484)
	Outstanding Balance	7 346	-
	49.3 VAT [MFMA 125 (1)(c)]		
	Opening balance	9 340 623	10 682 142
	Amounts received - previous year	(1 723 630)	(2 153 265)
	Amounts received - current year	(6 440 855)	(5 289 729)
	Amounts claimed - current year (payable)	9 113 031	6 101 475
	Vat Receivable	10 289 170	9 340 623
	Vat in suspense due to cash basis of accounting	(6 956 338)	(6 921 921)
	<p>VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.</p>		
	49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
	Payments due to SARS	23 036 949	19 724 562
	Payments	(23 036 949)	(19 724 562)
	Outstanding Balance	-	-
	49.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
	Payments due to pension fund and medical aid	29 548 086	27 811 673
	Payments	(29 548 086)	(27 811 673)
	Outstanding Balance	-	-
	49.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]		
	<p>No Councillors had arrear accounts outstanding for more than 90 days at year end.</p>		

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2023 R	2022 R
49.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM			
<p>During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.</p> <p>Approved deviations from Supply Chain Management Regulations were identified on the following categories:</p>			
	Emergencies	-	608 716
	Goods and services are available from a Single provider only	6 500	18 576
	Other exceptional cases where it is impractical or impossible to follow the official procurement processes.	1 464 825	2 580 362
	Total	1 471 325	3 207 654
Deviations per vote:			
	Executive & Council	423 416	119 876
	Corporate Services	361 909	582 306
	Budget & Treasury	686 000	2 124 413
	Community & Social Services	-	199 065
	Electricity	-	181 994
	Total	1 471 325	3 207 654
49.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]			
<p>No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.</p>			
AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN SERVICE OF			
49.9 THE STATE			
<p>During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45). These transactions were at arms-length, interests were declared and employees played no part in procurement.</p>			
	<u>Entity</u>	<u>Staff Member</u>	
	Lady Grey Joinery and Construction	M A Theron	43 525
	Copper Leaf Trading CC (Spouse is Director)	M A Theron	12 837
	Kwa Jola & Trading (Mangali - Sister is	IL Mangali	22 454
	Work Dynamics (Sister is Director)	Z. Koyana	7 287
	Total		86 104
			554 122

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

50	CAPITAL COMMITMENTS	2023	2022
		R	R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	63 087 748	47 034 764
	Land & Buildings	47 245 281	12 766 226
	Infrastructure	14 867 167	26 567 200
	Community	975 300	7 701 338
	Total - Restated 2022	63 087 748	47 034 764
	This expenditure will be financed from:		
	Capital Replacement Reserve	6 267 975	21 073 321
	Government Grants - MIG	56 819 773	25 961 443
	Total	63 087 748	47 034 764

The Capital Commitments balance for 30 June 2022 was restated from R45 849 325 to R47 034 764 due to a contract termination that was previously not recognised, as well as expenditure for 2021/22 that was previously not included.

51 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

51.1 Credit Risk

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.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	497 831 824	458 013 042
Receivables from exchange transactions	13 955 160	16 650 042
Total	511 786 985	474 663 084

Cash and Cash Equivalents

Deposits of the municipality are only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors, the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

	2023	2022
	R	R
The following service receivables are past due, but not impaired:		
Electricity	5 260 372	7 943 284
Refuse	984 006	691 528
Other Services	232 017	459 413
Total	6 476 396	9 094 225

These receivables can be aged as follows:

1 Month past due	1 378 467	1 720 907
2 Month past due	778 163	1 163 740
3 Month past due	460 702	824 789
> 3 Months past due	3 859 064	5 384 788
Total	6 476 396	9 094 225

51.2 Currency risk (Market Risk)

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

The financial instruments of the municipality is not directly exposed to any currency risk.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

51	FINANCIAL RISK MANAGEMENT (CONTINUED)	2023	2022
		R	R
	51.3 Interest rate risk (Market Risk)		
	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.		
	The following balances are exposed to interest rate fluctuations:		
	Cash and Cash Equivalents (Excluding Cash on Hand)	497 831 125	458 012 342
	Borrowings (Including Current Portion)	(6 843 349)	(7 747 744)
	Net balance exposed	490 987 776	450 264 598
	Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the annual financial statements.		
	Potential effect of changes in interest rates on surplus and deficit for the year:		
	1% (2020 - 1%) increase in interest rates	4 909 878	4 502 646
	0% (2020 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

51.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

30 JUNE 2023	Within 1 Year	PAYABLE Two to five years	After five years
Annuity Loans	1 466 362	5 171 131	2 201 527
Payables from exchange transactions	11 520 517	-	-
Total	12 986 879	5 171 131	2 201 527
30 JUNE 2022	Within 1 Year	PAYABLE Two to five years	After five years
Annuity Loans	1 458 090	5 373 579	3 418 392
Payables from exchange transactions	8 102 065	-	-
Total - Restated	9 560 154	5 373 579	3 418 392

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

The rehabilitation provision does not meet the definition of a financial instrument (due to the absence of a contracted counterparty for the balance) and it was incorrectly disclosed in the 30 June 2022 balance

51.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

52 FINANCIAL INSTRUMENTS

2023
R

2022
R

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

Cash and Cash Equivalents	497 831 824	458 013 042
Receivables from exchange transactions	13 465 711	16 250 476
Total	511 297 535	474 263 518

Financial Liabilities

Current Portion of Borrowings	922 862	904 130
Payables from exchange transactions	11 520 517	8 102 065
Borrowings	5 920 487	6 843 614
Total	18 363 865	15 849 809

53 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Receivables from Non-Exchange Transactions

Rates	28 873 797	23 873 115
Fines	1 735 300	1 489 100
Total	30 609 097	25 362 215

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

54 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

54.01 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of the principal-agent arrangement:

Collections payable to the Department at the beginning of year	-	-
Revenue collected from third parties	6 272 331	9 850 110
Commission earned on collections	(2 053 287)	(3 567 856)
Collections paid over to The Department	(4 219 045)	(6 282 254)
	<hr/>	<hr/>
Collections payable to the Department at year-end	-	-
	<hr/>	<hr/>

Minimal risk was transferred from the Department of Transport, as the principal, to Senqu Municipality, as the agent, beyond the cash collected on behalf of the principal.

55 EVENTS AFTER REPORTING DATE

None

56 IN-KIND DONATIONS AND ASSISTANCE

None

57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

	2023	2022
	R	R

58 CONTINGENT LIABILITIES

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

58.01 Ex-gratia payment

Upon termination of the Municipal Manager's contract, an ex-gratia amount of 1.25 x his gross annual salary will be paid to him. The amount was paid to the former MM in July 2022.

-	3 370 277
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The Community Services and the Technical Services Directors' employment contracts were terminated by the Council on 19 December 2018. The aforesaid termination was subject to further litigation during 2019/20. Refer to note 56.02 below for the detail of the further litigation.

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SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

58	CONTINGENT LIABILITIES (CONTINUED)	2023 R	2022 R
	<u>58.02 Termination of the Directors' Employment Contracts</u>		
	The claimants have applied to the high court to have the decision reviewed and set aside.		
	The MEC for local government launched a counter application to have the renewal of the claimants' contracts set aside.	-	2 459 500
	The counter application was successful and the employment contracts have been reviewed and set aside by the high court on 19 September 2019. The Municipality has been ordered to pay the costs of the parties as its Council took the decision to renew the contracts.		
	The claimants have launched proceedings in the SALGBC for unlawful dismissal following a decision by the Council to rescind the decision to renew their employment contracts on 18 December 2018. The Municipality's jurisdictional defences have been rejected by the arbitrator.		
	The claimants were successful and they were compensated for the value of the contracts that were rescinded less any amounts paid during the period when they acted post the decision of the Council.		
	<u>58.03 Dibanani Consulting CC</u>		
	The CC has instituted action in the High Court, Grahamstown during December 2019 for the recovery of professional consulting engineering fees for road construction projects in Tienbank and Herschel. The Municipality has defended the action and filed an exception to the particulars of claim inter alia based on the fact that the claims are based on variation orders of the original contract that did not comply with the regulatory framework. Whilst the matter is active, the litigation has not advanced.	640 369	640 369
	<u>58.04 RT Civils CC ("The contractor")</u>		
	The contractor has submitted a claim for the unlawful termination of the contract for Bid number: 03/2018, the Upgrading of the Lady Grey Solid Waste Site.		
	The Municipality's position is that the contractor abandoned the works and that the termination was lawful. The contractor has demanded payment of R8 141 903.40 on 20 April 2020 but no statement of claim has been submitted.		
	The dispute was referred to arbitration in terms of clause 10.7.1 of the GCC and an arbitrator was nominated who subsequently withdrew. The arbitration has been set down for hearing on 21 to 23 August 2023. It is likely that the claim will be dismissed with costs and that the counter claim will succeed.	8 141 903	8 141 903

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

58	CONTINGENT LIABILITIES (CONTINUED)	2023 R	2022 R
	58.05 <u>Mr D Tsembeyi</u>		
	<p>Mr Tsembeyi instituted action in the High Court, Mthatha during March 2020 for the market value of the top structures of houses that he allegedly constructed on municipal land. The Municipality has defended the action and filed an exception to particulars of claim based inter alia on the court not having jurisdiction and the failure to comply with the rules for pleading. Mr Tsembeyi has applied to amend the particulars of claim and the Municipality has objected to the amendment and filed an opposing affidavit on 09 October 2020.</p>	700 000	700 000
	<p>Mr Tsembeyi's attorney requested on 08 July 2021 that the Municipality considers allowing the amendment to be effected and to plead to the amended claim. Mr Tsembeyi's attorney served a notice of bar and we filed a notice of an irregular step thereafter. The notice of bar was withdrawn on 10 November 2021 but the litigation has not advanced.</p>		
	58.06 <u>DCB van Zyl N.O. & 4 Others</u>		
	<p>The plaintiffs have issued summons in the Barkly East Magistrate's Court for the recovery of the costs of erecting a boundary fence in the amount of R166 538.56.</p>		
	<p>The Municipality has filed a special plea that the plaintiffs have not complied with the Fencing Act. It is likely that the claim will be dismissed with costs if the special plea succeeds.</p>	166 539	-
	58.07 <u>Mvenya Auto & Towing Services (Pty) Ltd</u>		
	<p>Court for damages of R150 431.61 as a result of damages to the plaintiff's vehicle due to a pothole near Botha and Murray Street, Lady Grey.</p>		
	<p>The investigation by the Municipality has shown that there was no pothole at the time and it is likely that the claim will be dismissed with costs.</p>	150 432	-
	58.08 <u>Landfill Sites</u>		
	<p>The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.</p>	-	-
	58.09 <u>Land Invasion</u>		
	<p>The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.</p>	-	-

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

59 RELATED PARTIES

Related parties are defined in note 1.34

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 31 and 32

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge has been recognised in respect of amounts owed by related parties.

Year ended 30 June 2023	Rates - Levied 1 Jul 22 - 30 June 23	Service Charges - Levied 1 Jul 22 - 30 June 23
Councillors	5 254	21 980
LN Mgojo	1 474	10 258
MA Mshasha	3 324	2 344
NC Stokwe	-	2 344
NL Dumzela	138	2 344
DM Matsaba	318	2 344
SN Mfisa	-	2 344
B Mbonjwa	4 312	4 689
Municipal Manager and Section 56 Employees	-	12 592
MM Yawa (1 July 2022 - 28 Feb. 2023)	-	12 592
AK Fourie (1 July 2022 - 30 April 2023)	175	1 954

The Municipal Manager is a non-executive director of Joe Gqabi Development Agency representing council as an ex-officio member.

60 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Information.

61 SEGMENT REPORTING

61.01 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

61 SEGMENT REPORTING (CONTINUED)

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Community Services	Community Halls, Cemeteries, Libraries, Parks and Sports fields
2	Public safety	Traffic control, Animal pounds, Public Nuisances, Fencing, Licensing and Control of Animals
3	Planning and development	Town Planning, Economic Development, Corporate Planning, Billboards and Project Management Unit
4	Roads	Construction and maintenance of Roads, Taxi Ranks, Road and Traffic Regulation
5	Electricity	Electricity related services
6	Waste water management	Storm Water Management and Public Toilets
7	Waste management	Solid Waste Removal, Landfill Sites, Recycling and Street Cleaning

No	Non-Reportable Segment	Goods and/or services delivered
1	Other	Supply of overall Governance and Internal Audit function; Administrative, Corporate and Finance services to the segments above; Tourism, Markets, Licensing and Regulation

The Non-Reportable Segment is added to reconcile back to the Statement of Financial Position and the Statement of Financial Performance as required by GRAP 18.

61.02 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

61.03 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

61.04 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

61 SEGMENT REPORTING (CONTINUED)

2023

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-Reportable Segments	Other	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management	Waste management	Total
Property Rates	199 622 286	1 500 000	290 448	6 351 741	36 023 765	4 407 551	-	622 846	248 818 637
Government Grants and subsidies	17 330 716	-	-	-	-	-	-	-	17 330 716
Actuarial Gains	179 341 804	1 500 000	-	6 351 741	36 023 765	4 407 551	-	-	223 217 310
Fines, Penalties and Forfeits	263 978	-	290 448	-	-	-	-	622 846	4 671 529
Interest Earned - Penalty Interest on Property Rates	2 100	-	-	-	-	-	-	-	915 394
Gain on Fair Value Adjustments of Investment Property	1 720 263	-	-	-	-	-	-	-	1 720 263
	963 425	-	-	-	-	-	-	-	963 425

REVENUE FROM EXCHANGE TRANSACTIONS

Service Charges	33 943 769	68 479	2 829 389	34 694	6 786	45 705 938	-	12 654 428	95 243 482
Rental from Fixed Assets	-	-	-	-	-	44 526 191	-	9 116 869	53 643 060
Interest Earned - external investments	1 425 957	36 223	-	-	6 786	-	-	6 769	1 475 736
Interest Earned - Service Debtors	32 208 528	-	-	-	-	-	-	-	32 208 528
Licences and Permits	41 089	-	-	-	-	1 179 747	-	3 530 789	4 751 626
Agency Services	1 794	-	1 298 939	-	-	-	-	-	1 300 733
Sales of Goods and Rendering of Services	-	-	1 204 135	-	-	-	-	-	1 204 135
Operational Revenue	28 584	32 255	14 844	34 694	-	-	-	-	110 377
	237 816	-	311 471	-	-	-	-	-	549 287

TOTAL REVENUE 1 568 479 3 119 837 6 386 435 36 030 551 50 113 489 - 13 277 274 344 062 119

EXPENDITURE

Employee related costs	50 541 235	14 342 332	5 108 265	16 251 491	9 163 954	7 287 619	5 945 341	15 975 414	124 615 650
Remuneration of Councillors	12 975 962	-	-	-	-	-	-	-	12 975 962
Debt Impairment	4 592 252	-	246 200	-	-	2 878 018	-	8 924 633	16 641 103
Depreciation and Amortisation	2 654 954	2 013 126	43 394	107 306	7 775 195	1 747 596	1 196 085	1 454 433	16 992 088
Impairment Loss	-	-	-	-	-	-	-	314 017	314 017
Actuarial Losses	-	-	-	-	-	-	-	-	-
Finance Charges	722 941	-	-	-	-	2 348 232	-	2 326 281	5 397 454
Bulk Purchases	-	-	-	-	-	45 498 755	-	-	45 498 755
Contracted services	18 941 767	1 523 270	166 412	1 366 638	3 083 792	718 341	184 140	5 266 737	31 251 097
Transfers and Subsidies	42 055	-	-	-	-	-	-	-	42 055
Operating Leases	309 330	36 861	-	-	-	-	-	204 012	550 203
Operational Cost	23 940 798	2 195 414	1 269 165	1 280 135	3 668 908	6 005 824	28 089	2 529 049	40 917 381
Loss on Disposal of Assets	-	-	-	-	681 635	151 464	-	-	833 099
Inventory Loss	3 142	-	-	-	-	-	-	-	3 142

TOTAL EXPENDITURE 114 724 434 20 111 003 6 833 437 7 353 654 36 994 577 296 032 005

SURPLUS FOR THE YEAR

118 841 621 (18 542 524) (3 713 599)

CAPITAL EXPENDITURE

3 117 023 9 342 038 3 058 661 - 7 787 026 130 321 11 373 329 35 579 388

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

61 SEGMENT REPORTING (CONTINUED)

	Reportable Segments							Total		
	Non-Reportable Segments	Other	Community Services	Public safety	Planning and development	Roads	Electricity		Waste water management	Waste management
2022										
REVENUE										
REVENUE FROM NON-EXCHANGE TRANSACTIONS										
Property Rates		187 175 956	1 500 000	475 615	5 608 982	27 137 877	-	-	2 029 797	223 928 226
Government Grants and subsidies	15 497 080	-	-	-	-	-	-	-	-	15 497 080
Actuarial Gains	169 645 196	1 500 000	-	5 608 982	27 137 877	-	-	241 455	-	204 133 510
Fines, Penalties and Forfeits	11 296	-	-	-	-	-	-	-	-	11 296
Interest Earned - Penalty Interest on Property Rates	750	-	475 615	-	-	-	-	1 607 937	-	2 084 302
Gain on Fair Value Adjustments of Investment Property	1 201 133	-	-	-	-	-	-	-	-	1 201 133
Gain on Disposal of Capitalised Restoration Cost (PPE)	820 500	-	-	-	-	-	-	-	-	820 500
	-	-	-	-	-	-	-	180 405	-	180 405
REVENUE FROM EXCHANGE TRANSACTIONS										
Service Charges	19 567 111	78 059	2 815 853	22 233	2 389	49 579 720	-	10 570 591	-	82 635 956
Rental from Fixed Assets	-	-	-	-	-	48 684 014	-	8 420 443	-	57 104 457
Interest Earned - external investments	1 430 000	43 071	-	-	2 389	-	-	6 615	-	1 482 076
Interest Earned - Service Debtors	17 805 824	-	-	-	-	-	-	-	-	17 805 824
Licences and Permits	35 913	-	-	-	-	895 706	-	2 143 533	-	3 075 152
Agency Services	15 676	-	1 240 009	-	-	-	-	-	-	1 255 686
Sales of Goods and Rendering of Services	95 124	34 988	9 174	22 233	-	-	-	-	-	1 200 192
Operational Revenue	184 573	-	366 478	-	-	-	-	-	-	161 519
	-	-	-	-	-	-	-	-	-	551 051
TOTAL REVENUE	206 743 066	1 578 059	3 291 468	5 631 215	27 140 266	49 579 720	-	12 600 388	-	306 564 182
EXPENDITURE										
Employee related costs	46 837 778	13 186 755	4 851 244	14 204 832	8 911 600	6 538 767	3 854 924	14 589 777	-	112 975 676
Remuneration of Councillors	12 761 110	-	-	-	-	-	-	-	-	12 761 110
Debt Impairment	3 485 180	-	440 900	-	-	1 584 843	-	7 167 748	-	12 678 672
Depreciation and Amortisation	2 532 692	1 820 358	43 719	111 469	8 019 229	1 720 196	1 257 034	1 676 331	-	17 181 028
Impairment Loss	-	-	-	-	-	-	-	-	-	-
Actuarial Losses	-	-	-	-	-	346 880	-	-	-	346 880
Finance Charges	562 643	-	-	-	-	1 781 805	-	2 021 429	-	4 365 877
Bulk Purchases	-	-	-	-	-	44 034 167	-	-	-	44 034 167
Contracted services	17 703 852	1 969 104	393 214	1 057 229	2 115 307	1 673 077	395 753	5 030 286	-	30 337 821
Transfers and Subsidies	42 055	-	-	-	-	-	-	-	-	42 055
Operating Leases	123 674	48 162	-	-	-	-	-	275 165	-	447 001
Operational Cost	19 272 343	2 155 841	705 960	1 177 731	3 548 735	4 548 653	41 713	2 486 241	-	33 937 217
Loss on Disposal of Assets	-	-	-	-	-	389 165	-	-	-	389 165
Inventory Loss	783	-	-	-	-	-	-	-	-	783
TOTAL EXPENDITURE	103 322 109	19 180 220	6 435 037	16 551 261	22 594 870	62 617 553	5 549 424	33 246 978	-	269 497 452
SURPLUS FOR THE YEAR	103 420 957	(17 602 161)	(3 143 569)	(10 920 047)	4 545 397	(13 037 833)	(5 549 424)	(20 646 590)	-	37 066 730
CAPITAL EXPENDITURE	4 624 836	7 504 417	838 922	-	5 110 711	1 201 368	-	16 706 032	-	35 986 286

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

62 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
Financial Performance						
Property rates	14 319 635	1 870 446	16 190 081	17 330 716	1 140 635	15 497 080
Service charges	74 729 954	(13 150 000)	61 579 954	53 643 060	(7 936 894)	57 104 457
Investment revenue	22 020 458	6 650 000	28 670 458	38 680 417	10 009 959	22 082 109
Transfers recognised - operational	192 227 174	(495 152)	191 732 022	188 851 545	(2 880 477)	179 561 633
Other own revenue	6 424 566	(812 269)	5 612 297	11 190 616	5 578 319	7 747 026
Total Operating Revenue	309 721 787	(5 936 975)	303 784 812	309 696 355	5 911 543	281 992 305
Employee costs	122 866 822	762 036	123 628 858	124 615 650	986 791	112 975 676
Remuneration of councillors	15 796 263	400 000	16 196 263	12 975 962	(3 220 301)	12 761 110
Debt impairment	14 194 619	-	14 194 619	16 641 103	2 446 484	12 678 672
Depreciation & asset impairment	19 661 081	(1 548 312)	18 112 769	17 306 105	(806 664)	17 181 028
Finance charges	2 900 086	550 592	3 450 678	5 397 454	1 946 776	4 365 877
Materials and bulk purchases	77 003 647	(4 212 752)	72 790 895	45 498 755	(27 292 140)	44 034 167
Contracted services	50 348 677	(3 177 369)	47 171 308	31 251 097	(15 920 211)	30 337 821
Transfers and grants	42 055	-	42 055	42 055	-	42 055
Other expenditure	39 860 148	1 512 225	41 372 373	41 467 584	95 211	34 731 098
Losses	2 200 000	-	2 200 000	836 241	(1 363 759)	389 948
Total Expenditure	344 873 399	(5 713 581)	339 159 818	296 032 005	(43 127 813)	269 497 452
Surplus/(Deficit)	(35 151 612)	(223 394)	(35 375 006)	13 664 350	49 039 356	12 494 853
Transfers recognised - capital	37 947 826	117 319	38 065 145	34 365 765	(3 699 380)	24 571 877
Surplus/(Deficit) for the year	2 796 214	(106 075)	2 690 139	48 030 114	45 339 975	37 066 730

SENQU LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

62 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
Capital expenditure & funds sources						
Capital expenditure	73 295 200	4 382 012	77 677 212	35 579 389	(42 097 823)	35 986 286
Transfers recognised - capital Internally generated funds	37 947 826 35 347 374	117 319 4 264 693	38 065 145 39 612 067	34 365 765 1 213 624	(3 699 380) (38 398 443)	24 571 877 11 414 409
Total sources of capital funds	73 295 200	4 382 012	77 677 212	35 579 389	(42 097 823)	35 986 286
Cash flows						
Net cash from (used) operating	22 216 862	(5 058 083)	17 158 779	76 250 588	59 091 808	52 793 274
Net cash from (used) investing	(73 295 200)	(4 382 012)	(77 677 212)	(35 579 389)	42 097 823	(35 986 286)
Net cash from (used) financing	(790 324)	80 874	(709 450)	(852 417)	(142 967)	(832 897)
Net Cash Movement for the year	(51 868 662)	(9 359 220)	(61 227 882)	39 818 782	101 046 665	15 974 091
Cash/cash equivalents at beginning of year	374 482 449	83 530 593	458 013 042	458 013 042	-	442 038 950
Cash/cash equivalents at the year end	322 613 787	74 171 373	396 785 160	497 831 824	101 046 665	458 013 042

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

SENQU LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2022	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2023
				R	R	R
<u>ANNUITY LOANS</u>						
DBSA loan	103126/1	Floating	2029	4 738 951	631 860	4 107 091
DBSA loan	103126/2	Fixed	2030	3 008 793	272 535	2 736 258
Total Annuity Loans				7 747 744	904 395	6 843 349
Total Borrowings				7 747 744	904 395	6 843 349

SENQU LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2023

	Opening Balance			Cost/Revaluation			Accumulated Depreciation			Closing Balance			Carrying Value		
	R		R	Revaluation	Disposals	R	Revaluation	Disposals	R	Revaluation	Disposals	R	Revaluation	Disposals	R
Executive & Council	5 101 093	839 359	-	-	(605 777)	5 334 675			157 149	(201 582)		3 730 225			1 604 450
Planning & Development	4 046 898	220 534	-	-	-	4 267 432			116 285	-		3 600 564			666 868
Corporate Services	166 718 603	3 628 268	4 650 164		(7 153)	174 989 882			1 377 894	(6 826)		3 715 956			171 273 926
Budget & Treasury	23 090 825	1 325 354	-		(728 600)	23 687 579			1 110 931	(530 042)		18 021 304			5 666 275
Road Transport	318 099 701	13 174 282	-		(43 460)	331 230 523			8 979 198	(26 865)		143 776 638			187 453 885
Community & Social Services	61 535 716	4 919 121	1 682 962		(144 689)	67 993 109			1 545 500	(88 677)		9 281 247			58 711 862
Sport & Recreation	15 668 145	-	41 960		-	15 710 105			467 627	-		3 165 777			12 544 328
Public Safety	6 687 411	-	-		(849)	6 686 562			35 475	(844)		336 436			6 350 126
Electricity	43 834 978	131 121	-		(250 472)	43 715 627			1 747 596	(95 561)		14 026 357			29 689 269
Waste Management	59 951 373	11 341 349	-		(150 461)	71 142 261			1 400 565	(147 965)		8 983 479			62 158 783
Total	704 734 742	35 579 389	6 375 086		(1 931 462)	744 757 756			16 938 220	(1 098 363)		208 637 983			536 119 772

SENQU LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2023

VOTE	30 JUNE 2023			30 JUNE 2022		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive & Council	263 978	34 243 866	(33 979 888)	106 656 296	27 796 592	78 859 704
Planning & Development	6 953 238	21 238 611	(14 285 373)	10 260 615	22 353 829	(12 093 215)
Corporate Services	2 662 870	36 707 277	(34 044 407)	2 468 812	30 408 566	(27 939 755)
Budget & Treasury	230 070 610	41 044 833	189 025 777	92 972 883	38 851 651	54 121 231
Road Transport	39 091 295	30 999 496	8 091 799	30 389 146	28 770 787	1 618 358
Waste Water Management	-	7 353 654	(7 353 654)	-	5 549 424	(5 549 424)
Community & Social Services	1 569 222	19 143 989	(17 574 767)	1 591 942	17 985 080	(16 393 138)
Sport & Recreation	1 050	1 462 430	(1 461 380)	1 793	1 657 872	(1 656 079)
Public Safety	59 093	207 424	(148 331)	42 589	259 119	(216 530)
Electricity	50 113 489	66 635 848	(16 522 359)	49 579 720	62 617 553	(13 037 833)
Waste Management	13 277 274	36 994 577	(23 717 303)	12 600 388	33 246 978	(20 646 590)
Total	344 062 119	296 032 005	48 030 114	306 564 182	269 497 452	37 066 730

SENQU LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2023

Refer to Note 48.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
OPERATING EXPENDITURE			
Executive & Council	34 243 866	37 227 445	(2 983 579)
Planning & Development	21 238 611	23 438 456	(2 199 845)
Corporate Services	36 707 277	43 814 342	(7 107 066)
Budget & Treasury	41 044 833	49 495 202	(8 450 368)
Road Transport	30 999 496	36 462 988	(5 463 492)
Waste Water Management	7 353 654	7 479 195	(125 541)
Community & Social Services	19 143 989	19 411 185	(267 196)
Sport & Recreation	1 462 430	1 717 476	(255 046)
Public Safety	207 424	1 196 338	(988 914)
Electricity	66 635 848	78 573 099	(11 937 251)
Waste Management	36 994 577	40 344 092	(3 349 516)
Total	296 032 005	339 159 818	(43 127 813)
CAPITAL EXPENDITURE			
Executive & Council	775 813	1 600 000	(824 187)
Corporate Services	1 033 879	9 833 309	(8 799 430)
Budget & Treasury	1 307 331	1 575 000	(267 669)
Road Transport	10 649 082	24 427 838	(13 778 756)
Waste Water Management	770 989	3 640 000	(2 869 011)
Community & Social Services	9 031 589	16 536 998	(7 505 409)
Sport & Recreation	310 448	357 016	(46 567)
Electricity	130 321	2 257 284	(2 126 963)
Waste Management	11 373 329	16 379 767	(5 006 437)
Total	35 579 388	77 677 212	(42 097 824)

SENQU LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2023

	OPENING BALANCE (RESTATED) R	GRANTS RECEIVED R	INTEREST ON INVESTMENTS R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	177 125 000	-	177 125 000	-	-
Municipal Finance Management Grant	-	1 650 000	-	1 650 000	-	-
Municipal Infrastructure Grant	8 283 405	37 385 000	-	6 351 741	34 365 765	4 950 899 *
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 658 000	-	1 658 000	-	-
Total	10 293 461	217 818 000	-	186 784 741	34 365 765	6 960 955
PROVINCIAL GOVERNMENT						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing Libraries	11 950 705	-	771 874	-	-	12 722 579
EPWP (Expanded Public Works Program)	566 804	1 500 000	-	1 500 000	-	-
Greenest Municipality	458 545	300 000	-	566 804	-	758 545
Municipal Disaster Relief Grant	-	6 400 000	-	-	-	6 400 000
Total	13 208 706	8 200 000	771 874	2 066 804	-	20 113 776
ALL SPHERES GOVERNMENT						
	23 502 167	226 018 000	771 874	188 851 545	34 365 765	27 074 731

* The Municipal Infrastructure Grant rollover application for R8 259 167 was approved by National Treasury. The initial Municipal Infrastructure Grant allocation was reduced with R6 255 000 for the 2022/23 financial year

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2023 R		2023 R		2023 R		2023 R		2023 R		2022 R	
REVENUE												
Governance and administration	144 828 577		8 128 720		152 957 297		232 997 458		80 040 161		202 094 194	
Executive and council	6 797 471	-	-		6 797 471		263 978		(6 533 493)		106 656 296	
Finance and administration	138 031 106		8 128 720		146 159 826		232 733 480		86 573 654		95 437 898	
Community and public safety	6 719 777		(1 596 001)		5 123 776		1 627 931		(3 495 845)		1 620 647	
Community and social services	2 257 448		(606 000)		1 651 448		1 567 429		(84 019)		1 576 266	
Sport and recreation	2 089		-		2 089		1 050		(1 039)		1 793	
Public safety	4 460 240		(990 001)		3 470 239		59 452		(3 410 787)		42 589	
Economic and environmental services	49 313 324		(352 833)		48 960 491		45 477 730		(3 482 761)		36 020 361	
Planning and development	9 705 002		(477 152)		9 227 850		6 386 435		(2 841 415)		5 631 215	
Road transport	39 608 322		124 319		39 732 641		39 091 295		(641 346)		30 389 146	
Trading services	146 474 681		(11 997 002)		134 477 679		63 390 403		(71 087 276)		62 180 108	
Energy sources	98 714 819		(11 450 000)		87 264 819		50 113 489		(37 151 330)		49 579 720	
Waste management	47 759 862		(547 002)		47 212 860		13 276 914		(33 935 946)		12 600 388	
Other	333 254		(2 540)		330 714		568 597		237 883		4 648 873	
Total Revenue - Standard	347 669 613		(5 819 656)		341 849 957		344 062 119		2 212 162		306 564 182	

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2023		2023		2023		2023		2023		2022	
	R	R	R	R	R	R	R	R	R	R	R	R
EXPENDITURE												
Government and administration	128 471 266	2 030 620	130 501 887	112 717 796	(17 784 091)	97 702 270						
Executive and council	31 349 385	1 823 652	33 173 036	31 003 297	(2 169 739)	25 145 512						
Finance and administration	93 070 829	964 330	94 035 159	78 473 930	(15 561 230)	69 905 679						
Internal audit	4 051 053	(757 362)	3 293 691	3 240 569	(53 122)	2 651 080						
Community and public safety	28 465 925	(27 085)	28 438 841	20 265 262	(8 173 578)	19 398 843						
Community and social services	18 676 740	71 936	18 748 675	18 595 408	(153 267)	17 481 852						
Sport and recreation	1 971 400	(253 924)	1 717 476	1 462 430	(255 046)	1 657 872						
Public safety	7 817 786	154 903	7 972 689	207 424	(7 765 265)	259 119						
Economic and environmental services	56 102 763	(4 335 978)	51 766 785	50 058 229	(1 708 556)	45 362 545						
Planning and development	24 056 054	(2 008 360)	22 047 694	19 005 569	(3 042 125)	16 551 261						
Road transport	32 015 684	(2 329 047)	29 686 637	30 999 496	1 312 859	28 770 787						
Environmental protection	31 026	1 429	32 455	53 165	20 710	40 496						
Trading services	128 813 571	(2 417 185)	126 396 386	110 984 079	(15 412 307)	101 413 955						
Energy sources	78 550 068	23 031	78 573 099	66 635 848	(11 937 251)	62 617 553						
Waste water management	7 212 261	266 934	7 479 195	7 353 654	(125 541)	5 549 424						
Waste management	43 051 242	(2 707 150)	40 344 092	36 994 577	(3 349 516)	33 246 978						
Other	3 019 873	(963 953)	2 055 920	2 006 639	(49 281)	5 619 839						
Total Expenditure - Standard	344 873 399	(5 713 581)	339 159 818	296 032 005	(43 127 813)	269 497 452						
Surplus/(Deficit) for the year	2 796 214	(106 075)	2 690 139	48 030 114	45 339 975	37 066 730						

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2023		BUDGET ADJUSTMENTS 2023		FINAL BUDGET 2023		ACTUAL OUTCOME 2023		BUDGET VARIANCE 2023		RESTATED OUTCOME 2022	
	R	R	R	R	R	R	R	R	R	R	R	
REVENUE												
Executive & Council	6 797 471	-	-	-	6 797 471	263 978	(6 533 493)	106 656 296				
Planning & Development	9 973 111	(427 152)	(427 152)	9 545 959	6 953 238	(2 592 720)	10 260 615					
Corporate Services	742 680	1 175 274	1 175 274	1 917 954	2 662 870	744 916	2 468 812					
Budget & Treasury	137 350 317	6 903 446	6 903 446	144 253 763	230 070 610	85 816 847	92 972 883					
Road Transport	43 994 068	(865 681)	(865 681)	43 128 387	39 091 295	(4 037 092)	30 389 146					
Community & Social Services	2 260 702	(608 540)	(608 540)	1 652 162	1 569 222	(82 940)	1 591 942					
Sport & Recreation	2 089	-	-	2 089	1 050	(1 039)	1 793					
Public Safety	74 494	(1)	(1)	74 493	59 093	(15 400)	42 589					
Electricity	98 714 819	(11 450 000)	(11 450 000)	87 264 819	50 113 489	(37 151 330)	49 579 720					
Waste Management	47 759 862	(547 002)	(547 002)	47 212 860	13 277 274	(33 935 586)	12 600 388					
Total Revenue by Vote	347 669 613	(5 819 656)	(5 819 656)	341 849 957	344 062 119	2 212 162	306 564 182					

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2023	R	2023	R	2023	R	2023	R	2023	R	2022	R
EXPENDITURE												
Executive & Council	36 261 456		965 990		37 227 445		34 243 866		(2 983 579)		27 796 592	
Planning & Development	26 388 026		(2 949 570)		23 438 456		21 238 611		(2 199 845)		22 353 829	
Corporate Services	44 303 230		(488 888)		43 814 342		36 707 277		(7 107 066)		30 408 566	
Budget & Treasury	47 940 734		1 554 468		49 495 202		41 044 833		(8 450 368)		38 851 651	
Road Transport	38 646 055		(2 183 066)		36 462 988		30 999 496		(5 463 492)		28 770 787	
Waste Water Management	7 212 261		266 934		7 479 195		7 353 654		(125 541)		5 549 424	
Community & Social Services	19 361 512		49 672		19 411 185		19 143 989		(267 196)		17 985 080	
Sport & Recreation	1 971 400		(253 924)		1 717 476		1 462 430		(255 046)		1 657 872	
Public Safety	1 187 415		8 923		1 196 338		207 424		(988 914)		259 119	
Electricity	78 550 068		23 031		78 573 099		66 635 848		(11 937 251)		62 617 553	
Waste Management	43 051 242		(2 707 150)		40 344 092		36 994 577		(3 349 516)		33 246 978	
Total Expenditure by Vote	344 873 399		(5 713 581)		339 159 818		296 032 005		(43 127 813)		269 497 452	
Surplus/(Deficit) for the year	2 796 214		(106 075)		2 690 139		48 030 114		45 339 975		37 066 730	

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2023	2023	2023	2023	2023	2022
	R	R	R	R	R	R
REVENUE BY SOURCE						
Property rates	14 319 635	1 870 446	16 190 081	17 330 716	1 140 635	15 497 080
Service charges	74 729 954	(13 150 000)	61 579 954	53 643 060	(7 936 894)	57 104 457
Rental of facilities and equipment	1 238 407	575 274	1 813 681	1 475 736	(337 945)	1 482 076
Interest earned - external investments	17 599 080	5 000 000	22 599 080	32 208 528	9 609 448	17 805 824
Interest earned - outstanding debtors	4 421 378	1 650 000	6 071 378	6 471 889	400 511	4 276 285
Fines, penalties and forfeits	210 368	(140 000)	70 368	915 394	845 026	2 084 302
Licences and permits	1 253 833	97 460	1 351 293	1 300 733	(50 560)	1 255 686
Agency services	2 313 323	(800 000)	1 513 323	1 204 135	(309 188)	1 200 192
Transfers and Subsidies - Operating	192 227 174	(495 152)	191 732 022	188 851 545	(2 880 477)	179 561 633
Other revenue	1 408 635	(545 003)	863 632	6 294 619	5 430 987	1 724 771
Total Revenue (excluding capital transfers and contributions)	309 721 787	(5 936 975)	303 784 812	309 696 355	5 911 543	281 992 305

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APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE	ORIGINAL BUDGET 2023		BUDGET ADJUSTMENTS 2023		FINAL BUDGET 2023		ACTUAL OUTCOME 2023		BUDGET VARIANCE 2023		RESTATED OUTCOME 2022	
	R	R	R	R	R	R	R	R	R	R	R	R
EXPENDITURE BY TYPE												
Employee related costs	122 866 822		762 036		123 628 858		124 615 650		986 791		112 975 676	
Remuneration of councillors	15 796 263		400 000		16 196 263		12 975 962		(3 220 301)		12 761 110	
Debt impairment	14 194 619		-		14 194 619		16 641 103		2 446 484		12 678 672	
Depreciation & asset impairment	19 661 081		(1 548 312)		18 112 769		17 306 105		(806 664)		17 181 028	
Finance charges	2 900 086		550 592		3 450 678		5 397 454		1 946 776		4 365 877	
Bulk purchases	52 342 521		(500 000)		51 842 521		45 498 755		(6 343 766)		44 034 167	
Inventory consumed	24 661 126		(3 712 752)		20 948 374		-		(20 948 374)		-	
Contracted services	50 348 677		(3 177 369)		47 171 308		31 251 097		(15 920 211)		30 337 821	
Transfers and subsidies	42 055		-		42 055		42 055		-		42 055	
Other expenditure	39 860 148		1 512 225		41 372 373		41 467 584		95 211		34 731 098	
Losses	2 200 000		-		2 200 000		836 241		(1 363 759)		389 948	
Total Expenditure	344 873 399		(5 713 581)		339 159 818		296 032 005		(43 127 813)		269 497 452	
Surplus/(Deficit)	(35 151 612)		(223 394)		(35 375 006)		13 664 350		49 039 356		12 494 853	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	37 947 826		117 319		38 065 145		34 365 765		(3 699 380)		24 571 877	
Surplus/(Deficit) for the year	2 796 214		(106 075)		2 690 139		48 030 114		45 339 975		37 066 730	

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	634 309	(400 000)	234 309	-	(234 309)	217 948
Road Transport	23 500 000	252 838	23 752 838	10 649 082	(13 103 756)	5 455 844
Waste water management	5 640 000	(2 000 000)	3 640 000	770 989	(2 869 011)	-
Community & Social Services	15 387 178	649 821	16 036 998	9 031 589	(7 005 409)	6 645 402
Sport & Recreation	2 500 000	(2 142 984)	357 016	310 448	(46 567)	-
Public safety	-	-	-	196 605	196 605	-
Electricity	-	-	-	-	-	-
Waste Management	17 340 030	(1 422 663)	15 917 368	11 226 086	(4 691 282)	16 473 255
Total Multi-year expenditure	65 001 517	(5 062 988)	59 938 529	32 184 800	(27 753 729)	28 792 448
Single-year expenditure						
Executive & Council	1 600 000	-	1 600 000	775 813	(824 187)	19 540
Corporate Services	1 719 000	7 880 000	9 599 000	1 033 879	(8 565 121)	3 747 581
Budget & Treasury	1 275 000	300 000	1 575 000	1 307 331	(267 669)	639 767
Road Transport	463 000	212 000	675 000	-	(675 000)	493 789
Community & Social Services	500 000	-	500 000	-	(500 000)	859 015
Sport & Recreation	-	-	-	-	-	-
Public safety	350 000	720 000	1 070 000	-	(1 070 000)	-
Electricity	1 924 284	333 000	2 257 284	130 321	(2 126 963)	1 201 368
Waste Management	462 399	-	462 399	147 243	(315 156)	232 777
Total Single-year expenditure	8 293 683	9 445 000	17 738 683	3 394 588	(14 344 095)	7 193 838
Total Capital Expenditure by Vote	73 295 200	4 382 012	77 677 212	35 579 388	(42 097 824)	35 986 286

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2023	R	2023	R	2023	R	2023	R	2023	R	2022	R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)												
Governance and administration	5 228 309		7 780 000		13 008 309		3 117 023		(9 891 286)		4 624 836	
Executive and council	1 600 000		-		1 600 000		775 813		(824 187)		19 540	
Finance and administration	3 628 309		7 780 000		11 408 309		2 341 210		(9 067 099)		4 605 296	
Community and public safety	25 117 178		(957 180)		24 159 998		9 538 642		(14 621 355)		7 504 417	
Community and social services	15 687 178		649 821		16 336 998		9 031 589		(7 305 409)		7 504 417	
Sport and recreation	2 500 000		(2 142 984)		357 016		310 448		(46 567)		-	
Public safety	6 930 000		535 984		7 465 984		196 605		(7 269 379)		-	
Economic and environmental services	17 383 000		648 854		18 031 854		10 649 082		(7 382 772)		5 949 633	
Road transport	17 383 000		648 854		18 031 854		10 649 082		(7 382 772)		5 949 633	
Trading services	25 366 713		(3 089 663)		22 277 051		12 274 640		(10 002 410)		17 907 400	
Energy sources	1 924 284		333 000		2 257 284		130 321		(2 126 963)		1 201 368	
Waste water management	5 640 000		(2 000 000)		3 640 000		770 989		(2 869 011)		-	
Waste management	17 802 429		(1 422 663)		16 379 767		11 373 329		(5 006 437)		16 706 032	
Other	200 000		-		200 000		-		(200 000)		-	
Total Capital Expenditure - Standard	73 295 200		4 382 012		77 677 212		35 579 388		(42 097 824)		35 986 286	

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	37 947 826	117 319	38 065 145	29 883 274	(8 181 871)	24 571 877
Transfers recognised - capital	37 947 826	117 319	38 065 145	29 883 274	(8 181 871)	24 571 877
Internally generated funds	35 347 374	4 264 693	39 612 067	5 696 114	(33 915 953)	11 414 409
Total Capital Funding	73 295 200	4 382 012	77 677 212	35 579 388	(42 097 824)	35 986 286

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2023	2023	2023	2023	2023	2022
	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	11 002 121	1 004 869	12 006 991	13 342 325	1 335 334	12 445 652
Service charges	57 416 828	(11 747 511)	45 669 317	48 290 229	2 620 912	49 492 788
Other revenue	6 137 657	3 508 727	9 646 384	5 605 946	(4 040 438)	6 829 206
Government - operating	192 227 174	(3 162 435)	189 064 739	184 102 250	(4 962 489)	171 501 200
Government - capital	37 947 826	(7 064 565)	30 883 261	41 915 750	11 032 489	20 663 800
Interest	20 996 131	1 602 949	22 599 080	32 980 402	10 381 322	18 263 177
Refund on VAT returns - VAT 201s	-	-	-	-	-	-
Payments						
Suppliers and employees	(300 568 735)	11 350 476	(289 218 259)	(249 334 198)	39 884 061	(225 815 250)
Finance charges	(2 900 086)	(550 592)	(3 450 678)	(610 062)	2 840 616	(545 243)
Transfers and Grants	(42 055)	-	(42 055)	(42 055)	-	(42 055)
NET CASH FROM OPERATING ACTIVITIES	22 216 862	(5 058 083)	17 158 779	76 250 588	59 091 808	52 793 274
CASH FLOW FROM INVESTING ACTIVITIES						
Payments						
Capital assets	(73 295 200)	(4 382 012)	(77 677 212)	(35 579 389)	42 097 823	(35 986 286)
NET CASH USED IN INVESTING ACTIVITIES	(73 295 200)	(4 382 012)	(77 677 212)	(35 579 389)	42 097 823	(35 986 286)

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2023	2023	2023	2023	2023	2022
	R	R	R	R	R	R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	114 073	80 607	194 680	64 090	(130 590)	54 198
Payments						
Repayment of borrowing	(904 397)	267	(904 130)	(916 507)	(12 377)	(887 095)
NET CASH FROM FINANCING ACTIVITIES	(790 324)	80 874	(709 450)	(852 417)	(142 967)	(832 897)
NET INCREASE/ (DECREASE) IN CASH HELD	(51 868 662)	(9 359 220)	(61 227 882)	39 818 782	101 046 665	15 974 091
Cash/cash equivalents at the year begin:	374 482 449	83 530 593	458 013 042	458 013 042	-	442 038 950
Cash/cash equivalents at the year end:	322 613 787	74 171 373	396 785 160	497 831 824	101 046 664	458 013 042