

# Siyathemba Municipality



## Annual Report 2023/24

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## Chapter 1: Mayor's Foreword and Executive Summary

### Component A: Mayor's Foreword



It is with great pride and a deep sense of responsibility that I present the 2023/24 Annual Report of the Siyathemba Local Municipality. This report is a reflection of our continued commitment to building a progressive, accountable, and service-oriented Municipality, while striving to fulfill our developmental mandate and improve the quality of life for all the residents of Siyathemba.

The 2023/24 financial year has been a period of significant challenges but also remarkable achievements. Guided by the principles of good governance, inclusivity, and transparency, we have navigated complex socio-economic landscapes and ensured that the Municipality remains steadfast in delivering on its constitutional mandate.

#### Our Commitment to Service Delivery

The core responsibility of this Municipality is to provide sustainable and quality services to our communities. In the past year, we have made significant strides in improving access to basic services such as water, sanitation, electricity, and waste management. These essential services have been prioritized despite the financial and operational constraints that have tested our resilience.

Our road infrastructure programs have seen improvements aimed at enhancing connectivity within our Municipality and supporting local economic activities. Furthermore, we have worked diligently to address backlogs in service delivery through strategic partnerships, innovative approaches, and the allocation of resources in alignment with our Integrated Development Plan (IDP).

#### Driving Local Economic Development

As a rural Municipality, local economic development (LED) remains a cornerstone of our strategic objectives. During this financial year, we have intensified efforts to stimulate economic growth by supporting small businesses, promoting local industries, and fostering job creation initiatives. Our collaboration with the private sector, non-governmental organizations, and other spheres of government has been instrumental in driving these efforts.

#### Public Participation and Governance

Central to our developmental agenda is the active participation of our communities. The 2023/24 financial year saw enhanced public participation processes, where residents were given platforms to voice their concerns, provide input into municipal planning, and hold us accountable. Public engagements were key to

shaping our IDP and budgeting processes, ensuring that we remain responsive to the needs of our citizens.

Our governance structures have been strengthened through adherence to legislative frameworks, fostering accountability, and promoting ethical leadership. The Municipality remains committed to ensuring clean governance and achieving unqualified audit outcomes as a testament to our financial prudence and operational efficiency.

### Challenges and Lessons Learned

While we celebrate our successes, we also recognize the challenges that continue to confront us. Limited financial resources, aging infrastructure, and the impact of climate change have posed significant obstacles. However, these challenges have reinforced the need for innovative solutions, collaborative partnerships, and a shared commitment to our vision for a prosperous and sustainable Siyathemba.

### Appreciation and Acknowledgements

The progress outlined in this Annual Report is the result of the collective efforts of many stakeholders. I extend my heartfelt gratitude to my fellow Councillors, the acting Municipal Managers, Senior Management, and all municipal employees for their dedication and hard work. I also wish to thank our communities for their patience, participation, and trust in our leadership.

Lastly, I wish to acknowledge the role of our provincial and national counterparts, whose guidance and support have been invaluable in enabling the Municipality to achieve its objectives.

### The Road Ahead

As we reflect on the achievements of the past year, we remain mindful of the work that lies ahead. The coming years will demand even greater collaboration, innovation, and determination as we strive to meet the evolving needs of our people. Let us remain united in our pursuit of a Siyathemba that is inclusive, prosperous, and resilient, a Municipality that truly embodies its name, "We have hope."

In closing, I invite all stakeholders to review this Annual Report as a transparent and accountable record of our performance. May it serve as a foundation for continued engagement, shared learning, and a renewed commitment to building a better future for all.

Together, we can move Siyathemba forward.

**Cllr J Philips**

**MAYOR**

## Part B: Executive Summary

### 1.1 Municipal Manager's Overview



The 2023/24 Annual Report of Siyathemba Local Municipality provides a transparent and comprehensive account of the municipality's performance in delivering its constitutional mandate, strategic objectives, and developmental goals. This report reflects the collective efforts of the Council, administration, and the community in driving service delivery, fostering local economic development, and ensuring good governance amidst a challenging socio-economic environment.

#### Municipal Overview

Siyathemba Local Municipality, located within the Northern Cape Province, serves as a predominantly rural municipality encompassing the towns of Prieska, Niekerkshoop, and Marydale, as well as surrounding rural areas. With its socio-economic challenges, such as high unemployment and poverty levels, the municipality has prioritized inclusive development and sustainable service delivery to improve the quality of life for its residents.

#### Performance Highlights

##### 1. Service Delivery Achievements

- **Basic Services:** Significant progress was made in the provision of water, sanitation, and electricity to both urban and rural households. The municipality prioritized maintenance and upgrades to aging infrastructure, ensuring improved service reliability.
- **Road Infrastructure:** Maintenance and upgrading of key municipal roads enhanced connectivity, supporting local economic activities and accessibility.
- **Waste Management:** Continued efforts were made to improve waste collection services and promote environmental sustainability through recycling initiatives and community awareness campaigns.

##### 2. Local Economic Development (LED)

- The municipality intensified its support for small, medium, and micro enterprises (SMMEs) by providing capacity-building programs and creating platforms for local businesses to access markets.
- Investment promotion initiatives attracted interest from key stakeholders in agriculture and renewable energy, sectors with significant growth potential in the region.
- Partnerships with private sector entities and provincial departments facilitated employment opportunities, particularly for youth and women.

##### 3. Good Governance and Financial Management

- The municipality adhered to principles of good governance, demonstrated by its commitment to transparency, public participation, and legislative compliance.
- Regular public consultation processes were conducted to ensure that community voices were included in decision-making, particularly in the

Integrated Development Plan (IDP) and budget preparation.

- Financial prudence remained a priority, with the municipality achieving improvements in revenue collection and expenditure management. These efforts contributed to a stable financial position and accountability for public funds.

#### 4. Public Participation and Stakeholder Engagement

- Enhanced public participation platforms provided communities with opportunities to engage in municipal planning and performance monitoring.
- Collaboration with provincial and national government departments, civil society, and traditional leadership strengthened the municipality's capacity to deliver on its mandate.

#### Challenges and Mitigation Strategies

While the 2023/24 financial year was marked by several achievements, the municipality faced persistent challenges:

- **Aging Infrastructure:** Limited resources to address backlogs in infrastructure maintenance remain a key concern. Partnerships with external stakeholders and innovative financing mechanisms are being pursued to address this issue.
- **Revenue Collection:** High numbers of indigents and non-payment impacted negatively on revenue collection. The municipality continues to explore alternative strategies to improve revenue collection. Implementation strategies such as debt management and community awareness campaigns are necessitated to improve the level payment rates and ultimately improve revenue collection. This is one of the most challenging areas that will be tackled with the necessary vigour and commitment.
- **Climate Change Impacts:** Prolonged droughts and water shortages have necessitated sustainable water management strategies, including investment in alternative water sources.

- **Discipline management:** General organisational discipline is a huge challenge in the municipality. It cuts across all levels of the organisation and must be addressed. Discipline is a cornerstone of good governance and prerequisite for improved service delivery.

#### Key Lessons Learned

The experiences of the past year have underscored the importance of innovation, collaboration, and community engagement. Lessons learned include:

- Strengthening intergovernmental relations to access resources and expertise.
- Encouraging active citizen participation to ensure alignment between community needs and municipal planning.
- Emphasizing the importance of monitoring and evaluation systems to improve service delivery efficiency.

#### The Way Forward

As the municipality looks toward the future, key focus areas include:

- Accelerating the provision of basic services through targeted infrastructure investments and improved operational efficiencies.
- Driving economic growth by leveraging the municipality's natural and human resources, with a focus on agriculture, renewable energy, and tourism.
- Enhancing governance by pursuing clean audits, promoting ethical leadership, and ensuring greater accountability at all levels of the organization.
- Implementing climate-resilient programs to address environmental challenges and ensure sustainable development.
- Improved revenue collection with clear Credit Control policies and processes in place.

#### Conclusion

The 2023/24 Annual Report of Siyathemba Local Municipality reflects a year of progress and resilience, underscored by a commitment to inclusive

development. While challenges persist, the municipality remains steadfast in its vision of creating a sustainable and prosperous future for its residents.

This Executive Summary serves as an invitation to all stakeholders to review the detailed Annual Report and engage with the municipality in its journey of continuous improvement and collaborative development.

**Mr Thomas van Staden**

**MUNICIPAL MANAGER**

## 1.2 Municipal Overview

This report addresses the performance of the Siyathemba Municipality in the Northern 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 programme performance and the general state of affairs in their locality.

The 2023/24 Annual Report reflects on the performance of the Municipality for the period 1 July 2023 to 30 June 2024. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

### 1.2.1 Vision and Mission

**The Municipality committed itself to the vision and mission of:**

#### Vision

**“Siyathemba, a developmental Municipality, creating a better life”**

#### Mission

“Creating a better life for our communities” through: -

- Addressing and managing of negative perceptions.
- Maximising the opportunities and resources for social and economic growth.
- Communicating information openly and honestly.
- Delivering quality and reliable services to all our communities and
- Putting the needs of the community first.

#### Strategic Objectives

- Enhance good governance processes and accountability
- Develop a capable and capacitated institution to respond to community needs
- Provide appropriate services to all households
- Strengthen community participation
- Enhance municipal financial viability
- Facilitate economic growth in the municipal area
- Plan, develop and maintain infrastructure and facilities
- Provision of access to all basic services rendered to residents within the available resources

### 1.2.1 Municipal Area at a Glance

<b>Total municipal area</b>	14 725 km <sup>2</sup>	<b>Demographics (Census 2022)</b>			
		<b>Population</b>	27 102	<b>Households</b>	6 739
<b>Population (Census 2022)</b>		<b>Densities (Census 2011)</b>			
<b>Population growth rate (%)</b>	1.57 (2001–2011)	<b>Population density(persons/km<sup>2</sup>)</b>		1 person	
<b>Average household size</b>	4.0	<b>Working age (15-64)</b>		66.5%	

Service delivery (% of households with service) (Census 2022)							
Water (piped inside dwelling)	50.5%	Sanitation (flush toilet)	85.1%	Electricity	94.6%	Refuse removal	78.2%
Labour							
Unemployment rate 2001	36%			Unemployment rate 2011	24.3%		
Largest economic subsectors							
Social and personal services	Agriculture			General government services	Wholesale and retail trade		

Table 1: Municipal Area at a Glance

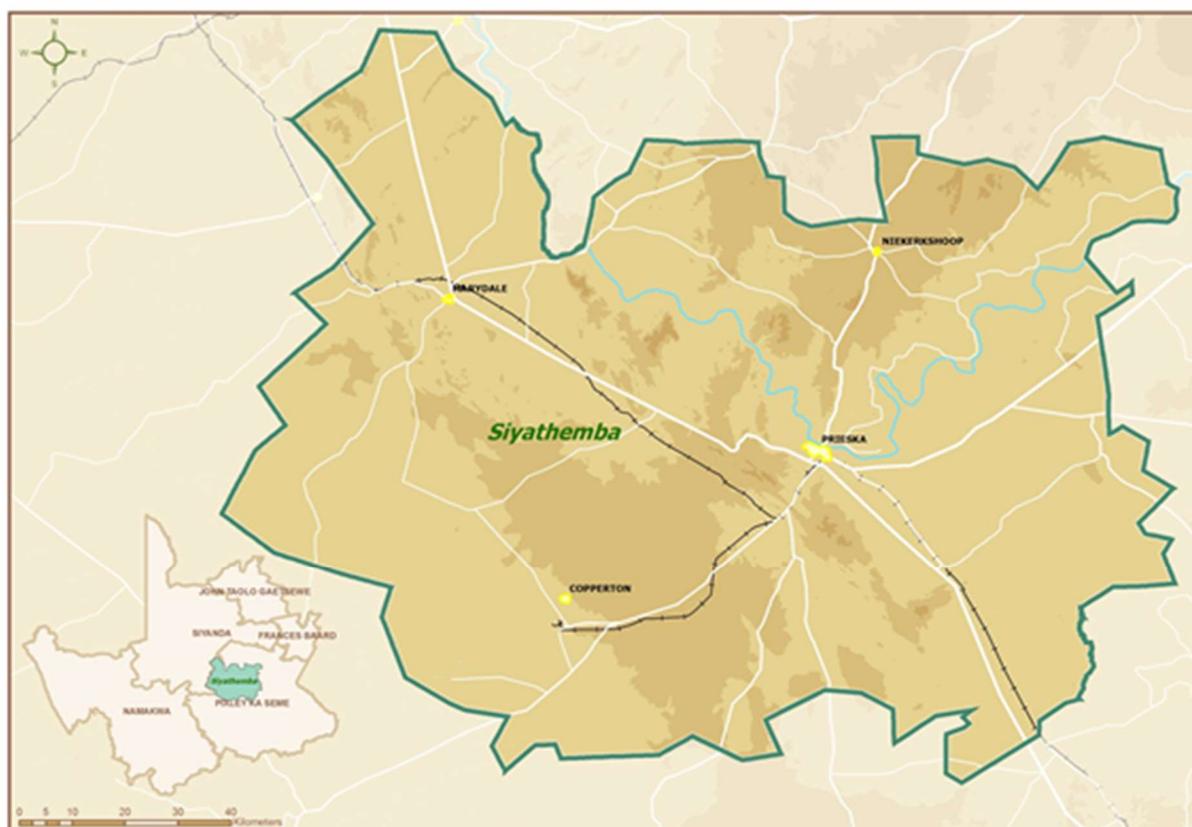
### 1.2.2 Geographical Context

#### Spatial Location

Siyathemba Municipality is a Category B Municipality (NC077), established in 2001, in accordance with the demarcation process. The Municipality is located within the central eastern parts of the Northern Cape Province on the banks of the Orange River and falls within the boundaries of the Pixley Ka Seme District. The nearest business centre is Kimberley, which is about 220km away.

The municipal area encompasses a geographic area of approximately 8,200km<sup>2</sup>, which implies that Siyathemba Municipality accounts for 8% of the total district surface area and approximately 3% of the provincial area. The Municipality is divided into 6 Wards. The 6 wards demarcation was done in 2021 and is applicable from the 2021 municipal elections.

The map below indicates the location of the Municipality:



Graph 1: Locality Map

## Main towns

Prieska was originally named Prieschap, a Koranna word meaning ‘place of the lost she-goat’, and used to be a fording place for travelers over the Orange River. Known to the locals as ‘the gem of the Northern Cape’, Prieska is the seat of the municipality and is located on the hills of the Doring Mountains on the southern banks of the Orange River. Prieska’s infrastructure is impressive – it has Eskom power an abundant water supply from the Orange River, with the Gariep and the Vanderkloof Dams on the upstream side of the river; easy access to the main railway line to Namibia; good tarred road linkage with Kimberley, Upington and De Aar; two landing strips for light aircraft; and complete and reasonably inexpensive industrial stands, with or without siding facilities.

Siyathemba Local Municipality, was initially established as ‘Primanday’ which was a combination of the names Prieska, Marydale and Niekerkshoop. Its name was changed in 2001 and is derived from Nguni “we hope” or “we trust”. Because Prieska was a mine dump, the people in the area developed an illness known as asbestosis. Certain mine heaps have been rehabilitated in the area, although the people have already lost hope. By naming the municipality Siyathemba, the community trusts that their living conditions improve.

After the latest demarcation process, the area was extended to include not only the three towns and surrounding suburbs of Marydale, Niekerkshoop and Prieska but also Copperton.

Niekerkshoop is 80 kilometres south of Griquatown and 40 kilometres north of Prieska. Niekerkshoop is attractively placed between hills, and large trees shade the streets.

Marydale was established in 1903 by the Dutch Reformed Church on the farm Kalkput and named after Mary Snyman, the wife of Mr GP Snyman, owner of the farm on which the town was laid out. The town is 75 km north-west of Prieska and 120 km south-east of Upington. On the northwest side of Marydale is a rich underground water source, and the main means of water supply is by borehole and wind pumps. It depends mainly on sheep farming.

Copperton is an old mining town that was sold to a private owner after the closing of the mine. The town is currently on a long-term lease by the Request Trust. The current owners was awarded a mining license and is currently in negotiations with the Municipality for the housing and development land and the Municipality already availed some infrastructure in this regard. Some of the houses were initially demolished and after the lease agreement was signed with the Request Trust, an agreement was reached that the rest of the houses could be retained. An agreement was reached between the Lessee and Alkantpan (Arm Scor) for the delivery of water, sanitation, and electricity services. Arm Scor also maintained one of the main roads.

### 1.2.3 Demographic Profile

#### Population

Siyathemba Municipality contributes 11.9% to the district population (the second largest Local Municipality in the Pixley Ka Seme District by population) and 1.9% to the population of the Northern Cape.

The most dominant population group is Coloured. This group represents 80% of the total population in the municipal area. The other groups are black (12%) and white (8%).

The table below indicates a steady increase in the population size and the number of households of Siyathemba Municipality since 2011.

Indicator		2011	2022 (Census 2022)
Population		21 591	27 102
Households		5 831	6 739
People per household		3.6	4.0
Age breakdown	0 - 14	30.8%	27.0%
	15 - 64	63.2%	66.5%
	65+	6.0%	6.5%

**Table 2: Demographic Profile**

## Wards

The Municipality consists of 6 electoral wards.

### 1.2.4 Economic Profile

The district contribution to the provincial GDP has consistently been the lowest over recent years with its contribution declining from 10,6% to 9,6% between 2003 and 2004. The economy is predominantly primary sector focused with manufacturing and tourism also contributing to the district economy. The economic sectors that contribute the most to the GDP of Pixley ka Seme are Agriculture, Mining, Tourism and Manufacturing. The tertiary sector contributes the greatest percentage to the GDP of the Northern Cape, followed by the primary sector and then the secondary sector. The Pixley Ka Seme district displays a similar characteristic as the province with respect to its sectoral contributions to GDP. To transform and diversify the status of the districts economy will require a concerted effort to improve and create development opportunities within this sector.

Sectors in the economy of the Pixley Ka Seme District that have a location quotient larger than 1 are agriculture (2,35); community, social and personal services (1,19); transport, storage and communication (1,16); electricity, gas and water supply (2,19). These indicate sectors that show potential for additional development.

Other sectors in the district that have a distinct comparative advantage with respect to the Northern Cape and South Africa are:

- Electricity, gas and water supply
- Community, social and personal services
- Transport, storage and communication

The economy in the Siyathemba municipal area and district is characterised by the following:

- High levels of poverty and low levels of education.
- Low level of development.
- Sparsely populated towns with Prieska serving as “agricultural service centre”.
- High rate of unemployment and social grant dependence.
- Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts).
- Geographic similarity in economic sectors, growth factors and settlement patterns.
- Economies of scale not easily achieved owing to the relatively small size of towns.
- A diverse road network with national, trunk, main and divisional roads of varying quality.

Potential in renewable energy resource generation.

## Employment Status

There has been a decrease in the number of people employed and a concomitant increase in the number of unemployed in the district between these the 2001 and 2011 censuses. This is directly related to the number of businesses that has closed in the region during the period reflected and indicates the need for a retention or wholesale and retail strategy regarding these businesses. Unemployment reaching approximately 28.3% 2011 and Youth unemployment reaching 35.4% in 2011 as per Stats SA 2011 Census.

Municipality	Employed	Total%	Unemployed	Total%	Discouraged work-seeker	Total%	Other not economically active
Ubuntu	5 028	27	2 064	11	507	3	3 774
Umsobomvu	6 117	22	3 018	11	1 188	4	7 491
Emthanjeni	9 864	23	3 831	9	1 203	3	11 559
Kareeberg	2 856	24	951	8	456	4	3 030
Renosterberg	2 616	24	957	9	324	3	2 796
Thembelihle	3 861	25	1 533	10	687	4	3 777
Siyathemba	5 370	25	1 728	8	765	4	5 787
Siyancuma	7 947	21	3 120	8	1 422	4	10 575
<b>Total</b>	<b>43 659</b>	<b>192</b>	<b>17 202</b>	<b>75</b>	<b>6 552</b>	<b>30</b>	<b>48 789</b>

**Table 3: Employment Status per Local Municipality in Pixley Ka Seme District**

Any unemployment rate, irrespective of how large, has serious repercussions for the ability of the residents to pay for their daily needs and for municipal services. Other main sources of income are pension/welfare payments.

The employment status of the available workforce/economically active group in the Siyathema municipal area is listed in the table below:

Description	2011	Percentage of working age population (%)
Employed	5 370	25
Unemployed	1 728	8
Not economically active	6 552	44.4
Unemployment rate (%)	24.3	

**Table 4: Employment Status**

## 1.3 Municipal Challenges

### 1.3.1 Service Delivery Challenges

Challenge	Implications	Strategy
Sustainable service delivery	<ul style="list-style-type: none"> <li><input type="checkbox"/> Political unrest, but toned down after 2023</li> <li><input type="checkbox"/> Ad-hoc service interruption</li> </ul>	Develop different sector plans to ensure equal and sustainable development of the entire area
Old infrastructure & assets	Community conflict between 2019 & 2023 compromised MIG, DWS and O&M spending	Develop proper tariffs to ensure O&M budget
	Water and electricity losses, but within acceptable norms	Ensure that the Municipality has an effective maintenance and replacement strategy

Challenge	Implications	Strategy
	<input type="checkbox"/> Lack of faith in Municipality by investors	Increase municipal revenue through credit control
Lack of effective disaster management systems	<input type="checkbox"/> Veld and shack fires are rapidly increasing	Improve the capacity of the Municipality to respond at a least the expected minimal level to disasters
	<input type="checkbox"/> Inability to respond to disasters	

Table 5: Services Delivery Challenges

### 1.3.2 Households with minimum level of Basic Services

Service	2022/23	2023/24
Electricity service connections <i>(Represents the number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas as at 30 June))</i>	1 002	1 408
Water - available within 200 m from dwelling <i>(Represents the number of residential properties which are billed for water or have pre paid meters as at 30 June)</i>	284	3 483
Sanitation - Households with at least VIP service <i>(Represents the number of residential properties which are billed for sewerage as at 30 June)</i>	408	753
Waste collection - kerbside collection once a week <i>(Represents the number of residential properties which are billed for refuse removal as at 30 June)</i>	42	5 450

Table 6: Households with minimum level of Basic Services

## 1.4 Financial Health Overview

### 1.4.1 Financial Viability Challenges

Challenge	Description
Creditor payment period increase	The creditors' payment period of 960 days is higher than the acceptable norm of 30 days, which indicates that the Municipality has poor financial management controls. The Municipality is exposed to cash flow risk and that insufficient cash is available to fund monthly operating expenditure, which holds potential risks to service delivery and may be indicative of or lead to possible going concern/ financial viability difficulties
Debtors Collection period high	The Municipality is experiencing challenges in the collection of outstanding amounts due to it, which exposes it to cash flow risk and likely liquidity problems, that may lead to going concern/ financial viability difficulties, because a significant amount of potential cash is tied up in consumer debtors
Debtors' collection period increased	There is a concern on collection of revenue realised by the Municipality. 10,65% of electricity purchased during the 2023/2024 financial year was lost, which may be due to losses incurred through theft (illegal connections), none or inaccurate metering or wastage. This is a concern as there is an increase from the prior year from 7.64% as disclosed in the financial statements
Increase in amounts payable	The Municipality is struggling to manage its cash resources. The lack of available cash could lead to the Municipality struggling to pay its creditors or procure certain goods or services in the future

Table 7: Financial Viability Challenges

### 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 required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

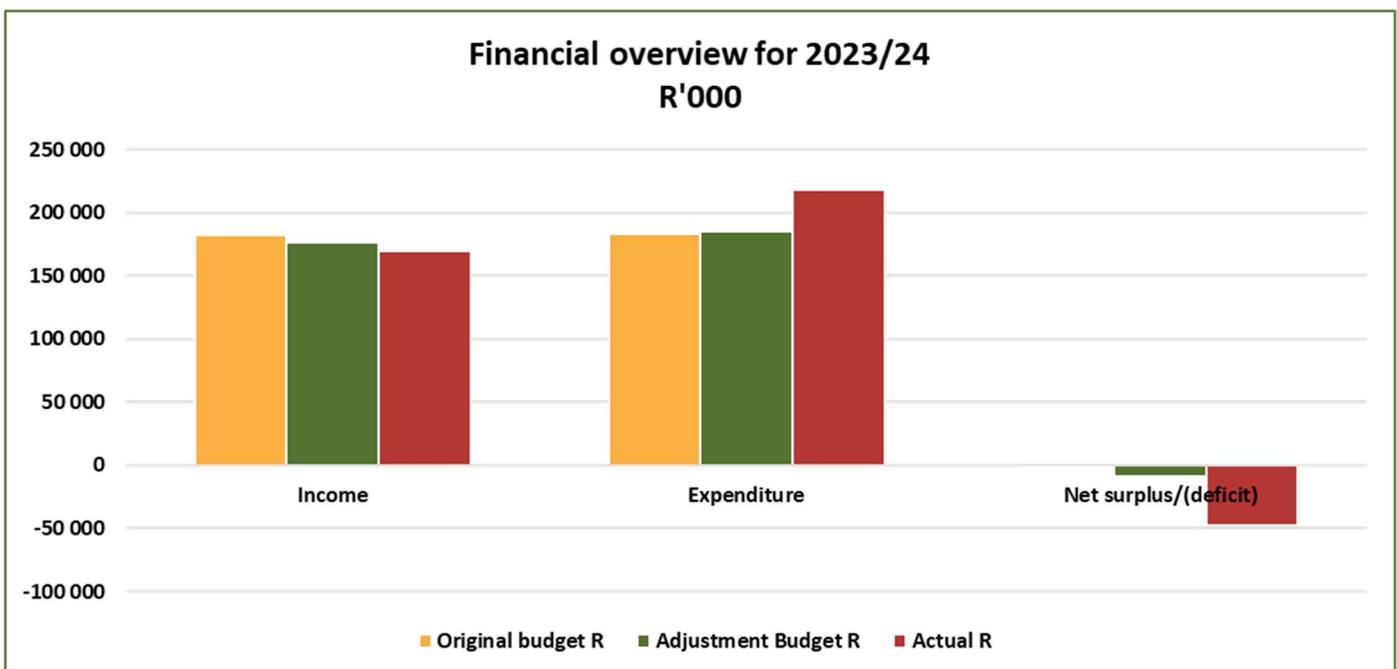
KPA & Indicator	2023/24
Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	34%
Service debtors to revenue (Total outstanding service debtors/revenue received for services)	334%
Cost coverage ((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))	-0.11

**Table 8: National KPI's for Financial Viability and Management**

### 1.4.3 Financial Overview

Details	2022/23	2023/24		
		Original budget	Adjustment Budget	Actual
R				
<b>Income</b>				
Grants (Operating + Capital)	R79 783	R73 523	R75 068	R79 783
Taxes, Levies and tariffs	R95 836	R95 836	R81 131	R95 836
Other	R6 550	R6 550	R13 421	R6 550
<b>Sub Total</b>	<b>R182 170</b>	<b>R175 910</b>	<b>R169 620</b>	<b>R182 170</b>
Less Expenditure	R182 902	R184 982	R217 596	R182 902
<b>Net surplus/(deficit)</b>	<b>-R732</b>	<b>-R9 072</b>	<b>-R47 976</b>	<b>-R732</b>

**Table 9: Financial Overview**



**Graph 2: Financial overview**

### 1.4.4 Operating ratios

The following table contains the operating ratios for the 2023/24 financial year:

Detail	Expected norm	Actual	% Variance	Reason for variance
	(% )			
Employee cost	35	27.5	7.5	Under expenditure due to vacancies
Repairs and maintenance	8-12	2.35	5.65 – 9.65	The Municipality is cash strapped due to the high unemployment rate that results in a low debtors' collection rate. Therefore, the Municipality is only able to spend 2,35% on repairs and maintenance
Finance charges and depreciation	18	23.71	-5.71	Finance charges are due to outstanding Eskom account and the interest makes out bulk of the finance charges

Table 10: Operating ratios

### 1.4.5 Total Capital Expenditure

Detail	2022/23	2023/24
	R'000	
Original Budget	R10 572	R28 839
Adjustment Budget	R10 572	R22 579
Actual	R8 330	R21 987
<b>% Spent</b>	<b>78.79</b>	<b>97.38</b>

Table 11: Total Capital Expenditure

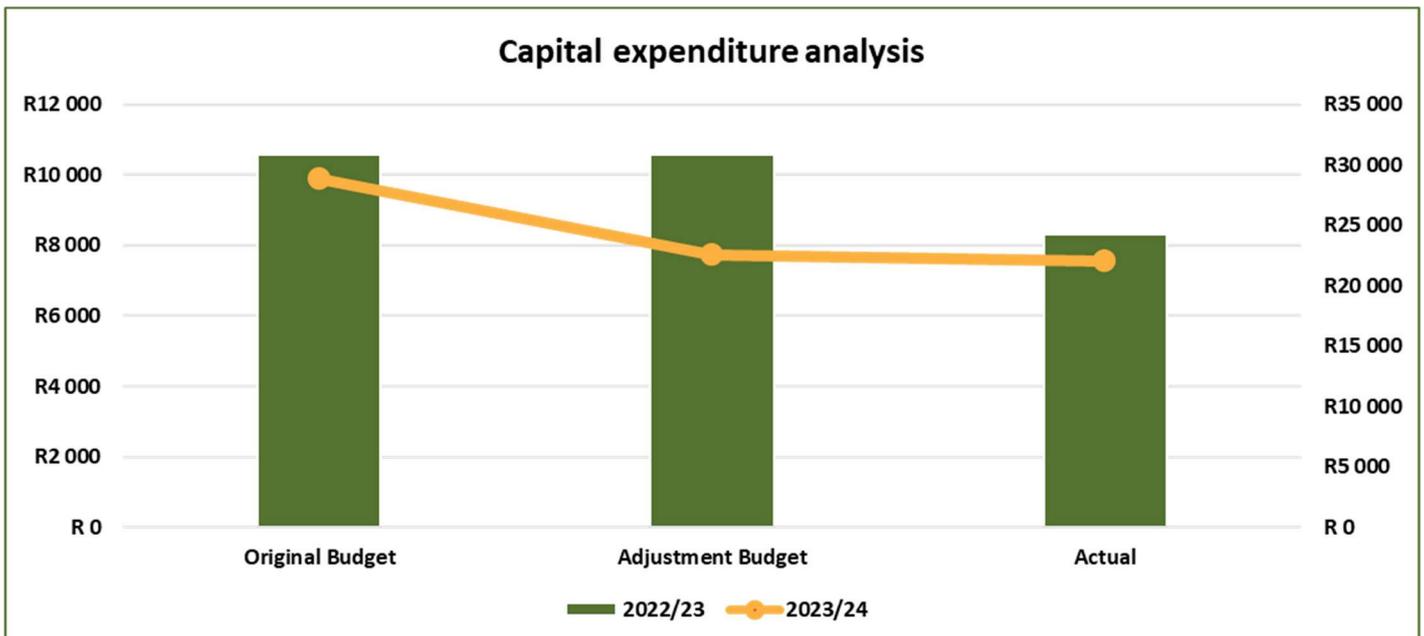


Table 12: Capital expenditure analysis

## 1.5 Organisational Development Overview

### 1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Labour Forum	The Municipality does have a functional Labour Forum in place
Organogram	The current organogram of the Municipality is structured in such a way that it promotes and accommodates all the functions of a developmental government, but unaffordable

Table 13: Municipal Transformation and Organisational Development Highlights

### 1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Implications	Strategy
Low skills base	Poor performance and compromising service delivery	<input type="checkbox"/> Create and implement a vibrant Workplace Skills Plan <input type="checkbox"/> Develop a Human Resource Management Strategy
Staff training, no performance management, organogram	Staff is employed in wrong positions	Provide sufficient budget for the implementation of the Workplace Skills Plan
	No formal performance management reporting	<input type="checkbox"/> Develop a Performance Management and Development System <input type="checkbox"/> Develop a Performance Management and Development Policy
Low staff morale	Non-and underperformance-unfriendly environment	Develop and implement a holistic staff development process starting with a consultation process
	Lack of trust between workers and management	
	Process taking longer to implement	
Staff shortages in key position	Exercise quality time at work	<input type="checkbox"/> Implement Recruitment Policy; and <input type="checkbox"/> Report to Council on the filling of vacancies
	Overburden on certain staff	
	Lack of certain services due to staff challenges	

Table 14: Municipal Transformation and Organisational Development Challenges

## 1.6 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:

- **Unqualified audit without findings:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation. This is commonly referred to as a “clean audit” outcome.
- **Unqualified audit with findings:** The financial statements contain material misstatements. 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 the financial statements.

Siyathemba Municipality received a qualified audit report from the Auditor-General for 2023/24.

The audit outcomes received for the past four years are indicated in the table below:

Year	2019/20	2020/21	2021/22	2022/23	2023/24
Status	Qualified	Qualified	Qualified	Qualified	Qualified

*Table 15: Audit Outcomes*

## Chapter 2: Governance

## Component A: Political and Administrative Governance

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 minimized, the views of minorities are taken into account 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.

## 2.1 Good Governance and Public Participation Highlights

Highlight	Description
Labour Forum	The Municipality does have a functional Labour Forum in place
Organogram	The current organogram of the Municipality is structured in such a way that it promotes and accommodates all the functions of a developmental government, but unaffordable

Table 16: Good Governance and Public Participation Performance Highlights

## 2.2 Good Governance and Public Participation Challenges

Challenges	Implications	Strategy
Improve the functioning of committees	No clear accountability	<input type="checkbox"/> Speaker to ensure regular meetings; Internal disciplinary procedures; <input type="checkbox"/> Supply Chain Management; <input type="checkbox"/> MPAC functionality, <input type="checkbox"/> Development of clear communication strategy and procedure to run a transparent and open administration
	Mistrust between Council and management	
	An uninformed Council	
Improve the communication and liaison with communities	No clear understanding of what the Municipality and Council are doing	Implement a quarterly Council meets the people programme
	Unnecessary community dissatisfaction	Establish ward committees and develop a strategy to use ward committees as a public participation tool
	Prolonged community protests	Develop a Community Communication and Stakeholder Engagement Strategy
Improve liaison with sector and other government agencies	No cooperation between the Municipality and other departments	Develop and implement an IGR Strategy
	Limited implementation of projects	

Table 17: Good Governance and Public Participation Challenges

## Component A: Political and Administrative Governance

## 2.3 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. 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 programmes in the municipal area.

### 2.3.1 Council

The Municipality operates according to a Plenary Executive System where executive powers are exercised by a full meeting of the Municipal Council. The Mayor leads the Council comprising of 11 Councillors – 5 ANC, 4 SCM and 2 DA.

Prieska serves as the seat of the Municipality. Siyathemba Municipality has eleven Councillors elected to the Council indirectly and on a proportional basis. The Municipal Council has an Executive Mayor, a speaker and eleven members.

The table below categorised the councillors within their specific political parties and wards from **1 July 2023 until 30 June 2024**:

Name of councillor	Capacity	Political party	Ward representing or proportional	Dates of Council meetings held
<b>Mr. JOHAN ANDREW PHILLIPS</b>	Mayor	Siyathemba Community Movement (SCM)	Proportional	15 August 2023, SCM, 14H00 26 October 2023, SCM, 14H00 <b>23 November 2023, GCM, 10H00</b> 31 January 2024, SCM, 12H00 06 February 2024, SCM, 14H00 19 February 2024, SCM, 14H00 28 February 2024, SCM, 14H00 28 March 2024, SCM, 11H00 26 April 2024, SCM, 10H00 23 May 2024, SCM, 14H00 10 June 2024, SCM, 14H00 <b>27 June 2024, GCM, 10H00</b>
<b>Mr. GIEL MACDONALD</b>	Speaker	African National Congress (ANC)	Ward	
<b>Mr. JACOBUS PLATVOET</b>	Councillor	African National Congress (ANC)	Ward	
<b>Mr. RONALD JOHN FEBRUARIE</b>	Councillor	Siyathemba Community Movement (SCM)	Ward	
<b>Me. SHANDY BRIDGET IVITTA NYANGINTAKA</b>	Councillor	African National Congress (ANC)	Ward	
<b>Me. SARAH SAAIMAN</b>	Councillor	Democratic Alliance (DA)	Proportional	
<b>Me. SIZIWE PATRICIA MOOI</b>	Councillor	Siyathemba Community Movement (SCM)	Proportional	
<b>Me. WIIDA PELSTER</b>	Councillor	Democratic Alliance (DA)	Proportional	
<b>Me. MAURICIA ESTEL NIMMERHOUDT</b>	Councillor	Siyathemba Community Movement (SCM)	Proportional	
<b>Mr. WILLON HENZEL PIETERSE</b>	Councillor	African National Congress (ANC)	Ward	
<b>Mr. LAZARUS MZWANDILE ZENANI</b>	Councillor	African National Congress (ANC)	Ward	

Table 18: Council from 1 July 2023 to 30 June 2024

### 2.3.2 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The composition of the portfolio committees for the period 1 July 2023 to 30 June 2024 are stipulated in the table below:

Chairperson	Other members	Number of meetings held
<b>Finance</b>		
Mr. JOHAN ANDREW PHILLIPS	Mrs. Wiida Pelster	2
	Mr. Jacobus Platvoet	
<b>Corporate</b>		
Mrs. WIIDA PELSTER	Mr. Mauricia Estel Nimmerhoudt	3
	Mr. Jacobus Platvoet	
<b>Technical</b>		
Mr. JACOBUS PLATVOET	Mr. Ronald John Februarie	2
	Mr. Lazarus Mzwandile Zenani	
<b>SCOPA / MPAC</b>		
Me. SHANDY BRIDGET IVITTA NYANGINTAKA	Mrs. Sarah Saaiman	2
	Mrs. Siziwe Patricia Mooi	

*Table 19: Portfolio Committees from 1 July 2023 to 30 June 2024*

## 2.4 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:

Name of Official	Department	Period of employment	Performance agreement signed (Yes/No)
Vacant (Me. Gaborone acted as Municipal Manager)	Municipal Manager	N/A	N/A
Vacant	Corporate Services	N/A	N/A
Mr. Howard Humphrey Meiring	Financial Services	August 2015 to present	No
Vacant	Community Services	N/A	N/A
Mr. Jakob Basson	Technical Services	August 2015 to present	No

*Table 20: Administrative Governance Structure*

## Component B: Intergovernmental Relations

MSA S15 (b): requires a municipality to establish and organize its administration to facilitate and create a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

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 the performance, including the outcomes and impact of such performance; and

Preparation of the municipal budget.

## 2.5 Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere 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, adhering to agreed procedures and avoid legal proceedings against one another.

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

- District Intergovernmental Forum
- District Mayoral Forum
- District Communication Forum
- District IDP Forum
- MM Forum
- CFO Forum

## Component C: Public Accountability and Participation

### 2.6 Public Participation

#### 2.6.1 Public Meetings

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. For this purpose 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 the performance, including the outcomes and impact of such performance
- preparation of the municipal budget

The Municipality strives to have regular “Council meets the People and Imbizo” sessions on a quarterly basis. During these sessions, the community can communicate any grievances which they might have.

The newsletter indicates activities which take place in the municipal area during a specific quarter. Announcements such as meetings which take place, documents ready for public comments, etc., are also made known in the newsletters.

The Municipality developed a website which maintained it on a regular basis

The Municipality distribute flyers to communities if specific announcements need to be communicated.

The following public meetings were held:

Ward name	Date	Number of people attending
Ward 1	08 September 2023	
	10 September 2023	32
	08 November 2023	49
Ward 2	<b>Ward committee of ward 2 was not formally recognised, due to challenges and difference with establishment process</b>	
Ward 3	02 November 2023	348
	09 September 2024	38
Ward 4	01 November 2023	49
	01 November 2023	46
Ward 5	31 October 2023	60
Ward 6	3 October 2023	41
	07 November 2023	106

**Table 21: Public Meetings**

## 2.6.2 Ward Committees

The 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.

The composition of the ward committees for the period **1 July 2023 to 30 June 2024** are stipulated in the tables below:

### Ward 1:

Name of representative	Capacity representing	Dates of meetings held
Abaraham Plaatjies	Not identified	01 September 2023
Mildred Freddie	Woman/faith based	
S. Plaatjies	Not identified	
Jan Phillipus	Housing	
Julia Zenani	Business/welfare	
Simon Nkompela	Religion	
Katriena Booysen	Church	
Patric Hoorn	Agriculture	

**Table 22: Ward 1: Committee Meetings**

### Ward 2:

Name of representative	Capacity representing	Dates of meetings held
Benedict van Staden	Not identified	No meetings held
Nannie Fineberg	Not identified	
Vanesia Esterhuizen	Social	
Senobia Exford	General	

Name of representative	Capacity representing	Dates of meetings held
Helenita Spies	Housing	
Jan Ludick	Religion	
Sharnay Beukes	General	
Hendrika Lottering	Not identified	
Agasta Mouers	Elderly people	
Cynthia Coetzee	Water/Sanitation	
Martin Grasvoet	Database of elderly people	

Table 23: Ward 2: Committee Meetings

**Ward 3:**

Name of representative	Capacity representing	Dates of meetings held
Rikus Adams	Sport	
Charlotte Gous	Women	11 July 2023
Jacques Lottering	Police	14 August 2023
Anetta Fanie	Church	11 September 2023
Esmarie Swarts	Health	11 October 2023
Marco-Zell Sia	Welfare	12 November 2023
Diana Diedericks	Youth	14 January 2024
Shadeen Adams	Agriculture	07 February 2024
Jacoba Plaatjies	Elderly people	12 March 2024
Chantell Kapoe	Business	10 April 2024
		12 May 2024
		06 June 2024

Table 24: Ward 3: Committee Meetings

**Ward 4:**

Name of representative	Capacity representing	Dates of meetings held
Gerhardus Visagie	Not identified	
Marionette Titus	Disable people	
Elrette Standers	Youth	
Willeen van Wyk	Youth	
Emily Seekoei	Woman	24 July 2023
Ida George	Youth	14 September 2023
Lindiwe Mtambaka	Woman	05 November 2023
Katrina van Wyk	Health	
Lizzie George	Sport/Agriculture	
Arrie George	Safety	

Table 25: Ward 4: Committee Meetings

**Ward 5:**

Name of representative	Capacity representing	Dates of meetings held
Jasmine van Wyk	Not identified	
Marita Barends	Not identified	10 July 2023
Monica Koopman	Not identified	08 September 2023
Marisa Jola	Not identified	16 October 2023
Alton van Schalkwyk	Agriculture	31 October 2023

Name of representative	Capacity representing	Dates of meetings held
Constance Yawa	Health/Welfare	
Robert Kasper	Safety	
Reney Kock	Disabled	
Constance Nxumalo	Youth	

Table 26: Ward 5: Committee Meetings

**Ward 6:**

Name of representative	Capacity representing	Dates of meetings held
Vinolia Jood	Youth	07 August 2023 21 September 2023 06 June 2024
Gino Macdonald	Sport	
Ruben Lubbe	Not identified	
Aumor Jonas	Education	
Nancy Saal	Welfare/Health	
Stanford van Wyk	Safety	
Mevin Bosman	Not identified	
Rozaan Bosch	Not identified	
Vanessa van der Westhuizen	Disability/Woman	

Table 27: Ward 6: Committee Meetings

**2.6.3 Representative Forums****Labour Forum**

The table below specifies the members of the Labour forum from **1 July 2023 to 30 June 2024**:

Name of representative	Capacity	Dates of meetings
K.G Gaborone	Acting Municipal Manager	15 November 2023 6 March 2024 6 June 2024
J. Plaatvoet	Councilor	
S. Saaiman	Councilor	
S. Mooi	Councilor	
J. Basson	Technical Service Manager	
S.P Botha	SAMWU REP	
M. Mgese	SAMWU REP	
W.N Van Staden	IMATU REP	
Lydia Van Staden	IMATU REP	
W. Beyers	IMATU REP	
S.B Gabogope	Seretary	

Table 28: 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

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003 that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

The Municipality does not have a risk assessment unit and therefore no formal risk assessment was carried out for the financial year.

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the Municipality. A Risk Committee has not been established, due to capacity and financial constraints.

## 2.8 Audit Committee

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control and internal audit;
- risk management;
- accounting policies;
- the adequacy, reliability and accuracy of financial reporting information;
- performance management;
- effective governance;
- compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality

### 2.8.1 Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 which is further supplemented by the Local Government Municipal and Performance Management Regulation as well as the approved Audit Committee charter:

- To advise the 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, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To carry out such investigations into the financial affairs of the municipality as the council may request.
- Perform such other functions as may be prescribed.

To review the quarterly reports submitted to it by the internal audit.

To evaluate audit reports pertaining to financial, administrative and technical systems.

- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

## 2.8.2 Members of the Audit Committee

Committee member	Capacity	Meeting dates
Mr. J. Snyders	Chairperson	27 November 2023
Mr.G. Morolong	APC member	30 August 2023
Mr. A. Shabalala	APC member	19 March 2024
Mr. M. Mtubu	APC member	26 June 2024

*Table 29: Members of the Audit Committee*

Internal Audit services are rendered to the Municipality by Pixley Ka Seme District Municipality via shared services.

## 2.9 By-Laws and Policies

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

The following table provides details of the policies and/or by-laws that were adopted/revised during the year:

Name of Policy/By-law	Date Adopted/Reviewed
Siyathemba Municipal Budget Policy	24 May 2024
Siyathemba Credit Control Policy	24 May 2024
Siyathemba Free Basic Services Policy	24 May 2024
Siyathemba indigent Policy	24 May 2024
Siyathemba Property Rates Policy	24 May 2024
Siyathemba Supply Chain Management Policy	24 May 2024
Siyathemba Tariff Policy	24 May 2024
Performance Management Policy	24 May 2024

*Table 30: Policies and/or By-Laws Adopted*

## 2.10 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

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

### 2.10.1 Communication Activities

Description	Yes/No
Communication unit	Yes
Communication strategy	No, in process
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	No
Crisis Communication Procedure	No
Language Policy and Procedure	No
Media Protocol Procedure	No
Social Media	Yes

**Table 31: Communication Activities**

### 2.10.2 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

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
<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 address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2023/24	Yes
Adjusted Budget 2023/24	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy (Part of Budget Implementation Policy)	Yes
Travel and Subsistence Policy	Yes
Top Layer SDBIP 2023/24	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2023/24	Yes

Description of information and/or document	Yes/No
IDP Process Plan for 2023/24	Yes

Table 32: Information on Website

## 2.11 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment to the extent where the information is currently readily available at municipal level in the specific format:

### 2.11.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	3	3 African	3 Male	0

Table 33: B-BBEE Compliance Performance Information: Senior Management

### 2.11.2 Skills Development

Category	Number	Race Classification	Gender	Disability	Total Amount Spend
Black employees	5	5	Male	0	R39 990.00
Black non-employees	0	0	0	0	0
Black people on internships, apprenticeship, learnership	0	0	0	0	0
Unemployed black people on any programme under the learning programme matrix	0	0	0	0	0
Black people absorbed at end of internships, apprenticeship, learnership	0	0	0	0	0

Table 34: B-BBEE Compliance Performance Information: Skills Development

## Chapter 3: Service Delivery Performance

### OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also 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 institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

#### Legislative requirements

The Constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

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

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

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

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) 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 the performance of 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.

## Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be 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 Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

## Performance Management System used in the financial year 2023/24

### The IDP and the Budget

The IDP and the main budget for 2023/24 was approved by Council in May 2023. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

In terms of the performance management framework, the Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) for 2023/24. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on.

## PERFORMANCE REPORT PART I

### 3.1 Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2023/24 in terms of the deliverables achieved against the strategic objectives of the IDP.

### 3.2 Strategic Service Delivery Budget Implementation Plan

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the SDBIP KPI's applicable to 2023/24 in terms of the IDP strategic objectives.

**Actual performance as per the SDBIP**

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual	
						Actual achieved	Variance
Enhance Good Governance processes and accountability	Operational Requirements	Corporate Services	Submit the Annual Performance Report for 2022/23 to the AG by 31 August 2023	Annual Performance Report submitted to the AG by 31 August 2023	1	0	-1
Enhance Good Governance processes and accountability	Operational Requirements	Corporate Services	Submit the Draft Annual Report for 2023/24 to Council by 31 January 2024	Draft Annual Report submitted to Council by 31 January 2024	1	1	0
Develop a capable and capacitated institution to respond to community needs	People	Corporate Services	Submit the Workplace Skills Plan and ATR (Annual Training Report) to LGSETA by 30 April 2024	Workplace Skills Plan and ART submitted to LGSETA by 30 April 2024	1	1	0
Provide appropriate services to all households	Customer Care	Corporate Services	Spend 100% of the library grant by 31 March 2024 ((Actual expenditure divided by the approved budget) x100)	% of the library grant spent by 31 March 2024	100%	97.40%	-2.60%
Develop a capable and capacitated institution to respond to community needs	People	Corporate Services	The percentage of the Municipality's training budget spent by 30 June 2024 [(Actual amount spent on training/total	% of the Municipality's Training budget spent by 30 June 2024	100%	100%	0

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			training budget) x100						
Strengthen community participation	Operational Requirements	Corporate Services	Submit the draft IDP review to Council by 31 March 2024	Draft IDP review submitted to Council by 31 March 2024	1	1	0		
Good governance	Operational requirement	Corporate service	Establishment of Disciplinary board	Appointment of members to Disciplinary board 31 march 2024	1	1	0		
Enhance municipal financial viability	Operational Requirements	Financial Services	Submit the draft budget for 2025/26 to Council for consideration by 31 March 2024	Draft budget submitted to Council by 31 March 2024	1	0	-1	<ul style="list-style-type: none"> <li><input type="checkbox"/> Draft budget was tabled 26 April 2024</li> <li><input type="checkbox"/> Budget was table late due to absenteeism of responsible official</li> </ul>	Management should ensure that skills is transferred during the next budget cycle to ensure the situation does not repeat itself
Enhance municipal financial viability	Operational Requirements	Financial Services	Submit the Adjustments budget for 2024/25to Council for consideration by 28 February 2024	Submit the Adjustments budget to Council for consideration by 28 February 2024	1	1	0		
Enhance municipal financial viability	Operational Requirements	Financial Services	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations as at 30June 2025 ((Total operating revenue-operating grants	% of debt coverage at 30 June 2024	20%	34%	-14%	<ul style="list-style-type: none"> <li><input type="checkbox"/> Low debtor recover rate</li> <li><input type="checkbox"/> High rate in unauthorized and unbudgeted expenditure</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Implement revenue enhancement strategies</li> <li><input type="checkbox"/> Develop and implementation of debtor recovery plan</li> </ul>

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			received)/debt service payments due within the year))						
Enhance municipal financial viability	Operational Requirements	Financial Services	Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors at 30 June 2024	90%	<b>334%</b>	-244%		<ul style="list-style-type: none"> <li><input type="checkbox"/> Implement revenue enhancement strategies</li> <li><input type="checkbox"/> Develop and implementation of debtor recovery plan</li> </ul>
Enhance municipal financial viability	Operational Requirements	Financial Services	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2024 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization, and Provision	Number of months it takes to cover fix operating expenditure with available cash at 30 June 2024	0.5	<b>-0.11</b>	-0.39	<ul style="list-style-type: none"> <li><input type="checkbox"/> High rate in unauthorized and unbudgeted expenditure</li> <li><input type="checkbox"/> Low debtor recover rate</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Implement revenue enhancement strategies</li> <li><input type="checkbox"/> Develop and implementation of debtor recovery plan</li> </ul>

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			for Bad Debts, Impairment and Loss on Disposal of Assets))						
Enhance municipal financial viability	Operational Requirements	Financial Services	Submit the annual financial statements for 2023/24 to AGSA by 31 August 2023	Annual financial statements submitted by 31 August 2023	1	1	0		
Enhance municipal financial viability	Operational Requirements	Financial Services	Compile Plan to address audit findings in report of the AG for 2022/23 and submit to MM by 31 January 2024	Plan completed and submitted to MM by 31 January 2024	1	1	0		
Enhance municipal financial viability	Operational Requirements	Financial Services	Achieve a debtor payment percentage of 65% by 30 June 2024 {(Gross Debtors Opening Balance +Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved at 30 June 2024	65%	59%	-6%	<ul style="list-style-type: none"> <li><input type="checkbox"/> Low debtor recover rate</li> <li><input type="checkbox"/> High rate in unauthorized and unbudgeted expenditure</li> <li><input type="checkbox"/> Low variance due to high rate of irrecoverable debtors</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Development and implementation of revenue enhancement strategies</li> <li><input type="checkbox"/> Develop and implementation of debtor recovery plan</li> </ul>
Enhance municipal financial viability	Operational Requirements	Financial Services	Limit unaccounted for electricity to less than 25% by 30 June 2024 {(Number of Electricity	% of unaccounted electricity by 30 June 2024	25%	10.65%	14.65%		

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100}						
Enhance municipal financial viability	Operational Requirements	Financial Services	Limit unaccounted for water to less than 30% by 30 June 2024 (Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purchased or Purified × 100)	% of water unaccounted by 30 June 2024	30%	<b>18.13%</b>	11.87%		
Facilitate economic growth in the municipal area	Economic Development	Technical Services	Create temporary jobs - FTE's in terms of EPWP by 30 March 2024 (Person days /FTE (230 days))	Number of FTE's created by 30 March 2024	70	<b>73</b>	3		
Plan, develop and maintain infrastructure and facilities	Infrastructure development & service delivery	Technical Services	Progress on the construction of the Upgrade of the Prieska Water	% completion on the upgrade of Prieska Water	100%	<b>49.90%</b>	-50.10%	<input type="checkbox"/> Late site establishment <input type="checkbox"/> Problems with contractor which	

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			Treatment Works	Treatment Works				delayed progress with project	
Plan, develop and maintain infrastructure and facilities	Infrastructure development & service delivery	Technical Services	Progress on the expenditure of the Upgrade of the Prieska Water Treatment Works	% expenditure on the to upgrade of Prieska Water Treatment Works	100%	<b>79%</b>	-21%	Late site establishment	
Plan, develop and maintain infrastructure and facilities	Infrastructure development & service delivery	Technical Services	Progress on the construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	% completion on the Construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	100%	<b>58%</b>	-42%	<input type="checkbox"/> Late site establishment <input type="checkbox"/> Delay in receiving approvals in sector departments	Process in place to remove contractor
Plan, develop and maintain infrastructure and facilities	Infrastructure development & service delivery	Technical Services	Progress on the expenditure of construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	% expenditure on the storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	100%	<b>87.66%</b>	-12.34%	<input type="checkbox"/> Hard rock encountered <input type="checkbox"/> ESKOM refused to grant permission to blast	
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the construction of Provision of waterborne gravitational sewer network for existing 472 erven	% completion on the construction Provision of waterborne gravitational sewer network for existing 472 erven	100%	<b>40%</b>	-60%	<input type="checkbox"/> Hard rock encountered <input type="checkbox"/> ESKOM refused to grant permission to blast	
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the expenditure of Provision of waterborne	% expenditure on the Provision of waterborne gravitational	100%	<b>90.01%</b>	-9.99%	<input type="checkbox"/> Hard rock encountered <input type="checkbox"/> ESKOM refused to grant	

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
			gravitational sewer network for existing 472 erven	sewer network for existing 472 erven				permission to blast	
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the construction of Prieska: E'thembeni Bulk Outfall Sewer Main	% completion on the construction of Prieska: E'thembeni Bulk Outfall Sewer Main	100%	<b>81%</b>	-19%	<input type="checkbox"/> Hard rock encountered <input type="checkbox"/> ESKOM refused to grant permission to blast	
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the expenditure Prieska: E'thembeni Bulk Outfall Sewer Main	% expenditure on on Prieska: E'thembeni Bulk Outfall Sewer Main	100%	<b>93.28%</b>	-6.72%	<input type="checkbox"/> Hard rock encountered <input type="checkbox"/> ESKOM refused to grant permission to blast	
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2	% completion on construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2	100%	<b>100%</b>	0		
Plan, develop and maintain infrastructure and facilities	Infrastructure development	Technical Services	Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2	% expenditure on Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2	100%	<b>106.78%</b>	6.78%		
Provision of access to all basic services rendered to residents within the available	Service delivery	Technical Services	Achieves a 95% water quality quarterly as per SANS241 requirements for all water sampling points	Percentage of quality level	95%	<b>95%</b>	0		

Strategic objective	Municipal KPA	Responsible Department	Key Performance Indicator	Unit of measurement	Annual targets 2023/24	Actual annual performance 2023/24			
						Actual achieved	Variance	Reason for variance	Remedial action
Provision of access to all basic services rendered to residents within the available	Service delivery	Technical Services	Limit % electricity unaccounted for quarterly to 20% $\{(Number\ of\ Electricity\ Units\ Purchased\ and/or\ Generated - Number\ of\ Electricity\ Units\ Sold) / Number\ of\ Electricity\ Units\ Purchased\ and/or\ Generated\} \times 100\}$	Percentage electricity unaccounted for	20%	10.65%	9.35%		
Provision of access to all basic services rendered to residents within the available	Service delivery	Technical Services	Assess the landfill sites to determine the compliance and submit a report to Council by 30 June 2024	Assessment report submitted to Council by 30 June 2024	1	0	-1	No assessment was done on landfill sites and thus no report to table to council	<ul style="list-style-type: none"> <li><input type="checkbox"/> Perform landfill site assessment in all 3 towns</li> <li><input type="checkbox"/> Compile action plan to correct any are of non-compliance</li> <li><input type="checkbox"/> Table plan to technical council committee for approval</li> <li><input type="checkbox"/> Report progress on plan at the end of Q2</li> </ul>

Table 35: Annual Performance Assessment Report for 2023/24

### 3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

### 3.4 Municipal Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal function	Responsible for Function	Sufficient Capacity in terms of resources
Building regulations	Yes	Yes
Electricity reticulation	Yes	Yes
Firefighting services	Yes	No
Local tourism	Yes	No
Municipal planning	Yes	Yes
Municipal public transport	Yes	No
Stormwater management systems in built-up areas	Yes	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	Yes
<b>Constitution Schedule 5, Part B functions:</b>		
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlors and crematoria	Yes	Yes
Cleansing	Yes	Yes
Control of public nuisances	Yes	Yes
Control of undertakings that sell liquor to the public	Yes	No
Fencing and fences	Yes	Yes
Licensing of dogs	Yes	No
Local amenities	Yes	Yes
Local sport facilities	Yes	Yes
Municipal parks and recreation	Yes	Yes
Municipal roads	Yes	Yes
Noise pollution	Yes	No
Pounds	Yes	Yes
Public places	Yes	Yes

Municipal function	Responsible for Function	Sufficient Capacity in terms of resources
Refuse removal, refuse dumps and solid waste disposal	Yes	Yes
Street trading	Yes	Yes
Street lighting	Yes	Yes
Traffic and parking	Yes	Yes

Table 36: Functional Areas

## COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, including details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

### 3.5 National Key Performance Indicators – Basic Service Delivery and Local Economic Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & Indicators	2022/23	2023/24
<b><u>Basic Service Delivery</u></b>		
The number of households with access to free basic water	1 805	1 980
The number of households with access to free basic electricity	241	1 980
The number of households with access to free basic sanitation	1 390	1 427
The number of households with access to free basic solid waste removal	1 686	1 980
The number of households with access to basic level of water	4 061	7 993
The number of households with access to basic level of sanitation	3 752	5 181
The number of households with access to basic level of electricity	3 133	3 539
The number of households with access to basic level of solid waste removal	4 228	5 450
The percentage of the municipal capital budget actually spent on capital projects by 30 June	88.17%	69.62%
<b><u>Local economic development</u></b>		
The number of temporary jobs created through municipality's local economic development initiatives including capital projects	*79	*73
<i>*Number of temporary jobs created in terms of the Expanded Public Works Programme (EPWP) as at 30 June 2023 and 30 June 2024</i>		

Table 37: National KPIs – Basic Service Delivery and Local Economic Development

### 3.6 Water Services

Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 litres of potable water per day supplied within 200 meters of a household. The population growth rate for Siyathemba is 1.5%, we are projecting 1.0 Mm/a and 5.19 Ml/d of water supply for 2030.

Siyathemba Municipality is the Water Services Authority (WSA) and Water Services Provider (WSP) for the 3 towns within their area of jurisdiction. Water services are rendered in Prieska, Niekerkshoop and Marydale. The Municipality is also supplying bulk water to Copperton, but Alkantpan (Armscore) is responsible for the delivery of water, sanitation,

and electricity services. No services are currently being rendered on farms. The Municipality strives to fulfil all the WSA and WSP functions, as stipulated in National Legislation.

As WSA, the Municipality needs to ensure access to services, develop a WSDP, compile policies and bylaws and put in place institutional arrangements for the delivery of services. The Municipality is authorized in terms of the Municipal Structures Act (Act No. 117 of 1998) and the Municipal Structures Amendment Act (Act No. 33 of 2000) as the Water Services Authority for its area of jurisdiction and therefore has a duty, as assigned to it in terms of the Water Services Act (Act No. 108 of 1997), to all consumers or potential consumers to progressively ensure efficient, affordable, economical and sustainable access to water services. Operation and maintenance, asset management and customer care are therefore important.

The Spatial Development Framework of the Municipality does not indicate an approved level of water services. The Municipality however strives to have a basic level of service on erven, before people move into that specific area. House connections are therefore the level of service the Municipality strives to provide. In informal areas, standpipes are provided as an interim level of service.

The Municipality understands, as WSA, that a proper planning document should be in place to coordinate all water service initiatives. Siyathemba Municipality therefore supports the initiative from the Department of Water Affairs to compile Water Services Development Plans (WSDP). DWA National made a new WSDP Guideline available in January 2010. Since then, the new WSDP Guideline has been revised several times to improve the content of the WSDP.

## Water provision

Prieska is extracting water from the Orange River whilst Marydale and Niekerkshoop are dependent on groundwater. Copperton receives its water from the Orange River via Prieska.

### Prieska

The total volume of potable water for Prieska is supplied from the Flippie Holtzhauzen Water Treatment Plant that extracts all its raw water from the Orange River. Electrically driven pumps (4) which can deliver up to 200ℓ/s to a purification plant, are used. The purification plant has a capacity of 6 Mℓ/day and potable water is stored in two potable water reservoirs. Water is pumped by two pumps (that operate alternately) from the water treatment plant via a 150mm, a 200mm and a 300mm pipeline to three nearby distribution reservoirs. Two of the reservoirs have a volume of 2.27 Mℓ and the third, 0.34 Mℓ. These reservoirs are hereafter referred to as the Koppie Reservoirs. The 300mm pipeline is a dedicated line from the pumps at the water treatment plant to the reservoirs. The 200mm pipeline has a connection to a 300mm line that supplies the other reservoirs in the system from the Koppie Reservoirs. The 150mm pipeline connects the water treatment plant to the smaller 0.34 Mℓ capacity reservoir. This reservoir is located next to, but slightly lower than the two larger reservoirs. The 150mm pipeline has many direct connections with the distribution system and is not a dedicated supply to the reservoir. There is a bulk water meter at the water treatment plant that measures all the fresh water pumped from the water treatment plant. The water treatment works is in a good condition and not used at its full capacity. This capacity will be increased subject to the water services agreement entered into with Prieska Copperton and Zinc Mine (Orion) for delivery of bulk water to the mine of an estimated 70 ml per month additional to the current delivery.

### Marydale

In Marydale, water supply is obtained from 6 production boreholes. The rated capacity of the boreholes is 8.9 ℓ/s. The safe yield of the 6 boreholes per year is 276,820.80m<sup>3</sup> Submersible pumps withdraw the water from 6 production

boreholes and pump the water to two high lying water distribution reservoirs. The reservoirs store water for use during periods of peak demand and provide the pressure needed to reticulate water to the town.

There is no water treatment works facility in Marydale. Water is disinfected in the two reservoirs by adding floating chlorinators.

## **Niekerkshoop**

Water delivery to the community for human consumption at Niekerkshoop consists of ground water from five boreholes namely GWK1, GWK2, Municipal Offices, G42098 and GWK 3. The water is abstracted with supply lines to the existing two reservoirs with a combined capacity of 0.4 Ml. From these reservoirs water is distributed to the water reticulation system to the consumers of Niekerkshoop. There is no water treatment works facility in Niekerkshoop. Water is disinfected in the two reservoirs by adding floating chlorinators.

## **Copperton**

A 450-mm diameter concrete lined steel pipeline, together with a dedicated water treatment works, was constructed by the Copperton Mine in 1970's for supplying water from Prieska to the Mine. The total pipeline length from the water treatment works at Prieska to Copperton is approximately 52 km. After the Mine was closed down in about 1988, the ownership of the pipeline was transferred to Alkantpan, who is using the pipeline to supply water to their testing facilities close to Copperton. Alkantpan is the owner of the pipeline and also operates and maintains the pipeline.

The water demand on the pipeline in 2008 was estimated at 0.45MI/day, and includes the provision to Alkantpan, Copperton and some of the farms on the pipeline route. Water meters are connected at each demand point and the water is measured on a monthly basis.

The total length of the pipeline is approximately 52 km and the first approximately 40 km of the pipeline is a pumping main, from Prieska Water Treatment Works to a set of reservoirs from where it gravitates for approximately 12 km to the Mine in Copperton.

Since the transfer of the pipeline in 1990, there were no pipe bursts or leaks detected on the pipeline. Alkantpan has two staff members responsible for the operations and maintenance of the pipeline.

According to the Kareeberg Bulk Water Supply Implementation Readiness Report, no evidence was found that could indicate that the pipeline is in a poor condition. However, limited maintenance has been done on the pipeline since it was transferred to Alkantpan. The lack of maintenance on air valves, especially a pumping main where pumps are switched on and off regularly, could increase the possibility of cavitation due to insufficient air release points, which may result in damage to the internal lining.

There is a group of steel reservoirs at the end of the pumping main, approximately 40 km from the Prieska WTW. The total capacity is 10,9ML. The reservoir near Copperton has a capacity of 2 MI. The set of reservoirs at the end of the pumping main consist of five reservoirs, two of which are 4 ML each and three of which are 0.5 ML each. According to the Kareeberg Bulk Water Supply Report, little maintenance was done on all the reservoirs and the operational valves. No leaks were detected on the group of five reservoirs that are situated at the end of the pumping main, which are currently in use. No corrosion was spotted.

## **Level of service**

The Municipality progressed very well in reaching the national target to eradicate water needs in their area of jurisdiction. The DWA Geo-database reflects that most of the backlogs have been addressed.

## Water quality

The Municipality participated in the Blue Drop Certification Programme from the Department of Water Affairs. The Municipality scored an overall average of 40.95% during the assessment. The following scores were obtained in each of the water supply systems:

- Prieska: 37.52%
- Marydale: 50.85%
- Niekerkshoop: 56.56%

The Municipality has requested funds from DWA to assist in closing the gaps in drinking water quality management. An allocation was made to the Municipality and the Municipality started to develop the Water Safety Plan for the 3 Water Supply Systems. As part of the Water Safety Plan a management approved implementation plan is developed

## Operation and maintenance

The Municipality does not have an Operation and Maintenance Master Plan available for any of their water infrastructure. This activity is listed as a possible project for future years. The Municipality is however doing regular maintenance on their entire infrastructure

### *Some of the challenges that are experienced include the following:*

- Studies indicated that the bulk water supply to Niekerkshoop and Marydale may become a problem in the next few years.
- The Municipality progressed very well with regards to the eradication of water needs in their area of jurisdiction, but there are still some areas where services need to be upgraded to a minimum RDP level.
- No as-built drawings for the internal water reticulation network in Marydale, are available.
- The Municipality are doing maintenance of infrastructure on an ad-hoc basis.
- The Municipality are not providing any services on farm areas.
- The Blue Drop score for the Municipality is still very low.
- Municipal infrastructure is in a dire state. The water network is starting to give in, and repairs or refurbishments are not being done. Valves are not properly closing and the most are not working at all.
- The Municipality cannot account for a lot of water, because more than 1000 households do not have meters. The communities are not fixing leaking toilets and pipes.
- Service delivery performance is affected by old fleet and staff shortage. As a result, service delivery is not addressed as it should be.
- Projects are not completed as per scheduled timelines and as a result service delivery are hampered where the Municipality seek to upgrade the existing facilities or introduce new services to those who do not have.
- The community are reluctant to pay for services, therefore the Municipality have a challenge to address all service delivery issues because of budget constraints

## Water Services Service Delivery Levels

Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

### Water Losses Mitigation Strategy

- Achieve water losses of 19% (No Drop)
- Provide bulk water balances to proactively establish accurate assessment of water losses in bulk water supply system (Zonal Meters)
- Replace/Upgrade old infrastructure (Asbestos Pipes)
- Install working bulk meters at all required supply points
- Ensure that internal water losses are identified and repaired
- Implement of smart metering
- Conduct routine maintenance to detect leakages and prevent water losses

The table below specifies the different water service delivery levels per households for the financial year:

Households		
Description	2022/23	2023/24
<b><i>Water: (above min level)</i></b>		
Piped water inside dwelling	4 061	4 276
Piped water inside yard (but not in dwelling)	3 847	4 062
Using public tap (within 200m from dwelling)	N/A	91
Other water supply (within 200m)	N/A	N/A
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>7 908</b>	<b>8 429</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>100 %</b>	<b>100 %</b>
<b><i>Water: (below min level)</i></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>0</b>	<b>0</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>0 %</b>	<b>0 %</b>
<b>Total number of households</b>	<b>7 908</b>	<b>8 429</b>

Table 38: Water Services Service Delivery Levels

### Total Employees – Water Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	13	6	7	100%
4 - 6	5	3	2	40%
7 - 9	3	2	1	33%
10 - 12	3	3	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
<b>Total</b>	<b>24</b>	<b>14</b>	<b>10</b>	<b>42%</b>

As at 30 June 2024

Table 39: Total Employees: Water Services

### Capital Expenditure – Water Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
R'000				
Upgrading of Prieska Water Treatment Works	R10 000	R14 000	R 11 646	-16.46%
Prieska: Bulk Water Supply (MIG 1331)	R 386	R386	R112	-70.00%
Replacement assets	R0	R0	R230	100%
<b>Total all</b>	<b>R10 386</b>	<b>R14 386</b>	<b>R11 988</b>	<b>1.15%</b>

Table 40: Capital Expenditure: Water Services

### 3.7 Wastewater (sanitation) Services

Sanitation services are rendered in Prieska, Niekerkshoop and Marydale. No services are rendered to Copperton, since Alkantpan (Amscor) is responsible for the delivery of water, sanitation, and electricity services. No services are currently being rendered on farms.

#### Wastewater and Collection Infrastructure

The Sanitation Systems in the 3 towns can be summarised as follows:

	Prieska	Niekerkshoop	Marydale
<b>Wastewater treatment works</b>	Anaerobic digesters / Oxidation ponds	Oxidation ponds	Oxidation ponds
<b>Design capacity</b>	6.5Mℓ	3Mℓ	3Mℓ
<b>Operate within design capacity</b>	Yes	Yes	Yes
<b>Collection services</b>	1 pump station and approx. 57.3 km pipework	No pump stations and approx. pipework	No pump stations and approx. km pipework.

Table 41: Wastewater Supply Technology

#### Marydale

The sanitation system in the Marydale community consists of VIP toilets and some flush toilets with a conservancy tank. The septic tanks are serviced by the Municipality staff on a daily basis. The WWTW/Oxidation Pond System in Marydale is utilised for the sewer effluent from the conservancy tanks transported by tankers to the Works. The WWTW is in a process of being upgraded and Council has submitted business plans to the relevant MIG Offices for possible funding of the project. No return flows from the oxidation ponds are available. The tanker loads dumped per day are captured in the registers to determine the inflow volume.

#### Niekerkshoop

The sanitation system in the Niekerkshoop community consists of VIP and UDS toilets and some flush toilets with a conservancy tank. The septic tanks are serviced by the Municipality staff on a daily basis. The WWTW/Oxidation Pond System in Niekerkshoop is utilised for the sewer effluent from the conservancy tanks transported by tankers to the

Works. The WWTW is in a process of being upgraded and Council has submitted business plans to the relevant MIG Offices for possible funding of the project. No return flows from the oxidation ponds are available and no quality tests are done. The tanker loads dumped per day are captured in the registers to determine the inflow volume.

## **Prieska**

The sanitation system in the Prieska community consists of an internal sanitation system with waterborne sanitation network and onsite sanitation facilities. Furthermore, there are some septic tanks in areas not serviced with the sewer network.

The waterborne sewage contents gravitate through a network of underground sewer pipes to various collection sewage pump stations. Electrical driven submersible sewage pumps transfer the sewage to a main sewer pump station. From this pump station, another set of electrical driven submersible pumps pump the sewage to the Prieska Wastewater Treatment Plant.

The Wastewater Treatment Plant is an Anaerobic Oxidation Pond System. The current capacity of the ponds is 2.2 Ml/day and the capacity used, is 95%. All final water or effluent is pumped to the Prieska Golf Club for irrigation of the lawns and fields. The final effluent is not disinfected with chlorine at this stage.

The ponds were upgraded during 2008. No laboratory tests are available on the wastewater quality of the Prieska WWTW. Bucket sewage contents are emptied into a tanker and are transported to the Wastewater Treatment Plant.

## **Level of service**

The Municipality progressed very well in reaching the national target to eradicate sanitation needs in their area of jurisdiction.

## **Planning**

The Municipality does not have a Master Plan available for sanitation services. Previously, it was addressed as part of the WSDP, but since the responsible Department has changed from DWA to CoGHSTA, this service is no longer discussed in detail in the WSDP. It should however be noted that most of the critical issues with regards to sanitation service delivery, internal and bulk, have been addressed. The Municipality is however in the process to compile a Wastewater Risk Abatement Plan to address all the risks with regards to wastewater management.

## **Operation and maintenance**

The Municipality does not have an Operation and Maintenance Master Plan available for their entire sanitation infrastructure. This activity is listed as a possible project for future years.

The Municipality is however doing regular maintenance on their entire infrastructure.

## **Quality**

The Municipality participated in the Green Drop Certification Programme implemented by the Department of Water Affairs.

An overall score of 18% were obtained. The specific Waste Supply System scored the following:

- Marydale: 15.2%
- Prieska: 21.9%
- Niekerkshoop: 17%

Three of the 3 Wastewater Treatment Plants do not have adequate monitoring regimes in place. With this failure, comes the lack of credible scientific testing and reporting.

The plants are not in compliance with the Effluent Quality Discharge Standards employed within the Municipality.

None of the 3 Systems have capacity evidence or plans to rectify the non-compliance scenario, with the exception being Prieska.

Basic systems, procedures, manuals and processes are lacking for all 3 Systems.

#### **Some of the highlights include the following:**

- A high percentage of households do have access to a sanitation facility which is in line with minimum standards. The Municipality however aims to provide waterborne sanitation to all households.

#### **Some of the challenges that are experienced include the following:**

- The wastewater treatment facility in Marydale does not function as a proper wastewater treatment works.
- There are still bucket toilets in the area which needs to be eradicated as a matter of urgency.
- VIP toilets are collapsing. These households do not have access to a safe and decent sanitation facilities.
- There are dry sanitation facilities which need to be upgraded.
- Households in the informal area in Prieska do not have access to proper sanitation facilities. There are however vacant erven which do have proper services. These people need to be relocated to these areas.
- The Municipality are doing maintenance of infrastructure on an ad-hoc basis. A proper Operation and Maintenance Plan needs to be developed for all the water infrastructure/assets.
- The Municipality are not providing any services on farm areas. A strategy needs to be developed with regards to the latter.
- The Green Drop score for the Municipality is still very low. General wastewater management needs to be improved.
- Service delivery performance is affected by old fleet and staff shortage. As a result, service delivery is not addressed as it should be.
- Projects are not completed as per scheduled timelines and as a result service delivery are hampered where the Municipality seek to upgrade the existing facilities or introduce new services to those who do not have.
- The community are reluctant to pay for services, therefore the Municipality have a challenge to address all service delivery issues because of budget constraints

#### **Waste Water (Sanitation) Services Service Delivery Levels**

The table below specifies the different sanitation service delivery levels per households for the financial year:

Description	Households	
	2022/23	2023/24
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	3 752	5 029
Flush toilet (with septic tank)	120	150
Chemical toilet	0	0
Pit toilet (ventilated)	408	753
Other toilet provisions (above min. service level)	0	0
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>4 280</b>	<b>5 932</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>98.96%</b>	<b>100%</b>
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		

Households		
Description	2022/23	2023/24
Bucket toilet (joint informal)	45	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<b>Below Minimum Service Level sub-total</b>	<b>45</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>1.04%</b>	<b>0%</b>
<b>Total households</b>	<b>4 325</b>	<b>5 932</b>

Table 42: Waste Water (sanitation) Services Service Delivery Levels

### Total Employees – Waste Water (Sanitation) Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	26	15	11	0%
4 - 6	0	0	0	0%
7 - 9	2	2	0	0%
10 - 12	1	1	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>29</b>	<b>18</b>	<b>11</b>	<b>0%</b>

As at 30 June 2024

Table 43: Total Employees Waste Water (sanitation) Services

### Capital Expenditure – Waste Water (sanitation) Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
R'000				
Bulk Outfall Sewer Infrastructure to service E'Thembeni Township	R 0	R5 290	R 3 613	-54%
Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999	R 0	R3 500	R 2 246	-6%
<b>Total All</b>	<b>R 0</b>	<b>R8 790</b>	<b>R 5 859</b>	<b>-36%</b>

Table 44: Capital Expenditure: Waste Water (sanitation) Services

## 3.8 Electricity Services

Siyathemba Municipality, together with ESKOM, is responsible for electricity supply in the 3 towns as follows:

Area	Internal network	Public lighting
Prieska	LM and ESKOM	LM
Niekerkshoop	ESKOM	LM
Marydale	ESKOM	LM

Table 45: Electricity Supply Institution

The Municipality has an Electricity Master Plan available which was developed in the early 2000. The Municipality works according to this Plan to upgrade electricity infrastructure, as well as to develop new infrastructure.

Electricity service is done by the Municipality in a part of Prieska.

Two areas in Prieska still need to be upgraded because the electricity network is old and power failures occur. The Municipality applied for money to upgrade it, but all applications at the Department of Energy have been turned down, because they argue that INEP funds cannot be allocated for the upgrade of existing electricity infrastructure. The biggest part of Prieska, as well as the whole of Marydale and Niekerkshoop, is being supplied by ESKOM directly to customers.

Apart from meter inspections and new installations, maintenance work is done that relate to complaints received or faults which occur. Maintenance work includes:

- Maintenance of high and low voltage networks
- Maintenance of street and high mast lights
- New and maintenance of house connections
- Maintenance of electrical equipment at municipal installations and buildings such as water treatment works, borehole submersible pumps, sewerage pumps stations, wastewater treatment works, etc.
- Offices
- Community halls

The electrical service provides a standby service on a full time (24 hrs) basis in order to react to complaints and limit power failure to a minimum.

## ***Electricity losses mitigation strategy***

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### **Technical Losses**

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- Replacement of aging infrastructure.
- Fund operational maintenance plans.
- Re-prioritise spending on the capital budget.
- Upskill personnel with latest development “energy saving”.
- Make provision for renewal energy (e.g. solar, wind energy etc.)
- Implement a check and area metering solution to identify where the main losses occur – area metering, substation and feeder levels.

### **Non – Technical Losses**

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- Purchase “smart ready” pre – payment meters to replace all those domestic meters previously tampered, by-passed meters, faulty meters and where no meters were installed.
- Back-to-basics approach and improve and enhance the customer service.

## ***Some of the challenges that are experienced include the following:***

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- The Master plan for the Municipality needs to be revisited and updated.
- The Municipality need to complete the MIG projects registered during the previous financial years.
- Service delivery performance is affected by old fleet and staff shortage. As a result, service delivery is not addressed as it should be.

Projects are not completed as per scheduled timelines and as a result service delivery are hampered where the Municipality seek to upgrade the existing facilities or introduce new services to those who do not have.

- The community are reluctant to pay for services, therefore the Municipality have a challenge to address all service delivery issues because of budget constraints

## Electricity Services Service Delivery Levels

The table below specifies the different service delivery level standards for electricity within the municipal area:

Households		
Description	2022/23	2023/24
<b><i>Energy: (above minimum level)</i></b>		
Electricity (at least min. service level)	145	145
Electricity - prepaid (min. service level)	695	712
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>840</b>	<b>857</b>
<b><i>Minimum Service Level and Above Percentage</i></b>	<b>100%</b>	<b>100%</b>
<b><i>Energy: (below minimum level)</i></b>		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>0</b>	<b>0</b>
<b><i>Below Minimum Service Level Percentage</i></b>	<b>0%</b>	<b>0%</b>
<b>Total number of households</b>	<b>840*</b>	<b>857*</b>
<i>*More than 60% of Siyathemba Municipality, is directly serviced by Eskom</i>		

Table 46: Electricity Services Service Delivery Levels

## Total Employees – Electricity Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	5	4	1	0%
4 - 6	2	2	0	0%
7 - 9	2	2	0	0%
10 - 12	1	1	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>0%</b>

As at 30 June 2024

Table 47: Total Employees Electricity Services

## Capital Expenditure – Electricity Services

No capital expenditure incurred for the financial year.

### 3.9 Waste Management Services (Refuse collections, waste disposal, street cleaning and recycling)

Solid waste can be defined as any garbage, refuse, sludge or other discarded material resulting from industrial, commercial, institutional and residential activity. Weekly refuse removal in Siyathemba Municipal area is about 100%.

#### Waste Management

An Integrated Waste Management Plan was compiled for Siyathemba Municipality during 2007.

The services which the Municipality is delivering are categorised as follows:

- Refuse removal
- Street cleansing
- Landfill sites, transfer stations and bulk containers

The Municipality is rendering this service internally and it is coordinated from Prieska. The service delivery for the various towns is managed from the local service delivery centres due to the distance of the towns from each other. There is also no private waste contractors active within the municipal area.

The Municipality does not have a set of bylaws which comprehensively address the Council's responsibility for the removal of refuse, management of disposal facilities, waste minimisation, illegal activities, payment of fees and penalties.

There are currently no formal municipal driven waste minimisation activities taking place in the Municipality. However, the Municipality is assisting one individual to recycle glass bottles from the landfills.

The Municipality is also currently not offering any recycling incentives to private people or businesses.

#### Waste removal

A regular waste removal service is provided to all the urban areas within the Municipality. The farming areas of the Siyathemba Municipality do not receive a waste removal service. The provision of such a service is not envisaged by the Municipality at present.

The Municipality utilises a black refuse bag system. Residents have to buy their own refuse bags. The Municipality accepts any number of bags per household, so there is no specific limit. The bags are placed on the curb outside the house and collected from there. In some areas in Prieska, as well as in Marydale and Niekerkshoop, people put out their refuse bins from where it is emptied onto a truck.

Waste removal service, residential and businesses, are done once a week.

In all the towns within the municipal area, small amounts of garden waste are collected together with general household waste.

There is one Provincial Hospital (in Prieska) and smaller Medical Clinics in Niekerkshoop and Marydale. The Municipality is not involved in the removal of any medical waste from these Institutions. The medical waste is collected by SANUMED and incinerated and disposed of in the Free State. The Municipality does not experience any problems with medical waste at the landfill sites.

Industries in the area are mostly confined to light industries. The Municipality is currently not experiencing any problems with regard to the disposal of hazardous waste from industry or mining activities on the existing disposal facilities.

Street sweeping is done in the CBD's areas of Prieska, Niekerkshoop and Marydale. There is no street sweeping in the residential areas and the residential areas will only be cleaned if it is necessary to do so.

### Landfill sites

Each of the towns has its own solid waste disposal site.

Town	Site
<b>Prieska</b>	Existing permitted landfill site
<b>Marydale</b>	Existing unauthorised landfill site
<b>Niekerkshoop</b>	Existing unauthorised landfill site

**Table 48: Solid Waste Disposal Sites**

The landfill in **Prieska** is a Class G:C:B- permitted site. The site has approximately enough airspace for the next 20 years. The site is not well managed due to certain financial and personnel constraints. The waste is not covered on a regular basis and is burned once disposed of. The site is not fenced, and access is not controlled. No record-keeping takes place at the entrance to the site. Wind-blown litter is a serious problem at the site.

The landfill site at **Niekerkshoop** is located 7 km outside town. The site is fenced (needs maintenance), but access is not controlled. The open burning of waste in a pit forms part of the operational procedure for the site. The waste is not covered on a daily basis due to the absence of proper landfill equipment. The operation of the site is not at an acceptable standard.

The **Marydale landfill site** is located 3 km north of town. The site is not fenced and access is not controlled. Wind-blown litter is also a serious problem in the vicinity of the site. There is no landfill equipment on the site and therefore covering of the waste does not occur at all. The site is not properly operated with waste being disposed of haphazardly and burned after disposal.

### *Some of the challenges that are experienced include the following:*

- Illegal dumping of waste is common in several of the outlying and township areas. The Municipality has to collect this waste at an unnecessary cost. The Siyathemba Municipality has recognized the need for education of the people regarding this practice; however, nothing has yet been implemented. The Municipality is also experiencing dumping of waste in areas not demarcated for waste disposal.
- Waste volumes are not recorded at the entrances to the disposal sites.
- There are no Waste Minimization Strategies that have been developed. These need to be addressed and implemented.
- The new developments that are taking place in the Siyathemba Municipality must be included for the provision of a waste disposal service.
- New municipal bylaws should be drafted by the District Municipality (for use by the Local Municipalities within the District) that pertain directly to waste and issues surrounding waste management. Issues such as waste minimization and recycling, etc., should be dealt with in the bylaws.
- The Siyathemba Municipality has a shortage of personnel, specifically with regard to the management of the disposal sites. Limited or no personnel are present at the disposal sites. Vacant posts should be filled, and posts should be created for the management of the disposal sites.

The Siyathemba Municipality has vehicles that are old and in poor condition that are due for replacement.

- The Niekerkshoop and Marydale disposal sites are not authorized. The process to authorize these disposal facilities should be initiated by the Municipality. The operation of these sites is not up to standard. The sites should be upgraded (properly fenced/secured, guard house with ablution) and the operations should be improved in accordance with the Minimum Requirements for Waste Disposal by Landfill document.
- The Prieska Disposal Site should be upgraded (fenced, guard house and ablution facility) and operated in accordance with the permit conditions for the site, as well as the Minimum Requirements for Waste Disposal by Landfill as published by the Department of Water Affairs.
- Access should be controlled at the disposal facilities and a record should be kept of the types and volumes of waste that is being disposed of at each site.
- Municipal waste records should be kept and maintained for informed future decision-making purposes and to comply with the Government's Waste Information System requirements.
- A Public Awareness and Education Programme should be implemented consisting of flyers, newspaper notices and road shows.
- The Municipality does not have an Air Quality Management Plan. Since Prieska is situated in close vicinity of the SKA development, a decision needs to be taken whether the development of such a plan should be prioritized.

### Waste Management Services Service Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the urban edge area of the Municipality:

Description	Households	
	Stats SA 2022	2023/24
<b><i>Solid Waste Removal: (Minimum level)</i></b>		
Removed at least once a week	3 724	4 800
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>3 724</b>	<b>4 800</b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b>88.1%</b>	<b>88.1%</b>
<b><i>Solid Waste Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	504	650
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>504</b>	<b>650</b>
<b><i>Below Minimum Service Level percentage</i></b>	<b>11.9%</b>	<b>11.9%</b>
<b>Total number of households</b>	<b>4 228</b>	<b>5 450</b>

Table 49: Waste Management Services Delivery Levels

### Total Employees – Waste Management Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	13	7	6	53.84%
4 - 6	4	1	3	75%
7 - 9	1	1	0	100%
10 - 12	1	1	0	100%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>19</b>	<b>10</b>	<b>9</b>	<b>52.63%</b>

As at 30 June 2024

**Table 50: Total Employees Waste Management Services**

### Capital Expenditure – Waste Management Services

No capital expenditure incurred for the financial year.

#### 3.10 Housing

The Municipality appointed service provider on a 3-year contract to act as a Turnkey Implementing Agent for housing and housing related infrastructure. The team started to develop a Housing Action Plan, with the aim to ensure effective allocation of limited resources, to provide a formal and practical housing priority for implementation and identify the Strategic Implementation Plan for the housing need in Siyathemba Municipal Area. The Municipality therefore does not have an approved Housing Sector Plan, but a draft Housing Action Plan is available.

The construction of 364 BNG Houses project is still on-going. The Department has issued 239 Houses to date and 100 title deeds has been issued to the owners. However, there are currently contractual issues with phase 2 of the project which resulted in termination of the contract.

Housing will always be a burning issue because it's an on-going need that needs to be addressed as such. However, the main issue is budgetary constraints from sector departments to address the national needs and backlogs.

The construction of Civil Services for 1670 erven in Prieska is underway. After completion of this project, it will enable the Municipality and COGHSTA to build top-structures. This will assist in minimizing the need for houses in Prieska.

The Municipality is trying to eradicate the huge housing need that is due the business upswing. Most of the challenges are attended to by the technical team to improve the status. However, the response processes might take longer than what is expected. This is also determined by monetary availability from the different sector departments.

The Municipality does not have updated figures available regarding the housing need in their area of jurisdiction. This is a major challenge for the Municipality and proper planning cannot be done since status quo information is not available. As soon as data is available with regards to the housing need in the area, the Municipality will have a better

understanding of the challenges in terms of housing and will be in a better position to identify specific housing subsidy schemes (BNG, rental, etc.) to address these needs.

## 3.11 Free Basic Services and Indigent Support

The tables below indicate the total number of households that received free basic services in the 2023/24 financial year:

### Access to Free Basic Services

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	%
2022/23	3 747	2 271	61	2 271	61	2 271	61	2 271	61
2023/24	3 748	1 920	51	1 920	51	1 920	51	1 920	51

Table 51: Access to Free Basic Services

The access to free basic services is summarised into the different services as specified in the following tables:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Rate per HH	No of HH	Unit per HH (kwh)	Rate per HH	No of HH	Unit per HH (kwh)	Rate per HH
			(R)			(R)			(R)
2022/23	2 271	50 kwh	R132	1 476	0	0	2 014	50 kwh	0
2023/24	1 920	50 kwh	R132	1 828	0	0	1 674	50 kwh	0

Table 52: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Rate per HH	No of HH	Unit per HH (kl)	Rate per HH
			(R)			(R)
2022/23	2 271	6 Kl	R52.58	1476	0	0
2023/24	1 920	6 kl	R55.41	1828	0	0

Table 53: Free Basic Water Services to Indigent Households

Sanitation				
Financial year	Indigent Households		Non-indigent households	
	No of HH	Rate per HH	No of HH	Rate per HH
		(R)		(R)
2022/23	2 271	R336.27	1 476	0
2023/24	1 920	R354.08	1 828	0

Table 54: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Rate per HH	No of HH	Unit per HH per month	Rate per HH
			(R)			(R)
2022/23	2 271	1	R116.41	1 476	4	0
2023/24	1 920	1	R122.58	1 828	4	0

Table 55: Free Basic Refuse Removal Services to Indigent Households

Financial Performance 2023/24: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2022/23	2023/24			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	R3 222	R3 050	R3 050	R2 675	-14%
Waste Water (Sanitation)	R4 821	R5 080	R5 080	R4 575	-11%
Electricity	R331	R2 387	R2 387	R331	-622%
Waste Management (Solid Waste)	R2 029	R2 135	R2 135	R1 944	-10%
<b>Total</b>	<b>R10 403</b>	<b>R12 653</b>	<b>R12 653</b>	<b>R9 524</b>	<b>-33%</b>

Table 56: Cost to Municipality of Free Basic Services Delivered

## COMPONENT B: ROAD TRANSPORT

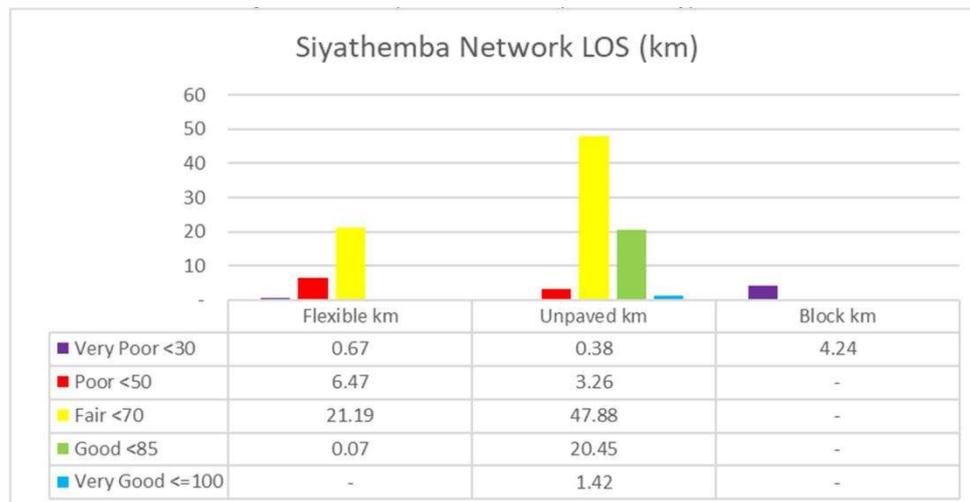
This component includes Roads and Waste Water (storm water drainage).

### 3.12 Roads and Stormwater

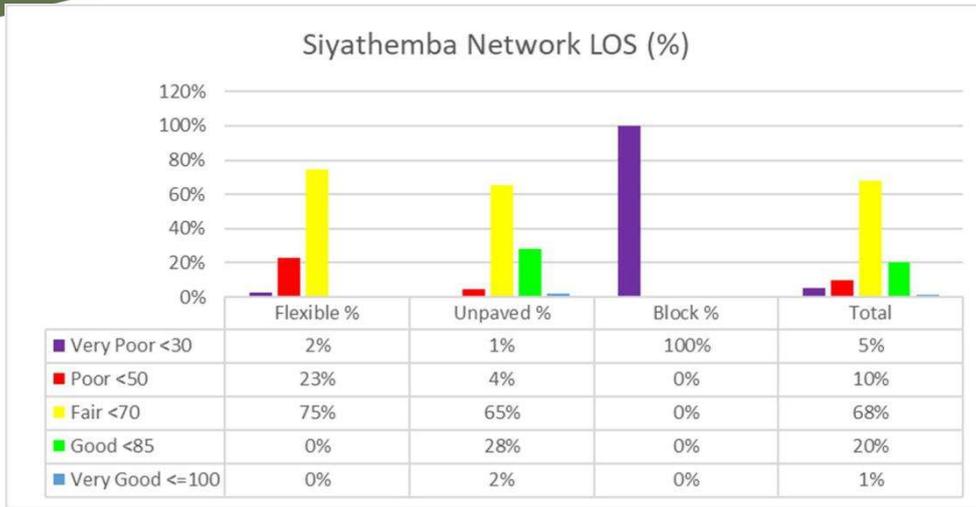
#### Municipal Road Network Condition

#### Level of service

The visual condition Indices for the road network is summarized according to the network length, percentage of road network in length (km), and percentage.

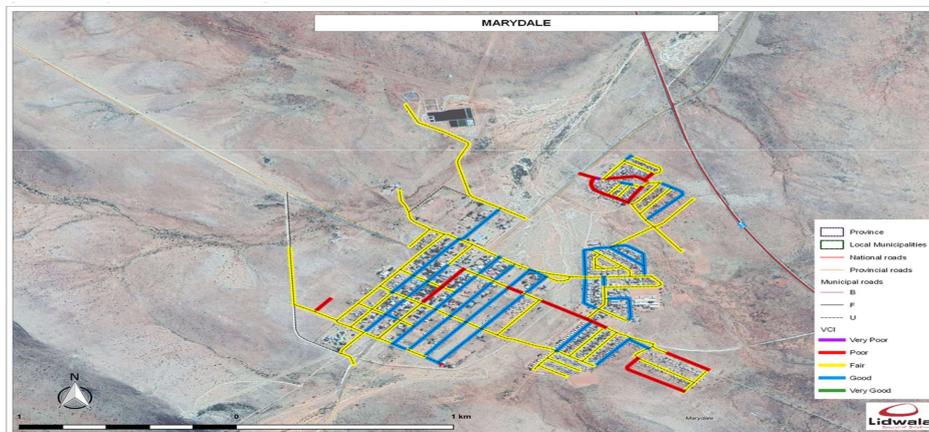
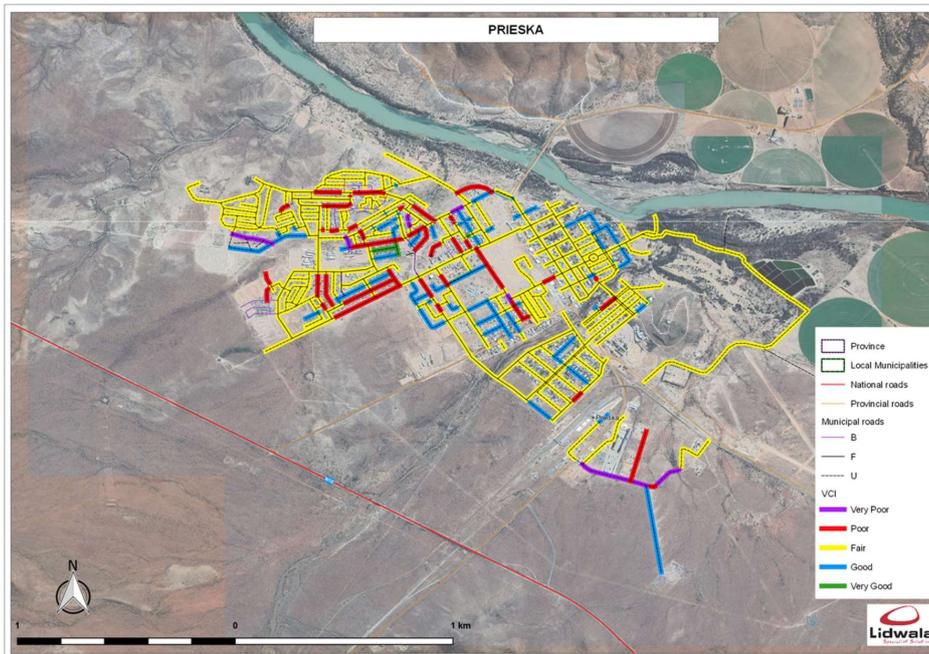


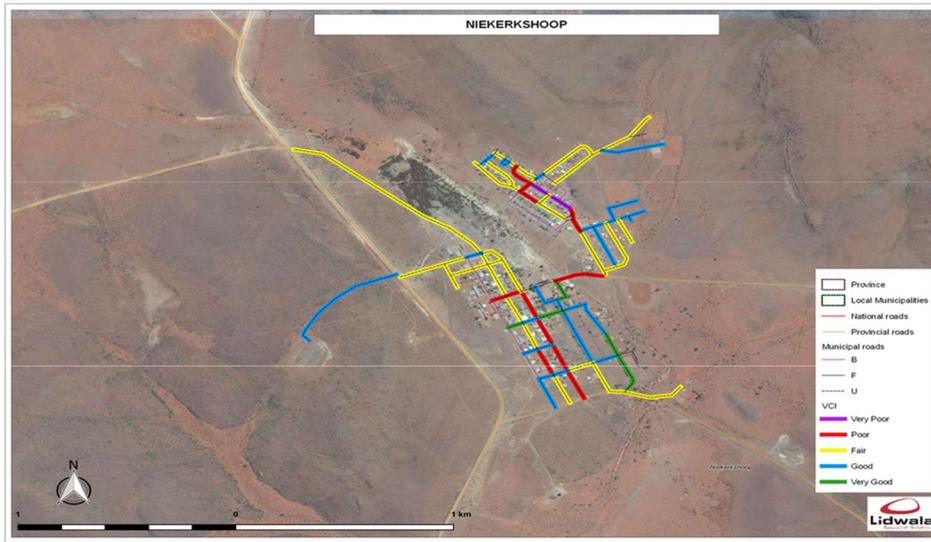
Graph 3: Municipal Network LOS per surface type (km)



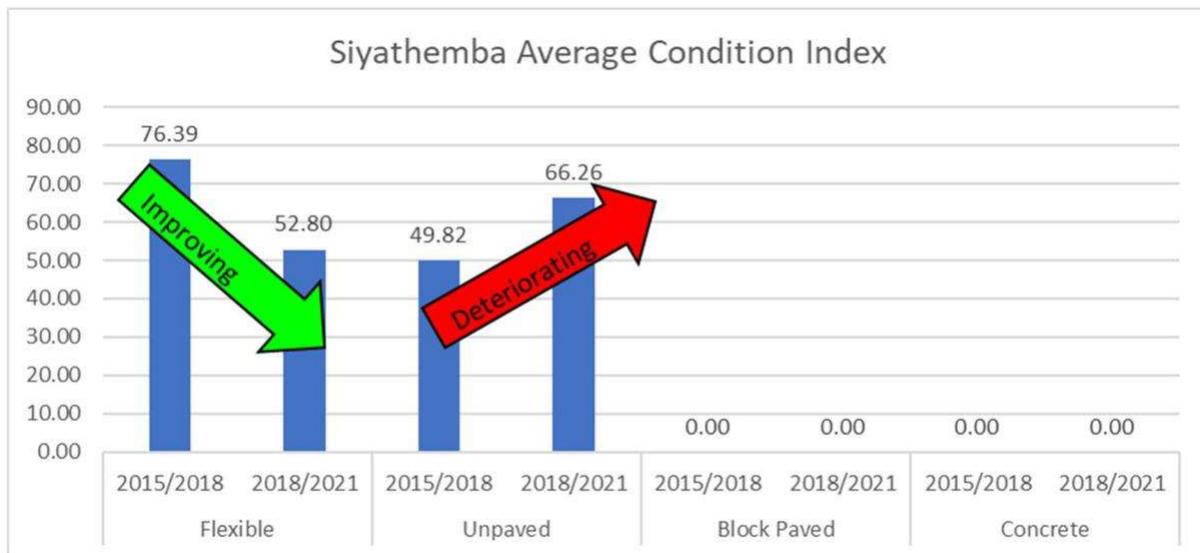
**Graph 4: Municipal Network LOS per surface type (%)**

### Road network condition maps





## Engineering condition of assets



## Asset valuation

### Paved Roads

Asset value is measure of how well the road network is being preserved and the value of the new road which consists of the following elements:

- Ground preparation work;
- Road foundation layers;
- Pavement layers, and
- Surface.

Over time, pavement structures deteriorate and the value of the structural layers decreases accordingly. Eventually, rehabilitation becomes necessary and, if the deterioration of the surface and pavement layers continues even further, there will be a stage where the road has no functionality and the value of the road will be zero. The asset value is calculated as the total value of a road minus depreciation of the structural layers. The depreciation of the structural layers of a road is calculated in proportion to its remaining life and total life expectancy. This concept is similar to the generally accepted accounting practice of calculating an asset's "book value" which equates to cost minus accumulated depreciation.

The asset value for the flexible roads was calculated using a replacement cost of R1035/m<sup>2</sup> for the road structure and R730/m<sup>2</sup> for the ground preparation work.

The following tables indicates the Depreciated Replacement Cost (or current asset value), and the Current Replacement Cost should all the paved roads be newly constructed, based on the condition data of 2020/21.

Municipality	Replacement Cost R	Ground Preparation R
Siyathemba	238 165 920	167 981 760

*Table 57: Asset Value: Paved Roads*

### **Unpaved Roads**

Asset value is measure of how well the road network is being preserved and the value of the new road which consists of the following elements:

- Ground preparation work;
- Road foundation layers; and
- Wearing course.

Over time, the wearing course deteriorates and the value of the road decreases accordingly. Eventually, reshaping or re-gravelling becomes necessary and, if the deterioration of the wearing course continues even further, there will be a stage where the road has no functionality and the value of the road will be zero.

The asset value for Gravel roads were calculated using a replacement cost of R425 000/km for the wearing course and R265 000/km for the ground preparation work and road foundation.

The asset value for Earth roads were calculated by using the replacement cost of R5 750/km for the ground preparation work and the asset value of Tracks were regarded to be Zero.

The current Depreciated Replacement Cost, based on the thickness of the wearing course and the road foundation and Current Replacement Cost are determined based on the condition data of 2019/20.

Municipality	Replacement Cost R	Ground Preparation R
Siyathemba	27 935 505	17 418 609

*Table 58: Asset Value: Gravel Roads*

### **Stormwater**

Very little infrastructure exists within the Municipality. There is only a small portion of Prieska where stormwater infrastructure exists. The Municipality does not have a Storm Water Management Plan.

#### ***Some of the challenges that were experienced include the following:***

- The gravel roads in the municipal boundaries are in a very bad state.
- Maintenance are not done regularly.
- Tar roads are full of potholes and are not being serviced regularly.

Development of a Storm Water Management Plan which will assist the Municipality to phase in this service on a sustainable and cost-effective manner.

- The community are reluctant to pay for services, therefore the Municipality have a challenge to address all service delivery issues because of budget constraints.

### Total Employees – Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	28	11	17	0%
4 - 6	10	7	3	0%
7 - 9	11	9	2	0%
10 - 12	22	5	17	0%
13 - 15	3	1	2	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>74</b>	<b>33</b>	<b>41</b>	<b>0%</b>

As at 30 June 2024

Table 59: Total Employees – Roads and Stormwater

### Capital Expenditure – Roads and Stormwater

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
R'000				
Prieska: Construction of Paved Roads at Intersection of Burger, Skool & Soetdoring Streets	9 420	0	2 055	-78.18%
Upgrade of Gravel Roads ( MIG 1398 )	3 500	0	2 363	-32.50%

Table 60: Capital Expenditure: Roads and Stormwater

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.13 Town Planning & Spatial planning

There has been a steady increase in population due to the economic development over the years. This increase has resulted in the need for land for both low- and middle-income houses. The Municipality has conducted a number of interventions whereby we planned and drafted layouts for all informal settlements at own expenses. This was then communicated to be phase 1 and to be followed by phase 2. To prevent possible conflict with the upcoming elections, it is important that we plan and make provision to accommodate the needs of the people and also to plan for the top structures of the toilets in all three (3) towns.

With phase 1 layouts completed, it should be noted that the Municipality still need to complete a SPLUMA application for township establishment.

## Phase 1:

- ☐ Prieska: 474 erven
- ☐ Marydale: 191 erven
- ☐ Niekerkshoop: 124 erven

## COGHSTA:

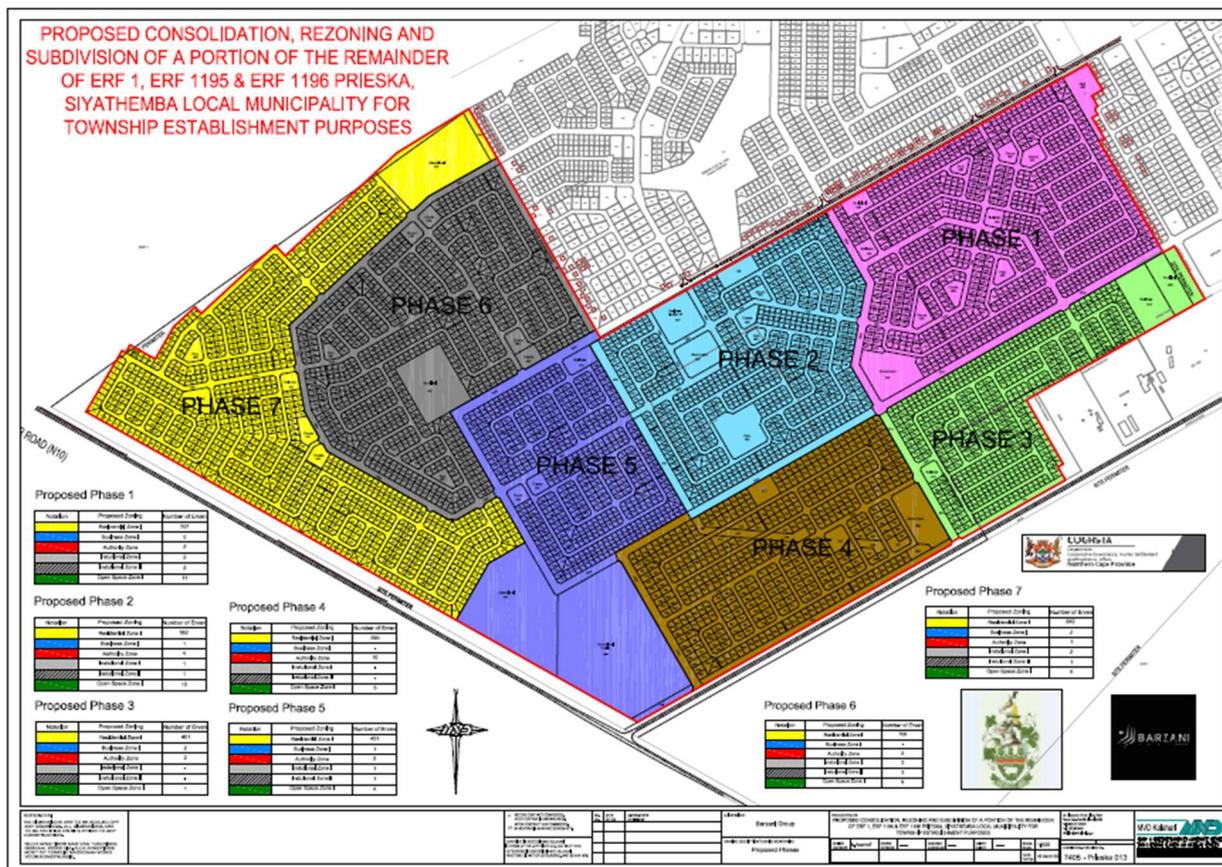
The Municipality submitted an application to COGHSTA for the planning and development of 5108 erven for all three towns:

- ☐ Prieska 4108
- ☐ Niekerkshoop 500
- ☐ Marydale 500

The approval of Prieska and Niekerkshoop has been granted by the Department and the town planning process has been completed. The only outstanding approval is that of Marydale. This is mainly due to availability of suitable land. The identified land is that of Public Works and the Municipality is seeking to secure the land to unlock the development.

Phase 1, 2 and 3 of the construction of Civil Services in Prieska has commenced from a total of seven (7) phases, with the other phases to follow. The consultant, Gap Infrastructure Cooperation (GIC) which was previously known as Barzani Town Planners, are responsible for quality control.

These projects will be implemented as per the availability of funds from COGHSTA. Umzingeli Civils (Pty) Ltd has been appointed for the construction of Civil Services, namely (i) Sewer Network (ii) Water Network (iii) Gravel Roads for phase 1 to 3 which sums up to 1670 erven in total.



The Municipality identified pockets of open spaces and drafted layouts in order to address the middle-class request to purchase land to enable them to build houses. However there has been slow progress in this regard.

### Challenges with Recommendations

The success of this projects is solely dependent on budget allocation from the Department, thus the Municipality cannot give timeframes on how long will the projects run. Land grabbing is a major concern because it causes unruliness and result in the Municipality spending money to rectify afterwards. It is recommended that Council advise the communities of the processes and the updates given to Council in this regard to inform the community.

The Municipality is required to urgently make provision for budget to conclude the township establishment for all three (3) towns to legally formalize the informal settlements.

### *Spatial Development Framework (SDF) and Land Use Management (LUM):*

Siyathemba Municipality is one of a few Municipalities that complies with the Spatial Planning and Land Use Management Act (SPLUMA) act No.16 of 2013.

The Spatial Planning and Land Use Management Act 16 of 2013 intends:

- To provide a framework for spatial planning and land use management in the Republic;
- To specify the relationship between the spatial planning and the land use management system and other kinds of planning;
- To provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government;
- To provide a framework for the monitoring, coordination and review of the spatial planning and land use management system;
- To provide a framework for policies, principles, norms and standards for spatial development planning and land use management;
- To address past spatial and regulatory imbalances;
- To promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications;
- To provide for the establishment, functions and operations of Municipal Planning Tribunals;
- To provide for the facilitation and enforcement of land use and development measures; and
- To provide for matters connected therewith.

Spatial strategy to address your structural impediments

- SDF was approved in 2019.
- Land use scheme was approved in 2022.
- Decentralization of business zones into previously disadvantages residential areas.
- In anticipation of population expansion planning for educational and economic developmental infrastructure.
- The current service delivery capacity is not sufficient for spatial transformation outcomes, there is a need to develop masterplans.
- Cost sharing between Municipality and private partners.
- Institutional focus for the next 3 years- continue to focus on our pro poor agenda.
- Increasing of capacity through implementation of staff establishment to meet forecasted need.
- Development of master plans.
- Upgrades of bulk water.
- Expanding the electrical grid and NMD.

Intensify economic developmental initiatives.

### 3.14 Local Economic Development

Although temporary job opportunities are created annually with labour intensive capital projects where possible, the Municipality urgently needs funding to review the Local Economic Development Strategy with a practical and realistic implementation plan for the next 5 years.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.15 Libraries

Council strives to give the best services possible to the community through its libraries. All libraries have internet services, copy facilities and daily newspaper and magazines.

#### *Libraries Service Statistics*

The Library Services render an important educational service to the Siyathemba Community. The aim of the service is to take the Libraries to the people. The main aim of the Siyathemba Library Service is to render an effective and efficient service to the community of Siyathemba. The Library provides information and recreational services to adults, learners and students. This section creates a culture of reading through Educational Programmes. We are also involved with Provincial Library Services in a Library Development Programme where we address the needs of Libraries through Financial Allocation from Provincial Administration.

#### *Total Employees – Libraries*

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	4	4	0	0%
4 - 6	4	4	0	0%
7 - 9	0	0	0	0%
10 - 12	1	0	1	100%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>11.11%</b>

*As at 30 June 2024*

**Table 61: Total Employees: Libraries**

## COMPONENT E: SECURITY AND SAFETY

This component includes:

- Traffic, law enforcement and licensing;
- Fire; and
- Disaster management.

## PLEASE PROVIDE BACKGROUND REGARDING TRAFFIC, LAW ENFORCEMENT AND LICENCING

The municipality do not have a full-time dedicated fire service. It does, however, offer firefighting services with municipal staff trained in firefighting skills. All towns do have firefighting equipment available.

Disaster management is provided by the Pixley ka Seme District Municipality.

**Total Employees – Traffic Services**

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	2	1	1	50%
4 - 6	5	3	2	40%
7 - 9	6	4	2	33.33%
10 - 12	0	0	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>13</b>	<b>8</b>	<b>5</b>	<b>38.50%</b>

As at 30 June 2024

Table 62: Total Employees: Traffic Services

## COMPONENT F: SPORT AND RECREATION

### 3.16 Sport and Recreation

*Some of the challenges that were experienced include the following:*

- Regular vandalism of facilities in all towns is a great concern.
- Funding for the upgrade of the facilities.
- The Municipality's halls and parks are non-existent. Maintenance is not done. There is therefor no recreational areas in the Municipality to serve the community.
- The community are reluctant to pay for services, therefore the Municipality have a challenge to address all service delivery issues because of budget constraints.

**Total Employees – Sport and Recreation**

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
7 - 9	0	0	0	0%
10 - 12	0	0	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

As at 30 June 2024

Table 63: Total Employees: Sport and Recreation

### Capital Expenditure – Sport and Recreation

Table 64: Capital Expenditure: Sport and Recreation

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes Executive and Council, Corporate Services and Financial services

### 3.17 Executive and Council

This division includes the office of the mayor, municipal manager and senior managers.

### Total Employees – Executive and Council

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	12	7	5	42%
4 - 6	16	12	4	25%
7 - 9	8	6	2	0%
10 - 12	1	1	1	100%
13 - 15	0	0	0	0%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
Contracted	4	4	0	0%
<b>Total</b>	<b>42</b>	<b>31</b>	<b>12</b>	<b>28.57%</b>

As at 30 June 2024

Table 65: Total Employees – Executive and Council

### 3.18 Financial Services

Financial Services is responsible for budgeting, revenue, expenditure and supply chain management.

## Debt Recovery

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	2021/22		2022/23			2023/24		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	R16 008	73.20%	R30 692	R22 465	73.20%	R32 533	R23 813	73.20%
Electricity	R19 480	97.00%	R21 456	R20 830	97.00%	R21 540	R20 893	97.00%
Water	R8 409	65.00%	R13 547	R8 806	65.00%	R14 421	R9 374	65.00%
Sanitation	R4 184	65.00%	R7 205	R4 683	65.00%	R8 139	R5 290	65.00%
Refuse	R1 877	65.00%	R3 117	R2 026	65.00%	R3 484	R2 265	65.00%
<b>Total</b>	<b>R49 958</b>		<b>R76 017</b>	<b>R58 810</b>		<b>R80 116</b>	<b>R61 635</b>	

Table 66: Debt Recovery

## Total Employees – Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	4	4	0	0%
4 - 6	13	11	2	0%
7 - 9	7	6	1	22%
10 - 12	1	1	0	0%
13 - 15	2	1	1	50%
16 - 18	1	0	1	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>28</b>	<b>23</b>	<b>5</b>	<b>0%</b>

As at 30 June 2024

Table 67: Total Employees – Financial Services

## Capital Expenditure – Financial Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
R'000				
Intangible assets	0	0	7	100%

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget
R'000				
Other Assets: Movables	0	0	305	100%
<b>Total all</b>	<b>0</b>	<b>0</b>	<b>312</b>	<b>100%</b>

Table 68: Capital Expenditure: Financial Services

### 3.19 Corporate Services

This division includes Administration, Human Resources and Performance Management, IDP, LED and Special Programmes.

#### The highlights for the year under review were as follow:

- Enhanced internal communication and workflow management, contributing to higher productivity and improved service delivery.
- Introduction of new performance management systems to ensure alignment with organizational goals.
- Expanding focus on gender equality, inclusion, and diversity in special programs.

#### Some of the challenges that were experienced include the following:

- The employment equity of the Municipality is not been considered in terms of appointments.
- The policies of the Municipality are outdated, needs to be reviewed and approved by Council.
- The employees are not been capacitated, in the absence of funding for training.
- The Municipality does not comply to the Main Collective Agreement in terms of conducting LLF meetings.

#### Total Employees – Corporate Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	1	0	1	100%
4 - 6	0	0	0	0%
7 - 9	1	1	0	0%
10 - 12	2	2	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25%</b>

As at 30 June 2024

Table 69: Total Employees – Corporate Services

### 3.20 Information Technology

The Municipality has a central server, and all users can access the information on the server. There is however rights allocated to specific drivers which cannot be accessed by all users.

The Municipality is making use of an external service provider to do the necessary back-up of information, as well as to do basic maintenance of the server and the computers. The service provider visits the Municipality on a regular basis to perform this function.

There is a structured plan for the purchase of new hard and/or software. If the need arises for more computers or specific programmes, the staff member will report it to his/her section manager or supervisor. The CFO discuss all requests with the Municipal Manager for the necessary authorisation.

Day-to-day consumables such as paper, cartridges, etc. are purchased from local suppliers in terms of the SCM requirements.

## COMPONENT H: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2024/25

### 3.21 Development and Service Delivery Priorities for 2024/25

The main development and service delivery priorities for 2024/25 are included in the Municipality's Top Layer SDBIP for 2024/25 and the Key Performance Indicators to achieve the service delivery priorities. The SDBIP for 2024/25 has not been developed yet.

## Chapter 4: Organisational Development Performance

## PERFORMANCE REPORT PART II

**4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development**

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

*Table 70: National KPIs– Municipal Transformation and Organisational Development*

**4.2 Introduction to the Municipal Workforce**

The Municipality currently employs **143** permanent officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

**4.3 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. "

#### 4.4 Vacancy Rate

The approved organogram for the municipality has **212 permanent** posts. The actual positions filled are indicated in the tables below by post level and by functional level. **105** posts were vacant at the end of 2023/24, resulting in a vacancy rate of **49.5%** for the permanent posts.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	4	2
Senior management	1	2
Professionals and Middle management	7	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	39	9
Semi - skilled	23	22
Unskilled and defined decision making	69	70
<b>Total</b>	<b>143</b>	<b>105</b>
PER FUNCTIONAL LEVEL		
Per Department	Filled	Vacant
Office of the Municipal Manager	4	2
Corporate Services	14	6
Financial Services	22	5
Community Services	15	8
Technical Services	87	88
<b>Total</b>	<b>143</b>	<b>105</b>

Table 71: Vacancy Rate per Post and Functional Level

#### 4.5 Managing the Municipal Workforce

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

##### *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 injury will influence the loss of man hours and therefore financial and productivity performance.

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

Department	2022/23	2023/24
Office of the Municipal Manager	0	1
Corporate Services	4	0
Financial Services	0	0
Operational Services	15	0
<b>Total</b>	<b>19</b>	<b>1</b>

*Table 72: Injuries*

## **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 table below indicates the total number sick leave days taken within the different salary bands:

Salary band	Employees using sick leave
	No
Lower skilled (Levels 1-2)	0
Skilled (Levels 3-5)	50
Highly skilled production (levels 6-8)	30
Highly skilled supervision (levels 9-12)	20
Senior management (Levels 13-15)	30
MM and S56	31
<b>Total</b>	<b>161</b>

*Table 73: Sick Leave*

## **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:

Name of policy	Yes/No
Affirmative Action	No
Code of Conduct for employees	Yes
Delegations, Authorisation & Responsibility	Yes
Disciplinary Code and Procedures	Yes
Employment Equity	No
Grievance Procedures	Yes
HIV/Aids	No
Human Resource and Development	No
Information Technology	No
Job Evaluation	No
Leave	Yes
Occupational Health and Safety	No
Official Housing	Yes
Official Journeys	Yes
Official Working Hours and Overtime	Yes
Organisational Rights	Yes
Payroll Deductions	No
Performance Management and Development	No
Remuneration Scales and Allowances	Yes
Skills Development	No
Smoking	No
Uniforms and Protective Clothing	No

*Table 74: HR Policies and Plans*

## 4.6 Capacitating the Municipal Workforce

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

### Skills Matrix

For the period under review no skills development programmes were undertaken.

### 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 Municipal Finance Management Act. 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 as per 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	1	0	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	2	2	2	2
Any other financial officials	0	0	0	0
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	0	0	0
Supply chain management senior managers	0	0	0	0
<b>Total</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>4</b>

Table 75: Financial Competency Development: Progress Report

#### 4.7 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.

##### 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		%
2022/23	59 258	184 716	32%
2023/24	59 844	186 960	32%

Table 76: Personnel Expenditure

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

Financial year	2023/24	2022/23
Description	R	
<b>Councillors (Political Office Bearers plus Other)</b>		
Mayor	846 866	853 210
Speaker	685 653	688 053
Exco committee	1 126 089	1 131 489
Councillors	1 479 455	1 798 411
<b>Sub Total - Councillors</b>	<b>4 433 954</b>	<b>4 471 163</b>
<b>Senior Managers of the Municipality</b>		
Annual Remuneration	2 556 878	1 624 572
Acting Allowance	81 980	356 530
Car Allowance	253 261	194 910
Settlement Payment	0	0
Bonus & Long Service Bonus	124 641	121 371
Performance Bonus	0	0
Contribution to UIF, Medical & Pension	368 192	318 035
Housing Subsidy	0	0
Telephone Allowance	31 500	0
Leave Pay-Out	0	0
Other	214 354	234 572
<b>Sub Total - Senior Managers of Municipality</b>	<b>3 634 004</b>	<b>2 849 990</b>
<b>Other Municipal Staff</b>		
Basic Salaries and Wages	39 693 682	37 926 901
Pension Contributions	6 120 343	5 988 614
Medical Aid Contributions	1 836 444	1 751 024
Motor vehicle allowance	848 170	1 016 848

Financial year	2023/24	2022/23
Description	R	
Cell phone allowance	43 200	25 256
Housing allowance	102 375	100 165
Overtime	7 738 385	8 302 172
Other benefits or allowances	3 461 618	4 147 695
<b>Sub Total - Other Municipal Staff</b>	<b>59 844 216</b>	<b>59 257 675</b>

*Table 77: Personnel Expenditure*

## Chapter 5: Financial Performance

## 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 2023/24 financial year:

Description	2022/23	2023/24			2023/24 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Pre-Audit Outcome	Original Budget	Adjustments Budget
	R'000				%	
<b>Financial Performance</b>						
<b>Revenue</b>						
<b>Exchange Revenue</b>						
Service charges - Electricity	21 500	24 904	24 904	21 540	0.00%	-14.00%
Service charges - Water	13 547	18 831	18 831	14 421	0.00%	-23.00%
Service charges - Waste Water Management	7 088	7 420	7 420	8 139	0.00%	10.00%
Service charges - Waste Management	3 234	3 361	3 361	3 484	0.00%	4.00%
Sale of Goods and Rendering of Services	423	466	466	0	0.00%	-100.00%
Agency services	(2)	551	551	707	0.00%	28.00%
Interest earned from Current and Non Current Assets	482	368	368	536	0.00%	46.00%
Rental from Fixed Assets	1 057	13 634	13 634	1 015	0.00%	-93.00%
Operational Revenue	4 612	1 430	1 430	5 331	0.00%	273.00%
<b>Non-Exchange Revenue</b>						
Property rates	30 692	27 741	27 741	32 533	0.00%	17.00%
Fines, penalties and forfeits	6	6	6	27	0.00%	351.00%
Transfer and subsidies - Operational	47 847	50 944	50 944	53 081	0.00%	4.00%
Interest	3 848	3 675	3 675	5 714	0.00%	55.00%
Operational Revenue	0	0	0	0	0.00%	-100.00%
Other Gains	261	0	0	1 107	0.00%	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>134 595</b>	<b>153 331</b>	<b>153 331</b>	<b>147 633</b>	<b>0.00%</b>	<b>-4.00%</b>
<b>Expenditure</b>						
Employee related costs	60 722	63 094	65 094	59 844	3.00%	-8.00%
Remuneration of councillors	4 471	4 451	4 451	4 434	0.00%	0.00%
Bulk purchases - electricity	30 361	33 486	33 486	36 590	0.00%	9.00%
Inventory consumed	9 934	6 991	6 991	4 668	0.00%	-33.00%
Debt impairment	24 450	17 260	17 260	30 624	0.00%	77.00%
Depreciation and amortisation	28 357	20 370	20 370	26 576	0.00%	0.00%
Interest	17 611	2 957	2 957	25 011	0.00%	746.00%
Contracted services	13 939	14 897	14 947	9 955	0.00%	-33.00%

Description	2022/23	2023/24			2023/24 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Pre-Audit Outcome	Original Budget	Adjustments Budget
	R'000				%	
Irrecoverable debts written off	800	2 618	2 618	277	0.00%	-89.00%
Operational costs	20 158	16 777	16 807	19 605	0.00%	17.00%
Other Losses	-645	0	0	0	0.00%	0.00%
<b>Total Expenditure</b>	<b>210 158</b>	<b>182 902</b>	<b>184 982</b>	<b>217 584</b>	<b>1.00%</b>	<b>18.00%</b>
<b>Surplus/(Deficit)</b>	<b>-75 564</b>	<b>-29 571</b>	<b>-31 651</b>	<b>-69 951</b>	<b>7.00%</b>	<b>121.00%</b>
Transfers recognised - capital	8 000	28 839	22 579	21 987	-22.00%	-3.00%
Contributions recognised - capital & contributed assets	0	0	0	0	0.00%	0.00%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-67 564</b>	<b>-732</b>	<b>-9 072</b>	<b>-47 964</b>	<b>1139.00%</b>	<b>429.00%</b>
<b>Capital expenditure &amp; funds sources</b>						
Capital expenditure	<b>8 330</b>	<b>30 439</b>	<b>24 179</b>	<b>21 987</b>	-21.00%	-9.00%
Transfers recognised - capital (incl Housing Development Fund)	8 000	28 839	22 579	19 240	-22.00%	-15.00%
Public contributions & donations	0	0	0	0	0.00%	0.00%
Borrowing	116	0	0	0	0.00%	0.00%
Internally generated funds	213	1 600	1 600	542	0.00%	33765.00%
<b>Total sources of capital funds</b>	<b>337 689</b>	<b>30 439</b>	<b>24 179</b>	<b>561 076</b>	<b>-21.00%</b>	<b>2221.00%</b>
<b>Financial position</b>						
Total current assets	54 103	64 341	67 341	65 387	5.00%	-3.00%
Total non-current assets	622 613	654 641	648 381	613 786	-1.00%	-5.00%
Total current liabilities	232 213	203 699	194 593	287 440	-4.00%	48.00%
Total non-current liabilities	33 973	60 411	60 411	29 178	0.00%	-52.00%
Community wealth/Equity	410 530	454 872	460 717	362 554	1.00%	-21.00%
<b>Cash flows</b>						
Net cash from (used) operating	2 936	32 093	30 093	27 445	-6.00%	-9.00%
Net cash from (used) investing	-8 219	-28 839	-22 579	-19 782	-22.00%	-12.00%
Net cash from (used) financing	-154	0	0	-426	0.00%	0.00%
<b>Cash/cash equivalents at the year end</b>	<b>207</b>	<b>17 720</b>	<b>20 720</b>	<b>7 444</b>	<b>17.00%</b>	<b>-64.00%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	207	17 720	20 720	7 444	17.00%	-64.00%
Application of cash and investments	211	0	0	8 089	0.00%	0.00%
<b>Balance - surplus (shortfall)</b>	<b>-4</b>	<b>17 720</b>	<b>20 720</b>	<b>-644</b>	<b>17.00%</b>	<b>-103.00%</b>

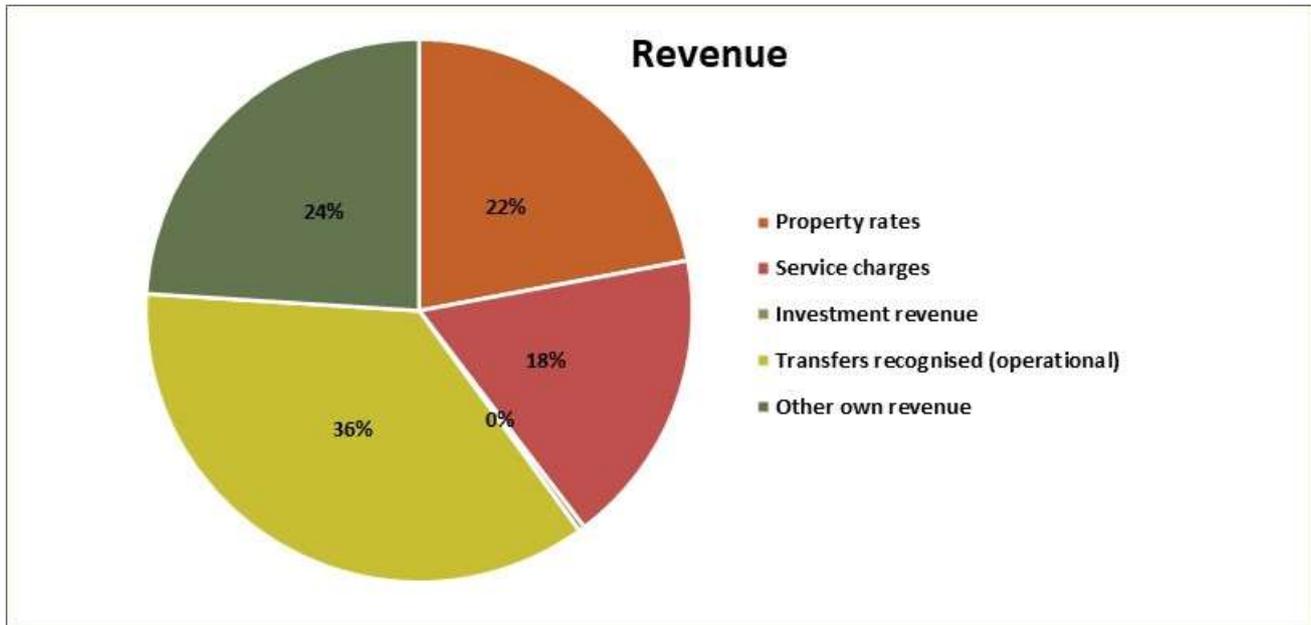
Table 78: Financial Performance

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			
2023/24	153 331	147 633	-5 698	-3.72%	184 982	217 584	32 602	17.62%

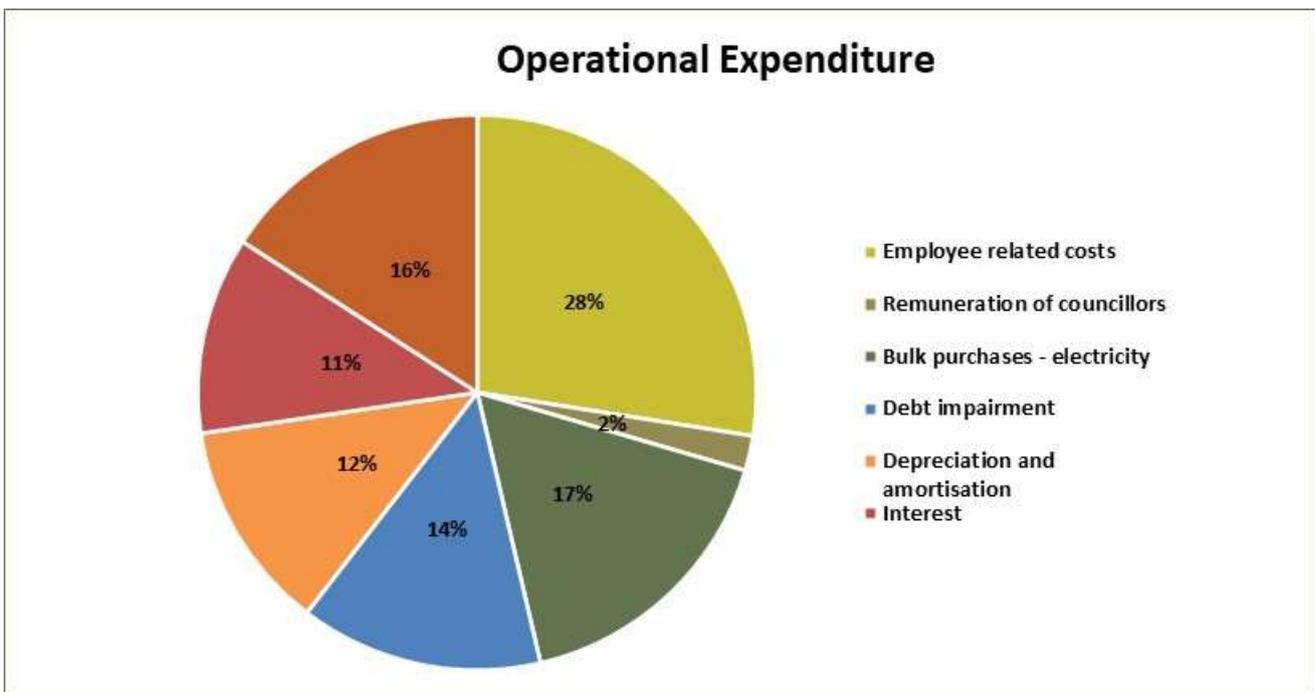
Table 79: Performance against Budgets

The following graph indicates the various types of revenue received in 2023/24:



Graph 5: Revenue

The following graph indicates the various types of expenditure items in 2023/24:



Graph 6: Operating Expenditure

### 5.1.1 Revenue Collection by Vote

The table below indicates the Revenue Collection Performance by Vote

Vote Description	2022/23	2023/24		2023/24 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Vote 1 - Office of the Mayor/Speaker	2 462	3 319	3 319	2 652	-20.00%	-20.00%
Vote 2 - Office of the Municipal Manager	0	0	0	0	100.00%	100.00%
Vote 3 - Directorate Financial Services	61 685	71 189	71 189	66 445	-7.00%	-7.00%
Vote 4 - Directorate Corporate & Community Services	3 365	1 913	1 913	4 094	114.00%	114.00%
Vote 5 - Directorate Infrastructure Services	76 218	105 750	99 490	96 429	-9.00%	0.00%
<b>Total Revenue by Vote</b>	<b>143 731</b>	<b>182 170</b>	<b>175 910</b>	<b>169 620</b>	<b>178.00%</b>	<b>187.00%</b>

Table 80: Revenue Collection by Vote

### 5.1.2 Revenue Collection by Source

The table below indicates the Revenue collection performance by source for the 2023/24 financial year:

Description	2022/23	2023/24		2023/24 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R			%		
<b>Exchange Revenue</b>						
Service charges - Electricity	R21 499 584	R24 904 044	R24 904 044	R21 539 639	-15.62%	-15.62%
Service charges - Water	R13 547 241	R18 830 502	R18 830 502	R14 420 864	-30.58%	-30.58%
Service charges - Waste Water Management	R7 088 289	R7 420 260	R7 420 260	R8 138 669	8.83%	8.83%
Service charges - Waste Management	R3 233 786	R3 361 270	R3 361 270	R3 484 415	3.53%	3.53%
Sale of Goods and Rendering of Services	R422 989	R465 606	R465 606	R0	-100.00%	-100.00%
Agency services	-R1 662	R551 380	R551 380	R707 056	22.02%	22.02%
Interest earned from Current and Non Current Assets	R482 395	R367 500	R367 500	R535 701	31.40%	31.40%
Rental from Fixed Assets	R1 056 541	R13 634 292	R13 634 292	R1 014 820	-1243.52%	-1243.52%
Operational Revenue	R4 612 452	R1 430 349	R1 430 350	R5 331 198	73.17%	73.17%
<b>Non-Exchange Revenue</b>						
Property rates	R30 692 060	R27 740 826	R27 740 826	R32 532 740	14.73%	14.73%
Fines, penalties and forfeits	R6 207	R5 880	R5 880	R26 502	77.81%	77.81%
Transfer and subsidies - Operational	R47 846 672	R50 944 000	R50 944 000	R53 081 109	4.03%	4.03%
Interest	R3 847 557	R3 675 000	R3 675 000	R5 713 535	35.68%	35.68%
Other Gains	R260 500	R0	R0	R1 107 168	100.00%	100.00%

Description	2022/23	2023/24			2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R				%	
Total Revenue (Excluding Capital Transfers and Contributions)	R134 594 612	R153 330 909	R153 330 910	R147 633 416	-3.86%	-3.86%

Table 81: Revenue Collection by Source

## 5.2 Financial Performance per Municipal Function

### 5.2.1 Water Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R15 886	R21 350	R21 350	R16 940	-26.00%
<b>Expenditure:</b>					
Employees	R6 140	R6 429	R6 429	R5 599	-15.00%
Repairs and Maintenance	R2 086	R1 438	R1 438	R1 869	23.00%
Other	R11 774	R9 221	R9 221	R9 955	7.00%
Total Operational Expenditure	R20 001	R17 087	R17 087	R17 423	2.00%
Net Operational (Service)	R4 115	-R4 262	-R4 262	R483	982.00%

Table 82: Financial Performance: Water Services

### 5.2.2 Sanitation Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R14 762	R15 661	R15 661	R16 278	4.00%
<b>Expenditure:</b>					
Employees	R5 091	R5 366	R5 366	R4 907	-9.00%
Repairs and Maintenance	R493	R33	R33	R101	67.00%
Other	R4 666	R4 509	R4 509	R6 773	33.00%
Total Operational Expenditure	R10 250	R9 908	R9 908	R11 782	16.00%
Net Operational (Service)	-R4 512	-R5 753	-R5 753	-R4 496	-28.00%

Table 83: Financial Performance: Sanitation Services

### 5.2.3 Electricity Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	R26 595	R30 412	R30 412	R27 115	-12.00%
<b>Expenditure:</b>					
Employees	R4 169	R4 058	R4 058	R4 038	-1.00%
Repairs and Maintenance	R936	R587	R587	R311	-89.00%
Other	R33 277	R34 807	R34 807	R39 359	12.00%
Total Operational Expenditure	R38 382	R39 452	R39 452	R43 707	10.00%
Net Operational (Service)	R11 787	R9 040	R9 040	R16 592	46.00%

Table 84: Financial Performance: Electricity Services

### 5.2.4 Waste Disposal and Other Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	R9 791	R9 203	R9 203	R14 365	36.00%
<b>Expenditure:</b>					
Employees	R2 410	R2 578	R2 978	R1 425	-81.00%
Repairs and Maintenance	R111	R123	R123	R133	8.00%
Other	R5 106	R2 650	R2 650	R4 893	46.00%
Total Operational Expenditure	R7 627	R5 351	R5 751	R6 451	17.00%
Net Operational (Service)	-R2 164	-R3 853	-R3 453	-R7 914	51.00%

Table 85: Financial Performance: Waste Disposal and Other Services

### 5.2.5 Roads Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	R1 185	R1 071	R1 071	R775	-38%
<b>Expenditure:</b>					
Employees	R15 472	R14 736	R14 736	R14 904	1.00%
Repairs and Maintenance	R1 528	R1 219	R1 219	R1 824	33.00%
Other	R1 884	R1 958	R1 958	R2 345	16.00%
Total Operational Expenditure	R18 884	R17 913	R17 913	R19 072	6.00%
Net Operational (Service)	R17 700	R16 842	R16 842	R18 297	8.00%

Table 86: Financial Performance: Roads Services

### 5.2.6 Transport Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R1 185	R1 071	R1 071	R775	-38%
<b>Expenditure:</b>					
Employees	R15 472	R14 736	R14 736	R14 904	1.00%
Repairs and Maintenance	R1 528	R1 219	R1 219	R1 824	33.00%
Other	R1 884	R1 958	R1 958	R2 345	16.00%
Total Operational Expenditure	R18 884	R17 913	R17 913	R19 072	6.00%
Net Operational (Service)	R17 700	R16 842	R16 842	R18 297	8.00%

Table 87: Financial Performance: Transport Services

### 5.2.7 Libraries; Archives; Museums; Galleries; Community Facilities; Other

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R1 300	R1 356	R1 356	R1 357	0.00%
<b>Expenditure:</b>					
Employees	R1 768	R1 922	R1 922	R1 557	-23.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R53	R202	R202	R255	21.00%
Total Operational Expenditure	R1 821	R2 124	R2 124	R1 812	-17.00%
Net Operational (Service)	R521	R768	R768	R455	-69.00%

Table 88: Financial Performance: Libraries; Archives; Museums; Galleries; Community Facilities; Other

### 5.2.8 Cemeteries and Crematoriums

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R66	R110	R110	R49	-126.00%
<b>Expenditure:</b>					
Employees	R0	R0	R0	R0	0.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R0	R0	R0	R0	0.00%
Total Operational Expenditure	R0	R0	R0	R0	0.00%
Net Operational (Service)	-R66	-R110	-R110	-R49	-126.00%

Table 89: Financial Performance: Cemeteries and Crematoriums

### 5.2.9 Traffic, Vehicle Licensing & Testing Service

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R627	R557	R557	R733	24.00%
<b>Expenditure:</b>					
Police Officers	R2 764	R2 835	R3 035	R3 058	7.00%
Employees Cost	R0	R0	R0	R0	0.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R222	R310	R310	R274	-13.00%
Total Operational Expenditure	R2 986	R3 144	R3 344	R3 332	6.00%
<b>Net Operational (Service)</b>	<b>R2 360</b>	<b>R2 587</b>	<b>R2 787</b>	<b>R2 599</b>	<b>0.00%</b>

Table 90: Financial Performance: Traffic, Vehicle Licensing & Testing Service

### 5.2.10 Fire Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R0	R0	R0	R0	0.00%
<b>Expenditure:</b>					
Fire fighters	R0	R0	R0	R0	0.00%
Other employees	R0	R0	R0	R0	0.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R44	R52	R52	R15	-251.00%
Total Operational Expenditure	R44	R52	R52	R15	-251.00%
<b>Net Operational (Service)</b>	<b>R44</b>	<b>R52</b>	<b>R52</b>	<b>R15</b>	<b>-251.00%</b>

Table 91: Financial Performance: Fire Services

### 5.2.11 Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R0	R0	R0	R0	0.00%
<b>Expenditure:</b>					
Employees	R1	R220	R220	R2 197	0.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R0	R2	R2	R18	0.00%
Total Operational Expenditure	R1	R222	R222	R2 216	0.00%
<b>Net Operational (Service)</b>	<b>R1</b>	<b>R222</b>	<b>R222</b>	<b>R2 216</b>	<b>0.00%</b>

Table 92: Financial Performance: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc

## 5.2.12 Financial Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R61 685	R57 406	R57 406	R66 445	14.00%
<b>Expenditure:</b>					
Employees	R12 247	R13 335	R13 735	R11 115	-20.00%
Repairs and Maintenance	R55	R111	R111	R16	-614.00%
Other	R60 960	R37 089	R37 109	R61 815	40.00%
Total Operational Expenditure	R73 262	R50 535	R50 955	R72 945	31.00%
Net Operational (Service)	R11 577	-R6 871	-R6 451	R 6 500	206.00%

Table 93: Financial Performance: Financial Services

## 5.2.13 The Executive and Council

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R2 462	R2 652	R2 652	R2 652	0.00%
<b>Expenditure:</b>					
Employees	R5 288	R5 912	R6 312	R6 815	13.00%
Repairs and Maintenance	R2	R5	R5	R6	7.00%
Other	R16 227	R15 413	R15 443	R18 582	17.00%
Total Operational Expenditure	R21 518	R21 330	R21 760	R25 403	16.00%
Net Operational (Service)	R19 057	R18 679	R19 109	R22 752	18.00%

Table 94: Financial Performance: The Executive and Council

## 5.2.14 Sport and Recreation

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	R0	R0	R0	R0	0.00%
<b>Expenditure:</b>					
Employees	R3 957	R4 207	R4 507	R4 549	8.00%
Repairs and Maintenance	R0	R0	R0	R0	0.00%
Other	R144	R86	R86	R50	-70.00%
Total Operational Expenditure	R4 101	R4 293	R4 593	R4 600	7.00%
Net Operational (Service)	R4 101	R4 293	R4 593	R4 600	7.00%

Table 95: Financial Performance: Sport and Recreation

### 5.2.15 Cost to Municipality of Free Basic Services Delivered

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
<b>Expenditure:</b>					
Water	R3 222	R3 050	R3 050	R2 675	-14.00%
Waste Water (Sanitation)	R4 821	R5 080	R5 080	R4 575	-11.00%
Electricity	R331	R2 387	R2 387	R331	-622.00%
Waste Management (Solid Waste)	R2 029	R2 135	R2 135	R1 944	-10.00%
Total Operational Expenditure	R10 403	R12 653	R12 653	R9 524	-33.00%
Net Operational (Service)	R10 403	R12 653	R12 653	R9 524	-33.00%

Table 96: Financial Performance: Cost to Municipality of Free Basic Services Delivered

### 5.2.16 Human Resource Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	R391	R18	R18	R13	-35.00%
<b>Expenditure:</b>					
Employees	R4 205	R4 402	R4 702	R4 112	-7.00%
Repairs and Maintenance	R210	R2 378	R2 378	R440	-441.00%
Other	R4 049	R3 985	R4 015	R3 760	-6.00%
Total Operational Expenditure	R8 464	R10 765	R11 095	R8 311	-30.00%
Net Operational (Service)	R8 074	R10 747	R11 077	R8 298	-30.00%

Table 97: Financial Performance: Human Resource Services

### 5.2.17 Property; Legal; Risk Management; and Procurement Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	R982	R13 535	R13 535	R912	-1384.00%
<b>Expenditure:</b>					
Employees	R215	R9	R9	R2	-357.00%
Repairs and Maintenance	R1 120	R278	R278	R406	32.00%
Other	R489	R438	R438	R118	-270.00%
Total Operational Expenditure	R1 824	R725	R725	R527	-38.00%
Net Operational (Service)	R842	-R12 810	-R12 810	-R386	-3221.00%

Table 98: Financial Performance: Property; Legal; Risk Management; and Procurement Services

## 5.3 Grants

## 5.3.1 Grant Performance

The Municipality had a total amount of **R73,5 million** available that was received in the form of grants from the National and Provincial Governments during the financial year. The performance in the spending of these grants is summarised as follows:

Description	2022/23	2023/24		2023/24 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
<b>Operating Transfers and Grants</b>						
<b>National Government</b>	<b>53 378</b>	<b>67 477</b>	<b>66 217</b>	<b>59 051</b>	<b>88.00%</b>	<b>89.00%</b>
Equitable share	42 278	45 538	45 538	45 537	100.00%	100.00%
Municipal Infrastructure Grant	8 000	18 839	17 579	10 413	55.00%	59.00%
Department of Minerals and Energy	0	0	0	0	0.00%	0.00%
INEP	0	0	0	0	0.00%	0.00%
Finance Management Grant	3 100	3 100	3 100	3 100	100.00%	100.00%
<b>Provincial Government</b>	<b>1 300</b>	<b>11 356</b>	<b>6 356</b>	<b>12 929</b>	<b>0.00%</b>	<b>0.00%</b>
Health subsidy	0	0	0	0	0.00%	0.00%
Housing	0	0	0	0	0.00%	0.00%
Ambulance subsidy	0	0	0	0	0.00%	0.00%
Library Project	1 300	1 356	1 356	1 356	100.00%	100.00%
Water Services Infrastructure Grant	0	10 000	5 000	11 573	116.00%	231.00%
District Municipality:	0	0	0	0	0.00%	0.00%
Other grant providers:	1 073	950	950	665	70.00%	70.00%
EPWP	1 073	950	950	665	70.00%	70.00%
<b>Total Operating Transfers and Grants</b>	<b>55 751</b>	<b>79 783</b>	<b>73 523</b>	<b>72 645</b>	<b>91.00%</b>	<b>99.00%</b>
<i>Actual amount represents the total revenue recognised excluding VAT on grants and subsidies</i>						

Table 99: Grant Performance

## 5.4 Asset Management

## 5.4.1 Treatment of the Three Largest Assets

Asset 1 R'000				
Name	Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999			
Description	Sanitation Network			
Asset Type	Sanitation Network			
Key Staff Involved	Mr. J Basson			
Staff Responsibilities	Project implementation and monitoring			
Asset Value as at 30 June	2020/21	2021/22	2022/23	2023/24
	R2 315	R8 683	R66	R3 279

Asset 1 R'000	
Capital Implications	
Future Purpose of Asset	Sewerage Network in Prieska
Describe Key Issues	
Policies in Place to Manage Asset	Asset Management Policy

Table 100: Summary of Largest Asset

Asset 2 R'000				
Name	Upgrading of Prieska Water Treatment Works			
Description	Water network			
Asset Type	Water network			
Key Staff Involved	Mr. J Basson			
Staff Responsibilities	Project implementation and monitoring			
Asset Value as at 30 June	2020/21	2021/22	2022/23	2023/24
	R0	R538	R0	R10 185
Capital Implications				
Future Purpose of Asset	Water network			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management Policy			

Table 101: Summary of 2nd Largest Asset

Asset 3 R'000				
Name	Bulk Outfall Sewer Infrastructure to service E'Thembeni Township			
Description	Sanitation Network			
Asset Type	Sanitation Network			
Key Staff Involved	Mr. J Basson			
Staff Responsibilities	Project implementation and monitoring			
Asset Value as at 30 June	2020/21	2021/22	2022/23	2023/24
	R0	R8 022	R4 303	R2 727
Capital Implications				
Future Purpose of Asset	Sewerage Network in Prieska			
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management Policy			

Table 102: Summary of 3rd Largest Asset

#### 5.4.2 Repairs and Maintenance

Description	2023/24			
	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000			%
Repairs and Maintenance Expenditure	R6 171	R6 171	R5 105	17.26%

Table 103: Repairs &amp; Maintenance Expenditure

## 5.5 Financial Ratios

## 5.5.1 Employee costs

Description	Basis of calculation	2022/23	2023/24
Employee costs	Employee costs/(Total Revenue - capital revenue)	30%	27.50%

Table 104: Employee Costs

## 5.5.2 Repairs &amp; Maintenance

Description	Basis of calculation	2022/23	2023/24
Repairs & Maintenance	Expenditure on Repairs & Maintenance /(Total Revenue excluding capital revenue)	0.49%	2.35%

Table 105: Repairs and Maintenance

## Component B: Spending Against Capital Budget

## 5.6 Capital Expenditure

## Capital Expenditure

Description	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
R'000					
<u>Capital expenditure</u>					
Capital Expenditure	30 439	24 179	19 782	35.00%	18.20%
Operating Expenditure	182 902	184 982	217 584	-19.00%	-17.60%
<b>Total expenditure</b>	<b>213 341</b>	<b>209 161</b>	<b>237 366</b>	<b>-11.30%</b>	<b>-13.50%</b>
Water and sanitation	27	27	29	-8.20%	-8.20%
Electricity	39	39	44	-10.80%	-10.80%
Housing	0	0	0	0.00%	0.00%
Roads, Pavements, Bridges and Stormwater	18	18	19	-6.50%	-6.50%
Other	99	101	126	-27.50%	-24.80%
	<b>183</b>	<b>185</b>	<b>218</b>	<b>-19.00%</b>	<b>-17.60%</b>
External Loans	0	0	0	0.00%	0.00%
Internal contributions	0	0	0	0.00%	0.00%
Grants and subsidies	80	74	73	8.90%	1.20%
Other	0	0	0	0.00%	0.00%
	<b>80</b>	<b>74</b>	<b>73</b>	<b>8.90%</b>	<b>1.20%</b>
External Loans	0	0	0	0.00%	0.00%
Grants and subsidies	0	0	0	0.00%	0.00%
Investments Redeemed	0	0	0	0.00%	0.00%
Statutory Receipts (including VAT)	0	0	0	0.00%	0.00%
Other Receipts	0	0	0	0.00%	0.00%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>

Description	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
<b>R'000</b>					
Salaries, wages and allowances	63	65	60	5.20%	8.10%
Cash and creditor payments	0	0	0	0.00%	0.00%
Capital payments	0	0	0	0.00%	0.00%
Investments made	0	0	0	0.00%	0.00%
External loans repaid	0	0	0	0.00%	0.00%
Statutory Payments (including VAT)	0	0	0	0.00%	0.00%
Other payments	0	0	0	0.00%	0.00%
	<b>63</b>	<b>65</b>	<b>60</b>	<b>4.40%</b>	<b>7.30%</b>
Property rates	28	28	33	-17.30%	-17.30%
Service charges	55	55	48	12.70%	12.70%
Other own revenue	20	20	14	28.30%	28.30%
	<b>102</b>	<b>102</b>	<b>95</b>	<b>7.70%</b>	<b>7.70%</b>
Employee related costs	63	65	60	5.20%	8.10%
Provision for working capital	0	0	0	0.00%	0.00%
Repairs and maintenance	6	6	5	17.30%	17.30%
Bulk purchases	37	37	37	0.10%	0.10%
Other expenditure	167	140	143	14.40%	-2.30%
	<b>273</b>	<b>248</b>	<b>245</b>	<b>10.40%</b>	<b>1.30%</b>
Service charges: Electricity	25	25	22	13.50%	13.50%
Grants & subsidies: Electricity	6	6	6	0.00%	0.00%
Other revenue: Electricity	0	0	0	0.00%	0.00%
	<b>30</b>	<b>30</b>	<b>27</b>	<b>10.80%</b>	<b>10.80%</b>
Employee related costs: Electricity	4	4	4	0.50%	0.50%
Provision for working capital: Electricity	0	0	0	0.00%	0.00%
Repairs and maintenance: Electricity	1	1	0	47.00%	47.00%
Bulk purchases: Electricity	33	33	36	-6.80%	-6.80%
Other expenditure: Electricity	1	1	4	-172.80%	-172.80%
	<b>39</b>	<b>39</b>	<b>44</b>	<b>-10.80%</b>	<b>-10.80%</b>
Service charges: Water	19	19	14	23.40%	23.40%
Grants & subsidies: Water	3	3	3	0.00%	0.00%
Other revenue: Water	0	0	0	0.00%	0.00%
	<b>21</b>	<b>21</b>	<b>17</b>	<b>20.70%</b>	<b>20.70%</b>
Employee related costs: Water	6	6	6	12.90%	12.90%
Provision for working capital: Water	0	0	0	0.00%	0.00%
Repairs and maintenance: Water	1	1	2	-30.00%	-30.00%
Bulk purchases: Water	3	3	1	73.40%	73.40%
Other expenditure: Water	6	6	9	-50.20%	-50.20%
	<b>17</b>	<b>17</b>	<b>17</b>	<b>-2.00%</b>	<b>-2.00%</b>

Table 106: Capital Expenditure

## 5.7 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2023/24 financial year:

Details	2022/23	2023/24				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
<b>Source of finance</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
External loans	R116	R0	R0	R0	0.00%	100.00%
Public contributions and donations	R0	R0	R0	R0	0.00%	0.00%
Grants and subsidies	R7 799	R28 839	R22 579	R19 240	-21.71%	-33.28%
Own funding	R414	R1 600	R1 600	R542	0.00%	100.00%
<b>Total</b>	<b>R8 330</b>	<b>R30 439</b>	<b>R24 179</b>	<b>R19 782</b>	<b>-21.71%</b>	<b>166.72%</b>
<b>Percentage of finance</b>						
External loans	1.40%	0.00%	0.00%	0.00%	0.00%	60.00%
Public contributions and donations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grants and subsidies	93.60%	94.70%	93.40%	97.30%	0.00%	-20.00%
Own funding	5.00%	5.30%	6.60%	2.70%	0.00%	60.00%
<b>Capital expenditure</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
Water and sanitation	R6 982	R21 020	R24 179	R16 519	15.03%	-21.41%
Electricity	R116	R0	R0	R0	0.00%	0.00%
Housing	R0	R0	R0	R0	0.00%	0.00%
Roads and stormwater	R817	R9 420	R0	R2 055	-100.00%	100.00%
Other	R414	R0	R0	R1 208	0.00%	0.00%
<b>Total</b>	<b>R8 330</b>	<b>R30 439</b>	<b>R24 179</b>	<b>R19 782</b>	<b>243.80%</b>	<b>114.48%</b>
<b>Percentage of expenditure</b>						
Water and sanitation	83.80%	69.10%	100.00%	83.50%	6.20%	-18.70%
Electricity	1.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Roads and stormwater	9.80%	30.90%	0.00%	10.40%	-41.00%	87.40%
Other	5.00%	0.00%	0.00%	6.10%	0.00%	0.00%

Table 107: Capital Expenditure by Funding Source

## 5.8 Municipal Infrastructure Grant

The full MIG budget transfer received for the 2023/24 financial year was R17.5 million.

Details	Budget	Adjustments Budget	Actual	Variance to budget	
	R'000			%	
Roads, Pavements & Bridges	R18 839	R17 579	R2 363	-87.00%	-87.00%
Water purification	R0	R0	R113	-100.00%	-100.00%
Reticulation	R0	R0	R6 907	-100.00%	-100.00%
Sport Facilities	R0	R0	R1 030	-100.00%	-100.00%

Details	Budget	Adjustments Budget	Actual	Variance to budget	
	R'000			%	
<b>Total</b>	<b>R18 839</b>	<b>R17 579</b>	<b>R10 413</b>	<b>-45.00%</b>	<b>-41.00%</b>

Table 108: Municipal Infrastructure Grant -MIG)

## 5.9 Capital Expenditure of 3 Largest Projects

The table below indicates the Capital Expenditure of the 3 Largest Projects for the 2023/24 financial year:

Name of Projects	Current Year: 2023/24			Variance to budget	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance %	Adjustment variance %
Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999	R3 500	R3 500	R3 279	-6.31%	-6.31%
Upgrading of Prieska Water Treatment Works	R10 000	R5 000	R10 185	100.00%	100.00%
Bulk Outfall Sewer Infrastructure to service E'Thembeni Township	R5 920	R5 290	R2 727	-53.93%	-48.44%

Table 109: Capital Expenditure of 3 Largest Projects

The table below indicates the Details of the 3 Largest Projects for the 2023/24 financial year:

<b>Name of Project - A</b>	<b>Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999</b>
Objective of Project	Sanitation Network
Delays	None
Future Challenges	N/a
Anticipated citizen benefits	Sewerage Network in Prieska
<b>Name of Project - B</b>	<b>Upgrading of Prieska Water Treatment Works</b>
Objective of Project	Water network
Delays	None
Future Challenges	N/a
Anticipated citizen benefits	Water network
<b>Name of Project - C</b>	<b>Bulk Outfall Sewer Infrastructure to service E'Thembeni Township</b>
Objective of Project	Sanitation Network
Delays	None
Future Challenges	N/a
Anticipated citizen benefits	Sewerage Network in Prieska

Table 110: Details of the 3 Largest Projects

## MENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.10 Cash Flow

Description	2022/23	2023/24
	Actual R'000	
<b>Receipts</b>		
Property rates, penalties & collection charges	R17 359	R17 235
Service charges	R23 827	R23 128
Other revenue	R1 599	R503
Government (Operating)	R39 296	R45 622
Government (Capital)	R8 000	R31 579
Interest	R4 084	R6 249
<b>Payments</b>		
Suppliers	-R14 171	-R14 065
Employee costs	-R63 624	-R61 858
Finance charges	-R13 433	-R20 948
<b>Net cash from/(used) operating activities</b>	<b>R2 936</b>	<b>R27 445</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	-R8 190	-R19 775
Proceeds on Disposal of Fixed Assets	R0	R0
Purchase of Intangible Assets	-R29	-R7
<b>Net cash from/(used) investing activities</b>	<b>-R8 219</b>	<b>-R19 782</b>
<b>Cash Flows from Financing Activities</b>		
Loans raised	R0	R0
Loans (repaid)	-R241	-R493
(Increase)/Decrease in Long term Receivables	R0	R0
Increase/(Decrease) in Non Current Provisions	R0	R0
Increase/(Decrease) in Consumer Deposits	R87	R67
<b>Net cash from/(used) financing activities</b>	<b>-R154</b>	<b>-R426</b>
<b>Net increase/(decrease) in cash held</b>	<b>-R5 437</b>	<b>R7 237</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>R5 644</b>	<b>R207</b>
<b>Cash/cash equivalents at the year end:</b>	<b>R207</b>	<b>R7 444</b>

Table 111: Cash Flow

### 5.12 Borrowing, Investments and Grants Made

#### 5.12.1 Actual Borrowings

Instrument	2021/22	2022/23	2023/24
	R'000		
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	R0	R0	R0
Long-Term Loans (non-annuity)	R0	R0	R0
Local registered stock	R0	R0	R0

Instrument	2021/22	2022/23	2023/24
	R'000		
Instalment Credit	R0	R0	R0
Financial Leases	R1 892	R1 767	R1 274
PPP liabilities	R0	R0	R0
Finance Granted By Cap Equipment Supplier	R0	R0	R0
Marketable Bonds	R0	R0	R0
Non-Marketable Bonds	R0	R0	R0
Bankers Acceptances	R0	R0	R0
Financial derivatives	R0	R0	R0
Other Securities	R0	R0	R0
<b>Municipality Total</b>	<b>R1 892</b>	<b>R1 767</b>	<b>R1 274</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)	R0	R0	R0
Long-Term Loans (non-annuity)	R0	R0	R0
Local registered stock	R0	R0	R0
Instalment Credit	R0	R0	R0
Financial Leases	R0	R0	R0
PPP liabilities	R0	R0	R0
Finance Granted By Cap Equipment Supplier	R0	R0	R0
Marketable Bonds	R0	R0	R0
Non-Marketable Bonds	R0	R0	R0
Bankers Acceptances	R0	R0	R0
Financial derivatives	R0	R0	R0
Other Securities	R0	R0	R0
<b>Entities Sub-Total</b>	<b>R0</b>	<b>R0</b>	<b>R0</b>
<b>Consolidated Total</b>	<b>R1 892</b>	<b>R1 767</b>	<b>R1 274</b>

Table 112: Actual Borrowings

### 5.12.2 Municipal Investments

The municipality's cash position is monitored on a daily basis and any cash not required immediately to meet cash flow requirements, are invested on a monthly basis at approved institutions, strictly in accordance with Council's approved Cash and Investment Policy.

Instrument	2021/22	2022/23	2023/24
	R'000		
<b>Municipality</b>			
Securities - National Government	R0	R0	R0
Listed Corporate Bonds	R0	R0	R0
Deposits - Bank	R5 644	R207	R7 444
Deposits - Public Investment Commissioners	R0	R0	R0
Deposits - Corporation for Public Deposits	R0	R0	R0
Bankers Acceptance Certificates	R0	R0	R0
Negotiable Certificates of Deposit - Banks	R0	R0	R0

Instrument	2021/22	2022/23	2023/24
	R'000		
Guaranteed Endowment Policies (Sinking)	R0	R0	R0
Repurchase Agreements - Banks	R0	R0	R0
Municipal Bonds	R0	R0	R0
Other	R0	R0	R0
<b>Municipality Sub-Total</b>	<b>R5 644</b>	<b>R207</b>	<b>R7 444</b>
<b>Municipal Entities</b>			
Securities - National Government	R0	R0	R0
Listed Corporate Bonds	R0	R0	R0
Deposits - Bank	R0	R0	R0
Deposits - Public Investment Commissioners	R0	R0	R0
Deposits - Corporation for Public Deposits	R0	R0	R0
Bankers Acceptance Certificates	R0	R0	R0
Negotiable Certificates of Deposit - Banks	R0	R0	R0
Guaranteed Endowment Policies (Sinking)	R0	R0	R0
Repurchase Agreements - Banks	R0	R0	R0
Other	R0	R0	R0
<b>Entities Sub-Total</b>	<b>R0</b>	<b>R0</b>	<b>R0</b>
<b>Consolidated Total</b>	<b>R5 644</b>	<b>R207</b>	<b>R7 444</b>

Table 113: Municipal Investments

## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### Component A: Auditor-General Findings 2023/24

#### 6.1 Report on the audit of the financial statements

##### 6.1.1 Audit Opinion

In the auditor's opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section, the financial statements present fairly, in all material respects, the financial position of the Siyathemba Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

The qualified audit opinion is based on the following:

##### Trade receivables from exchange transactions

- a) The auditor was unable to obtain sufficient appropriate audit evidence for trade and other receivables from exchange transactions disclosed in note 8 to the financial statements, as the Municipality did not implement adequate systems to reconcile the underlying records. In addition, the auditor could not obtain sufficient appropriate audit evidence for the debtors included in the gross amount of trade and other receivables from exchange transactions disclosed in note 8 to the financial statements, due to the status of the accounting records. Consequently, the auditor was unable to determine whether any adjustments were necessary to the trade and other receivables from exchange transactions stated at R15 937 469 (2023: R16 749 830) in note 8 to the financial statements.
- b) The Municipality did not recognise receivables from exchange transactions in accordance with GRAP 104, Financial instruments. Interest was not charged on outstanding consumer accounts for the current and prior year in accordance with the tariff policy. The auditor was unable to determine the full extent of the understatement on receivables from exchange transactions and interest earned on outstanding debtors included in revenue from exchange transactions for the current and prior year, as it was impracticable to do so. There was a resultant impact on the deficit for the period.
- c) The Municipality did not account for receivables from exchange transactions in accordance with GRAP 104, Financial instruments. Impairment was incorrectly calculated which resulted in an overstatement of receivables from exchange transactions and an understatement of debt impairment by R1 741 609 (2023: R4 677 961). Additionally, there was an impact on the deficit for the period.

##### Infrastructure assets

- d) The Municipality did not review the useful lives of property, plant and equipment at each reporting date in accordance with GRAP 17, Property, plant and equipment. The auditor identified assets still in use with no carrying amount due to useful lives not being assessed. The auditor was unable to determine the full extent of the understatement of infrastructure assets included in property, plant and equipment, and depreciation. Additionally, there was an impact on the surplus for the period.

### Investment property

- e) The Municipality did not account for investment property under GRAP 16, *Investment property*. The auditor identified property registered in the Municipality's name which were not recorded. The auditor was unable to determine the impact on the net carrying amount of investment property for the current and prior year as it was impracticable to do so. In addition, the fair value of investment property was not determined for the current year as required by GRAP 16. The auditor was unable to determine the impact on the net carrying amount of the investment property as it was impractical to do so. There was a resultant impact on the deficit for the period and on the accumulated surplus.

### Payables from exchange transactions

- f) The auditor was unable to obtain sufficient appropriate audit evidence for trade payables, salary control account, traffic control account and unknown deposits due to the status of accounting records. Supporting information for payables balances were not provided for audit. The auditor could not confirm the amounts by alternative means. Consequently, the auditor was unable to determine whether any further adjustments were necessary to trade payables stated at R254 055 220 (2023: R201 170 526), salary control account stated at R2 701 255 (2023: R3 970 256), traffic control stated at R9 914 214 (2023: R9 412 361) and unknown deposits stated at R1 589 648 (2023: R1 480 146) in note 20 to the financial statements.
- g) The Municipality did not recognise payables from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*. The auditor identified transactions that were recorded in the incorrect period and at incorrect amounts. This resulted in an understatement of trade payables by R2 498 335, general expenses - security services by R107 488, general expenses- contracted services by R2 942 832, basic employee related cost by R118 918 and overstatement of general expenses - fuel and oil by R670 901
- h) The Municipality did not recognise payables from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*. Retentions related to construction contracts were not disclosed in the financial statements. The auditor was unable to determine the full extent of the understatement of retention creditors, as it was impracticable to do so.
- i) During 2023, the Municipality did not recognise expenses in accordance with GRAP 1, *Presentation of financial statements*. The Municipality recorded expenses in the accounting period when payment was made and not when the expenses were incurred. This resulted in trade payables being overstated by R1 904 309, bulk purchases being overstated by R1 528 648 and revenue service charges for water understated by R375 661. The auditor's opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. The auditor's opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the expenses for the current period.

### Current employee benefits

- j) The auditor was unable to obtain sufficient appropriate audit evidence for staff leave included in current employee benefits, due to the status of accounting records. The auditor could not confirm the balance by alternative means. Consequently, the auditor was unable to determine whether any adjustment was necessary to staff leave stated at R5 213 677 (2023: R5 158 051) in note 18 to the financial statements.

### Revenue from exchange transactions - Service charges

- k) The auditor was unable to obtain sufficient appropriate audit evidence for pre-paid electricity included in electricity service charges in the financial statements, due to the status of the accounting records. The auditor was unable to confirm the pre-paid electricity by alternative means. Consequently, The auditor was unable to determine whether any further adjustment was necessary to electricity service charges stated at R21 539 639 in note 25 to the financial statements.
- l) During 2023, the auditor was unable to obtain sufficient appropriate audit evidence for revenue forgone included in service charges revenue from exchange transactions in the financial statements, due to the status of the accounting records relating to indigent subsidies. The auditor was unable to confirm the revenue forgone by alternative means. Consequently, the auditor was unable to determine whether any further adjustment was necessary to service charges stated at R45 325 114 in note 25 to the financial statements.

### Revenue from non-exchange transactions

- m) The Municipality did not have adequate systems in place to account for property rates in accordance with GRAP 23, *Revenue from non-exchange transactions*. The auditor identified properties that was not billed for the year. The auditor was unable to determine the full extent of the understatement on property rates and receivables from non-exchange for the current year, as it was impracticable to do so. There was a resultant impact on the deficit for the period.
- n) The auditor was unable to obtain sufficient and appropriate audit evidence that the recognition criteria of GRAP 23, Revenue from non - exchange transactions, was considered for recognition of availability charges which forms part of service charges - electricity and service charges - water as presented in note 25 to the financial statements. The auditor was unable to determine the balance of other revenue - availability charges, non - exchange transactions by alternative means. Consequently, the auditor was unable to determine whether any adjustment would be required to other revenue, non-exchange transactions, as recorded in the statement of financial performance of the Municipality for the current and prior year.

### Bulk purchases

- o) The auditor was unable to obtain sufficient appropriate audit evidence for bulk purchases for water and electricity, as the Municipality did not keep proper records for journals processed. The auditor could not confirm the bulk purchases by alternative means. Consequently, the auditor was unable to determine whether any adjustments were necessary to the bulk purchases stated at R36 438 693 (2023: R32 161 210) in note 33 to the financial statements.

### Repairs and maintenance

- p) The auditor was unable to obtain sufficient appropriate audit evidence for repairs and maintenance expenditure as the Municipality was not able to provide supporting documentation due to the status of the accounting records. The auditor could not confirm the repairs and maintenance by alternative means. Consequently, the auditor was unable to determine whether any adjustments were necessary to the repairs and maintenance stated at RS 105 429 in the statement of financial performance to the financial statements.

### General expenses

- q) The auditor was unable to obtain sufficient appropriate audit evidence for general expenses fuel and oil, general expenses contracted services and general expenses unauthorised debit orders as the Municipality was not able to provide supporting documentation due to the status of the accounting records. The auditor could not confirm the general expenses fuel and oil, general expenses contracted services and general

expenses unauthorised debit orders by alternative means. Consequently, the auditor was unable to determine whether any adjustments were necessary to the general expenses fuel and oil, general expenses contracted services and general expenses unauthorised debit orders stated respectively at R3 360 159, R7 704 966 and R625 791 (2023: R2 514 080) in note 35 to the financial statements. In addition, the Municipality did not recognise expenses in accordance with GRAP 1, *Presentation of financial statements*. The Municipality recorded expenses in the incorrect accounts and accounting period. This resulted in general expenses contracted services overstated by R2 119 039, general expenses Act on Local Government being understated by R1 890 657 and accumulated surplus overstated by R228 392.

### Irregular expenditure

- r) The Municipality did not include all irregular expenditures in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. The Municipality incurred expenditure in contravention of the supply chain management (SCM) requirements which was not disclosed, resulting in irregular expenditure for the current and previous years being understated. The auditor was unable to determine the full extent of the understatement as it was impracticable to do so.

### Provisions for landfill sites

- s) The auditor was unable to obtain sufficient appropriate audit evidence for provisions for landfill sites as the useful lives of the landfill site could not be determined. The auditor could not confirm the provisions for landfill sites by alternative means. Consequently, the auditor was unable to determine whether any adjustments were necessary to the Niekerhoop provisions for landfill sites stated at R3 483 065 (2023: R3 185 627) in note 16 to the financial statements.

### Material losses

- t) During 2023, the auditor was unable to obtain sufficient appropriate audit evidence for electricity and water distribution losses as the Municipality did not implement adequate systems to reliably calculate these losses. The auditor could not confirm the electricity and water distribution losses by alternative means. Consequently, the auditor was unable to determine whether any further adjustment was necessary to electricity and water distribution losses stated at R2 338 057 and R2 156 674 respectively in note 43.4 to the financial statements.

### Capital commitments

- u) The Municipality did not include all items that meet the definition of capital commitments in accordance with GRAP 17, Property, plant and equipment. The Municipality did not record all contractual agreements that constituted commitments. The auditor was unable to determine the full extent of the understatement of capital commitments for the current and prior year, as it was impracticable to do so.

### Additional disclosures in terms of the MFMA

- v) The Municipality did not disclose supply chain procurement deviations as required by the MFMA. The Municipality deviated from the supply chain management (SCM) requirements for expenditure. The auditor was unable to determine the full extent of the understatement as it was impracticable to do so. Consequently, the auditor was unable to determine whether any further adjustments were necessary to deviations stated at R0 in note 44.8 to the financial statements.

## Segment reporting

- w) The Municipality did not disclose segment activities that generate economic benefits or service potential, including economic benefits or service potential relating to transactions between activities of the same Municipality, as required by GRAP 18, *Segment reporting*. This was due to multiple errors identified in the prior year. The auditor was not able to determine the full extent of the errors in the segment reporting, as it was impracticable to do so. Consequently, the auditor was unable to determine whether any adjustments relating to the segment reporting in the financial statements were necessary.

### 6.1.2 Material uncertainty relating to financial sustainability

- x) The auditor drew attention to note 54 to the financial statements, which indicates that the Municipality was unable to meet its obligations when due. The average debtors' payment days increased; the creditors payment days increased, and the Municipality has an unfavourable current ratio, due to the Municipality's current liabilities exceeding its current assets. As stated in note 54, these events or conditions, along with the other matters as set forth in note 54, indicate that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern.

### 6.1.3 Emphasis of matters

#### Material impairments - receivables from non-exchange transactions

- y) As disclosed in note 9 of the financial statements, the Municipality reported a material impairment from property rates receivables of R64 702 699 (2023: R51 916 037) as a result of a debt impairment of receivables from non-exchange transactions, due to non-collection of outstanding balances owed to the Municipality.

#### Underspending of votes

- z) As disclosed in note 43.1 to the financial statements, the Municipality materially underspent the capital expenditure budget for water management by R4 876 885 and waste water management by R2 783 278 on acquisition of property, plant and equipment.

#### Uncertainty relating to the future outcome of exceptional claim

- aa) With reference to note 52 to the financial statements, the Municipality is a defendant in a lawsuit. The ultimate outcome of this matter could not be determined at the time of this report, due to the uncertainty of the litigation.

#### Restatement of corresponding figures

- bb) As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2023 have been restated as a result of an errors in the financial statements of the Municipality, and for the year ended, 30 June 2024.

## 6.2 Report on the Annual Performance Report

The material findings on the reported performance information for the selected material indicators were as follows:

### 6.2.1 Progress on the expenditure of construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets

cc) The approved planning documents included a commitment to 100% (a percentage). However, an achievement of 87.66 (a number) was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

### 6.2.2 Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2

dd) The indicator in the annual performance report differed from what was committed to in the approved initial planning documents. The reported indicator was 'progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2', with a target of 100%, while the planned indicator was 'progress expenditure on the Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2' with a target of 100%.

### 6.2.3 Various indicators

ee) Based on the audit evidence, the actual achievement for three indicators did not agree to the achievements reported. Consequently, the targets were not achieved or the achievements against the targets were more than reported.

Indicator	Target	Reported achievement	Actual achievement
Progress on the construction of Provision of waterborne gravitational sewer network for existing 472 erven	100.00%	40.00%	45.00%
Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2	100.00%	106.78%	169.34%
Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line	100.00%	100.00%	95.00%

ff) The auditor could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Progress on the expenditure of the Upgrade of the Prieska Water Treatment Works	100.00%	79.00%
Progress on the construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	100.00%	58.00%
Progress on the expenditure of construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	100.00%	87.66
Progress on the expenditure of Provision of waterborne gravitational sewer network for existing 472 erven	100.00%	90.01%

Indicator	Target	Reported achievement
Progress on the expenditure Prieska: E'thembeni Bulk Outfall Sewer Main	100.00%	93.28%

gg) A comparison of the actual performance for the year against the prior year performance was not included in the annual performance report. Consequently, the reported information is not useful for evaluating progress over time and for identifying areas of improvement.

- Progress on the construction of the Upgrade of the Prieska Water Treatment Works
- Progress on the expenditure of the Upgrade of the Prieska Water Treatment Works
- Progress on the construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets
- Progress on the expenditure of construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets
- Progress on the construction of Provision of waterborne gravitational sewer network for existing 472 erven
- Progress on the expenditure of Provision of waterborne gravitational sewer network for existing 472 erven
- Progress on the construction of Prieska: E'thembeni Bulk Outfall Sewer Main
- Progress on the expenditure Prieska: E'thembeni Bulk Outfall Sewer Main
- Progress on the construction of Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line
- Progress construction on the Prieska: 4MI Reservoir, Rising Mains and Bulk Water Supply Line: Phase 2

hh) Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the Municipality to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target
Progress on the construction of the Upgrade of the Prieska Water Treatment Works	100.00%
Progress on the expenditure of the Upgrade of the Prieska Water Treatment Works	100.00%
Progress on the expenditure of construction of storm water infrastructure at intersection of Burger, Skool and Soetdoring streets	100.00%
Progress on the construction of Provision of waterborne gravitational sewer network for existing 472 erven	100.00%
Progress on the expenditure of Provision of waterborne gravitational sewer network for existing 472 erven	100.00%
Progress on the construction of Prieska: E'thembeni Bulk Outfall Sewer Main	100.00%
Progress on the expenditure Prieska: E'thembeni Bulk Outfall Sewer Main	100.00%

ii) Various primary mandated functions were not prioritised for delivery in the performance year. Consequently, these functions were not adequately planned or accounted for, which is likely to result in them not being delivered and undermines transparency and accountability.

Primary mandated function	Reason provided by accounting officer for non-prioritisation
Housing and community facilities	No reason was provided

Primary mandated function	Reason provided by accounting officer for non-prioritisation
Roads and transport	No reason was provided

- jj) The constitution defines the legislative mandate of the Municipality. However, various indicators to measure performance on the mandate were omitted from the approved planning documents. Consequently, achievement against the mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on the mandated responsibilities.

Mandated responsibility	Reason provided by (include party responsible) for non-inclusion
The percentage of households with access to basic services	No reason we provided
The percentage of indigent households' access to free basic services	No reason was provided

#### 6.2.4 Material misstatements

- kk) The auditor identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for plan, develop and maintain infrastructure and facilities. Management did not correct the misstatements, and the auditor reported material findings in this regard.

### 6.3 Report on compliance with legislation

The material findings on compliance with the selected legislative requirements, presented per compliance theme, were as follows:

#### 6.3.1 Annual financial statements, performance reports and annual reports

- ll) The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
- mm) The 2022/23 annual report was not made public after being tabled in the council, as required by section 127(5)(a)(i) of the MFMA
- nn) The local community was not invited to submit representations in connection with the 2022/23 annual report, as required by section 127(5) (a) (ii) of the MFMA.

#### 6.3.2 Asset management

- oo) An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

### 6.3.3 Consequence management

- pp) Unauthorised expenditure incurred by the Municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- qq) Irregular expenditure incurred by the Municipality were not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- rr) Fruitless and wasteful expenditure incurred by the Municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- ss) Allegations of financial misconduct laid against officials of the Municipality were not investigated, as required by section 171(4)(a) of the MFMA.

### 6.3.4 Revenue management

- tt) Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
- uu) An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- vv) Revenue due to the Municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

### 6.3.5 Expenditure management

- ww) Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- xx) Payments were made from the Municipality's bank accounts without the approval of a properly authorised official, as required by section 11(1) of the MFMA.
- yy) Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM requirements.
- zz) Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R21 755 153, as disclosed in note 43.2 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on payables by the Municipality.
- aaa) Reasonable steps were not taken to prevent unauthorised expenditure amounting to R36 226 267, as disclosed in note 43.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on the Municipality's approved budget.

### 6.3.6 Utilisation of conditional grants

- bbb) Performance in respect of programmes funded by the Municipal Infrastructure Grant, Water Services Infrastructure Grant, Local Government Financial Management Grant, Expanded Public Works Program Grant and Library Grants was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

- ccc) The Expanded Public Works Program Grant was not spent for its intended purposes in accordance with Schedule 5, Part B of the Division of Revenue Act (Act 5 of 2023), as required by section 16(1) of the Division of Revenue Act (Act 5 of 2023).

### 6.3.7 Procurement and contract management

- ddd) Sufficient appropriate audit evidence could not be obtained that goods and services within the prescribed transaction values for formal written price quotations were procured using price quotations as required by SCM Regulation 17(1) (a) and (c). Similar non-compliance was also reported in the prior year.
- eee) Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the SCM policy, in contravention of SCM Regulations 17(1) (a) and 17(1) (b). Similar non-compliance was also reported in the prior year.
- fff) Sufficient appropriate audit evidence could not be obtained that quotations were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
- ggg) Some bid specifications were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM Regulation 27(2) (a).
- hhh) Some invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the Upgrade of the Prieska water treatment works mechanical and electrical engineering works.
- iii) Some of the contracts were awarded to bidders based on points given for legislative requirement that were not stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
- jjj) Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that were adjudicated by the bid adjudication committee as required by SCM Regulations 29(1) (a) and (b) and Preferential Procurement Regulations.
- kkk) Some contracts were awarded to bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
- lll) Goods or services procured under contracts secured by other organs of state were not procured in accordance with SCM Regulation 32 as there were no demonstrable the benefits and discounts of participating in the contract.
- mmm) Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
- nnn) Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.
- ooo) Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of MFMA 112(1)U) and SCM Regulation 44. Effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).

### 6.3.8 Strategic planning and performance management

- ppp) The IDP did not reflect the key performance indicators and targets as required by sections 26(i) of the MSA and municipal planning and performance management regulation 2(1) (e).
- qqq) The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.
- rrr) KPIs were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a).

### 6.3.9 Human resource management

- sss) Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations

## 6.4 Internal Control Deficiencies

- ttt) The auditor considered internal control relevant to the audit of the financial statements, annual performance report and compliance with applicable legislation; however, their objective was not to express any form of assurance on it.
- uuu) 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.
- vvv) The leadership did not exercise adequate oversight responsibility regarding financial and compliance as well as related internal controls. The Municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting. This pertains to the overall performance management systems and processes, annual financial statements and compliance with laws and regulations.
- www) The leadership of the Municipality did not take adequate responsibility for establishing and communicating policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities in respect of consequence management.
- xxx) The leadership of the Municipality did not adequately develop and monitor the implementation of action plans to address internal control deficiencies. The Municipality developed a plan to address internal and external audit findings, but the appropriate level of management did implement and monitor adherence to the plan in a timely manner. This is due to the audit action plan not being compiled timeously in order to address audit findings in a timely manner. This has resulted in repeat findings being identified in the current year audit.
- yyy) The Municipality did not implement sufficient proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
- zzz) The Municipality did not adequately prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information. The financial statements contained numerous misstatements. This was mainly due to staff not fully understanding the requirements of the financial reporting framework.
- aaaa) The Municipality did not review and monitor compliance with applicable legislation. Furthermore, the Municipality does not have adequate processes in place to identify irregular expenditure.

- bbbb) The Municipality did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, were conducted and that a risk strategy to address the risks is developed and monitored. The Municipality did not conduct a risk assessment, as required by the MFMA, consequently, controls were not developed to prevent, detect and correct material misstatements in financial and performance reporting.

## 6.5 Material Irregularities

The material irregularities identified were as follows

### 6.5.1 Annual performance report not prepared for the 2022/23 financial year

- cccc) The Municipality has not prepared and submitted an annual performance report for the past seven years as they do not have proper systems in place. There are significant deficiencies in the Municipality performance reporting processes in contravention of regulation 7(1) of the Municipal Planning and Performance Regulations of 2001.
- dddd) The non-compliance was likely to result in substantial harm to the Municipality. The lack of an APR was causing harm to the operations of the Municipality and the ability of the Municipality and the extended accountability ecosystem to execute their management, accountability, oversight and governance functions. The disruption in the operations of the Municipality, was rendering it unable to properly plan, budget, report and monitor the performance and actual delivery of basic services and other functions at management, council, district, provincial, national and executive level.
- eeee) The auditor notified the accounting officer of the material irregularity on 9 February 2024 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter. Management adapted their system and this enabled them to compile a portfolio of evidence and submit the annual performance report for the 2023/24 financial year on 31 August 2024. Based on this the material irregularity was resolved.

### 6.5.2 No services or benefits were received for unauthorised debit order payments

- ffff) Reasonable steps were not taken to ensure that the Municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2)(a) of the MFMA. Unauthorised debit orders are going off the Municipality bank account. This resulted in payments for which no benefits were received amounting to R625 791 (2023: R2 514 080), as disclosed in note 43.2 to the financial statements, which if not recovered, is likely to result in a material financial loss.
- gggg) The auditor notified the accounting officer of the material irregularity on 22 March 2024 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter.
- hhhh) The accounting officer submitted a written response stating that the Municipality was taking steps to recover the unauthorised debit orders however evidence was not subsequently provided of the actions taken.
- iiii) The auditor determined that the accounting officer is not taking appropriation to resolve the MI. The auditor is in the process of making a decision on further actions to be taken.

## 6.6 Status of previously reported material irregularities

### 6.6.1 Money received from consumers not banked

- jjjj) All the money that was collected from consumers was not banked. It was identified that although the shortfall on banking was detected by the processes in place, the shortfall was allocated to suspense accounts without further action being taken.
- kkkk) This resulted in a non-compliance with section 64(2)(f) of the MFMA as the Municipality's internal control systems were inadequate in ensuring that, when cash falls short of the expected amount during banking procedures, thorough investigations are conducted to facilitate the potential recovery of funds from implicated officials.
- llll) The auditor notified the accounting officer of the material irregularity on 28 November 2023 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter.
- mmmm) The accounting officer submitted a written response stating that an investigation will be conducted to determine and recover the financial loss and take appropriate action if officials are implicated. Evidence was however not subsequently provided of the actions taken.
- nnnn) The auditor notified the accounting officer on 30 November 2024 of the following recommendations, which should be implemented within 6 months from the notification date:
- Investigate all instances of non-compliance to determine the root cause for the losses and if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 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.
  - Reasonable steps should be taken to ensure that the Municipality has and maintains a system of internal control in respect of the collection of revenue and to ensure money received is promptly deposited, as required by section 64(1) and 64(2)(d) of the MFMA.
  - Disciplinary or, where appropriate, criminal proceeding should commence, without undue delay, against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in 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 Proceeding.
  - If it appears that the Municipality suffered the financial loss through criminal acts or possible criminal acts or omission this should be reported to the South African Police Service, as required by section 32(6)( b) of the MFMA.

## 6.6.2 Interest not charged on long outstanding debtors

- oooo) The Municipality, without a corresponding council resolution granting an exception, failed to charge interest on overdue consumer accounts during the financial year ended 30 June 2023, in contravention of MFMA section 64(2)(g). The non-compliance is likely to result in a material financial loss for the Municipality if not recovered, as revenue that should have accrued to the Municipality was not billed to the consumer accounts in accordance with the approved tariffs.
- pppp) The accounting officer was notified of the material irregularity on 28 November 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken to resolve the material irregularity:
- The Municipality started charging interest on arrear service debt accounts as from 1 July 2024.
  - The accounting officer has performed a preliminary investigation and are in the process of quantifying the interest not previously charged.

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CFO</b>	Chief Financial Officer
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCO</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework

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