



**BEAUFORT  
WEST  
MUNICIPALITY**

# **ANNUAL REPORT**

## **2022/23**

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## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD



As the Executive Mayor of Beaufort West Municipality, it is my humble honour and pleasure to present the Annual Report covering the financial year 2022/23. I would like to thank the Council of this Municipality that has served its fiduciary responsibilities very well, guided by all applicable prescripts that is applicable on Local Government in the Republic of South Africa.

The Report is written at a time when Beaufort West Municipality has been placed under mandatory intervention in terms of Section 139 (5) of the Constitution of RSA.

This came amid financial difficulties experienced in the previous financial year when the Municipality could not meet its financial obligations and was not able to collect the revenue that was expected.

The basis for the intervention was the prolonged crisis in the financial affairs of the Municipality because of unsustainable governance, institutional and financial management weakness.

The Financial Recovery Plan is thus used as an instrument to guide the Municipality through the financial crisis as well as to ensure the Municipality regains financial health within the shortest timeframe possible whilst ensuring that the underlying issues are comprehensively addressed.

This Annual Report intends to reflect on the Municipality's commitment to transformation, development and fostering good governance in the organisation and it is presented in observation of our legislative obligation to be an accountable and transparent institution of Governance.

I would like to remind all of us that while we should acknowledge all that we have achieved, we must remember that serving our communities is an ongoing responsibility. It is one that we have chosen and are committed for perusing.

Our core values as a Municipality are primarily shaped by the moral fibre of the Administrative and Political Leadership of our Municipality.

The content of this Report is linked to various material issues in the Municipality's IDP and other Sectoral Plans. These are issues that we intend to address as part of delivering our service mandate in the context of our strategic focus areas and long-term vision.

I would like to appeal and urge all of us to work diligently in ensuring that the Municipality ultimately achieve the set goal objectives of the Financial Recovery Plan and graduates out of its three (3) phases.

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



I believe that the 2022/23 Annual Report provides you with a fair and accurate overview of the administrative, financial, operational, social and environmental performance for the twelve (12) months under review.

I would like to thank all Councilors, the Mayoral Committee, Speaker, MPAC and Audit Committee members for their effective oversight of the Municipality's operations.

I thank you.

**Councillor EF Botha**

**EXECUTIVE MAYOR**





## Component B: Executive Summary



It is with pleasure that I present the Annual Report for the Beaufort West Municipality for the 2022/23 reporting period. This Annual Report presents us with an opportunity to reflect on our achievements since the last reporting period and also to provide a detailed account of al performance as an institution against our strategic plans as well as Financial Recovery Plan.

In keeping with Section 121 of the Municipal Finance Management Act (Act 56 of 2003), Accounting Officer in Local Government are required to prepare the Annual Report in accordance with legislation.

This Annual Report provides an overview of the performance and progress made by the Beaufort West Municipality in fulfilling its strategic objectives and priorities as aligned with the Integrated Development Plan (IDP), Budget as well as Financial Recovery Plan.

Reflecting on the 2022/23 financial year, this Report captures the considerate efforts made by the Beaufort West Municipality in advancing the efficiency and effectiveness of the municipal operations. The Report is also a reflection of the many challenges that the Municipality still faces that transcends in the inability of the Municipality to move from the rescue phase of the Financial Recovery Plan to the stability phase. The instability in the Senior Management positions has not been helpful at all.

The financial health of the Municipality as reflected in the Financial Recovery Plan has seen deterioration during the financial year under review and this can be attributed to its high employee-related costs as well as inability of the Municipality to increase or improve collection rate/revenue. The Financial Recovery Plan was put in place to contain personnel costs and improve revenue. The Municipality is experiencing an ongoing concern crisis as highlighted in the audit report. The Municipality has also failed to develop and Audit Action Plan for the 2021/22 financial year. The fact that the Municipality obtained a qualified audit means that there is a lot that needs to be done in ensuring adherence to basic principles of accountability, strong internal control measures and good governance, financial management, a stable leadership structure and a well-functioning Council and Administration.

The successful implementation of the Financial Recovery Plan is a cornerstone for the improved financial health of the Municipality.

Despite all the challenges that the Municipality faced in the 2022/23 financial year, it is with great pleasure to report that the Municipality is functional and continues to develop the requisite capacity to fulfil its Constitutional obligation as enshrined in Section 152 of the Constitution.

This Annual Report is a true testimony of the difficulties and challenges that the Municipality faces. May we build on our strengths and collectively address all challenges that may face us on our journey ahead.

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



I would like to thank the Executive Mayor, Deputy Executive Mayor, Speaker and the Mayoral Committee and all Councilors for the guidance, advice and continued support that we have enjoyed throughout the year.

I also must express my gratitude and appreciation to the Senior Management Team for the support and commitment to our staff. I would like to thank you sincerely for always showing a sense of urgency in dealing with issues that we're faced with. I am humbled to be at the forefront of such a dedicated team of professionals.

**DE Welgemoed**

**ACTING MUNICIPAL MANAGER**



## 1.1 Municipal overview

This report addresses the performance of Beaufort West Municipality (BWM) in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on program performance and the general state of affairs in their locality.

The Annual Report reflects on the performance of the Municipality for the period 1 July 2022 to 30 June 2023. The report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), of which the Municipality must prepare an annual report for each financial year.

### 1.1.1 Vision and mission

The Municipality committed itself to the following vision and mission:

#### Vision:

***“Beaufort West in the Central Karoo, the economic gateway to the Western Cape, where people are developed and living together in harmony.”***

#### Mission:







To reflect the will of the South African people as reflected in the Constitution and by Parliament:

- 🏠 Service Delivery: To provide excellent services to the residents of Beaufort West Municipality
- 🏠 Growing the Economy: To implement infrastructure to grow the economy and create jobs
- 🏠 Staff: To have an equipped, skilled and motivated staff establishment
- 🏠 Well-run Administration: establish a sound, efficient and effective administration for the Municipality
- 🏠 Financial Sustainability: Collecting all debtors and paying creditors in time
- 🏠 Sport Centre: To become the sport and recreational mecca of the Karoo, creating harmony and unity
- 🏠 Safe Place: To create a crime-free, safe and healthy environment
- 🏠 Reduce Poverty: To reduce poverty and promote the empowerment of women, youth and people living with disabilities





## Strategic Objectives:

-  **SO1:** Provide, maintain and expand basic services to all people in the municipal area
-  **SO2:** Sustainable, safe and healthy environment
-  **SO3:** Promote broad-based growth and development
-  **SO4:** Maintain an ethical, accountable and transparent administration
-  **SO5:** Enabling a diverse and capacitated workforce
-  **SO6:** Uphold sound financial management principles and practices

## 1.2 Municipal functions, population and environmental overview

### 1.2.1 Population

The table below illustrates the population in the municipal area as per census 2001 – 2011 and the Socio-economic profile 2017 and 2020:

Population	2001	2011	2018	2020
Number of people residing in the Beaufort West municipal area	43 284	49 586	53 168	51 074
Census 2001 and 2011			Socio-economic profile 2017	Socio-economic profile 2020

Table 1. Demographic information of the municipal area – Total population

### 1.2.2 Population by race

The table below reflects on the race classification of the population within the Beaufort West area:

Year	Black African	%	Coloured	%	Indian or Asian	%	White	%	Other	%	Total
2001	6 923	16	31 792	73.4	42	0.1	4 528	10.5	0	0	43 284
2011	8 103	16.3	36 433	73.5	241	0.5	4 539	9.2	270	0.5	49 586
Census 2001 and 2011											

Table 2. Population by race



## 1.2.3 Population by age

The table below includes data about the composition of the population per age category.

Year	0 – 18	19 – 30	31 – 40	41 – 50	51 – 65	66 – 120	Total
2001	17 938	7 848	6 048	4 896	4 321	2 233	43 284
2011	19 132	9 162	6 508	6 030	6 091	2 663	49 586
Census 2001 and 2011							

Table 3. Population by age

## 1.2.4 Households

The number of households within the municipal area is 13 619. The size of a household is about 5 people (as per Census 2011).

The table below indicates the growth of households:

Households	2018/19	2019/20	2021/22	2022/23
Number of households	13 619	13 619	13 619	13 619

Table 4. Total number of households

## 1.2.5 Demographic Information

### a) Municipal Geographical Information

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area which once was a swamp, now a semi-desert area named "thirst land", making it rich in history. This ancient area of the Karoo is considered one of the world's most interesting arid zones and holds intrigue for scientist, historians and eco-tourists which is fondly referred to as place of the pioneers. In February 1837, BWM became South Africa's first and therefore oldest municipality. It is the centre of an



agricultural district based mainly on sheep farming and meat production. Strategically positioned on the N1 National Road, which links Cape Town with the interior and northern parts of South Africa, BWM maintains a minimal but steady amount of growth due to the high volume of passing road traffic.



The nearby Karoo National Park is a national asset which aims to reclaim the original flora of the Karoo and is one of the chief tourist attractions in the region, boasting a wide variety of endemic wildlife. The municipal area covers approximately 16 330 km<sup>2</sup> with the town situated 851 meters above sea level between the Gamka and Kuils Rivers. The town lies just south of a ridge of hills and north of the Nuweveld Mountains in the Central Karoo where rocks date back some 230 million years. Not only was the first reptile fossil discovered in the area, but Beaufort West has

been described as the world's richest collecting ground for fossils. The town's historic centre displays an electric mix of historical architecture that makes a stop-over here essential.

Summer rains normally begin with light showers around October. Rain is very sporadic and mostly occurs in the form of thunderstorms. Snowfalls can occur as late as September and the first snowfalls reached ground level in 2011. Temperatures increase dramatically during November and remain high until February, reaching highs of between 38 and 48 degrees. The mid-winter months of June and July are cold and dry with temperatures falling well below zero.

In the year 2000, the smaller rural towns of Merweville and Nelspoort were incorporated into the BWM, and since June 2011 the town of Murraysburg has also been a DMA of the Municipality.

## b) Wards

The Municipality is structured into the following 7 wards:

Ward	Areas
1	Murraysburg and Murraysburg rural areas
2	Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill
3	Part of Rustdene, Essopville and Nieuveld Park
4	Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill
5	Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town
6	Part of Rustdene and Prince Valley
7	Part of rural Beaufort West, part of Hillside I and II, Toekomrus, Merweville and rural parts of Merweville

**Table 5. Municipal wards**



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



Below is a map that indicates the municipal area and wards:

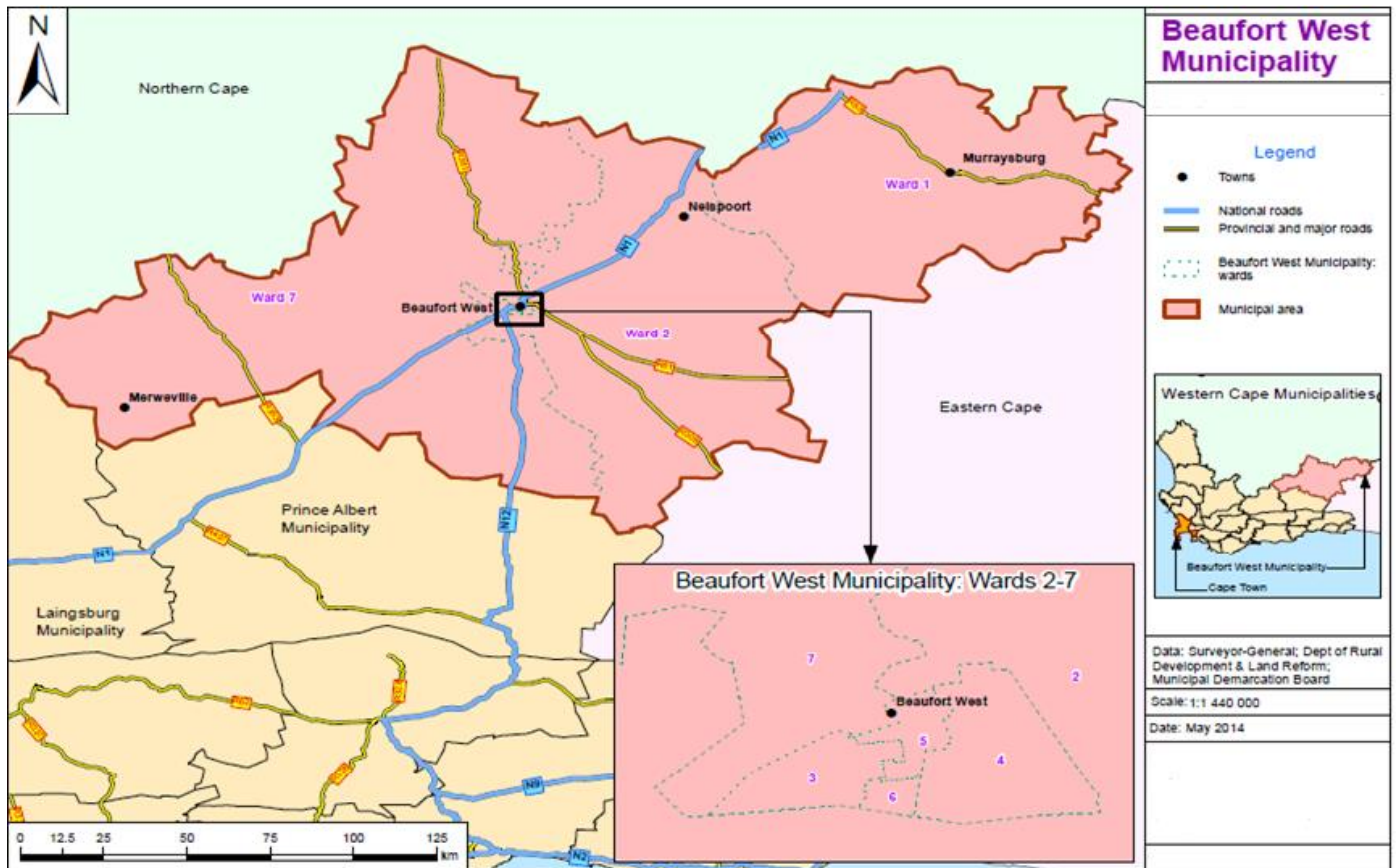


Figure 1.: Beaufort West municipal area and wards

## Merweville

Merweville is a small town situated 160 km south-west of Beaufort West and 40 km from Prince Albert Road station. This Central Karoo town lies in a picturesque area of plains often linked to the Nevada Desert region of the United States. It was established around 1897 on the farm of Jacobus van der Bijl, a jack of many trades: farmer, shopkeeper, postmaster, magistrate and justice of the peace.



He built a church that was later used as a school. Merweville lies in the *koup*, which means "caul fat", and was so named by early indigenous inhabitants who felt that the patches of golden veld grass, interspersed by dark brown soil, resembled the fat and blood vessels surrounding a sheep's liver. The reason for this name is quite apparent at the onset of winter when the veld is less lush and the gold and brown patches become evident. Merweville maintains a great deal of the charm of earlier days and is an ideal spot to rest, relax and unwind from the pressures of modern-day city life.

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



## Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160 km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeuberg Mountains in a scenic mix of mountains and plains, offers tranquility for environmentalists and eco-watchers. In the late 18th century, a bloody and vicious war of revenge and retaliation raged for many years between the San and farmers. Farms were attacked, houses set alight and herdsmen murdered. Farmers went out on punitive missions and killed many of the San, who hunted the livestock of the farmers.



The region was very unsettled by stock theft, murders and reprisal expeditions against the San. At the beginning of the 19th century, the San began to move towards the Kalahari and eventually the farm *Eenzaamheid* was bought from Mr. Kootjie Burger where after the farm became the town of Murraysburg. It was a "church town", meaning that the

Dutch Reformed Church (DRC) exercised full control over the town and its inhabitants.

Below picture shows the beauty of Murraysburg during a snow filled winter season:

The new town was named after Reverend Andrew Murray, minister of the DRC in Graaff-Reinet. The "burg" derives from the Dutch word meaning "place of safety".

## Nelspoort

Nelspoort, situated 56 km north of Beaufort West, is a small community in the depths of the Central Karoo. The Bushmen and Khoi visited the surrounding heads and left their mark in rock engravings. Long since the Bushmen, the area became a haven for those with chest ailments.



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

As early as 1836, Beaufort West's dour but well-loved Dr. John Christie appealed to people to "breathe" the air of the Nuweveld Mountains. White farmers later established their homes here and for a while the sanatorium brought peace and healing to much tuberculosis (TB) sufferers. Established in 1924 through the efforts of Dr. Alfred Jasper Anderson and John Garlick, a philanthropist, the Nelspoort area was identified as an ideal location for "the first chest hospital on the African continent." By 1969, the first psychiatric patients were admitted. The disastrous socio-economic effects of tuberculosis had decreased by then and the disease could be treated with drugs at home. The old magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.

### c) Key economic activities

Agriculture forms the backbone of the Beaufort West economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following main economic activities:

Key economic activities	Description
Agriculture and agri-processing	Fresh meat (mutton, game, Karoo lamb, ostrich, goat, beef)
	Processed meat (biltong, cold meats, "droë wors")
	Fresh fruit and vegetables (figs, olives, apricots, grapes, herbs)
	Processed fruit and vegetables (chutney, dried figs, olives, jams)
	Animal bi-products (skins, hides, wool, mohair, milk)
	Processed animal bi-products (leather products, dairy products, wool and mohair products)
	Other (traps for problem animals – manufacturing and servicing)
Transportation	The transportation sector in the Central Karoo is one of the strongest contributors to the regional economy and completely dominated by Beaufort West, which contributes 86.4% of the total gross domestic product in this sector
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions

Table 6. Key economic activities



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.3 Service delivery overview

### 1.3.1 Highlights: Basic services delivery performance

The table below shows the Municipality's achievement with regards to service delivery:

Highlight	Description
Augmentation of the bulk water supply to Merweville	Drilling and equipping of 3 new boreholes in Merweville including the equipping of boreholes with solar panel to reduce the effect of load shedding on the water supply
Received funding from the Department of Local Government	Funding was used for the following: • retrofitting of 28 flood lights in Murraysburg • repairs to Main Substation Transformer Tap Changers
The Municipality had three refuse trucks collecting waste from households	The Municipality received a donation of a refuse truck from the Department of Forestry, Fisheries and the Environment (DFFE)

Table 7. Basic services delivery highlights

### 1.3.2 Challenges: Basic services delivery

The Municipality faced the following challenges during the year:

Service area	Challenges	Action to address
Water Services	Water losses in Beaufort West	Installation of new water meters and ensuring that all information is captured on the financial system
Sanitation Services	Vandalism to pumpstations and facilities	Apply for budget funding
Electricity Services	Financial constraints limiting overall maintenance on electrical network	Electricity must be ringfenced to show the true income and expenses incurred
Waste Management Services	Illegal dumping in almost all the municipal areas	The Municipality, through the assistance of the Municipal Infrastructure Grant (MIG) will procure machinery that will ensure eradication of illegal dumping in the municipal area

Table 8. Basic services delivery challenges

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.3.3 Proportion of households with access to basic services

The table below indicates the Municipality's performance related to basic services provided:

Description	2021/22	2022/23
Water - minimum service level and above percentage	98%	98%
Sanitation - minimum service level and above percentage	96%	96%
Electricity - minimum service level and above percentage	100%	100%
Waste collection - minimum service level and above percentage	100%	100%

**Table 9. Households with minimum level of basic services**

## 1.4 Financial health overview

### 1.4.1 Highlights: Financial viability

The table below indicate the highlights faced during the financial year:

Highlight	Description
Eskom arrangement	The Municipality entered into an agreement with Eskom at the end of January 2023 to pay off the outstanding Eskom account. The Eskom current account for the 2022/23 financial year were paid each month on time
Stability in the Revenue Department	The Municipality permanently appointed a Senior Manager Revenue Services to address the challenges with the Revenue Section of the Finance Department

**Table 10. Financial viability highlights**

### 1.4.2 Challenge: Financial viability

The table below indicates the challenge faced during the financial year:

Challenge	Action to address
Shortage of key personnel and stability of the Financial Department	The position of the CFO has been vacant as from the 1 <sup>st</sup> of July 2022. The position was advertised and filled. However, the successful candidate later declined appointment and the position has been re-advertised.
Addressing issues raised by the Auditor-General (AG)	The Municipality is in the process of filling critical vacancies within the Finance Department to ensure that internal controls are strengthened, key reconciliations are performed to address audit findings previously raised by the AG

**Table 11. Financial viability challenge**

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.4.2 National Key Performance Indicators – Municipal financial viability and management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators (KPI) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These KPI's are linked to the National Key Performance Area (KPA) namely: Municipal financial viability and management.

KPA and Indicator	2021/22	2022/23
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) x 100]	1.74%	1%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2022 [(Total outstanding service debtors/ revenue received for services) x 100]	89.01%	81.26%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	0.2	0

**Table 12. National KPI's for financial viability and management**

## 1.4.3 National KPI - Good governance and public participation

The following table indicates the Municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This KPI is linked to the National KPA - Good governance and public participation.

KPA and Indicators	Municipal achievement	Municipal achievement
	2021/22	2022/23
The percentage of the municipal capital budget spent by 30 June 2023 ((Actual amount spent /Total amount budgeted for capital projects) X100)	84.68%	94%

**Table 13. National KPIs - Good governance and public participation performance**

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.4.4 Financial overview

The table below indicates the Municipality's financial overview for the financial year:

Details	Original budget	Adjustment budget	Actual
<b>Income</b>			
Grants (transfer recognition)	143 336	150 498	147 494
Taxes, levies and tariffs (property and services)	217 586	208 146	173 028
Other (investments and own)	62 006	65 854	63 540
<b>Sub total</b>	<b>422 928</b>	<b>427 498</b>	<b>384 062</b>
Less expenditure	(363 631)	(412 240)	(365 057)
<b>Net surplus/(deficit)</b>	<b>59 297</b>	<b>15 258</b>	<b>19 005</b>

Table 14. Financial overview

## 1.4.5 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the financial year:




Detail	2021/22	2022/23
	R'000	
Original budget	23 465	50 829
Adjustment budget	24 121	50 711
Actual	15 640	50 741
% Spent	64.84%	100.06%

Table 15. Total capital expenditure

## 1.5 Auditor-General report






The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our Country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General's annual audit examines 3 areas:

-  Fair presentation and absence of significant misstatements in financial statements
-  Reliable and credible performance information for predetermined objectives
-  Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

-  **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation
-  **Unqualified audit with findings:** The financial statements are free from material misstatements but findings have been raised. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects
-  **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated
-  **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
-  **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in their financial statements and annual performance report/reporting information

BWM implemented MGRO as initiated by Provincial Treasury. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

## 1.5.1 Audited outcomes

The table below indicates the audit opinion received for the past 3 financial years:

Year	2018/19	2019/20	2021/22	2022/23
Opinion received	Disclaimer	Qualified	Qualified	Qualified

*Table 16. Audit outcomes*



### Chapter 2

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are considered and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

## Component A: Political and Administrative Governance

### 2.1 Governance structure

#### 2.1.1 Political governance structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programs in the municipal area.

#### Council

The Council comprises of 13 elected Councillors made up from 7 Ward Councillors and 6 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorise the Councillors within their specific political parties and wards for 2022/23 financial year:

Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
Cllr T Prince (1 June 2022 – 31 January 2023)	Executive Mayor	PA	Proportional	9
Cllr A Sauls (6 February 2023 – 30 June 2023)	Executive Mayor	PA	Proportional	13
Cllr L Piti	Deputy Executive Mayor	ANC	Ward 5	25
Cllr N Constable	Speaker	KDF	Proportional	25
Cllr N Abrahams	Fulltime Councillor	PA	Ward 6	25
Cllr E Botha	Councillor	PA	Ward 3	25
Cllr C De Bruin	Fulltime Councillor	ANC	Ward 4	25



## CHAPTER 2: GOOD GOVERNANCE



Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
Cllr R Skuza	Councillor	ANC	Ward 1	12
Cllr L Mdudumani	Councillor	ANC	Ward 7	25
Cllr J Reynolds	Councillor	DA	Ward 2	24
Cllr A Slabbert	Councillor	DA	Proportional	20
Alderman J van der Linde	Councillor	DA	Proportional	22
Cllr S Meyers	Councillor	DA	Proportional	23
Cllr S Essop	Councillor	GOOD	Proportional	20

**Table 17. Council 2022/23**

The table below indicates the Council meeting attendance for the 2022/23 financial year:

Meeting dates	Council meetings attendance	Apologies for non-attendance
26 July 2022	12	1
11 August 2022	11	2
29 August 2022	13	0
27 September 2022	13	0
25 October 2022	12	1
10 November 2022	13	0
8 December 2022	12	1
10 January 2023	12	1
31 January 2023	12	1 (1)
13 February 2023	12	(1)
14 February 2023	12	(1)
28 February 2023	12	0
6 March 2023	12	0
16 March 2023	12	0
29 March 2023	13	1
18 April 2023	11	2
4 May 2023	11	1
30 May 2023	12	1
31 May 2023	11	2
6 June 2023	13	0
12 June 2023	12	0
19 June 2023	10	3
26 June 2023	11	1
29 June 2023	11	2

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Meeting dates	Council meetings attendance	Apologies for non-attendance
<i>Numbers between brackets indicate non-attendance without apology</i>		

**Table 18. Council meetings**

### b) Executive Mayoral Committee

The Executive Mayor is at the centre of the system of governance, since executive powers are vested in the Executive Mayor to manage the day-to-day affairs. This means that the Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation.

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2022 to 30 June 2023:

Name of member	Capacity
Cllr T Prince (1 June 2022 – 31 January 2023)	Executive Mayor
Cllr L Piti	Deputy Executive Mayor
Cllr C De Bruin	Fulltime Councillor
Cllr N Abrahams	Fulltime Councillor
Cllr A Sauls (6 February 2023 – 30 June 2023)	Executive Mayor

**Table 19. Mayoral Committee members**

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2022/23 financial year:

Meeting date	Number of reports submitted to Council
8 August 2022	9
22 August 2022	
17 January 2023	
22 May 2023	

**Table 20. Executive Mayoral Committee meetings**

### c) Portfolio Committees

The MSA provides for the establishment of Section 79 and Section 80 Committees.

Section 79 Committees are Council committees, appointed by Council for a specific purpose and accounting to Council section 79 Committees must be composed to reflect the way in which parties and interest are reflected in Council.

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Council has established the following Section 79 Committees:

- 🏠 Financial and Development Committee
- 🏠 Corporate Services and Social Development Committee
- 🏠 Human Resource (HR) Development Committee
- 🏠 Municipal Resource Development Committee

The portfolio committees and their chairpersons for the period 1 July 2022 to 30 June 2023 were as follows:

Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
Financial Services Standing Committee			
TCJ Prince (1 June 2022 – 31 January 2023)	S Essop	2	28 September 2022 23 February 2023
A Sauls	N Abrahams		
(6 February 2023 – 30 June 2023)	C de Bruin		
Corporate Services and Human Resource Management Standing Committee			
LV Piti	SM Meyers	1	4 May 2023
	S Essop		
	R Skuza		
	CL de Bruin		
Infrastructure Services and Engineering Standing Committee			
N Abrahams	L Mdudumani	1	6 March 2023
	R Skuza		
	S Essop		
	E Botha		
	J Reynolds		
Community Services, Traffic and Housing Standing Committee			
C de Bruin	N Abrahams	0	N/A
	LV Piti		
	AM Slabbert		
	S Essop		
	LBJ Mdudumani		

**Table 21. Portfolio Committees**

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### d) Municipal Public Accounts Committee

The Municipal Public Accounts Committee (MPAC) is a committee of the Municipal Council, appointed in accordance with Section 80 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of Council as delegated and to ensure good governance in the Municipality.

Name of representative	Departments / Sections / Council	Political Party	Meeting dates
Cllr L Mdudumani	Chairperson	ANC	22 August 2022 23 March 2023
S Meyers	Member	DA	
E Botha	Member	PA	
R Skuza	Member	ANC	
S Essop	Member	GOOD	

Table 22.MPAC

### 2.1.2 Administrative governance structure

The Municipal Manager is the accounting officer of the Municipality. He is the head of the administration and primarily must serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		Yes/No
J Penxa	Municipal Manager (30 June to 30 November 2022)	No
Z Nyathi	Acting Municipal Manager	No
R Eland	Acting Director: Financial Services	No
D van Turha	Director: Infrastructure Services (30 June to 31 December 2022)	No
A Makendlana	Director: Corporate Services	Yes
MC Tshibo	Acting Director: Community Services	No

Table 23. Administrative governance structure

## Component B: Intergovernmental Relations

### 2.2 Intergovernmental relations

In terms of the Constitution of South Africa, all spheres of government and all organs of state must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhere to agreed procedures and avoid legal proceedings against one another.

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### a) Intergovernmental structures

To adhere to the principles of the Constitution as mentioned above, the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements/topics discussed
Chief Audit Executives Forum	Internal Auditor	The objective of the Forum is to enhance the MFMA; Internal Audit Framework; Build capacity & relationships; Promote sound financial governance
Chief Risk Officers Forum	Chief Risk Officer	The objective of the Forum is to enhance the MFMA; Risk Management framework; Build capacity & relationships; Promote sound financial governance





*Table 24. Intergovernmental structures*

### b) Joint projects and functions with sector departments

All the functions of government are divided between the different spheres of government. The Municipality therefore share their area and community with other spheres of government and their various sector departments and must work closely with national and provincial departments to ensure the effective implementation of various projects and functions.

## Component C: Public Accountability and Participation

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. It must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

-  the preparation, implementation and review of the IDP;
-  establishment, implementation and review of the performance management system;
-  monitoring and review of performance, including the outcomes and impact of such performance; and
-  preparation of the municipal budget.

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### 2.3 Public meetings

The table below indicates the public meetings arranged and dates that it took place on:

Venue	Ward	Date
Murraysburg Town Hall	1	2 March 2023
Restvalle Primary School	2	7 March 2023
Christian Centre Family Church, Essopville	3	8 May 2023
Kwa-Mandlenkosi Community Hall	4	7 June 2022
Bastiaanse Secondary School Hall	5	13 September 2022
Kwa-Mandlenkosi Youth Hub	5	14 February 2023
Pentecost Unity Church	6	29 June 2023
AFM Peres Church	7	21 February 2023
Community Hall – Sport field: Merweville	7	9 March 2023

**Table 25. Public meetings**

### 2.4 Ward committees

Ward committees support the ward councillor who receives reports on development, participate in development planning processes and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees' function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

#### 2.4.1 Ward Committees

The tables below indicate each ward with their associated members and dates of meetings:

##### a) Ward 1: Murraysburg and Murraysburg rural areas

Name of representative	Capacity representing	Number of meetings held during the year
V Mlilwana	Block A	20 July 2022
A Wagner	Block A	23 August 2022
M Faster	Block B	22 September 2022
D Ngondo	Block B	15 October 2022
S Tshikolo	Block C	7 November 2022
G Zahela	Block C	3 December 2022
M Macpherson	Block D	17 January 2023
		21 February 2023



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Name of representative	Capacity representing	Number of meetings held during the year
I Goeieman	Block D	20 March 2023
S Karolis	Block E	19 April 2023
J Sibhozo	Block E	17 May 2023
		23 June 2023

*Table 26. Ward 1: Committee meetings*

**b) Ward 2: Nelspoort, Nelspoort Rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill**

Name of representative	Capacity representing	Number of meetings held during the year
H Bezuidenhout	Block A	13 July 2022
A Jonas	Block B	20 August 2022
M Wettel	Block B	22 September 2022
Vacant	Block B	15 October 2022
Vacant	Block C	5 November 2022
Vacant	Block C	3 December 2022
W Pienaar	Block D	24 January 2023
W de Bruyn	Block D	22 February 2023
S van Rooyen	Block E	21 March 2023
M Williams	Block E	11 April 2023
		11 May 2023
		15 June 2023

*Table 27. Ward 2: Committee meetings*

**c) Ward 3: Part of Rustdene, Essopville and Nieuveland Park**

Name of representative	Capacity representing	Number of meetings held during the year
A Plaatjies	Block A	21 July 2022
J Jacobs	Block A	23 August 2022
E Jacobs	Block B	22 September 2022
M de Klerk	Block B	15 October 2022
G Makok	Block C	11 November 2022
W Booysen	Block C	3 December 2022
Vacant	Block C	24 January 2023
C Snyman	Block D	22 February 2023
J Martin	Block E	27 March 2023
F Botha	Block E	11 April 2023
		22 May 2023
		21 June 2023

*Table 28. Ward 3: Committee meetings*

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### d) Ward 4: Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill

Name of representative	Capacity representing	Number of meetings held during the year
G Swanepoel	Block A	22 July 2022 13 August 2022 10 September 2022 15 October 2022 10 November 2022 3 December 2022 24 January 2023 February 2023 21 March 2023 11 April 2023 May 2023 21 June 2023
J Stadler	Block A	
S Johnson	Block B	
A Swanepoel	Block B	
L Banda	Block C	
R Moletsane	Block C	
X Voorslag	Block D	
A Makendlana	Block D	
B Lenderts	Block E	
Y Simpson	Block E	

Table 29. Ward 4: Committee meetings

### e) Ward 5: Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town

Name of representative	Capacity representing	Number of meetings held during the year
S Dyson	Block A	21 July 2022 22 August 2022 26 September 2022 15 October 2022 14 November 2022 3 December 2022 24 January 2023 15 February 2023 March 2023 11 April 2023 23 May 2023 22 June 2023
H Louw	Block B	
B Adonis	Block B	
M de Boer	Block C	
Vacant	Block C	
Vacant	Block D	
Vacant	Block D	
F Matunzi	Block E	
N Baba	Block E	
S Kelem	Block E	

Table 30. Ward 5: Committee meetings

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### f) Ward 6: Part of Rustdene and Prince Valley

Name of representative	Capacity representing	Number of meetings held during the year
A Wilskut	Block A	20 July 2022 24 August 2022 22 September 2022 15 October 2022 14 November 2022 3 December 2022 21 January 2023 15 February 2023 27 March 2023 11 April 2023 May 2023 22 June 2023
J Daniels	Block A	
N Bostander	Block B	
M Jantjies	Block B	
A Daniels	Block C	
B Abrahams	Block C	
M Molligan	Block D	
F Martin	Block D	
E Links	Block E	
Vacant	N/A	

Table 31. Ward 6: Committee meetings

### g) Ward 7: Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Name of representative	Capacity representing	Number of meetings held during the year
E Hough	Block A	21 July 2022 13 August 2022 15 September 2022 15 October 2022 10 November 2022 3 December 2022 18 January 2023 15 February 2023 15 March 2023 11 April 2023 17 May 2023 14 June 2023
M Stevens	Block A	
D Klein	Block B	
A Rittles	Block B	
J Johannes	Block C	
J Bosman	Block D	
K Booysen	Block D	
Vacant	Block E	
D Abrahams	Block E	
L van Wyk	Block E	

Table 32. Ward 7: Committee meetings

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### 2.5 Functionality of Ward Committees

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and acts as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the IDP of the area.

The table below provides information on the ward committees and their functionality for the 2022/23 financial year:

Ward number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)
Ward 1	Yes	12	Yes
Ward 2	Yes	12	Yes
Ward 3	Yes	12	Yes
Ward 4	Yes	12	Yes
Ward 5	Yes	12	Yes
Ward 6	Yes	12	Yes
Ward 7	Yes	12	Yes

Table 33. Functioning of ward committees

### 2.6 Representative forums

#### 2.6.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2022/23 financial year:

Name of representative		Meeting dates
Cllr S Meyers	Chairperson	9 September 2022 27 October 2022 9 February 2023 12 May 2023 15 June 2023
Cllr L Piti	Employer Representative	
Cllr R Skuza	Employer Representative	
Cllr S Essop	Employer Representative	
Cllr E Botha	Employer Representative	
Cllr N Abrahams	Employer Representative	
E Molowitz	Employee Representative [SAMWU]	



Name of representative		Meeting dates
H Maans	Employee Representative [SAMWU]	
G Daniels	Employee Representative [SAMWU]	
G Plaatjies	Employee Representative [SAMWU]	
L Swarts	Employee Representative [SAMWU]	
E Van Der Horst	Employee Representative [IMATU]	
C Lottering	Employee Representative [IMATU]	
M Govender	Employee Representative [IMATU]	

**Table 34. Labour Forum**

## Component D: Corporate Governance





Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.7 Risk management

To maintain an overall positive perception of the Municipality and confidence in the Municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the Municipality. Section 62(1) of the MFMA stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. BWM has instituted a systematic and formalised process to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The Municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 23 January 2017 (resolution number 8.15 5/12/2/1). The policy is reviewed annually by the Risk Committee and submitted to the Municipal Manager for approval.

The risk management function is facilitated internally by the internal audit division and externally by a service provider to ensure the following functions are performed:

-  Assisting management to develop and implement the Risk Management Policy, Strategy and Implementation Plan;
-  Coordinating risk management activities;
-  Facilitating identification and assessment of risks;
-  Recommending risk responses to management; and

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🏠 Developing and disseminating risk reports.

### a) Risk assessment process

The risk assessment for the 2022/23 financial year was completed during February to March 2021 where risks were identified and categorised into the following groups:

🏠 Operational risks

🏠 Strategic risks

The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk has before taking controls into consideration). The risk rating is determined by a 10 X 10 risk matrix.

### b) Top strategic risks

As part of the risk assessment, management identifies current controls, which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk.

After the residual risks have been determined it will be categorised again according to high, medium and low risks, where after management determines which of the risks require further actions to mitigate the impact it may have.

The top ten risks of the Municipality for the financial year were as follow:

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
Low	Impact of drought	Strategic	10	10	100
Medium	Financial feasibility in the long term	Strategic	9.5	9.5	90.25
Medium	Ageing and deteriorating infrastructure	Strategic	9	10	90
Medium	Technical Excessive water losses (Infrastructure)	Infrastructure	8	10	80
Low	Coordinated by Central Karoo District Municipality - but only one official available for the entire district area - Disaster Management	Strategic	8	9	72
Medium	Lack of funding (need to expand the landfill site in the near future)	Community Service	9	10	86
Medium	Vandalism and Misuse of municipal property (essential services infrastructure)	Strategic	9	9	81
Medium	Lack of conducive environment to attract economic investment (e.g. politics, services, incentives)	Municipal Manager	9	9	81
Medium	Illegal Landfill site operated at Murraysburg (funding already acquired and new regional landfill site identified) Merweville and Nelspoort sites are licensed.	Community Service	9	9	81
Medium	Non-compliance with laws and regulations (All applicable laws and regulations on all departments)	Strategic	9	9	81

Table 35.Strategic risks



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### c) Organisational risk assessment

The table below reflects the annual risk assessments for the past two financial years, reflecting the change in the risk profile:

2021/22			2022/23		
Risk categories	Risks	% of all risk	Risk categories	Risks	% of all risks
High	66	27	High	124	44.60
Medium	162	66	Medium	141	50.72
Low	16	7	Low	13	4.68
<b>Total</b>	<b>244</b>	<b>100</b>	<b>Total</b>	<b>278</b>	<b>100</b>

Table 36. Risk profile

### d) Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the Municipality. The reports contain the current top risks of the Municipality, which includes:

- 🏠 Key strategic and financial risks facing the Municipality (all extreme and high-risk exposures)
- 🏠 Key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
R Links	Member	22 September 2022 2 February 2023 20 April 2023
G Nyathi	Chairperson until 30 August 2023	
M Tshibo	Member	
N Kotze	Member	
R Eland	Member	
R Naidoo	CRO	
N Gabada	Chairperson from 1 September 2023	
A Makendlana	Member	

Table 37. Members of the Risk Committee

## 2.8 Anti-corruption and anti-fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a SCM system to minimize the likelihood of corruption and fraud.

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### a) Developed strategies

Name of strategy	Developed Yes/No	Dates adopted
Anti-corruption Strategy and Response Plan	Yes	8 December 2022
Integrity Management Framework	Yes	

*Table 38. Strategies and response plan*

## 2.9 Audit and Performance Audit Committee

### a) Functions of the Audit Committee (AC)

The AC has the following main functions as prescribed in Section 166(2)(a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- 🏛️ To advise Council on all matters related to compliance and effective governance
- 🏛️ To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- 🏛️ Respond to Council on any issues raised by the Auditor-General in the audit report
- 🏛️ Carry out investigations into the financial affairs of the municipality as Council may request
- 🏛️ Review the quarterly reports submitted by internal audit
- 🏛️ Evaluate audit reports pertaining to financial, administrative and technical systems
- 🏛️ Evaluate the compliance to existing policies and relevant legislation
- 🏛️ Review the performance management system and make recommendations in this regard to Council
- 🏛️ Assess whether the performance indicators are sufficient
- 🏛️ Determine possible reasons for discrepancies between performance and targets
- 🏛️ Identify major risks to which Council is exposed and determine the extent to which risks have been minimised
- 🏛️ To review the annual report of the municipality
- 🏛️ Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- 🏛️ Review the plans of internal audit and ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- 🏛️ Review audit results and action plans implemented by management
- 🏛️ Provide support to internal audit
- 🏛️ Ensure that no restrictions or limitations are placed on internal audit

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### b) Functions of the Performance Audit Committee

The regulations require that the Performance Audit Committee (PAC) is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the municipality. Section 14(2)(b) of the Regulations further stipulates that the PAC must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the PAC who is neither a Councillor nor an employee of the municipality as the chairperson of the committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a PAC. While the regulations preclude the appointment of a Councillor as chairperson of the PAC, the MFMA excludes the involvement of a Councillor in the composition of a PAC entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2)(f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the PAC, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3)(a) of the Regulations requires that the PAC of a municipality must meet at least twice during each financial year. However, additional special meetings of the PAC may be called for by any member of the committee where sufficient justification exists in terms of Section 14(3)(b) of the Regulations.

In terms of Section 14(4)(a) of the Regulations the PAC has the responsibility to -

- 🏛️ review the quarterly reports produced and submitted by the internal audit process;
- 🏛️ review the municipality's performance management system and make recommendations in this regard to the Council of the municipality; and
- 🏛️ at least twice during each financial year submit a performance audit report to the Council of the municipality.

### c) Members of the PAC

The table below indicates the names of the members of the AC and PAC:

Name of representative	Capacity	Meeting dates
A Augustyn	Member (resigned 30 August 2022)	30 August 2022
S Ngwevu	Chairperson	31 August 2022
W Phillips	Member	26 September 2022
N Gabada	Member	30 January 2023

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Name of representative	Capacity	Meeting dates
K Mckay	Member (appointed 8 December 2022)	23 March 2023 23 May 2023 22 June 2023

**Table 39. Members of the AC and PAC**

### 2.10 Internal audit

Section 165(2)(a) and (b)(iv) of the MFMA requires that the internal audit unit of a municipality prepare a risk-based audit plan and an internal audit program for each financial year; advise the accounting officer and report to the AC on the implementation on the internal audit plan and matters relating to:

- 🏠 internal audit;
- 🏠 internal controls;
- 🏠 accounting procedures and practices;
- 🏠 risk and risk management;
- 🏠 performance management;
- 🏠 loss control;
- 🏠 compliance with this Act, the annual Division of Revenue Act and any other applicable legislation, and
- 🏠 perform other duties as may be assigned to it by the accounting officer.

The Municipality has an in-house internal audit function.

#### a) Annual audit plan

The table below provides detail on audits completed:

Description			Date completed
Phase 1			
Compilation of Risk Based Audit Plan			June 2023
Phase 2			
Type of audit engagement	Department	Detail	Date completed
Quarterly audit of Performance Management	Strategic	Quarterly audit of the Performance management system	15 November 2022 27 February 2023 16 May 2023 06 October 2023
Grants	Strategic	To ensure compliance with DORA	17 May 2023
Fixed Assets: Immovable Assets	Strategic	To ensure compliance to the MFMA	24 November 2022
Follow-up of previous Internal Audit Findings - Quarterly	Strategic	To ensure that that controls are implemented, reviewed and monitored by Management	Continuous

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Description			Date completed
Combined Assurance Reports	Strategic	Progress on the control effectiveness of the mitigation of the top risks	October 2022 January 2023 April 2023 August 2023
Income (Credit Control, Cash Management, Indigents and Debtors)	Finance	To ensure compliance with the MFMA	27 February 2023
HR and Payroll: Leave and Attendance	Strategic	To ensure compliance with the legislative requirements	19 September 2022
FRP Assurance on the Essential Services Transport Scheme	Strategic	To provide assurance on the Essential Services Transport Scheme	28 July 2022
Year-end physical inventory count to be conducted on 1 July 2023	Finance	To provide some reassurance regarding the effectiveness and adequacy of internal controls at the annual inventory count as well as the accuracy and completeness of the final inventory count report.	24 August 2023
Investigate non-payment for services by Councillors and administrative officials quarterly - FRP	Strategic	To provide some assurance whether processes and procedures were in place to verify that all the Councillors and Administrative officials billing accounts are not more than three months in arrears.	10 November 2022 13 March 2023 29 May 2023 4 August 2023

**Table 40. Internal audit plan**



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### 2.11 By-laws and policies

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of the by-laws developed and reviewed during the financial year:

By-law developed/revised	Date proclaimed	Public participation conducted prior to adoption of by-Law Yes/No
Rules of Order Regulating the Conduct of Meetings of the Council of the Municipality of Beaufort West	5 August 2022	Yes

*Table 41. By-laws developed/reviewed*

### 2.12 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Communication Policy	No
Functional Complaint Management Systems	Yes

*Table 42. Communication activities*

Additional communication channels utilised:

Channel	Yes/No
SMS system	Yes

*Table 43. Additional communication channels*

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### 2.13 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical and postal address of the Municipality	Yes
<b>Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Tabled Budget 2022/23	Yes
Adjusted Budget 2022/23	Yes
Asset Management Policy	Yes
Customer Care, Credit Control and Debt Collection Policy	Yes
Indigent Policy – Part of Credit Control Debt Collection Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
SCM Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy – Part of SCM Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	No
Borrowing Policy	Yes
SDBIP 2022/23	Yes
Budget and Treasury Office Structure	No
<b>IDP and public participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2022/23	Yes
IDP Process Plan for 2022/23	Yes
<b>SCM (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes

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Description of information and/or document	Yes/No and/or Date Published
Long-term borrowing contracts	No
SCM contracts above R 30 000	No
Service delivery agreements	No
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2021/22	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly reports	Yes
Monthly budget statement	Yes
<b>LED (Section 26(c) of the MSA)</b>	
LED Strategy	No
Economic profile	No
LED projects	No
<b>Performance management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA (Municipal Manager only)	No
<b>Assurance functions (Sections 62(1), 165 and 166 of the MFMA)</b>	
Internal Audit Charter	Yes
Audit Committee Charter	Yes
Risk Management Policy, Strategy and Implementation Plan	Yes

*Table 44. Website checklist*

### 2.14 SCM

The SCM Policy of BWM is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.14.1 Competitive bids in excess of R200 000

##### a) Bid committee meetings

The following table details the number of Bid Committee meetings held for the 2022/23 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
52	38	21

*Table 45. Bid committee meetings*

## CHAPTER 2: GOOD GOVERNANCE



The members of the bid committees for the financial year were:

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
P Strumpher	S Pheiffers	N Mabhena
M Lawrence	S Pienaar	C Wright
R Jack	S Berg	M Tshibo
S Pienaar	M Lawrence	A Makendlana
J Abrahams	B Damon	R Eland
W Plaatjies	R Maans	N Kotze
S Berg	P Strumpher	
B Maans	R Jack	
V Ruiters	W Plaatjies	
R Maans	J Abrahams	
N Kotze	V Ruiters	
W Johnson	P Mditshwa	
C de Koker	L Dyiya	
L Gouws	C Chalmers	
K Fortuin	N Kotze	
	D le Roux	
	W Johnson	
	F Frieslaar	
	C de Koker	
	L Gouws	
	K Fortuin	
	B Mitchell	
	R Eland	
	S Anthonie	
	N. January	
	C Wright	

**Table 46. Members of bid committees**

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### b) Awards made by the Bid Adjudication Committee

The highest bids awarded by the Bid Adjudication Committee are as follows:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 39/2023	10 February 2023	Murraysburg Boreholes: Development and Equipping of Boreholes in Murraysburg: Mechanical, Electrical and Civil Work	De Jagers Loodgieters Kontrakteurs	R12 837 148.01
SCM 04/2023		Request for proposals for the development of a logistics hub on erf 7409 Beaufort West	BW Power Company (Pty) Ltd	R7 000 000.00
SCM 09/2022		Sale of land: Portion of Erf 1050 Beaufort West for the development of a Private Hospital	Metrowired Business Solutions (Pty) Ltd	R5 000 000.00
SCM 62/2023	24 March 2023	Supply, Maintenance, Repair and Calibration of Digital Speed Cameras and The Administration of a Back Office for a Period of Three (3) Years	Total Computer Services	Rate base
SCM 60/2023	6 May 2023	Professional Engineering Services Panel for Roads and Storm Water Infrastructure for a Multi-Year Period	<ul style="list-style-type: none"> <li>• Zutari (Pty) Ltd as the Preferred Bidder</li> <li>• Bvi Consulting Engineers Western Cape (Pty) Ltd as the Alternate 1</li> <li>• Royal Mndawe Holdings (Pty) Ltd t/a ROHM Consulting as the Alternate 2</li> </ul>	R 5 105 712.50 R 5 324 106.13 R 5 207 775.00
SCM 66/2023	22 June 2023	Provision of Comprehensive Banking Services for a Period of Five (5) Years	Nedbank Limited	R1 012 255,00
SCM 72/2023		Three-Year Maintenance and Upgrade Tender of Mechanical and Electrical	TG Elektries (Pty) Ltd	R703 569.97

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Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
		Installations: Boreholes, Pump Stations and Building		
SCM 37/2023	3 February 2023	New Ablution Block, Pavilion and Upgrading and Renovations of Existing Ablution at the Rustdene Sport Complex	ZABS Enterprises (Pty) Ltd	R3 809 827.07
SCM 68/2023		Professional Services: Valuation of Properties Within Beaufort West Municipality	DDP Valuers (Pty) Ltd	N/A
SCM 78/2023	11 May 2023	Supply, Delivery and Installation of 3 Generators	TG Elektries (Pty) Ltd	R1 260 000.00

**Table 47. Highest bids awarded by Bid Adjudication Committee**

### c) Awards made by the accounting officer

The following award was made by the accounting officer of the Municipality:

Bid number	Date bid was awarded	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 39/2023	10 February 2023	Murraysburg Boreholes: Development and Equipping of Boreholes in Murraysburg: Mechanical, Electrical and Civil Work	De Jagers Loodgieters Kontrakteurs	R12 837 148.01

**Table 48. Awards made by the Accounting Officer**

### d) Appeals lodged by aggrieved bidders

No appeals were received for the 2022/23 financial year.

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### 2.14.2 Deviation from normal procurement processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	9	50	478 598.03	71.42
Sole supplier	4	22.22	71 018.88	10.59
Any other exceptional case where it is impossible or impractical to follow the official procurement process	5	27.78	120 460.22	17.99
<b>Total</b>	<b>18</b>	<b>100</b>	<b>670 077.13</b>	<b>100</b>

*Table 49. Summary of deviations*

Clause 36(1)(a)(v)- Deviations- impractical and or impossible:

Type of deviation	Number of deviations	%	Value of deviations (R)
Any contract relating to the publication of notices and advertisements by the Municipality	26	64.45	265 119.48
Any contract with an organ of state, a local authority or a public utility corporation or company	14	34.71	142 769.80
The appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000	0	0	0
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required to call for bids	1	0.84	3 462.02
<b>Total</b>	<b>41</b>	<b>100</b>	<b>411 351.30</b>

*Table 50. Deviations – impractical and/or impossible*





### 2.14.3 Logistics management

The system of logistics management must ensure:

- 🏠 the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- 🏠 the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- 🏠 the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- 🏠 before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- 🏠 appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- 🏠 regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- 🏠 monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores is coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. If special projects are being launched by departments, such information must be communicated timely to the stores section for them to order stock more than the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2023, the value of stock at the municipal stores amounted to R4 279 609.00 For the 2022/23 financial year no surpluses, no deficits and no damaged stock items were reported.

The system of disposal management must ensure the following:

- 🏠 Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise, as community value makes up for the lower market value
- 🏠 Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous

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- 🏠 Firearms are not sold or donated to any person or institution within or outside the republic unless approved by the National Conventional Arms Control Committee
- 🏠 Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise
- 🏠 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed
- 🏠 Where assets are traded in for other assets, the highest possible trade-in price is negotiated
- 🏠 In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment

Assets must be disposed of in terms of Council's Asset Management and Immoveable Property Management Policy.

### 2.15 Municipal Cost Containment Measures

#### 2.15.1 Municipal Cost Containment Regulations (MCCR)

National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

#### 2.15.2 Municipal Cost Containment Policy

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decided to extend current contracts, such contracts should have been aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies prior to 30 September 2019. The Beaufort West Municipality adopted cost containment policies on 15 June 2021.

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### 2.15.3 Cost containment measure and annual cost saving

The effective implementation of the MCCR is the responsibility of the municipal council and the municipal accounting officer. In terms of the cost containment framework provided in the MCCR, which is consistent with the provisions of the MFMA and other government pronouncements, the following cost savings for the financial year are disclosed:

Cost Containment						
Cost Containment Measure	2021/22			2022/23		
	Budget	Total Expenditure	Savings	Budget	Total Expenditure	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Use of consultants	6 120	5 590	530	5 793	12 427	(6 634)
Vehicles used for political office - bearers	0	0	0	0	0	0
Travel and subsistence	460	347	113	593	441	152
Domestic accommodation	337	171	166	489	324	165
Sponsorships, events and catering	150	123	27	165	119	46
Communication	2 222	2 133	89	2 073	2 001	72
Other related expenditure items	2 882	2 955	(73)	3 562	8 445	(4 883)
<b>Total</b>	<b>12 171</b>	<b>11 319</b>	<b>852</b>	<b>12 675</b>	<b>23 757</b>	<b>(11 082)</b>

Table 51. Cost Containment Measure and Annual Cost Saving



### CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2022/23 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It includes an overview on achievement in 2022/23 when compared to actual performance in 2021/22.

#### 3.1 Overview of performance within the organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

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

The constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195(1) are linked with the concept of performance management, regarding the principles of *inter alia*:

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

The MSA, 2000 requires municipalities to establish a performance management system. Further, the MSA and the MFMA requires the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget via the service delivery and the budget implementation plan (SDBIP).

Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation but also to the individuals employed in the organisation and the external service providers and municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance.

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The Municipality adopted a Performance Management Policy that was approved by Council on 25 June 2022.

### 3.1.1 Legislative requirements

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 Organisational performance

Strategic performance indicates how well the Municipality meets its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP per strategic objective and the National KPI's prescribed in terms of Section 43 of the MSA.

### 3.1.3 The performance system followed for 2022/23

#### a) The IDP and the budget

The IDP and the budget for 2022/23 was reviewed and approved by Council on 14 June 2022. The IDP and performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation, management, monitoring and evaluation of the IDP.

The SDBIP was prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 28 June 2022.

### 3.1.4 Performance management

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

-  The Top Layer SDBIP was approved by the Mayor on 28 June 2022 and the information was loaded on an electronic web-based system

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



- 🏠 The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPI targets of every month for the previous month's performance
- 🏠 The performance system administrator reminded all departments on a monthly basis to update their actual performance on the web-based system

### 3.2 Introduction to strategic and municipal performance for 2022/23

#### 3.2.1 Strategic SDBIP

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, budget and performance agreements).

In the detail below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the KPI's of the SDBIP is measured:

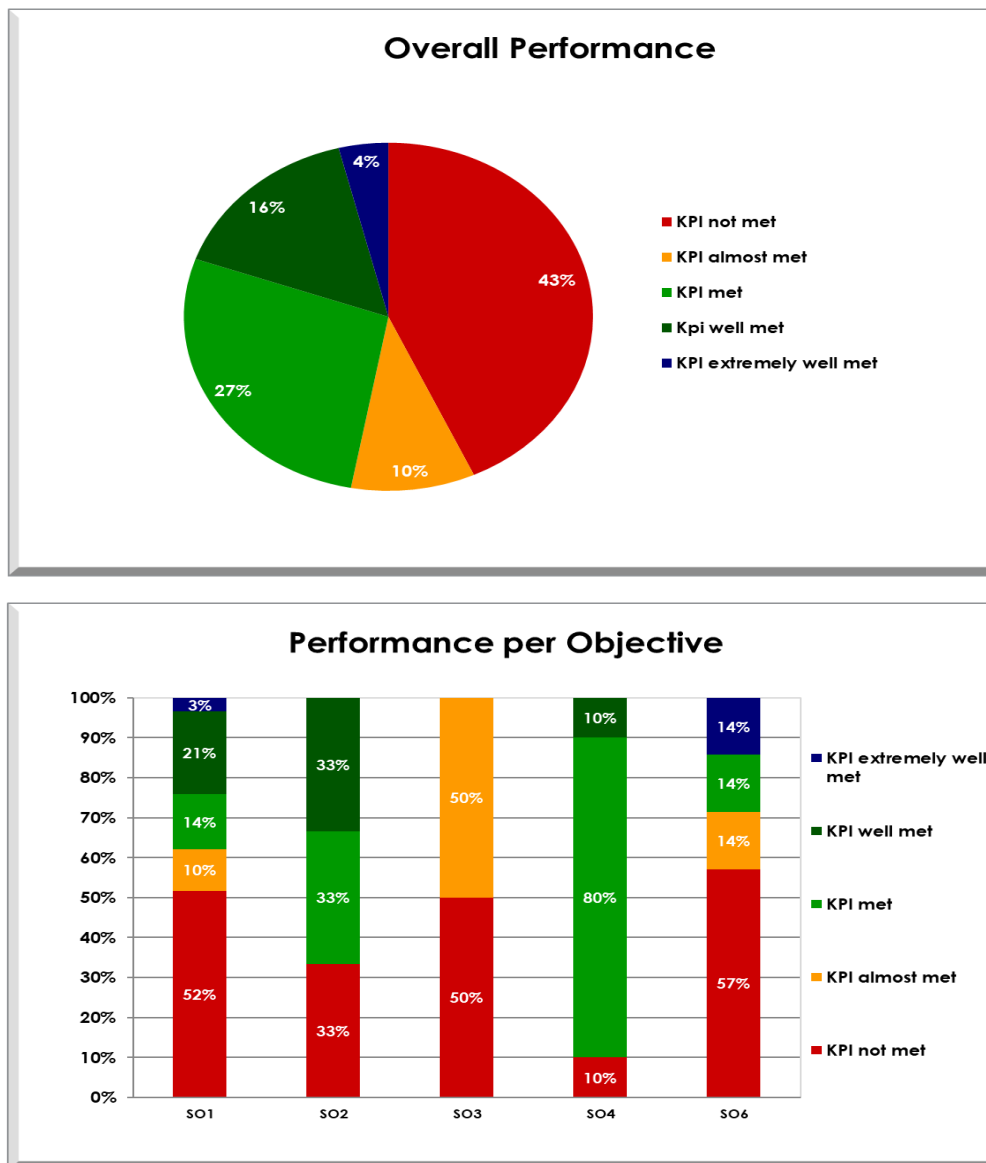
Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%
KPI Well Met	KPI Well Met	100% > Actual/Target < 150%
KPI Extremely Well Met	KPI Extremely Well Met	Actual/Target > = 150%

Figure 2.: SDBIP measurement categories

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The graph below displays the overall performance in terms of the Top Layer SDBIP per strategic objectives for 2022/23:





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Measurement Category	SO1: Provide, maintain and expand basic services to all people in the municipal area	SO2: Sustainable, safe and healthy environment	SO3: Promote broad-based growth and development	SO4: Maintain an ethical, accountable and transparent administration	SO6: Uphold sound financial management principles and practices
KPI Not Met	15	1	1	1	4
KPI Almost Met	3	0	1	0	1
KPI Met	4	1	0	8	1
KPI Well Met	6	1	0	1	0
KPI Extremely Well Met	1	0	0	0	1
<b>Total</b>	<b>29</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>7</b>

Graph 1.: Overall performance per strategic objective

### 3.2.2 Detailed actual performance for 2022/23 KPI's per strategic objectives

#### a) SO1: Provide, maintain and expand basic services to all people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL6	Basic Service Delivery	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2023	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2023	All	16 523	0	11 510	0	11 510	11 510	15 341	G2

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL7	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2023	All	16 523	0	12 462	0	12 462	12 462	11 196	O
<b>Corrective Measure</b>			Old and duplicate accounts removed from financial system. Data cleansing									
TL8	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2023	Number of residential properties which are billed for sewerage as at 30 June 2023	All	16 523	0	11 870	0	11 870	11 870	12 271	G2
TL9	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2023	Number of residential properties which are billed for refuse removal as at 30 June 2023	All	16 523	0	11 346	0	11 346	11 346	11 896	G2
TL10	Basic Service Delivery	Provide free basic water to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023	Number of active indigent households receiving free basic water as at 30 June 2023	All	2 097	0	5 600	0	5 600	5 600	6 866	G2

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL11	Basic Service Delivery	Provide free basic electricity to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023	Number of active indigent households receiving free basic electricity as at 30 June 2023	All	4 917	0	5 094	0	5 094	5 094	4 593	O
<b>Corrective Measure</b>			SDBIP not updated									
TL12	Basic Service Delivery	Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023	Number of active indigent households receiving free basic sanitation as at 30 June 2023	All	4 917	0	5 953	0	5 953	5 953	3 957	R
<b>Corrective Measure</b>			The Municipality to embark on an indigent drive to encourage the community to apply for the indigent subsidy to increase the indigent numbers									
TL13	Basic Service Delivery	Provide free basic refuse removal to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023	Number of active indigent households receiving free basic refuse removal as at 30 June 2023	All	4 917	0	2 225	0	2 225	2 225	3 959	B
TL14	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2023 [(Actual amount spent /Total amount budgeted for capital projects)X100]	% of capital budget spent by 30 June 2023	All	64.84%	15%	40%	60%	95%	95%	94%	O
<b>Corrective Measure</b>			The Municipality to embark on an indigent drive to encourage the community to apply for the indigent subsidy to increase the indigent numbers									

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL23	Basic Service Delivery	95% of the approved project budget spent on the upgrade of the 20 MVA 22/11 kV Main Substation - Phase 5 in Beaufort West by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	2	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	95%	G
TL24	Basic Service Delivery	95% of the approved project budget spent on New High Mast Lighting in Rustdene, Prince Valley and Lande by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	3; 4; 5; 6	99.60%	15%	40%	60%	95%	95%	95%	G
TL25	Basic Service Delivery	95% of the approved project budget spent on the upgrade of the sport stadium in Kwa-Mandlenkosi by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	4	100%	15%	40%	60%	95%	95%	0	R
Corrective Measure			Project was removed from the budget and therefore no expenditure could be recorded									
TL26	Basic Service Delivery	95% of the approved project budget spent on the upgrade of existing regional sport stadium: Phase 2 in Rustdene by 30 June 2023 [(Actual expenditure divided by the total approved project budget) x100]	% of budget spent by 30 June 2023	3; 5; 6	32.60%	15%	40%	60%	95%	95%	55.90%	R
Corrective Measure			Project could not start on time because the first round of tenders no responsive tenders was received									
TL27	Basic Service Delivery	95% of the approved project budget spent on the rehabilitation of sanitation oxidation ponds in Nelspoort by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	2	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	0%	R

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
Corrective Measure			Project was removed from the budget and therefore no expenditure could be recorded									
TL28	Basic Service Delivery	Upgrade Dliso Avenue and Matshaka Street in Kwa-Mandlenkosi by 30 June	Number of Streets upgraded	5; 6	New key performance indicator for 2022/23. No audited comparative available	0	0	0	2	2	0	R
Corrective Measure			Project was not implemented in the financial year due to the process of appointing a consulting engineer									
TL29	Basic Service Delivery	95% of the approved project budget spent on the upgrade of roads and storm water in Murraysburg by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	1	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	100.20%	G2
TL30	Basic Service Delivery	Upgrade Setlaars-, Paarden and Perl Roads in Murraysburg by 30 June	Number of Steets upgraded	1	New key performance indicator for 2022/23. No audited comparative available	0	0	0	2	2	2	G
TL31	Basic Service Delivery	Upgrade Freddie Max Crescent in Nelspoort by 30 June	Number of Steets upgraded	2	New key performance indicator for 2022/23. No audited comparative available	0	0	0	2	2	0	R
Corrective Measure			The delay in the appointment of a consulting engineer impacted the implementation of the project. No roads where constructed in Nelspoort									
TL32	Basic Service Delivery	95% of the approved project budget spent on the rehabilitation of gravel roads in Rustdene, Kwa-Mandlenkosi and Hillside 2 by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	3; 4; 5; 6; 7	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	10.48%	R
Corrective Measure			Awaiting the appointment of the consulting engineers for the project. Process to be started afresh as 1st tender was cancelled									

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL33	Basic Service Delivery	95% of the approved project budget spent on the upgrade of gravel roads: Pieter Street in Rustdene by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	3; 5; 6	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	27.80%	R
Corrective Measure			Process was delayed because of the appointment process of the Consulting Engineer									
TL34	Basic Service Delivery	95% of the approved project budget spent on new Stormwater drainage in Murraysburg by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	1	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	9.63%	R
Corrective Measure			Consulting Engineering firm was only appointed late in the financial year									
TL35	Basic Service Delivery	95% of the approved project budget spent on the augmentation and upgrade of the water supply network in Merweville by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	7	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	100%	G2
TL36	Basic Service Delivery	95% of the approved project budget spent on the upgrade of the 16 MVA 22/11 kV Louw Smit Substation - Phase 3 in Beaufort West by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	All	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	95%	G
TL37	Basic Service Delivery	95% of the approved project budget spent on the distribution transformers by 30 June 2023 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2023	All	New key performance indicator for 2022/23. No audited comparative available	15%	40%	60%	95%	95%	16.20%	R
Corrective Measure			Due to financial constraints, only R81 220.84 was spent on the project this financial year									

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL38	Basic Service Delivery	Upgrade the Middelkop power line by 30 June 2023	% of budget spent by 30 June 2023	1	New key performance indicator for 2022/23. No audited comparative available	0	0	0	1	1	0	R
<b>Corrective Measure</b>			Must seek funding in the next financial year									
TL40	Basic Service Delivery	Submit a report on the Illegal Dumping Project (Department of Environmental Affairs) to Council by 30 September 2022	Number of reports submitted	All	0	1	0	0	0	1	0	R
<b>Corrective Measure</b>			Currently there is a person appointed in an acting capacity as a Senior Manager which boost the capacity in the Department. The report is being prepared for the next financial year									
TL41	Good Governance and Public Participation	Submit a Housing Pipeline Report to Council by 30 June 2023	Number of reports submitted	All	0	0	0	0	1	1	0	R
<b>Corrective Measure</b>			The Department has started a collaboration process with the internal Infrastructure Department for them to assist in the development of the PID's. The target date for the finalization of the PID's document is 31 March 2024									
TL42	Basic Service Delivery	Draft the Waste By-Law and submit to Council for approval by 31 October 2022	Number of by-laws submitted for approval	All	New key performance indicator for 2022/23. No audited comparative available	0	1	0	0	1	0	R
<b>Corrective Measure</b>			The draft Waste By-Law will be tabled in the next standing committee on 27 August 2023, and subsequently to the scheduled Council Meeting end of September 2023									
TL44	Basic Service Delivery	Revise the Human Settlements Plan and submit to Council by 31 December 2022	Number of plans submitted	All	New key performance indicator for 2022/23. No audited comparative available	0	1	0	0	1	0	R
<b>Corrective Measure</b>			The Municipality strived to appoint the service provider in the financial year under review. However, there were challenges with the appointment, and the case is in the courts. Once the courts concluded on the matter, the Municipality will undertake a process to appoint a service provider which will assist us with the revision of the Human Settlement Plan									

**Table 52.SO1: Provide, maintain and expand basic services to all people in the municipal area**



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



### b) SO2: Sustainable, safe and healthy environment

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL22	Basic Service Delivery	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro biological indicators	% of water samples compliant to SANS 241	All	100%	95%	95%	95%	95%	95%	100%	G2
TL39	Good Governance and Public Participation	Hold roadblocks in conjunction with the Provincial Traffic Department quarterly	Number of roadblocks held	All	0	1	1	1	1	4	0	R
<b>Corrective Measure</b>			The Municipality will ensure in the new financial year that it attend to the issues that contributed to the non-availability of resources to conduct these roadblocks									
TL43	Basic Service Delivery	Develop an Air Quality Management Plan and submit to Council by 30 September 2022	Number of plans submitted	All	New key performance indicator for 2022/23. No audited comparative available	1	0	0	0	1	1	G

Table 53. SO2: Sustainable, safe and healthy environment

### c) SO3: Promote broad-based growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL3	Local Economic Development	Review the LED strategy and submit to Council by 30 June 2023	Revised LED strategy submitted to Council by 30 June 2023	All	0	0	0	0	1	1	0	R
<b>Corrective Measure</b>			Final Draft LED & Tourism Strategy is developed. Will be workshopped with Council and table to Council by end of November 2023									
TL21	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2023	Number of temporary jobs opportunities created by 30 June 2023	All	142	0	0	0	100	100	95	O
<b>Corrective Measure</b>			EPWP target for Municipality was only 74, but 95 was achieved									

Table 54. SO3: Promote broad-based growth and development

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



### d) SO4: Maintain an ethical, accountable and transparent administration

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL1	Good Governance and Public Participation	Compile the Risk based audit plan for 2023/24 and submit to Audit committee for consideration by 30 June 2023	Risk based audit plan submitted to Audit committee by 30 June 2023	All	1	0	0	0	1	1	1	G
TL2	Good Governance and Public Participation	90% of the Risk based audit plan for 2022/23 implemented by 30 June 2023 [(Number of audits and tasks completed for the period identified in the RBAP/ Number of audits and tasks identified in the RBAP) x 100]	% of the Risk Based Audit Plan implemented by 30 June 2023	All	69.23%	10%	25%	50%	70%	70%	87.50%	G2
TL4	Good Governance and Public Participation	Review the Integrated Development Plan 2022-2027 and submit to Council by 31 May 2023	Number of IDP's submitted	All	1	0	0	0	1	1	1	G
TL5	Good Governance and Public Participation	Submit the Annual Performance Report to the Auditor-General by 31 August 2022	Number of reports submitted	All	0	1	0	0	0	1	1	G
TL45	Municipal Transformation and Institutional Development	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	0	0	0	0	1	1	1	G

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL46	Municipal Transformation and Institutional Development	0.50% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2023 [(Actual amount spent on training/total personnel budget) x100]	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.77%	0%	0%	0%	0.50%	0.50%	0.50%	G
TL48	Municipal Transformation and Institutional Development	95% of the approved project budget spent on the Computer Equipment Project by 30 June 2023	[(Actual expenditure divided by the total approved project budget) x100]	All	40%	15%	40%	60%	95%	95%	95%	G
TL49	Municipal Transformation and Institutional Development	Submit the Change Management Strategy to Council by 31 December	Number of strategies submitted	All	New key performance indicator for 2022/23. No audited comparative available	0	1	0	0	1	0	R
<b>Corrective Measure</b>			The draft strategy should to be completed by 28 February 2023									
TL50	Municipal Transformation and Institutional Development	Review the Organogram and submit to Council by 30 June	Number of organograms reviewed and submitted	All	New key performance indicator for 2022/23. No audited comparative available	0	0	0	1	1	1	G
TL51	Municipal Transformation and Institutional Development	Review the Performance Management Policy and submit to Council by 30 June	Number of organograms reviewed and submitted	All	New key performance indicator for 2022/23. No audited comparative available	0	0	0	1	1	1	G

**Table 55.S04: Maintain an ethical, accountable and transparent administration**

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



### e) SO6: Uphold sound financial management principles and practices

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL15	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2023 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant) x 100]	Debt to Revenue as at 30 June 2023	All	1.74%	0%	0%	0%	45%	45%	1%	B
TL16	Municipal Financial Viability and Management	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2023 [(Total outstanding service debtors/annual revenue received for services)x 100]	Service debtors to revenue as at 30 June 2023	All	89.01%	0%	0%	0%	35%	35%	81.26%	R
Corrective Measure			Credit control activities to be increased									

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL17	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2023 [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	Cost coverage as at 30 June 2023	All	0.2	0	0	0	1	1	0	R
<b>Corrective Measure</b>			The Municipality needs to robustly implements its Credit and Debt Management Policy to ensure that the cash position of the Municipality improves in the new financial year									
TL18	Municipal Financial Viability and Management	Achieve a payment percentage of 85% by 30 June 2023 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2023	All	63%	75%	80%	85%	85%	85%	81.26%	O
<b>Corrective Measure</b>			Credit control activities to be increased									
TL19	Municipal Financial Viability and Management	Limit unaccounted for water quarterly to less than 25% during 2022/23 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (including free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	15.86%	25%	25%	25%	25%	25%	63.66%	R
<b>Corrective Measure</b>			Secure funding to replace faulty and by-passed meters									

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2021/22	Overall performance 2022/23						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL20	Municipal Financial Viability and Management	Limit unaccounted for electricity to less than 10% quarterly during the 2022/23 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	% unaccounted electricity	All	35.42%	10%	10%	10%	10%	10%	14.18	R
<b>Corrective Measure</b>			The Municipality to develop strategies / interventions to curb electricity losses									
TL47	Local Economic Development	Spend 100% of the library grant by 30 June 2023 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2023	All	99.38%	0%	0%	0%	100%	100%	100%	G

**Table 56.S06: Uphold sound financial management principles and practices**

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



### 3.2.3 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Childcare facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No





Municipal function	Municipal function Yes / No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes




*Table 57. Municipal functions*

### 3.3 Component A: Basic Services

#### 3.3.1 Water Services

##### a) Introduction to Water Services

Beaufort West is dependent on three different water sources:

-  Surface water (Gamka Dam, Springfontein Dam and Walker Dam)
-  Boreholes (40 boreholes in 6 aquifers)
-  Water Reclamation Plant (WRP)

The water sources mentioned above are used to adhere to the demand of the community. The demand is approximately 7 mega litres per day. This figure varies depending on the weather conditions. During summer the water consumption is much higher than during winter. The high summer consumption is balanced by abstracting water from the Gamka Dam, boreholes and water from the WRP. During winter, only boreholes and the WRP are used to adhere to the demand from the community. The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard.

Water losses are reduced to the minimum from the source to sector meters.

During the 2022/23 financial year 2 WSIG Projects was implemented successfully to the value of R 28 000 000.

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### b) Highlight: Water Services

The table below indicate the highlight during the financial year:

Highlight	Description
Augmentation of the bulk water supply to Merweville	Drilling and equipping of 3 new boreholes in Merweville including the equipping of boreholes with solar panel to reduce the effect of load shedding on the water supply
Upgrade and equip of existing/new boreholes in Murraysburg	Drilling and equipping of 2 new boreholes in Murraysburg and upgrading of existing boreholes, including the equipping of boreholes with solar panel to reduce the effect of load shedding on the water supply

*Table 58. Water Services highlight*

### c) Challenges: Water Services

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Vandalism of pump stations and boreholes	Apply for budget funding
Water losses in Beaufort West	Installation of new water meters and ensuring that all information is captured on the financial system

*Table 59. Water Services challenge*

### d) Total use of water by sector

The table below indicates the total use of water per sector:

Total use of water by sector (cubic meters)				
Financial year	Agriculture	Forestry	Industrial	Domestic
2021/22	0	0	267 495	2 704 674
2022/23	0	0	251 861	2 546 600

*Table 60. Total use of water by sector (cubic meters)*

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

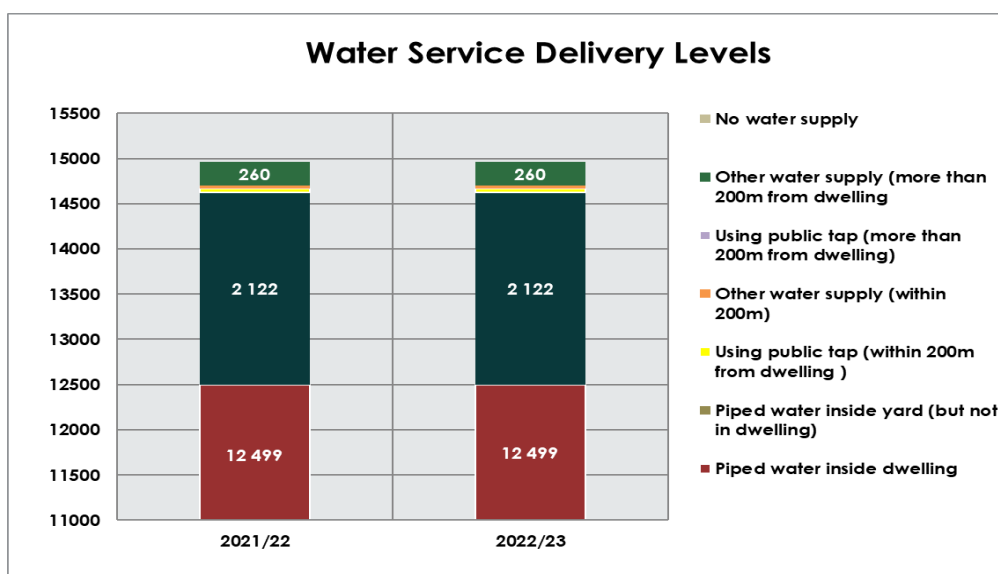


### e) Water service delivery levels

The table below indicates the water service delivery levels:

Households		
Description	2021/22	2022/23
	Actual	Actual
	No.	No.
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	12 499	12 499
Piped water inside yard (but not in dwelling)	2 122	2 122
Using public tap (within 200m from dwelling )	49	49
Other water supply (within 200m)	31	31
Minimum service level and above sub-total	<b>14 701</b>	<b>14 701</b>
Minimum service level and above percentage	<b>98</b>	<b>98</b>
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	260	260
No water supply	0	0
Below minimum service level sub-total	260	260
Below minimum service level percentage	2	2
<b>Total number of households</b>	<b>14 961</b>	<b>14 961</b>
<b>Include informal settlements</b>		

Table 61. Water service delivery levels



Graph 2.: Water service delivery levels

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### f) Access to water

The table below indicates the number of households that have access to water:

Financial year	Number of households with access to water points*	Proportion of households with access to piped water	Number of households receiving 6 kl free#
2021/22	14 961	89.1%	2 097
2022/23	14 961	98.1%	6 866

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

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

Table 62. Access to water

### g) Employees: Water Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	2	2	2	0	0
Skilled technical, superintendents, etc.	2	2	2	0	0
Semi-skilled	11	10	10	0	0
Unskilled	3	9	9	0	0
Total	18	23	23	0	0

Table 63. Employees: Water Services

### h) Capital expenditure: Water Services

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Acquisition of Back-up Generators	0	969 565	1 093 800
Borehole Siting, Exploration and Development - Murraysburg	13 547 335	13 547 335	13 547 120
The Augmentation and Upgrading of the Water Supply Network - Merweville	11 182 230	11 182 230	11 181 826
<b>Total</b>	<b>24 729 565</b>	<b>26 699 130</b>	<b>25 822 746</b>

Table 64. Capital Expenditure: Water Services

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### 3.3.2 Water and Waste Water Networks

#### a) Introduction to Sanitation Services

The Municipality has four Waste Water Treatment Works (WWTW) that are situated in Beaufort West, Nelspoort, Merweville and Murraysburg. The WWTW of Nelspoort, Murraysburg and Merweville has recently been upgraded and are operating within the design capacity and the final effluent is of good quality.

The WWTW of Nelspoort, Merweville and Murraysburg are evaporation ponds.

Studies are being done on the Beaufort West WWTW as the biological trickle filter system has been de-commissioned and this increases the load on the activated sludge process.

The final effluent of the Beaufort West WWTW is reclaimed by the reclamation plant and treated to drinking water standards.

#### b) Challenge: Sanitation Services

The table below indicates the challenge faced during the financial year:

Description	Actions to address
Vandalism to pumpstations and facilities	Apply for budget funding

Table 65. Sanitation Services challenges

#### c) Sanitation service delivery levels

The table below indicates the service delivery levels for sanitation:

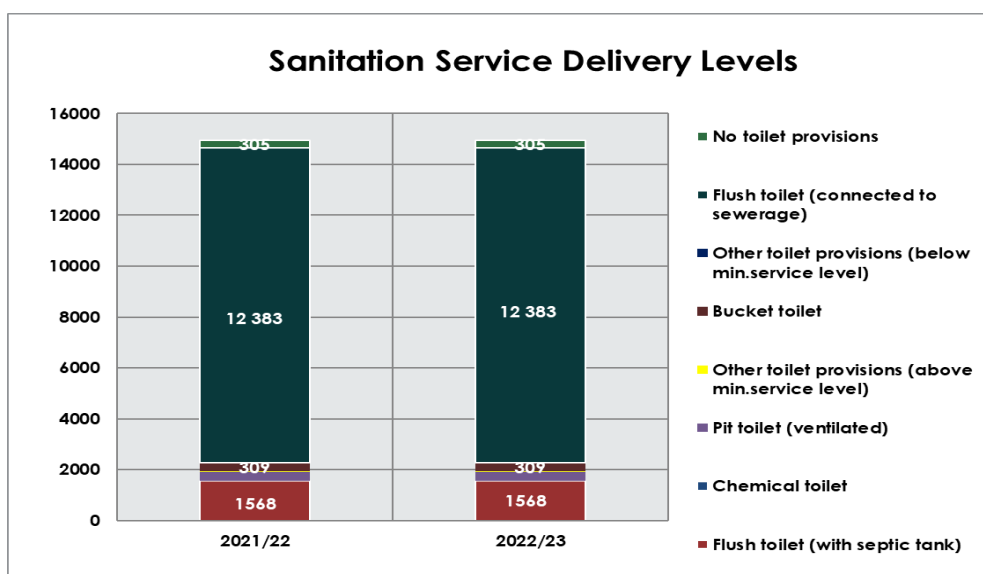
Households		
Description	2021/22	2022/23
	Actual	Actual
	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>		
Flush toilet (connected to sewerage)	12 383	12 383
Flush toilet (with septic tank)	1 568	1 568
Chemical toilet	0	0
Pit toilet (ventilated)	355	355
Other toilet provisions (above min.service level)	31	31
Minimum service level and above sub-total	<b>14 337</b>	<b>14 337</b>
Minimum service level and above percentage	<b>96%</b>	<b>96%</b>
<b><u>Sanitation/sewerage: (below minimum level)</u></b>		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Households		
Description	2021/22	2022/23
	Actual	Actual
	No.	No.
Below Minimum Service Level sub-total	617	617
Below Minimum Service Level Percentage	4%	4%
<b>Total households</b>	<b>14 951</b>	<b>14 951</b>
Including informal settlements		

Table 66. Sanitation Service delivery levels



Graph 3.: Sanitation Service delivery levels

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### d) Employees: Sanitation Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	1	1	0	0
Skilled technical, superintendents, etc.	1	6	3	3	50
Semi-skilled	9	19	12	7	36.84
Unskilled	15	42	33	9	20
Total	25	68	49	19	27.94

Table 67. Employees: Sanitation Services

### e) Capital expenditure: Sanitation Services

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Rehabilitate Sanitation : Oxidation Ponds - Nelspoort	1 856 215	0	0
New Stormwater Drainage - Murraysburg	1 217 144	300 000	28 883
<b>Total</b>	<b>3 073 359</b>	<b>300 000</b>	<b>28 883</b>

Table 68. Capital Expenditure: Sanitation Services

### 3.3.3 Electricity Services

#### a) Introduction to Electricity Services

Local Government plays an important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The distribution of electricity in Beaufort West started in 1919 when the railway supplied the Municipality with electricity. The cost was 4.5 pennies per unit. During 1924, the Municipality started building their own power station. On 1 November 1925, the power station was officially opened and ever since, electricity has grown to be a huge industry, supplying energy to businesses and the community. The department is licensed by the National Electricity Regulator (NER) to supply electricity within its approved area of supply. The department is

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



responsible for the distribution and supply of electricity for Beaufort West, Nelspoort, Merweville and surrounding rural areas. Eskom is responsible for the distribution of electricity in Merweville and partially in Murraysburg.

The department takes supply from Eskom at 132 000 volts at Katjieskop substation and distribute 11 000 volts to the supply areas.

The electricity is sold to industrial, commercial and domestic customers. Approximately 27.95% of the electricity is sold to industrial and commercial customers, 46.11% to domestic customers, 8.40% to indigents, 3.20% for street lighting and 0.16% for own use. Energy losses during the financial year amounted to 14.18%.

There are no backlogs in the provision of service connections. Applications for connections are processed as they are received and the necessary connection fees collected. All electricity customers receive a full service but are differentiated in terms of connection size in relation to connection fees paid.

### I) SERVICE BACKLOGS

Due to the lack of financial resources over the past number of years, a backlog in repair and maintenance, as well as refurbishment and network expansion has increased. This backlog can only be addressed by sufficient capital investment into the electricity infrastructure.

### II) INFRASTRUCTURE

Although the Municipality has been able to assist all applicants by providing electricity, the low level of investment in the upgrade, refurbishment and expansion of the electricity infrastructure has led to a situation that new developments can no longer be accommodated without major capital investment. It is therefore absolutely essential that the Municipality direct more of the surplus generated by the sale of electricity to the capital requirements of the electrical department. Currently, the Municipality is busy with upgrading of its primary substations in Beaufort West and this will be completed by the year 2024. This project was made possible with funding from Integrated National Electrification Programme (INEP).

### b) Highlights: Electricity Services

The table below indicates the highlights of the financial year:

Highlight	Description
Received funding from the Department of Local Government	Funding was used for the following: 🔧 retrofitting of 28 flood lights in Murraysburg 🔧 repairs to Main Substation Transformer Tap Changers

Table 69. Electricity Services highlights



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### c) Challenges: Electricity Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Financial constraints limiting overall maintenance on electrical network	Electricity must be ringfenced to show the true income and expenses incurred

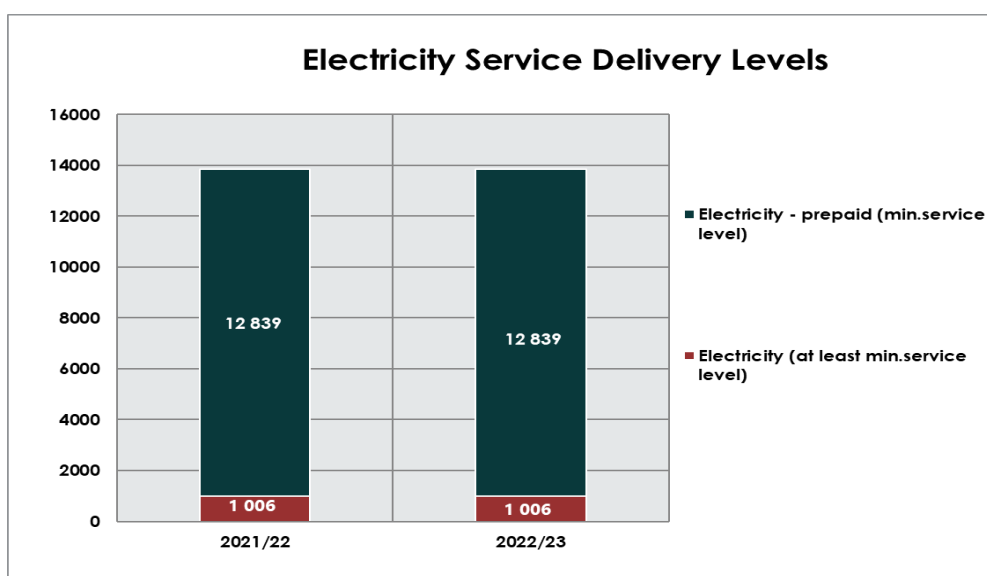
**Table 70. Electricity Services challenges**

### d) Electricity service delivery levels

The table below indicates the service delivery levels for electricity:

Households		
Description	2021/22	2022/23
	Actual	Actual
	No.	No.
<b><u>Energy: (above minimum level)</u></b>		
Electricity (at least min.service level)	1 006	1 006
Electricity - prepaid (min.service level)	11 833	11 833
Minimum service level and above sub-total	12 839	12 839
Minimum service level and above percentage	<b>100</b>	<b>100</b>
<b><u>Energy: (below minimum level)</u></b>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
<b>Total number of households</b>	<b>12 839</b>	<b>12 839</b>

**Table 71. Electricity Service delivery levels**



Graph 4.: Electricity Service delivery levels

## e) Employees: Electro-Technical Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	0	1	100
Middle management and professionals	2	3	3	0	0
Skilled technical, superintendents, etc.	4	2	0	2	100
Semi-skilled	10	10	7	3	30
Unskilled	5	15	10	5	33.33
Total	21	31	20	11	35.48

Table 72. Employees: Electricity Services

## f) Capital expenditure: Electricity Services

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
16 MVA 22/11 kV Upgrading of the Louw Smit Substation (Phase III)	3 478 261	3 478 261	3 478 261
20MVA 22/11Kv Upgrading of the Main Substation	6 086 957	10 969 029	10 958 216



Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Electrical Network Upgrade	0	0	363 476
Machinery and Equipment	130 435	0	0
New High Mast Lighting - Rustdene, Prince Valley, Lande	265 314	0	0
Replacement of 7x Scissor Masts from SON-T Lininaries to LED Technology	0	260 870	260 870
Upgrade of Middelkop Power Line	434 783	0	0
Various Distribution Transformers	434 783	100 000	229 039
Wooden Electrical Poles	130 435	0	0
<b>Total</b>	<b>10 960 968</b>	<b>14 808 160</b>	<b>15 289 862</b>

Table 73. Capital expenditure: Electricity Services

### 3.3.4 Waste Management (refuse collections, waste disposal, street cleaning and recycling)

#### a) Introduction: Waste Management





##### I) SERVICE DELIVERY

The Section provides a weekly door-to-door waste removal service to households and bi-weekly to some businesses. Domestic and garden waste is removed on daily basis and placed either in the 85 litre refuse bins or refuse bags. Medical waste generated from hospitals, clinics and general practitioners are collected by a private company. The private company is responsible for spillage removal along the N1 national road transversing the Beaufort West area. Builder's rubble is removed by the community with their own transport, and the Municipality removes when dumped illegally on open spaces or upon request from households at minimal costs.

Expanded Public Work Programme (EPWP – local and district) and Murraysburg Landfill Project ( Department of Forestry Fishery and Environment - EPIP) and Community Working Program participants clean open spaces, litter picking and streets sweeping to other residential areas where there are no permanent staff allocated and waste disposal facilities (Vaalkoppies and Murraysburg).

##### II) LANDFILL SITE DISPOSAL SITES

The four waste management facilities within the Beaufort West municipal area are situated in:

-  Beaufort West - known as Vaalkoppies Landfill Site
-  Merweville – known as Merweville Landfill Site
-  Nelspoort – known as Nelspoort Landfill Site
-  Murraysburg – known as Murraysburg Landfill Site

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All landfill sites are operational of which 3 has permits (Vaalkoppies, Merweville and Nelspoort ) but Murraysburg licensed expired.

### III) WASTE MINIMISATION

Recycling programmes have not yet been formalised though recycling activities on all sites by waste pickers and collected by private recycling companies on daily basis. Some of the businesses, farmers and community drop the recyclables personally to the private depot.

### IV) WASTE AWARENESS AND EDUCATION

Waste awareness and education is currently done through the distribution of pamphlets on a quarterly basis. The target audience for these initiatives are schools and communities.

#### b) Highlights: Waste Management

The table below indicate the highlights during the financial year:

Highlights	Description
The Municipality had three refuse trucks collecting waste from households	The Municipality received a donation of a refuse truck from the Department of Forestry, Fisheries and the Environment (DFFE)

*Table 74. Waste Management highlights*

#### c) Challenges: Waste Management

The table below indicates the challenges faced during the financial year:

Description	Actions to address
The continuous maintenance of the landfill sites to levels where it complies with legislative prescripts presents a huge challenge for the Municipality	The Municipality needs to repair the machinery that will do the work at the landfill sites
Illegal dumping in almost all the municipal areas	The Municipality, through the assistance of the Municipal Infrastructure Grant (MIG) will procure machinery that will ensure eradication of illegal dumping in the municipal area

*Table 75. Waste Management challenges*

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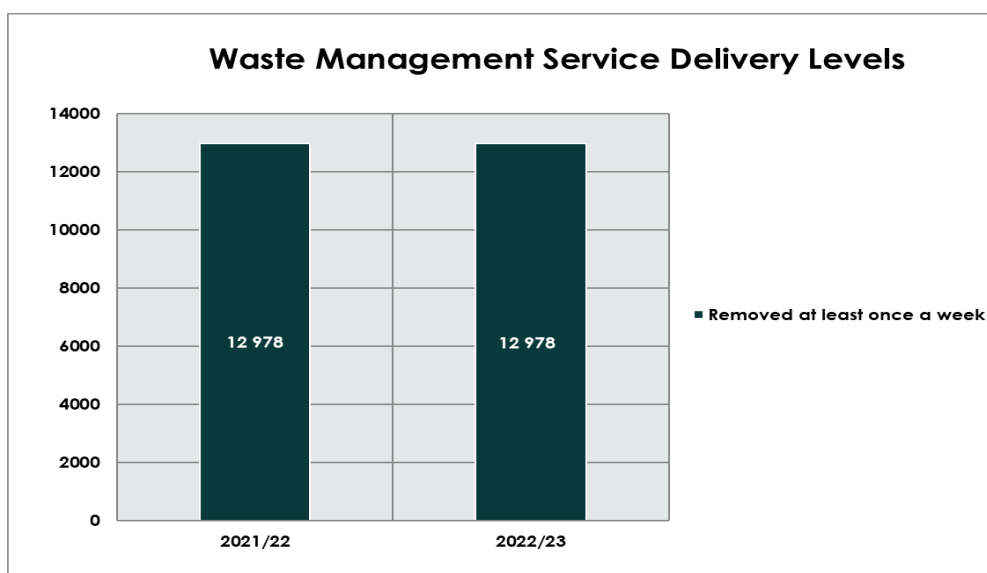


### d) Waste Management service delivery levels

The table below indicates the service delivery levels for waste management:

Description	Households	
	2021/22	2022/23
	Actual	Actual
	No.	No.
<b><i>Solid waste removal: (minimum level)</i></b>		
Removed at least once a week	12 978	12 978
Minimum service level and above sub-total	12 978	12 978
Minimum service level and above percentage	100	100
<b><i>Solid waste removal: (below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
<b>Total number of households</b>	<b>12 978</b>	<b>12 978</b>

Table 76. Waste Management service delivery levels



Graph 5.: Waste Management service delivery levels

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### e) Employees: Waste and Facility Management (Street Cleaning/Sanitation, Vacuum Services, Landfill Site & Refuse Removal)

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	1	1	0	1	100
Semi-skilled	9	9	5	4	44.44
Unskilled	22	28	19	9	32.14
Total	32	38	24	14	36.84

Table 77. Employees: Waste Management

### f) Employees: Waste, Environment and Facility Management (Administrative Support, EPWP Administrations & Projects, Parks & Gardens, Cemeteries, Pound, Halls, Stadiums & Swimming Pools)

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	1	0	100
Middle management and professionals	1	3	1	2	66.67
Skilled technical, superintendents, etc.	2	11	7	4	36.36
Semi-skilled	18	16	12	4	66.67
Unskilled	20	39	33	6	15.38
Total	41	70	54	16	22.86

Table 78. Employees: Waste, Environment and Facilities Management

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### g) Capital expenditure: Waste Management

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Waste Compactor Truck	0	0	2 551 882
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2 551 882</b>

Table 79. Capital expenditure: Waste Management

### 3.3.5 Employees: Basic Services: Merweville, Murraysburg and Nelspoort (excluding Library Services of the 3 towns)

The table below indicates the number of staff employed within the unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total Budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	3	3	2	1	33.33
Semi-skilled	28	23	19	4	17.39
Unskilled	16	37	27	10	22.03
Total	47	60	48	15	25

Table 80. Employees: Basic Services: Merweville, Murraysburg and Nelspoort

### 3.3.6 Housing

#### a) Introduction to housing

Being encouraged by the Housing Act 107 of 1997, our Municipality strives to establish and maintain habitable, stable and sustainable public and private residential environment to ensure viable households and communities in areas allowing convenient access to economic, health, educational and social opportunities.

The scale of the housing problem confronting the Central Karoo is actual. The number of units delivered has lessened in comparison with the growing demand for low-cost housing. This result in the increasing demand backlogs and a disturbing degree of quality.

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Planners need to understand the scope of problems and the benefits related to strategic, conceptual and implementation alternatives. Alternative strategies must thus be sought which address issues regarding the quantity and quality of housing delivered. The need for improved approaches is thus clear.

### I) HOUSING NEED

The need for an inclusive approach which considers community participation and stakeholder engagement, whilst considering the wide scale of impact related to housing development is recognised. Our Municipality recognise the following programmes as clarified by need with the income group categories:

Integrated Residential Development Programme (IRDP):	R0 – R3 500 per month
Consolidation Housing Project:	R0 – R3 500 per month
Military Veteran Housing (MV):	R0 – R10 417 per month
Social Housing (Nelspoort Nurses Home)	R 1 501 – R15 000 per month
Finance Linked Individual Subsidy Programme (FLISP) and GAP Housing	R3 501 – R22 000 per month

### II) EXISTING UNITS

Existing units are as follows:

<b>IRDP Subsidy</b>	<b>6 941</b> - units according to recent estimates of the housing demand data base (Includes towns Beaufort West, Murraysburg, Merweville and Nelspoort)
<b>GAP</b>	<b>577</b> - potential applicants have registered on our database system
<b>Social Housing</b>	<b>20</b> – potential applicants occupying premises (Nurses Home - Nelspoort)

*Table 81. Housing needs*

### b) Prioritised IRDP housing sites

The prioritised IRDP housing site figures for the financial year is indicated in the table below:

Site	Units
<b>Subsidy: Priority 1</b>	
3 284 Murraysburg IRDP	300
<b>Subsidy Priority 2</b>	
S7 IRDP	624

*Table 82. Prioritised housing sites*



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### c) GAP housing sites

The table below indicates the GAP housing sites of the Municipality and the number of units built:

Site	Property	Units
<b>GAP: Priority 1</b>		
3 075 G2	IRDP/FLISP	67
G1	IRDP/FLISP	120

**Table 83. GAP housing sites**

### d) Highlight: Housing

The table below indicates the highlight achieved during the financial year:

Description	Actions to address
Capacitation of Municipal Housing officials	Training completed to access the New "My EGA Portal system" (Housing Demand Database System)

**Table 84. Housing: highlight**

### e) Challenge: Housing

The table below indicates the challenge faced during the financial year:

Description	Actions to address
Non-appointment of Turn-Key Human Settlements Implementation Agent	Testing of the market by engaging in tender procurement processes to appoint an Implementation Agent

**Table 85. Housing: challenge**

### f) Households with access to basic housing

The table below indicates the statistics of households with access to basic housing:

Number of households with access to basic housing			
Financial Year	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2021/22	13 013	12 991	99.8%
2022/23	13 014	12 991	99.8%

**Table 86. Households with access to basic housing**

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### g) Housing waiting list

The following table shows the increase in the number of people on the housing waiting list.

Financial Year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2021/22	6 643	3.19%
2022/23	6 941	4.49%

Table 87. Housing waiting list

### h) Housing allocation

A total amount of R37.3 million was allocated to build houses during the 2021/22 financial year. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2021/22	280	0	0	0	0
2022/23	0	0	0	0	0

Table 88. Houses built in 2022/23

### i) Employees: Human Settlements and Land Affairs

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	1	1	0	1	100
Semi-skilled	3	3	1	2	66.67
Unskilled	0	0	0	0	0
Total	5	5	2	3	60

Table 89. Employees: Human Settlements and Land Affairs

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### 3.3.7 Free basic services and indigent support

#### a) Introduction

The Municipality is one of the first municipalities in the country to implement free basic services to its indigent households. A debtor is considered indigent if the total monthly household income equals two times the amount of state funded social pensions or less (currently R3 380 per month). All indigent households receives 6kl water and 50Kwh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the Municipality, all households earning less than R3 380 per month will receive the free basic services as prescribed by the national policy.

#### b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2021/22 and 2022/23 financial years:

Financial Year	Number of households								
	Total no of HH	Free basic electricity		Free basic water		Free basic sanitation		Free basic refuse removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2021/22	14 227	6 673	47	6 672	47	4 917	35	4 926	35
2022/23	15 341	4 593	30	6 866	45	3 957	26	3 959	26

**Table 90. Free basic services: Number of households**

Electricity									
Financial Year	Indigent households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2021/22	6 673	50	8 076	0	0	0	52	50	N/A
2022/23	4 593	50	7 216	6 603	3.0124	238 690	52	50	576 452

**Table 91. Free basic services: Electricity**

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Water						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2021/22	6 673	6	6 404	0	0	0
2022/23	6 866	6	5 813	8 475	25.47	215 858

**Table 92. Free basic services: Water**

Sanitation						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2021/22	4 917	1 810	7 561	0	0	0
2022/23	3 957	139	5 106	11 384	139	1 582 376

**Table 93. Free basic services: Sanitation**

Refuse removal						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2021/22	4 926	1	4 747	0	0	0
2022/23	3 959	1	3 289	11 382	87.83	999 681

**Table 94. Free basic services: Refuse removal**

### 3.4 Component B: Road Transport

This component includes Roads, Transport, and Waste Water (Stormwater Drainage).

#### 3.4.1 Roads

##### a) Introduction to Roads

The Municipality does pothole repairs, while contractors undertake the construction of new paved roads. These projects are done according to the Expanded Public Works Programme (EPWP) standards to create job opportunities.

All road construction is done by a main contractor and a nominated sub-contractor who is responsible for the labour. The main contractor trains the sub-contractor in all aspects of safety and construction.

The general maintenance of tarred and gravel roads were delayed due to budget constraints and unreliable machinery.

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### b) Highlight: Roads

The following table indicate the highlight of the financial year:

Highlight	Description
Completion Market Street, Murraysburg	Paving 242m of gravel road (MIG project)
Completion Paarden Street, Murraysburg	Paving 196m of gravel road (MIG project)

**Table 95. Roads highlight**

### c) Challenges: Roads

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Limited budget	Apply for budget funding
Unreliable/broken machines	Fix, replace or rent machines
Issue Personal Protective Equipment (PPE)	Issue PPE on time as required

**Table 96. Roads challenges**

### d) Gravel roads infrastructure: Kilometres

The table below indicates the amount of gravel roads constructed, maintained and upgraded during the financial year:

Gravel roads infrastructure: Kilometres				
Financial year	Total km's gravel roads	New gravel roads constructed	Gravel roads upgraded to paved	Gravel roads graded/maintained (km)
2021/22	55.80	0	0	2
2022/23	55.30	0	0.44	2

**Table 97. Gravel road infrastructure**

### e) Tarred road infrastructure: Kilometres

The table below indicates the number of tarred/paved roads constructed, maintained and upgraded during the financial year:

Tarred/paved road infrastructure: Kilometres					
Financial year	Total tarred/paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar/paved roads maintained
2021/22	110.1	0	0	0	34
2022/23	110.54	0.44	0	0	45

**Table 98. Tarred road infrastructure**

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### f) Cost of maintenance and construction of roads

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New and replacements	Resealed	Maintained
	R'000		
2021/22 (Main roads)	0	0	50
2021/22 (Other roads)	0	0	R204 312.00
2022/23 (Main roads)	0	0	0

*The cost for maintenance includes stormwater*

**Table 99. Cost of maintenance and construction of roads**

### g) Employees: Roads and Stormwater

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	0	1	100
Middle management and professionals	1	0	0	0	0
Skilled technical, Superintendents, etc.	1	1	1	0	0
Semi-skilled	13	4	1	3	75
Unskilled	28	13	10	3	23.08
Total	43	19	12	7	36.84

**Table 100. Employees: Roads and stormwater**

### h) Capital expenditure: Roads and Stormwater

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Rehabilitate Gravel Roads : Rustdene, Kwamandlenkosi & Hillside II - Beaufort West	1 157 645	300 000	38 537
Rehabilitate Roads & Stormwater - Murraysburg	1 171 243	1 171 243	1 174 018
Upgrade Gravel Roads : Pieter Street, Rustdene - Beaufort West	933 515	300 000	83 390
Upgrade Roads : Freddie Max Crescent - Nelspoort	875 274	147 826	7 250

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Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrade Streets : Dliso Ave & Matshaka St - Kwa-Mandlenkosi	1 177 558	300 000	75 837
Upgrade Streets : Setlaars, Paarden & Perl Rds - Murraysburg	2 186 022	1 845 727	1 845 728
<b>Total</b>	<b>7 501 257</b>	<b>4 064 796</b>	<b>3 224 760</b>



Table 101. Capital expenditure: Roads and Stormwater

### 3.4.2 Waste Water (Stormwater Drainage)

#### a) Introduction to Waste Water (Stormwater Drainage)

Maintenance of the waste water/stormwater drainage systems are done by a work team in the Roads & Stormwater Section and also temporary Expanded Public Works Programme (EPWP) employees:

The project involves the following:

-  maintenance and cleaning of inlets, channels, culverts and earth drains
-  construction of minor stormwater systems/structures

#### b) Highlights: Waste water (stormwater drainage)

The following table indicates the highlight of the financial year:

Highlight	Description
Fixing of critical plant	Tractor Loader Backerhoe (TLB) and tipper truck
No major flooding	This financial year saw abnormal down pours and rivers flowed to their full capacity, but no areas were flooded

Table 102. Waste water (stormwater drainage) highlight

#### c) Challenges: Waste water (stormwater drainage)

The tables below reflect the challenges experienced during the financial year:

Description	Actions to address
Limited budget for operational work	Apply for budget funding
Broken machinery	Fix or hire machines

Table 103. Waste water (stormwater drainage) challenges

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### d) Stormwater infrastructure: kilometres

The table below shows the total kilometres of stormwater infrastructure maintained, upgraded and the kilometres of new stormwater pipes installed:

Stormwater infrastructure: Kilometres				
Financial year	Total stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/22	Master plan outdated	0	0	25
2022/23	Master plan outdated	0	0.5	30

Table 104. Stormwater infrastructure

### e) Cost of stormwater infrastructure

The table below indicates the amount of money spend on stormwater maintenance:

Financial year	Stormwater measures		
	New R'000	Upgraded R'000	Maintained R'000
2021/22	Part of new Kamp Street road budget	0	Part of Roads
2022/23	Part of new Mark- & Pardon Street road budget	0	Part of Roads

Table 105. Cost of construction/maintenance of stormwater systems

EPWP funds were made available to create jobs through stormwater maintenance. Material was purchased with savings from the operational and maintenance budget.

Personnel appointed for these projects are categorized as the following:

Description	Female	Male	Youth
Data capturer	0	0	0
Supervisor	0	1	1
Labourers	2	2	6

Table 106. Appointments for EPWP stormwater maintenance

## 3.5 Component C: Planning and LED

### 3.5.1 Planning and Building Control

#### a) Introduction to Planning and Building Control

Due to the growing beneficiary list for subsidised housing, planning for residential areas to accommodate the IRDP and GAP Housing was performed by a Turn Key contractor. The aforementioned planning was done in conjunction with the officials of the Municipality.



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### b) Highlight: Planning and Building Control

The following table indicate the highlight of the financial year:

Highlights	Description
Renewable energy structure on farm portions	Spatial Planning and Land Management Act (SPLUMA) implementation

**Table 107. Planning and building control highlight**

### c) Challenge: Planning and Building Control

The table below indicate the challenge faced during the financial year:

Description	Actions to address
The Municipality do not have a registered Town Planner	Fill vacant position

**Table 108. Planning and building control challenge**

### d) Service statistics: Planning and Building Control

The table below indicates the performance statistics for planning and building control:

Type of service	2021/22	2022/23
Building plans application processed	88	85
Total surface (m <sup>2</sup> )	7 357.09	6 699.20
Approximate value (Rand)	22 071 270	20 097 600
Residential extensions	68	78
Land use applications processed	4	20
Rural applications	0	0

**Table 109. Service statistics: Planning and building control**

### e) Employees: Planning and Building Control

The table below indicates the number of staff employed within the unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	1	0	1	100
Skilled technical, superintendents, etc.	1	2	1	1	50
Semi-skilled	0	0	0	0	0



Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Unskilled	0	0	0	0	0
Total	1	3	1	2	66.67

Table 110. Employees: Planning and building control

### 3.5.2 Local Economic Development (including market places)

#### a) Introduction to LED

As part of its local government mandate, the Beaufort West Local Municipality has embarked on a process to develop a new LED Strategy for the Beaufort West municipal area. The aim of this process is to provide the Beaufort West Local Municipality, the private sector and the local community the opportunity to develop a planning guide that promotes economic growth, facilitates job creation and addresses poverty within the area.



The purpose of the Local Economic Development Strategy (LEDS) is to interrogate available economic information in an integrated and coordinated manner to identify opportunities that can broaden the economic base of the Beaufort West municipal area. These opportunities are then packaged into an implementation framework which sets out guidelines as to how existing economic potential can be utilised to generate positive spin-offs for the local economy.

#### b) Private sector projects on LED

The municipality currently have no private sector projects on LED.

#### c) Mobilisation of private sector resources

Development proposals were requested through an open bidding process during the 2022/23 financial year for the development of the following:

-  A truck stop with overnight accommodation, excluding the sale of fuel
-  Development of a private hospital
-  Development of a private airport

The Municipality was involved in some inter-sectoral job creation opportunities during the 2022/23 financial year, including the Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP), as well as a Public Employment Job Creation Programme, funded by the Department: Local Government. Details of the programmes/projects are reflected below.

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### EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The main funder of the EPWP is the National Department of Public Works; and the CWP is funded by the National Department of Cooperative Governance, which also hires the implementing agent to facilitate the programme within the Western Cape.

The consistent reporting with regards to the work opportunities created across all sectors on the EPWP. The EPWP work opportunities are consistently presented on the municipal annual report which forms part of the IDP public participation process. The project implementation status-quo is always reflected on the annual reports.

EPWP Budget allocations as well as the number of work opportunities for the 2020/21, 2021/22 and 2022/23 financial year are reflected below:

Financial Year	Budget Allocation	Expenditure
2020/21	R1 859 000	R1 767 267
2021/22	R1 285 000	R968 030
2022/23	R1 136 000	R1 005 915

**Table 111. EPWP budget allocations**

Financial Year	Project Name	Work Opportunities
2020/21	IG Education and Awareness Waste Management: COVID-19	17
	IG Data Capturer and Administration	2
	IG COVID-19 Screening and Support Services	36
	IG Indigent Households: Saving Water	3
	IG Waste Management Project	60
	IG Roads and Stormwater Maintenance	12
	IG Stormwater System Maintenance	3
	IG Clearing of Invasive Alien Plants	60
2021/22	IG Roads and Stormwater Maintenance	12
	IG Storm water System Maintenance	6
	IG Waste Management Project	20
	IG Data Capturer and Administrator	3
2022/23	IG COVID-19 Screening and Support Services	11
	IG Road and Storm water Maintenance	11
	IG Waste Management Project	10
	IG Clearing of Invasive Alien Plants	21

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Financial Year	Project Name	Work Opportunities
	IG Administration Support	5

**Table 112. EPWP work opportunities**

### d) Community Works Programme (CWP)

The Community Works Programme is an intervention that was adopted by national government to afford the unemployed of working age the opportunity to do a community beneficial job, while also giving the participants the opportunity to improve their chances of getting a long-term full-time job through skills development.

#### JOB CREATION AND TRAINING

About 1 245 participants benefited from the CWP for the 2022/2023 financial year.




CWP budget allocations details for the 2020/21, 2021/22 and 2022/23 are reflected below:

CWP Budget Allocation		
2020/21	2021/22	2022/23
R14 362 134	R14 318 884	R15 960 339

**Table 113. CWP budget allocation**

### e) Public employment creation programme: Department Local Government

The use of Public Employment Programmes is to increase the labour intensity of programmes which tackles problems of unemployment. Which highlights the following objectives of the programme:

-  Employment without compromising quality of assets
-  Basic income security without compromising conditions of work
-  Multi-sectoral Investments without compromising human capital investment

The COVID-19 pandemic caused an increase in the unemployment rate of the Beaufort West municipal area. Therefore, the need for the implementation of Public Employment Programmes.

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The plan was to implement projects in the following sectors:

Sector	Project Name	Project Description	Activities	Number of People Employed
Infrastructure (Engineering Department)	Leak detection brigades	Door to door visits enquiring about possible leaks and faulty meters	Survey of leaks and faulty meters in areas with high unaccounted for water	25
Environmental (Community Services)	Beautification of parks, facilities, cemeteries and open spaces	Cleaning and the beautification of parks, facilities, cemeteries and open spaces.	Cleaning of parks, maintenance of playground equipment, planting of trees and plants, cleaning cemetery areas, fixing of boundary walls, cleaning sport facilities	39

**Table 114. Public Employment Programmes**

### f) LED and Tourism Strategy

The Municipality still does not have a dedicated LED and Tourism Official. The vacancies were advertised but could not be filled due to financial constraints.

The Municipality still does not have an approved LED and Tourism Strategy and Implementation Plan in place. The final Draft LED Strategy is developed with the support of the Municipal Infrastructure Support Agent (MISA) and will be workshopped with Council for approval during the 2023/24 financial year.

Some of the projects that are included in the LED Strategy are the following:

- 🏠 development of a business hub;
- 🏠 reserve and identification of land for business purposes;
- 🏠 subdivision of agricultural land and provision of industrial land;
- 🏠 rezoning of road infrastructure (conversion of streets in CBD to one ways); and
- 🏠 utilisation of the farm Lemoenfontein for renewable energy.

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### g) Challenges: LED

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Very little or no interest from investors to develop in the area	<ul style="list-style-type: none"> <li>Municipality must look at an Investor Incentive Policy</li> <li>Compile an Investment Profile</li> <li>Embark/Organise an Investment Summit</li> </ul>
Full value chain of products/produce not explored	Unlock support from WESGRO and other relevant Government Sector Departments to assist with research in order to guide and assist local producers/manufacturers to expand their business offerings into a full value chain.

Table 115. LED challenges

### 3.5.3 Tourism

#### a) Introduction to Tourism

The primary purpose of the Tourism Office is to actively introduce and market the tourism experiences and services of the municipal area within its frontier, throughout the Western Cape, the country as a whole and in foreign countries, where possible.

It is important to coordinate the marketing actions of local government, private sector and other institutions within the area, to optimally utilise the tourism potential. At the same time, it is important to continually expand new tourism experiences and enhance current activities and experiences.

Tourism directly employs 362 full time positions and 48 casual employees in the town of Beaufort West alone. This does not include the knock-on effect from tourism suppliers and related industries, nor the surrounding small towns and farm stays.

#### b) Tourism initiatives

Initiative	Proposals
Tourism transformation	Integrated tourism routes, tourism conservancy adjacent to park, Beaufort West Empowerment Through Tourism (BWETT), upgrading of arts and crafts centre to serve as a hub for township tourism
Cycle tourism	Development of self-guided cycle routes throughout the area, linking smaller towns. Cycling is a proven tourism catalyst and builds new tourism initiatives
Self-drive routes	Development of self-drive routes throughout the area, linking the smaller towns in the area and highlighting the rich culture and heritage of our wonderful region. With small budgets these can be created

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Initiative	Proposals
Astro tourism	The area has excellent opportunities for astro tourism. Funding for training and development of astro tourism should be allocated
Dine with a local	This is an initiative that has a proven success in both Stellenbosch and George. Have 4 cultural food experiences showcasing Beaufort West's diverse cultural heritage by having group visitors enjoy a meal with a local
Nelspoort rock engravings complex	Nelspoort has an incredible array of rock engravings on a farm belonging to Beaufort West Municipality. It is suggested that a small part of this farm should be set aside so that these engravings can be showcased in an appropriate manner, thus creating a tourism experience which would benefit the local community of Nelspoort

Table 116. Tourism initiatives

### 3.6 Component D: Community and Social Services

#### 3.6.1 Libraries

##### a) Introduction to Libraries

Beaufort West Municipality has six libraries which are based in the following towns:

- 🏠 Beaufort West (3 libraries);
- 🏠 Merweville (1 library);
- 🏠 Murraysburg (1 library); and
- 🏠 Nelspoort (1 library).

Beaufort West libraries provide library and information services which are free, equitable and accessible. Libraries also promote a culture of reading, library usage and lifelong learning. Beaufort west libraries also provide free access to the internet, Wi-Fi and Mzantsi Libraries Online. The Municipality is also continuing with the Mini Libraries for the Blind Project at Church Street Library.

The Libraries provide other services such as magazines, books on brail for the blind, CD'S, DVD'S and audio books.

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### b) Highlights: Libraries

The table below indicates the highlights of the financial year:

Highlight	Description
All libraries have free access to Wi-Fi	Wi-Fi has been installed in all libraries in the municipal area. The free Wi-Fi provides internet access to students to do their projects and to the community to access job opportunities and create CVs for free
Libraries employ Yearbonds to assist in ICT matters and Reading Champions on a contract basis. These Yearbonds are employed for each library with the funding of the Provincial library	The ICT Yearbonds assist the public with the use of computers and the Reading Champions Yearbonds assist with reading programmes
Provincial Library Services has granted funding for the vacant post of a Librarian	The Librarian will be based at Church Street Library. The Librarian will also assist at Mimosa Street Library

Table 117.

**Libraries highlights**

### c) Challenges: Libraries

The table below indicates the challenge faced during the financial year:

Description	Actions to address
Vandalism of Kwamandlenkosi Library fence	The fencing at the library keeps getting stolen. The library personnel are in the process of installing stronger fence
Crashing of the library computers system (SLIMS) for the entire Western Cape	SLIMS system is off in all libraries which resulted in libraries not to function properly. This resulted in huge losses of library material and fines against the patrons. The Provincial Library Services has already indicated that fines that were accumulated during this period will be removed against the patrons. The Western Cape Library Services is working to rectify this matter

Table 118.

**Libraries challenge**

### d) Service statistics for libraries

The table below indicates the service statistics for library services:

Type of service	2021/22	2022/23
Library members	10 520	15 800
Books circulated	35 200	22 300
Exhibitions held	84	84
Internet users	4 200	10 400
New library service points or wheelie wagons	0	0



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Type of service	2021/22	2022/23
Visits by school groups	16	16

Table 119. Service statistics for libraries

### e) Employees: Libraries (including Murraysburg, Merweville & Nelspoort)

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	2	3	1	2	66.67
Semi-skilled	20	21	20	1	4.76
Unskilled	0	0	0	0	0
Total	23	25	22	3	12

Table 120. Employees: Libraries

### 3.6.2 Cemeteries

#### a) Introduction to Cemeteries

There are currently enough burial grounds in Beaufort West but new cemeteries will have to be developed in Murraysburg.

#### b) Highlight: Cemeteries

The table below indicates the highlight of the financial year:

Highlight	Description
Maintenance of cemeteries in the financial year	Deployed dedicated officials to clean the cemeteries

Table 121. Cemeteries highlight

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### c) Challenge: Cemeteries

The table below indicates the challenge faced during the financial year:

Description	Actions to address
Roads at the cemeteries needs to be properly maintained	Maintenance programme of roads should include roads at the cemeteries in the new financial year

Table 122. Cemeteries challenge

### d) Service statistics: Cemeteries

The table below indicates the performance statistics for Cemeteries:

Type of service	2021/22	2022/23
Pauper burials	521	2
<b>Total</b>	<b>521</b>	<b>2</b>





Table 123. Capital expenditure: Cemeteries

## 3.7 Component E: Security and Safety

### 3.7.1 Traffic Services and Law Enforcement Services

#### a) Introduction to Traffic and Law Enforcement Services

Traffic Law Enforcement is responsible for road safety and by-law enforcement. The Office also renders the following services and functions:

-  Vehicle testing for roadworthiness
-  Driving License Testing Centre
-  Motor Vehicle Registration
-  Court and prosecutorial function

#### b) Highlight: Traffic and Law Enforcement Services

The following table indicate the highlight of the financial year:

Highlight	Description
TCS Contravention System acquired	The Municipality has its own Contravention System. The system is managed by the Municipality and not a service provider

Table 124. Traffic and Law Enforcement Services highlight

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### c) Challenge: Traffic Services and Law Enforcement

The table below indicates the challenge faced during the financial year:

Description	Actions to address
Only 1 official Traffic Vehicle	Finalize vehicle fleet tender
Vehicle Testing Station equipment obsolete	Engage Provincial Government for financial assistance

Table 125. Traffic and Law Enforcement Services challenge

### d) Service statistics for Traffic and Law Enforcement Services

The table below indicates performance statistics for Traffic and Law Enforcement Services:

Details	2021/22	2022/23
Motor vehicle licenses processed	13 870	59 180
Learner driver licenses processed	734	662
Driver licenses processed	846	441
Driver licenses issued	1 488	1 719
Fines issued for traffic offenses	36 705	20 940
R-value of fines collected	3 636 796	6 718 140
Roadblocks held	6	18
Complaints attended to by Traffic Officers	0	0
Awareness initiatives on public safety	0	0

Table 126. Service statistics for Traffic and Law Enforcement Services

### e) Employees: Traffic Services and Law Enforcement

The table below indicates the number of staff employed within the Unit:

Occupational Level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	1	0	0
Middle management and professionals	1	6	1	5	83.33
Skilled technical, superintendents, etc.	15	19	13	6	31.58
Semi-skilled	9	13	6	7	53.85
Unskilled	2	3	2	1	33.33
Total	27	42	23	19	45.24

Table 127. Employees: Traffic and Law Enforcement Services

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### f) Capital expenditure: Traffic Services and Law Enforcement

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Equipment	21 739	0	4 300
Digital Camera - VTS	1 739	0	0
Endoscopic Camera - VTS	8 696	0	0
Diagnostic Scanner - VTS	21 739	0	0
10 x Handheld Card Scanning Devices	173 913	150 000	148 700
<b>Total</b>	<b>227 826</b>	<b>150 000</b>	<b>153 000</b>

**Table 128. Capital expenditure: Traffic Services and Law Enforcement**

### 3.7.2 Fire and Disaster Management Services

#### a) Introduction to Fire and Disaster Management Services

Disaster Management is a process of effectively preparing for and responding to disasters. It involves strategically organising resources to lessen the harm that disasters cause. It also involves a systematic approach to manage the responsibilities of disaster prevention, preparedness, response and recovery.

#### b) Highlight: Fire and Disaster Management Services

The following table indicate the highlight of the financial year:

Highlight	Description
Zero fatalities reported in the reporting financial year	In all fire incidence attended to, no one has been reported deceased

**Table 129. Fire and Disaster Management Services highlight**

#### c) Challenges: Fire and Disaster Management Services

The table below indicate the challenges faced during the financial year:

Description	Actions to address
Uniforms and equipment	Provide/budget for uniform allowance annually
Machinery/Vehicles	Apply for budget funding
Continuous capacity of officers	Dedicate training initiatives in the skills development of the Municipality
Development of fire tariffs	Prepare and include tariffs in the next budget cycle

**Table 130. Fire and Disaster Management Services challenges**

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### d) Service statistics for Fire and Disaster Management Services

The table below indicates performance statistics of fire services and disaster management services:

Details	2021/22	2022/23
Operational callouts	62	105
Reservists and volunteers trained	2	0
Awareness initiatives on fire safety	5	0

**Table 131. Service statistics for Fire and Disaster Management Services**

### e) Employees: Fire and Disaster Management Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	1	1	0	0
Skilled technical, superintendents, etc.	5	4	4	0	0
Semi-skilled	9	12	9	3	25
Unskilled	0	0	0	0	0
Total	14	17	14	3	17.65

**Table 132. Employees: Fire and Disaster Management Services**

### 3.7.3 COVID-19

#### a) Introduction to COVID-19

On 15 March 2020 President Cyril Ramaphosa declared South Africa COVID-19 epidemic a national state of disaster under the Disaster Management Act (DMA) 57 of 2002. This was done primarily, as the President stated it to enable the government to "have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus." The declaration enabled the government to issue a slew of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic.

During a state of disaster, the DMA allows the government to issue regulations to restrict, inter alia, movement of persons and goods "to, from or within the disaster-stricken or threatened area, ... the suspension or limiting of the sale, dispensing or transportation of alcoholic beverages in the disaster-stricken or threatened area.... [or] any other steps that may be necessary to prevent an escalation of the disaster, or to alleviate, contain and minimise the effects of the disaster..." (Section 27(2).)

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Similarly, the Disaster Management Regulations of 2004 (DMR) (as amended) state that:

"any Minister may issue and vary directions, as required, within his or her mandate, to address, prevent and combat the spread of COVID-19, from time to time, as may be required, including...steps that may be necessary to prevent an escalation of the national state of disaster, or to alleviate, contain and minimise the effects of the national state of disaster." (Section 10(8).)

These regulations and the pandemic itself have had a major impact on the basic service delivery and operations of local government, who had to adjust with immediate effect not only identified risks, projects, manpower but also budgets.

### b) COVID-19 Committee

On April 2020, the Municipality established the Local Joint Organising Committee (LJOC). The committee comprises of members from all spheres of government.

The LJOC has the following functions:

- 🏠 planning and implementing of an action plan to combat the spread of the corona virus
- 🏠 reporting of confirmed cases per sector department
- 🏠 economy recovering discussions and COVID-19 awareness communication

### c) Committee members

The table below indicates the members that serve on the LJOC and the dates of the meetings held:

Name of representative	Representative forum	Meeting dates
G Nyathi	Acting Municipal Manager	Every Thursday pending the availability of Sector Departments Representatives
S Pheiffers	COVID-19 Compliance Officer	
A Makendlana	Director Corporate Services	
A Mabena	Director of Finance Department	
D Van Thura	Director Infrastructure	
Representatives	Sector Departments	

**Table 133. Local Joint Organising Committee members**

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### d) COVID-19: statistical information

The table below indicates the documented statistical information for COVID-19 within the Beaufort West Municipality area from 1 July 2020 – 30 June 2021:

Description	2021/22	2022/23
Infections	65	2
Deaths	1	0
Recoveries	64	2

Table 134. COVID-19 statistical information

### e) Action plan to address the COVID-19 associated risks

The table below provide the actions implemented/that will be implemented to address the COVID-19 associated risks:

Risk	Action implementation
Wild spread of positive cases	Ongoing awareness notices

Table 135. COVID-19 action plans

### f) COVID – 19 communication/awareness

The table below indicates the different communication/awareness statistical information the Municipality has implemented:

Communication/ Awareness campaign	Platform/ channel utilised	Date
Public participation radio program to communicate important protocols about COVID-19	Radio Gamkaland	Every Thursdays
Flyer distribution	Entire Town	Monthly basis

Table 136. COVID-19 communication/awareness

## 3.8 Component F: Sport and Recreation

### 3.8.1 Sport and Recreation

The community loves sport, but the main challenge is to raise enough funds to develop the different sport fields as only 15% of the Municipal Infrastructure Grant (MIG) funds are available for this purpose.

The MIG allocation for the 2022/23 financial year was earmarked to upgrade of Kwa-Mandlenkosi Sports Stadium and budget was R199 650. It was reduced and only ±R81 000 were used)

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### a) Highlight: Sport and Recreation

The following table indicate the highlight of the financial year:

Highlight	Description
Additional infrastructure erected at Rustdene Sport Stadium	An additional ablution facility has been erected at Rustdene Sport Stadiums

**Table 137. Sport and Recreation highlight**

### b) Challenges: Sport and Recreation

Challenge	Actions to address
Vandalism on public infrastructure in particular sport facilities	The Municipality want to partner with sport bodies to form a collective effort to address this issue

**Table 138. Sport and recreation challenge**

### c) Service Statistics for Sport and Recreation

The table below indicates performance statistics of sport and recreation services:

Type of service	2021/22	2022/23
<b>Community parks</b>		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
<b>Swimming pools</b>		
Number of visitors per annum	159	6 719
R-value collected from entrance fees	R1 903	R94 062
<b>Sport fields</b>		
Number of wards with sport fields	7	7
<b>Sport halls</b>		
Number of wards with sport halls	7	1
Number of sport associations utilizing sport halls	5	0

**Table 139. Service statistics for sport and Recreation**

### d) Capital expenditure: Sport and Recreation

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrade Existing Regional Sport Stadium Ph2 - Rustdene	3 511 977	4 137 947	2 220 347
<b>Total</b>	<b>3 511 977</b>	<b>4 137 947</b>	<b>2 220 347</b>

**Table 140. Capital expenditure: Sport and Recreation**





## 3.9 Component G: Corporate Policy Offices and Other Services

### 3.9.1 Corporate Services

#### a) Introduction to Corporate Services

The purpose of the Corporate Service Department is to provide corporate support to the institution. Corporate Services support the efficient organizational and administrative processes of the Municipality and includes the following functions:

- 🏠 provide legal and administrative support
- 🏠 render HR management and support services to the Municipality that will sustain optimal utilization of municipal human capital
- 🏠 coordinate and provide functional and administrative support to the political office bearers
- 🏠 provide library information services to the community
- 🏠 coordinate administrative processes and activities pertaining to the Thusong Centres
- 🏠 provides ICT support to the Municipality

#### b) Highlights: Corporate Services

The following table indicate the highlights of the financial year:

Highlight	Description
Electronic agendas	The Municipality has been issuing hard copies for agenda for Council meetings and Portfolio Committees for many years. The agendas are now made available electronically which results in a huge cost -and time savings
Appointment of ICT Manager	The revamping of the municipal website can now take place as a dedicated person is now fully focused on it
Review and submission of organisational structure	The Municipal Staff Regulations requires the Municipality to submit organisational structure to the Member of the Executive Council (MEC) by 30 June 2023

Table 141. Corporate Services highlight

#### c) Challenges: Corporate Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Thusong Centres not receiving adequate funding from Provincial Government Western Cape (PGWC)	PGWC must be requested to provide funding especially for maintenance and expansion of Thusong Centres
Mandlenkosi Library needs to be extended or a new Library must be constructed	The Department of Sport, Arts and Culture to be approached for funding and co-funding be obtained through MIG

Table 142. Corporate Services challenges

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### d) Employees: Administration

The following tables represents the number of employees in the Administration Units of Corporate Services, Infrastructure Services & Community Services:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	2	3	2	1	33.33
Middle management and professionals	1	2	1	1	50
Skilled technically, superintendents etc.	1	1	1	0	0
Semi-skilled	16	21	15	6	28.58
Unskilled	2	2	2	0	0
Total	22	29	21	8	27.59

Table 143. Employees: Administration

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents etc.	3	3	3	0	0
Semi-skilled	13	14	13	1	7.14
Unskilled	1	1	1	0	0
Total	17	18	17	1	5.55

Table 144. Employees: Councillor Support and Thusong Service Centres

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Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	1	1	0	1	100
Senior management	0	4	1	3	75
Middle management and professionals	2	3	1	2	66.67
Skilled technically, superintendents etc.	2	5	1	4	80
Semi-skilled	1	1	1	0	0
Unskilled	0	0	0	0	0
Total	6	14	4	10	71.43

**Table 145. Employees: Office of the Municipal Manager**

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	1	1	0	1	100
Senior management	0	0	0	0	0
Middle management and professionals	2	2	0	2	100
Skilled technically, superintendents etc.	2	2	2	0	0
Semi-skilled	1	1	1	1	100
Unskilled	0	0	0	0	0
Total	6	6	3	4	66.67

**Table 146. Employees: Municipal Management Services**

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### 3.9.2 Financial Services

#### a) Highlights: Financial Services

The following table indicate the highlight of the financial year:

Highlight	Description
Eskom arrangement	The Municipality entered into an agreement with Eskom at the end of January 2023 to pay off the outstanding Eskom account. The Eskom current account for the 2022/23 financial year were paid each month on time
Stability in the Revenue Department	The Municipality permanently appointed a Senior Manager Revenue Services to address the challenges with the Revenue Section of the Finance Department
Municipal Debt Relief - Eskom	The Municipality applied for the municipal debt relief incentive as per MFMA Circular 124 and the application was approved. If the Municipality comply with the criteria stipulated in the Circular, the total debt to Eskom will be written off over a three year period. This will effectively replace the arrangement entered into with Eskom in January 2023

**Table 147. Financial Services highlight**

#### b) Challenges: Financial Services

The following table indicates the challenges faced during the financial year:

Description	Actions to address
Shortage of key personnel and stability of the Financial Department	The position of the CFO have been vacant as from the 1 <sup>st</sup> of July 2022. The position was advertised and filled. However, the successful candidate later declined appointment and the position has been re-advertised.
Addressing issues raised by the Auditor-General (AG)	The Municipality is in the process of filling critical vacancies within the Finance Department to ensure that internal controls are strengthened, key reconciliations are performed to address audit findings previously raised by the AG

**Table 148. Financial Services challenges**

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### c) Debt recovery statistics

The table below indicates the debt recovery statistics for the financial year:

Details of the types of account raised and recovered	2021/22			2022/23		
	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected
	R'000		%	R'000		%
Property Rates	9 245	45 468	49.18%	13 830	45 662	69%
Electricity	2 896	83 161	28.7%	11 196	91 902	82%
Water	12 957	23 344	18%	15 341	18 595	53%
Sanitation	6 394	17 863	27.93%	12 271	20 863	70%
Refuse	4 375	7 901	18.06%	11 896	10 709	61%

Table 149. Debt recovery

### d) Employees: Financial Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	1	1	1	0	0
Middle management and professionals	3	3	3	0	0
Skilled technically, superintendents etc.	11	12	11	1	8.33
Semi-skilled	39	54	39	15	27.77
Unskilled	1	3	1	2	66.6
Total	55	73	55	18	24.66

Table 150. Employees: Financial Services

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### e) Capital expenditure: Financial Services

The table below indicates the capital expenditure incurred:

Capital projects	2022/23 (R)		
	Budget	Adjustment budget	Actual expenditure
Machinery and Equipment	701 305	1 501 305	1 405 722
Furniture and Office Equipment	121 739	50 000	38 897
Computer Equipment	0	0	4 708
<b>Total</b>	<b>823 044</b>	<b>1 551 305</b>	<b>1 449 327</b>

Table 151. Capital Expenditure: Financial Services

### 3.9.3 HR

#### a) Highlights: HR

The following table indicates the highlights of the financial year:

Highlight	Description
Organisational Structure review	During the organisational review, broader consultation was done with the Unions in a form of presentation with Senior Management, Councillors and Trade Unions (SAMWU and IMATU). This was done per Department. The structure was approved by Council on the 29 <sup>th</sup> of June 2023 at a special Council meeting and it was submitted to the MEC
HR policies review	HR policies were drafted and tabled to the Local Labour Forum on 15 May 2023. Policies were workshopped with Senior Management, Councillors and Trade Unions (SAMWU and IMATU) on 18 May 2023. These HR policies were approved on the 26 <sup>th</sup> of May 2023 at a special Council meeting
Job descriptions	In progress of aligning job descriptions with the new Municipal Staff Regulations

Table 152. HR highlights

#### b) Challenges: HR

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Staffing: attracting and retaining top skilled labour	Create a unique learning experience for talent
Reskilling and upskilling	Training and developmental opportunities

Table 153. HR challenges

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### c) Employees: HR Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	0	1	100
Middle management and professionals	1	3	1	2	66.67
Skilled technically, superintendents etc.	0	0	0	0	0
Semi-skilled	3	3	3	0	0
Unskilled	0	0	0	0	0
Total	4	7	4	3	42.86

Table 154. Employees: HR

### 3.9.4 Information and Communication Technology (ICT) Services

#### a) Introduction to ICT services

The ICT department consist of a permanent appointed ICT manager. All Technical support functionalities are outsourced to a service provider.

#### b) Highlights: ICT services

The following table indicates the highlight of the financial year:

Highlight	Description
ICT Manager	ICT Manager has been appointed during 2021/22 financial year
ICT Strategy	ICT Strategy has been approved
Backup testing	Backup testing has been established
Procurement of ICT Infrastructure	The Municipality was able to procure ICT hardware and software valued over R 1000 000 from their own funding despite its financial health status

Table 155. ICT Services highlight

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### c) Challenges: ICT services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Data Management	Unreliable system and conversion results. Subsequent processing interruptions Data integrity issues
No Network Firewall	Municipal Information is at the risk from cybercrimes, due to the current firewall managed internally with no regular updates. Undetected security breaches, Lack of information for performing counterattacks, Missing classification of security breaches
Physical facilities management	IT systems failure due to improper protection from power outages and other facility-related risks
No Standard Operating Procedures (SOPs) in place	No documented SOP in place, resulting to most processes not being followed, and business continuity being compromised.
Key data is lost	Inappropriate recovery steps and processes, resulting to shortcomings in recovery plans. No restore has been performed to test if the Disaster Recovery (DR) Server can perform its function in a case of disaster
No clear Continuity Plan in place	Plans not accessible to all required parties, which may result in failure to recover IT systems and services in a timely manner.
IT Governance & Strategic Weaknesses	Control culture not aligned with management's aims, and Lack of communication of management's aims and directions.
Current technology inappropriately utilised.	Undetected service degradation, Inability to challenge costs and service quality, and Inability to optimise choice of suppliers
Skills transfer	No knowledge capture or skills transfer from contracted personnel
Inappropriate technology utilised	Deviations from the approved technological direction, licensing violations, and Increased support, replacements and maintenance costs

**Table 156. ICT Services challenges**



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### 3.9.5 Procurement Services

#### a) Service statistics for Procurement Services

The following table indicates the performance statistics of Procurement Services:

Description	Total No.	Monthly average	Daily average
Requests processed	752	62.67	2.1
Orders processed	885	73.75	2.46
Requests cancelled or referred back	14	1.17	0.04
Extensions	1	0.08	0
Bids received (number of documents)	274	22.83	0.76
Bids awarded	29	2.42	0.08
Bids awarded below R200 000	3	0.25	0.01
Appeals registered	6	0.5	0.02
Successful appeals	0	0	0

Table 157. Service statistics for Procurement Services

#### b) Details of deviations for Procurement Services

The following table indicates the detail of deviations incurred during the financial year:

Type of deviation	Number of deviations	Percentage of total deviations number (%)	Value of deviations (R)	Percentage of total deviations value (%)
Emergency	9	11.25	487 113.94	32.55
Sole supplier	5	6.25	71 018.88	4.75
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0
Any other exceptional case where it is impossible or impractical to follow the official procurement process	3	3.75	113 819.65	7.61
Any contract with an organ of state, a local authority or a public utility corporation or company	24	30	242 476.2	16.21
Any contract relating to the publication of notice and advertisements by the municipality	30	37.5	265 119.48	17.72



Type of deviation	Number of deviations	Percentage of total deviations number (%)	Value of deviations (R)	Percentage of total deviations value (%)
The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	7	8.75	313 186.67	20.93
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	3	4	40 903.40	2.82

**Table 158. Statistics of deviations: Procurement Services**

### 3.9.6 Municipal Buildings

#### a) Introduction to Municipal Buildings

Maintenance on municipal buildings is done on an ad hoc basis due to financial constraints. Budget was made available during the financial year for the upgrade of municipal stores.

An indigent household team, under the EPWP project, was established in accordance with EPWP standards to create job opportunities. This project involved the fixing of leaks at indigent households to enhance water saving measures.

#### b) Highlights: Municipal Buildings

The following table indicates the highlight of the financial year:

Highlight	Description
Continuation of service	Attending and responding to queries fast

**Table 159. Municipal buildings highlight**

#### c) Challenges: Municipal Buildings

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Limited operational budget	Apply for budget funding
No capital budget	

**Table 160. Municipal buildings challenges**

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### d) Challenges: Municipal Buildings

The table below shows the costs involved for the maintenance of buildings within the municipal area:

Maintenance details	2021/22	2022/23
Municipal	R308 623.00	R347 890.00
<b>Total</b>	<b>R308 623.00</b>	<b>R347 890.00</b>

Table 161. Cost of Municipal Building Maintenance

### e) Employees: Municipal Buildings

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents, etc.	1	1	1	0	0
Semi-skilled	5	6	5	1	16.66
Unskilled	3	6	3	3	50
Total	9	13	9	4	30.77

Table 162. Employees: Municipal buildings

## 3.9.7 Fleet Management Services

### a) Introduction to Fleet Management Services

#### 1) THE GOAL:

Provide a safe, reliable and cost-effective fleet to different departments in a manner that the service to the community can be delivered in a timely manner.

The fleet consist of 110 vehicles, including:

- Motor vehicles;
- Light duty vehicles;
- Trucks and tractors;
- Earth moving vehicle; and
- Compressors and small plants

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### II) OBJECTIVE:

To achieve the aim of our Municipality's Fleet Management Plan, key objectives for fleet services have been set as follows:

- 🏠 Maintain fleet costs effectively and in a timely manner
- 🏠 Put internal control methods in place to prevent fraud and fruitless expenditures
- 🏠 Implementing policies formulated by Council to deliver an efficient service to the community
- 🏠 Share values, norms and expectations
- 🏠 Provide a safe and reliable fleet by keeping fleet in a roadworthy condition
- 🏠 Implementing replacement policies ensuring vehicles are always road and service ready
- 🏠 Building team support, trust, cooperation and evaluate performance of all employees
- 🏠 Keep a thorough record of statistics of vehicle history, logs, petrol usage, vehicles issued and availability
- 🏠 Set up reports that is transparent and accessible to responsible people

The functions of the Fleet Management Section are as follows:

- 🏠 Vehicle maintenance and repairs
- 🏠 Driver management
- 🏠 Vehicle financing
- 🏠 Fuel management
- 🏠 Monthly, quarterly and annually reports
- 🏠 Licensing and road worthiness of fleet vehicles. Provide technical specs for fleet tenders and evaluate

### b) Highlight: Fleet Management Services

The table below indicates the highlight achieved during the financial year:

Description	Actions to address
New Refuse Truck	A new refuse truck was funded by the Department of Forestry and Fishery

Table 163. Fleet management highlight

### c) Challenges: Fleet Management Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Repairing fleet with limited equipment	Assistance from SCM unit
Vacancy of Fleet Manager	Recruitment process

Table 164. Fleet management challenges

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### d) Employees: Mechanical Workshop and Fleet Management

The table below indicates the number of staff employed within the Unit:

Occupational level	2021/22	2022/23			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	0	1	100
Middle management and professionals	0	1	0	1	100
Skilled technical, superintendents, etc.	1	2	1	1	50
Semi-skilled	4	4	4	0	0
Unskilled	0	0	0	0	0
Total	5	8	5	3	37.50

**Table 165. Employees: Mechanical Workshop and Fleet Management**

### 3.10 Component H: Service Delivery Priorities for 2022/23

The main development and service delivery priorities for 2022/23 forms part of the Municipality's Top Layer SDBIP for 2022/23 and are indicated in the tables below:

#### 3.10.1 Provide, maintain and expand basic services to all people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL6	Basic Service Delivery	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2024	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2024	All	<b>16 307</b>
TL7	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom areas) and which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2024	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2024	All	<b>16 307</b>

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL8	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2024	Number of residential properties which are billed for sewerage as at 30 June 2024	All	16 307
TL9	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2024	Number of residential properties which are billed for refuse removal as at 30 June 2024	All	16 307
TL10	Basic Service Delivery	Provide free basic water to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2024	Number of active indigent households receiving free basic water as at 30 June 2024	All	9 658
TL11	Basic Service Delivery	Provide free basic electricity to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2024	Number of active indigent households receiving free basic electricity as at 30 June 2024	All	9 658
TL12	Basic Service Delivery	Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2024	Number of active indigent households receiving free basic sanitation as at 30 June 2024	All	9 658
TL13	Basic Service Delivery	Provide free basic refuse removal to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2024	Number of active indigent households receiving free basic refuse removal as at 30 June 2024	All	9 658
TL14	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2024 [(Actual amount spent /Total amount budgeted for capital projects)X100]	% of capital budget spent by 30 June 2024	All	95%

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL30	Basic Service Delivery	95% of the approved project budget spent on the upgrade of Dliso Avenue and Matshaka Street in Kwa-Mandlenkosi by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL31	Basic Service Delivery	95% of the approved project budget spent on the upgrade of Freddie Max Crescent in Nelspoort by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL32	Basic Service Delivery	95% of the approved project budget spent on the rehabilitation of Gravel Roads in Rustdene, Kwa-Mandlenkosi & Hillside II by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL33	Basic Service Delivery	95% of the approved project budget spent on the upgrade of Pieter Street (gravel road) in Rustdene by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL34	Basic Service Delivery	95% of the approved project budget spent on new stormwater drainage in Murraysburg by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL35	Basic Service Delivery	95% of the approved project budget spent on the upgrade of existing irrigation pump station at the Waste Water Treatment Works in Beaufort West by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL39	Basic Service Delivery	Submit a report on the Illegal Dumping Project (Department of Environmental Affairs) to Council by 30 September 2023	Number of reports submitted	All	1
TL40	Good Governance and Public Participation	Submit a Housing Pipeline Report to Council by 30 June 2024	Number of reports submitted	All	1
TL41	Basic Service Delivery	Draft the Waste By-Law and submit to Council for approval by 31 October 2023	Number of by-laws submitted for approval	All	1
TL42	Basic Service Delivery	Revise the Human Settlements Plan and submit to Council by 31 December 2023	Number of plans submitted	All	1
TL43	Basic Service Delivery	95% of the approved project budget spent on the supply and delivery of a Yellow Plant (Landfill Site) in Beaufort West by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%

**Table 166.** Service delivery priority: Provide, maintain and expand basic services to all people in the municipal area

### 3.10.2 Sustainable, safe and healthy environment

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL29	Basic Service Delivery	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro biological indicators	% of water samples compliant to SANS 241	All	95%
TL36	Basic Service Delivery	95% of the approved project budget spent on the upgrade of sportsgrounds in Nelspoort by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%
TL37	Basic Service Delivery	95% of the approved project budget spent on the upgrade of existing Regional Sport Stadium in Rustdene by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	95%



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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL38	Good Governance and Public Participation	Hold roadblocks in conjunction with the Provincial Traffic Department quarterly	Number of roadblocks held	All	4
TL44	Basic Service Delivery	Develop an Air Quality Management By-Law and submit to Council by 30 June 2024	Number of by-laws submitted	All	1

**Table 167.** Service delivery priority: Sustainable, safe and healthy environment

### 3.10.3 Promote broad-based growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL3	Local Economic Development	Review the LED strategy and submit to Council by 30 June 2024	Revised LED strategy submitted to Council by 30 June 2024	All	1
TL28	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2023	Number of temporary jobs opportunities created by 30 June 2023	All	74

**Table 168.** Service delivery priority: Promote broad-based growth and development

### 3.10.4 Maintain an ethical, accountable and transparent administration

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL1	Good Governance and Public Participation	Compile the Risk based audit plan for 2024/25 and submit to Audit committee for consideration by 30 June 2024	Risk based audit plan submitted to Audit committee by 30 June 2024	All	1
TL2	Good Governance and Public Participation	70% of the Risk based audit plan for 2023/24 implemented by 30 June 2024 [(Number of audits and tasks completed for the period identified in the RBAP/ Number of audits and tasks identified in the RBAP) x 100]	% of the Risk Based Audit Plan implemented by 30 June 2024	All	70%
TL4	Good Governance and Public Participation	Review the Integrated Development Plan 2022-2027 and submit to Council by 31 May 2024	Number of IDP's submitted	All	1
TL5	Good Governance and Public Participation	Submit the Annual Performance Report to the Auditor-General by 31 August 2023	Number of reports submitted	All	1

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL21	Municipal Transformation and Institutional Development	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	1
TL22	Municipal Transformation and Institutional Development	0.5% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2024 [(Actual amount spent on training/total personnel budget) x100]	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.50%
TL24	Municipal Transformation and Institutional Development	Submit the Change Management Strategy to Council by 31 December	Number of strategies submitted	All	1
TL25	Municipal Transformation and Institutional Development	Submit the Rewards and Recognition Policy to Council by 30 June 2024	Rewards and Recognition Policy submitted to Council by 30 June 2024	All	1
TL26	Municipal Transformation and Institutional Development	Submit the Portfolio of Evidence Policy to Council by 30 June 2024	Portfolio of Evidence Policy submitted to Council by 30 June 2024	All	1
TL27	Municipal Transformation and Institutional Development	Establish the Municipal Moderation Committee by 30 June 2024	Municipal Moderation Committee established by 30 June 2024	All	1

**Table 169.** Service delivery priority: Maintain an ethical, accountable and transparent administration

### 3.10.5 Uphold sound financial management principles and practices

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL15	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2024 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue -Operating Conditional Grant) x 100]	Debt to Revenue as at 30 June 2024	All	45%

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL16	Municipal Financial Viability and Management	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2024 [(Total outstanding service debtors/annual revenue received for services)x 100]	Service debtors to revenue as at 30 June 2024	All	<b>35%</b>
TL17	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2024 [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	Cost coverage as at 30 June 2024	All	<b>1</b>
TL18	Municipal Financial Viability and Management	Achieve an payment percentage of 85% by 30 June 2024 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2024	All	<b>88%</b>
TL19	Municipal Financial Viability and Management	Limit unaccounted for water quarterly to less than 25% during 2023/24 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (including free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	<b>30%</b>
TL20	Municipal Financial Viability and Management	Limit unaccounted for electricity to less than 10% quarterly during the 2023/24 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) × 100]	% unaccounted electricity	All	<b>10%</b>

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL23	Local Economic Development	Spend 100% of the library grant by 30 June 2024 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2023	All	100%

Service delivery priority: Uphold sound financial management principles and practices



## CHAPTER 4

### 4.1 National KPI – Municipal transformation and organisational development

The following table indicates the Municipality's performance in terms of the National KPI required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National KPA – Municipal transformation and organisational development.

KPA and Indicators	Municipal achievement	Municipal achievement
	2021/22	2022/23
Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	1
0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2023 ((Actual amount spent on training/total personnel budget)x100)	0.77%	0.50%

Table 170. National KPIs– Municipal transformation and organisational development

### 4.2 Component A: Introduction to the municipal workforce

The Municipality currently employs **416** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR management is to render an innovative service that addresses both skills development and an administrative function.

#### 4.2.1 Employment equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National KPA also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

#### a) Employment equity targets and actuals

African		Coloured		Indian		White	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
71	106	305	277	0	0	40	11

Table 171. 2022/23 Employment equity targets and actuals by racial classification

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Males (including disability)		Females (including disability)	
Target	Actual	Target	Actual
196	255	220	139

Table 172. 2022/23 Employment equity targets and actuals by gender classification

### b) Specific occupational categories - Race

The table below indicates the number of employees (excluding vacancies) by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	1	0	0	0	0	0	0	0	1
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	2	0	5	2	3	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	20	0	2	5	11	0	0	47
Semi-skilled and discretionary decision making	35	89	0	2	13	63	0	2	209
Unskilled and defined decision making	28	63	0	0	14	26	0	0	122
<b>Total permanent</b>	<b>72</b>	<b>174</b>	<b>0</b>	<b>9</b>	<b>34</b>	<b>103</b>	<b>0</b>	<b>2</b>	<b>394</b>

Table 173. Occupational categories

### 4.2.2 Vacancy rate

The approved organogram of the Municipality had **513** budgeted posts for the 2022/23 financial year. The actual positions filled are indicated in the tables below by post and by functional level. Actual positions filled are **394**. **119** posts were vacant at the end of 2022/23, resulting in a vacancy rate of **23.20%**. The table below indicates a breakdown of vacancies within the Municipality:

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56 employees	1	4
Middle management (T14-T19)	14	3
Admin officers (T4-T13)	261	57
General workers (T3)	118	55
<b>Total</b>	<b>394</b>	<b>119</b>
Per functional level		
Functional area	Filled	Vacant



Per post level		
Post level	Filled	Vacant
Municipal Manager	5	1
Corporate Services	53	23
Financial Services	55	18
Community Services	114	41
Infrastructure Services	167	36
<b>Total</b>	<b>394</b>	<b>119</b>

Table 174. Vacancy rate per post and functional level

## 4.2.3 Staff turnover rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional knowledge. The staff turnover rate shows a decreased from 10.33% in 2021/22 to 5.43% in 2022/23.

Below is a table that shows the staff turnover rate within the Municipality:

Financial year	Appointments at the end of each financial year	New appointments	Terminations during the year	Turn-over rate
2021/22	416	45	43	10.33%
2022/23	394	3	22	5.43%

Table 175. Staff turnover rate

## 4.3 Component B: Managing the municipal workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injuries will influence the loss of man hours and therefore financial and productivity performance. The number of injuries **decreased** from 13 for 2021/22 to 9 for the 2022/23 financial year.

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The table below indicates the total number of injuries within the different directorates:

Directorates	2021/22	2022/23
Municipal Manager	1	0
Corporate Services	1	0
Financial Services	0	2
Community Services	5	5
Infrastructure Services	6	2
<b>Total</b>	<b>13</b>	<b>9</b>

**Table 176. Injuries**

### 4.3.2 Sick leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2022/23 financial year shows a decrease when compared with the 2021/22 financial year.

The table below indicates the total number of sick leave days taken within the different directorates:

Department	2021/22	2022/23
Municipal Manager	5	5
Corporate Services	345	357
Financial Services	336	461
Community Services	1 000	929
Infrastructure Services	1 208	1 095
<b>Total</b>	<b>2 894</b>	<b>2 847</b>

**Table 177. Sick leave**



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### 4.3.3 HR Policies and plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

HR policies categories supplied to Municipality		
Category	Policy	Date
<b>Category A: Organisation management</b>		
A1	Staff Establishment	Approved by Council: 29 June 2023
A2	Cellphone Policy And Cellphone Allowance	Approved by Council: 26 June 2023
A3	Travel Allowance Policy	Approved by Council: 26 June 2023
A4	Electronic Communication and Information Security Policy	Approved by Council: 26 June 2023
A5	Language Policy	Approved by Council: 26 June 2023
A6	Human Resource Communication Policy	Approved by Council: 26 June 2023
<b>Category B: HR provisioning and maintenance</b>		
B1	Recruitment and Selection Policy	Approved by Council: 26 June 2023
B2	Private Work Policy and Declaration of Interest Policy	Approved by Council: 26 June 2023
B3	Working Hours Policy	Approved by Council: 26 June 2023
B4	Overtime Policy	Approved by Council: 26 June 2023
B5	Legal Aid Policy	Approved by Council: 26 June 2023
B6	Promotion, Transfer, Secondment and Acting Appointment Policy	Approved by Council: 26 June 2023
B7	Placement Policy	Approved by Council: 26 June 2023
B8	Absent leave Policy	Approved by Council: 26 June 2023
B9	Remuneration Policy	Approved by Council: 26 June 2023
B10	Overtime Policy	Approved by Council: 26 June 2023
B11	Job Evaluation Policy	Approved by Council: 26 June 2023
B12	Occupational Health and Safety Policy	Approved
<b>Category C: Human Capital Development</b>		
C1	Succession Planning and Career Pathing	Approved by Council : 29 January 2019
C2	Induction Policy	Approved: 26 June 2023
<b>Category D: Employee Wellness</b>		
D1	HIV and Aids Policy	Approved by Council: 26 June 2023



HR policies categories supplied to Municipality		
Category	Policy	Date
D2	Incapacity Policy-Poor Work performance, Ill Health, Injury and Operational Requirements	Approved by Council: 26 June 2023
D3	Intoxicating Substance Abuse Policy	Approved by Council: 26 June 2023
D4	Staff Member Wellness Programme	Approved by Council: 26 June 2023
D5	On-boarding Medical Fitness	Approved by Council: 26 June 2023
Category E: Employment Equity		
E1	Employment Equity Policy Framework	Approved: July 2022
E2	Sexual Harassment	Approved: July 2022
E3	Gender Policy	Approved: July 2022

**Table 178. HR Policy list in categories**

## 4.4 Component C: Capacitating the municipal workforce

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

### 4.4.1 Skills matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2022/23)	Number of employees that received training (2022/23)
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	6	0
	Male	5	0
Associate professionals and technicians	Female	5	1
	Male	10	2
Professionals	Female	15	
	Male	10	
Clerks	Female	10	8
	Male	20	11
Service and sales workers	Female	10	5
	Male	0	0
Craft and related trade workers	Female	0	0

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Management level	Gender	Number of employees identified for training at start of the year (2022/23)	Number of employees that received training (2022/23)
	Male	0	0
Plant and machine operators and assemblers	Female	40	5
	Male	40	14
Elementary occupations	Female	40	6
	Male	40	29
<b>Sub-total</b>	<b>Female</b>	<b>126</b>	<b>25</b>
	<b>Male</b>	<b>125</b>	<b>56</b>
<b>Total</b>		<b>251</b>	<b>81</b>

Table 179. Skills matrix

### 4.4.2 Skills development – Training provided

The SDA and the MSA requires employers to supply employees with the necessary training in order to develop its HR capacity. Section 55(1)(f) states that the Municipal Manager is responsible for the management, utilisation and training of staff.

The table below gives an indication of the training provided to employees for the financial year:

Occupational categories	Gender	Training provided within the reporting period (2022/23)	
		Learnerships	
		Target	Actual
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	6	0
	Male	5	0
Professionals	Female	5	1
	Male	10	2
Technicians and associate professionals	Female	15	0
	Male	10	0
Clerks	Female	10	8
	Male	20	11
Service and sales workers	Female	10	5
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	40	5
	Male	40	14
Elementary occupations	Female	40	6



Occupational categories	Gender	Training provided within the reporting period (2022/23)	
		Learnerships	
		Target	Actual
	Male	40	29
Sub-total	Female	126	25
	Male	125	56
Total		251	81

Table 180. Skills development

## 4.4.3 MFMA competencies

In terms of Section 83(1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Accounting Officer	0	0	0	0
Chief Financial Officer	0	0	0	0
Senior managers	1	0	1	1
Any other financial officials	1	1	0	1
Heads of SCM Units	0	0	0	0



Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
SCM senior managers	0	0	0	0
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>

Table 181. MFMA competencies

## 4.5 Component D: Managing the municipal workforce expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the Municipality is within the national norm of between 35% to 40%:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage
	R'000		
2021/22	125 186	305 672	40.95%
2022/23	128 707	339 746	37.88%

Table 182. Personnel expenditure

Below is a summary of councillor and staff benefits for the year under review:

Financial year	2021/22	2022/23		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Councillors (political office bearers plus other)				
Basic salaries and wages	5 250	5 666	5 334	5 359
Pension and UIF contributions	121	130	239	192
Medical aid contributions	12	0	0	3
Motor vehicle allowance	213	142	136	136
Cell phone allowance	530	552	530	529

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Financial year	2021/22	2022/23		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Other benefits and allowances	47	49	47	46
<b>Sub total</b>	<b>6 173</b>	<b>6 538</b>	<b>6 286</b>	<b>6 265</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>5.91</b>	<b>(3.85)</b>	<b>(0.33)</b>
<b>Senior managers of the Municipality</b>				
Basic salaries and wages	4 271	4 740	4 227	3 109
Pension and UIF contributions	522	533	289	297
Medical aid contributions	0	0	0	11
Motor vehicle allowance	246	246	66	86
Cell phone allowance	89	90	89	83
Housing allowance	7	7	0	0
Performance bonus	0	0	100	150
Other benefits and allowances	553	387	721	818
Post retirement benefit obligations	0	0	203	176
<b>Sub total</b>	<b>5 688</b>	<b>6 003</b>	<b>5 695</b>	<b>4 730</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>5.54</b>	<b>(5.13)</b>	<b>(16.94)</b>
<b>Other municipal staff</b>				
Basic salaries and wages	86 228	91 778	91 886	83 250
Pension and UIF contributions	13 897	15 519	13 989	13 702
Medical aid contributions	2 016	2 088	2 012	2 007
Motor vehicle allowance	235	213	81	81
Cell phone allowance	172	172	152	151
Housing allowances	427	402	424	423
Overtime	2 921	1 274	2 600	3 653
Bonus	6 007	6 372	6 075	5 946
Other benefits and allowances	4 900	491	699	6 589
Long service awards	565	722	698	482
Payments in lieu of leave	918	-	111	379
Post-retirement benefit obligations	1 003	1 340	1 400	1 048
<b>Sub-total</b>	<b>119 289</b>	<b>120 372</b>	<b>120 127</b>	<b>117 711</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>0.91</b>	<b>(0.20)</b>	<b>(2.01)</b>
<b>Total Municipality</b>	<b>131 150</b>	<b>132 912</b>	<b>132 108</b>	<b>128 706</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>1.34</b>	<b>(0.60)</b>	<b>(2.58)</b>

Table 183. Councillor and staff benefits



## CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2022/23 financial year.

### Component A: Statements of Financial Performance

The statement of financial performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

#### 5.1 Financial summary

The table below indicates the summary of the financial performance for the 2022/23 financial year:

Financial summary						
R'000						
Description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Financial performance						
Property rates	40 235	47 808	47 808	45 597	(4.85)	(4.85)
Service charges	130 709	169 778	160 338	127 431	(33.23)	(25.82)
Investment revenue	8 413	8 302	14 157	12 561	33.91	(12.70)
Transfers recognised - operational	81 602	89 312	95 239	91 797	2.71	(3.75)
Other own revenue	36 212	53 704	54 697	50 808	(5.70)	(7.65)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>297 171</b>	<b>368 904</b>	<b>372 238</b>	<b>328 194</b>	<b>(12.40)</b>	<b>(13.42)</b>
Employee costs	124 977	126 374	125 822	122 441	(3.21)	(2.76)
Remuneration of Councillors	6 173	6 538	6 286	6 266	(4.34)	(0.32)
Depreciation and asset impairment	24 437	24 986	24 986	20 847	(19.85)	(19.85)
Finance charges	11 701	901	7 076	11 468	92.15	38.30
Materials and bulk purchases	90 784	104 368	104 460	91 746	(13.76)	(13.86)
Transfers and grants	500	550	900	588	6.41	(53.14)
Other expenditure	85 874	99 915	142 709	111 531	10.41	(27.96)
<b>Total expenditure</b>	<b>344 445</b>	<b>363 631</b>	<b>412 240</b>	<b>364 886</b>	<b>0.34</b>	<b>(12.98)</b>

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Financial summary						
R'000						
Description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
<b>Surplus/(deficit)</b>	<b>(47 274)</b>	<b>5 273</b>	<b>(40 001)</b>	<b>(36 692)</b>	<b>114.37</b>	<b>(9.02)</b>
Transfers recognised - capital	14 853	54 024	55 259	52 732	(2.45)	(4.79)
Contributions recognised - capital and contributed assets	794	0	0	2 965	100	100
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>(31 627)</b>	<b>59 297</b>	<b>15 258</b>	<b>19 005</b>	<b>(212)</b>	<b>19.72</b>
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	14 840	46 978	46 821	45 857	(2.44)	(2.10)
Public contributions and donations	794	0	1 230	2 965	100	58.51
Borrowing	0	0	0	0	N/A	N/A
Internally generated funds	5	3 850	2 660	1 919	(100.67)	(38.62)
<b>Total sources of capital funds</b>	<b>15 640</b>	<b>50 828</b>	<b>50 711</b>	<b>50 741</b>	<b>(0.17)</b>	<b>0.06</b>
Financial position						
Total current assets	103 763	91 475	133 125	105 479	13.28	(26.21)
Total non-current assets	434 401	577 652	462 398	465 707	(24.04)	0.71
Total current liabilities	156 923	140 794	201 988	170 866	17.60	(18.21)
Total non-current liabilities	50 537	43 766	49 254	50 605	13.51	2.67
Community wealth/equity	330 705	484 567	344 281	349 715	(38.56)	1.55
Cash flows						
Net cash from (used) operating	41 694	67 083	35 123	44 351	(51.25)	20.81
Net cash from (used) investing	(15 527)	(58 452)	(50 711)	(45 118)	(29.55)	(12.40)
Net cash from (used) financing	(1 503)	(540)	(758)	(759)	28.82	0.11
<b>Cash/cash equivalents at the year end</b>	<b>24 664</b>	<b>8 090</b>	<b>(16 347)</b>	<b>(1 526)</b>	<b>630.14</b>	<b>(971.16)</b>
Cash backing/surplus reconciliation						



## CHAPTER 5: FINANCIAL PERFORMANCE



Financial summary						
R'000						
Description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Cash and investments available	16 386	(36 834)	39	14 860	347.88	99.74
Application of cash and investments	1 466	(349 770)	(24 373)	5 139	6 905.84	574.25
<b>Balance - surplus (shortfall)</b>	<b>14 920</b>	<b>312 936</b>	<b>24 412</b>	<b>9 721</b>	<b>(3 119.33)</b>	<b>(151.14)</b>
Asset management						
Asset register summary (WDV)	433 289	575 192	460 656	463 182	(24.18)	0.55
Depreciation and asset impairment	24 437	24 986	24 986	20 847	(19.85)	(19.85)
Renewal of existing assets	0	22 924	22 911	0	N/A	N/A
Repairs and maintenance	1 417	11 331	12 995	1 865	(507.52)	(596.72)
Free services						
Cost of Free Basic Services provided	0	0	0	0	N/A	N/A
Revenue cost of free services provided	0	0	0	0	N/A	N/A
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

**Table 184. Financial performance 2022/23**

The table below shows a summary of performance against budgets:

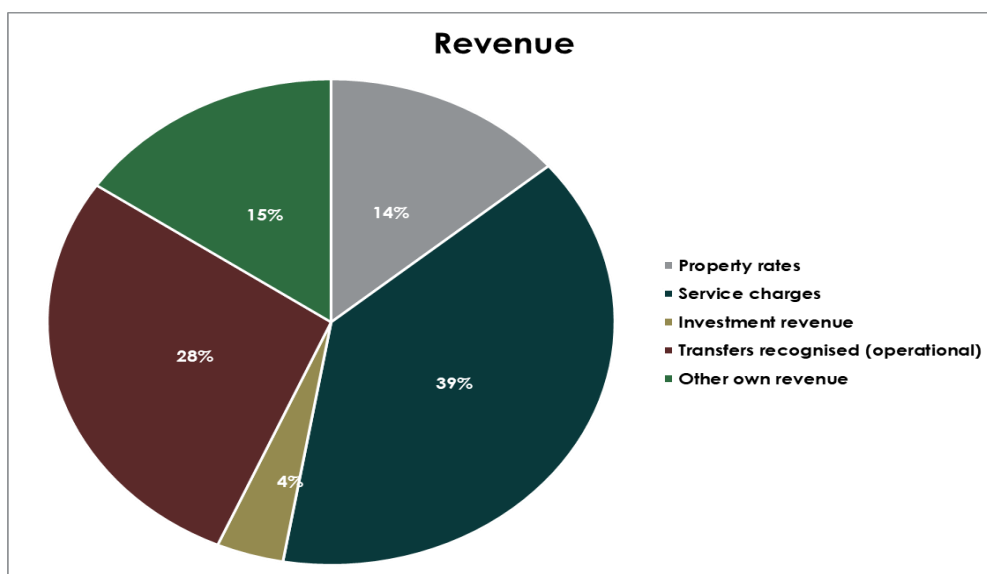
Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2021/22	348 764	312 818	(35 947)	(10)	347 048	344 445	2 602	1
2022/23	427 498	383 891	(43 607)	(10)	412 240	364 886	47 354	11

**Table 185. Performance against budgets**

## CHAPTER 5: FINANCIAL PERFORMANCE

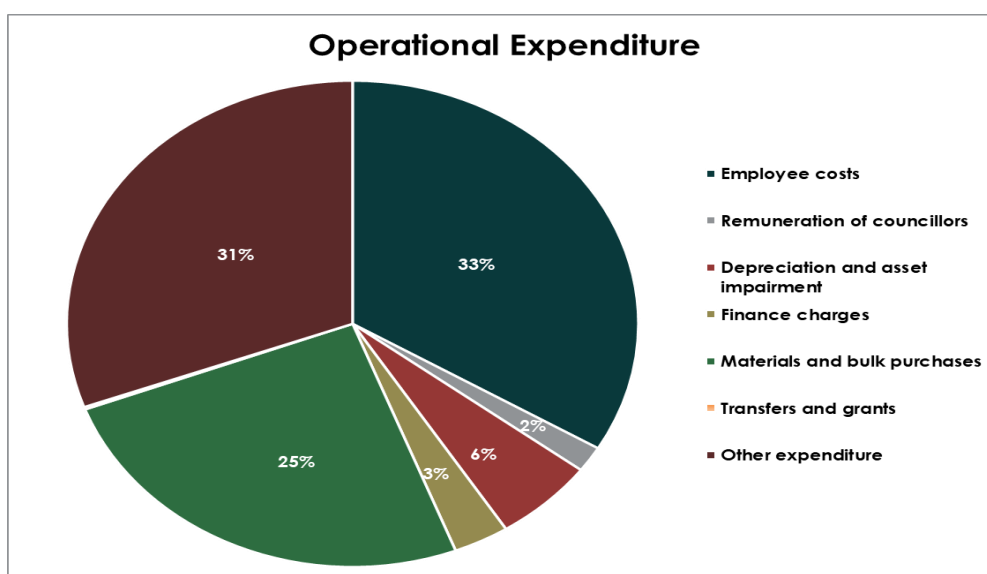


The following graph indicates the various types of revenue items in the municipal budget for 2022/23



Graph 6.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2022/23



Graph 7.: Operating expenditure

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Vote 1 – Executive and Council	31 484	0	9 601	9 579	100	(0.23)
Vote 2 - Financial Services	88 643	4 523	6 187	112 074	95.96	94.48
Vote 3 - Corporate Services	2 221	10 418	13 155	45 736	77.22	71.24
Vote 4 - Community Services	14 776	98 164	91 411	33 879	(189.75)	(169.82)
Vote 5 - Engineering Services	173 749	259 777	307 143	186 761	(39.10)	(64.46)
Vote 6 – Electrical Services	0	50 047	0	0	N/A	N/A
<b>Total revenue by vote</b>	<b>310 873</b>	<b>422 928</b>	<b>427 498</b>	<b>388 029</b>	<b>(8.99)</b>	<b>(10.17)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

Table 186. Revenue by vote

### 5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2022/23 financial year:

Description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Property rates	40 235	47 808	47 808	45 597	(4.85)	(4.85)
Service Charges - electricity revenue	81 667	103 525	102 062	79 475	(30.26)	(28.42)
Service Charges - water revenue	23 265	33 026	24 630	16 980	(94.50)	(45.05)
Service Charges - sanitation revenue	17 871	22 082	21 344	20 478	(7.83)	(4.23)
Service Charges - refuse revenue	7 905	11 146	12 302	10 498	(6.17)	(17.19)
Rentals of facilities and equipment	1 353	1 671	1 671	1 382	(20.88)	(20.88)
Interest earned - external investments	541	385	1 630	2 121	81.85	23.16
Interest earned - outstanding debtors	7 872	7 917	12 527	10 440	24.17	(19.99)
Fines	30 509	49 523	49 523	44 668	(10.87)	(10.87)
Licences and permits	330	226	466	181	(24.45)	(157.00)
Agency services	462	900	1 200	1 180	23.72	(1.71)
Transfers recognised - operational	81 602	89 312	95 239	91 797	2.71	(3.75)
Other revenue	3 557	1 385	1 837	3 396	59.22	45.91

## CHAPTER 5: FINANCIAL PERFORMANCE



Description	2021/22	2022/23			2022/23 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Gains on disposal of PPE	0	0	0	0	N/A	N/A
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 171</b>	<b>368 904</b>	<b>372 238</b>	<b>328 194</b>	<b>(12.40)</b>	<b>(13.42)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

Table 187. Revenue by source

### 5.1.3 Operational services performance

The table below indicates the operational services performance for the 2022/23 financial year:

Description	2021/22	2022/23			2022/23 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Water Services	33 642	34 083	43 453	28 138	(21.13)	(54.43)
Waste Water (Sanitation) Services	13 633	19 845	26 138	20 680	4.04	(26.39)
Electricity Services	90 179	104 960	102 787	98 166	(6.92)	(4.71)
Waste Management Services	17 959	18 579	22 117	16 907	(9.89)	(30.82)
Component A: sub-total	155 412	177 466	194 495	163 891	(8.28)	(18.67)
Roads and Stormwater	10 729	19 427	19 084	15 730	(23.51)	(21.32)
Transport	0	0	0	0	N/A	N/A
Component B: sub-total	10 729	19 427	19 084	15 730	(23.51)	(21.33)
Planning	5 241	8 780	12 208	5 597	(56.87)	(118.13)
Local Economic Development	0	0	0	0	N/A	N/A
Component C: sub-total	5 241	8 780	12 208	5 597	(56.87)	(118.13)
Housing	240	3 352	1 676	1 731	(93.70)	3.17
Social services & community development	0	0	0	0	N/A	N/A
Component D: sub-total	240	3 352	1 676	1 731	(93.70)	3.17
Environmental Protection (Pollution Control, Bio-Diversity, Landscape, Open Spaces, Parks, And Coastal Protection)	0	0	0	0	N/A	N/A
Component E: sub-total	0	0	0	0	N/A	N/A
Traffic & licensing	37 700	47 791	64 552	48 526	1.51	(33.03)
Fire Services and Disaster Management	0	0	0	0	N/A	N/A

## CHAPTER 5: FINANCIAL PERFORMANCE



Description	2021/22	2022/23			2022/23 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Component F: sub-total	37 700	47 791	64 552	48 526	1.51	(33.03)
Sport and Recreation	1 711	7 981	7 470	3 698	(115.83)	(102)
Cemeteries	516	1 423	1 139	1 355	(5)	15.96
Libraries	5 645	6 489	6 537	6 650	2.43	1.70
Museum	0	0	0	0	N/A	N/A
Community Halls, Facilities, Thusong Centres	9 171	3 271	3 318	9 446	65.37	64.88
Component G: sub-total	17 044	19 164	18 464	21 149	9.39	12.70
Budget and Treasury Office	67 285	71 724	84 451	73 019	1.77	(15.66)
Executive and Council	13 237	14 238	16 194	22 215	35.91	27.11
Corporate Services	29 569	1 688	1 116	17 166	90.17	93.50
Component H: sub-total	116 134	87 650	101 761	112 400	22.02	9.46
Total Expenditure	342 500	363 631	412 239	363 881	1.46	(11.71)
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 188. Operational services performance

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2 Financial performance per municipal function

The tables below indicate the Municipality's performance with regards to each municipal function:

#### 5.2.1 Water services

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	31 002	81 510	76 692	45 680	(67.89)
<b>Expenditure:</b>					
Employees	7 913	7 028	7 542	7 626	1.09
Repairs and maintenance	458	682	682	601	(13.40)
Other	25 271	26 373	35 228	19 911	(76.93)
Total operational expenditure	33 642	34 083	43 453	28 138	(54.43)
Net operational (service)	(2 640)	47 427	33 239	17 542	(89.48)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 189. Financial performance: Water services

#### 5.2.2 Waste water (sanitation) services

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	26 157	40 696	37 890	28 696	(32.04)
<b>Expenditure:</b>					
Employees	5 063	6 425	6 543	6 707	2.44
Repairs and maintenance	226	465	465	417	(11.44)
Other	8 344	12 955	19 129	13 556	(41.11)
Total operational expenditure	13 633	19 845	26 138	20 680	(26.39)
Net operational (service)	12 524	20 850	11 752	8 016	(46.62)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 190. Financial performance: Waste water (sanitation) services

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2.3 Electricity

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>97 003</b>	<b>127 381</b>	<b>132 916</b>	<b>105 001</b>	<b>(26.59)</b>
<b>Expenditure:</b>					
Employees	8 673	7 964	8 463	8 537	0.86
Repairs and maintenance	43	675	385	162	(137.24)
Other	76 969	96 320	93 759	89 466	(4.80)
<b>Total operational expenditure</b>	<b>85 686</b>	<b>104 960</b>	<b>102 607</b>	<b>98 166</b>	<b>(4.52)</b>
<b>Net operational (service)</b>	<b>11 318</b>	<b>22 421</b>	<b>30 309</b>	<b>6 835</b>	<b>(343.41)</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 191. Financial performance: Electricity

### 5.2.4 Waste management

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>13 141</b>	<b>24 005</b>	<b>25 885</b>	<b>18 811</b>	<b>(37.60)</b>
<b>Expenditure:</b>					
Employees	12 476	10 736	10 224	9 989	(2.35)
Repairs and maintenance	25	507	357	0	(261 551.38)
Other	5 458	7 336	11 537	6 918	(66.77)
<b>Total operational expenditure</b>	<b>17 959</b>	<b>18 579</b>	<b>22 117</b>	<b>16 907</b>	<b>(30.82)</b>
<b>Net operational (service)</b>	<b>(4 818)</b>	<b>5 426</b>	<b>3 767</b>	<b>1 904</b>	<b>(97.83)</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 192. Financial performance: Waste management

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2.5 Housing

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	249	1 015	165	165	0
<b>Expenditure:</b>					
Employees	116	2 389	1 547	1 673	7.57
Repairs and maintenance	0	5	5	0	N/A
Other	124	958	124	58	(115.74)
Total operational expenditure	240	3 352	1 676	1 731	3.17
Net operational (service)	10	(2 338)	(1 511)	(1 566)	3.50
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 193. Financial performance: Housing

### 5.2.6 Road transport

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	0	8 049	4 725	3 697	(27.79)
<b>Expenditure:</b>					
Employees	9 764	10 046	9 679	10 022	3.42
Repairs and maintenance	0	700	400	0	(84 110.53)
Other	965	8 681	9 004	5 707	(57.79)
Total operational expenditure	10 729	19 427	19 084	15 730	(21.32)
Net operational (service)	(10 729)	(11 378)	(14 359)	(12 033)	(19.33)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 194. Financial performance: Road transport



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### 5.2.7 LED

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>1 940</b>	<b>1 331</b>	<b>2 362</b>	<b>1 135</b>	<b>(108.13)</b>
<b>Expenditure:</b>					
Employees	4 381	5 959	6 336	4 409	(43.69)
Repairs and maintenance	20	26	26	0	N/A
Other	841	2 794	3 064	1 187	(158.02)
<b>Total operational expenditure</b>	<b>5 241</b>	<b>8 780</b>	<b>9 426</b>	<b>5 597</b>	<b>(68.42)</b>
<b>Net operational (service)</b>	<b>(3 301)</b>	<b>(7 449)</b>	<b>(7 064)</b>	<b>(4 462)</b>	<b>(58.32)</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 195. Financial performance: LED

### 5.2.8 Libraries

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>6 361</b>	<b>6 701</b>	<b>6 714</b>	<b>6 606</b>	<b>(1.64)</b>
<b>Expenditure:</b>					
Employees	5 272	5 830	5 811	5 815	0.07
Repairs and maintenance	93	88	87	58	(48.71)
Other	399	570	639	777	17.67
<b>Total operational expenditure</b>	<b>5 764</b>	<b>6 489</b>	<b>6 537</b>	<b>6 650</b>	<b>1.70</b>
<b>Net operational (service)</b>	<b>597</b>	<b>212</b>	<b>177</b>	<b>(44)</b>	<b>500.92</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 196. Financial performance: Libraries

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2.9 Community facilities

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>6 363</b>	<b>1 355</b>	<b>1 041</b>	<b>1 708</b>	<b>39.04</b>
<b>Expenditure:</b>					
Employees	8 685	3 492	3 381	6 518	48.13
Repairs and maintenance	133	129	129	3	(3 829.03)
Other	870	1 073	947	4 280	77.87
<b>Total operational expenditure</b>	<b>9 687</b>	<b>4 694</b>	<b>4 457</b>	<b>10 801</b>	<b>58.74</b>
<b>Net operational (service)</b>	<b>(3 324)</b>	<b>(3 339)</b>	<b>(3 415)</b>	<b>(9 094)</b>	<b>62.44</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 197. Financial performance: Community facilities

### 5.2.10 Traffic services and law enforcement

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>2 818</b>	<b>50 081</b>	<b>50 462</b>	<b>4 443</b>	<b>(1 035.74)</b>
<b>Expenditure:</b>					
Employees	15 657	16 724	16 892	17 886	5.55
Repairs and maintenance	15	336	276	22	(1 141.84)
Other	22 049	30 732	47 383	30 618	(54.76)
<b>Total operational expenditure</b>	<b>37 721</b>	<b>47 791</b>	<b>64 552</b>	<b>48 526</b>	<b>(33.03)</b>
<b>Net operational (service)</b>	<b>(34 903)</b>	<b>2 289</b>	<b>(14 090)</b>	<b>(44 083)</b>	<b>68.04</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 198. Financial performance: Traffic services and law enforcement

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2.11 Parks and recreation

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>468</b>	<b>3 188</b>	<b>3 982</b>	<b>2 209</b>	<b>(80.30)</b>
<b>Expenditure:</b>					
Employees	1 513	6 172	5 581	2 379	(134.60)
Repairs and maintenance	15	342	342	34	(900.93)
Other	184	1 468	1 547	1 285	(20.39)
<b>Total operational expenditure</b>	<b>1 711</b>	<b>7 981</b>	<b>7 470</b>	<b>3 698</b>	<b>(102)</b>
<b>Net operational (service)</b>	<b>(1 243)</b>	<b>(4 794)</b>	<b>(3 487)</b>	<b>(1 489)</b>	<b>(134.17)</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 199. Financial performance: Parks and recreation

### 5.2.12 Office of the MM

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>27 343</b>	<b>11 625</b>	<b>11 707</b>	<b>46 260</b>	<b>74.69</b>
<b>Expenditure:</b>					
Employees	10 373	13 205	14 810	15 996	7.41
Repairs and maintenance	3	41	41	0	N/A
Other	8 173	2 681	2 460	6 219	60.45
<b>Total operational expenditure</b>	<b>18 549</b>	<b>15 926</b>	<b>17 310</b>	<b>22 215</b>	<b>22.08</b>
<b>Net operational (service)</b>	<b>8 794</b>	<b>(4 301)</b>	<b>(5 604)</b>	<b>24 045</b>	<b>123.31</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 200. Financial performance: Office of the MM

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.2.13 Financial services

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>88 679</b>	<b>55 472</b>	<b>59 782</b>	<b>112 074</b>	<b>46.66</b>
<b>Expenditure:</b>					
Employees	18 835	26 110	25 791	23 233	(11.01)
Repairs and maintenance	369	2 025	1 478	511	(188.93)
Other	52 605	22 717	39 854	47 186	15.54
<b>Total operational expenditure</b>	<b>71 809</b>	<b>50 853</b>	<b>67 122</b>	<b>70 931</b>	<b>5.37</b>
<b>Net operational (service)</b>	<b>16 870</b>	<b>4 620</b>	<b>(7 340)</b>	<b>41 143</b>	<b>117.84</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 201. Financial performance: Financial services

### 5.2.14 Corporate Services

Description	2021/22	2022/23			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
<b>Total operational revenue</b>	<b>10 331</b>	<b>10 521</b>	<b>13 176</b>	<b>11 544</b>	<b>(14.13)</b>
<b>Expenditure:</b>					
Employees	22 429	10 832	9 507	7 915	(20.10)
Repairs and maintenance	18	81	81	54	(49.20)
Other	8 666	9 959	10 703	11 283	5.15
<b>Total operational expenditure</b>	<b>31 113</b>	<b>20 872</b>	<b>20 290</b>	<b>19 253</b>	<b>(5.39)</b>
<b>Net operational (service)</b>	<b>(20 782)</b>	<b>(10 350)</b>	<b>(7 115)</b>	<b>(7 709)</b>	<b>7.71</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 202. Financial performance: Corporate services

## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.3 Grants

#### 5.3.1 Grant performance

The Municipality spent an amount of **R144.5 million** on infrastructure and other projects available which was received in the form of grants from national and provincial governments during the 2022/23 financial year. The performance in the spending of these grants is summarised as follows:

Description	2021/22	2022/23			2022/23 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
Operating transfers and grants						
National government:	86 791	135 278	135 098	131 784	(2.65)	(2.51)
Equitable Share	69 625	77 265	77 265	77 265	0	0
Local Government Finance Management Grant	1 914	2 085	2 085	2 085	0	0
Municipal Infrastructure Grant (MIG) – Project Management Unit	13 481	15 353	9 559	6 603	(132.52)	(44.76)
Integrated National Electrification Programme (INEP)	486	11 000	16 614	16 602	33.74	(0.07)
Expanded Public Works Programme (EPWP) Integrated Grant	1 285	1 136	1 136	790	(43.80)	(43.80)
Water Services Infrastructure Grant (WSIG)	0	28 439	28 439	28 439	0	0
Provincial government:	8 160	8 058	12 347	11 738	31.35	(5.18)
Human Settlements Development Grant (Beneficiaries)	0	850	0	0	N/A	N/A
Human Settlements - Municipal Accreditation and Capacity Building Grant	249	256	256	165	(55.31)	(55.31)
Provincial Treasury: Financial Management Capacity Building Grant	0	0	350	0	N/A	N/A
Western Cape Municipal Recovery Services Grant	0	0	1 993	1 993	100.00	0.00
Provincial Treasury: Financial Management Support Grant	300	0	0	0	N/A	N/A

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Description	2021/22	2022/23			2022/23 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
Operating transfers and grants						
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	0	50	50	0	N/A	N/A
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	6 330	6 679	6 679	6 584	(1.45)	(1.45)
Department of Local Government: Community Development Workers (CDW) Operational Support Grant	276	223	388	366	39.06	(6.03)
Department of Local Government: Thusong Services Centres Grant (Sustainability: Operational Support Grant)	150	0	0	0	N/A	N/A
Department of Local Government: Western Cape Municipal Interventions Grant	0	0	480	480	100.00	(0.01)
Department of Local Government : Municipal Drought Relief Grant	789	0	0	0	N/A	N/A
Department of Local Government: Local Government Public Employment Support Grant	64	0	1 036	1 036	100.00	0.00
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	0	0	1 115	1 115	100.00	0.00
Other grant providers	1 505	0	3 145	1 008	100.00	(212.04)
Services - Construction Education & Training Authority (CETA)	0	0	1 400	418	100.00	(234.93)
Central Karoo District Municipality	1 505	0	491	415	100.00	(18.32)
Chemical Industries Education & Training Authority	0	0	1 254	175	100.00	(615.92)
Total operating transfers and grants	96 456	143 336	150 590	144 530	0.83	(4.19)

Table 203.

Operating grant performance

## CHAPTER 5: FINANCIAL PERFORMANCE



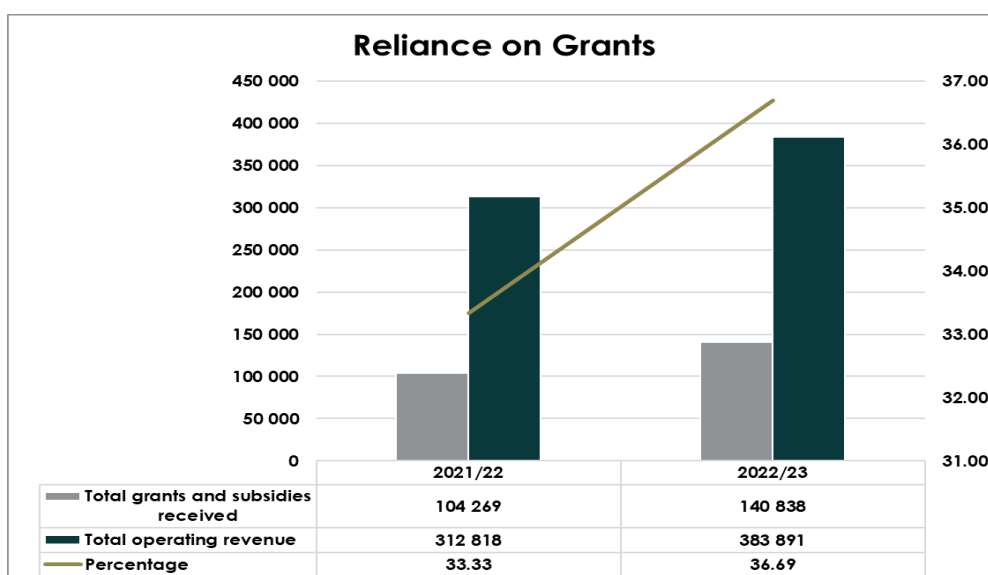
### 5.3.2 Level of reliance on grants and subsidies

The table below reflects the level of reliance on grants and subsidies

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		%
2021/22	104 269	312 818	33.33
2022/23	140 838	383 891	36.69

**Table 204. Reliance on grants**

The following graph gives a visual relationship between the two financial years and the trend based on grant received and operating revenue:



**Graph 8.: Reliance on grants**

## 5.4 Repairs and Maintenance

The following table indicates the Municipality's expenditure on repairs and maintenance:

Description	2021/22	2022/23			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	1 417	6 636	7 601	1 865	(75.46)

**Table 205. Repairs and maintenance expenditure**



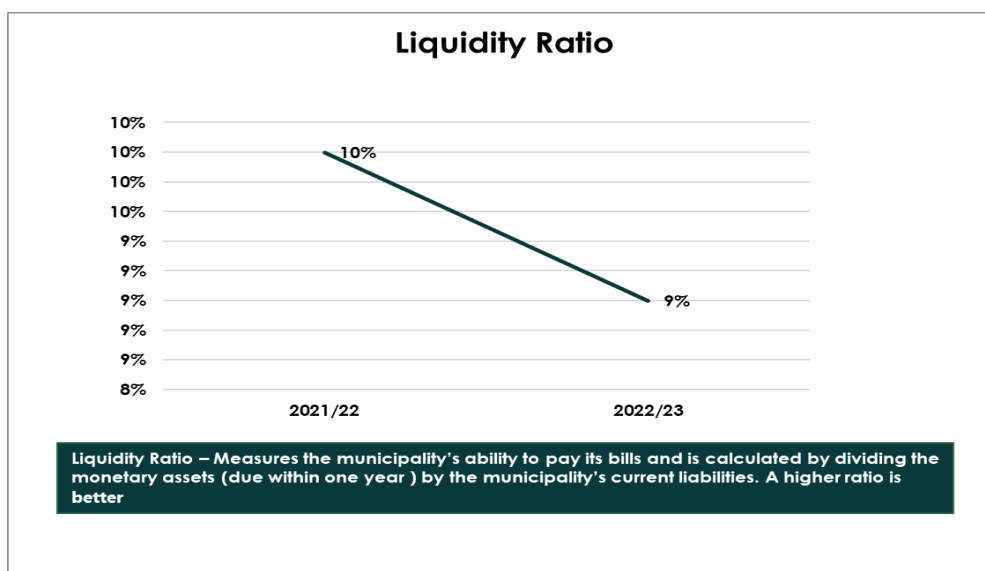
## 5.5 Financial ratios based on KPIs

The graphs and tables below indicate the Municipality's performance in relation to the financial ratios:

### 5.5.1 Liquidity ratio

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audited outcome
Current ratio	Current assets/current liabilities	64.46%	61.73%
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(6%)	(14%)
Liquidity ratio	Monetary assets/Current liabilities	10%	9%

Table 206. Liquidity financial ratio



Graph 9.: Liquidity ratio



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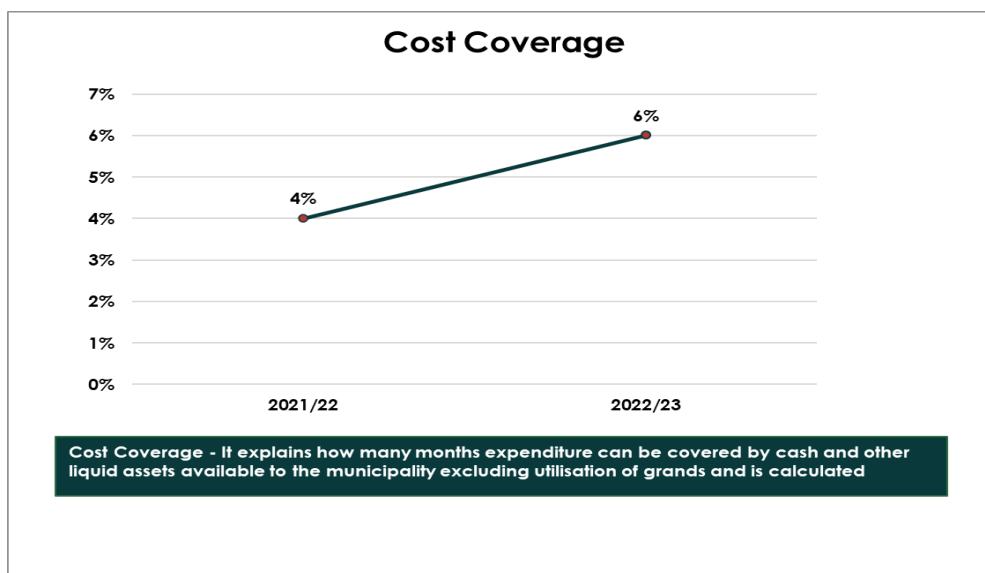


### 5.5.2 IDP regulation financial viability indicators

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audited outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4%	6%
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	82%	86%
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year	1.53	1.57

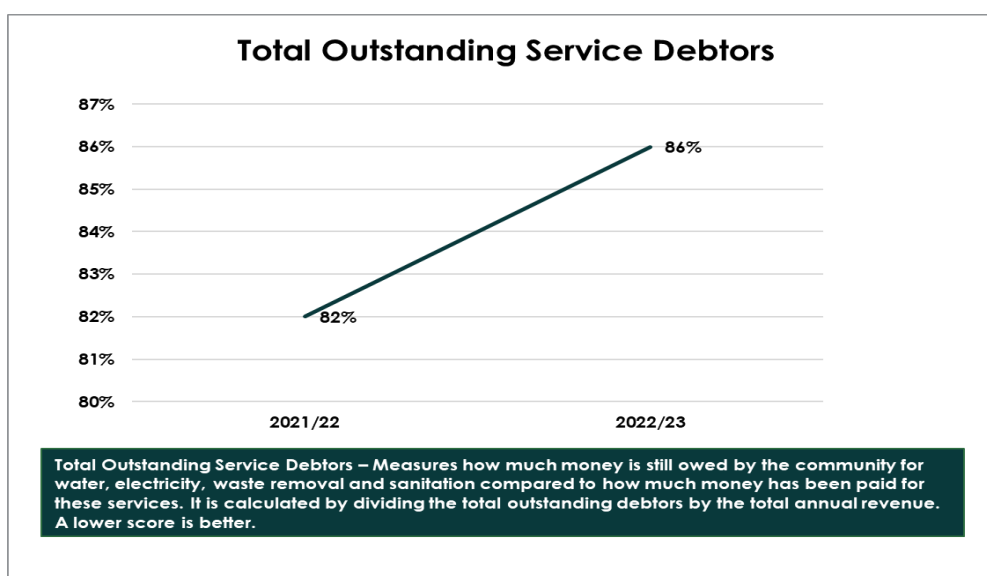
**Table 207. Financial viability national KPAs**

The following graphs illustrates the compared financial viability indicators for the past two financial years:

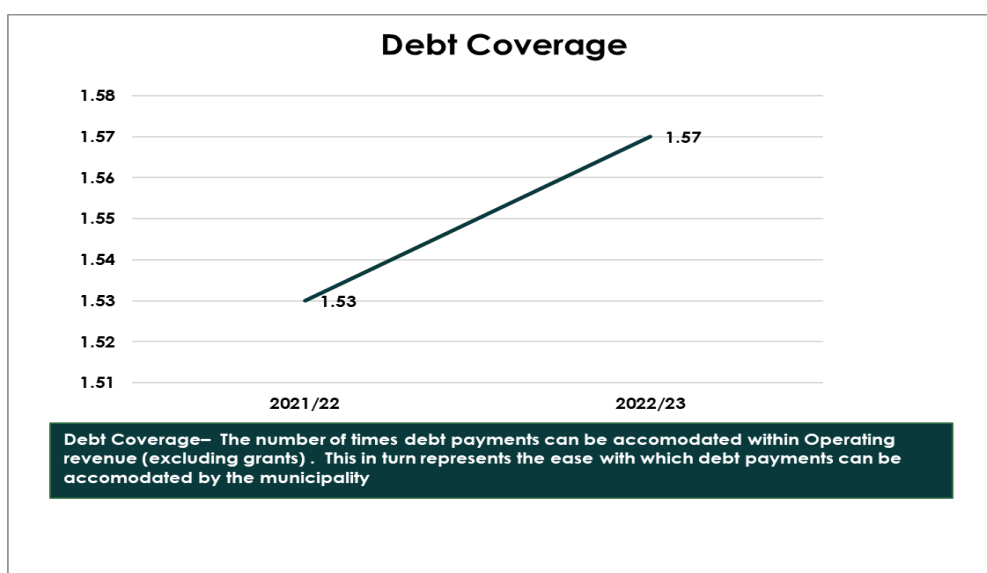


**Graph 10.: Cost coverage**

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Graph 11.: Outstanding service debtors to revenue



Graph 12.: Debt coverage

### 5.5.3 Repairs and maintenance

The following table illustrates the Municipality's proportion of operating expenditure in relation to repairs and maintenance:

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audited outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	0%	1%

Table 208. Repairs and maintenance

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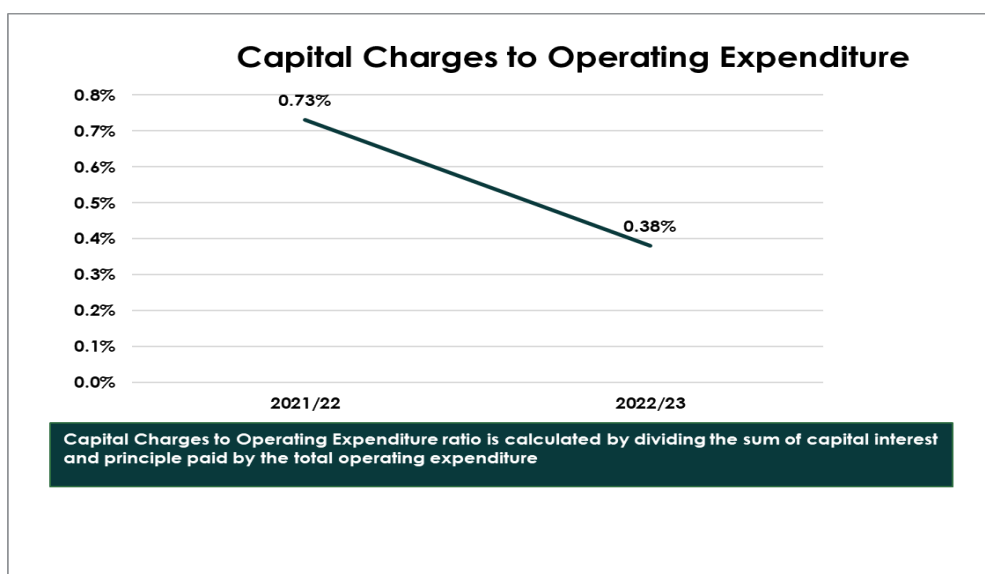


### 5.5.4 Borrowing management

The following table and graph illustrate the Municipality's proportion of capital charges in relation to operating expenditure:

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audited outcome
Capital charges to operating expenditure	Interest and principal paid/ Operating expenditure	0.73%	0.38%

Table 209. Borrowing management



Graph 13.: Capital charges to operating expenditure

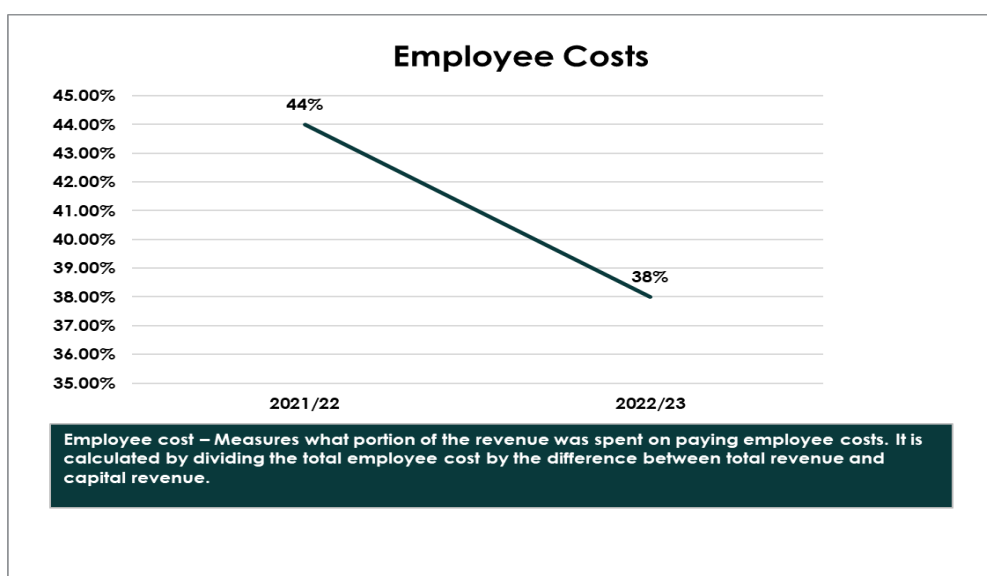
### 5.5.5 Employee costs

The table and graph below illustrate the Municipality's portion of revenue spent on employee costs for the past two financial years:

Description	Basis of calculation	2021/22	2022/23
		Audited outcome	Pre-audited outcome
Employee costs	Employee costs/(Total revenue - capital revenue)	44%	39%

Table 210. Employee costs

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Graph 14.: Employee costs

## Component B: Spending against Capital Budget

### 5.6 Capital Expenditure: Sources of Finance

The table below indicates the capital expenditure by funding source for the 2022/23 financial year:

Details	2021/22	2022/23				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	0	0	0	0	N/A	N/A
Public contributions and donations	794	0	0	2 965	N/A	N/A
Grants and subsidies	14 840	46 978	48 052	45 857	2.29	(4.67)
Own funding	5	3 850	2 660	1 919	(30.92)	(19.25)
Total	15 640	50 828	50 711	50 741	(0.23)	0.06
Percentage of finance						
External loans	0	0	0	0		
Public contributions and donations	0	0	0	6		
Grants and subsidies	97	92	95	90		
Own funding	0	8	5	4		
Capital expenditure						

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Details	2021/22	2022/23				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Description	R'000				%	
Water and sanitation	4 095	27 803	25 999	24 601	(6.49)	(5.03)
Electricity	6 152	10 961	14 808	16 512	35.10	15.54
Housing	0	0	0	0	N/A	N/A
Roads and storm water	0	7 501	4 065	3 254	(45.81)	(10.81)
Other	5 393	4 563	5 839	6 375	27.97	11.73
<b>Total</b>	<b>15 640</b>	<b>50 828</b>	<b>50 711</b>	<b>50 741</b>	<b>(0.23)</b>	<b>0.06</b>
Percentage of expenditure						
Water and sanitation	26	55	51	48		
Electricity	39	22	29	33		
Housing	0	0	0	0		
Roads and storm water	0	15	8	6		
Other	34	9	12	13		

Table 211. Capital spending by funding source

### Component C: Cash Flow Management and Investments

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the Council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

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### 5.7 Cash flow

The table below reflects the Municipality's cash flow for the financial year:

Cash flow outcomes				
R'000				
Description	2021/22	2022/23		
	Audited outcome	Original budget	Adjusted budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	179 760	217 450	190 908	159 900
Government -operating	83 151	89 312	92 189	90 995
Government -capital	21 118	54 024	49 645	49 843
Interest	8 413	6 882	1 630	12 561
Payments				
Suppliers and employees	(240 074)	(299 134)	(291 274)	(260 104)
Finance charges	(7 401)	(901)	(7 076)	(6 090)
Transfers and grants	(500)	(550)	(900)	(588)
Grants repaid	(2 772)	0	0	(2 167)
<b>Net cash from/(used) operating activities</b>	<b>41 694</b>	<b>67 083</b>	<b>35 123</b>	<b>44 351</b>
Cash flows from investing activities				
Payments				
Capital assets	(15 527)	(58 452)	(50 711)	(45 118)
<b>Net cash from/(used) investing activities</b>	<b>(15 527)</b>	<b>(58 452)</b>	<b>(50 711)</b>	<b>(45 118)</b>
Cash flows from financing activities				
Receipts				
Increase(Decrease) in Consumer Deposits	0	218	0	0
Payments				
Repayment of borrowing	(1 503)	(758)	(758)	(759)
<b>Net cash from/(used) financing activities</b>	<b>(1 503)</b>	<b>(758)</b>	<b>(758)</b>	<b>(759)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>24 664</b>	<b>8 090</b>	<b>(16 347)</b>	<b>(1 526)</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>(8 279)</b>	<b>5 000</b>	<b>16 386</b>	<b>16 386</b>
<b>Cash/cash equivalents at the yearend:</b>	<b>16 386</b>	<b>13 090</b>	<b>39</b>	<b>14 860</b>

Table 212. Cash flow

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### 5.8 Gross outstanding debtors per service

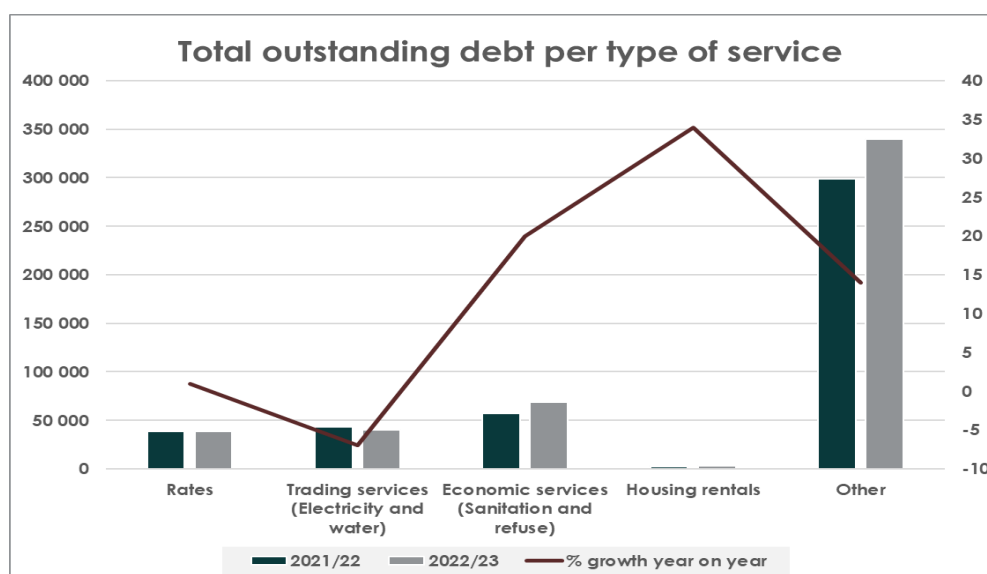
The table below reflects the debtor's analysis per service for the previous financial years:

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and water)	(Sanitation and refuse)			
	R'000	R'000	R'000			
2021/22	38 210	43 442	57 380	2 305	298 850	440 186
2022/23	38 559	40 235	68 960	3 085	339 644	490 484
Difference	349	(3 206)	11 581	780	40 794	50 298
% growth year on year	1	(7)	20	34	14	11

*Note: Figures exclude provision for bad debt*

**Table 213. Gross outstanding debtors per service**

The following graph indicates the total outstanding debt per type of service for 2022/23:



**Graph 15.: Debt per type of service**

## CHAPTER 5: FINANCIAL PERFORMANCE



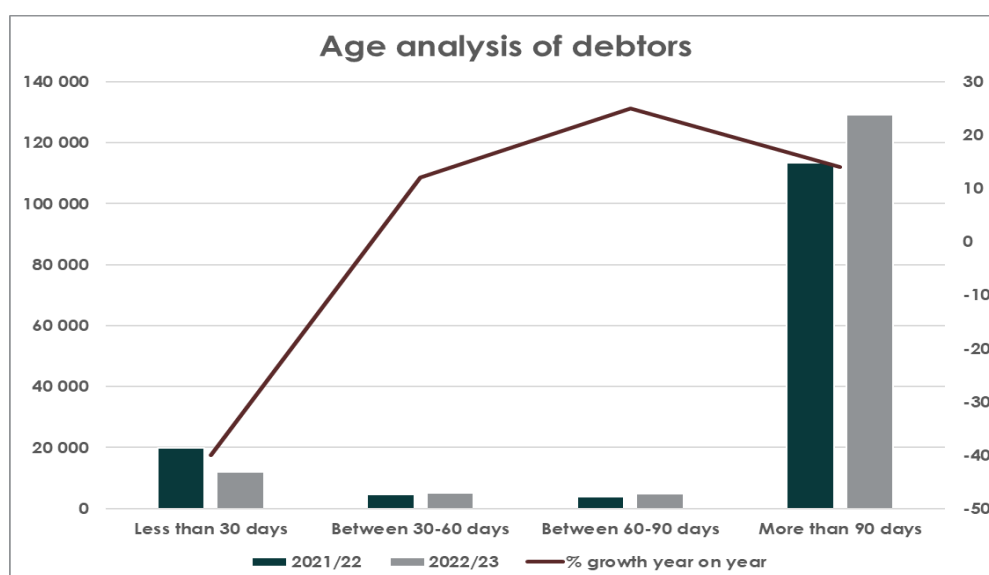
### 5.9 Total debtors age analysis

The table below reflects the Municipality's debtors age analysis for the past two financial years

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2021/22	19 812	4 495	3 771	113 259	141 337
2022/23	11 985	5 032	4 695	129 128	150 840
Difference	(7 827)	537	924	15 869	9 504
% growth year on year	(40)	12	25	14	7

**Note: Figures exclude provision for bad debt.**

Table 214. Service debtor age analysis



Graph 16.: Age analysis of debtors

### 5.10 Borrowing and investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.



## CHAPTER 5: FINANCIAL PERFORMANCE



### 5.10.1 Actual borrowings

The table below reflects the municipality's financial positions relating to borrowings:

Actual borrowings		
R' 000		
Instrument	2021/22	2022/23
Long-term loans (annuity/reducing balance)	5 282	4 523
<b>Total</b>	<b>5 282</b>	<b>4 523</b>

Table 215. Actual borrowings

### 5.10.2 Municipal investments

Actual investments		
R'000		
Investment type	2021/22	2022/23
	Actual	Actual
Deposits – bank	13 437	12 318
<b>Total</b>	<b>13 437</b>	<b>12 318</b>

Table 216. Municipal investments



## CHAPTER 6

### Component A: Auditor-General Opinion 2021/22

#### 6.1 Auditor-General report 2021/22

##### 6.1.1 Audit report status: Qualified

Main issues raised	Corrective steps implemented / to be implemented
Revenue from exchange transactions - service charges	
<p>The AG was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions - service charges had been properly accounted for due to the poor quality of the accounting records. The AG was unable to confirm revenue from exchange transactions - service charges by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from exchange transactions - service charges, stated at R131.1 million (2020/21: R121.1 million) in note 27 to the financial statements. Additionally, The AG was also unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R21.2 million (2020/21: R20.0 million) in note 10 to the financial statements.</p>	<p><b>Revenue foregone: Verification of indigents:</b></p> <ul style="list-style-type: none"> <li>Hard copy forms to be traced to the systems, ensure all details are captured. (completeness). For all indigents and not only new applications. (Prior and current year)</li> <li>For all indigents on the system, ensure a signed copy of application form is filed with the supporting documentation (proof income such as pay slip) as per the Indigent Policy. (Prior and current year)</li> </ul> <p>Indigent policy to be revised and approved with the budget for 2023/24 (revise proof of Income Section).</p> <p><b>Billing reconciliation:</b></p> <p>Reconciliation between billing report and trial balance (TB) to be performed by Revenue Manager and reviewed by CFO. Reconciliation to be done between summary and detail billing report.</p> <p><b>Zero consumption readings:</b></p> <p>Monthly exception report from EMS system to be extracted to identify accounts with zero or negative reading. To be followed up by Revenue Manager.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 56 of 2022</li> <li>COMAF 19 of 2021</li> <li>COMAF 41 of 2022</li> <li>COMAF 24 of 2021</li> <li>COMAF 50 of 2021</li> <li>COMAF 44 of 2021</li> </ul> <p>The following findings will fall away in 2022/23 as the balance forms part of accumulated surplus:</p> <ul style="list-style-type: none"> <li>COMAF 43 of 2020</li> <li>COMAF 44 of 2020</li> <li>COMAF 46 of 2020</li> </ul>

## CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
<b>Revenue from non -exchange transactions</b>	
<p>The AG was unable to obtain sufficient and appropriate audit evidence that revenue from non- exchange transactions - property rates had been properly accounted for due to the poor quality of the accounting records. The AG was unable to confirm revenue from non-exchange transactions - property rates by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from non-exchange transactions- property rates, stated at R45.5 million in note 23 to the financial statements.</p> <p>The AG was unable to obtain sufficient and appropriate audit evidence that revenue from non- exchange transactions - fines, penalties and forfeits had been properly accounted for due to the status of the accounting records. The AG was unable to confirm revenue from non-exchange transactions - fines, penalties and forfeits by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from non-exchange transactions- fines, penalties and forfeits, stated at R30.6 million in the financial statements.</p> <p>Consequently, The AG was also unable to determine whether any adjustment was necessary to the receivables from non-exchange transactions, stated at R73.8 million in note 11 to the financial statements</p>	<p><b>Property rates:</b></p> <ul style="list-style-type: none"> <li>Reconciliation to be done on market values per the billing system and valuation roll for 2021/22 and 2022/23. Misalignments identify between items to be corrected on the billing system. Reason for material variances to be recorded on the reconciliation.</li> <li>Billing reconciliation: Reconciliation between billing report and TB to be performed by Revenue Manager and reviewed by CFO. Reconciliation to be done between summary and detail billing report.</li> </ul> <p><b>Fines:</b></p> <ul style="list-style-type: none"> <li>Payment to be made on outstanding account of TVS, for supplier to assist with the documentation. Copy of fines to be obtained and filed on the audit file.</li> <li>Reconciliation to be done between municipal fine listing and provincial listing. Differences in fines to be followed up and adjustment made where required.</li> <li>Provincial fines: Management rep letter to be signed by Provincial traffic to confirm all supporting documents were agreed to fine listing for 2022/23 and 2021/22. (Completeness and accuracy)</li> </ul> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 37 of 2021</li> </ul>
<b>Receivables from non - exchange transactions</b>	
<p>The Municipality did not write off traffic fines that have been outstanding for more than 18 months and where no summons have been issued as instructed by the National Prosecuting Authority (NPA). Additionally, the Municipality did not provide a fair estimate of the provision for the impairment loss of fines in accordance with GRAP 108, Statutory receivables. Consequently, receivables from non-exchange transactions are overstated by R30.4 million and the bad debts written off/impairment loss are understated by R30.4 million. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.</p> <p>The Municipality did not disclose the aging of debtors from fines as required by GRAP 104, Financial instruments. This has resulted in the amounts disclosed in note 1 to the financial statements for ageing of other receivables from non-exchange being understated by R260.6 million.</p>	<p>Identify fines older than 18 months. Prepare a memorandum to council for write-off (2021/22 and 2022/23)</p> <p>Revise impairment calculation of 2021/22 and process a prior period error.</p> <p>The ageing of fines was disclosed in the 2021/22 as part of statutory receivables (note 11 and 52). Reference of AG to GRAP 104 incorrect and therefore matter is resolved. In 2022/23 control check will be built in AFS between note for receivables from non-exchange and statutory receivables as a control.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 51 of 2022</li> </ul>

## CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
<b>Taxes</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the poor quality of the accounting records. The AG was unable to confirm the taxes by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the taxes, stated at R10,6 million (2020/21: 9.8 million) in note 21 to the financial statements.	<p>Revise VAT reconciliation for 2020/21, 2021/22 and 2022/23 (accrual basis). File the supporting workings on the audit file.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 14 of 2022</li> <li>COMAF 16 of 2021</li> <li>COMAF 5 of 2020</li> </ul>
<b>Property, plant and equipment</b>	
The impairments of property, plant and equipment were not reviewed at each reporting date in accordance with GRAP 17. There was no reversal of impairment that occurred in prior years where there was evidence that the asset recoverable amount has increased. Consequently, property, plant and equipment were understated by R5.4 million (2020/21: R3.9 million). Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.	<p>Reverse accumulated impairment of PPE of previous years on community assets and buildings (where increase in FV in 2021, 2022, 2023)</p> <p>Test all assets in 2022/23 for impairment. Document evaluation of indicators on a separate working papers per asset group.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 18 of 2022</li> <li>COMAF 28 of 2021</li> </ul>
<b>Irregular expenditure</b>	
The Municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments amounting to R6.7 million (2020/21: R3.9 million) made in contravention of the supply chain management requirements, which were not disclosed as irregular expenditure in note 48.3 to the financial statements.	<p>Investigate suppliers were contract still valid in the current year. Expenditure incurred to be reported with quarterly reporting and disclosed in AFS. Correction to be done on prior year disclosure where applicable.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 10 of 2022 (already disclosed in 2022)</li> <li>COMAF 11 of 2022 (already disclosed in 2022)</li> <li>COMAF 49 of 2022 (already disclosed in 2022)</li> <li>COMAF 63 of 2022 (already disclosed in 2022)</li> <li>COMAF 35 of 2022 (disclosure amount for 35.1)</li> <li>COMAF 51 of 2021</li> <li>COMAF 57 of 2021</li> <li>COMAF 9 of 2020</li> <li>COMAF 36 of 2020</li> <li>COMAF 51 of 2020</li> <li>COMAFs 2019</li> </ul>
<b>Purchases from members in service of the state</b>	
The Municipality did not include all awards made to members in service of the state in the notes to the financial statements, as required by section 125(2)(f) of the MFMA. This was due to awards amounting to R3.4 million made in members in the service of the state, which were not disclosed as purchases from members in service of the state in note 49.10 to the financial statements.	<p><b>2022/23:</b></p> <p>Add suppliers as identified by the AG to quarterly SCM reporting and AFS disclosure</p> <p><b>2021/22:</b></p> <p>SCM 22/2021 - Short-term insurance (family member of director advisor at Western Cape Education Department) at to disclosure. This was not part of initially finding of the AG and therefore not corrected in 2021/22, added with the AG's conclusion.</p> <p>Relevant COMAF of previous years</p> <ul style="list-style-type: none"> <li>COMAF 35 of 2022</li> </ul>

## CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
Corresponding figures for 30 June 2021	
Revenue from exchange transactions - Interest earned	
<p>During the 2020/21 financial year, The AG was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions - interest earned from service charges had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the revenue from exchange transactions - interest earned from service charges by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from exchange transactions- interest earned from service charges, stated at R9.6 million in note 31 to the financial statements corresponding figures for 30 June 2022.</p>	<p>Interest not charged on water was corrected and implemented from 1 July 2021. The finding has been addressed for the 2022/23 financial year.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 20 of 2021</li> </ul>
Trade and other payables from exchange transactions	
<p>During the 2020/21 financial year, the Municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, Presentation of financial statements. The Municipality did not have adequate systems to maintain records of trade and other payables from exchange transactions for goods and services received, but not yet paid for. This resulted in trade and other payables from exchange transactions corresponding figures for 30 June 2022 being overstated by R5 million.</p>	<p>Expenditure department to perform monthly creditors reconciliations. Follow up with suppliers where invoices or statements are outstanding or differences identified.</p> <p>Relevant COMAFs of previous years:</p> <ul style="list-style-type: none"> <li>COMAF 46 of 2021</li> <li>COMAF 33 of 2021</li> <li>COMAF 9 of 2021</li> </ul>
Expenditure	
<p>During the 2020/21 financial year, expenditure was materially misstated by R5.5 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:</p> <ul style="list-style-type: none"> <li>• Bulk purchases, contracted services, employee related cost and operational costs was overstated by R4.8 million due to management not having adequate systems to record expenditure transactions.</li> <li>• Contracted services and operational expenditure were in aggregate overstated by R0.7 million due to management not having adequate processes in place to determine the appropriate classification of expenditure transactions.</li> </ul>	<p>Perform a review of transactions recorded to identify misclassifications and process adjustment where required.</p> <p>Expenditure department to perform monthly creditors reconciliations. Follow up with suppliers where invoices or statements are outstanding or differences identified.</p> <p>Relevant COMAFs of previous years</p> <ul style="list-style-type: none"> <li>COMAF 45 of 2021</li> <li>COMAF 46 of 2021</li> <li>COMAF 33 of 2021</li> <li>COMAF 31 of 2021</li> <li>COMAF 53 of 2021</li> </ul>
Material uncertainty relating to going concern	
<p>The AG draws attention to the statement of financial performance, which indicates that the Municipality incurred a net loss of R10.3 million (2020/21: net loss of R32.4 million) during the year ended 30 June 2022 and, as of that date, the Municipality's current liabilities exceeded its current assets by R56.5 million (2020/21: R58.6 million). These events or conditions, along with other matters as stated in disclosure note 55 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern.</p>	<p>The Municipality is currently part of financial recovery process. Part of the process is to improve cash flow of the Municipality</p>

## CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
<b>Emphasis of matters</b>	
<b>Restatement to corresponding figures</b>	
<p>As disclosed in note 43 to the annual financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors identified in the financial statements of the Municipality at, and for the year ended, 30 June 2022.</p> <p>As disclosed in note 10 to the annual financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R109.8 million (2020/21: R85.9 million).</p> <p>As disclosed in note 1 to the annual financial statements, the Municipality provided for the impairment of receivables from non-exchange transactions amounting to R235.5 million (2020/21: R232.9 million).</p>	<p>Management to minimize prior year corrections with implementation of proper reconciliations and review for the AFS.</p> <p>Strengthen the implementation of credit control and debt collection policy, to improve collection from debtors</p>
<b>Material Losses</b>	
<p>As disclosed in note 49.8 to the financial statements, material electricity losses of 18 731 951 kWh (2020-2021: 8 164 594 kWh) was incurred, which represents 35.42% (2020/21: 14.77%) of total electricity purchased. Electricity losses are due to electricity theft on pre-paid meters.</p>	<p>Repair and replace electricity meters and maintain the electricity network.</p> <p>Repair and replace water meters and maintain the water network. (e.g., repair of leakages). In 2021/22 financial year Municipality started with the process to prepaid meters where there are no meters to improve revenue collection</p>
<b>Material understatement of capital budget</b>	
<p>As disclosed in the statement of comparison of budget and actual- cash flow statement, the Municipality materially underspent the capital budget by 36% due to unspent conditional grants.</p>	<p>Controls implemented in the 2022/23 financial year to ensure funds are spent as intended</p>

**Table 217.**

**Auditor-General report 2021/22**



## Component B: Auditor-General Opinion 2022/23

### 6.2 Auditor-General report 2022/23

#### 6.2.1 Audit report status: Qualified

#### 6.2.2 Auditor-General Report on the Financial Statements 2022/23

Main issues raised	Corrective steps implemented / to be implemented
<b>Revenue from exchange transactions – Basic Charges: Electricity</b>	
<p>The Municipality did not adequately account for basic charges on electricity for retail and industrial properties. As a result, some retail and industrial properties were either not adequately charged in line with the Municipality's tariff schedule or not charged at all. Consequently, the AG was unable to determine the impact on revenue from exchange transactions and receivables from exchange transactions as well as the comparative figures, as it was impracticable to do so</p>	<ul style="list-style-type: none"> <li>Resolving the error is a work in progress.</li> <li>All three phase meters, industrial and business meters will be subject to a meter-verification that will cover the entire population which will be the only way to be sure that the problem has been eradicated</li> <li>Tariff corrections can only be done in combination with the meter verification and structuring, descriptions etc. within the MTREF budget</li> <li>The Municipality's credit control by-laws enable correcting errors in the current year and two preceding years. Anything extending beyond that will be subject to prescription.</li> <li>The Municipality can correct for the current year and two preceding years</li> <li>Target Date 31 March 2024</li> </ul>
<b>Material uncertainty relating to going concern</b>	
<p>The AG draws attention to Note 54 to the financial statements, which indicates that the Municipality's current liabilities exceeded its current assets by R65.4 million (221/22 R53.2 million). As stated in the note, indicate that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern</p>	<ul style="list-style-type: none"> <li>Development of funded budget for the oncoming years</li> <li>Revenue enhancement and protection strategies in place</li> <li>Development of long-term financial plan for the municipality to be completed</li> <li>Outstanding AOD's for all creditors developed and put in place</li> <li>The reduction of Municipality's creditors will improve the current ratio</li> <li>Implementation of infrastructure projects will also improve asset value</li> </ul>
<b>Emphasis of matters</b>	
<b>Restatement to corresponding figures</b>	
<p>As disclosed in note 43 to the annual financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors identified in the financial statements of the Municipality at, and for the year ended, 30 June 2023</p>	<ul style="list-style-type: none"> <li>Interim Financial Statements will be prepared as at 31 March 2023</li> <li>Development of an audit action plan where all issues raised will be tracked and progress against implementation of the recommendation will be tracked monthly</li> </ul>



## CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
<b>Material impairment</b>	
<p>As disclosed in note 10 to the financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R124.6 million (2021/22 R109.9 million).</p> <p>As disclosed in note 11 to the financial statements, the Municipality provided for the impairment of receivables from non-exchange transactions amounting to R291 million (2021/22 R255.6 million)</p>	<ul style="list-style-type: none"> <li>🏛️ Development of funded budget for the oncoming years</li> <li>🏛️ The Budget adjustment for the financial year 2023/24 provision for debt impairment will be budgeted for</li> </ul>
<b>Material Losses</b>	
<p>As disclosed in note 48.8 to the financial statements, material electricity losses of 6 637 653 kWh (2021/22: 18 731 951 kWh) was incurred, which represents 14.18% (2021/22: 35.42%) of total electricity purchased. Electricity losses are due to electricity theft on pre-paid meters</p> <p>As disclosed in note 48.8 to the financial statements, material water distribution losses of 2 044 082 kl (2021/22: 504 110 kl) was incurred, which represents 63.66% (2021/22: 15.86%) of total water purchased. Water losses are due to pipe bursts and field leakages</p>	<ul style="list-style-type: none"> <li>🏛️ Meter audits will be done as from 7 January 2024</li> <li>🏛️ The TID roll over process of prepaid meters will also help in the identification of tampered meters. Progress on the TID rollover process is above 50%</li> <li>🏛️ It is envisaged that the project will be completed on 31 March 2024</li> </ul>

**Table 218. Auditor-General report 2022/23**





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# ABBREVIATIONS



## List of Abbreviations

<b>AG</b>	Auditor-General	<b>IMFO</b>	Institute for Municipal Finance Officers
<b>BWETT</b>	Beaufort West Empowerment Through Tourism	<b>IRD</b>	Integrated Residential Development Programme
<b>CAPEX</b>	Capital Expenditure	<b>KPA</b>	Key Performance Area
<b>CBP</b>	Community Based Planning	<b>KPI</b>	Key Performance Indicator
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration	<b>LED</b>	Local Economic Development
<b>CFO</b>	Chief Financial Officer	<b>LJOC</b>	Local Joint Organising Committee
<b>CWP</b>	Community Work Programme	<b>LLF</b>	Local Labour Forum
<b>DMA</b>	Disaster Management Act	<b>LRO</b>	Labour Relations Officer
<b>DMR</b>	Disaster Management Regulations	<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>DoL</b>	Department of Labour	<b>MIG</b>	Municipal Infrastructure Grant
<b>DPLG</b>	Department of Provincial and Local Government	<b>MISA</b>	Municipal Infrastructure Support Agent
<b>DR</b>	Disaster Recovery	<b>MM</b>	Municipal Manager
<b>DWAF</b>	Department of Water Affairs and Forestry	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>EE</b>	Employment Equity	<b>MTECH</b>	Medium Term Expenditure Committee
<b>EPWP</b>	Expanded Public Works Programme	<b>MVA</b>	Mega-Volt Ampere
<b>FRP</b>	Financial Recovery Plan	<b>NGO</b>	Non-governmental organisation
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>NT</b>	National Treasury
<b>HR</b>	Human Resources	<b>OHS</b>	Occupational Health and Safety
<b>ICT</b>	Information and Communication Technology	<b>OPEX</b>	Operating expenditure
<b>IDP</b>	Integrated Development Plan	<b>PMS</b>	Performance Management System
<b>IFRS</b>	International Financial Reporting Standards	<b>PPE</b>	Personal Protective Equipment
		<b>PT</b>	Provincial Treasury
		<b>SALGA</b>	South African Local Government Organisation
		<b>SAMDI</b>	South African Management Development Institute

## ABBREVIATIONS



<b>SCM</b>	Supply Chain Management
<b>SDA</b>	Skills Development Act
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SPLUMA</b>	Spatial Planning and Land Management Act
<b>WRP</b>	Water Reclamation Plant
<b>WWTW</b>	Waste Water Treatment Works
<b>YCOP</b>	Youth Community Outreach Program

**ANNEXURE A:**  
**AUDITED**  
**FINANCIAL**  
**STATEMENTS**

# **Beaufort West**

**MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2023**



# BEAUFORT WEST LOCAL MUNICIPALITY

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# BEAUFORT WES LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 106 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 Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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.

The external auditors are responsible for independently reviewing and reporting on the Municipality's 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.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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



**D. Welgemoed**  
**Municipal Manager**

**30 November 2023**

# BEAUFORT WES LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

#### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*

*Nelspoort*

*Merweville*

*Murraysburg*

#### EXECUTIVE MAYOR

*A.Sauls*

#### DEPUTY EXECUTIVE MAYOR

*L.V.Piti*

#### SPEAKER

*N.Constable*

#### EXECUTIVE COUNCILLOR

*CL.de Bruin*

*N.Abrahams*

#### MUNICIPAL MANAGER

*D.Welgemoed*

#### CHIEF FINANCIAL OFFICER

*Mr.M Nhlengethwa*

*(acting)*

#### REGISTERED OFFICE

*112 Donkin Street  
BEAUFORT WEST  
6970*

#### ATTORNEYS

*Crawford Attorneys, Beaufort West  
Van Niekerk Attorneys, Beaufort West*

#### AUDITORS

*Office of the Auditor General (WC)*

#### PRIMARY BANKERS

*Nedbank, Beaufort West*

#### RELEVANT LEGISLATION

*SALGABC Collective Agreements*

*Division of Revenue Act*

*Electricity Act (Act no 41 of 1987)*

*Employment Equity Act (Act no 55 of 1998)*

*Housing Act (Act no 107 of 1997)*

*Infrastructure Grants*

*Municipal Budget and Reporting Regulations*

*Municipal Property Rates Act (Act no 6 of 2004)*

*Municipal Systems Amendment Act (Act no 7 of 2011)*

*Municipal Regulations on Standard Chart of Accounts*

*Municipal Finance Management Act (Act no 56 of 2003)*

*Basic Conditions of Employment Act (Act no 75 of 1997)*

*Municipal Planning and Performance Management Regulations*

*Remuneration of Public Office Bearers Act (Act no 20 of 1998)*

*All Local Government Regulations issued by relevant Minister*

*Municipal Structures Act (Act no 117 of 1998)*

*Municipal Systems Act (Act no 32 of 2000)*

*SALGABC Leave Regulations*

*Skills Development Levies Act (Act no 9 of 1999)*

*Supply Chain Management Regulations, 2005*

*The Income Tax Act*

*Unemployment Insurance Act (Act no 30 of 1966)*

*Value Added Tax Act*

*Water Services Act (Act no 108 of 1997)*

#### MEMBERS OF THE BEAUFORT WES LOCAL MUNICIPALITY

WARD	COUNCILLOR	WARD	COUNCILLOR
1	R.Skuza	Proportional	N.Constable
2	JDK.Reynolds	Proportional	S.Essop
3	EF.Botha	Proportional	SM.Meyers
4	CL.de Bruin	Proportional	AM.Slabbert
5	VL.Piti	Proportional	JJ.van der Linde
6	N.Abrahams	Proportional	A.Sauls
7	LBJ.Mdudumani	Proportional	T.Prince

**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

	Notes	2023 R	2022 Restated R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>465,707,296</b>	<b>434,400,512</b>
Property, Plant and Equipment	2	452,511,978	423,419,079
Investment Property	3	6,177,304	6,391,284
Intangible Assets	4	1,152,944	138,296
Heritage Assets	5	3,340,000	3,340,000
Non-Current Receivables from Exchange Transactions	6	2,029,753	850,237
Non-Current Receivables from Non-Exchange Transactions	7	495,318	261,616
<b>Current Assets</b>		<b>105,479,272</b>	<b>103,763,475</b>
Inventory	9	4,490,929	3,419,661
Receivables from Exchange Transactions	10	17,762,144	20,806,240
Receivables from Non-exchange Transactions	11	57,033,231	48,393,085
Operating Lease Asset	8	66,417	56,736
VAT receivable	21	10,112,464	12,297,089
Current Portion of Non-Current Receivables	6&7	1,154,295	2,404,783
Cash and Cash Equivalents	12.1	14,859,793	16,385,881
<b>Total Assets</b>		<b>571,186,568</b>	<b>538,163,986</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>50,605,434</b>	<b>50,536,550</b>
Long-term Borrowings	13	3,788,777	4,522,919
Non-current Provisions	14	16,512,347	14,659,321
Non-current Employee Benefits	15	30,304,310	31,354,310
<b>Current Liabilities</b>		<b>170,866,274</b>	<b>156,922,918</b>
Consumer Deposits	16	2,490,411	3,841,525
Current Employee Benefits	18	14,437,907	14,571,137
Trade and Other Payables from Exchange Transactions	19	148,230,617	126,919,725
Unspent Transfers and Subsidies	20	4,973,197	10,831,365
Current Portion of Long-term Borrowings	13	734,141	759,166
<b>Total Liabilities</b>		<b>221,471,708</b>	<b>207,459,468</b>
<b>Net Assets</b>		<b>349,714,860</b>	<b>330,704,518</b>
Housing Development Fund	22	3,789,518	3,789,518
Self Insurance Reserve	22	314,827	314,827
Accumulated Surplus		345,610,516	326,600,173
<b>Total Net Assets and Liabilities</b>		<b>571,186,568</b>	<b>538,163,986</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 R	2022 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>240,527,751</b>	<b>169,742,114</b>
<b>Taxation Revenue</b>		<b>45,596,846</b>	<b>40,235,240</b>
Property Rates	23	45,596,846	40,235,240
<b>Transfer Revenue</b>		<b>147,494,178</b>	<b>97,248,902</b>
Government Grants and Subsidies - Capital	24	52,732,178	14,852,792
Government Grants and Subsidies - Operating	24	91,796,737	81,602,115
Contributed Property, Plant and Equipment	25	2,965,264	793,995
<b>Other Revenue</b>		<b>47,436,727</b>	<b>32,257,972</b>
Fines, Penalties and Forfeits		44,668,173	30,509,289
Interest Earned - Non-exchange Transactions		2,587,362	1,628,231
Licences and Permits	26	181,192	120,452
<b>Revenue from Exchange Transactions</b>		<b>143,363,298</b>	<b>143,075,672</b>
Service Charges	27	127,430,969	130,708,883
Sales of Goods and Rendering of Services	28	809,533	660,477
Rental from Fixed Assets	29	1,382,476	1,352,766
Interest Earned - External Investments	30	2,121,363	540,859
Interest Earned - Exchange Transactions	31	7,852,336	6,243,807
Licences and Permits	26	-	209,854
Agency Services		1,179,795	462,007
Operational Revenue	32	2,586,825	2,897,019
<b>Total Revenue</b>		<b>383,891,049</b>	<b>312,817,786</b>
<b>EXPENDITURE</b>			
Employee related costs	33	122,440,789	124,977,211
Remuneration of Councillors	34	6,265,821	6,172,695
Bad Debts Written Off		17,866,012	164,298
Contracted Services	35	21,031,610	13,547,225
Depreciation and Amortisation	36	25,017,601	24,100,218
Finance Costs	37	11,467,866	11,700,687
Bulk Purchases	38	87,019,972	86,429,430
Inventory Consumed	9	4,725,794	4,354,489
Transfers and Subsidies	39	587,700	500,000
Operational Costs	40	33,926,458	23,683,109
<b>Total Expenditure</b>		<b>330,349,622</b>	<b>295,629,360</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>53,541,427</b>	<b>17,188,426</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	9.2	171,435	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	41	(42,844,356)	(45,431,727)
Gains/(Loss) on Sale of Fixed Assets	42	-	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	2	4,170,358	(336,906)
Actuarial gain/(loss)	15	3,966,436	(1,503,600)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>19,005,299</b>	<b>(31,627,462)</b>



# BEAUFORT WES LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2021</b>	<b>3,789,518</b>	<b>314,827</b>	<b>335,179,221</b>	<b>339,283,566</b>
Correction of Error - note 43			23,048,414	23,048,414
<b>Restated balance 1 July 2021</b>	<b>3,789,518</b>	<b>314,827</b>	<b>358,227,635</b>	<b>362,331,980</b>
Net Surplus/(Deficit) previously reported	-	-	(10,260,336)	(10,260,336)
Correction of Error - note 43			(21,367,126)	(21,367,126)
Net Surplus/(Deficit) restated			(31,627,462)	(31,627,462)
<b>Restated balance 30 June 2022</b>	<b>3,789,518</b>	<b>314,827</b>	<b>326,600,173</b>	<b>330,704,518</b>
Net Surplus/(Deficit) for the year	-	-	19,005,299	19,005,299
<b>Balance at 30 June 2023</b>	<b>3,789,518</b>	<b>314,827</b>	<b>345,605,473</b>	<b>349,709,818</b>
	<b>Note 22</b>	<b>Note 22</b>	<b>Note 43</b>	



# BEAUFORT WES LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Notes	R	Restated R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Cash receipts from customers		159,900,344	179,759,726
Government grants		140,837,575	104,268,929
Interest		12,561,061	8,412,897
Cash payments			
Suppliers and Employees		(260,103,713)	(240,074,206)
Finance Charges		(6,089,511)	(7,400,702)
Transfers and Subsidies		(587,700)	(500,000)
Grants repaid		(2,166,828)	(2,772,470)
<b>Net Cash from Operating Activities</b>	<b>44</b>	<b>44,351,228</b>	<b>41,694,173</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(44,044,439)	(15,527,233)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		0.00	0.21
Purchase of Intangible Assets		(1,073,711)	(0)
Purchase of Heritage Assets		-	-
Decrease/(Increase) in Non-Current Debtors		-	-
Decrease/(Increase) in Other Non-Current Receivables		-	-
Decrease/(Increase) in Non-Current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(45,118,150)</b>	<b>(15,527,233)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term Loans (new loans raised)		-	-
Repayment of borrowings		(759,166)	(1,502,533)
Borrowing - Long term/Refinancing		-	-
<b>Net Cash from Financing Activities</b>		<b>(759,166)</b>	<b>(1,502,533)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,526,088)</b>	<b>24,664,406</b>
Cash and Cash Equivalents at the beginning of the year		16,385,881	(8,278,526)
Cash and Cash Equivalents at the end of the year	<b>45</b>	14,859,793	16,385,881
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,526,088)</b>	<b>24,664,407</b>



BEAUFORT WES LOCAL MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget R	Budget Adjustments (I.L.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Shifting of Funds (I.L.o. s31 of the MFMA) R	Virement (I.L.o. Council approved by- law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash		3,090,455	(16,488,641)	(13,398,186)	-	-	(13,398,186)	2,541,684	-119%	Due to financial constraints expenditure was capped to the minimum, resulting in less cash outflow than expected during the budget compilation.
	Cash and Cash Equivalents							14,859,793		
	Less: Call Investment Deposits							(12,318,108)		
Call Investment Deposits		530,000	12,276,756	12,806,756	-	-	12,806,756	12,318,108	-3.82%	
Consumer Debtors		21,596,617	(7,373,061)	14,223,556	-	-	14,223,556	16,848,076	18.45%	Huge amounts indigent consumers were written off during the year. This was not included in the budget compilation.
	Receivables from Exchange Transactions							17,762,144		
	Add: Receivables from Non-exchange Transactions: Rates							(914,067)		
Other Debtors		61,039,132	52,624,044	113,664,076			113,664,076	68,126,180	-40.06%	No provision for debt impairment on traffic fines was calculated during the previous financial year. Furthermore huge amounts indigent consumers were written off during the year. None of these items was considered during the budget compilation.
	Receivables from Non-Exchange Transactions							57,033,231		
	Less: Receivables from Non-exchange Transactions: Rates							914,067		
	Add: Operating lease asset							66,417		
	Add: Taxes							10,112,464		
	Add: Unpaid transfers and subsidies							-		
	Add: Finance lease asset							-		
Current Portion of long-term receivables		1,829,900	574,883	2,404,783	-	-	2,404,783	1,154,295	-52.00%	Huge amounts of indigent consumers were written off during the year. This was not included in the budget preparation process.
Inventory		3,388,961	34,808	3,423,769	-	-	3,423,769	4,490,929	31.17%	Due to financial constraints expenditure was limited, resulting in less inventory issued as expenditure
<b>Total Current Assets</b>		<b>91,475,065</b>	<b>41,649,689</b>	<b>133,124,754</b>	<b>-</b>	<b>-</b>	<b>133,124,754</b>	<b>105,479,272</b>	<b>-28.77%</b>	
<b>Non-Current Assets</b>										
Long-term Receivables		2,460,014	(1,348,161)	1,111,853	-	-	1,111,853	2,525,071	127.10%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts.
	Non-Current Receivables from Exchange Transactions							2,029,753		
	Non-Current Receivables from Non-Exchange Transactions							495,318		
Investments		-		630,391	-	-	630,391	-	-100.00%	The amount previously recognised as investments was included in the AFS as Cash and Cash Equivalents.
Investment Property		6,212,993	(35,690)	6,177,303	-	-	6,177,303	6,177,304	0.00%	
Property, Plant and Equipment		563,554,562	(114,329,936)	449,224,626	-	-	449,224,626	452,511,978	0.73%	The municipality received donated assets to the value of R2 965 264 that were not budgeted for. The building occupied by the Finance Department (value R1 885 000) was previously recognised as a Heritage Asset, but due to its usage it was transferred to PPE. The transfer was not included during the budget compilation.
Intangible	Intangible Assets	199,190	(170,573)	28,617	-	-	28,617	1,152,944	3928.88%	Programming bought for the monitoring of water levels was recognised in the budget as PPE, but is regarded as Intangible Assets in the actual results.
Other Non-Current Assets	Heritage assets	5,225,000	-	5,225,000	-	-	5,225,000	3,340,000	-36.08%	The building occupied by the Finance Department (value R1 885 000) was previously recognised as a Heritage Asset, but due to its usage it was transferred to PPE. The transfer was not included during the budget compilation.
<b>Total Non-Current Assets</b>		<b>577,651,759</b>	<b>(115,884,360)</b>	<b>462,397,790</b>	<b>-</b>	<b>-</b>	<b>462,397,790</b>	<b>465,707,296</b>	<b>0.72%</b>	
<b>TOTAL ASSETS</b>		<b>669,126,824</b>	<b>(74,234,671)</b>	<b>595,522,544</b>	<b>-</b>	<b>-</b>	<b>595,522,544</b>	<b>571,186,568</b>	<b>-4.09%</b>	
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Bank Overdraft	Cash and Cash Equivalents (Current Liability)	40,454,785	(40,454,785)	-	-	-	-	-	0.00%	
Borrowing		515,019	219,122	734,141	-	-	734,141	734,141	0.00%	
Consumer Deposits		3,849,739	(7,955)	3,841,784	-	-	3,841,784	2,490,411	-35.18%	Due to reclassification of old deposits (expired prescribed period) as own income not budgeted for
Trade and Other Payables		79,388,541	103,289,521	182,678,062	-	-	182,678,062	153,203,814	-16.13%	Due to financial constraints expenditure was limited, resulting in less creditors raised
	Trade and Other Payables from Exchange Transactions							148,230,617		
	Unspent Transfers and Subsidies							4,973,197		
	Transfer and subsidies payable							-		
	Taxes							-		
Provisions		16,585,841	(1,852,305)	14,733,536	-	-	14,733,536	14,437,907	-2.01%	
	Provisions (current liability)							-		
	Current Employee Benefits							14,437,907		
<b>Total Current Liabilities</b>		<b>140,793,925</b>	<b>61,193,598</b>	<b>201,987,523</b>	<b>-</b>	<b>-</b>	<b>201,987,523</b>	<b>170,866,274</b>	<b>-15.41%</b>	
<b>Non-Current Liabilities</b>										
Borrowing		1,818,136	1,971,509	3,789,645	-	-	3,789,645	3,788,777	-0.02%	Estimate of provision higher than expected due to
Provisions		41,948,074	3,516,072	45,464,146	-	-	45,464,146	46,816,657	2.97%	increase in discount rates
	Non-current Provisions							16,512,347		
	Non-current Employee Benefits							30,304,310		
<b>Total Non-Current Liabilities</b>		<b>43,766,210</b>	<b>5,487,581</b>	<b>49,253,791</b>	<b>-</b>	<b>-</b>	<b>49,253,791</b>	<b>50,605,434</b>	<b>2.74%</b>	
<b>TOTAL LIABILITIES</b>		<b>184,560,135</b>	<b>66,681,179</b>	<b>251,241,314</b>	<b>-</b>	<b>-</b>	<b>251,241,314</b>	<b>221,471,708</b>	<b>-11.85%</b>	
<b>NET ASSETS</b>										
Accumulated Surplus/(Deficit)		480,462,344	(140,285,459)	340,176,885	-	-	340,176,885	345,610,516	1.60%	Net effect of reasons above
Reserves		4,104,345	-	4,104,345	-	-	4,104,345	4,104,345	0.00%	
	Housing Development Fund							3,789,518		
	Self Insurance Reserve							314,827		
<b>TOTAL NET ASSETS</b>		<b>484,566,689</b>	<b>(140,285,459)</b>	<b>344,281,230</b>	<b>-</b>	<b>-</b>	<b>344,281,230</b>	<b>349,714,860</b>	<b>1.58%</b>	



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SOUTH AFRICA  
30 November 2023

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**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (I.t.o. s28 and s31 of the R	Final Adjustment Budget R	Shifting of Funds (I.t.o. s31 of the MFMA) R	Virement (I.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
		R								
<b>REVENUE</b>										
Property Rates	Property Rates	47,808,163	-	47,808,163	-	-	47,808,163	45,596,846	-4.63%	An amount not levied during the previous year was incorrectly included in the budget of the current year, but was recognised in the prior year in the actual results.
Service Charges - Electricity Revenue	Service Charges	103,524,536	(1,462,684)	102,061,852	-	-	102,061,852	79,474,982	-22.13%	Loadshedding was the main contributor to the reduction of electricity sales.
Service Charges - Water Revenue	Service Charges	33,026,098	(8,396,418)	24,629,680	-	-	24,629,680	16,979,804	-31.06%	Unmetered consumption (issues with water meters/faulty meters)
Service Charges - Sanitation Revenue	Service Charges	22,981,543	(737,800)	21,343,943	-	-	21,343,943	20,478,249	-4.06%	
Service Charges - Refuse Revenue	Service Charges	11,145,742	1,156,548	12,302,290	-	-	12,302,290	10,497,935	-14.67%	Overbudget of refuse revenue
Rental of Facilities and Equipment	Rental from Fixed Assets	1,671,203	-	1,671,203	-	-	1,671,203	1,382,476	-17.28%	
Interest Earned - External Investments	Interest Earned - External Investments	385,000	1,245,000	1,630,000	-	-	1,630,000	2,121,363	30.14%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Interest Earned - Outstanding Debtors	Interest Earned - Exchange Transactions	7,916,893	4,609,957	12,526,850	-	-	12,526,850	10,439,698	-16.66%	Huge amounts iro indigent debtors were written off during the year, resulting in less interest being levied on outstanding amounts.
	Interest Earned - Non-exchange Transactions							7,852,336		
								2,587,362		
Fines, penalties and forfeits	Fines, Penalties and Forfeits	49,522,551	-	49,522,551	-	-	49,522,551	44,668,173	-9.80%	The municipality did not appoint a service provider for traffic fines from the start of the financial year.
Licenses and Permits	Licences and Permits - non-exchange	225,500	240,160	465,660	-	-	465,660	181,192	-61.09%	
	Licences and Permits - exchange							181,192		
Agency Services	Agency Services	900,000	300,000	1,200,000	-	-	1,200,000	1,179,795	-1.68%	
Transfers and subsidies	Government Grants and Subsidies - Operating	89,311,650	5,827,453	95,239,103	-	-	95,239,103	91,796,737	-3.61%	Due to the capping of expenditure total grants were not spent, resulting in less revenue recognised.
Other Revenue	Operational Revenue	1,385,145	451,945	1,837,090	-	-	1,837,090	3,396,358	84.88%	Due to reclassification of old deposits (exceed prescribed period) as own income not budgeted for
	Sales of Goods and Rendering of Services							2,596,825		
								809,533		
Gains		-	-	-	-	-	-	171,435	100.00%	This is due to an increase in the net-realizable value of inventory values that was not anticipated during the compilation of the budget.
Inventories: (Write-down)/Reversal of Write-down to Actuarial gain/(loss)	Gains/(Loss) on Sale of Fixed Assets							171,435		
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>368,904,024</b>	<b>3,334,361</b>	<b>372,238,385</b>	<b>-</b>	<b>-</b>	<b>372,238,385</b>	<b>328,365,042</b>	<b>-11.79%</b>	
<b>EXPENDITURE</b>										
Employee Related Costs	Employee related costs	126,374,435	(552,128)	125,822,307	-	-	125,822,307	122,440,789	-2.69%	Due to financial constraints expenditure were capped to the minimum resulting in vacant positions not being filled.
Remuneration of Councillors	Remuneration of Councillors	6,537,616	(251,443)	6,286,173	-	-	6,286,173	6,265,821	-0.32%	
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	55,261,000	37,850,801	93,111,801	-	-	93,111,801	60,710,368	-34.80%	Huge amounts iro indigent debtors were written off, resulting in a reversal of impairment for certain services.
	Bad Debts Written Off							42,844,356		
Depreciation and Asset Impairment	Depreciation and Amortisation	24,985,826	-	24,985,826	-	-	24,985,826	17,896,012	-29.06%	Overbudgeting of depreciation
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							20,847,243		
								25,017,601		
								(4,170,358)		
Finance Charges	Finance Costs	900,541	6,175,016	7,075,557	-	-	7,075,557	11,467,866	62.08%	The increase in finance charges are due to actuarial valuations and calculations on the rehabilitation of landfill sites that were not anticipated during the compilation of the budget.
Bulk Purchases - electricity	Bulk Purchases (Electricity only)	82,978,585	(914,002)	82,064,583	-	-	82,064,583	75,857,718	-7.56%	Due to loadshedding and the impact it had on electricity sales, less electricity had to be purchased.
Inventory consumed	Inventory Consumed	21,389,374	1,006,404	22,395,778	-	-	22,395,778	15,888,048	-29.06%	Due to financial constraints expenditure were capped to the minimum resulting in less inventory being recognised as expenditure.
	Bulk Purchases (Water only)							4,725,794		
								11,162,254		
Contracted Services	Contracted Services	19,610,777	(3,114,224)	16,496,553	-	-	16,496,553	21,031,610	27.49%	Significant expenditure for security services not budgeted for
Transfers and subsidies	Transfer and Subsidies	550,000	350,000	900,000	-	-	900,000	587,700	-34.70%	Due to financial constraints expenditure were capped to the minimum resulting in less grants paid by the municipality.
Other Expenditure	Operational Costs	25,043,000	8,058,118	33,101,118	-	-	33,101,118	33,926,458	2.49%	The main contributing item is internal charges for municipal services to an amount of R14 718 625, in terms of the Budget-Schedules prescribed in terms of the MBRR, this item is excluded from the Budget-Schedules.
Losses	Gains/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-	(3,966,436)	0.00%	This is actuarial gains as calculated in the actuarial calculations on employee benefits that was not anticipated during the budget compilation.
	Actuarial gain/(loss)									
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value									
<b>Total Expenditure</b>		<b>363,631,154</b>	<b>48,608,542</b>	<b>412,239,696</b>	<b>-</b>	<b>-</b>	<b>412,239,696</b>	<b>365,057,185</b>	<b>-11.45%</b>	
<b>Surplus/(Deficit)</b>		<b>5,272,870</b>	<b>(45,274,181)</b>	<b>(40,001,311)</b>	<b>-</b>	<b>-</b>	<b>(40,001,311)</b>	<b>(36,692,142)</b>	<b>(0)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	54,024,350	1,234,957	55,259,307	-	-	55,259,307	52,732,178	-4.57%	Due to the capping of expenditure total grants were not spent, resulting in less revenue recognised.
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	-	-	2,965,264	100.00%	The municipality received donated assets that were not anticipated during the compilation of the budget.
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>		<b>59,297,220</b>	<b>(44,039,224)</b>	<b>15,257,996</b>	<b>-</b>	<b>-</b>	<b>15,257,996</b>	<b>19,005,299</b>		
<b>Surplus/(Deficit) for the year</b>		<b>59,297,220</b>	<b>(44,039,224)</b>	<b>15,257,996</b>	<b>-</b>	<b>-</b>	<b>15,257,996</b>	<b>19,005,299</b>	<b>95.09%</b>	



**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the R	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	Cash receipts from customers	40,379,190	537,148	40,916,338	-	-	40,916,338	38,865,918	-5.01%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on property rates being lower than anticipated.
Service Charges	Cash receipts from customers	149,742,389	(10,364,739)	139,377,650	-	-	139,377,650	115,720,405	-16.97%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on property rates being lower than anticipated.
Other Revenue	Cash receipts from customers	27,328,035	(16,714,104)	10,613,931	-	-	10,613,931	5,314,022	-49.93%	A service provider for the administration of traffic fines was appointed at year-end only, resulting in the collection rate on traffic fines being much lower than anticipated.
Transfers and Subsidies - Operational	Government	89,311,650	2,877,300	92,188,950	-	-	92,188,950	90,994,728	-1.30%	Less grants received than anticipated during the budget compilation.
Transfers and Subsidies - Capital	Government	54,024,350	(4,379,426)	49,644,924	-	-	49,644,924	49,842,847	0.40%	
Interest	Interest	6,881,760	(5,251,760)	1,630,000	-	-	1,630,000	12,561,061	670.62%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
<b>Payments</b>										
Suppliers and Employees	Suppliers and Employees	(299,133,786)	7,860,266	(291,273,520)	-	-	(291,273,520)	(260,103,713)	-10.70%	Due to financial constraints expenditure was capped to the minimum, resulting in less cash outflow than anticipated.
Finance charges	Finance Charges	(900,541)	(6,175,016)	(7,075,557)	-	-	(7,075,557)	(6,089,511)	-13.94%	Interest paid on overdue accounts was R885 816 less than budgeted for.
Transfers and Grants	Transfers and Subsidies	(550,000)	(350,000)	(900,000)	-	-	(900,000)	(587,700)	-34.70%	Due to financial constraints expenditure were capped to the minimum resulting in less grants paid by the municipality.
	Grants repaid				-	-		(2,166,828)	100.00%	No provision was made in the budget for the repayment of grants.
<b>Net Cash from/(used) Operating Activities</b>		<b>67,083,047</b>	<b>(31,960,331)</b>	<b>35,122,716</b>	<b>-</b>	<b>-</b>	<b>35,122,716</b>	<b>44,351,228</b>	<b>26.28%</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Decrease (increase) in non-current receivables	Decrease/(Increase) in Other Non-Current Receivab	2	(2)	-	-	-	-	-	0.00%	
Decrease/(Increase) in Non-Current Investments	Decrease/(Increase) in Non-Current Investments	(11)	11	-	-	-	-	-	0.00%	
<b>Payments</b>										
Capital Assets	Purchase of Property, Plant and Equipment	(58,452,193)	7,740,855	(50,711,338)	-	-	(50,711,338)	(45,118,150)	-11.03%	Due to financial constraints expenditure was capped to the minimum.
	Purchase of Investment Property	(58,452,193)	7,740,855	(50,711,338)	-	-	(50,711,338)	(44,044,439)		
	Purchase of Intangible Assets				-	-		0		
					-	-		(1,073,711)		
<b>Net Cash from/(used) Investing Activities</b>		<b>(58,452,202)</b>	<b>7,740,864</b>	<b>(50,711,338)</b>	<b>-</b>	<b>-</b>	<b>(101,422,676)</b>	<b>(45,118,150)</b>	<b>-55.51%</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase/(Decrease) in Consumer Deposits	Cash receipts from customers	217,909	(217,909)	-	-	-	-	-	0.00%	
<b>Payments</b>										
Repayment of Borrowing	Repayment of borrowings	(758,299)	-	(758,299)	-	-	(758,299)	(759,166)	0.11%	
<b>Net Cash from/(used) Financing Activities</b>		<b>(540,390)</b>	<b>(217,909)</b>	<b>(758,299)</b>	<b>-</b>	<b>-</b>	<b>(758,299)</b>	<b>(759,166)</b>	<b>0.11%</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>										
Cash and Cash Equivalents at the year begin:		8,090,455	(24,437,376)	(16,346,921)	-	-	(67,058,259)	(1,526,088)	-97.72%	Net of reasons listed above
Cash and Cash Equivalents at the year end:		5,000,000	11,385,882	16,385,882	-	-	16,385,882	16,385,881	0.00%	
		<b>13,090,455</b>	<b>(13,051,494)</b>	<b>38,961</b>	<b>-</b>	<b>-</b>	<b>(50,672,377)</b>	<b>14,859,793</b>	<b>-129.33%</b>	



**AUDITOR - GENERAL**  
**SOUTH AFRICA**  
 30 November 2023  
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## **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

### **1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations 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.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. CONSISTENT AND NEW 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. For the financial year, no new standards became effective.

**1.6. 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.

**1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Explanations for material differences between the final approved budget amounts and actual amounts are included in the Statement of Comparison between budget and actual amounts.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material or where the amount exceeds R1000 0000.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 25	<p><b><u>Employee benefits</u></b></p> <p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2023
GRAP 103	<p><b><u>Heritage assets</u></b></p> <p>There are proposed amendments to the classification of mixed-use assets and the fair value accounting.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 104	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2025
GRAP 1: Materiality	<p><b><u>Presentation of Financial statements: Materiality</u></b></p> <p>The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p>	1 April 2023



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REFERENCE	TOPIC	EFFECTIVE DATE
	<p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	
<b>GRAP 1: Going concern</b>	<p><b><u>Presentation of Financial statements: Going concern</u></b></p> <p>The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p> <p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>Improvement to the Standards of GRAP</b>	<p><b><u>Improvement to the Standards of GRAP</u></b></p> <p>The improvements are to address concerns by prepares and updated wording of selected standards. The changes will improve the application of accounting policies and therefore not major changes expected.</p>	1 April 2023
<b>iGRAP 7</b>	<p><b><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></b></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p> <p>No significant impact is expected as the Municipality does not hold any plan assets.</p>	1 April 2023
<b>iGRAP 21</b>	<p><b><u>The Effect of Past Decisions on Materiality</u></b></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality.</p> <p>No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2023
<b>Guideline</b>	<p><b><u>Accounting for Landfill sites</u></b></p> <p>The municipality may have to revise their currently policy on the treatment of such transactions.</p>	1 April 2023
<b>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged

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**1.9. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.10. RESERVES**

**1.10.1. Self-insurance reserve**

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

**1.11. LEASES**

**1.11.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, and equipment. If there is no reasonable certainty that the lessee will obtain



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ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.11.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received (including indirect costs), plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

**1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from



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legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### **1.14. PROVISIONS**

Provisions are recognised when the Municipality has a present 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.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.

Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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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.

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.

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

## **1.15. EMPLOYEE BENEFITS**

### ***(a) Pension and Retirement Fund Obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (privately administered or public pension 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 are recognised as employee benefit expense when they are due.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. Typically, defined benefit plans define an amount of pension benefit that an employee will

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receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

**(b) *Post-Retirement Health Care Benefit***

The Municipality provides post-retirement health care 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% are 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 in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was 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 fair value of the obligation. Payments made by the Municipality are set-off against the liability, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Interest is capitalised against the liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

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**(c) 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 periodically 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 charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically annually by independent qualified actuaries.

**(d) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost upon valuation as it meets the definition of Interest Cost in GRAP 25.

Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Interest is capitalised against the liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(e) 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 year end, to a maximum of 48 days, and also on the total remuneration package of the employee.

Accumulated 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, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

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**(f) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(g) 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 accrues to Section 57 employees. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.16. PROPERTY, PLANT AND EQUIPMENT**

**1.16.1. Initial Recognition**

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by 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.

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



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Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired (including any transaction cost).

Major spare parts and servicing equipment qualify as property, plant, and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.16.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

**1.16.3. Depreciation and Impairment**

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset other than land 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 management.

The depreciation charge is recognised in the Statement of Financial Performance. The annual depreciation rates are based on the following estimated useful lives in years:

**Infrastructure**

Road network	9-102
Electricity network	12-67
Water network	9-105
Refuse network	18-29
Sanitation network	10-105

**Community**

Cemeteries	104
Recreation sites	8-104
Community Centurms	14-104
Libraries	20-104

**Other**

Buildings	14-104
Machinery & Equipment	3-44





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Furniture and Office equipment	3-34
Computer Equipment	3-39
Transport Assets	5-87

**Finance lease assets**

Office equipment	3-11
Vehicles	3-6

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in estimate.

Property, plant and equipment 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 charged to 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 impairment is recognised in the Statement of Financial Performance.

**1.16.4. De-recognition**

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.

**1.16.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.16.6. Decommissioning and restoration asset**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required

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to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.

If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.19 of the policy

## **1.17. INTANGIBLE ASSETS**

### **1.17.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criteria in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability, regardless of whether the Municipality intends to do so or;
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position 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.

### **1.17.2. Subsequent Measurement – Cost Model**

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



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**1.17.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The amortisation charge is recognised in the Statement of Financial Performance.

The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	2-4

Changes to the useful life of assets, residual value and amortisation method are reviewed each year to determine if there is an indication that a change may have occurred. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

**1.17.4. De-recognition**

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.

**1.17.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.18. INVESTMENT PROPERTY**

**1.18.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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



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for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property

At initial recognition, the Municipality measures investment property at cost including transaction cost. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. (including transaction costs)

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

**1.18.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

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**1.18.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-33

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

**1.18.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.19.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

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(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance.

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.

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An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.19.2. Non-cash-generating assets**

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined by:

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

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.20. INVENTORIES**

### **1.20.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the 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.



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Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.20.2. Subsequent Measurement**

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. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. 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 carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

**1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, borrowings, and payables from exchange transactions.

**1.21.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument 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.

**1.21.2. Subsequent Measurement**

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Financial Assets are categorised according to their nature as either financial assets at fair value or financial assets at amortised cost. Financial Liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.21.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured using the effective interest rate method. Receivables comprise non-current receivables, consumer debtors and other debtors (excluding rates and fines).

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material.

**1.21.2.2. Payables and Borrowings**

Financial liabilities consist of trade and other payables and borrowings. They are categorised as financial liabilities held at amortised cost (initial carrying amount, less repayments, plus interest). They are subsequently measured using an effective interest rate.



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**1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand and bank accounts. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

**1.21.2.4. 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.

**1.21.3. De-recognition**

**1.21.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

**1.21.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**1.21.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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.

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**1.22. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.22.1. Initial Recognition and Measurement**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

The Municipality initially measures the statutory receivables at their transaction amount.

**1.22.2. Subsequent Measurement**

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

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

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.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)

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- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

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 adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.22.3. Derecognition**

The Municipality derecognises a statutory receivable when:

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

Any difference between consideration received and amounts derecognised is recognised in surplus and deficit.

**1.22.4. Transitional Provisions**

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision. The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

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**1.23. REVENUE**

**1.23.1. 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.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably

Revenue is initially measured at fair value.

Government grant and subsidies received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the government grant and subsidy is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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

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treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise 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.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Interest revenue is recognised using the effective interest rate method.

Licences and permits are charged at the approved tariff.

Services in-kind that are significant to the Municipality's operations are recognised as assets and 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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.23.2. 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.

Revenue is initially measured at fair value (including any trade discounts and volume rebates)

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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 individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when:

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal (waste management) 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.



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Service charges from sewerage (waste water management) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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 and operational revenue.

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.

#### **1.24. 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.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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.



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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.

**1.25. 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.

**1.26. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), 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 excludes unauthorised expenditure. 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.

**1.27. 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.

**1.28. 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 entity. 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 fully within the control of the municipality.

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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.

**1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 financial statements:

***Post-retirement health care benefits, Long service awards and Ex gratia gratuities***

The cost of post-retirement health care benefits, long service awards and ex-gratia gratuities 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. Major assumptions used are disclosed in note 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

The calculation in respect of the impairment of debtors 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. The assessment is done per individual debtor and grouped in the Statement of Financial Position.

***Impairment of Statutory Receivables***

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

on the history of recoverability of such receivables. (such as property rates) When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. (such as fines) Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Technical estimates of the practical useful lives for different infrastructure types, based on engineering technical knowledge of infrastructure types and services requirements. Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- For other assets and buildings 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 Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.
- The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition, and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. 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.

Reference was made to intangibles assets used within the Municipality and other municipalities to determine the useful life 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.

***Investment Property***

The useful lives of investment property are based on management's estimation.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- 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 Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.
- The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time

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.

***Contingent Liabilities and Contingent Assets***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

***Provision for Landfill Sites***

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 of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates linked to government bond rate was used to calculate the effect of time value of money.

Provisions are discounted where the time value effect is material.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

***Revenue Recognition***

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2022. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

***Water Inventory***

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

**1.30. VALUE ADDED TAX**

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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 as part of receivables or payables in the Statement of Financial Position.

**1.31. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the Municipality.

**1.32. 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:



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### **1.33 HERITAGE ASSETS**

#### **1.33.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.33.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.33.3 Depreciation and Impairment**

Heritage assets are not depreciated.

Heritage 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.

For possible indicators of impairment reference can be made to the policy on impairment.

#### **1.33.4 De-recognition**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.33.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.34 ACCOUNTING BY PRINCIPALS AND AGENTS**

A principal-agent arrangement exists where there is 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).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP.

**Identification**

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

**1.35 SEGMENT REPORTING**

A segment is an activity of an entity:

- that generates economic benefits or service potential;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

- for which separate financial information is available

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

### **1.36 TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

### **1.37 BORROWING COST**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2023

	Cost/Revaluation								Accumulated Impairment						Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Restated Opening balance	Additions	Change in landfill site	Transfers	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening balance	Depreciation	Disposals	Closing Balance	
<b>Infrastructure</b>																					
Electricity Network	135,149,483.55	-	135,149,483.55	15,289,861.95	-	-	80,724.81	150,358,820.70	108,312.21	-	-	223,686.93	-	331,999.14	41,640,377.28	-	41,640,377.28	2,945,065.16	80,724.81	44,504,717.63	105,521,903.92
Refuse Network	694,384.16	-	694,384.16	-	-	-	-	694,384.16	-	-	-	-	-	-	244,416.01	-	244,416.01	-	-	267,687.38	426,696.78
Road Network	196,941,305.89	-	196,941,305.89	3,253,644.30	-	-	1,073,839.16	199,121,111.04	-	-	-	-	-	-	116,983,356.06	-	116,983,356.06	5,407,019.33	1,073,839.16	121,406,536.24	77,714,574.80
Sanitation Network	105,341,263.20	-	105,341,263.20	-	-	-	-	105,341,263.20	-	-	-	-	-	-	56,537,459.87	-	56,537,459.87	4,252,559.17	-	60,790,019.03	44,551,244.17
Water Network	119,537,694.70	-	119,537,694.70	24,749,035.28	-	-	458,698.16	143,828,031.83	-	-	-	-	-	-	52,350,727.40	-	52,350,727.40	4,036,455.88	458,698.16	55,928,485.13	87,899,546.70
Landfill Sites	9,734,226.93	-	9,734,226.93	-	-	-	-	9,734,226.93	-	-	-	-	-	-	9,734,226.93	-	9,734,226.93	0.00	-	9,734,226.93	0.00
<b>Community Assets</b>	<b>567,398,358.45</b>	<b>-</b>	<b>567,398,358.45</b>	<b>43,292,641.53</b>	<b>-</b>	<b>-</b>	<b>1,613,262.12</b>	<b>609,077,637.86</b>	<b>108,312.21</b>	<b>-</b>	<b>-</b>	<b>223,686.93</b>	<b>-</b>	<b>331,999.14</b>	<b>277,490,563.55</b>	<b>-</b>	<b>277,490,563.55</b>	<b>16,784,370.91</b>	<b>1,613,262.12</b>	<b>292,631,672.34</b>	<b>316,113,966.38</b>
Cemeteries	7,427,060.02	-	7,427,060.02	-	-	-	-	7,427,060.02	-	-	-	-	-	-	187,275.87	-	187,275.87	330,030.62	-	517,306.49	6,909,753.53
Community centres	72,789,698.54	-	72,789,698.54	-	-	-	-	72,789,698.54	670,478.14	-	-	(670,478.22)	-	(0.08)	32,577,146.70	-	32,577,146.70	2,686,962.82	35,274,109.53	37,515,589.09	37,515,589.09
Libraries	1,138,236.08	-	1,138,236.08	-	-	-	-	1,138,236.08	21,470.39	-	-	(21,470.39)	-	-	269,109.93	-	269,109.93	29,818.98	-	298,928.91	839,307.17
Recreation sites	24,454,624.02	-	24,454,624.02	2,220,347.36	-	-	-	26,674,971.38	185,621.45	-	-	(185,621.45)	-	-	9,319,408.45	-	9,319,408.45	1,838,656.53	-	10,158,064.98	16,518,906.40
	<b>105,809,618.68</b>	<b>-</b>	<b>105,809,618.68</b>	<b>2,220,347.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,029,966.02</b>	<b>878,569.98</b>	<b>-</b>	<b>-</b>	<b>(878,570.06)</b>	<b>-</b>	<b>(0.08)</b>	<b>41,352,940.95</b>	<b>-</b>	<b>41,352,940.95</b>	<b>4,895,468.96</b>	<b>-</b>	<b>46,248,409.91</b>	<b>61,781,556.19</b>
<b>Land and Buildings</b>	<b>86,203,109.33</b>	<b>-</b>	<b>86,203,109.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,203,109.33</b>	<b>15,441,624.52</b>	<b>-</b>	<b>13,939,450.00</b>	<b>(3,815,474.52)</b>	<b>-</b>	<b>11,926,150.00</b>	<b>5,861,806.56</b>	<b>-</b>	<b>5,861,806.56</b>	<b>661,108.44</b>	<b>-</b>	<b>6,522,915.00</b>	<b>67,754,044.33</b>
Land	68,540,975.00	-	68,540,975.00	-	-	-	-	68,540,975.00	13,939,450.00	-	13,939,450.00	(2,013,300.00)	-	11,926,150.00	-	-	-	-	-	-	56,614,825.00
Buildings	17,662,134.33	-	17,662,134.33	-	-	-	-	17,662,134.33	1,502,174.52	-	-	(1,502,174.52)	-	0.00	5,861,806.56	-	5,861,806.56	661,108.44	-	6,522,915.00	11,139,219.33
<b>Other Assets</b>																					
Machinery and Equipment	3,719,989.23	-	3,719,989.23	4,708.48	-	-	44,780.39	3,679,917.32	-	-	-	-	-	-	3,097,407.79	-	3,097,407.79	287,842.42	44,780.39	3,340,469.82	339,447.50
Furniture and Office Equipment	3,439,297.51	-	3,439,297.51	187,597.22	-	-	65,852.05	3,561,042.68	-	-	-	-	-	-	2,909,881.37	-	2,909,881.37	263,292.49	65,852.05	3,107,321.80	453,720.88
Computer Equipment	4,712,829.48	-	4,712,829.48	1,410,022.00	-	-	321,476.29	5,801,375.19	-	-	-	-	-	-	3,652,853.88	-	3,652,853.88	329,911.24	321,476.29	3,661,288.83	2,140,086.36
Transport Assets	9,658,641.35	-	9,658,641.35	2,351,881.81	-	-	1,790,559.03	10,410,064.13	-	-	-	-	-	-	6,825,285.10	-	6,825,285.10	1,456,108.84	1,799,559.03	6,481,834.91	3,929,129.22
	<b>21,530,757.57</b>	<b>-</b>	<b>21,530,757.57</b>	<b>4,154,209.51</b>	<b>-</b>	<b>-</b>	<b>2,231,667.76</b>	<b>23,453,299.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,485,428.15</b>	<b>-</b>	<b>16,485,428.15</b>	<b>2,337,154.98</b>	<b>2,231,667.76</b>	<b>16,590,915.37</b>	<b>6,862,383.96</b>
<b>Leases</b>																					
Leased office equipment	1,702,124.95	-	1,702,124.95	-	-	-	-	1,702,124.95	-	-	-	-	-	-	1,605,671.28	-	1,605,671.28	96,453.75	-	1,702,125.03	(0.08)
Leased office vehicle	(0.39)	-	(0.39)	-	-	-	-	(0.39)	-	-	-	-	-	-	(0.46)	-	(0.46)	-	-	(0.46)	0.08
	<b>1,702,124.56</b>	<b>-</b>	<b>1,702,124.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,702,124.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,605,670.82</b>	<b>-</b>	<b>1,605,670.82</b>	<b>96,453.75</b>	<b>-</b>	<b>1,702,124.56</b>	<b>0.00</b>
<b>Total</b>	<b>782,643,968.57</b>	<b>-</b>	<b>782,643,968.57</b>	<b>49,667,098.40</b>	<b>-</b>	<b>-</b>	<b>3,844,929.88</b>	<b>828,466,137.10</b>	<b>16,428,506.71</b>	<b>-</b>	<b>13,939,450.00</b>	<b>(4,170,357.65)</b>	<b>-</b>	<b>12,258,149.06</b>	<b>342,796,410.02</b>	<b>-</b>	<b>342,796,410.02</b>	<b>24,744,557.04</b>	<b>3,844,929.88</b>	<b>363,696,037.17</b>	<b>452,511,950.85</b>



AUDITOR - GENERAL  
SOUTH AFRICA  
30 November 2023  
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2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2022

	Cost/Revaluation							Accumulated Impairment					Accumulated Depreciation						Carrying		
	Opening	Correction	Restated Opening	Additions	Change in landfill	Transfers	Disposals	Closing	Opening	Correction	Restated Opening	Additions	Reversal	Closing	Opening	Correction	Restated Opening	Depreciation	Disposals	Closing	Value
	Balance	of Error (note 43.1)	balance		site			Balance	Balance	of Error (note 43.1)	balance			Balance	Balance	of Error (note 43.4)	balance			Balance	
Infrastructure																					
Electricity Network	129,422,130.77	-	129,422,130.77	6,152,313.30	-	-	424,960.52	135,149,483.55	-	-	-	261,924.34	153,612.13	108,312.21	39,212,675.65	-	39,212,675.65	2,799,434.36	371,732.74	41,640,377.28	93,400,794.07
Refuse Network	694,384.16	-	694,384.16	-	-	-	-	694,384.16	-	-	-	-	-	-	221,144.64	-	221,144.64	23,271.37	-	244,416.01	449,968.15
Road Network	196,941,305.89	-	196,941,305.89	-	-	-	-	196,941,305.89	-	-	-	-	-	-	111,739,524.25	-	111,739,524.25	5,243,831.82	-	116,983,356.06	79,957,949.83
Sanitation Network	105,341,263.20	-	105,341,263.20	-	-	-	-	105,341,263.20	-	-	-	-	-	-	52,284,900.70	-	52,284,900.70	4,252,559.17	-	56,537,459.87	48,803,803.34
Water Network	115,471,013.32	-	115,471,013.32	4,094,989.96	-	-	28,308.57	119,537,694.70	-	-	-	-	-	-	48,710,033.33	-	48,710,033.33	3,667,900.12	27,206.05	52,350,727.40	67,186,967.39
Landfill Sites	9,734,226.93	-	9,734,226.93	-	-	-	-	9,734,226.93	-	-	-	-	-	-	9,734,226.93	-	9,734,226.93	-	-	9,734,226.93	0.00
	557,604,324.28	-	557,604,324.28	10,247,303.26	-	-	453,269.09	567,398,358.45	-	-	-	261,924.34	153,612.13	108,312.21	261,902,505.50	-	261,902,505.50	15,986,996.84	398,938.79	277,490,563.55	289,799,482.69
Community Assets																					
Cemeteries	2,486,636.96	-	2,486,636.96	4,940,423.06	-	-	-	7,427,060.02	-	-	-	-	-	-	2,383.79	-	2,383.79	184,892.08	-	187,275.87	7,239,784.15
Community centres	72,789,698.54	-	72,789,698.54	-	-	-	-	72,789,698.54	670,478.14	-	-	-	-	670,478.14	29,880,183.88	-	29,880,183.88	2,696,962.82	32,577,146.70	39,542,073.70	
Libraries	1,138,236.08	-	1,138,236.08	-	-	-	-	1,138,236.08	21,470.39	-	-	-	-	21,470.39	239,290.96	-	239,290.96	29,818.88	-	269,109.93	847,655.76
Recreation sites	24,032,848.04	-	24,032,848.04	421,775.98	-	-	-	24,454,624.02	6,480,751.91	-	-	-	-	6,480,751.91	1,838,656.53	-	1,838,656.53	8,319,408.45	-	15,948,594.12	
	100,447,419.62	-	100,447,419.62	5,362,199.04	-	-	-	105,809,618.66	878,569.98	-	-	-	-	878,569.98	36,602,610.54	-	36,602,610.54	4,780,330.41	-	41,382,940.95	63,578,107.73
Other Assets	87,068,414.33	(965,305.00)	86,203,109.33	-	-	-	-	86,203,109.33	16,648,274.52	(1,206,650.00)	13,939,459.00	-	-	15,441,624.52	5,012,198.12	188,500.00	5,200,698.12	661,108.44	-	5,861,806.56	64,899,678.25
Land	71,291,280.00	(2,750,305.00)	68,540,975.00	-	-	-	-	68,540,975.00	15,146,100.00	(1,206,650.00)	13,939,450.00	-	-	13,939,450.00	5,012,198.12	188,500.00	5,200,698.12	661,108.44	-	5,861,806.56	54,601,525.00
Buildings	15,777,134.33	1,885,000.00	17,662,134.33	-	-	-	-	17,662,134.33	1,502,174.52	-	-	-	-	1,502,174.52	5,012,198.12	188,500.00	5,200,698.12	661,108.44	-	5,861,806.56	10,296,153.25
Machinery and Equipment	3,773,385.57	-	3,773,385.57	-	-	-	53,396.34	3,719,989.23	-	-	-	-	-	-	2,849,641.08	-	2,849,641.08	300,701.02	52,934.31	3,097,407.79	622,581.44
Furniture and Office Equipment	3,482,416.85	-	3,482,416.85	1,040.00	-	-	44,159.34	3,439,297.51	-	-	-	-	-	-	2,676,906.19	-	2,676,906.19	276,793.16	43,817.98	2,909,881.37	529,416.14
Computer Equipment	5,076,125.33	-	5,076,125.33	29,279.11	-	-	392,574.96	4,712,829.48	-	-	-	-	-	-	3,571,666.71	-	3,571,666.71	471,290.28	390,103.11	3,652,853.88	1,059,975.60
Transport Assets	10,612,605.41	-	10,612,605.41	-	-	-	954,164.36	9,658,441.35	-	-	-	-	-	-	7,175,856.84	-	7,175,856.84	461,711.50	812,283.23	6,805,285.10	2,833,356.25
	22,944,733.15	-	22,944,733.15	30,319.11	-	-	1,444,294.69	21,539,757.87	-	-	-	-	-	-	16,274,070.83	-	16,274,070.83	1,510,495.95	1,299,138.63	16,485,428.15	5,045,329.43
Leases																					
Leased office equipment	1,702,124.95	-	1,702,124.95	-	-	-	-	1,702,124.95	-	-	-	-	-	-	1,038,296.29	-	1,038,296.29	567,374.98	-	1,605,671.28	96,453.67
Leased office vehicles	1,021,303.92	-	1,021,303.92	-	-	-	1,021,304.31	(0.39)	-	-	-	-	-	-	701,125.71	-	701,125.71	291,071.04	992,197.21	(0.46)	0.08
	2,723,428.87	-	2,723,428.87	-	-	-	-	1,739,422.00	1,739,422.00	-	-	-	-	-	888,446.02	-	888,446.02	992,197.21	1,605,670.82	96,453.75	
Total	778,788,320.26	(865,305.00)	789,923,015.26	15,639,821.41	-	-	2,918,868.09	782,643,968.57	17,526,844.50	(1,206,650.00)	13,939,459.00	261,924.34	153,612.13	16,428,506.71	321,530,806.99	188,500.00	321,719,306.99	23,787,377.65	2,690,274.62	342,796,410.02	423,419,051.84



	<b>Property, Plant and Equipment which is in the process of being constructed or developed:</b>	<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
	Infrastructure Assets	20,670,233	28,505,114
	Roads	4,076,613	6,977,452
	Electricity	16,591,620	21,527,663
	Water Supply	-	-
	Community Assets	3,711,174	1,490,826
	<b>Total Property, Plant and Equipment under construction</b>	<b>24,381,407</b>	<b>29,995,941</b>
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	29,995,941	39,288,403
	Expenditure during the year	2,332,318	15,609,502
	Assets unbundled during the year	(7,946,853)	(24,901,965)
	Impairment recognised during the year	-	-
	<b>Balance at end of year</b>	<b>24,381,407</b>	<b>29,995,941</b>
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
2.4	<b>Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>		
	Infrastructure Assets	-	-
	Roads	-	-
	Electricity	-	-
	Water Supply	-	-
	Community Assets	-	-
	Other Assets	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
2.6	<b>Property, Plant and Equipment where construction or development has been halted:</b>		
	Infrastructure Assets	6,977,452	18,641,851
	Roads	6,977,452	6,977,452
	Storm Water	-	-
	Electricity	-	11,664,399
	Water Supply	-	-
	Community Assets	-	-
	<b>Total</b>	<b>6,977,452</b>	<b>18,641,851</b>
	The road project's are currently under investigation. The electricity project has been halted due to funding.		
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
2.6	<b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
	Contracted Services	1,866,119	1,417,304
	<b>Total Repairs and Maintenance</b>	<b>1,866,119</b>	<b>1,417,304</b>
2.7	<b>Assets pledged as security:</b>		
	Leased Property, Plant and Equipment of R0 (2022 R96 454) is secured for leases as set out in note 2		
	No restrictions has been imposed on the title of Property, Plant and Equipment		
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
2.8	<b>Third party payments received for losses incurred:</b>		
	Payments received (Excluding VAT)	398,991	145,699
2.9	<b>Effect of changes in accounting estimates</b>		
	Effect on Property, plant and equipment	2023	2022
		R	R
	The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.9	2,024	-
2.10	<b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
	Approved and contracted for:	1,733,653	9,706,108
	Infrastructure	1,733,653	9,706,108
	<b>Total</b>	<b>1,733,653</b>	<b>9,706,108</b>
	This expenditure will be financed from:	2023	2022
	Government Grants	R	R
		1,733,653	9,706,108
	<b>Total</b>	<b>1,733,653</b>	<b>9,706,108</b>
2.11	<b>Impairment loss on Property, Plant and Equipment</b>		
	Impairment loss	(4,170,358)	336,906
	The impairment loss for the 2021/2022 financial year relate to vandalised occurred on electricity infrastructure.		
	Balance previously reported		-
	Reclassification - note 43.2		490,518
	Correction of error - note 43.1		(153,612)
	<b>Restated balance</b>		<b>336,906</b>
2.12	<b>Reversal of Impairment losses of Property, Plant and Equipment</b>		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:	2023	
		R	
	Community Assets	876,570	
	Land	2,013,300	
	Other Assets	1,502,175	
	<b>Total Reversal of Impairment losses</b>	<b>4,394,045</b>	



3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

Cost  
Accumulated Depreciation  
Accumulated Impairment Loss  
Transfers  
Additions  
Disposals - Cost  
Disposals - Accumulated depreciation  
Disposals - Accumulated impairment  
Depreciation for the year  
Net Carrying amount at 30 June  
Cost  
Accumulated Depreciation  
Accumulated Impairment Loss

2023 R	2022 R
6,391,284	6,605,265
11,075,824	11,075,824
(3,903,840)	(3,688,659)
(780,700)	(780,700)
-	-
-	-
-	-
-	-
-	-
(213,981)	(213,981)
6,177,304	6,391,284
11,075,824	11,075,824
(4,117,820)	(3,903,840)
(780,700)	(780,700)

3.2 Revenue from Investment Property

Revenue derived from the rental of Investment Property  
Various properties

2023 R	2022 R
1,386,605	(1,321,117)

No expenditure were incurred regarding repairs and maintenance of investment property

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no assets pledged as security for liabilities.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2017.

Estimate Fair Value of Investment Property at 30 June

2023 R	2022 R
13,280,000	13,280,000

Fair value was determined by using the valuation roll of 1 July 2017. The fair value is disclosed as indicator if impairment is relevant.

4. INTANGIBLE ASSETS

Computer System & Software

4.1 Net Carrying amount at 1 July

Cost  
Accumulated Amortisation  
Accumulated Impairment Loss  
Additions  
Amortisation  
Cost - disposals  
Transfers  
Amortisation written back on disposal  
Impairment Loss/ Reversal of Impairment Loss  
Net Carrying amount at 30 June  
Cost  
Accumulated Amortisation  
Accumulated Impairment Loss

2023 R	2022 R
138,296	287,166
865,519	1,211,788
(727,222)	(894,632)
-	-
1,073,711	-
(59,063)	(118,659)
-	(346,269)
-	-
-	346,269
-	-
1,162,944	138,296
1,939,230	865,519
(786,285)	(727,222)
-	-

4.2 Material Intangible Assets included in the carrying value:

Description

Remaining Amortisation Period

Carrying Value

Water infrastructure software (SCADA)

1-4 years

1,107,823

No intangible asset were assessed having an indefinite useful life.

No expenditure were incurred with regards to research or development cost.

There are no internally generated intangible assets at reporting date.

There are no intangible assets in process of being constructed or developed.

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.

5. HERITAGE ASSETS

Net Carrying amount at 1 July

Cost  
Previously reported  
Less: Finance offices in daily use as office accommodation transferred to Property, Plant and Equipment  
Restated balance  
Accumulated Impairment Loss

2023 R	2022 R
3,340,000	3,340,000
3,340,000	3,340,000
-	5,225,000
-	(1,885,000)
-	3,340,000

Additions  
Disposals  
Transfers  
Impairment Loss/ Reversal of Impairment Loss

2023 R	2022 R
-	-
-	-
-	-
-	-

Net Carrying amount at 30 June

Cost  
Accumulated Impairment Loss

2023 R	2022 R
3,340,000	3,340,000
-	-

Heritage assets relates to historical buildings.

There are no restrictions on the title and disposal of Heritage Assets.

There are no contractual obligations to purchase, construct or develop Heritage Assets.

There are no Heritage Assets pledged as security for liabilities.

There are no Heritage Assets that are used by the municipality for more than one purpose.

No expenditure were incurred to repair and maintain heritage assets.

No compensation received from third parties for items impaired, lost or given up.



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

Auditing to build public confidence

	2023 R	2022 R
<b>6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost (gross)	3,672,455	8,988,896
Less: Provision for Debt Impairment	(740,358)	(8,393,427)
<b>Net Non-current receivables from exchange</b>	<b>2,932,096</b>	<b>2,995,469</b>
Less: Current portion transferred to Receivables from Exchange Transactions - note 10	(902,343)	(1,745,232)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b>2,029,753</b>	<b>850,237</b>
<b>ARRANGEMENTS</b>		
Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.		
<b>Reconciliation of provision for debt impairment</b>		
Balance at beginning of year	6,393,427	5,446,386
Contribution to provision	740,358	947,041
Reversal of provision	(5,653,068)	-
VAT on provision	-	-
	<b>1,480,717</b>	<b>6,393,427</b>
<b>7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Housing Selling Schemes - At amortised cost	484	215,733
Receivables with repay arrangements - At amortised cost	890,035	2,195,680
Less: Provision for Debt Impairment	(143,249)	(1,490,246)
<b>Net Non-current receivables from exchange</b>	<b>747,269</b>	<b>921,167</b>
Less: Current portion transferred to Receivables from Non-Exchange Transactions - note 11	(251,951)	(859,551)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>495,318</b>	<b>261,616</b>
<b>HOUSING SELLING SCHEME</b>		
The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13.5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.		
<b>ARRANGEMENTS</b>		
Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.		
<b>Reconciliation of provision for debt impairment</b>		
Balance at beginning of year	1,490,246	1,253,638
Contribution to provision	-	236,408
Reversal of provision	(1,346,997)	-
VAT on provision	-	-
	<b>143,249</b>	<b>1,490,246</b>
<b>8. OPERATING LEASE ARRANGEMENTS</b>		
<b>8.1 The Municipality as Lessor</b>		
<b>Operating Lease Asset (current)</b>	<b>66,417</b>	<b>56,736</b>
<b>Reconciliation</b>		
Balance at the beginning of the year	56,736	144,083
Movement during the year	9,681	(87,347)
<b>Balance at the end of the year</b>	<b>66,417</b>	<b>56,736</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	643,998	343,630
1 to 5 Years	1,515,251	908,636
More than 5 Years	1,178,806	308,986
<b>Total Operating Lease Arrangements</b>	<b>3,338,055</b>	<b>1,561,253</b>
Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year.		
The leases are in respect of land being leased out for a period until 2030. The lease agreements do not include contingent rents.		



<b>9. INVENTORY</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Consumables and materials	4,279,609	3,379,776
Water	211,320	39,885
<b>Total Inventory</b>	<b>4,490,929</b>	<b>3,419,661</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory. No inventories were pledged as security for liabilities.		
<b>9.1 Inventories recognise as an expense during the year:</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Consumables and materials	295,833	983,277
Materials and Supplies	4,429,960	3,371,212
Water	-	-
<b>Total</b>	<b>4,725,794</b>	<b>4,354,489</b>
<b>9.2 Reversal of write down to Net realisable value</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Reversal of write down to Net realisable value. During the annual stock count at year-end adjustments were made to the net realisable value of inventory .	<b>171,435</b>	-
<b>10. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
<b>Service Receivables</b>		
Electricity	11,063,660	9,824,520
Water	29,171,481	33,270,808
Property Rentals	3,085,132	2,299,331
Waste Management	28,275,751	21,383,440
Waste Water Management	42,684,715	36,029,602
<b>Total Service Receivables</b>	<b>112,280,738</b>	<b>102,737,701</b>
Less: Provision for Debt Impairment	(95,504,057)	(81,782,377)
<b>Net Service Receivables</b>	<b>16,776,641</b>	<b>20,955,324</b>
<b>Other Arrears</b>	<b>30,129,169</b>	<b>27,886,251</b>
<b>Total: Other receivables from exchange transactions (before provision)</b>	<b>30,129,169</b>	<b>27,886,251</b>
<b>Less:</b> Provision for Debt Impairment	(29,143,667)	(28,035,335)
<b>Total: Other receivables from exchange transactions (after provision)</b>	<b>985,502</b>	<b>(149,085)</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>17,762,144</b>	<b>20,806,240</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of receivables approximate their carrying value. No debtors were pledged as security.		
<b>Electricity: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	3,437,851	4,476,474
31 - 60 Days	551,249	568,890
61 - 90 Days	487,787	353,286
+ 90 Days	6,586,772	4,701,095
<b>Total</b>	<b>11,063,660</b>	<b>10,099,745</b>
<b>Water: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	2,670,193	6,383,967
31 - 60 Days	1,156,092	1,409,365
61 - 90 Days	1,280,814	1,149,121
+ 90 Days	24,064,381	24,419,416
<b>Total</b>	<b>29,171,481</b>	<b>33,341,870</b>
<b>Property Rentals: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	108,019	115,323
31 - 60 Days	145,635	69,532
61 - 90 Days	79,976	57,389
+ 90 Days	2,751,503	2,062,900
<b>Total</b>	<b>3,085,132</b>	<b>2,305,144</b>



**Waste Management - Ageing**

	2023 R	2022 R
Current (0 - 30 days)	1,064,516	785,821
31 - 60 Days	729,383	531,531
61 - 90 Days	709,251	855,245
+ 90 Days	23,772,601	19,529,216
<b>Total</b>	<b>26,276,751</b>	<b>21,351,613</b>

**Waste Water Management - Ageing**

	2023 R	2022 R
Current (0 - 30 days)	1,871,078	1,665,341
31 - 60 Days	1,174,869	924,920
61 - 90 Days	1,133,567	860,351
+ 90 Days	38,505,201	32,577,544
<b>Total</b>	<b>42,684,715</b>	<b>36,028,156</b>

**Other - Ageing**

	2023 R	2022 R
Current (0 - 30 days)	79,627	29,932
31 - 60 Days	15,668	170,950
61 - 90 Days	16,147	160,257
+ 90 Days	30,017,698	27,501,659
<b>Total</b>	<b>30,128,169</b>	<b>27,862,798</b>

**Total - Ageing**

	2023 R	2022 R
Current (0 - 30 days)	9,231,284	13,436,857
31 - 60 Days	3,772,926	3,674,888
61 - 90 Days	3,707,541	3,085,651
+ 90 Days	125,698,155	110,791,830
<b>Total</b>	<b>142,409,907</b>	<b>130,989,326</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2023</b>				
Current (0 - 30 days)	115,691	7,375,057	1,765,438	689,116
31 - 60 Days	48,478	3,252,053	192,663	279,792
61 - 90 Days	67,809	3,199,200	148,818	291,715
+ 90 Days	1,867,205	109,366,133	4,670,863	9,079,937
Sub-total	2,099,183	123,192,443	6,777,721	10,340,560
Less: Provision for Debt Impairment	(1,788,049)	(118,324,903)	(4,535,712)	-
<b>Total debtors by customer classification</b>	<b>311,135</b>	<b>4,868,440</b>	<b>2,242,009</b>	<b>10,340,560</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2022</b>				
Current (0 - 30 days)	887,791	9,517,953	2,264,878	914,910
31 - 60 Days	49,563	2,810,073	329,550	485,802
61 - 90 Days	32,965	2,558,577	145,023	349,086
+ 90 Days	1,207,911	95,488,979	4,297,054	9,283,837
Sub-total	2,178,230	110,375,583	7,036,504	11,033,635
Less: Provision for Debt Impairment	(1,020,474)	(104,547,248)	(4,249,990)	-
<b>Total debtors by customer classification</b>	<b>1,157,756</b>	<b>5,828,335</b>	<b>2,786,515</b>	<b>11,033,635</b>

**Reconciliation of Provision for Debt Impairment**

	2023 R	2022 R
Balance at beginning of year	109,817,711	85,921,133
Transfer from non-current portion	6,393,427	5,446,386
Contribution to provision	9,234,115	24,843,619
Reversal of provision	(57,132)	-
VAT on provision	-	-
Transfer to non-current portion	(740,358)	(6,393,427)
Balance at end of year	<b>124,647,762</b>	<b>109,817,711</b>

The total amount of this provision consist of:

	2023 R	2022 R
Electricity	6,867,741	4,788,517
Water	23,714,007	25,321,103
Refuse	23,828,256	19,401,837
Sewerage	38,451,208	32,236,493
Housing	2,642,884	34,426
Other Arrears	29,143,667	28,035,335
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>124,647,763</b>	<b>109,817,712</b>

**Ageing of amounts past due but not impaired:**

	2023 R	2022 R
1 month past due	-	-
2+ months past due	8,530,860	10,161,424
	<b>8,530,860</b>	<b>10,161,424</b>

**Ageing of amounts past due and impaired:**

	2023 R	2022 R
1 month past due	-	-
2+ months past due	124,647,763	-
	<b>124,647,763</b>	<b>-</b>

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.





	2023 R	2022 R
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Property Rates	38,559,451	32,961,168
Fines	297,910,583	260,515,285
Other Receivables	11,694,240	10,471,595
	<b>348,074,273</b>	<b>303,948,048</b>
<b>Less:</b> Provision for Debt Impairment	(261,041,043)	(255,554,963)
<b>Total Receivables from non-exchange transactions</b>	<b>87,033,231</b>	<b>48,393,085</b>
<b>Statutory receivables included in receivables from non-exchange transactions</b>		
Property rates	38,559,451	32,961,168
Other receivables - property rates	11,694,240	10,471,595
Fines	297,910,583	260,515,285
	<b>348,074,273</b>	<b>303,948,048</b>

**Financial assets included in receivables from non-exchange transactions**  
Other receivables

The fair value of other receivables approximate their carrying value.

Property Rates are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

No debtors were pledged as security

	2023 R	2022 R
<b>Property Rates: Ageing</b>		
Current (0 - 30 days)	2,832,981	6,404,691
31 - 60 Days	1,275,156	991,004
61 - 90 Days	1,003,706	845,670
+ 90 Days	32,447,608	29,668,653
<b>Total</b>	<b>38,559,451</b>	<b>38,210,018</b>
<b>Other Receivables: Ageing</b>		
Current (0 - 30 days)	(698)	4,523
31 - 60 Days	1,042	32,186
61 - 90 Days	-	30,476
+ 90 Days	11,693,896	10,468,410
<b>Total</b>	<b>11,694,240</b>	<b>10,471,595</b>
<b>Fines Ageing</b>		
Current (0 - 30 days)	11,953,800	5,835,450
31 - 60 Days	9,673,750	6,424,100
61 - 90 Days	11,105,150	5,898,600
+ 90 Days	265,177,883	242,357,135
	<b>297,910,583</b>	<b>260,515,285</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2023</b>				
Current (0 - 30 days)	12,247,537	1,589,169	723,723	225,652
31 - 60 Days	9,801,306	727,205	162,619	238,817
61 - 90 Days	11,227,707	639,655	134,856	106,639
+ 90 Days	281,990,639	21,015,827	4,001,534	3,221,387
Sub-total	315,267,191	23,971,856	5,042,732	3,792,495
<b>Less:</b> Provision for Debt Impairment	(269,435,498)	(17,710,992)	(3,894,552)	-
<b>Total debtors by customer classification</b>	<b>45,831,693</b>	<b>6,260,863</b>	<b>1,148,180</b>	<b>3,792,495</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2022</b>				
Current (0 - 30 days)	9,738,710	1,689,202	648,129	168,624
31 - 60 Days	6,525,907	681,466	167,757	92,110
61 - 90 Days	5,992,030	579,774	115,880	87,961
+ 90 Days	253,255,869	16,968,170	4,255,567	3,005,722
Sub-total	275,507,586	19,898,612	5,186,332	3,353,518
<b>Less:</b> Provision for Debt Impairment	(236,258,811)	(15,044,037)	(4,252,115)	-
<b>Total debtors by customer classification</b>	<b>39,248,775</b>	<b>4,854,575</b>	<b>936,217</b>	<b>3,353,518</b>



**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year  
Transfer from non-current portion  
Contribution to provision  
VAT contributions to provision  
Reversal of provision  
Transfer to non-current portion  
Balance at end of year

2023	2022
R	R
255,554,963	232,898,137
1,490,246	1,253,638
33,610,241	22,023,040
528,842	670,194
-	-
(143,249)	(1,490,249)
<b>291,041,043</b>	<b>255,554,963</b>

The total amount of this provision consist of:

Property Rates  
Fines  
**Total Provision for Debt Impairment**

2023	2022
R	R
39,473,518	35,361,254
251,567,524	220,293,708
<b>291,041,043</b>	<b>255,554,963</b>

**Ageing of amounts past due but not impaired**

1 month past due  
2+ months past due

2023	2022
R	R
1,374,218	934,636
40,872,590	35,213,788
<b>42,247,149</b>	<b>36,148,421</b>

**Ageing of amounts past due and impaired**

1 month past due  
2+ months past due

2023	2022
R	R
9,575,730	6,512,655
281,465,313	249,042,907
<b>291,041,043</b>	<b>255,554,963</b>

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

**12. CASH AND CASH EQUIVALENTS**

12.1

**Cash and Cash Equivalents**

Current Accounts  
Call Deposits and Investments  
Cash On-hand  
**Total Cash and Cash Equivalents**

2023	2022
R	R
2,534,653	2,932,049
12,318,108	13,437,213
17,052	16,619
<b>14,859,793</b>	<b>16,385,881</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investment Deposits to an amount of R12,318,108 (2022: R13,437,213) are held to fund Unspent Conditional Grants

An approved bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank on 30 June 2023.

The municipality has the following bank accounts:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account);  
ABSA Bank -Account Number 409 410 6341

2023	2022
R	R
2,010,264	2,821,384
514,389	110,665
<b>2,524,653</b>	<b>2,932,049</b>

**Call Deposits and Investments**

Investec  
ABSA  
Standard Bank  
Nedbank

2023	2022
R	R
1,196,025	895,257
4,112,846	-
6,177,126	7,470,625
852,012	5,071,332
<b>12,318,110</b>	<b>13,437,214</b>

Details of current accounts are as follow:

**Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):**

Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318  
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318

2023	2022
R	R
2,821,384	(14,503,524)
2,010,264	2,821,384
<b>2,843,186</b>	<b>(14,503,524)</b>
1,866,046	2,843,186



**Bank statement balance ABSA-Account Number 409 410 8341**  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341  
Bank statement balance at end of year ABSA-Account Number 409 410 8341

Details of call deposits and investment accounts are as follow:

**Investec**  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year  
Bank statement balance at end of year

**Abisa**  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year  
Bank statement balance at end of year

**Standard bank**  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year  
Bank statement balance at end of year

**Netbank**  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year  
Bank statement balance at end of year

**13. LONG-TERM BORROWINGS**

Annulity Loans - note 13.1  
Capitalised Lease Liability note 13.2

**Less:** Current Portion transferred to Current Liabilities  
Annulity Loans  
Capitalised Lease Liability

**Total Long-term Borrowings**

Annulity loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 10.25%-10.5% interest rate, with the last maturity date of 31th July 2022. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.

**13.1 The obligations under annulity loans are scheduled below:**

Amounts payable under annulity loans:  
Payable within one year  
Payable within two to five years  
Payable after five years

**TOTAL**  
**Less:** Future finance obligations  
**Present value of annulity loans obligations**

**13.2 The obligations under capitalised lease liability are scheduled below:**

Amounts payable under finance leases:  
Payable within one year  
Payable within two to five years  
Payable after five years

**Less:** Future finance obligations  
**Present value of capitalised lease obligations**

2023	2022
R	R
110,665	52,428
514,389	110,065
625,054	162,493
241,925	77,540

2023	2022
R	R
895,257	40,521
1,196,025	895,257
895,257	40,521
1,196,025	895,257

2023	2022
R	R
4,112,946	1,133,272
-	-
4,112,946	1,133,272

2023	2022
R	R
7,470,625	4,838,902
6,177,126	7,470,625
7,470,625	4,838,902
6,177,126	7,470,625

2023	2022
R	R
5,071,332	144,035
832,012	5,071,332
5,071,332	144,035
832,012	5,071,332

2023	2022
R	R
4,522,921	5,194,005
-	(88,080)
4,522,921	5,282,085
(734,141)	(759,166)
(734,141)	(671,086)
-	(88,080)
3,788,779	4,522,919
3,788,779	4,522,919

2023	2022
R	R
Minimum annulity payments	
1,194,871	1,194,871
3,739,373	4,040,057
1,348,620	2,247,702
6,282,864	7,482,629
(1,759,943)	(2,288,621)
4,522,921	5,194,007

2023	2022
R	R
Minimum lease payments	
-	89,850
-	-
-	-
-	89,850
-	(1,770)
-	88,080



14. NON-CURRENT PROVISIONS		2023	2022
		R	R
	Provision for Rehabilitation of Landfill sites	16 512 347	14 659 321
	<b>Total Non-current Provisions</b>	<b>16 512 347</b>	<b>14 659 321</b>
14.1 Landfill Sites		2023	2022
		R	R
	Balance 1 July	14 659 321	14 216 167
	Increase due to re-measurement	244 671	(841 256)
	Unwinding of discounted interest	1 608 355	1 384 360
	Expenditure for the year	-	-
	<b>Total provision 30 June</b>	<b>16 512 346</b>	<b>14 659 321</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 17	-	-
	<b>Balance 30 June</b>	<b>16 512 346</b>	<b>14 659 321</b>

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:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Licence type	G.C.B.	G.C.B.	G.C.B.	G.C.B.
Preliminary and General (Rand)	3 409 801	606 711	1 069 299	447 623
Site Clearance and Preparation (R2.95/m²)	66 295	9 074	18 282	7 382
Storm Water Control Measures (Rand)	2 256 084	1 115 762	1 348 683	701 190
Cascades (Rand)	16 503 543	2 299 159	4 583 092	1 859 815
Leachate Management (Rand)	-	-	-	-
Fencing (Rand)	701 362	395 834	452 187	246 464
	12 638	12 838	372 633	12 838
<b>Discount Rate used</b>			<b>2023</b>	<b>2022</b>
			%	%
Beaufort West			12.313%	11.60%
Merweville			12.265%	11.39%
Murraysburg			9.454%	9.23%
Nelspoort			12.314%	11.62%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate used is also within the inflation target range (CPI) of the South African Reserve Bank of between 3% to 6%.

In terms of the licencing of the landfill-sites, the municipality will incur licencing and rehabilitation costs of R16 512 346 (2022 R14 659 321) to restore the sites at the end of their useful lives.

Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from June 2022 to June 2023.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m²)	49 474	6 772	13 651	5 509
Environmental Authorisation (Closure Licence) (Rand)	441 773	441 773	441 773	441 773
Technical ROD (Rand)	223 900	223 900	223 900	223 900
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	199 418	176 762	197 905	156 307
Landscape Architects (Rand)	147 300	146 515	148 060	148 075
Water use licence (Rand)	38 000	38 000	38 000	38 000
Topographical Survey (Rand)	17 387	7 500	7 500	7 500
Contingencies (Rand)	2 494 992	443 938	762 419	327 531
Engineering Professional Fees (Rand)	2 652 997	595 518	1 042 313	441 961
Site Supervision (Engineer's Representative) (Rand)	570 810	175 528	253 214	135 062
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	29 835	32 740	71 137	58 482

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows per expert report:

Location	Estimated decommission date	2023 R	2022 R
Beaufort West	2048	112 011 849	102 491 255
Murraysburg	2029	14 625 976	12 180 535
Nelspoort	2045	20 374 678	18 127 422
Merweville	2083	108 140 598	95 217 017
		<b>255 453 101</b>	<b>228 016 229</b>



15. NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits  
Long Service Awards  
Pension Murraysburg  
Total Non-current Employee Benefits

Post Retirement Health Care Benefits

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

Pension Murraysburg

Balance 1 July  
Expenditure for the year  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

Long Service Awards

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total employee benefits 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

2023	2022
R	R
25,548,000	26,388,000
4,729,000	4,939,000
27,311	27,311
<u>30,304,311</u>	<u>31,354,311</u>
2023	2022
R	R
27,677,000	23,232,000
4,252,000	3,453,000
(1,329,313)	(1,235,874)
(3,570,687)	2,227,874
<u>27,099,000</u>	<u>27,677,000</u>
(1,461,000)	(1,289,000)
<u>25,548,000</u>	<u>26,388,000</u>
2023	2022
R	R
27,311	27,311
-	-
<u>27,311</u>	<u>27,311</u>
-	-
<u>27,311</u>	<u>27,311</u>
2023	2022
R	R
5,670,000	5,922,000
1,068,000	675,000
(733,251)	(402,728)
(395,749)	(724,274)
<u>5,609,000</u>	<u>5,670,000</u>
(880,000)	(731,000)
<u>4,729,000</u>	<u>4,939,000</u>
33,374,311	29,181,311
5,300,000	4,528,000
(2,062,564)	(1,638,600)
(3,966,436)	1,903,600
<u>32,645,311</u>	<u>33,374,311</u>
(2,341,000)	(2,020,000)
<u>30,304,311</u>	<u>31,354,311</u>



15.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	56
In-service (employee) non-members	311
Continuation members (e.g. Retirees, widows, orphans)	33
<b>Total Members</b>	<b>400</b>

2023	2022
R	R
56	59
311	331
33	31
<b>400</b>	<b>421</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	7,671,000
In-service non-members	3,846,000
Continuation members (e.g. Retirees, widows, orphans)	15,492,000
<b>Total Liability</b>	<b>27,009,000</b>

2023	2022
R	R
7,671,000	8,782,000
3,846,000	4,025,000
15,492,000	14,870,000
<b>27,009,000</b>	<b>27,677,000</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021	2020	2019
	R	R	R
In-service members	7,833,000	6,533,000	6,819,796
In-service non-members	5,046,000	4,534,000	4,959,847
Continuation members	10,353,000	14,901,000	15,391,170
<b>Total Liability</b>	<b>23,232,000</b>	<b>25,968,000</b>	<b>27,170,813</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
LA Health  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R964 000 and the Interest Cost for the next year is estimated to be R3 227 000.

Key actuarial assumptions used:

	2023	2022
	%	%
<b>ii) Rate of interest</b>		
Discount rate	12.27%	11.77%
CPI	6.38%	6.90%
Health Care Cost Inflation Rate	7.86%	8.40%
Net Effective Discount Rate	4.07%	3.11%
<b>iii) Mortality during employment</b>		
SABS-90 table, adjusted for female lives.		
<b>iii) Mortality rates post employment</b>		
The PA 90-1 with 1% mortality improvement from p.a from 2010		
<b>iv) Normal retirement age</b>		
The normal retirement age is 65 for males and 60 for females.		
<b>v) Average retirement age</b>		
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.		
<b>vii) Continuation of membership</b>		
It has been assumed that 75% of in-service members will continue after retirement. It has been assumed that 10% of eligible in-service non-members will be on medical scheme by retirement (should not exit before then) and continue with subsidy at retirement		
<b>viii) Proportion with a spouse dependant at retirement</b>		
It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.		
<b>ix) Withdrawal from Service</b>		
<b>Valuation: 30 June 2023</b>		
Age	Rate	
20-24	0%	
25-29	8%	
30-34	6%	
35-39	5%	
40-44	5%	
45-49	4%	
50-54	3%	
55+	0%	



	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	27,009,000	27,677,000
<b>Net liability(asset)</b>	<b>27,009,000</b>	<b>27,677,000</b>
	2023 R	2022 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	27,677,000	23,232,000
Total expenses	2,902,687	2,217,126
Current service cost	1,048,000	962,000
Interest Cost	3,184,000	2,471,000
Benefits Paid	(1,329,313)	(1,235,874)
Actuarial (gains)/losses	(3,570,687)	2,227,874
<b>Present value of fund obligation at the end of the year</b>	<b>27,009,000</b>	<b>27,677,000</b>
Less: Transfer of Current Portion - Note 18	(1,481,000)	(1,289,000)
<b>Balance 30 June</b>	<b>25,548,000</b>	<b>26,388,000</b>

**Sensitivity Analysis on the Accrued Liability on 30 June 2023**

		Total liability (Rm)
Assumption		
Central Assumptions		27,009,000
The effect of movements in the assumptions are as follows:		
	Change	Total liability (Rm)
Assumption		
Health care inflation	1%	30,521,000
Health care inflation	-1%	24,081,000
Discount rate	1%	24,210,000
Discount rate	-1%	30,403,000
Post-retirement mortality	1 year	26,242,000
Post-retirement mortality	(1 year)	27,789,000
Average retirement age	-1 year	28,191,000
Continuation of membership at retirement	-10%	25,516,000

**Sensitivity Analysis on Current Service and Interest Cost for the year ending 30 June 2024**

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption				
Central Assumptions		964,000	3,227,000	4,191,000
Health care inflation	1%	1,156,000	3,658,000	4,814,000
Health care inflation	-1%	810,000	2,868,000	3,678,000
Discount rate	1%	825,000	3,119,000	3,944,000
Discount rate	-1%	1,140,000	3,346,000	4,486,000
Post-retirement mortality	1 year	943,000	3,133,000	4,076,000
Post-retirement mortality	(1 year)	986,000	3,320,000	4,306,000
Average retirement age	(1 year)	986,000	3,372,000	4,358,000
Continuation of membership at retirement	-10%	840,000	3,044,000	3,884,000

Experience adjustments were calculated as follows:	2023 R	2022 R
Liabilities: (Gain) / loss	(40,000)	4,259,000
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	(5,883,000)	669,000	353,000
Assets: Gain / (loss)	-	-	-



15.2 Provision for Long Service Awards

A long-service award is awarded to employees who achieve certain pre-determined milestones of service within the Municipality. The award is based on the number of years in service. As at year end the following number of employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R455 000 whereas the Interest Cost for the next year is estimated to be R580 000.

Key actuarial assumptions used:

	2023 R	2022 R
i) <b>Rate of interest</b>		
Discount rate	11.20%	11.03%
General Salary Inflation	6.52%	7.33%
CPI	5.52%	6.33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.39%	3.45%

ii) **Mortality during employment**

SABS-90 ultimate table, adjusted down for female lives.

iii) **Average Retirement age**

It has been assumed that male employees will retire at age 62 and female employees will retire at age 59.

iv) **Withdrawal rates**

Valuation: 30 June 2023	Age	Rate
	20-24	9%
	25-29	8%
	30-34	6%
	35-39	5%
	40-44	5%
	45-49	4%
	50-54	3%
	55+	0%

v) **Normal retirement age**

The normal retirement age is 65 for males and 60 for females

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability(asset)

2023 R	2022 R
5,609,000	5,670,000
<b>5,609,000</b>	<b>5,670,000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

Total expenses

Current service cost

Interest Cost

Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 18

Balance 30 June

2023 R	2022 R
5,670,000	5,922,000
334,749	472,274
482,000	472,000
586,000	403,000
(733,251)	(402,726)
(395,749)	(724,274)
<b>5,609,000</b>	<b>5,670,000</b>
(880,000)	(731,000)
<b>4,729,000</b>	<b>4,939,000</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

Present value of fund obligations

Sensitivity Analysis on the Accrued Liability on 30 June 2023

2021 R	2020 R	2019 R
5,419,000	5,731,000	5,207,000

Assumption

Central assumptions

General earnings inflation

General earnings inflation

Discount rate

Discount rate

Average retirement age

Average retirement age

Withdrawal rates

Withdrawal rates

Change Liability

1%	5,916,000
-1%	5,329,000
1%	5,324,000
-1%	5,927,000
2 year	6,651,000
(2 year)	4,816,000
x2	4,670,000
x0.5	6,243,000





Sensitivity Analysis on Current Service and Interest Cost for the year ending 30 June 2024

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	
Central Assumptions		455,000	580,000	1,035,000	
General earnings inflation	1%	488,000	615,000	1,103,000	
General earnings inflation	-1%	425,000	545,000	974,000	
Discount rate	1%	429,000	597,000	1,026,000	
Discount rate	-1%	484,000	561,000	1,045,000	
Average retirement age	2 year	521,000	692,000	1,213,000	
Average retirement age	(2 year)	399,000	492,000	891,000	
Withdrawal Rate	x2	346,000	475,000	821,000	
Withdrawal Rate	x0.5	533,000	651,000	1,184,000	
				<b>2023</b>	<b>2022</b>
				<b>R</b>	<b>R</b>
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				(93,749)	-129,274
Assets: Gain / (loss)				-	-
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		<b>2021</b>	<b>2020</b>		<b>2019</b>
		<b>R</b>	<b>R</b>		<b>R</b>
Liabilities: (Gain) / loss		-	-	-	-
Assets: Gain / (loss)		-645,000	875,445	267,841	

16.3 Multi-Retirement funds

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 administrator claim that the pensioner data to be 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 is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. The only obligation of the municipality in terms of the plans is to make specified contributions.

**CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)**

The contribution rate paid by the members (9.0%) and Council (18.0%). 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 100.4% (30 June 2021 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

**11,881,261** **12,156,354**

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

The contribution rate payable is 9%, by the 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 100.4% (30 June 2021 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

**58,807** **89,586**

**SALA PENSION FUND**

The contribution rate payable is 8.60% by members and 20.78% by Council. The most recent valuation was done on 30 April 2022. The market value of the fund as at 30 April 2022 was R12 810 632 303 (30 April 2021: R13 035 888 096).

Contributions paid recognised in the Statement of Financial Performance

**869,620** **909,390**

**MUNICIPAL RETIREMENT WORKERS FUND**

Council contribute to the Municipal Retirement Workers Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. The contribution rate paid by the members (9.0%) and Council (18.0%).

Contributions paid recognised in the Statement of Financial Performance

**565,997** **569,893**



16. CONSUMER DEPOSITS

	2023 R	2022 R
Electricity	1,852,709	1,882,695
Rental Properties	105,185	127,687
Water	328,039	318,035
Building Plans	631	-
Posters	357	1,429,516
Refuse	293,490	85,393
<b>Total Consumer Deposits</b>	<b>2,490,411</b>	<b>3,841,625</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 52.

17. PROVISIONS

	2023 R	2022 R
Current Portion of Rehabilitation of Landfill Sites - Note 14	-	-
<b>Total Provisions</b>	<b>-</b>	<b>-</b>

18. CURRENT EMPLOYEE BENEFITS

	2023 R	2022 R
Performance Bonuses	103,190	200,368
Staff Bonuses	3,481,400	3,494,268
Staff Leave	8,856,501	8,856,501
Current Portion of Non-Current Provisions	2,341,000	2,020,000
Current Portion of Post Retirement Benefits - Note 15	1,481,000	1,289,000
Current Portion of Long-Service Provisions - Note 15	880,000	731,000
<b>Total Provisions</b>	<b>14,437,908</b>	<b>14,571,137</b>

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

	2023 R	2022 R
Balance at beginning of year	200,368	394,028
Contribution to current portion	3,008	-
Expenditure incurred	(100,183)	(193,660)
<b>Balance at end of year</b>	<b>103,190</b>	<b>200,368</b>

Performance bonuses are being paid to permanent directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 Staff Bonuses

	2023 R	2022 R
Balance at beginning of year	3,494,268	3,465,368
Contribution to current portion	6,095,663	6,259,377
Expenditure incurred	(6,128,531)	(6,230,478)
<b>Balance at end of year</b>	<b>3,461,400</b>	<b>3,494,268</b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

18.3 Staff Leave

	2023 R	2022 R
Balance at beginning of year	8,856,501	9,301,529
Contribution to current portion	554,968	815,054
Expenditure incurred	(875,151)	(1,260,082)
<b>Balance at end of year</b>	<b>8,532,319</b>	<b>8,856,501</b>

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. There is no possibility of reimbursement.



	2023 R	2022 R
<b>19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivable accounts with credit balances	6 980 651	5 250 798
Retentions	2 496 054	259 806
Sundry creditors	574 999	625 327
Trade Payables	138 158 914	120 783 794
<b>Total Trade Payables</b>	<b>148 230 617</b>	<b>126 919 725</b>
Payables are being recognised net of any discounts.		
The required payment period per MFMA is 30 days. Due to financial difficulties experienced by the municipality all payables are not paid within 30 days. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
All payables are unsecured.		
<b>20. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	4 973 197	10 831 365
National Government Grants	3 309 454	6 654 693
Provincial Government Grants	467 399	2 486 065
District Municipality	75 366	290 007
Other Grant Providers	1 120 378	1 400 000
<b>Total Unspent Transfers and Subsidies</b>	<b>4 973 197</b>	<b>10 831 365</b>
Amount available in short term investment deposits - note 12		
	12 318 108	13 437 213
<b>Available Cash for Unspent Conditional Grants and Receipts</b>	<b>12 318 108</b>	<b>13 437 213</b>
See appendix "E" for reconciliation of grants from other spheres of government. 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. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>21. VAT RECEIVABLE(PAYABLE)</b>		
	2023 R	2022 R
<b>21.1 Net VAT Receivable(Payable)</b>	<b>10,112,464</b>	<b>12,297,089</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		



22.	NET ASSET RESERVES		2023 R	2022 R
	RESERVES		4,104,345	4,104,345
	Housing Development Fund	22.1	3,789,518	3,789,518
	Self Insurance Reserve	22.2	314,827	314,827
	Total Net Asset Reserve and Liabilities		4,104,345	4,104,345
22.1	The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.			
22.2	The Self Insurance Reserve is used to finance future insurance claims.			
	The above balances are represented by cash of R4 393 (2022: R4 393) and is invested together with the other investments of the municipality (See Note 12)			
23.	PROPERTY RATES		2023 R	2022 R
	Valuations – 1 July 2022			
	Rateable Land and Buildings		5,055,089,500	5,058,400,500
	Business and Commercial Property		369,823,500	373,193,500
	Farm Properties		2,874,998,500	2,874,998,500
	Municipal Properties		137,430,000	144,481,000
	Public Service Infrastructure Properties		2,306,000	2,306,000
	Residential Properties		1,250,421,500	1,238,221,500
	State-owned Properties		181,593,000	185,398,000
	Vacant		45,607,000	45,836,000
	Other Categories		192,910,000	193,966,000
	Total Property Rates		5,055,089,500	5,058,400,500
	Actual		2023 R	2022 R
	Rateable Land and Buildings		62,297,109	57,150,691
	Business and Commercial Property		11,104,415	10,779,573
	Farm Properties		15,187,005	14,469,876
	National Monument Properties		175,149	1,755,272
	Residential Properties		29,672,873	24,115,410
	State-owned Properties		5,197,527	4,986,604
	Vacant Land		960,140	1,043,956
	Less: Revenue Foregone		(16,700,264)	(16,910,308)
	Total Assessment Rates		45,596,846	40,240,383
	Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.			
	Basic Rate			
	Residential		0.021099c/R	0.020066c/R
	Business and Industrial		0.029497c/R	0.028092c/R
	Agricultural		0.005267c/R	0.005017c/R
	Public Service Infrastructure Properties (PSIP)		0.029497c/R	0.028092c/R
	State-owned		0.029497c/R	0.028092c/R
	National Monuments		0.029497c/R	0.028092c/R
	Vacant land		0.025283c/R	0.024079c/R
	Rates are levied annually and monthly. Monthly rates are payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.			
	Rebates granted as below:			
	Residential	The first R19 000 on the valuation is exempted.		
	National Monuments	10% rebate based on application and complying specific conditions		
	Agricultural	70% rebate based on application and complying specific conditions		
	Pensioners	Additional rebates based on application and complying specific conditions, for property market value below R750 000:		
	School	20% rebate in respect of public or independent school		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.			



24. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating

Equitable Share	
Expanded Public Works Programme Integrated Grant (EPWP)	
Local Government Financial Management Grant (FMG)	
Provincial Treasury : Financial Management Support Grant	
Department of Local Government : Local Government Public Employment Support Grant	
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	
Municipal Infrastructure Grant (MIG)	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Human Settlements : Municipal Accreditation and Capacity Building Grant	
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	
Department of Local Government : Municipal Drought Relief Grant	
Provincial Treasury : Western Cape Municipal Recovery Services Grant	
Chemical Industries Education & Training Authority	
Central Karoo District Municipality	
Services SETA	
Department of Local Government : Western Cape Municipal Interventions Grant	
Chemical Industries Education & Training Authority	
Government Grants and Subsidies - Capital	
Integrated National Electrification Programme Grant (INEP)	
Central Karoo District Municipality	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Municipal Infrastructure Grant (MIG)	
Western Cape Municipal Interventions Grant	
Water Services Infrastructure Grant (WSIG)	
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	
Department of Local Government : Western Cape Municipal Interventions Grant	
Services SETA	

Total Government Grants and Subsidies

Included in above are the following grants and subsidies received:

Unconditional

Equitable Share

Conditional

Expanded Public Works Programme Integrated Grant (EPWP)	
Local Government Financial Management Grant (FMG)	
Provincial Treasury : Financial Management Support Grant	
Department of Local Government : Local Government Public Employment Support Grant	
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Community Development Workers (CDW) operational support grant	
Integrated National Electrification Programme Grant (INEP)	
Municipal Infrastructure Grant (MIG)	
Human Settlements : Municipal Accreditation and Capacity Building Grant	
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	
Water Services Infrastructure Grant (WSIG)	
Department of Local Government : Municipal Drought Relief Grant	
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	
Provincial Treasury : Western Cape Municipal Recovery Services Grant	
Services SETA	
Chemical Industries Education & Training Authority	
Central Karoo District Municipality	

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital  
Government Grants and Subsidies - Operating

2023 R	2022 R
91,796,737	81,602,116
77,265,000	69,624,762
789,596	1,285,000
2,085,000	1,914,000
-	300,000
-	-
1,035,734	64,266
-	150,000
365,904	276,400
744,153	550,023
6,583,742	6,289,078
164,827	249,450
-	-
1,993,000	789,243
-	-
414,641	109,393
179,941	-
175,200	-
52,732,178	14,852,791
16,601,949	485,617
-	1,395,929
-	41,179
5,858,943	12,930,067
-	-
28,438,288	-
1,115,000	-
300,000	-
417,597	-
144,528,915	96,454,907
2023 R	2022 R
77,265,000	69,279,000
77,265,000	69,279,000
63,572,575	34,989,929
1,136,000	1,285,000
2,085,000	1,914,000
-	100,000
100,000	250,000
480,000	-
-	1,100,000
-	150,000
6,679,000	6,548,000
223,000	226,000
11,000,000	6,100,000
9,553,000	14,521,000
256,000	-
-	-
28,439,000	-
-	-
1,115,000	-
1,993,000	-
-	1,400,000
313,575	-
290,000	1,395,929
149,837,575.00	104,268,929
52,732,178	14,852,791
91,796,737	81,602,116
144,528,915	96,454,907



Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2023 R	2022 R
Equitable share	77,265,000	69,624,763
Executive and Council	2,931,279	2,635,130
Corporate services		
Community and social services	479,940	11,421,941
Finance and administration	9,354,120	2,214,000
Planning and development	-	550,023
Road transport	2,085,000	1,285,000
Sport and recreation	-	-
Waste water management	-	-
Housing	-	249,450
Waste management	-	-
Public safety	23,185,691	5,881,101
Energy sources	29,227,884	2,592,899
Water management		
<b>Total Government Grants and Subsidies</b>	<b>144,628,915</b>	<b>96,454,908</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	2023 R	2022 R
<b>24.1 National Grants</b>		
Opening balance	6,654,693	345,762
Grants received	129,478,000	93,099,000
Transfer to/from Equitable share: Municipal Infrastructure Grant, INEP, EPWP	-	-
Revised to National Revenue Fund	(1,040,309)	-
Conditions met - Own Income	-	(1,734,356)
Conditions met - Oerelafino	(80,883,749)	(73,374,369)
Conditions met - Capital	(50,899,181)	(11,681,328)
Conditions still to be met	<b>3,309,454</b>	<b>6,654,693</b>
<b>24.2 Provincial Grants</b>		
Opening balance	2,486,065	5,044,052
Grants received	10,846,000	8,374,000
Revised to National Revenue Fund	(1,126,519)	(2,772,470)
Conditions met - Own Income	-	-
Conditions met - Oerelafino	(10,322,147)	(8,118,337)
Conditions met - Capital	(1,415,000)	(41,179)
Conditions still to be met	<b>467,400</b>	<b>2,486,065</b>
<b>24.3 District Grants</b>		
Opening balance	290,607	400,000
Grants received	200,000	1,395,929
Conditions met - Own Income	-	(182,078)
Conditions met - Oerelafino	(414,641)	(109,393)
Conditions met - Capital	-	(1,213,851)
Conditions still to be met	<b>75,966</b>	<b>290,607</b>
<b>24.4 Other Grant Providers</b>		
Opening balance	1,400,000	1,400,000
Grants received	313,575	-
Conditions met - Own Income	-	-
Conditions met - Oerelafino	(175,200)	-
Conditions met - Capital	(417,997)	-
Conditions still to be met	<b>1,126,378</b>	<b>1,400,000</b>
<b>24.4 Equitable Share</b>		
Grants received	77,265,000	69,279,000
Conditions met - Own Income	(77,265,000)	(69,624,762)
Conditions still to be met	-	-

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.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned.

See Appendix E & note 20 for a reconciliation of all grants.

	2023 R	2022 R
<b>24.5 Local Government Financial Management Grant (FMG)</b>		
Opening balance	-	-
Grants received	2,085,000	1,914,000
Conditions met - Operating	(2,085,000)	(1,914,000)
Conditions still to be met	-	-
<b>24.6 Provincial Treasury : Western Cape Municipal Recovery Services Grant</b>		
Grants received	1,993,000	-
Conditions met - Own Income	-	-
Conditions met - Operating	(1,993,000)	-
Conditions still to be met	-	-

To assist the municipalities to perform their functions effectively, including the coordination and integrated functions and support related to improve overall financial governance and financial sustainability within municipalities when there is a municipal intervention.



	2023 R	2022 R
<b>24.7 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	1,040,310	220,717
Grants received	9,553,000	14,521,000
Transfer to available share	-	(220,716)
Revised to National Revenue Fund	(1,040,309)	-
Conditions met - Own Income	(744,153)	(1,671,014)
Conditions met - Operating	(5,858,943)	(550,623)
Conditions met - Capital	-	(11,259,053)
Conditions still to be met	<b>2,949,904</b>	<b>1,040,310</b>
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>24.8 Integrated National Electrification Grant (INEP)</b>		
Opening balance	5,614,384	33,313
Grants received	11,000,000	6,100,000
Transfer to available share	-	(33,313)
Conditions met - Own Income	-	(63,341)
Conditions met - Capital	(16,801,949)	(422,275)
Conditions still to be met	<b>12,435</b>	<b>5,614,384</b>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>24.9 Expanded Public Works Programme Integrated Grant (EPWP)</b>		
Opening balance	-	(91,733)
Grants received	1,136,000	1,285,000
Transfer to available share	-	(91,733)
Conditions met - Operating	(789,508)	(1,285,000)
Conditions still to be met	<b>346,494</b>	<b>-</b>
To provide funding for job creation in specific focus areas.		
<b>24.10 Department of Local Government - Western Cape Municipal Interventions Grant</b>		
Grants received	480,000	-
Conditions met - Own Income	-	-
Conditions met - Operating	(179,941)	-
Conditions met - Capital	(300,000)	-
Conditions still to be met	<b>60</b>	<b>-</b>
To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.		
<b>24.11 Human settlements development grant (Beneficiaries) - Housing</b>		
Opening balance	-	710
Revised to National Revenue Fund	-	(710)
Conditions still to be met	<b>-</b>	<b>-</b>
The Housing grant was utilised for the development of erven and the erection of top structures.		
<b>24.12 Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</b>		
Opening balance	-	203,871
Revised to National Revenue Fund	-	(203,871)
Conditions still to be met	<b>-</b>	<b>-</b>
To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.		
<b>24.13 Human Settlements Development Grant - Title Deeds Restoration</b>		
Opening balance	-	705,775
Revised to National Revenue Fund	-	(705,775)
Conditions still to be met	<b>-</b>	<b>-</b>
To assist with the registration backlog in terms of housing provided.		
<b>24.14 Human Settlements - Municipal Accreditation and Capacity Building Grant</b>		
Opening balance	(91,173)	158,277
Grants received	256,000	-
Conditions met - own Income	-	-
Conditions met - Operating	(164,827)	(249,450)
Conditions still to be met	<b>(9)</b>	<b>(91,173)</b>
The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.		
<b>24.15 Provincial Treasury - Financial Management Capacity Building Grant</b>		
Opening balance	250,000	1,280,000
Grants received	100,000	250,000
Interest received	-	-
Transfer from Financial Management Support Grant	-	-
Revised to National Revenue Fund	-	(1,280,000)
Conditions still to be met	<b>350,000</b>	<b>250,000</b>
To develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.		



**24.16 Provincial Treasury : Financial Management Support Grant**

Opening balance	
Grants received	
Conditions met - Operating	
Conditions still to be met	
To provide financial assistance to the municipality to improve overall financial governance. The grant was used for revenue enhancement and asset verifications.	

2023 R	2022 R
0	200,000
-	100,000
-	(300,000)
0	0

**24.17 Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure**

Opening balance	
Correction of Error	
Grants received	
Interest received	
Repaid to National Revenue Fund	
Conditions met - own income	
Conditions met - Operating	
Conditions met - Capital	
Conditions still to be met	

2023 R	2022 R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

To financial assist the municipality with maintenance and construction of municipal main roads, where the municipality is the road authority.

**24.18 Department of Cultural Affairs and Sport : Library Service: Replacement Funding**

Opening balance	
Grants received	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions met - Capital	
Conditions still to be met	
To support municipal investment in library services and sustain the future professional delivery and development of library services.	

2023 R	2022 R
1,098,401	880,658
6,679,000	6,548,000
(1,098,401)	(1,098,401)
(8,363,742)	(8,289,078)
-	(41,179)
95,258	1,098,401

**24.19 Department of Local Government : Fire Service Casaciv Building Grant**

Opening balance	
Repaid to National Revenue Fund	
Conditions still to be met	
To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.	

2023 R	2022 R
-	154,074
-	(154,074)
-	-

**24.20 Department of Local Government : Community Development Workers (CDW) Operational Support Grant**

Opening balance	
Grants received	
Conditions met - Operating	
Conditions still to be met	
To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.	

2023 R	2022 R
164,984	215,284
223,000	226,000
(265,964)	(276,300)
22,081	164,984

**24.21 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)**

Opening balance	
Grants received	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions still to be met	
To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.	

2023 R	2022 R
0	102,787
-	150,000
-	(102,787)
-	(150,000)
0	0

**24.22 Department of Local Government : Municipal Drought Relief Grant**

Opening balance	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions still to be met	
Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.	

2023 R	2022 R
28,118	1,125,517
(28,118)	(308,156)
-	(789,243)
0	28,118

**24.23 Water Services Infrastructure Grant (WSIG)**

Grants received	
Conditions met - own income	
Conditions still to be met	
Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.	

2023 R	2022 R
28,439,000	-
(28,439,288)	-
712	-

**24.24 Fire and Drought Relief**

Opening balance	
Repaid to National Revenue Fund	
Conditions still to be met	
To assist with the impact of climate change in the province.	

2023 R	2022 R
-	17,097
-	(17,097)
-	-





	2023 R	2022 R
<b>24.25 Department of Local Government: Emergency Municipal Load Shedding Relief Grant</b>		
Grants received	1,115,000	-
Conditions met - Operating	(1,115,000)	-
Conditions still to be met	-	-
Provide a financial contribution to municipalities towards the purchase and installation of back-up energy supply (which may include generators, renewable power sources, batteries and all ancillary costs associated with the installation i.e.: switch gear, safe keeping, caging etc.) for water and wastewater infrastructure as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks.		
	2023 R	2022 R
<b>24.26 Chemical Industries Education &amp; Training Authority</b>		
Grants received	313,575	-
Conditions met - Operating	(175,290)	-
Conditions still to be met	138,375	-
Implementation of learning programmes on a fulltime and uninterrupted basis for a period of 18 months.		
	2023 R	2022 R
<b>24.27 Central Karoo District Municipality</b>		
Opening balance	290,607	400,000
Grants received	290,000	1,395,529
Conditions met - own income	-	(182,078)
Conditions met - Operating	(414,641)	(109,393)
Conditions met - Capital	-	(1,213,851)
Conditions still to be met	75,966	290,607
To provide safety response measures with regards to COVID 19 pandemic		
	2023 R	2022 R
<b>24.28 Department of Local Government : Local Government Public Employment Support Grant</b>		
Opening balance	1,035,734	-
Grants received	-	1,100,000
Conditions met - Operating	(1,035,734)	(64,266)
Conditions still to be met	(0)	1,035,734
Partnership between local, district and metro municipalities to expand or initiate public employment initiatives in social, infrastructure and environmental sectors. To provide financial assistance to mitigate economic challenges arising from COVID 19 pandemic		
	2023 R	2022 R
<b>24.29 Other Grant Providers: Services SETA</b>		
Opening balance	1,400,000	-
Grants received	-	1,400,000
Conditions met - Capital	(417,997)	-
Conditions still to be met	982,003	1,400,000
Financial contribution towards electrical and water infrastructure for completion of the Skills Centre.		
	2023 R	2022 R
<b>24.30 Total Grants</b>		
Opening balance	10,831,366	5,789,814
Grants received	140,857,575	104,588,029
Revenue in National Revenue Fund	(2,186,828)	(2,772,470)
Conditions met - own income	(28,438,288)	(1,916,433)
Conditions met - Operating	(94,904,737)	(81,602,116)
Conditions met - Capital	(23,178,889)	(12,936,358)
Conditions still to be met	2,986,198	10,831,366
	2023 R	2022 R
<b>25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Mini-substation Bird Street	-	793,995
Department: Forestry, Fisheries and the Environment - Waste Compactor Truck	2,551,862	-
Total Computer Services - Computer Equipment	4,300	-
Uberlec - Computer Equipment	7,460	-
Department: Transport and Public Works - Computer Equipment	401,622	-
Total Contributed Property, Plant and Equipment	2,965,264	793,995
	2023 R	2022 R
<b>26. LICENCES AND PERMITS</b>		
Road and Transport	181,192	330,306
Total Licences and Permits	181,192	330,306
Disclosed as follows:		
Revenue from Non-Exchange Transactions	181,192	120,452
Revenue from Exchange Transactions	-	209,854
Total Licences and Permits	181,192	330,306
	2023 R	2022 R
<b>27. SERVICE CHARGES</b>		
Electricity	79,474,982	81,667,442
Service Charges	86,756,794	81,886,896
Less: Revenue Forgone	(7,281,813)	(219,454)
Water	16,979,804	23,286,172
Service Charges	22,553,030	26,771,260
Less: Revenue Forgone	(5,573,227)	(5,506,108)
Waste Management	10,487,936	7,905,256
Service Charges	14,475,454	11,591,388
Less: Revenue Forgone	(3,977,519)	(3,686,132)
Waste Water Management	20,478,249	17,871,013
Service Charges	25,629,222	23,847,151
Less: Revenue Forgone	(5,150,974)	(5,976,138)
Total Service Charges	127,436,969	130,706,883

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



	2023 R	2022 R
<b>28. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Application Fees for Land Usage	82,290	-
Building Plan Approval	99,749	83,757
Cemetery and Burial	345,599	422,893
Clearance Certificates	50,895	66,154
Drainage Fees	680	320
Encroachment Fees	916	916
Entrance Fees	80,105	1,218
Legal Fees	1,001	-
Membership Fees	14,047	11,668
Photocopies and Faxes	16,070	17,500
Sale of Goods	118,413	41,280
Valuation Services	-	14,772
<b>Total Sales of Goods and Rendering of Services</b>	<b>899,933</b>	<b>660,477</b>
	<b>2023 R</b>	<b>2022 R</b>
<b>29. RENTAL FROM FIXED ASSETS</b>		
Investment Property	1,305,505	1,275,304
Property, Plant and Equipment	76,971	77,462
<b>Total Rental from Fixed Assets</b>	<b>1,382,476</b>	<b>1,352,766</b>
	<b>2023 R</b>	<b>2022 R</b>
<b>30. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	2,121,363	540,859
<b>Total Interest Earned - External Investments</b>	<b>2,121,363</b>	<b>540,859</b>
	<b>2023 R</b>	<b>2022 R</b>
<b>31. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Receivables from exchange transactions	7,852,336	6,243,807
<b>Total Interest Earned - Outstanding Receivables</b>	<b>7,852,336</b>	<b>6,243,807</b>
	<b>2023 R</b>	<b>2022 R</b>
<b>32. OPERATIONAL REVENUE</b>		
Administrative Handling Fees and Photocopies	1,930,305	392,191
Breakages and Losses Recovered	691	1,722,838
Commission of Insurances	116,924	-
Incidental Cash Surpluses	47,699	114,309
Inspection Fees	863	-
Insurance Refund	398,991	276,464
Registration Fees	172,245	74,182
Request for Information	28,012	17,509
Staff Recoveries	(314,233)	97,979
Skills development levy refund	185,307	145,259
Sale of Property	20,000	56,387
<b>Total Operational Revenue</b>	<b>2,586,825</b>	<b>2,897,019</b>



	2023	2022
	R	R
<b>33. EMPLOYEE RELATED COSTS</b>		
Acting Allowance	2,175,514	1,209,513
Basic Salaries and Wages	86,359,431	80,688,740
Barotaining council	51,289	52,299
Bonuses	6,095,983	6,051,981
Cell Phone Allowance	234,363	281,578
Essential users	2,357,238	142,539
Group Insurance	50,834	64,146
Housing Allowances	422,873	433,915
Long Service Awards	-	-
Long Service Bonus	-	-
Medical Aid Contributions	2,018,512	2,015,998
Overtime	3,653,523	2,820,810
Payments in lieu of leave	554,968	918,529
Pension and UIF Contributions	13,996,853	14,419,306
Performance bonus	3,006	(44,526)
Rural Allowance	257,695	380,101
Scarcity allowance	2,429,983	1,581,908
Standby Allowances	167,014	2,407,670
Transport Allowances	-	-
Unemployment Fund	80,000	115,000
Uniform Allowance	1,530,000	1,567,804
Post retirement obligations	482,000	564,608
Current Service Cost - Long Service Awards - Note 15.2	1,048,000	1,003,196
Current Service Cost - Medical - Note 15.1	-	-
<b>Total Employee Related Costs</b>	<b>122,446,789</b>	<b>124,977,211</b>

**KEY MANAGEMENT PERSONNEL**

The directors are directly accountable to the Municipal Manager. The Director Corporate services are permanently employed. There are no post-employment or termination benefits payable to them at the end of their service.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

**Remuneration of the Municipal Manager: M.J. Penxa**

	2023	2022
	R	R
Acting Allowance	-	-
Basic Salary	405,519	1,141,500
Cellular and Telephone Allowance	6,400	18,000
Contributions, Medical and Pension Funds	896	-
Motor Vehicle Allowance	-	-
Scarcity allowance	26,366	79,505
Payments in lieu of leave	109,762	-
<b>Total</b>	<b>550,953</b>	<b>1,239,405</b>

Municipal manager for the period July 2022 to November 2022

**Remuneration of the Acting Municipal Manager: GZ Nyathi**

	2023	2022
	R	R
Acting Allowance	-	86,177
Basic Salary	694,141	407,198
Cellular and Telephone Allowance	9,000	6,857
Contributions, Medical and Pension Funds	1,063	-
Payments in lieu of leave	25,241	-
Scarcity allowance	41,417	33,939
<b>Total</b>	<b>774,861</b>	<b>546,168</b>

Acting Municipal Manager for the period July 2022 to February 2023

**Remuneration of the Acting Municipal Manager: RR Links**

	2023	2022
	R	R
Basic Salary	71,764	-
Cellular and Telephone Allowance	5,613	-
Pension and UIF Contributions	695	-
Scarcity allowance	5,023	-
<b>Total</b>	<b>83,095</b>	<b>-</b>

Acting Municipal Manager for the period January 2023 to April 2023

**Remuneration of the Acting Municipal Manager: De Welgemood**

	2023	2022
	R	R
Basic Salary	129,812	-
Cellular and Telephone Allowance	3,000	-
Medical Aid Contributions	11,456	-
Motor Vehicle Allowance	20,000	-
Pension and UIF Contributions	10,880	-
Scarcity allowance	12,026	-
<b>Total</b>	<b>187,173</b>	<b>-</b>

Municipal Manager for the period May 2023 to June 2023

**Remuneration of Chief Financial Officer: N.Ntsangani**

	2023	2022
	R	R
Basic Salary	-	704,634
Cellular and Telephone Allowance	-	18,000
Scarcity allowance	-	72,823
Motor Vehicle Allowance	-	173,817
Housing Allowance	-	7,200
Contributions, Medical and Pension Funds	-	154,076
Payments in lieu of leave	-	52,018
<b>Total</b>	<b>-</b>	<b>1,183,168</b>

Chief financial officer 18 June 2022

**Remuneration of Acting Chief Financial Officer: NP Mabheba**

	2023	2022
	R	R
Basic Salary	564,205	88,726
Cellular and Telephone Allowance	12,000	1,887
Scarcity allowance	39,494	6,211
Payments in lieu of leave	24,581	-
Contributions, Medical and Pension Funds	1,417	-
<b>Total</b>	<b>641,697</b>	<b>96,824</b>

Acting Chief Financial Officer for the period July 2022 to March 2023



**Remuneration of Acting Chief Financial Officer: RA Eland**

Acting Allowance  
Scarcity allowance  
Cellular and Telephone Allowance

**Total**

Acting Chief Financial Officer for period March 2023 to June 2023

2023 R	2022 R
47,103	-
3,297	-
6,000	-
<b>56,400</b>	<b>-</b>

**Remuneration of the Acting Director Community Services: AI Hendricks**

Basic Salary  
Cellular and Telephone Allowance  
Scarcity allowance  
Payments in lieu of leave

**Total**

Acting Director Community Services for the period August to October 2021

2023 R	2022 R
-	237,727
-	4,500
-	16,641
-	21,944
<b>-</b>	<b>280,812</b>

**Remuneration of the Acting Director Community Services: MC Phosoko**

Basic Salary  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Scarcity allowance

**Total**

Acting Director Community Services for the period July 2021

2023 R	2022 R
-	70,526
-	1,500
-	-
-	4,937
<b>-</b>	<b>76,963</b>

**Remuneration of the Director Corporate Services: AC Makendana**

Basic Salary  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Scarcity allowance  
Payments in lieu of leave  
Motor Vehicle Allowance  
Other benefits and allowances  
Performance Bonus

**Total**

2023 R	2022 R
842,898	789,163
18,000	18,000
192,581	191,164
72,853	72,853
60,000	22,764
838	60,000
100,183	-
<b>1,287,324</b>	<b>1,153,914</b>

**Remuneration of Director: Infrastructure Services: D.C. Van Turba**

Basic Salary  
Cellular and Telephone Allowance  
Scarcity allowance  
Motor Vehicle Allowance  
Contributions, Medical and Pension Funds  
Payments in lieu of leave  
Performance Bonus  
Other benefits and allowances

Director Infrastructure Services for the period July 2022 to November 2022

2023 R	2022 R
401,114	831,395
7,500	18,000
36,412	72,853
7,500	12,000
88,404	176,099
12,004	-
50,000	-
773	-
<b>683,787</b>	<b>1,110,317</b>

**Remuneration of Acting Director: Infrastructure Services: C.B Wright**

Acting Allowance

Acting Director Infrastructure for the period July 2022, September 2022 to June 2023

2023 R	2022 R
162,393	-

**Remuneration of Acting Director Corporate Services: MC Tshibo**

Acting Allowance  
Cellular and Telephone Allowance  
Scarcity allowance

Acting Director Corporate Services for period September 2022 to December 2022

2023 R	2022 R
103,358	-
4,500	-
5,223	-
<b>113,081</b>	<b>-</b>

**Remuneration of Acting Director Community Services: MC Tshibo**

Acting Allowance  
Cellular and Telephone Allowance  
Scarcity allowance

Acting Director Community Services for period December 2022 to May 2023

2023 R	2022 R
194,200	-
9,000	-
13,594	-
<b>216,794</b>	<b>-</b>

**Remuneration of Acting Director Infrastructure Services: NL Kotze**

Acting Allowance

Acting Director Infrastructure Services for August 2022

2023 R	2022 R
6,182	-

**Remuneration of Acting Director Community Services: NL Kotze**

Acting Allowance

Acting Director Community Services for period September 2022 to November 2022

2023 R	2022 R
47,006	-

**TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Acting Allowance  
Basic Salary  
Bonus  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Housing Allowance  
Medical Aid Contributions  
Motor Vehicle Allowance  
Other benefits and allowances  
Payments in lieu of leave  
Pension and UIF Contributions  
Performance Bonus  
Scarcity allowance

2023 R	2022 R
860,341	96,177
3,109,453	4,270,856
-	-
81,013	88,744
284,350	521,939
-	7,200
11,456	-
87,500	245,817
1,911	-
175,588	96,726
11,574	-
150,183	-
257,895	360,101
<b>4,730,645</b>	<b>6,067,960</b>



34. REMUNERATION OF COUNCILLORS

	2023 R	2022 R
<b>Total Remuneration of Councillors</b>		
Annual Remuneration	5,358,983	5,250,265
Telephone Allowance	528,943	529,835
Travel Allowance	136,215	212,721
Tools of trade	46,672	46,750
Pension	192,404	120,999
Medical	2,605	12,125
<b>Total</b>	<b>6,265,821</b>	<b>6,172,695</b>

Remuneration paid to Councillors can be summarised as follows:

2023 financial year	Annual Remuneration	Telephone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
*Executive Mayor (A.Sauls)	337,326	15,543	-	1,372	-	2,605	356,845
*Executive Mayor (T.Prince)	464,739	23,800	-	2,100	37,429	-	528,068
Deputy Executive Mayor (L.V P18)	598,859	40,800	-	3,600	89,829	-	733,088
Speaker (N Constable)	688,688	40,800	-	3,600	-	-	733,088
Executive councillor (CL de Bruin)	645,646	40,800	-	3,600	-	-	690,046
Executive councillor (N.Abrahams)	645,646	40,800	-	3,600	-	-	690,046
R.Shuz	242,819	40,800	-	3,600	29,612	-	316,830
JDK Reynolds	272,430	40,800	-	3,600	-	-	316,830
EF Botta	236,899	40,800	-	3,600	35,534	-	316,830
LB.J Maudumani	272,430	40,800	-	3,600	-	-	316,830
S Essop	272,430	40,800	-	3,600	-	-	316,830
SM Meyers	272,430	40,800	-	3,600	-	-	316,830
AM Stabbert	204,322	40,800	68,108	3,600	-	-	316,830
JJ van der Linde	204,322	40,800	-	3,600	-	-	316,830
<b>Total Councillors' Remuneration</b>	<b>5,358,983</b>	<b>528,943</b>	<b>136,215</b>	<b>46,672</b>	<b>192,404</b>	<b>2,605</b>	<b>6,265,821</b>

\* T.Prince was the executive mayor for the period July 2022 to January 2023. A. Sauls was the executive mayor for the period February 2023 to June 2023.

2022 financial year	Annual Remuneration	Telephone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
Executive Mayor (G.Pieterse)	469,420	22,893	-	2,020	-	-	494,333
Deputy Executive Mayor (L.V P18)	396,693	26,293	-	2,320	37,429	-	462,735
Speaker (N Constable)	669,655	40,800	-	3,600	-	-	714,055
Chief Whip (AM Ktani)	146,329	14,507	53,804	1,280	21,054	-	236,973
Executive councillor (CL de Bruin)	504,144	40,800	-	3,600	-	-	548,544
Executive councillor (N.Abrahams)	407,363	26,293	-	2,320	-	-	435,976
R.Shuz	175,338	26,293	-	2,320	-	-	203,952
JDK Reynolds	175,338	26,293	-	2,320	-	-	203,952
EF Botta	166,454	26,293	-	2,320	8,884	-	203,952
LB.J Maudumani	175,338	26,293	-	2,320	-	-	203,952
S Essop	175,338	26,293	-	2,320	-	-	203,952
SM Meyers	175,338	26,293	-	2,320	-	-	203,952
AM Stabbert	204,322	40,800	68,108	3,600	-	-	316,830
JJ van der Linde	204,322	40,800	68,108	3,600	-	-	316,830
O Louw	262,924	14,507	-	1,280	-	-	308,711
DE Welgemoed	61,954	14,507	22,703	1,280	-	12,125	112,568
E Wentzel	84,936	14,507	-	1,280	11,845	-	112,568
E Lawrence	84,936	14,507	-	1,280	11,845	-	112,568
O Haanvor	96,781	14,507	-	1,280	-	-	112,568
ZDU Lambert	221,186	14,507	-	1,280	-	-	236,973
L Deype	205,561	14,507	-	1,280	29,943	-	251,321
L Basson	96,781	14,507	-	1,280	-	-	112,568
TCU Prince	69,782	2,634	-	250	-	-	82,666
<b>Total Councillors' Remuneration</b>	<b>5,250,265</b>	<b>529,835</b>	<b>212,721</b>	<b>46,750</b>	<b>120,999</b>	<b>12,125</b>	<b>6,172,695</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.



	2023 R	2022 R
<b>35. CONTRACTED SERVICES</b>		
<b>Consultants and Professional Services</b>	<b>12,427,482</b>	<b>8,217,089</b>
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	3,840,971	2,215,516
Consultants and Professional Services: Business and Advisory: Audit Committee	58,308	87,750
Consultants and Professional Services: Business and Advisory: Business and Financial Management	3,520,401	5,274,043
Consultants and Professional Services: Business and Advisory: Human Resources	-	8,250
Consultants and Professional Services: Business and Advisory: Medical Examinations	-	-
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	-	2,889
Consultants and Professional Services: Business and Advisory: Organisational	-	-
Consultants and Professional Services: Business and Advisory: Quality Control	-	-
Consultants and Professional Services: Business and Advisory: Research and Advisory	-	-
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	39,745	10,297
Consultants and Professional Services: Business and Advisory: Project Management	-	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	43,127	15,565
Consultants and Professional Services: Infrastructure and Planning: Engineering: Electrical	154,500	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Geomatics Services	-	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	-	9,313
Consultants and Professional Services: Infrastructure and Planning: Town Planner	128,110	16,000
Consultants and Professional Services: Laboratory Services: Water	937,512	153,458
Consultants and Professional Services: Legal Cost: Collection	206,630	159
Consultants and Professional Services: Legal Cost: Issue of Summons	3,458,088	783,620
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	-	-
<b>Contractors</b>	<b>2,614,927</b>	<b>1,853,748</b>
Contractors: Building	-	-
Contractors: Catering Services	-	-
Contractors: Electrical	47,399	-
Contractors: Employee wellness	9,292	10,170
Contractors: Interior Decorator	-	-
Contractors: Maintenance of Buildings and Facilities	298,927	239,711
Contractors: Maintenance of Equipment	1,162,002	866,313
Contractors: Maintenance of Unspecified Assets	404,190	311,279
Contractors: Management of Informal Settlements	-	-
Contractors: Medical Services	-	-
Contractors: Plants, Flowers and Other Decorations	86	261
Contractors: Pest control	-	-
Contractors: Prepaid Electricity Vendors	692,932	426,013
Contractors: Removal of Hazardous Waste	-	-
Contractors: Safeguard and Security	-	-
Contractors: Sewerage Services	-	-
Contractors: Tracing Agents and Debt Collectors	-	-
Contractors: Transportation	-	-
<b>Outsourced Services</b>	<b>5,989,331</b>	<b>3,116,418</b>
Outsourced Services: Burial Services	301,594	371,667
Outsourced Services: Business and Advisory: Occupational Health and Safety	-	-
Outsourced Services: Business and Advisory: Valuer	-	-
Outsourced Services: Business and Advisory: Human Resources	-	-
Outsourced Services: Organisational services	-	-
Outsourced Services: Business and Advisory: Communications	-	-
Outsourced Services: Catering Services	119,083	112,113
Outsourced Services: Cleaning Services	-	687
Outsourced Services: Driver Licence Cards	129,402	-
Outsourced Services: Internal Auditors	244,391	440,814
Outsourced Services: Meter Management	-	-
Outsourced Services: Personnel and Labor	-	-
Outsourced Services: Printing Services	-	-
Outsourced Services: Refuse Removal	-	-
Outsourced Services: Security Services	5,130,244	905,048
Outsourced Services: Sewerage Services	-	-
Outsourced Services: Traffic Fines Management	64,618	1,285,088
<b>Total Contracted Services</b>	<b>21,031,610</b>	<b>13,547,225</b>
<b>36. DEPRECIATION AND AMORTISATION</b>		
<b>Property, Plant and Equipment</b>		
Investment Property	24,744,557	23,767,378
Intangible Assets	59,063	118,859
<b>Total Depreciation and Amortisation</b>	<b>25,017,601</b>	<b>24,100,218</b>
<b>37. FINANCE COSTS</b>		
<b>Long-term Borrowings</b>		
Non-current Provisions - Note 14	485,816	653,228
Non-current Employee Benefits - Note 15	1,608,355	1,425,985
Overdraft Facilities	3,770,000	2,874,000
<b>Total Finance Costs</b>	<b>11,467,866</b>	<b>11,700,687</b>
<b>38. BULK PURCHASES</b>		
<b>Electricity</b>		
Water	75,857,718	75,463,489
<b>Total Bulk Purchases</b>	<b>87,019,972</b>	<b>86,428,430</b>

The distribution loss of bulk purchases for 2023 is R17,863,011 (x% electricity, x% water) and for 2022: R28,468,366 (35.42% electricity; 15.86%). Refer to note 48.8 for further detail on electricity and water losses



	2023 R	2022 R
<b>39. TRANSFERS AND SUBSIDIES</b>		
<b>Monetary Allocations</b>		
Households	175,200	-
Non-profit Institutions (Tourism)	412,500	500,000
<b>Total Transfers and Subsidies</b>	<b>587,700</b>	<b>500,000</b>
<b>40. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	399,182	258,716
Achievements and Awards	3,000	1,500
Audit Fees	7,645,879	3,507,908
Bank Charges, Facility and Card Fees	1,035,994	773,850
Bursaries (Employees)	101,508	7,580
Cleaning Services	717	-
Commission	276	-
Courier and Delivery Services	236,468	16,054
Communication	2,000,957	2,121,196
Deeds	16,713	16,616
Drivers Licences and Permits	13,193	-
Entertainment	1,714	36
External Computer Service	3,381,779	3,004,554
Freight Services	244,671	-
Hire Charges	4,313,409	3,313,584
Indigent Relief	576,453	533,383
Insurance	1,721,736	952,826
Licences	341,461	362,201
Municipal Services	2,316,338	1,889,298
Personnel Agency Fees (Personnel Recruitment Costs)	35,727	-
Printing, Publications and Books	607,455	378,978
Professional Bodies, Membership and Subscription	1,416,335	2,253,653
Registration Fees	3,877	-
Remuneration to Ward Committees	353,000	114,500
Resettlement Cost	4,425	-
Rewards Incentives	4,349	5,000
Skills Development Fund Levy	927,663	-
Toll Gate Fees	178	846
Transport Provided as Part of Departmental Activities	-	1,130
Travel Agency and Visa's	-	20,370
Travel and Subsistence	765,400	514,956
Uniform and Protective Clothing	61,817	360,076
Vehicle Tracking	14,931	19,908
Wet Fuel	3,302,020	2,630,181
Workmen's Compensation Fund	2,172,813	692,039
<b>Total Operational Costs</b>	<b>33,926,488</b>	<b>23,683,109</b>
<b>41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	(6,234,115)	(24,843,619)
Receivables from Non-exchange Revenue - Note 11	(33,610,241)	(20,588,108)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(42,844,356)</b>	<b>(45,431,727)</b>



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

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	2023 R	2022 R
<b>42. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	-	(1,543,655)
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>-</b>	<b>(1,543,655)</b>
Balance previously reported		(490,518)
Reclassification - note 43.2		490,518
Correction of error - note 43.9		(1,543,655)
<b>Restated balance</b>		<b>(1,543,655)</b>
	2023 R	2022 R
<b>43. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from misstatements occurred in the prior years.		
	Note	2022 R
<b>43.1 Property, Plant and Equipment</b>		
Balance previously reported		423,175,455
Cost		(865,305)
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021.	43.2	1,885,000
Properties identified for disposal as the municipality no longer have control over the land		(2,750,305)
Accumulated depreciation		(251,333)
While the above mentioned building was recognised as a Heritage Asset, no depreciation was calculated on the building. With the transfer to Property, Plant and Equipment accumulated depreciation had to be calculated. The accumulated depreciation as at 1 July 2021 had to be applied.	43.8	(188,500)
The depreciation for the 2021/22 financial year on the finance building is as follows	43.8	(62,833)
Accumulated impairment		1,360,262
During 2021/22 impairment was applied to some electrical infrastructure due to vandalism. Some of these assets could be restored and thus the impairment was reversed on these assets.	43.9	153,612
Properties identified for disposal as the municipality no longer have control over the land		1,206,650
<b>Restated Balance</b>		<b>423,419,079</b>
<b>43.2 Heritage Assets</b>		
Balance previously reported		5,225,000
Cost		(1,885,000)
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021.	43.1	(1,885,000)
<b>Restated Balance</b>		<b>3,340,000</b>
<b>43.3 Inventory</b>		
Balance previously reported		3,423,769
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(4,108)
<b>Restated Balance</b>		<b>3,419,661</b>
<b>43.4 Receivables from Exchange Transactions</b>		
Balance previously reported		21,171,614
Service charges incorrectly levied during 2021/22	43.8 & 43.9	(365,374)
<b>Restated Balance</b>		<b>20,806,240</b>
<b>43.5 Receivables from Non-exchange Transactions</b>		
Balance previously reported		73,786,647
No impairment calculation was done for traffic fines during 2021/22. The calculation was done during the current year and applied to the 2021/22 financial year.	43.9	(20,070,400)
Traffic fines were incorrectly recognised during 2021/22, resulting in Receivables from Non-exchange Transactions being overstated.	43.9	(74,313)
VAT calculations on service charges for prior years were incorrectly done with the impairment calculations and included under receivables from non-exchange transactions.	43.6	(3,284,032)
Property rates in of building clause levies incorrectly levied during 2021/22	43.9	(5,243,706)
Property rates incorrectly levied during 2021/22	43.8	(5,144)
Due to incorrect calculations on the impairment for VAT on outstanding receivables an amount in regards to advance payments was incorrectly included under receivables from non-exchange transactions.	43.5	(870,194)
Correction of allocation relating to provision for impairment of 2020/2021	43.8	3,284,032
Correction of allocation relating to provision for impairment of 2021/2022	43.9	870,194
<b>Restated Balance</b>		<b>48,393,085</b>
<b>43.6 VAT receivable</b>		
Balance previously reported		10,583,046
VAT calculations on service charges for prior years were incorrectly done with the impairment calculations and included under receivables from non-exchange transactions.	43.5	4,154,226
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(985,641)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(384,282)
Payables and Accruals corrections in duplication of invoices during 2020/21	43.7	(1,649,465)
Correction of Payables for 2021/2022	43.7	677,707
<b>Restated Balance</b>		<b>12,295,591</b>
<b>43.7 Trade and Other Payables from Exchange Transactions</b>		
Balance previously reported		164,291,132
Payables and Accruals corrections in duplication of invoices during 2021/22	43.6 & 43.9	(10,465,052)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.6 & 43.9	(2,949,944)
Payables and Accruals corrections in duplication of invoices during 2020/21	43.6 & 43.8	(17,260,587)
Correction of Payables for 2021/2022	43.6 & 43.8	7,844,180
<b>Restated Balance</b>		<b>131,299,728</b>
<b>43.8 Accumulated Surplus</b>		
Balance previously reported 1 July 2021		R 335,179,221
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021. While being recognised as a Heritage Asset no depreciation was calculated against the asset. With the transfer to Property, Plant and Equipment depreciation is applicable, the depreciation calculated for periods prior to the 2021/22 financial year has to be recognised against the opening balance of the Accumulated Surplus.	43.1	(188,500)
Payables and Accruals corrections in duplication of invoices prior to 2021/2022	43.7 & 43.9	5,748,394
Payables and Accruals corrections in duplication of invoices prior to 2021/2022	43.7 & 43.9	9,862,759
Correction of allocation relating to provision for impairment of 2020/2021	43.5	3,284,032
Correction of Payables for 2020/2021	43.6 & 43.7	4,341,759
<b>Restated balance 1 July 2021</b>		<b>358,227,635</b>
<b>Deficit for the 2021/2022 financial year as previously reported</b>		<b>(10,760,336)</b>
The depreciation for the building moved from Heritage Assets to Property, Plant and Equipment for 2021/22.	43.1	(62,833)
No impairment calculation was done for traffic fines during 2021/22. The calculation was done during the current year and applied to the 2021/22 financial year.	43.9 & 43.9	(20,070,400)
Traffic fines were incorrectly recognised during 2021/22, resulting in revenue for Fines, Penalties and Forfeits being overstated.	43.5 & 43.9	(74,313)
Correction of allocation relating to provision for impairment of 2021/2022	43.5	870,194
During 2021/22 impairment was applied to some electrical infrastructure due to vandalism. Some of these assets could be restored and thus the impairment was reversed on these assets.	43.1	153,612
Property rates in of building clause levies incorrectly levied during 2021/22	43.5 & 43.9	(5,243,706)
Property rates and service charges incorrectly levied during 2021/22	43.4 & 43.5	(370,517)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7 & 43.9	9,475,303
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7 & 43.9	2,565,062
Correction of Payables for 2021/2022	43.7 & 43.9	(7,066,473)
Properties identified for disposal as the municipality no longer have control over the land	43.1 & 43.9	(1,543,655)
<b>Deficit for the 2021/22 financial year as restated</b>		<b>(31,627,462)</b>
<b>Restated Balance</b>		<b>326,600,174</b>





43.9 Changes to Statement of Financial Performance

		2023 R	2022 R
	Note	Balance previously reported	Restated Balance
<b>Revenue</b>			
Property Rates	43.5	45,484,089	40,235,240
Government Grants and Subsidies - Capital		14,852,792	14,852,792
Government Grants and Subsidies - Operating		81,602,115	81,602,115
Contributed Property, Plant and Equipment		793,995	793,995
Fines, Penalties and Forfeits	43.5	30,583,802	30,589,289
Interest Earned - Non-exchange Transactions		1,628,231	1,628,231
Licences and Permits from Non-Exchange Transactions		120,452	120,452
Service Charges	43.4	131,051,897	130,708,883
Sales of Goods and Rendering of Services		660,477	660,477
Rental from Fixed Assets	43.4	1,388,579	1,352,166
Interest Earned - External Investments		540,859	540,859
Interest Earned - Exchange Transactions		6,243,807	6,243,807
Licences and Permits from Exchange Transactions		209,854	209,854
Agency Services		462,007	462,007
Operational Revenue	43.4	2,873,568	2,897,019
<b>Total</b>		<b>318,006,322</b>	<b>312,817,786</b>
<b>Expenditure</b>			
Employee related costs		124,977,211	124,977,211
Remuneration of Councillors		6,172,695	6,172,695
Bad Debts Written Off		164,298	164,298
Contracted Services	43.7	14,274,333	13,547,225
Depreciation and Amortisation	43.1	24,037,384	62,833
Finance Costs	43.7	11,383,523	11,700,487
Bulk Purchases		86,429,430	86,429,430
Inventory Consumed	43.7	4,341,545	4,354,489
Operating Leases		500,000	500,000
Transfers and Subsidies	43.7	28,260,301	23,663,109
Operational Costs		300,541,019	295,629,360
<b>Total</b>		<b>300,541,019</b>	<b>295,629,360</b>
<b>Gains and Losses</b>			
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43.5	(26,231,521)	(45,431,727)
Gain/(Loss) on Sale of Fixed Assets	43.1	(490,518)	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	43.1	(1,503,600)	(338,906)
Actuarial gains/(losses)		(1,503,600)	(1,503,600)
<b>Total</b>		<b>(28,225,639)</b>	<b>(48,816,888)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(10,260,336)</b>	<b>(31,627,462)</b>

43.10 RECLASSIFICATION IN TERMS OF GRAP 3

		Balance	Adjustments	Restated Balance
<b>Statement of Financial Performance</b>				
<b>Revenue</b>		<b>318,006,322</b>	-	<b>318,006,322</b>
<b>Expenditure</b>		<b>300,541,019</b>	(8)	<b>300,541,019</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43.10.1	(26,231,521)	490,518	(26,231,521)
Gain/(Loss) on Sale of Fixed Assets	43.10.1	(490,518)	(490,518)	(490,518)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	43.10.1	(1,503,600)	-	(1,503,600)
Actuarial gains/(losses)		(1,503,600)	-	(1,503,600)
<b>Total</b>		<b>(28,225,639)</b>	-	<b>(28,225,639)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(10,260,336)</b>	<b>0</b>	<b>(10,260,336)</b>

Note 43.10.1: The impairment on vandalised assets were correctly calculated in the previous financial year. The reason for the reclassification is due to human error where impairment loss was mapped to gain/loss on sale of fixed assets in the 2021/2022 financial year.

43.11 Irregular expenditure

Balance previously reported	175,641,321
2022 - SCM procedures not followed with regards to competitive bidding - a communication of audit finding was raised in respect of payments made in excess of award amount	282,730
<b>Restated balance</b>	<b>175,924,051</b>

44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2023 R	2022 R
Surplus/(Deficit) for the year	19,005,299	(31,627,462)
<b>Adjustments for:</b>		
Depreciation	24,958,538	23,981,358
Amortisation	50,063	118,659
Loss/(Gain) on Sale of Fixed Assets	-	1,543,655
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(171,435)	-
Impairment Loss/(Reversal of Impairment Loss) - Receivables	42,844,356	45,431,727
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	(4,170,358)	336,906
Correction of error - Prior years	-	23,298,914
Contributed Property, Plant and Equipment	(2,965,264)	(793,995)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses/gain	(3,968,436)	1,503,600
Movement in employee benefits	2,783,206	2,078,612
Bad Debts written off	17,866,012	164,298
Interest on provisions	1,688,355	1,384,360
Operating lease income accrued	(9,681)	87,347
<b>Operating Surplus/(Deficit) before changes in working capital</b>	<b>97,841,696</b>	<b>67,447,179</b>
Changes in working capital	(53,450,428)	(25,753,006)
Increase/(Decrease) in Trade and Other Payables (note 2)	19,074,644	21,283,086
Increase/(Decrease) in Taxes	2,184,624	(2,470,583)
Increase/(Decrease) in Inventory	(1,071,268)	(162,076)
Increase/(Decrease) in Consumer Deposits	(1,351,114)	382,639
Increase/(Decrease) in Current portion of non-current receivables	1,200,488	(662,019)
Increase/(Decrease) in Non-current receivables	(1,413,218)	(116,536)
Increase/(Decrease) in Trade Receivables from Exchange Transactions	(24,056,030)	(25,778,490)
Increase/(Decrease) in Trade Receivables from Non-Exchange Transactions	(42,250,387)	(23,211,681)
Increase/(Decrease) Unpaid Transfers and Subsidies	(5,858,168)	5,041,551
<b>Cash generated/(absorbed) by operations</b>	<b>44,351,228</b>	<b>41,694,173</b>

Note 1 Due to slow payment of debtors with payment arrangements, the movement in long-term debtors were regarded as non-cash. The movement was adjusted against Receivables from exchange and non-exchange.

Note 2: Certain Property, Plant and Equipment was purchased on credit with specific suppliers. This was regarded as a non-cash item adjusted against Trade and other payables.

45. CASH AND CASH EQUIVALENTS

	2023 R	2022 R
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 12	2,524,653	2,932,049
Call Deposits and Investments - Note 12	12,318,108	13,437,213
Cash on hand - Note 12	17,002	16,819
Bank Overdraft - Note 12	-	-
<b>Total cash and cash equivalents</b>	<b>14,859,763</b>	<b>16,386,081</b>



	2023 R	2022 R
46. UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION		
Long-term Borrowings - Note 13	4,522,921	5,282,085
Used to finance property, plant and equipment - note 13	(4,522,921)	(5,282,085)
<b>Cash invested for repayment of long-term borrowings</b>	<b>-</b>	<b>-</b>

Long-term borrowings have been utilized in accordance with the Municipal Finance Management Act.

Annuity loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 10.20%-10.5% interest rate, with the last maturity date of 31st July 2022. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

*Auditing to build public confidence*

47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance  
Unauthorised expenditure current year - operational  
Unauthorised expenditure current year - capital  
Written off by Council  
Unauthorised expenditure awaiting authorisation

2023 R	2022 R
147,783,902	123,377,330
20,841,937	24,406,572
637,282	-
-	-
<b>169,063,121</b>	<b>147,783,902</b>

Unauthorised expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
Actual vs Budgeted spending	None	21,279,219	24,406,572
		<b>21,279,219</b>	<b>24,406,572</b>

The overspending of the Budget per municipal vote can be summarised as follows:

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - MUNICIPAL MANAGER	11,609,793	9,315,573	2,294,220	2,294,220
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	175,846,512	219,845,658	(43,999,144)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	36,865,259	38,013,187	(1,147,928)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	61,308,591	42,981,875	18,347,716	18,347,716
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	83,392,465	102,102,918	(18,710,453)	-
	<b>369,023,621</b>	<b>412,239,209</b>	<b>(43,215,588)</b>	<b>20,641,937</b>

Vote 1 - Municipal Manager: Unauthorise expenditure due to additional cost on employee related cost and contracted services not budgeted for.

Vote 5 - Directorate: Financial Services: Unauthorise expenditure mostly relate to bad debts written off on indigents not budgeted for.

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - MUNICIPAL MANAGER	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	44,370,961	44,872,086	(501,125)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	1,405,722	1,501,305	(95,583)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	38,897	50,000	(11,103)	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	4,925,229	4,287,947	637,282	637,282
	<b>50,740,809</b>	<b>50,711,338</b>	<b>29,471</b>	<b>637,282</b>

Vote 6 - Directorate: Community Services: Unauthorise relating to capital expenditure is mainly due to contributed PPE received that was not budgeted for.

47.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance  
Fruitless and wasteful expenditure current year  
Written off by Council  
Fruitless and wasteful expenditure awaiting condonement

2023 R	2022 R
10,173,525	1,245,310
8,962,175	8,928,215
-	-
<b>19,135,700</b>	<b>10,173,525</b>

Fruitless and wasteful expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
2020 - Double payment to supplier - Kemp street	None	287,798	287,798
2020 - Interest on overdue accounts - Eskom accounts	None	532,857	532,857
2020 - Interest and Penalties on overdue accounts - SARS	None	130,784	130,784
2020 - Interest on overdue account - Telkom accounts	None	3,132	3,132
2020 - Interest on overdue account - Auditor General	None	287,393	287,393
2020 - Interest on overdue account - Barroworld	None	256	256
2020 - Interest late payment pension - LA Retirement fund	None	108	108
2021 - Invoice paid twice - Breda Goutz (water)	None	2,981	2,981
2022 - Interest and Penalties on overdue accounts - SARS PAYE/UIF/SOL	None	280,983	280,983
2022 - Interest and Penalties on overdue accounts - SARS VAT	None	405,975	405,975
2022 - Interest on overdue accounts - creditors	None	6,430,311	6,430,311
2022 - Salaries paid of suspended employees	None	1,810,946	1,810,946
2023 - Interest on overdue accounts - creditors	None	6,037,517	-
2023 - Salaries paid of suspended employees	None	2,924,658	-
		<b>19,135,700</b>	<b>10,173,525</b>

47.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance  
Irregular expenditure current year  
Irregular expenditure (PPR regulations (4)(1)) - COMAF 41  
Expenditure authorised (I.o. Section 32 of MFMA  
Written off by Council  
Transfer to receivables for recovery - not condoned  
Irregular expenditure awaiting further action

2023 R	2022 R
175,924,052	167,340,746
25,584,456	8,583,305
1,903,783	-
-	-
-	-
<b>203,422,290</b>	<b>175,924,051</b>

Irregular expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year	49,397,969	49,397,969
2019 - SCM procedures not followed 2018/2019	Expenditure will be investigated in the next financial year	439,130	439,130
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,639,310	1,639,310
2019 - SCM procedures not followed with regards to competitive bid process, section 32	Expenditure will be investigated in the next financial year	55,780,264	55,780,264
2019 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	1,017,883	1,017,883
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	496,714	496,714
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	38,626,053	38,626,053
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,925,276	1,925,276
2021 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	821,167	821,167
2021 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17,196,980	17,196,980
2022 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	830,808	830,808
2022 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	7,752,497	7,752,497
2023 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	7,626,877	-
2023 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17,967,579	-
2023 - Incorrect application of PPR regulations	Refer to note 1	1,903,783	-
		<b>203,422,290</b>	<b>175,924,051</b>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies for expenditure.

Irregular expenditure is disclosed inclusive of VAT

Note 1: The National Treasury is of the opinion that the municipality is incorrect applying the Preferential Procurement Regulations, 2022. The Auditor-General concluded that this matter will result in irregular expenditure of R1 903 783. The municipality will obtain further legal advice in the 2023/2024 financial year regarding this matter to determine the way forward, as the opinion of National Treasury is disputed.



48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT  
48.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance  
Council subscriptions  
Amount paid - current year  
Amount paid - previous years  
Balance unpaid (included in creditors)

2023 R	2022 R
-	(30)
1,324,045	1,303,852
(1,083,309)	(1,303,852)
-	30
<b>240,736</b>	<b>-</b>

48.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance  
Current year audit fee  
Current year audit fee  
Internal Audit  
Audit Committee  
Amount paid - current year invoice  
Amount paid - previous year invoice  
Balance unpaid (included in creditors)

2023 R	2022 R
9,677,194	7,591,630
5,154,960	3,945,564
5,154,960	3,945,564
-	-
-	-
(36,008)	-
(1,373,554)	(1,860,000)
<b>13,422,604</b>	<b>9,677,194</b>

48.3 VAT - [MFMA 125 (1)(c)]

VAT

Closing balance

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.

2023 R	2022 R
10,112,464	12,297,089
<b>10,112,464</b>	<b>12,297,089</b>

48.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

Opening balance  
Current year payroll deductions  
Amount paid - current year  
Amount paid - previous year  
Balance unpaid (included in creditors)

2023 R	2022 R
1,288,524	1,379,336
16,068,061	16,253,467
(14,864,128)	(14,564,543)
(1,288,524)	(1,379,336)
<b>1,183,933</b>	<b>1,288,924</b>

48.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Current year payroll deductions and Council Contributions  
Amount paid - current year  
Balance unpaid (included in creditors)

2023 R	2022 R
23,329,208	23,804,451
(23,329,208)	(23,804,451)
<b>-</b>	<b>-</b>

48.6 Councilor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councilors had arrear accounts for more than 90 days as at 30 June:

Executive Mayor (A. Sauls)  
R. Shute (20317)  
EF. Botha (2619)  
CL de Bruin (16414)  
VL. Pili (11508)  
S. Essop (no account)  
TCJ Prince (5345)  
Total Councilor Arrear Consumer Accounts

Outstanding more than 90 days	Outstanding more than 90 days
-	202
-	1,340
-	455
43,819	53,337
62,539	-
-	148,178
<b>106,357</b>	<b>203,011</b>



48.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 JUNE 2023	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-22	42,419	-	-	38,885	3,534
Aug-22	221,117	-	-	72,422	148,695
Sep-22	147,679	4,387	-	139,538	3,754
Oct-22	23,621	-	-	23,621	-
Nov-22	12,482	-	-	12,482	-
Dec-22	-	-	-	-	-
Jan-23	224,614	66,632	-	123,882	34,160
Feb-23	5,431	-	-	5,431	-
Mar-23	259,866	-	-	44,161	215,705
Apr-23	53,429	-	-	8,379	45,050
May-23	52,494	-	-	52,494	-
Jun-23	38,266	-	-	10,566	27,700
	<b>1,081,419</b>	<b>71,019</b>	<b>-</b>	<b>531,912</b>	<b>478,589</b>

30 JUNE 2022	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-21	60,183	52,159	-	2,505	5,519
Aug-21	10,191	10,191	-	-	-
Sep-21	27,826	22,515	-	5,313	-
Oct-21	47,700	17,814	-	29,886	-
Nov-21	10,626	-	-	10,626	-
Dec-21	-	-	-	-	-
Jan-22	54,855	54,855	-	-	-
Feb-22	46,136	46,136	-	-	-
Mar-22	126,629	6,011	-	117,818	-
Apr-22	24,095	24,095	-	-	-
May-22	-	-	-	-	-
Jun-22	-	-	-	-	-
	<b>408,043</b>	<b>236,376</b>	<b>-</b>	<b>166,148</b>	<b>5,519</b>

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager

Deviations between 0 - 10 000  
Deviations between 10 001 - 30 000  
Deviations between 30 001 - 200 000  
Deviations greater than 200 001

Total Deviations	2022/23 Amounts
37	157,253
12	190,187
10	733,980
-	-
<b>59</b>	<b>1,081,419</b>

Minor breaches in SCM regulations were identified of:

R0-R2 000  
R2000-R10 000

Total	2022/23 Amounts
-	-
-	-

Deviations are disclosed inclusive of VAT

48.8

Material losses

Electricity distribution losses

Units purchased (Kwh)  
Units lost during distribution (Kwh)  
Percentage lost during distribution

2023 R	2022 R
46,809,725	52,887,769
6,637,653	18,731,951
14.18%	35.42%

The reason for the electricity losses is due to electricity theft on pre-paid meters. Fines were issued for offenders.

Water distribution losses

Units purchased (kl)  
Units lost during distribution (kl)  
Percentage lost during distribution

2023 R	2022 R
3,210,737	3,177,702
2,044,062	504,110
63.66%	15.86%

The reason for water losses is due to pipe bursts and field leakages. Maintenance on meters is difficult due to limitation in funds.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.



48.9 Other non-compliance

**MFMA Section 65(2)(a)**

Adequate management, accounting and information system was not in place which accounted for creditors.

**MFMA Section 65(2)(e)**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**MFMA Section 15**

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

**MFMA Section 32(4)**

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

**MFMA Section 62**

Expenditure were not adequately monitored in accordance with section 62, resulting in unauthorised, fruitless and wasteful and irregular expenditure

**Supply chain management regulations**

Non-compliance with supply chain management regulation resulting in irregular expenditure

**VAT act Section 28**

VAT returns not submitted timeously by the 25th of each month

48.10 PURCHASES FROM MEMBERS IN SERVICE OF STATE

The following purchases were made during the 2022/23 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Avril Catering	21,150	Son is employed at the Department of Agricultural and the daughter at Department of Social Development
Anne's Deli	41,005	Husband, Mr A Stoffles, is currently employed by the Department of Education
TSCH International Holding	33,094	Spouse, Mr E Hongwane, currently employed at City of Cape Town
G&K Projects	244,172	Spouse, Mrs Y De Wee, currently employed at Transnet
Beaufort West Luxury Coaches	8,500	Son works at the Beaufort West Municipality and daughter at Provincial traffic
Ian Dickie and Company	26,358	Spouse, Mrs M Samuels, currently employed at SAPS
Jabeja Consulting	12,015	Brother, Mr Du Plessis is employed by Department of Education

The following purchases were made during the 2021/22 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Avril Catering	27,275	Son is employed at the Department of Agricultural and daughter at Department of Social Development
Jabeja Consulting	121,061	Brother, Mr Du Plessis is employed by the Department of Education



49. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:

	2023 R	2022 R
0.5% (2022: 0.5%) Increase in interest rates	103,198	55,436
0.5% (2022: 0.5%) Decrease in interest rates	103,198	(55,436)

(b) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly for call investment deposits, bank accounts and trade and other receivables.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to 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.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All debtors are payable within 30 days from invoice date. Refer to note 10 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2023 %	2023 R	2022 %	2022 R
Non-Current Receivables				
Repayment arrangement	100.00%	4,562,973	100%	11,400,309
<u>Exchange Receivables</u>				
Electricity	7.77%	11,063,660	8%	9,824,520
Water	20.46%	29,171,481	25%	33,270,608
Property Rentals	2.17%	3,085,132	2%	2,259,531
Waste Management	18.45%	26,275,751	16%	21,353,440
Waste Water Management	29.97%	42,684,715	28%	36,029,002
Other	21.16%	30,129,169	21%	27,886,251
	100.00%	142,409,907	100%	130,623,962

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follows:

Exchange Receivables				
Electricity	5.51%	6,867,741	4%	4,788,517
Water	19.02%	23,714,007	23%	25,321,103
Waste Management	19.12%	23,826,266	18%	19,401,837
Waste Water Management	30.85%	38,451,208	29%	32,236,494
Housing Selling Scheme	2.12%	2,842,884	0%	34,426
Other	23.38%	29,143,667	26%	28,035,335
	100.00%	124,647,763	100%	109,617,712



The provision for bad debts could be allocated between the different categories of receivables as follow:

	2023 %	2023 R	2022 %	2022 R
Other	1.43%	1,788,049	3%	2,151,013
Industrial	3.64%	4,535,712	4%	3,042,686
Residential	94.93%	118,324,003	93%	80,127,434
	<b>100.00%</b>	<b>124,647,763</b>	<b>100%</b>	<b>85,821,133</b>
Bad debts written off:			2023 R	2022 R
Exchange Receivables				
Services		100%	17,866,012	164,298

**Ageing of amounts past due but not impaired are as follow:**

	2023	2022
1 month past due	-	-
2+ months past due	8,530,860	-
	<b>8,530,860</b>	<b>-</b>
1 month past due	-	-
2+ months past due	10,161,424	-
	<b>10,161,424</b>	<b>-</b>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Non-current Receivables and current receivables are individually evaluated annually at end of financial year for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2023 R	2022 R
Non-Current Receivables from Exchange Transactions	3,672,455	850,237
Non-Current Receivables from Non-Exchange Transactions	890,518	281,616
Receivables from Exchange Transactions	142,409,907	130,623,952
Cash and Cash Equivalents	14,842,761	16,369,261
	<b>161,815,641</b>	<b>148,105,066</b>

(c) **Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Consumer Deposits are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 5 and 10 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Borrowings	1,194,871	3,739,373	1,348,620	-
Trade and Other Payables from exchange transactions	145,230,617	-	-	-
Consumer deposits	2,490,411	-	-	-
	<b>151,915,899</b>	<b>3,739,373</b>	<b>1,348,620</b>	<b>-</b>
2022				
Long-term Borrowings	1,284,721	4,040,057	2,247,702	-
Trade and Other Payables from exchange transactions	126,919,725	-	-	-
Consumer deposits	3,841,525	-	-	-
	<b>132,045,971</b>	<b>4,040,057</b>	<b>2,247,702</b>	<b>-</b>





		2023	2022
		R	R
<b>50. FINANCIAL INSTRUMENTS</b>			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
<b>50.1 Financial Assets</b>	<b>Classification</b>	<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Non-Current Receivables</b>			
Non-current receivables	Financial Instruments at amortised cost	2,525,042	911,007
Non-current receivables from non-exchange: Housing	Financial Instruments at amortised cost	29	200,846
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Receivables from Exchange Transactions</b>			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	16,776,641	20,955,324
Other receivables from exchange transactions	Financial Instruments at amortised cost	985,502	(149,085)
<b>Other receivables from non-exchange transactions</b>	Financial Instruments at amortised cost	-	-
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	2,541,684	2,948,668
Call Investment Deposits	Financial Instruments at amortised cost	12,318,108	13,437,213
<b>Total Financial Assets</b>			
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at amortised cost:</b>			
Non-Current Receivables	Exchange and non-exchange (excluding housing)	2,525,042	911,007
Non-Current Receivables from non-exchange	Non-current receivables from non-exchange: Housing	29	200,846
Trade receivables from exchange transactions	Trade receivables from exchange transactions	16,776,641	20,955,324
Other receivables from exchange transactions	Other receivables from exchange transactions	985,502	(149,085)
Other receivables from non-exchange transactions	Other receivables from non-exchange transactions	-	-
Cash and Cash Equivalents	Bank Balances	2,541,684	2,948,668
Cash and Cash Equivalents	Call Investment Deposits	12,318,108	13,437,213
<b>Total Financial Assets</b>		<b>35,147,007</b>	<b>38,303,973</b>
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>50.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Borrowings</b>			
Annuly Loans	Financial Instruments at amortised cost	3,788,779	4,522,919
Capitalised Lease Liability	Financial Instruments at amortised cost	-	-
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Trade and other payables from exchange transactions</b>			
Receivables with credit balances	Financial Instruments at amortised cost	-	-
Retentions	Financial Instruments at amortised cost	2,496,054	259,806
Sundry creditors	Financial Instruments at amortised cost	-	-
Trade Payables	Financial Instruments at amortised cost	138,158,914	120,783,794
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Current Portion of Long-term borrowings</b>			
Annuly Loans	Financial Instruments at amortised cost	734,141	671,086
Capitalised Lease Liability	Financial Instruments at amortised cost	-	88,080
<b>Consumer deposits</b>	Financial instruments at fair value	2,490,411	3,841,525
		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	-	-
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
<b>Financial Instruments at amortised cost:</b>			
Long-term Borrowings	Annuly Loans	4,522,921	5,194,005
Long-term Borrowings	Capitalised Lease Liability	-	88,080
Trade and other payables from exchange transactions	Retentions	2,496,054	259,806
Trade and other payables from exchange transactions	Trade Payables	138,158,914	120,783,794
Consumer deposits	Consumer deposits	2,490,411	3,841,525
		<b>147,708,299</b>	<b>130,167,211</b>



2023	2022
R	R
2,587,362	1,628,231

BEAUFORT WEST MUNICIPALITY						2023	2022
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023						R	R
52.	CONTINGENCIES						
The following guarantees qualify as contingent liabilities:							
NAME / REG NO		GUARANTEE ISSUED TO					
Nedbank	286	Performance guarantee no: 285/02883307: Post office				50,000	50,000
Nedbank	287	Electricity guarantee: 285/02883218: Eskom				34,700	34,700
Nedbank	288	Electricity guarantee: 285/02883005: Eskom - Nelspoort					
						41,700	41,000
						<u>128,400</u>	<u>128,700</u>
Claims against the municipality							
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:							
<u>Beaufort West Municipality/Minister of Water and Sanitation</u>							
In this matter the municipality received a summons from the Minister of Water and Sanitation for payment of the amount of R3311 205.85 for the payment of water charges for the periods pending from 1st April 2002 until 31 August 2016. We have entered a notice of intention to Defend and up until today we have not received any further pleadings from the Plaintiff's attorneys. At this stage we do not think this matter will proceed any further and the costs exposure would therefore be very minimal.						3,311,206	3,311,206
<u>Beaufort West Municipality/A.Damon &amp; SS.Damon</u>							
In this matter the Plaintiffs issued Summons against the Municipality for damages as a result of a fire that burned down their immovable property, in the amount of R836 523.64. We have defended the matter and it is trial ready. We confirm that a trial date as obtained from 9 November 2021, but due to the fact that no Judge could be allocated to this matter, the matter was removed from the court roll. Since then there was no movement on the matter and at this stage unclear if the Plaintiff intends to pursue this claim any further. The cost exposure for the municipality is the amount claimed by the Plaintiff and legal cost we estimated at +- R400 000.							
<u>Beaufort West/Africa Creek</u>						400,000	400,000
This matter relates to a claim by Africa Creek against the municipality for payment of an amount of R15 340 344. The municipality vehemently denies liability to the claim and this matter is currently being defended in the Cape town high court. We confirm that we have filed a Notice of Intention to defend and up until date there were no further movement with respect to this matter. Our prospects to successfully defend this matter is very good. We confirm that the costs exposure for the municipality in this matter could well be between R100 000 to R250 000.							
<u>Beaufort West/JW van Wyk</u>						250,000	250,000
This is labor matter were Applicant, Mr van Wyk, claims arrears overtime money. The applicant did not disclose an amount that was due to him and at this stage we are not in a position to establish the financial exposure for Beaufort West Municipality. We have received a directive from the Labour court to file a notice of condonation as well as our answering statement and was subsequently filed. We are now waiting the Labour court to furnish us with a date for the matter to be heard. Our prospect to successfully defend this matter is good.							
<u>Beaufort west municipality/Traffic violation solutions (Pty) Ltd</u>						-	-
This is a matter that was previously attended to by Messrs Ngunane Attorneys who subsequently withdrew from record as attorneys of the Municipality. The Municipality requested Crawford Attorneys to come on record as the attorneys for the municipality in this matter. Traffic Violations Solutions issued a summons against the municipality in terms of a SLA between Traffic Violations Solutions and Beaufort West Municipality in terms whereof they claim damages to the amount of R1 327.01 as well as the amount of R3 197 754, currently in the							
The municipality's attorneys are currently in the process of defending this claim.						3,199,081	-
<u>Beaufort west municipality &amp; T.Prince/J.Booyse</u>							
We confirm that this an application by Mr Booysen challenging the decision of the municipality to appoint Mr Hendrik Truman Prince as the Director of Community Services. This application was issued on 19 July 2019 out of the Labour Court and has since been argued in the Labour Court and now await judgement of the Labour Court. We confirm that the matter was argued during November last year and until date we have not received the judgement.							
<u>Suspension of directors</u>						-	-
Directors were suspended in the 2021/2022 financial year. Investigators were appointed to investigate the matter. Matter is still in progress on 30 June 2023. This matter is handled by municipality and not the municipal lawyers.							
<u>Suspension of employees</u>						-	-
The supply chain practitioner was suspended June 2021 and the Revenue Manager in August 2022. The matter is still ongoing in-house and at this stage possible financial impact cannot be determined.							
<u>Beaufort West/SARS</u>						-	-
The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Beaufort West Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services. The municipality is therefore unclear on the VAT treatment on contributions received from the WCPG, till such time that clarity is obtained it will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest as per the latest rates of SARS.						5,120,643.20	-
<u>Beaufort West/DA councillors</u>							
This is the matter where the municipality claim payment from certain councillors of the DA as well as certain employees of the Democratic Alliance for salaries that was paid to them in error. Furthermore we confirm that we are the Plaintiffs in this matter and that the defendants pleaded several special pleas and that the special pleas was argued during January 2021 in the High court. The judgement was forwarded to the Municipal Manager we were successful in the defence of the special pleas that was pleaded by the Defendants. This court also ordered the defendants to pay the legal fees of the municipality. We confirm that the party and the party costs were taxed and we have already received payment of the taxed amount. The judgement relates only to a preliminary issue, but the main trial must still proceed and at this stage we are in the process of applying for a date of trial in the High court. Our prospects of success in order to claim the monies from the DA councillors is in our opinion very good. The cost exposure for the municipality could be between R200 000 and R300 000.							
<u>Murraysburg Landfill site</u>						300,000.00	
The landfill site license expired in 2019 and currently the site is operated illegally. A new application is yet to be submitted to the Department of Environmental Affairs. The municipality is exposed to a possible fine or imprisonment or both. This will only be determined once a communication is issued by the Department.							
<u>GAP Management</u>						-	-
GAP Management made an application to high Court to compel the municipality to decide their appeal that was submitted in terms of section 62 of the municipal system Act 33/2000. In the meantime, we received the decision of the current acting Municipal Manager with regards to the Appeal of GAP Management and it was subsequently furnished to the Legal Representatives acting on behalf of GAP Management. We confirm that there is indeed a cost implication for the municipality for the taxed costs of the legal representatives of GAP. Furthermore, we confirm that we now received the notice of taxation from our opponents and we have instructions to vigorously oppose this taxation. At this stage the possible cost implication is not clear.							
						<u>12,880,930</u>	<u>3,961,206</u>
CONTINGENT ASSETS						2023	2022
BANK / FIRM		PURPOSE		REG NO		R	R
First National Bank		Electricity supply: 163/3/96		147		2,020	2,020
FNB/Shoprite		Electricity Supply: 579-123/91		88		12,265	12,265
FNB/Ackermans		Electricity Supply: 579-131/91		91		2,080	2,080
ABSA Bank		Water & Electricity services erf no.7401 (Beaufort Mall)					
Rand Merchant Bank o.b.o R. Koster t/a RA Koster		Guarantee Nr-G900/0595814/GLO: Supply of water and electricity to 13 Bird Street (Beaufort Manor)		270		222,000	222,000
Rand Merchant Bank o.b.o R. Koster t/a RA Koster		Guarantee Nr-G900/0595862/GLO: Supply of water and electricity to 7 Bird Street (Beaufort Manor)		301		31,300	31,300
Rand Merchant Bank o.b.o De Jagers Loodgieters Kontrakteurs (Edms) Bpk		Merweville Reservoir: Construction of 500Ml Reservoir		302		21,100	21,100
WFJ Services (Pty) Ltd o.b.o Active Phambili Civils		Murraysburg Reservoirs: Construction of a 200Ml and 400 Ml reservoir		331		-	258,127
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk		Performance Guarantee: Guarantee No. OGT0672ZA0043595: Tender No. SCM 29/2023: Upgrading of Murraysburg Roads and Stormwater		333		-	185,457
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk		Guarantee No. OGT0672ZA0044386: Contract Number SCM 39/2023: Murraysburg Boreholes: Development and equipping of boreholes in Murraysburg: Mechanical, electrical and civil work		336		344,849	-
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bryle o.b.o. ZABS Eberlrose (Pty) Ltd		Guarantee Number: JBCC20230327/001: Tender: SCM 37/2023: New Ablution Block, Pavilion and upgrading and renovation of existing Ablution		338		1,283,715	-
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk		Retention Guarantee: Guarantee Number: OGT0672ZA0045919: Contract No. SCM 32/2023: Merweville Boreholes, development and equipping of boreholes in Merweville: Mechanical, electrical and civil works		339		190,491	-
First Rand Bank [RMB] o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk		Retention Guarantee: Guarantee No. OGT0672ZA0045918: Contract Number SCM 39/2023: Murraysburg Boreholes: Development and equipping of boreholes in Murraysburg: Mechanical, electrical and civil work		340		525,328	-
				341		641,852	-
						<u>3,277,991</u>	<u>734,348</u>



	2023 R	2022 R
<b>53. RELATED PARTIES</b>		
Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.		
The amounts outstanding are unsecured and will be settled in cash.		
The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
<b>53.2 Related Party Loans</b>		
Since 1 July 2004 loans to councilors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.		
<b>53.3 Compensation of key management personnel</b>		
The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.		
<b>54. FINANCIAL SUSTAINABILITY</b>		
<b>Financial Indicators</b>		
The current ratio increased to 0.61:1 from 0.64:1 in the prior year.		
The municipality have budgeted for a surplus of R15 257 996 for the 2022/2023 financial year. The municipality is also budgeting for positive cash flows during 2023/2024 and 2024/2025 amounting to R3 374 662 and R10 628 014 respectively.		
The municipality had an actual deficit of R19,005,299 (2022-R-31,627,462) for the current year.		
The average debtors' payment days increased to 760 days from 753 days.		
The average creditors payment period increased to 367 days from 355 days.		
The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with of R65,387,002 (2022-R53,159,443)		
The municipality had a positive bank balance with Nedbank to an amount of R1 888 046 (2022-R2 643 186) as per the bank statement		
The bank balance as per the cash book (primary account) for the current year is of R2,010,264 (2022-R2,821,384)		
The was an increase in cash and cash equivalents for the current year of R-1,526,088 (2022-R24,664,406)		
The municipality had call investment deposits for the current year of R12,318,108 (2022-R13,437,213)		
The outstanding balances in respect of external loans amounts to R4,522,921 (2022-R5,282,085)		
The Municipality has signed repayment agreements with Eskom, Izalo, Water & Waste management, Mubeso Africa, SALGA, Contour, Max Prof, Crawfords, Adv BJ Metembo to repay long outstanding accounts.		
Possible outflow of resources due the contingent liability disclosed in note 52.		
Unless sustainable job creation is achieved, the municipality will not be able to function as a going concern without Government Grants and Subsidies.		
In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.		
<b>55. EVENTS AFTER REPORTING PERIOD</b>		
No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.		
<b>56. PRINCIPAL/AGENT AGREEMENTS</b>		
<b>Agent: Provincial Department of Transport and Public Works</b>		
The municipality (agent) collects licencing fees on behalf of the Provincial Department of Transport and Public Works (principal). The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Trade and other Payables from Exchange Transactions in the Statement of Financial Position.		
There was not a change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.		
	2023 R	2022 R
<b>Compensation received for agency activities</b>		
Commission	1,179,795	462,007
<b>Total Compensation received</b>	<b>1,179,795</b>	<b>462,007</b>
There are no resources under the custodianship of the Municipality, nor have they been recognised as such.		
<b>Principal arrangement: Traffic services</b>		
The municipality has a service provider TCS who acts as an agent for the municipality with the issuing of traffic fines		
All payments are received directly by the municipality and the service provider issue invoices to the municipality for commission payable		
The municipality determines the significant terms and conditions and receives the benefit from traffic fines issues.		
There are no resources under the custodianship of the agent, nor have they been recognised as such.		
As no resources of the municipality is held by the service provider, no significant risks has been transferred.		
Should a possible breach in contract arise there could be cost implications depending on the agreement/outcome reached.		
	2023 R	2022 R
Commission paid to the agent:	179,951	-
The commission payable to the agent various depending on the fines collected for the month. An average commission of 40% (2022-45%) was paid to the agent.		
<b>Principal arrangement: Pre-paid</b>		
The municipality has a service providers Contour who acts as agent for the municipality with the sale of prepaid electricity and water.		
All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.		
The municipality determines the significant terms and conditions and receives the benefit from water and electricity sold. The only change that occurred from the previous period is that a new service provider was appointed		
There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred.		
There is no cost implication to the municipality if the arrangement is terminated.		
	2023 R	2022 R
Commission paid to the agent:	692,962	872,235
The commission will vary between 1%-4.6% depending on the method of payment (Contour).		
<b>Principal arrangement: Lihaba Travel</b>		
All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.		
The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period.		
There are no resources under the custodianship of the agent, nor have they been recognised as such.		
There is no cost implication to the municipality if the arrangement is terminated.		
As no resources of the municipality is held by the service provider, no significant risks has been transferred.		
	2023 R	2022 R
Commission paid to the agent (12% commission)	13,499	20,086
<b>Principal arrangement: Easyway</b>		
The municipality has a service provider Easyway who acts as an agent for the municipality with the 3rd party collection of debtor payments.		
All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.		
The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period.		
There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant		
There is no cost implication to the municipality if the arrangement is terminated.		
	2023 R	2022 R
Commission paid to the agent:	144,700	139,941
Commission between 1-2% per amounts collected.		



## 57. REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a section 71 schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

**PRIMARY SEGMENTS - 2022/2023 FINANCIAL YEAR**

Vote 1 - Municipal Manager  
Vote 2 - Directorate: Infrastructure Services  
Vote 3 - Directorate: Electro-technical Services  
Vote 4 - Directorate: Corporate Services  
Vote 5 - Directorate: Financial Services  
Vote 6 - Directorate: Community Services

**PRIMARY SEGMENTS - 2021/2022 FINANCIAL YEAR**

Vote 1 - Municipal Manager  
Vote 2 - Corporate Services  
Vote 3 - Financial Services  
Vote 4 - Infrastructure Services  
Vote 5 - Community and Social Services

The key functional segments comprise of:

**PRIMARY SEGMENTS**

Functional Segments	Sub vote	Aggregation	Reportable Segment
Vote 1 - Executive & Council	1.1 - Office of the Executive Mayor	Aggregated	Governance and Administration
	1.2 - Office of the Executive Deputy Mayor	Aggregated	Governance and Administration
	1.3 - Office of the Speaker	Aggregated	Governance and Administration
	1.4 - Portfolio Committees	Aggregated	Governance and Administration
	1.5 - Council General	Aggregated	Governance and Administration
Vote 2 - Municipal Manager	2.1 - Office of the Municipal Manager	Aggregated	Governance and Administration
	2.2 - Internal Audit	Aggregated	Governance and Administration
	2.3 - Cargo Caves	Aggregated	Governance and Administration
	2.4 - Strategic Services	Aggregated	Governance and Administration
	2.5 - Risk Management	Aggregated	Governance and Administration
	2.6 - Performance Management	Aggregated	Governance and Administration
Vote 3 - Corporate Services	3.1 - Office of HOD - Corporate Services	Aggregated	Governance and Administration
	3.2 - Council Support	Aggregated	Governance and Administration
	3.3 - Administration & Archives	Aggregated	Governance and Administration
	3.4 - Human Resources	Aggregated	Governance and Administration
	3.5 - Contract & Legal Services	Aggregated	Governance and Administration
	3.6 - Information Technology	Aggregated	Governance and Administration
Vote 4 - Financial Services	4.1 - Office of the CFO	Aggregated	Governance and Administration
	4.2 - Income	Aggregated	Governance and Administration
	4.3 - Expenditure	Aggregated	Governance and Administration
	4.4 - Information Technology	Aggregated	Governance and Administration
	4.5 - Financial Accounting	Aggregated	Governance and Administration
	4.6 - Supply Chain Management	Aggregated	Governance and Administration
Vote 5 - Community and Public Safety	5.1 - Office of HOD - Community Services	Aggregated	Community and Public Safety
	5.2 - Protection Services	Aggregated	Community and Public Safety
	5.3 - Parks & Recreation	Aggregated	Community and Public Safety
	5.4 - Library Services	Aggregated	Community and Public Safety
	5.5 - Cleansing Services	Aggregated	Community and Public Safety
	5.6 - Development & Planning	Aggregated	Community and Public Safety
	5.7 - Human Settlement	Aggregated	Community and Public Safety
	5.8 - Council Buildings & Halls	Aggregated	Community and Public Safety
	5.9 - Airport	Aggregated	Community and Public Safety
Vote 6 - Technical Services	6.1 - Office of HOD - Technical Services	Aggregated	Technical Services
	6.2 - Electro-Technical Services	Aggregated	Technical Services
	6.3 - Job Creation	Aggregated	Technical Services
	6.4 - Civil Engineering Services	Aggregated	Technical Services
	6.5 - Rural Water	Aggregated	Technical Services
	6.6 - Workshop	Aggregated	Technical Services
	6.7 - Sewerage	Aggregated	Technical Services
	6.8 - Human Settlement	Aggregated	Governance and Administration
Vote 7 - Human Settlement	7.1 - Human Settlement	Aggregated	Governance and Administration
Vote 8 - Strategic Services	8.1 - Corporate Wide Strategic Services	Aggregated	Governance and Administration
	8.2 - Town Planning	Individually Reported	Town Planning
	8.3 - IDP	Aggregated	Governance and Administration

**SECONDARY SEGMENTS****Mscoc Functional Segments identified**

<b>Mscoc Functional Segments identified</b>	<b>Aggregation</b>	<b>Aggregation</b>	<b>Reportable Segment</b>
• <b>Governance and Administration</b>	Executive and council	Aggregated	Governance and Administration
	Finance and administration	Aggregated	Governance and Administration
	Internal audit	Aggregated	Governance and Administration
• <b>Community and public safety</b>	Community and social services	Aggregated	Community and public safety
	Sport and recreation	Aggregated	Community and public safety
	Public safety	Aggregated	Governance and Administration
	Health services	Aggregated	Governance and Administration
	Housing services	Aggregated	Governance and Administration
• <b>Economic and environmental services</b>	Planning and development	Individually Reported	Economic and environmental serv
	Road transport	Aggregated	Governance and Administration
	Environmental protection services	Aggregated	Governance and Administration
• <b>Trading services</b>	Energy sources	Individually Reported	Energy sources
	Water management	Individually Reported	Water management
	Waste water management	Individually Reported	Waste water management
	Waste management service	Individually Reported	Waste management service
• <b>Other</b>	Abattoirs	Aggregated	Governance and Administration
	Air Transport	Aggregated	Other
	Forestry	Aggregated	Governance and Administration
	Licensing and Regulation	Aggregated	Other
	Markets	Aggregated	Governance and Administration
	Tourism	Aggregated	Other

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

Capital expenditure (additions) is reviewed by management monthly per the section 71 schedule.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

BEAUFORT WES LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Municipal Manager	Infrastructure Services	Electro-technical Services	Corporate Services	Financial Services	Community Services	Total
	R	R	R	R	R		R
<b>SEGMENT REVENUE</b>							
External revenue from exchange transactions	-	111,689,457	-	1,480,778	16,098,594	14,094,468	143,363,298
Service Charges	-	105,902,660	-	-	11,030,374	10,497,935	127,430,969
Sales of Goods and Rendering of Services	-	182,955	-	16,070	184,835	425,674	809,533
Rental from Fixed Assets	-	-	-	1,261,137	20,381	100,958	1,382,476
Interest Earned - External Investments	-	-	-	-	2,121,363	-	2,121,363
Interest Earned - Exchange Transactions	-	5,603,841	-	-	358,389	1,890,107	7,852,336
Licences and Permits	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	1,179,795	1,179,795
Operational Revenue	-	3	-	203,571	2,383,252	-	2,586,825
External revenue from non-exchange transactions	9,579,282	75,071,596	-	44,254,945	91,837,370	19,784,558	240,527,751
Property Rates	-	-	-	-	45,596,846	-	45,596,846
Government Grants and Subsidies - Capital	-	50,185,565	-	417,997	-	2,128,616	52,732,178
Government Grants and Subsidies - Operating	9,579,282	22,318,280	-	43,421,513	2,085,000	14,392,662	91,796,737
Contributed Property, Plant and Equipment	-	2,551,882	-	409,082	-	4,300	2,965,264
Fines, Penalties and Forfeits	-	15,870	-	6,354	41,560,600	3,085,350	44,668,173
Interest Earned - Non-exchange Transactions	-	-	-	-	2,587,362	-	2,587,362
Licences and Permits	-	-	-	-	7,563	173,630	181,192
<b>Total Segment Revenue</b>	<b>9,579,282</b>	<b>186,761,054</b>	<b>-</b>	<b>45,735,723</b>	<b>107,935,964</b>	<b>33,879,026</b>	<b>383,891,049</b>
<b>SEGMENT EXPENDITURE</b>							
Employee related costs	7,370,225	41,395,333	-	17,008,023	19,360,075	37,307,133	122,440,789
Remuneration of Councillors	-	-	-	6,265,821	-	-	6,265,821
Bad Debts Written Off	-	-	-	-	17,866,012	-	17,866,012
Contracted Services	2,641,354	4,233,940	-	3,880,825	8,843,425	1,432,066	21,031,610
Depreciation and Amortisation	23,909	18,029,261	-	540,405	303,955	6,120,071	25,017,601
Finance Costs	0	484,930	-	3,184,231	6,190,301	1,608,404	11,467,866
Bulk Purchases	-	87,019,972	-	-	-	-	87,019,972
Inventory Consumed	1,055	4,005,675	-	202,645	132,033	384,385	4,725,794
Operating Leases	-	-	-	-	-	-	-
Transfers and Subsidies	412,500	-	-	175,200	-	-	587,700
Operational Costs	1,160,751	13,766,870	-	7,621,407	7,340,700	4,036,730	33,926,458
<b>Total Segment Expenditure</b>	<b>11,609,793</b>	<b>168,935,982</b>	<b>-</b>	<b>38,878,559</b>	<b>60,036,499</b>	<b>50,888,789</b>	<b>330,349,622</b>
<b>Surplus/(Deficit)</b>	<b>(2,030,512)</b>	<b>17,825,072</b>	<b>-</b>	<b>6,857,165</b>	<b>47,899,465</b>	<b>(17,009,762)</b>	<b>53,541,427</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	171,435	-	171,435
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	(6,686,843)	-	-	(2,775,267)	(33,382,247)	(42,844,356)
Gains/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(223,687)	-	2,013,300	1,502,175	878,570	4,170,358
Actuarial gain/(loss)	-	-	-	-	3,966,436	-	3,966,436
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>	<b>(49,513,439)</b>	<b>19,005,299</b>
Taxation	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>		<b>19,005,299</b>
Attributable to Minorities	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>		<b>19,005,299</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>	<b>(49,513,439)</b>	<b>19,005,299</b>
<b>Capital expenditure per segment</b>	<b>-</b>	<b>44,370,961</b>	<b>-</b>	<b>1,405,722</b>	<b>38,897</b>	<b>4,925,229</b>	<b>50,740,809</b>



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

BEAUFORT WEST LOCAL MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022						
	Municipal Manager	Corporate Service	Financial Services	Infrastructure	Community Services	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	46,064	1,420,563	16,304,691	124,360,369	943,984	143,075,672
Service Charges	-	-	10,544,165	120,164,718	-	130,708,883
Sales of Goods and Rendering of Services	0	-	134,193	84,672	441,611	660,477
Rental from Fixed Assets	36,855	1,275,304	-	-	40,607	1,352,766
Interest Earned - External Investments	-	-	540,859	-	-	540,859
Interest Earned - Exchange Transactions	-	-	2,132,828	4,110,978	-	6,243,807
Licences and Permits	-	-	209,854	-	-	209,854
Agency Services	-	-	-	-	462,007	462,007
Operational Revenue	9,209	145,259	2,742,792	-	(242)	2,897,019
<b>External revenue from non-exchange transactions</b>	<b>36,750,146</b>	<b>919,351</b>	<b>72,337,902</b>	<b>45,844,236</b>	<b>13,890,480</b>	<b>169,742,114</b>
Property Rates	-	-	40,235,240	-	-	40,235,240
Government Grants and Subsidies - Capital	-	-	-	9,869,928	4,982,864	14,852,792
Government Grants and Subsidies - Operating	36,750,146	919,351	2,214,000	35,180,090	6,538,528	81,602,115
Contributed Property, Plant and Equipment	-	-	-	793,995	-	793,995
Fines, Penalties and Forfeits	-	-	28,260,431	222	2,248,635	30,509,289
Interest Earned - Non-exchange Transactions	-	-	1,628,231	-	-	1,628,231
Licences and Permits	-	-	-	-	120,452	120,452
<b>Total Segment Revenue</b>	<b>36,796,211</b>	<b>2,339,914</b>	<b>88,642,593</b>	<b>170,204,605</b>	<b>14,834,464</b>	<b>312,817,786</b>
<b>SEGMENT EXPENDITURE</b>						
Employee related costs	2,956,267	18,508,075	12,172,446	42,453,622	48,886,801	124,977,211
Remuneration of Councillors	-	6,172,695	-	-	-	6,172,695
Bad Debts Written Off	-	-	164,298	-	-	164,298
Contracted Services	2,124,385	1,142,670	6,303,708	2,078,577	1,897,886	13,547,225
Depreciation and Amortisation	-	118,859	23,704,544	276,814	-	24,100,218
Finance Costs	1,426,052	22,564	9,641,183	610,604	285	11,700,687
Bulk Purchases	-	-	-	86,429,430	-	86,429,430
Inventory Consumed	99,512	408,964	338,639	2,994,051	513,322	4,354,489
Operating Leases	-	-	-	-	-	-
Transfers and Subsidies	500,000	-	-	-	-	500,000
Operational Costs	5,106,367	5,264,438	4,425,270	4,816,843	4,070,191	23,683,109
<b>Total Segment Expenditure</b>	<b>12,212,583</b>	<b>31,638,265</b>	<b>56,750,087</b>	<b>139,659,940</b>	<b>55,368,484</b>	<b>295,629,360</b>
<b>Surplus/(Deficit)</b>	<b>24,583,627</b>	<b>(29,298,351)</b>	<b>31,892,506</b>	<b>30,544,664</b>	<b>(40,534,021)</b>	<b>-</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	(5,636,813)	(23,251,588)	(16,543,327)	(45,431,727)
Gains/(Loss) on Sale of Fixed Assets	-	(1,543,655)	-	-	-	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	(336,906)	-	(336,906)
Actuarial gain/(loss)	-	-	(1,503,600)	-	-	(1,503,600)
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>-</b>
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
<b>Capital expenditure per segment</b>	<b>-</b>	<b>30,319</b>	<b>-</b>	<b>10,247,303</b>	<b>5,362,207</b>	<b>15,639,829</b>





**APPENDIX A**  
**BEAUFORT WEST LOCAL MUNICIPALITY**

EXTERNAL LOANS	Reg No.	Rate	Supplier	Loan Number	Maturity date	Balance at 30 June 2022	Received during the period	Redeemed written off during the period	Balance at 30 June 2023
<b>LONG-TERM LOANS</b>									
<b>ANNUITY LOANS</b>									
<b>General</b>									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	31/12/2024	669,824	-	(254,683)	415,141
Entrance Road Industrial Area		10.17%	Nedbank	57831033947/1	30/06/2020	0	-	-	0
<b>Electricity</b>									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	31/12/2029	2,746,179	-	(252,757)	2,493,422
<b>Water Works</b>									
Farm Hansrivier		10.90%	DBSA	103464/1	31/12/2029	1,379,876	-	(127,003)	1,252,873
Pressure Control System		10.90%	DBSA	103464/1	31/12/2029	398,128	-	(36,643)	361,485
<b>Total Annuity Loans</b>						<b>5,194,007</b>	<b>-</b>	<b>(671,086)</b>	<b>4,522,921</b>
<b>CAPITALISED LEASE LIABILITY</b>									
Machine Photocopy MP301 SPF Mono MFP	W918P901293	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901494	10.50%	Ricoh	Traffic court	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	Ricoh	Stores	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	Ricoh	Fire Brigade	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	Ricoh	Mechanical Workshop	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	Ricoh	Vehicle registration	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	Ricoh	Kwa Mandlenkosi Office	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901487	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	Ricoh	Murraysburg Administration	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901291	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901299	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901489	10.50%	Ricoh	Thusong Centre	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901486	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901493	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918PA00934	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901495	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901296	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901490	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901297	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900044	10.50%	Ricoh	Stores	31/07/2022	1,651	-	(1,651)	-
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900077	10.50%	Ricoh	Housing Office	31/07/2022	1,651	-	(1,651)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	Ricoh	Library Church street	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	Ricoh	Library Church street	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910385	10.50%	Ricoh	Dir: Engineers Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	Ricoh	Dir: Electricity Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	Ricoh	Dir: Community Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	Ricoh	Dir: Financial Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	Ricoh	Library Nelspoort	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	Ricoh	Murraysburg Library	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910379	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	Ricoh	Wheely Wagon Kwa Mandlenkosi	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	Ricoh	Library Mimosa	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	6,080	-	(6,080)	-
Sedan Etios	CZ10906	10.25%	Egstra	Dir: Financial Services	28/02/2022	33,237	-	(33,237)	-
<b>TOTAL EXTERNAL LOANS</b>						<b>88,090</b>	<b>-</b>	<b>(88,090)</b>	<b>-</b>
						<b>5,282,097</b>	<b>-</b>	<b>(759,176)</b>	<b>4,522,921</b>

**APPENDIX B**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2022 Actual Income R</b>	<b>2022 Actual Expenditure R</b>	<b>2022 Surplus/ (Deficit) R</b>		<b>2023 Actual Income R</b>	<b>2023 Actual Expenditure R</b>	<b>2023 Surplus/ (Deficit) R</b>
			<b>Governance and Administration</b>			
27,343,322	13,237,281	14,106,042	Executive and council	46,260,116	22,215,376	24,044,740
99,010,091	102,896,406	(3,886,315)	Finance and administration	123,683,107	90,184,409	33,498,699
			<b>Community and Public Safety</b>			
12,724,452	15,332,623	(2,608,171)	Community and social services	8,313,829	17,451,450	(9,137,621)
468,418	1,711,393	(1,242,975)	Sport and recreation	2,208,721	3,697,907	(1,489,186)
2,817,689	37,700,105	(34,882,416)	Public safety	4,443,075	48,525,724	(44,082,649)
249,450	239,875	9,576	Housing	164,827	1,730,711	(1,565,884)
			<b>Economic and Environmental Services</b>			
1,940,187	5,240,813	(3,300,626)	Planning and development	1,134,807	5,596,765	(4,461,957)
-	10,729,216	(10,729,216)	Road transport	3,697,111	15,730,046	(12,032,935)
			<b>Trading Services</b>			
97,291,468	90,178,707	7,112,762	Energy sources	116,532,831	98,165,611	18,367,220
31,528,841	33,641,933	(2,113,092)	Water management	46,202,938	28,138,095	18,064,842
26,290,792	13,632,630	12,658,162	Waste water management	29,080,991	20,680,390	8,400,602
13,153,316	17,959,057	(4,805,742)	Waste management	19,022,358	16,907,136	2,115,221
312,818,027	342,500,039	(29,682,012)	Sub Total	400,744,712	369,023,621	31,721,091
(1,945,450)		(1,945,450)	Less Inter-Departmental Charges	(12,715,792)		(12,715,792)
310,872,578	342,500,039	(31,627,462)	<b>Total</b>	388,028,920	369,023,621	19,005,299

**APPENDIX C**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**  
**MUNICIPAL VOTES CLASSIFICATIONS**

<b>2022 Actual Income R</b>	<b>2022 Actual Expenditure R</b>	<b>2022 Surplus/ (Deficit) R</b>		<b>2023 Actual Income R</b>	<b>2023 Actual Expenditure R</b>	<b>2023 Surplus/ (Deficit) R</b>
			<b>Municipal Manager</b>			
8,108,155	6,900,851	1,207,304	Municipal Manager	9,579,282	11,609,793	(2,030,512)
19,235,168	7,829,741	11,405,427	Mayor and Council	36,680,835	12,270,126	24,410,708
			<b>Chief Financial Officer</b>			
88,679,448	61,442,634	27,236,814	Budget and Treasury Office	112,139,242	61,309,867	50,829,375
			<b>Director: Administration</b>			
11,755,947	33,224,785	(21,468,838)	Corporate Services	12,805,003	19,665,329	(6,860,326)
1,940,187	10,931,312	(8,991,125)	Planning and Development	390,654	10,160,885	(9,770,231)
			<b>Director: Community Services</b>			
14,116,837	46,155,212	(32,038,375)	Community and Social Services	14,047,648	60,826,433	(46,778,785)
468,418	1,711,393	(1,242,975)	Sport and Recreation	2,208,721	4,576,477	(2,367,756)
-	4,765,485	(4,765,485)	Public Safety	-	6,134,537	(6,134,537)
249,450	239,875	9,576	Housing	164,827	1,730,711	(1,565,884)
			<b>Director: Technical Services</b>			
-	13,886,425	(13,886,425)	Road Transport	3,697,111	17,964,013	(14,266,901)
97,291,468	90,178,707	7,112,762	Electricity	116,532,831	98,165,611	18,367,220
31,528,841	33,641,933	(2,113,092)	Water	46,947,091	28,875,338	18,071,753
26,290,792	13,632,630	12,658,162	Waste Water Management	29,080,991	20,680,390	8,400,602
13,153,316	17,959,057	(4,805,742)	Waste Management	16,470,476	15,054,110	1,416,365
312,818,027	342,500,039	(29,682,012)	Sub Total	400,744,712	369,023,621	31,721,091
(1,945,450)		(1,945,450)	Less Inter-Departmental Charges	(12,715,792)		(12,715,792)
310,872,578	342,500,039	(31,627,462)	<b>Total</b>	388,028,920	369,023,621	19,005,299

APPENDIX D  
BEAUFORT WES LOCAL MUNICIPALITY  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2023  
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Impairment				Accumulated Depreciation					Carrying Value	
	Opening Balance	Correction of Error	Transfers	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals		Closing Balance
Budget & Treasury	7,674,637		-	618,374		(1,536,126)	6,756,884	3,500	-		3,500	6,640,659		526,593	(1,536,126)	5,631,126	1,122,258
Community & Social Services	2,892,674		-	-		(531,055)	2,361,619	-	-		-	2,421,484		246,043	(531,055)	2,136,472	225,147
Corporate Services	192,132,157		-	3,195,292		(568,638)	194,758,811	16,503,748	(3,800,398)		12,703,350	45,555,225		4,680,824	(568,638)	49,667,411	132,388,050
Electricity	137,746,727		-	16,512,029		(293,386)	153,965,370	108,312	223,687		331,999	43,792,836		3,173,436	(293,386)	46,672,887	106,960,484
Executive & Council	340,111		-	-		(6,164)	333,947	-	-		-	266,716		26,067	(6,164)	286,619	47,329
Housing	58,759		-	-		(51,219)	7,540	-	-		-	54,416		3,756	(51,219)	6,953	587
Planning & Development	1,201,854		-	2,560,890		(209,511)	3,553,233	-	-		-	1,045,891		503,310	(209,511)	1,339,690	2,213,543
Public Safety	2,539,773		-	-		(712,573)	1,827,200	-	-		-	1,208,767		362,857	(712,573)	859,051	968,149
Road Transport	197,721,963	0		3,253,644		(1,106,830)	199,868,777	-	-		-	117,622,463		5,570,093	(1,106,830)	122,085,726	77,783,051
Sport & Recreation	17,584,436		-	-		(3,860)	17,580,576	593,647	(593,647)		-	8,025,694		1,469,325	(3,860)	9,491,359	8,089,217
Waste Management	11,688,159		-	-		-	11,688,159	-	-		-	10,793,407		-	-	10,872,541	815,618
Waste Water Management	105,914,513		-	-		(67,407)	105,847,106	-	-		-	57,080,543		4,273,929	(67,407)	61,287,066	44,560,041
Water	120,429,577		-	24,930,579		(460,287)	144,599,869	-	-		-	52,919,172		4,102,233	(460,287)	56,561,118	88,008,752
	797,925,338	-	0	50,740,809	-	(5,547,855)	843,119,093	17,209,207	(4,170,358)	-	13,038,849	347,427,472	-	25,017,691	(5,547,855)	366,898,018	463,192,225

**APPENDIX E**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR 30 JUNE 2023**

Grant Description	Balance 1 July 2022	Correction of Error	Balance 1 July 2022	Contributions during the year	Transfers	Interest on Investments	Repaid to National Provincial Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2023
<b><u>National Government Grants</u></b>										
Equitable share	-	-	-	77,265,000			-	(77,265,000)	-	-
Municipal Infrastructure Grant (MIG)	1,040,309		1,040,309	9,553,000			(1,040,309)	(744,153)	(5,858,943)	2,949,903
Integrated National Electrification Programme Grant (INEP)	5,614,384		5,614,384	11,000,000			-	-	(16,601,949)	12,434
Water Services Infrastructure Grant (WSIG)			-	28,439,000			-	-	(28,438,288)	712
Local Government Financial Management Grant (FMG)	-		-	2,085,000			-	(2,085,000)	-	-
Expanded Public Works Programme Integrated Grant (EPWP)			-	1,136,000			-	(789,596)	-	346,404
<b>Total National Government Grants</b>	<b>6,654,693</b>	<b>-</b>	<b>6,654,693</b>	<b>129,478,000</b>	<b>-</b>	<b>-</b>	<b>(1,040,309)</b>	<b>(80,883,749)</b>	<b>(50,899,181)</b>	<b>3,309,454</b>
<b><u>Provincial Government Grants</u></b>										
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	250,000		250,000	100,000			-	-	-	350,000
Western Cape Municipal Recovery Services Grant	-		-	1,993,000			-	(1,993,000)	-	-
Human Settlements : Municipal Accreditation and Capacity Building Grant	(91,173)		(91,173)	256,000			-	(164,827)	-	1
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-		-	-			-	-	-	-
Cultural Affairs & Sport: Library Service - Replacement Funding for most vulnerable B3 Municipalities	1,098,401		1,098,401	6,679,000			(1,098,401)	(6,583,742)	-	95,258
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	164,985		164,985	223,000			-	(365,904)	-	22,081
Department of Local Government : Local Government Public Employment Support Grant	1,035,734		1,035,734	-			-	(1,035,734)	-	(0)
Department of Local Government : Western Cape Municipal Interventions Grant	-		-	480,000			-	(179,941)	(300,000)	60
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	-		-	1,115,000			-	-	(1,115,000)	-
Department of Local Government : Municipal Drought Relief Grant	28,118		28,118	-			(28,118)	-	-	-
<b>Total Provincial Government Grants</b>	<b>2,486,065</b>	<b>-</b>	<b>2,486,065</b>	<b>10,846,000</b>	<b>-</b>	<b>-</b>	<b>(1,126,519)</b>	<b>(10,323,147)</b>	<b>(1,415,000)</b>	<b>467,399</b>
<b><u>District Municipality</u></b>										
Central Karoo District Municipality	290,607	-	290,607	200,000				(414,641)		<b>75,966</b>
<b>Total District Municipality Grants</b>	<b>290,607</b>	<b>-</b>	<b>290,607</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(414,641)</b>	<b>-</b>	<b>75,966</b>
<b><u>Other Grant Providers</u></b>										
Services SETA	1,400,000	-	1,400,000	-		-	-	-	(417,997)	982,003
Chemical Industries Education & Training Authority	-		-	313,575				(175,200)	-	138,375
<b>Total Other Grant Providers</b>	<b>1,400,000</b>	<b>-</b>	<b>1,400,000</b>	<b>313,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175,200)</b>	<b>(417,997)</b>	<b>1,120,378</b>
<b>Total Grants</b>	<b>10,831,365</b>	<b>-</b>	<b>10,831,365</b>	<b>140,837,575</b>	<b>-</b>	<b>-</b>	<b>(2,166,828)</b>	<b>(91,796,737)</b>	<b>(52,732,178)</b>	<b>4,973,197</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2022/2023						2021/2022		
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	47,808	–	47,808	45,597		(2,211)	-4.6%	-4.6%	40,235
Service charges	169,778	9,440	160,338	127,431		(32,907)	-20.5%	-24.9%	130,709
Investment revenue	8,302	(5,855)	14,157	12,561		(1,596)	-11.3%	51.3%	8,413
Transfers recognised - operational	89,312	(5,927)	95,239	91,797		(3,442)	-3.6%	2.8%	81,602
Other own revenue	53,704	(992)	54,696	50,808		(3,888)	-7.1%	-5.4%	36,212
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368,904</b>	<b>(3,334)</b>	<b>372,238</b>	<b>328,194</b>	<b>–</b>	<b>(44,045)</b>	<b>11.8%</b>	<b>-11.0%</b>	<b>297,171</b>
Employee costs	126,374	552	125,822	122,441	–	(3,382)	-2.7%	-3.1%	126,481
Remuneration of councillors	6,538	251	6,286	6,266	–	(20)	-0.3%	-4.2%	6,173
Depreciation & asset impairment	24,986	–	24,986	20,847	–	(4,139)	-16.6%	-16.6%	24,437
Finance charges	901	(6,175)	7,076	11,468	4,392	4,392	62.1%	1173.4%	11,701
Inventory consumed and bulk purchases	104,368	(92)	104,460	91,746	91,746	(12,715)	-12.2%	-12.1%	90,784
Transfers and grants	550	(350)	900	588	–	(312)	-34.7%	6.9%	500
Other expenditure	99,915	(42,795)	142,709	111,531	–	(31,179)	-21.8%	11.6%	84,370
<b>Total Expenditure</b>	<b>363,631</b>	<b>(48,609)</b>	<b>412,240</b>	<b>364,886</b>	<b>39,723</b>	<b>(47,354)</b>	<b>-11.5%</b>	<b>0.3%</b>	<b>344,445</b>
<b>Surplus/(Deficit)</b>	<b>5,273</b>	<b>45,274</b>	<b>(40,001)</b>	<b>(36,692)</b>	<b>–</b>	<b>3,309</b>	<b>-8.3%</b>	<b>-795.9%</b>	<b>(47,274)</b>
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	54,024	(1,235)	55,259	52,732		(2,527)	-4.6%	-2.4%	14,853
Transfers and subsidies - capital (in-kind - all) & Surplus/(Deficit) before taxation	–	–	–	2,965		–	–	–	794
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>59,297</b>	<b>44,039</b>	<b>15,258</b>	<b>19,005</b>		<b>782</b>	<b>24.6%</b>	<b>-67.9%</b>	<b>(31,627)</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>44,039</b>	<b>15,258</b>	<b>19,005</b>		<b>782</b>	<b>24.6%</b>	<b>-67.9%</b>	<b>(31,627)</b>
<b>Financial position</b>									
Total current assets	91	(35,487)	126,962	105,479		(21,483)	-16.9%	15.3%	103,763
Total non current assets	578	121,871	455,781	465,707		9,926	2.2%	-19.4%	434,401
Total current liabilities	141	(45,839)	186,633	170,866		(15,767)	-8.4%	21.4%	156,923
Total non current liabilities	44	(4,688)	48,454	50,605		2,151	4.4%	15.6%	50,537
Community wealth/Equity	485	137	348	349,715		2,059	0.6%	-27.8%	330,705
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>									
Transfers recognised - capital	46,978	(1,074)	48,052	52,732		4,681	9.7%	12.2%	14,853
Public contributions & donations	–	–	–	2,965		2,965	0.0%	0.0%	794
Borrowing	–	–	–	–		–	0.0%	0.0%	–
Internally generated funds	3,850	1,191	2,660	–		(2,660)	-100.0%	-100.0%	–
<b>Total sources of capital funds</b>	<b>50,828</b>	<b>117</b>	<b>50,711</b>	<b>–</b>		<b>4,986</b>	<b>-100.0%</b>	<b>-100.0%</b>	<b>15,647</b>
<b>Cash flows</b>									
Net cash from (used) operating	67,083	31,960	35,123	44,351		9,229	26.3%	-33.9%	41,694
Net cash from (used) investing	(58,452)	(7,741)	(50,711)	(45,118)		5,593	-11.0%	-22.8%	(15,527)
Net cash from (used) financing	(540)	218	(758)	(759)		(1)	0.1%	40.5%	(1,503)
<b>Cash/cash equivalents at the year end</b>	<b>8,090</b>	<b>24,437</b>	<b>(16,347)</b>	<b>(1,526)</b>		<b>14,821</b>	<b>-90.7%</b>	<b>-118.9%</b>	<b>24,664</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	77,528	6,656	84,184	169,878		85,694	101.79%	110.53%				121,016
Executive and council	11,625	81	11,707	46,260		34,554	295.17%	297.22%				22,032
Finance and administration	65,902	6,575	72,478	123,618		51,140	70.56%	77.60%				98,984
Internal audit	–	–	–	–		–	#DIV/0!	#DIV/0!				
<i>Community and public safety</i>	62,430	(65)	62,364	15,130		(47,234)	-75.74%	-75.66%				16,121
Community and social services	8,055	(300)	7,755	8,314		559	7.20%	6.93%				12,605
Sport and recreation	3,188	795	3,982	2,209		(1,774)	-44.54%	-55.64%				468
Public safety	50,081	381	50,462	4,443		(46,019)	-91.20%	-91.89%				2,797
Housing	1,106	(941)	165	165		(0)	0.00%	0.00%				249
<i>Economic and environmental services</i>	9,380	(2,294)	7,086	4,832		(2,254)	-31.81%	-24.03%				1,940
Planning and development	1,331	1,031	2,362	1,135		(1,227)	-51.95%	-92.22%				1,940
Road transport	8,049	(3,325)	4,725	3,697		(1,027)	-21.75%	-12.76%				–
<i>Trading services</i>	273,591	272	273,863	198,189		(75,674)	-27.63%	-27.66%				171,796
Energy sources	127,381	4,900	132,281	105,001		(27,280)	-20.62%	-21.42%				101,497
Water management	81,510	(3,703)	77,807	45,680		(32,126)	-41.29%	-39.41%				31,002
Waste water management	40,696	(2,806)	37,890	28,696		(9,194)	-24.27%	-22.59%				26,157
Waste management	24,005	1,880	25,885	18,811		(7,073)	-27.33%	-29.47%				13,141
<i>Other</i>	–	–	–	–		–	0.00%	0.00%				–
<b>Total Revenue - Standard</b>	<b>422,928</b>	<b>4,569</b>	<b>427,498</b>	<b>388,029</b>		<b>(39,469)</b>	<b>-9.23%</b>	<b>-9.33%</b>				<b>310,873</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	87,650	14,111	101,761	112,400	–	10,638	10.5%	12.1%	–	–	–	116,134
Executive and council	14,238	1,955	16,194	22,215	–	6,022	37.2%	42.3%	–	–	–	13,237
Finance and administration	71,724	12,727	84,451	90,184	–	5,733	6.8%	8.0%	–	–	–	102,896
Internal audit	1,688	(571)	1,116	–	–	(1,116)	-100.0%	-66.1%	–	–	–	–
<i>Community and public safety</i>	70,307	14,384	84,691	71,406	–	(13,285)	-15.7%	-18.9%	–	–	–	54,984
Community and social services	11,183	(189)	10,994	17,451	–	6,458	58.7%	57.7%	–	–	–	15,333
Sport and recreation	7,981	(511)	7,470	3,698	–	(3,772)	-50.5%	-47.3%	–	–	–	1,711
Public safety	47,791	16,760	64,552	48,526	–	(16,026)	-24.8%	-33.5%	–	–	–	37,700
Housing	3,352	(1,676)	1,676	1,731	–	55	3.3%	1.6%	–	–	–	240
<i>Economic and environmental services</i>	28,207	3,084	31,292	21,327	–	(9,965)	-31.8%	-35.3%	–	–	–	15,970
Planning and development	8,780	3,428	12,208	5,597	–	(6,611)	-54.2%	-75.3%	–	–	–	5,241
Road transport	19,427	(344)	19,084	15,730	–	(3,353)	-17.6%	-17.3%	–	–	–	10,729
<i>Trading services</i>	177,466	17,029	194,495	163,891	–	(30,604)	-15.7%	-17.2%	–	–	–	155,412
Energy sources	104,960	(2,172)	102,787	98,166	–	(4,622)	-4.5%	-4.4%	–	–	–	90,179
Water management	34,083	9,370	43,453	28,138	–	(15,315)	-35.2%	-44.9%	–	–	–	33,642
Waste water management	19,845	6,292	26,138	20,680	–	(5,457)	-20.9%	-27.5%	–	–	–	13,633
Waste management	18,579	3,539	22,117	16,907	–	(5,210)	-23.6%	-28.0%	–	–	–	17,959
<b>Total Expenditure - Standard</b>	<b>363,631</b>	<b>48,608</b>	<b>412,239</b>	<b>369,024</b>	–	<b>(43,216)</b>	<b>-10.5%</b>	<b>-11.9%</b>	–	–	–	<b>342,500</b>
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description  R thousand	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - MUNICIPAL MANAGER	8,401	1,201	9,601	9,579		-	0.0%	0.0%				31,484
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	259,777	47,366	307,143	186,761		-	0.0%	0.0%				173,749
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-		-	0.0%	0.0%				-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	10,571	2,584	13,155	45,736		-	0.0%	0.0%				2,221
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	54,570	(48,382)	6,187	112,074		-	-	-				88,643
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	89,610	1,801	91,411	33,879		-	-	-				14,776
<b>Total Revenue by Vote</b>	<b>422,928</b>	<b>4,569</b>	<b>427,498</b>	<b>388,029</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>310,873</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - MUNICIPAL MANAGER	7,481	1,834	9,316	11,610	2,294	-	0.0%	0.0%	-	-	-	6,901
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	195,683	24,163	219,846	175,847	-	-	0.0%	0.0%	-	-	-	166,792
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	36,301	1,712	38,013	36,865	-	-	0.0%	0.0%	-	-	-	33,182
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	39,911	3,050	42,962	61,310	18,348	-	0.0%	0.0%	-	-	-	63,772
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	84,254	17,849	102,103	83,392	-	-	0.0%	0.0%	-	-	-	71,853
<b>Total Expenditure by Vote</b>	<b>363,631</b>	<b>48,608</b>	<b>412,239</b>	<b>369,024</b>	<b>20,642</b>	-	<b>0.0%</b>	<b>0.0%</b>	-	-	-	<b>342,500</b>
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>(31,627)</b>



**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	47,808	–	47,808	45,597		(2,211)	-4.6%	-4.6%				40,235
Service charges - electricity revenue	103,525	(1,463)	102,062	79,475		(22,587)	-22.1%	-21.8%				81,667
Service charges - water revenue	33,026	(8,396)	24,630	16,980		(7,650)	-31.1%	-23.2%				23,265
Service charges - sanitation revenue	22,082	(738)	21,344	20,478		(866)	-4.1%	-3.9%				17,871
Service charges - refuse revenue	11,146	1,157	12,302	10,498		(1,804)	-14.7%	-16.2%				7,905
Rental of facilities and equipment	1,671	–	1,671	1,382		(289)	-17.3%	-17.3%				1,353
Interest earned - external investments	385	1,245	1,630	2,121		491	30.1%	127.6%				541
Interest earned - outstanding debtors	7,917	4,610	12,527	10,440		(2,087)	-16.7%	-26.4%				7,872
Fines, penalties and forfeits	49,523	–	49,523	44,668		(4,854)	-9.8%	-9.8%				30,509
Licences and permits	226	240	466	181		(49,341)	-99.6%	-21880.9%				330
Agency services	900	300	1,200	1,180		714	153.4%	79.3%				462
Transfers and subsidies	89,312	5,927	95,239	91,797		90,597	7549.7%	101.4%				81,602
Other revenue	1,385	452	1,837	3,396		(91,843)	-96.4%	-6630.6%				3,557
Gains	–	–	0	–		(1,837)	-100.0%	#DIV/0!				–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368,904</b>	<b>3,334</b>	<b>372,238</b>	<b>328,194</b>		<b>(91,730)</b>	<b>-28.0%</b>	<b>-24.9%</b>				<b>297,171</b>
<b>Expenditure By Type</b>												
Employee related costs	126,374	(552)	125,822	118,474	–	(7,348)	-5.8%	-5.8%	–	–	–	126,481
Remuneration of councillors	6,538	(251)	6,286	6,266	–	(20)	-0.3%	-0.3%	–	–	–	6,173
Debt impairment	55,261	37,851	93,112	42,844	–	(50,267)	-54.0%	-91.0%	–	–	–	45,432
Depreciation & asset impairment	24,986	–	24,986	20,847	–	(4,139)	-16.6%	-16.6%	–	–	–	24,437
Finance charges	901	6,175	7,076	11,468	4,392	4,392	62.1%	487.7%	–	–	–	11,701
Bulk purchases - electricity	82,979	(914)	82,065	87,020	4,955	4,955	6.0%	6.0%	–	–	–	86,429
Inventory consumed	21,389	1,006	22,396	4,726	–	(17,670)	-78.9%	-82.6%	–	–	–	4,354
Contracted services	19,611	(3,114)	16,497	21,032	4,535	4,535	27.5%	23.1%	–	–	–	13,547
Transfers and subsidies	550	350	900	588	–	(312)	-34.7%	-56.8%	–	–	–	500
Other expenditure	25,043	8,058	33,101	51,792	18,691	18,691	56.5%	74.6%	–	–	–	23,847
Losses	–	–	–	(171)	–	(171)	#DIV/0!	#DIV/0!	–	–	–	1,544
<b>Total Expenditure</b>	<b>363,631</b>	<b>48,608</b>	<b>412,240</b>	<b>364,886</b>	<b>32,574</b>	<b>(47,354)</b>	<b>-11.5%</b>	<b>-13.0%</b>	–	–	–	<b>344,445</b>
<b>Surplus/(Deficit)</b>	<b>5,273</b>	<b>(45,274)</b>	<b>(40,001)</b>	<b>(36,692)</b>		<b>3,309</b>	<b>-8.3%</b>	<b>62.8%</b>				<b>(47,274)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	54,024	1,235	55,259	52,732	–	(2,527)	-4.6%	-4.7%	–	–	–	14,853
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	2,965	–	2,965	#DIV/0!	#DIV/0!	–	–	–	794
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>			<b>24.6%</b>	<b>6.3%</b>				<b>(31,627)</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	–	–	–	–	<b>3,747</b>			–	–	–	–
Taxation	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>
Attributable to minorities	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote Description	2022/2023								2021/2022			
	Original Budget	Total Budget Adjustments (I.I.o. MFMA 428)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	32,022	(13,110)	18,912	-	-	(18,912)	-100%	-59%	-	-	-	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	701	800	1,501	-	-	(1,501)	-100%	-214%	-	-	-	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	3,512	626	4,138	-	-	(4,138)	-100%	-118%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>36,235</b>	<b>(11,684)</b>	<b>24,551</b>	<b>-</b>	<b>-</b>	<b>(24,551)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>												
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	14,243	11,717	25,960	-	-	(25,960)	-100%	-182%	-	-	-	10,247
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	30
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	122	(72)	50	-	-	(50)	-100%	-41%	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	228	(78)	150	-	-	(150)	-100%	-66%	-	-	-	5,362
<b>Capital single-year expenditure</b>	<b>14,593</b>	<b>11,567</b>	<b>26,160</b>	<b>-</b>	<b>-</b>	<b>(26,160)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Total Capital Expenditure - Vote</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	<b>823</b>	<b>728</b>	<b>1,551</b>	<b>-</b>	<b>-</b>	<b>(1,551)</b>	<b>-100%</b>	<b>-188%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,391</b>
Executive and council	-	-	-	-	-	-	0%	0%	-	-	-	4,940
Finance and administration	823	728	1,551	-	-	(1,551)	-100%	-188%	-	-	-	451
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Community and public safety</b>	<b>3,740</b>	<b>548</b>	<b>4,288</b>	<b>-</b>	<b>-</b>	<b>(4,288)</b>	<b>-100%</b>	<b>-115%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	0%	0%	-	-	-	-
Sport and recreation	3,512	626	4,138	-	-	(4,138)	-100%	-118%	-	-	-	-
Public safety	228	(78)	150	-	-	(150)	-100%	-66%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Economic and environmental services</b>	<b>7,501</b>	<b>(3,436)</b>	<b>4,065</b>	<b>-</b>	<b>-</b>	<b>(4,065)</b>	<b>-100%</b>	<b>-54%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	1
Road transport	7,501	(3,436)	4,065	-	-	(4,065)	-100%	-54%	-	-	-	-
<b>Trading services</b>	<b>38,764</b>	<b>2,043</b>	<b>40,807</b>	<b>-</b>	<b>-</b>	<b>(40,807)</b>	<b>-100%</b>	<b>-105%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,247</b>
Energy sources	10,961	3,847	14,808	-	-	(14,808)	-100%	-135%	-	-	-	6,152
Water management	24,730	970	25,699	-	-	(25,699)	-100%	-104%	-	-	-	4,095
Waste water management	3,073	(2,773)	300	-	-	(300)	-100%	-10%	-	-	-	-
Waste management	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>-100%</b>	<b>-100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Funded by:</b>												
National Government	46,978	(157)	46,821	-	-	(46,821)	-100%	-100%	-	-	-	14,840
Provincial Government	-	1,230	1,230	-	-	(1,230)	-100%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	<b>46,978</b>	<b>1,074</b>	<b>48,052</b>	<b>-</b>	<b>-</b>	<b>(48,052)</b>	<b>-100%</b>	<b>-102%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,840</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>794</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>3,850</b>	<b>(1,191)</b>	<b>2,660</b>	<b>-</b>	<b>-</b>	<b>(2,660)</b>	<b>-100%</b>	<b>-69%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>Total Capital Funding</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>-100%</b>	<b>-100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CASH FLOWS**

Description	2022/23							2021/22
	Original Budget	Budget Adjustments (i.l.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates	40,379	537	40,916	38,866	(2,050)	-5.0%	-3.7%	33,556
Service charges	149,742	(10,365)	139,378	115,720	(23,657)	-17.0%	-22.7%	106,962
Other revenue	27,328	(16,714)	10,614	5,314	(5,300)	-49.9%	-80.6%	16,850
Transfers and Subsidies - Operational	89,312	2,877	92,189	90,995	(1,194)	-1.3%	1.9%	83,151
Transfers and Subsidies - Capital	54,024	(4,379)	49,645	49,843	198	0.4%	-7.7%	21,118
Interest	6,882	(5,252)	1,630	12,561	10,931	670.6%	82.5%	8,413
<b>Payments</b>								
Suppliers and employees	(299,134)	7,394	(291,740)	(260,104)	31,636	-10.8%	-13.0%	(220,771)
Finance charges	(901)	(6,175)	(7,076)	(6,090)	986	-13.9%	576.2%	(7,084)
Transfers and Grants	(550)	(350)	(900)	(588)	312	-34.7%	6.9%	(500)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>67,083</b>	<b>(32,427)</b>	<b>34,656</b>	<b>46,518</b>	<b>-</b>	<b>34.2%</b>	<b>-30.7%</b>	<b>41,694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current debtors	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
<b>Payments</b>								
Capital assets	(58,452)	7,741	(50,711)	(44,044)	6,667	-13.1%	-24.6%	(15,527)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(58,452)</b>	<b>7,741</b>	<b>(50,711)</b>	<b>(44,044)</b>	<b>-</b>	<b>-13.1%</b>	<b>-24.6%</b>	<b>(15,527)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/refinancing	-	-	-	-	-	0.0%	0.0%	-
Increase (decrease) in consumer deposits	218	(218)	-	-	-	0.0%	-100.0%	-
<b>Payments</b>								
Repayment of borrowing	(758)	-	(758)	(759)	(1)	0.1%	0.1%	(1,503)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(540)</b>	<b>(218)</b>	<b>(758)</b>	<b>(759)</b>	<b>-</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(1,503)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>8,090</b>	<b>(24,904)</b>	<b>(16,813)</b>	<b>(1,526)</b>				<b>24,664</b>
Cash/cash equivalents at the year begin:	5,000	10,750	15,750	16,386				(8,279)
Cash/cash equivalents at the year end:	13,090	(13,052)	39	14,860	14,821	38058.8%	13.5%	16,386

**ANNEXURE A:**  
**AUDITOR-GENERAL**  
**REPORT**

# Report of the auditor-general to Western Cape Provincial Parliament and council on Beaufort West Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 3 to 95, 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, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Beaufort West municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 5 of 2022 (Dora).

### Basis for qualified opinion

#### Revenue from exchange transactions – Basic Charges: Electricity

3. The municipality did not adequately account for basic charges on electricity for retail and industrial properties. As a result, some retail and industrial properties were either not adequately charged in line with the municipality's tariff schedule or not charged at all. Consequently, I was unable to determine the impact on revenue from exchange transactions and receivables from exchange transactions as well as the comparative figures, as it was impracticable to do so.

### Context for opinion

4. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Material uncertainty relating to going concern**

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 54 to the financial statements, which indicates that the municipality's current liabilities exceeded its current assets by R65,4 million (2021-22: R53,2 million). As stated in the note, these events or conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## **Emphasis of matters**

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

### **Restatement of corresponding figures**

10. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2023.

### **Material impairment**

11. As disclosed in note 10 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R124,6 million (2021-22: R109,9 million).
12. As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R291,0 million (2021-22: R255,6 million).

### **Material losses**

13. As disclosed in note 48.8 to the financial statements, material electricity losses of 6 637 653 Kwh (2021-22: 18 731 951 Kwh) was incurred, which represents 14.18% (2021-22: 35.42%) of total electricity purchased. Electricity losses were due to electricity theft on pre-paid meters.
14. As disclosed in note 48.8 to the financial statements, material water distribution losses of 2 044 082 KI (2021-22: 504 110 KI) was incurred, which represents 63.66% (2021-22: 15.86%) of total water purchases. Water losses were due to pipe bursts and field leakages.

## **Other matters**

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

### **Unaudited disclosure note**

16. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particular of non-compliance with the MFMA in the financial statements. The disclosure requirement did not



form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Unaudited supplementary schedules

17. The supplementary information set out on pages 96 to 106 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
19. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the financial statements

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

### Report on the audit of the annual performance report

22. 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 strategic objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
23. I selected the following strategic objective presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected strategic objective that measure the

municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Strategic Objective	Page numbers	Purpose
Strategic objective 1	6-12	Provide, maintain and expand basic services to all the people in the municipal area

24. I evaluated the reported performance information for the selected strategic objective 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.

25. 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 measures taken to improve performance.

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

27. The material findings on the reported performance information for the selected strategic objective are as follows:

#### **Strategic objective 1 – Provide, maintain and expand basic services to all the people in the municipal area**

##### **Various indicators**

28. Some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the



achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator description	Target	Reported achievement
TL 6 – Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2023.	11 510	15 341
TL 9 – Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2023.	11 346	11 896
TL 10 – Provide free basic water to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023.	5 600	6 866
TL 11 - Provide free basic electricity to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2023.	5 094	4 593

## Other matters

29. I draw attention to the matter below.

### Achievement of planned targets

30. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

### Material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for strategic objective 1 – provide, maintain and expand basic services to all the people in the municipal area. Management did not correct the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

32. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
33. 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.
34. 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.
35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual Financial Statements

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/ or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
37. The oversight report adopted by the council on the 2021/22 annual report was not made public, as required by section 129(3) of the MFMA.

### Revenue Management

38. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
39. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

### Expenditure Management

40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
41. Reasonable steps were not taken to prevent irregular expenditure amounting to R203,4 million as disclosed in note 47.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R19,1 million, as disclosed in note 47.2 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
43. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R169,1 million, as disclosed in note 47.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

### Consequence Management

44. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
45. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
46. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### Procurement and Contract Management

47. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).
48. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

### Other information in the annual report

49. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
50. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
51. 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 strategic objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. I did not receive all the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matters to those charged with governance and request that the other



information be corrected. If the other information is not corrected, I may have to report on it in the auditor's report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

53. 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.
54. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
55. Leadership did not provide sufficient oversight over the implementation and monitoring of a sound control environment and the development of policies and procedures.
56. Not all of our audit recommendations made in the prior year were implemented, resulting in similar audit findings being reported on compliance with laws regulations.
57. Leadership was not effective in ensuring that good governance was in place that set the tone of accountability to protect and enhance the interests of the municipality. Instability in the office of the municipal manager and chief financial officer hindered the creation of systems and processes allowing the municipality to build stable capacity, enhance the skills of officials and .create a culture of good financial and performance disciplines and compliance.
58. Governance structures, ie the audit committee and the internal audit, were not effective in ensuring that good governance practices were in place by engaging management to prepare and monitor action plans to address the previous year's audit issues, as well as proper implementation thereof.

### Material irregularities

59. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### Material irregularities in progress

60. I identified a material irregularity during the prior year audit and notified the accounting officer, as required by material irregularity regulation 3(2). Subsequently, a new accounting officer was permanently appointed on 8 November 2023. By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer.

## Status of previously reported material irregularities

### Employee remunerated in excess of the remuneration policy

61. The municipality appointed a Manager: Administrative services for a contract period from 16 July 2018 to 30 November 2019. This manager was not remunerated in accordance with the remuneration policy as determined by the municipal council which is in contravention of section 66(1)(c) of the Municipal Systems Act 32 of 2000. The manager was paid at various rates and hours throughout the contract period (16 July 2018 to 30 November 2019) for both administration services and project management to a total value of R1 456 160.
62. The appointment of the employee is likely to result in a material financial loss as the remuneration paid is significantly higher than the remuneration attached to the position.
63. I recommended that the accounting officer should take the following actions to address the material irregularity, by 14 July 2023.
  - The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA, for purposes of recovering the loss.
  - That disciplinary proceedings commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
  - If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
  - If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this must be reported to the South African Police Service, as required by section 32(6) of the MFMA.
  - The financial loss should be quantified and all person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.

64. The AGSA's Material Irregularity Committee, duly delegated by the Auditor-General to make decisions on material irregularities, approved an extension to 6 March 2024 for the implementation of the recommendations.

*Auditor General*

Cape Town

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 strategic objectives 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

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 126(1)(a), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)



Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)