Mossel Bay
MUNICIPALITY

DRAFT

# ANNUAL REPORT

## 2023/2024





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# VISION AND MISSION OF MOSSEL BAY



## VISION

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

## MISSION

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

## VALUES

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride
- Service excellence
- Integrity
- Loyalty
- Accountability

Mossel Bay
MUNICIPALITY
MOSSEL BAY | HARTENBOS | GREAT BRAK RIVER | HERBERTSDALE




# 1 MAYOR'S FOREWORD

## COMPONANT A

Section 121 of the Municipal Finance Management Act, No 56, 2002 states:

*Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

Section 127 (2) continues as follows:

*The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

# CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A

I hereby present this Annual Report for the 2023/2024 financial year. The report offers residents, and other stakeholders an insight into the performance of the Municipality over this period.

The mandate of Mossel Bay Municipality, and all other municipalities in South Africa, is set out in the section on Local Government, found in Chapter 7 of the Constitution of the Republic of South Africa.

The Municipal Systems Act, No 32 of 2000 requires that for each Council term, a Municipal Council must develop an Integrated Development Plan (IDP). This plan is the principal planning document which informs and integrates all the municipality's planning and development. The vision of Mossel Bay Municipality, as stated in the IDP, is to create an inclusive, responsive, and healthy town conducive for living and sustainable growth.

In line with the IDP, the 2023/2024 operating and capital budgets and the 2023/2024 Service Delivery Budget Implementation Plan was drafted. The IDP therefore guides service delivery.

The Annual Report measures our service delivery performance and provides an overview of how effectively the IDP has been implemented. I am confident that the Administration, with the political oversight of Council, will continue to maintain a high standard of service delivery.

This 2023/2024 Annual Report also outlines the successes and shortcomings with achieving the objectives of Council's GROW Strategy which is based on the following five pillars:

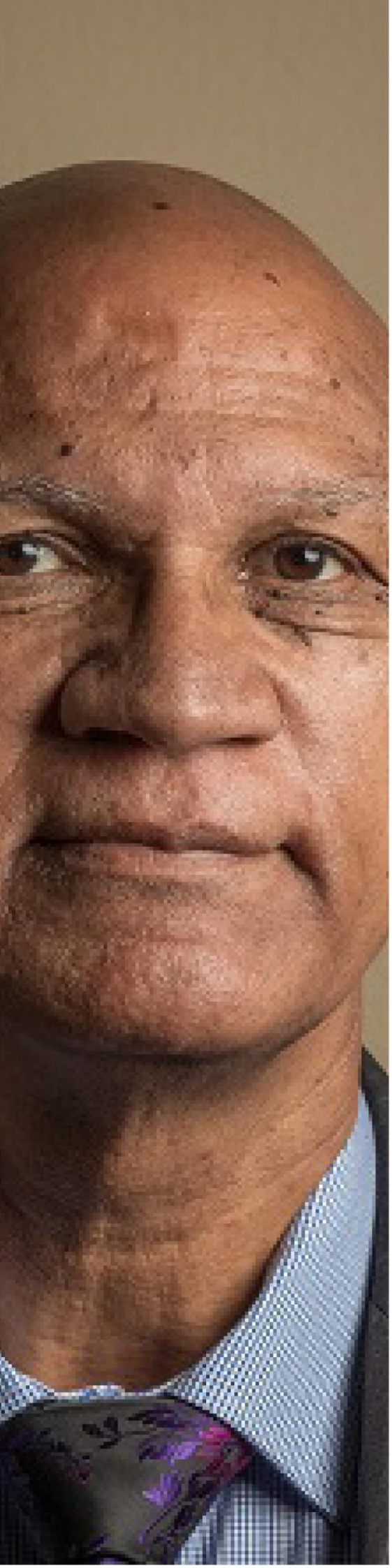
| | | |
|---|---|---|
| 1. | GROW Governance | providing excellent municipal management |
| 2. | GROW Economy | promoting economic activity and development |
| 3. | GROW Safety | providing a safe town |
| 4. | GROW Environment | protecting our natural environment |
| 5. | GROW Social Regeneration | partnering with others to deliver social services |

The 2023/2024 fiscal year has been accompanied by its own challenges, but I want to assure the residents of Mossel Bay that the administrative and political leadership will continue to take hands with you to deliver on the priorities set out our IDP and in the GROW Strategy. It is also of great significance that in April 2024, Ratings Afrika recognised Mossel Bay Municipality as the Most Financially Sustainable Municipality in South Africa, alongside Midvaal Municipality in Gauteng.

Thank you to the residents and ratepayers of Mossel Bay Municipality who, through their 95.06% payment rate in the 2023/2024 financial year, helped achieve the excellent results of this Annual Report and, through consistently paying their rates, helped ensure effective service delivery.

I also want to thank my fellow Councillors, the Municipal Manager, Directors, and all our municipal officials and other stakeholders who have contributed to the performance successes outlined in this Annual Report.

**ALDERMAN DIRK KOTZÉ**
**EXECUTIVE MAYOR OF MOSSEL BAY**



# MUNICIPAL MANAGER'S OVERVIEW

## COMPONANT B

The purpose of this Annual Report is –

- To provide a record of the activities of the municipality or municipal entity during the financial year to which the reports relates

- To provide a report on performance against the budget of the municipality or municipal entity for that financial year, and

- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The Annual Reporting is a backward-looking process of financial and non-financial performance for the financial year just ended. It is therefore a post financial year document.

# COMPONENT B: EXECUTIVE SUMMARY

## 1.1 MUNICIPAL MANAGER'S OVERVIEW

Reflecting back, the 2023/2024 financial year has been filled with several highlights for Mossel Bay Municipality despite various challenges and obstacles along the way. As always, service delivery remains our primary objective. Therefore, the Municipality continues to measure the needs of the community with principles of suitability, relevance and sound financial management. As a public servant, I consider my role as Accounting Officer a huge responsibility and therefore, aim to serve the community to the best of my ability.

I want to take this opportunity to reiterate to the community, stakeholders and our strategic partners that Mossel Bay Municipality remains committed to accountability, integrity, fairness and service excellence.
During the financial year under review, the Mossel Bay Municipality has responded to the Constitutional requirements as stated in Part B of Schedule 4 and Part B of Schedule 5, as well as in alignment with Chapter 3 of the Municipal Systems Act, 32 of 200 (MSA). This entailed the implementation of the services and executing the functions stated in this area of the Constitution and the MSA. The details are covered in other sections of the Annual Report. This report presents the performance of the Mossel Bay Municipality as recorded against all these Constitutional imperatives and other service delivery commitments.

Council approved its 5th Generation Integrated Development Plan (IDP) in May 2022. The plan, which is aligned to the Council's term, will steer the Municipality towards its objects for the next five years. During the year the IDP review process was successfully completed with the approval of the IDP review and budget. Priorities within our strategic vision was again adjusted in line with shifting needs and limited resources. In December 2024, we welcomed Graeme Lategan to my Executive Management Team as the Director: Community Safety.

The Municipality faces a huge challenge with vandalism of municipal property and infrastructure. The efforts towards in strengthening the Municipality's community safety capacity, is one of our interventions to ensure that we start to reduce damage to community assets and infrastructure.

The delivery of basic services remains our priority and therefore the majority of the Municipality's 2023/2024 capital budget has been focused on infrastructure projects. I wish to highlight some of these projects, which are detailed in Chapter 3:

- Hartenbos Wastewater Treatment Works PV Solar
- Revamp of Intake Substation
- Upgrading of the 66kV overhead line between Eskom Duinzicht Substation and the municipal Ockert Bothma Substation
- New Aalwyndal 11kV Switching Substation
- Electrification Projects
- Midbrak Main Sewer Network
- Main Sewer Network between Glentana & Great Brak
- Capacity increase of Great Brak WWTW
- Capacity increase of Pinnacle Point WWTW
- Replace Sewerlines: Greenhaven
- Upgrading of Gravel Streets and Stormwater Systems – Greenhaven and Wolwedans, Great Brak River (Ward 14)
- Upgrading of Wolwedans Emergency Access Road (Ward 14)
- Road Infrastructure Damage at Petunia Street, Wolwedans, Great Brak River (Ward 14)
- Rehabilitation of Henning Road, Island View (Ward 7)
- Rebuilding of Bayview Street (Ward 8)
- Upgrade Wassenaar Road, Seemeeu Park (Ward 7)
- Upgrade of CBD Stormwater (Ward 8)

- Upgrade of Stormwater Channel in Boland Park, Phase 1 (Ward 10)
- Upgrade of Stormwater along Industry Road, Voorbaai (Ward 10)
- New Stormwater System Diaz Beach (Ward 10)
- Taxi Holding Area off Waterkant Crescent, D'Almeida (Ward 9)

In conclusion, I would like to thank the Council, particularly the Executive Mayor, Alderman Dirk Kotzé, for his support, guidance and oversight. He has allowed the staff of the Mossel Bay Municipality to scale great heights through his continued support and constructive leadership.

I wish to extend my gratitude to my Executive Management Team - your diligent devotion to Mossel Bay Municipality serves as an inspiration to myself and your staff members.

Finally, to all staff of Mossel Bay Municipality, I am humbled by your tremendous efforts on a daily basis. Each and every one of you plays a part in this organisation. Without you and your committed work, the achievements in this Annual Report would have not been possible.

**C PUREN**
**MUNICIPAL MANAGER**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### MOSSEL BAY PROFILE

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

**Towns and settlements within the municipal boundaries**:




Aalwyndal, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hersham, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai.

- **Municipal Demarcation Code:** WC043
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66 km east); Riversdale (77 km west); Albertinia (50 km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Garden Route (George).
- **Population:** 140 075 (2022 Census)
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services; Vidamed Day Hospital.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba and Mossel Bay.
- **Law Courts:** Mossel Bay Magistrates Court; Mossel Bay Municipal Court.
- **Port:** Mossel Bay
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.

In October 2023 Statistics South Africa released the results of the 2022 Census as per its mandate. The below table provides a comparison between the 2022 and 2011 Census data for Mossel Bay Municipality:

| NAME | 2011 | 2022 |
|---|---|---|
| **Total population** | 89 430 | 140 075 |
| **Young children (0-14 years)** | 23,10% | 17,90% |
| **Working age population (15-64 years)** | 66,80% | 66,70% |
| **Elderly (65+ years)** | 10,10% | 15,40% |
| **Dependency ratio** | 49,7 | 50 |
| **Sex ratio** | 95,8 | 93,5 |
| **No schooling (20+ years)** | 2,90% | 2,10% |
| **Higher education (20+ years)** | 13,00% | 18,00% |
| **Number of households** | 28 023 | 52 985 |
| **Average household size** | 3,2 | 2,6 |
| **Formal dwellings** | 85,90% | 92,50% |
| **Flush toilets connected to sewerage** | 90,90% | 97,10% |
| **Weekly refuse disposal service** | 92,60% | 92,50% |

| NAME | 2011 | 2022 |
|---|---|---|
| **Access to piped water in the dwelling** | 77,90% | 90,20% |
| **Electricity for lighting** | 93,8 | 98,20% |

In the 2011 Census Mossel Bay had the third largest population in the Garden Route District with a population of 89 430, however the 2022 Census revealed that Mossel Bay has moved up into the second position with a population of 140 075. George remains in the highest populated town within the Garden Route District.

The outcome of the Census showed an increase of 56% in population compared to 2011. Before the release of the Census data the 2020 Socioeconomic Profile for Mossel Bay compiled by the Western Cape Provincial Treasury that was published during 2021 and indicated a population of 96 255.

Mossel Bay is divided into 15 Wards or geographic areas as per the determination of the Municipal Demarcation Board. The below table provides an overview of areas that comprise of each Ward:

| Wards | Description |
|---|---|
| **Ward 1** | Ward 1 covers the areas from around Indwe High School (Old KwaNonqaba Area) and borders onto Boland Park, Extension 26, 13 and Kwanonqaba 1, and Elangeni. |
| **Ward 2** | Ward 2 covers the areas portion of Khayelitsha, East of Mawawa Street, portion of Civic Park and Highway Park and the New Rest area. |
| **Ward 3** | Ward 3 covers the areas of Khayelitsha, portion of Elangeni. 7de Laan, including the area surrounding the African Gospel Church, portion of Asla Park next to the N2 and surrounding informal settlements. |
| **Ward 4** | Ward 4 covers Brandwacht and surrounding rural areas up to the boundaries of Ward 7 and 14. It includes the areas of Fraai Uitsig and rural areas opposite the N2 National Road up to Klein Zorgfontein and Sandhoogte area. |
| **Ward 5** | Ward 5 covers the areas of Great Brak River,Jonkersberg, Wolwedans dam, beach resorts, Glentana, Tergniet, Hersham, Groobrak Hills, Toekoms, the Island, De Lange extension as well as the following beaches: Outeniqua, Botha, Pienaar, and Souwesia beaches. |
| **Ward 6** | Ward 6 covers the areas of Heiderand, Golden Rendezvous, Extension 15, Extensions 3, 9, 12, 27, 28, 29, and 30, the Golf Estate Village, along the coast to Pinnacle Point. |
| **Ward 7** | Ward 7 covers the areas of Buffelsfontein, Buisplaas, Herbertsdale and surrounding rural areas Sonskyn Vallei and a portion of Hartenbos Heuwels, Seemeeu Park, Menkenkop, Vogelvang and Aalwyndal. |
| **Ward 8** | Ward 8 cover the areas around the Mossel Bay Town Hall, Extensions 1, 2, 4, 10, 11, 22, the Central Business District, The Point, along Santos until De Bakke. |
| **Ward 9** | Ward 9 covers the D'Almeida, areas around São Brass School as well as Extension 6, Tarka, Fairview and a portion of De Bakke. |
| **Ward 10** | Ward 10 covers a portion of De Bakke along the Louis Fourie Rd, areas along Diaz beach, Bay view, Voorbaai and Hartenbos. |
| **Ward 11** | Ward 11 covers the suburbs along the west coast of Mossel Bay, between Pinnacle point and Kamorsyn. This areas of Danabaai, Moquini, Nautilusbaai, Springerbaai, Boggomsbaai and Vleesbaai. |
| **Ward 12** | Ward 12 covers the areas of Albert Luthuli, Portion of D'Almeida, extensions around Joe Slovo and a portion of the extension known as the Gaaitjie. |
| **Ward 13** | Ward 13 covers the areas around the Lutheran Church, East Ridge, Westridge, Seaview, a portion of Civic Park, and Alma Park. |

| Wards | Description |
|---|---|
| **Ward 14** | Ward 14 covers the areas of Friemersheim, Great Brak River, Greenhaven, Wolwedans, Ruiterbos and surrounding rural areas. |
| **Ward 15** | Ward 15 covers the portion of Asla Park, starting from the Asla Taxi Rank, all the way to the back of Asla Park, including N2 Industria and the surrounding informal Settlements bordering the N2 and New rest. |

## COMMENT ON BACKGROUND DATA

Proper planning and continued maintenance has ensured that the Mossel Bay Municipality is positioned well to cope with population growth in the short to medium term in terms of water and electricity supply and sanitation services provided it can keep its infrastructure maintenance at present levels. The seawater desalination plant helps to ensure that Mossel Bay enjoys a high level of water security.

## 1.3 SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

The principle of service delivery to the community of Mossel Bay is clearly spelled out in the Vision, Mission and Value statement of the Mossel Bay Municipality and Council as well as management strive to adhere to these principles.

The Mossel Bay Municipality has over the past number of years received accolades for the high levels of service delivery it maintains.

In the 2023/2024 financial year it achieved the following levels in respect of basic service delivery above the minimum standards:

| SERVICE AREA | % HOUSEHOLDS ABOVE* |
|---|---|
| **Water** | 90.2% |
| **Sanitation** | 97.1% |
| **Electricity** | 98.2% |
| **Waste Management** | 92.5% |
| **Housing** | 92.5% |

**Socio-Economic Profile 2023, Published by Western Cape Provincial Treasury*

### COMMENT ON ACCESS TO BASIC SERVICES

The migration into the Mossel Bay municipal district takes place constantly. Informal housing increases and is the main reason for the shortfalls in basic service delivery.

## 1.4 FINANCIAL HEALTH OVERVIEW

The tables below provide a high-level overview of the financial health of the Municipality.

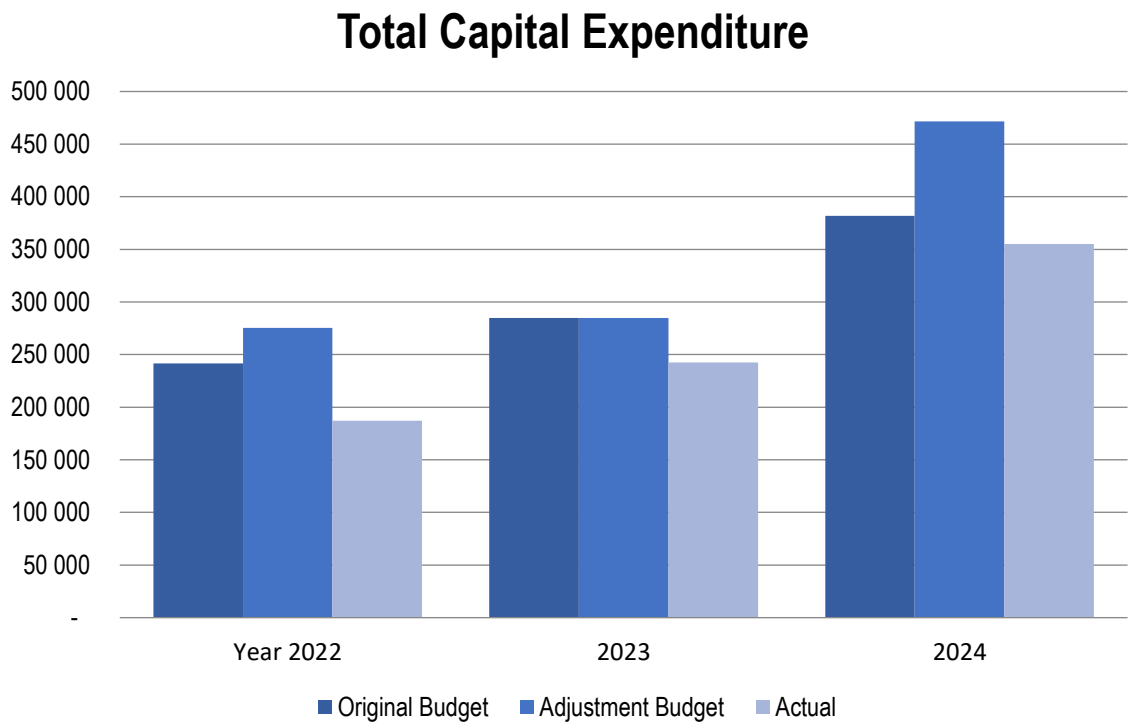
| Financial Overview: 2023/2024 | | | |
|---|---|---|---|
| **Details** | **Original budget** | **Adjustment Budget** | **R' 000 Actual** |
| **Income:** | | | |
| **Grants** | 304 925 | 273 543 | 226 301 |
| **Taxes, Levies and tariffs** | 1 157 784 | 1 158 883 | 1 175 008 |
| **Other** | 187 813 | 188 985 | 292 661 |
| **Sub Total** | 1 650 523 | 1 621 411 | 1 693 970 |
| **Less: Expenditure and Losses/Gains** | 1 641 980 | 1 609 936 | 1 572 012 |
| **Net Total** | 8 543 | 11 475 | 121 958 |

All figures includes totals for Losses/Gains. A complete list of financial ratios are provided in Section 5.4 of this report.

| Operating Ratios | |
|---|---|
| **Detail** | **%** |
| **Employee Cost** | 26,3% |
| **Repairs & Maintenance** | 9,1% |
| **Finance Charges & Impairment** | 6,5% |

National Treasury has provided norms and standards for certain Financial Ratios in an effort to improve the management of the municipal finances. Mossel Bay Municipality is currently well within these norms for the above Operating Ratios.

| Total Capital Expenditure: 2021 to 2023 | | | |
|---|---|---|---|
| Detail | 2021 | 2022 | R'000 2023 |
| **Original Budget** | 206 579 | 241 609 | 284 937 |
| **Adjustment Budget** | 253 641 | 275 232 | 284 841 |
| **Actual** | 227 891 | 187 246 | 242 533 |




For a more detailed information, the reader's attention is draw to Volume II: Annual Financial Statements of this report.

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has made tremendous strides in improving organisational performance and has improved its capacity by the development and setting of Key Performance Areas that comply with the SMART principle, stronger and clear linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Annual Report. It has also created a culture of organisational performance monitoring and evaluation through the diligent implementation of a Performance Management System. The review of macro- and micro structures and the filling of key posts to implement projects and programmes occurred regularly. The overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level Service Delivery and Budget Implementation Plan at organisational level and through monitoring and evaluation of the detailed Departmental Service Delivery Budget Implementation Plan (SDBIP) at directorate and departmental levels. The TASK grading system has made it difficult to recruit artisans, in particular, and other technical personnel. The Municipality has reacted to this challenge by placing existing personnel on learnership programmes.

## 1.6 AUDITOR-GENERAL REPORT

The Constitution, Section 188(1)(b), states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

The responsibility of the Auditor-General is to perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement and to express an opinion based on the audit conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

The Municipal Systems Act, Section 45, states that the results of performance measurement must be audited annually by the Auditor-General.

The reported performance against predetermined objectives is evaluated against the overall criteria of usefulness and reliability. The usefulness of information relates to whether the reported performance is consistent with the planned development priorities or objectives and if indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

Mossel Bay Municipality received an unqualified audit outcome, i.e. a clean audit, for the 2023/2024 financial year and the Auditor General did not raise any material findings on the usefulness and reliability of the reported information.

The Auditor-General declared as follows:

*"In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay 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 Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora)."*

The Annual Financial Statements (AFS) and performance information were without any material misstatements and Management will continue to improve its internal controls and processes over the preparation and presentation of the financial statements to ensure that it is free from any misstatements.

An action plan with corrective measures was drawn up to address the findings from the 2023/2024 audit. This plan is monitored, and progress are continuously evaluated by the Internal Audit Administrator. Progress on the implementation of these action plans is reported to the Municipal Manager and is a standing item on the Agenda of the Audit and Performance Audit Committee's quarterly meetings.

**AUDIT OUTCOMES**

| YEAR | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|---|---|---|---|---|---|
| STATUS | Unqualified with no findings | Unqualified with no findings | Unqualified with no findings | Unqualified with no findings | Unqualified with no findings |

***Note**: The report's status is supplied by the Auditor-General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse).*

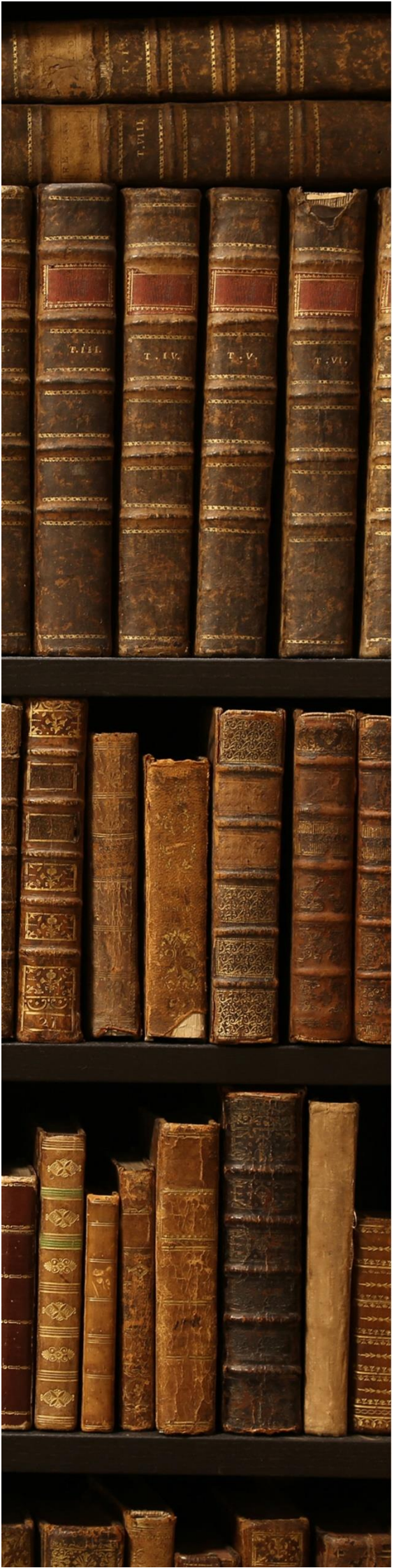
The full Audit Report is included in Appendix W of this Report.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

The table below shows the key activities and timeframes in the Annual Report process:

| NO | ACTIVITY | TIMEFRAME |
|---|---|---|
| 1 | **Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor-General** | August |

| NO | ACTIVITY | TIMEFRAME |
|---|---|---|
| 2. | **Auditor-General audits Annual Report, including consolidated Annual Financial Statements and Performance Data** | September / October |
| 3. | **Municipality receives and starts to address the Auditor-General's comments** | November |
| 4. | **Mayor tables Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report** | January |
| 5. | **Audited Annual Report is made public and comment is invited** | January / February |
| 6. | **Oversight Committee assesses Annual Report** | February |
| 7. | **Council adopts Oversight Report** | March |
| 8. | **Oversight Report is submitted to Western Cape Provincial Government** | March/April |



# 2 GOVERNANCE

## INTRODUCTION TO GOVERNANCE

In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial, and local spheres of government that are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. The Mossel Bay Municipality represents the local sphere of government.

# CHAPTER 2 – GOVERNANCE

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151 (3) of the Constitution states that the Council of a Municipality has the right to govern, on its own initiative, the local government affairs of the local community. At the Mossel Bay Municipality a clear distinction is made between the politically elected structure, namely Council, which is responsible for the oversight and legislative function of the Municipality, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor together with the Deputy Executive Mayor and an Executive Mayoral Committee of six (6) members who are full-time Councillors involved in the day-to-day running of Council from the political perspective.

The Administration is headed by the Municipal Manager, who is also the organisation's Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous. Delegations are reviewed regularly to ensure that the organisation functions optimally.

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

The Town Council of Mossel Bay (WC043) comprises of 15 Ward Councillors and 14 proportional representatives.

The Council has an Executive Mayoral system combined with a ward participatory system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio committee system.

COUNCILLORS

At the end of the 2024 financial year the Democratic Alliance (DA) held 19 seats in Council, the African National Congress (ANC) 7, the African Christian Democratic Party (ACDP) one, the Freedom Front Plus (VF+) two, the Independent Civic Organisation of South Africa (ICOSA) one and Patriotic Alliance (PA) one.

The below table provides an overview of the composition of Council:

| Political Party | Allocation of Seats | Gender | |
|---|---|---|---|
| | | Male | Female |
| **Democratic Alliance (DA)** | **19** | **11** | **8** |
| **African National Congress (ANC)** | **5** | **4** | **1** |
| **Freedom Front Plus (VF+)** | **2** | **2** | **0** |
| **African Christian Democratic Party (ACDP)** | **1** | **0** | **1** |
| **Independent Civic Organisation of South Africa (ICOSA)** | **1** | **0** | **1** |
| **Patriotic Alliance (PA)** | **1** | **0** | **1** |
| | **29** | **17** | **12** |

**Appendix A** contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B,** which sets out committees and committee purposes.

# THE POLITICAL EXECUTIVE STRUCTURE



**COUNCILLOR L VAN DYK**
Community Safety



**COUNCILLOR M FURNESS**
Financial Services



**ALDERMAN C BAYMAN**
Deputy Executive Mayor
Planning and Economic Development




**ALDERMAN D KOTZÉ**
Executive Mayor



**ALDERMAN N BOOISEN**
Community Services



**ALDERMAN V FORTUIN**
Speaker



**COUNCILLOR A DELLEMIJN**
Infrastructure Services



**COUNCILLOR N LE ROUX**
Corporate and Governance Services
Committee

The following is a graphic illustration of Council's present executive structure:




## POLITICAL DECISION-TAKING

Political decisions are made by the Executive Mayor, in terms of powers delegated to him by law, and Council in session at general monthly Council meetings or special Council meetings that are called when decisions are taken that cannot wait for the monthly meetings.

Over and above the abovementioned, the following are statistics for the Executive Mayoral decisions taken during the year:

| 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|---|---|---|---|
| **38** | **49** | **79** | **79** |

The table below reflects the number of Council as well as Council Committee meetings that were held over the past four financial years:

| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|---|---|---|---|---|
| **Special Council Meetings** | 9 | 9 | 9 | 7 |
| **Ordinary Council Meetings** | 8 | 10 | 10 | 8 |
| **Standing Committee Meetings** | **54** | **54** | **60** | 48 |

With some exceptions when items are carried directly into Council when they are either urgent or do no fall within the ambit of any one of the Council Committees, Council resolutions are based on the recommendations of the various Council Committees. The following table reflects the number of Committee recommendations submitted to Council over the past four financial years:

| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
|---|---|---|---|---|
| **Planning and Economic Development** | 144 | 153 | 132 | 171 |
| **Infrastructure Services** | 50 | 44 | 59 | 68 |
| **Community Services** | 50 | 48 | 57 | 61 |
| **Financial Services** | 50 | 67 | 73 | 85 |
| **Corporate Services and Legal Services** | 76 | 53 | 54 | 72 |
| **Community Safety** | 21 | 40 | 73 | 73 |
| **Total number of recommendations** | **391** | **405** | **448** | **530** |

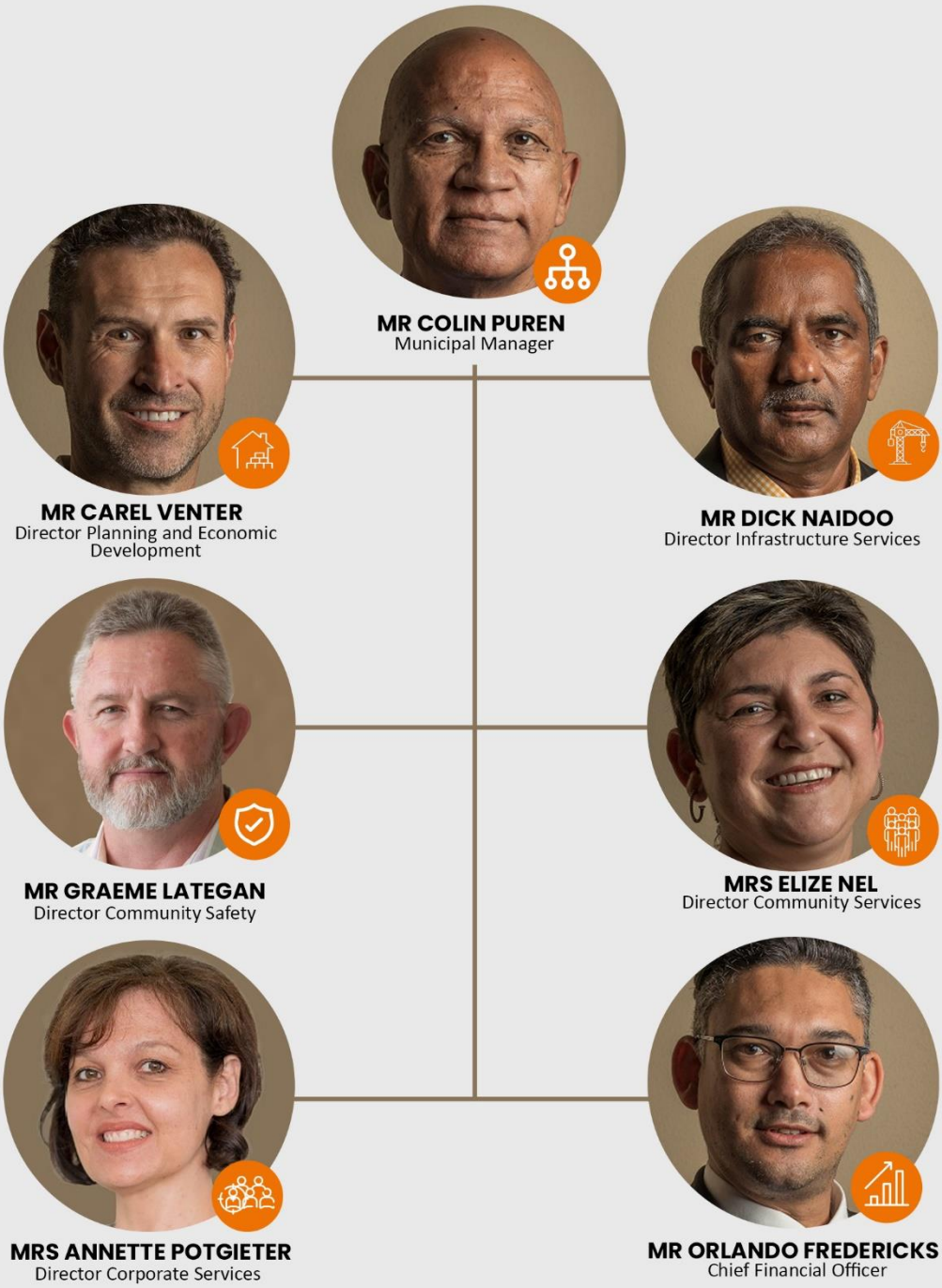
# EXECUTIVE MANAGEMENT

## 2.1 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the Municipal Finance Management Act states that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The macrostructure of the Mossel Bay Municipality with the incumbent heads of department at the end of the 2023/2024 financial year was as follows:




**Mr Graeme Lategan was appointed on 11 Dec 2023 as Director: Community Safety.*

In line with legislation each member of Executive Management signs as Performance Agreement as required in terms of Section 57 (2) (a) of the Municipal Systems Act, 32 of 2000, the below table provides an overview of the status of Performance Agreements:

| Name of Official | Department/Directorate | Performance Agreements Signed (Yes/No) |
|---|---|---|
| **C Puren** | Municipal Manager | Yes |
| **A Potgieter** | Director: Corporate Services | Yes |
| **O Fredericks** | Director: Financial Services | Yes |
| **C Venter** | Director: Planning and Economic Development | Yes |
| **E Nel** | Director: Community Services | Yes |
| **D Naidoo** | Director: Infrastructure Services | Yes |
| **G Lategan*** | Director: Community Safety | Yes |
| **Mr Graeme Lategan was appointed on 11 Dec 2023 as Director: Community Safety.* | | |

FUNCTIONS AND RESPONSIBILITIES

The administration is divided into seven directorates each with various sub-directorates that are responsible for specific functional areas. While clear distinctions are made in terms of functions and responsibilities sub-directorates work in close liaison with each other in the interest of efficient and the promotion of service delivery. The below sections provide a brief overview of the various functions and responsibilities assigned to the various directorates.

### 2.1.1 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for Legal Services, Performance Management, Risk Management, Internal Audit, Marketing, Communication and the Municipal Call Centre.

### 2.1.2 DIRECTORATE INFRASTRUCTURE SERVICES

The Directorate is responsible for Water and Sewer, Planning and Support Service (MIG projects and support services), Mechanical Services (Fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services), Electrical Planning, Customer Services, Roads and Storm Water.

### 2.1.3 DIRECTORATE COMMUNITY SERVICES

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Sport, Recreation, Cemeteries and Facilities, Community Development and Library Services and Thusong Service Centre.

### 2.1.4 DIRECTORATE COMMUNITY SAFETY

The Directorate is responsible for the provision Community Safety, Environmental Services, Fire and Rescue Services and the Municipal Court.

### 2.1.5 DIRECTORATE CORPORATE SERVICES

The Directorate is responsible for support services, which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Human Resources, Employment Equity, Information Technology, Strategic Services which include Integrated Development Planning and Public Participation.

### 2.1.6 DIRECTORATE FINANCIAL SERVICES

The Directorate is responsible for Financial Administration, Budget Office, Credit Control, Cash Flow Management, Loans, Investments, Income, Expenditure (Creditors and Payroll), Supply Chain Management and Property Evaluations.

### 2.1.7 DIRECTORATE PLANNING AND ECONOMIC DEVELOPMENT

The Directorate is responsible for Planning and Development (Strategic Planning and Development Control) as well as Human Settlement, Building Control, Building Plan Examination, Building Inspectorate, Municipal Buildings and Property, Outdoor Advertisements, Local Economic Development and Tourism. In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and outdoor advertising, an information service is provided to property owners and developers.

The Municipal Manager and the Directorate Heads meet formally every second Monday to review service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters.

The management team meets formally with the Mayoral Committee on a regular basis to ensure that the decision-making process is expedited to enhance service delivery. Each Director also interacts with his or her Mayoral Committee Member on a more regular basis for the same purpose.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

Section 3 (1) of the Municipal Systems Act requires that municipalities must exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in Section 41 of the Constitution.

Section 3 (3) of the Act sets out the purpose of co-operative government as:

- develop common approaches for local government as a distinct sphere of government
- enhance co-operation, mutual assistance and sharing of resources among municipalities
- find solutions for problems relating to local government generally
- facilitate compliance with the principles of co-operative government and intergovernmental relations

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mossel Bay Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mossel Bay Municipality actively participates in various Intergovernmental Relations activities in the district and province. The Municipality delegates officials and Councillors to the following forums:

| INTERGOVERNMENTAL RELATIONS FORUMS | | |
|---|---|---|
| **FORUM** | FREQUENCY | DIRECTORATE |
| Municipal Managers Forum | Quarterly | Office of the Municipal Manager |
| SALGA Working Groups | Quarterly | Relevant Directorate and Portfolio Councillor |
| Premier's Coordinating Forum (PCF) | Quarterly | Office of the Mayor; Office of the Municipal Manager |
| Legal Advisers Forum | Quarterly | Office of the Municipal Manager |
| Provincial IDP Managers Forum | Quarterly | Corporate Services |
| Provincial Training Committee Meeting | Bi-monthly | Corporate Services |
| Human Resources Forum | Quarterly | Corporate Services |
| Disaster Management Forum | Quarterly | Community Safety |
| Environmental Health Forum | Quarterly | Community Services |
| Local Economic Development Forum | Quarterly | Planning and Economic Development |
| Predetermined Objective Forum | Quarterly | Office of the Municipal Manager |
| Provincial Thusong Service Centre Managers Forum | Quarterly | Community Services |
| Municipal Governance Review and Outlook Forum (MGRO) | Quarterly | Office of the Municipal Manager and Financial Services |
| Provincial IDP Indaba | Bi-annual | Corporate Services |
| Provincial LGMTEC Engagements | Annual | Office of the Municipal Manager; Financial Services and Corporate Services |
| Provincial Commtech | Quarterly | Office of the Municipal Manager |

#### RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mossel Bay Municipality does not have any municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

| DISTRICT INTERGOVERNMENTAL STRUCTURES | | |
|---|---|---|
| **FORUM** | **FREQUENCY** | **DIRECTORATE** |
| District Coordinating Forum (DFC) | Quarterly | Office of the Mayor and Office of the Municipal Manager |
| District IDP Managers Forum | Quarterly | Corporate Services |
| Local Economic Development Forum (DFC) | Quarterly | Planning and Economic Development |
| South Cape Business Forum (SCEP) Tourism | Quarterly | Planning and Economic Development |

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council interacts with its stakeholders by means of ward committees, budget and Integrated Development Planning (IDP) meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation.

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, virtual posters, pamphlets and loud hailing. Public meetings include Council meetings, ward committee meetings and budget and IDP meetings.

### 2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality promotes participatory democracy by facilitating public participation in procedures through public meetings and Rep forums. Annual IDP public forums are held in all 15 wards to enhance consultation. The Garden Route Representative Forum presents provincial government service delivery challenges and allows relevant departments to connect with the public

Public forums were held in September 2023 and April 2024 to increase public involvement in the Fifth-Generation IDP. These gatherings were attended by approximately 125 persons in each ward. The Garden Route Representative Forum was held in May 2024, with roughly 140 attendees. Presentations from IDP/budget and SDF meetings are provided on the Municipal website (www.mosselbay.gov.za) daily.

| Timeframe | Wards | Topics Covered |
|---|---|---|
| **September 2023** | All 15 Wards | Logging Service Requests on Collab Citizen App, Integrated Development Plan & Budget Process, Traffic & Law Enforcement, Waste Management |
| **November 2023** | All 15 Wards | Introductory Computer Training |
| **February – March 2024** | All 15 Wards | Ward Committee Service Site Tour: Desalination Plant, Substation, Wastewater Treatment Works, Water Purification Works |

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and Purpose of meeting | Date of Events | Number of Participating Municipal Councillors across all meetings | Number of Participating Municipal Administrators across all meetings | Number of Community Members attending | Issues addressed (Yes/No) | Dates and manner of feedback given to community |
| **Integrated Development Plan & Budget Public Meetings** | Sep 2023 | 24 | 78 | 313 | The Purpose of the meeting is to consult the public on the | During the following rounds of Ward Committee Meetings as well |

| Public Meetings | | | | | | |
|---|---|---|---|---|---|---|
| Nature and Purpose of meeting | Date of Events | Number of Participating Municipal Councillors across all meetings | Number of Participating Municipal Administrators across all meetings | Number of Community Members attending | Issues addressed (Yes/No) | Dates and manner of feedback given to community |
| | | | | | Integrated Development Plan & Budget as well as afford and opportunity to identify service delivery gaps | as the April 2024 Integrated Development Plan & Budget Public Meetings |
| **Integrated Development Plan and Budget Public Meetings** | April 2024 | 15 | 64 | 289 | The Purpose of the meeting is to consult the public on the Integrated Development Plan & Budget as well as afford and opportunity to identify service delivery gaps | During the following rounds of Ward Committee Meetings as well as the planned September 2024 Integrated Development Plan & Budget Public Meetings |

WARD COMMITTEES

The Ward Committee System remains a strategic tool for expediting service delivery in Mossel Bay Municipality. Ward committees foster collaboration between the municipality and the community. Quarterly ward committee meetings identify ongoing difficulties with service delivery.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

These sessions help to develop links between the municipality and the community. The community gets to know their leaders and senior management. Executive management is intimately familiar with service delivery difficulties.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria | Yes/No |
|---|---|
| **Does the municipality have impact, outcome, input, output indicators?** | Yes |
| **Does the IDP have priorities, objectives, KPI's, development strategies?** | Yes |
| **Does the IDP have multi-year targets?** | Yes |
| **Are the above aligned and can they calculate into a score?** | Yes |
| **Does the budget align directly to the KPI's in the strategic plan?** | Yes |
| **Do the IDP KPI's align to the Section 57 Managers** | Yes |

| IDP Participation and Alignment Criteria | Yes/No |
|---|---|
| **Do the IDP KPI's lead to functional area KPI's as per the SDBIP?** | Yes |
| **Do the IDP KP'Is align with the provincial KPI's on the 12 Outcomes** | Yes |
| **Were the indicators communicated to the public?** | Yes |
| **Were the four quarter aligned reports submitted within stipulated time frames?** | Yes |

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which an organisation is directed and controlled. It is, in essence, a toolkit that enables Management and Council to deal more effectively with the challenges. Corporate governance ensures that appropriate decision-making processes and controls are in place so that the interests of all stakeholders are balanced.

### 2.6 RISK MANAGEMENT

Section 62 of the Local Government: Municipal Finance Management Act stipulates that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Municipality has a fully functional Fraud and Risk Management Committee which meets on a quarterly basis. The Committee reports to the Audit Committee who has an oversight function over the Fraud and Risk Management Committee.

Council has on recommendation of the Fraud and Risk Management Committee adopted various policies to assist with risk management within the Municipality and includes a Risk Management Policy, Risk Management Strategy, Fraud and Risk Management Committee Charter and an Anti-Fraud and Corruption Prevention Policy. The Committee annually approves a Fraud and Risk Management Implementation Plan setting out the Committees actions for the relevant year.

The Municipality undertakes an annual risk assessment where the risks with a residual risk rating above forty-four (44) where the ability to control is either medium or high, are identified and action plans are developed to mitigate these risks. Twenty-five (25) risks were identified for 2023/2024 namely:

| | Risk Title | Risk Residual Rating |
|---|---|---|
| **1** | Expenditure on unfunded mandates | 81.00 |
| **2** | Lack of fully integrated comprehensive asset management system | 64.80 |
| **3** | Inadequate Cyber Security Solution | 63.00 |
| **4** | Treatment for VAT regarding unfunded mandates | 63.00 |
| **5** | Inadequate contract management system | 63.00 |
| **6** | High levels of Loadshedding hampering the efficient delivery of services as well as the disruption of operations | 70.00 |
| **7** | Changing to Reporting/AFS module of financial system | 56.00 |
| **8** | Financial losses due to rejection of insurance claims | 56.00 |
| **9** | Illegal electrical connections | 54.00 |
| **10** | Financial Feasibility in the long term | 54.00 |
| **11** | Inadequate control with regards to leave, absenteeism and time-keeping | 50.40 |
| **12** | Over-dependency on incumbents of key posts | 50.40 |
| **13** | Lack of available air space for Builders Rubble and Garden Waste | 50.00 |
| **14** | Aged/overstretched water and sanitation pipe network and water meters | 48.60 |
| **15** | Inaccurate commitment and retention register | 48.00 |
| **16** | User access control of Financial System | 48.00 |

| | Risk Title | Risk Residual Rating |
|---|---|---|
| 17 | Accounting treatment of VAT when passing journals | 48.00 |
| 18 | Correct assessment regarding recoverability of all receivables | 48.00 |
| 19 | Inadequate SCM processes for purchases below R30 000 | 48.00 |
| 20 | Materials issued from stores not being used and not returned to the workshop | 48.00 |
| 21 | Poor performance of service providers not monitored | 48.00 |
| 22 | Deliberate By-passing of the SCM System | 45.00 |
| 23 | Vandalism / Theft of Council property (including Tampering) | 45.00 |
| 24 | Meter Tampering and by-passing of meters (all services) resulting in a loss of income | 45.00 |
| 25 | Clients do not receive their accounts in a timely manner or not at all | 45.00 |

The Directors of the Municipality are also the Risk Champions of their respective Directorates and are in the best position to mitigate the abovementioned risks and must report to the Fraud and Risk Management Committee quarterly on progress made with the risk action plans.

The Fraud and Risk Management Committee also adopted KPI's for the Committee with quarterly targets that are aligned to the Fraud and Risk Management Implementation Plan thus ensuring that the Committee functions optimally.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

An Anti-Fraud and Corruption Prevention Policy has been adopted by Council and the objective of this policy is to develop and foster a climate within the Mossel Bay Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both pro-active and re-active measures at their disposal and strive actively to gain the support of the public in this endeavour.

This policy also sets down the stance of the Municipality to fraud as well as re-enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft, and maladministration where these dishonest acts persist.

The goal of fraud and corruption prevention within the Municipality is to manage the susceptibility to risk with a view to reducing it and to raise the level of fraud awareness amongst employees and other stakeholders.

The policy is also intended to communicate the Municipality's commitment to eliminate fraud and that the Municipality supports and fosters a culture of zero tolerance to fraud and all its activities. Through this policy, the Municipality undertakes to combat all forms of fraud and corruption as well as to remain pro-active in the fight against fraud.

Workshops are held annually with new and existing employees to inform them of the Policy and to enhance awareness within the Municipality.

### ANTI-FRAUD HOTLINE

During the reporting period the Hotline was fully operational, and disclosures can be made via a number of methods such as phone, fax, e-mail, free post, SMS, and live chat. The Municipality has marketed the Anti-Fraud Hotline in both the monthly newsletter as well as the local newspaper, additionally the details of the hotline is also included in the e-mail signature of the Municipality. Reporting on disclosures is regularly done to the Fraud and Risk Committee to ensure oversight and transparency.

## 2.8 AUDIT COMMITTEE

The Municipal Audit and Performance Audit Committee (APAC) appointed in terms of Section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), is an independent body advising the Municipal Council, the political office-bearers, the accounting officer, and management staff of the Municipality, on matters relating to:

- Internal controls
- Risk management.
- Accounting policies.
- Adequacy, reliability, and accuracy of financial reporting information.
- Annual Financial Statements
- Performance management and Performance Evaluation.
- Effective governance.
- Monitoring and evaluation of the Internal audit unit
- Compliance with this Act, the annual Division of Revenue Act, and any other applicable legislation.
- Any other issues or functions referred to it by the Municipal Council
- Any issues raised by the Auditor-General and Internal Audit in their audit report.
- Carry out such investigations into the financial affairs of the municipality as the municipal council may request.

TERMS OF REFERENCE

The Audit and Performance Audit Committee is constituted in terms of the requirements of sound corporate governance practices and operates in accordance with a written charter that incorporates the specific requirements of section 166 of the Municipal Finance Management Act. The terms of reference are amended as required, subject to the approval of the Council. During the 2021/2022 financial period, the Terms of Reference were reviewed, and the amendments approved by Council - Resolution E255-09-2021 on 21 September 2021.

MEMBERS:

The Committee consist of three independent audit specialists and/ or relevant professionals from the private sector. The Members and the Chairperson is appointed for a term of three years, which constitutes one (1) term. Members may not serve for more than two (2) terms of office consecutively. Audit Committee members are not permitted to engage in business with Council and are required to declare any conflict of interest they may have in any matters on the agenda in every meeting.

The members of the Committee collectively have sufficient qualifications and experience to fulfill their duties, including an understanding of the following: financial and sustainability reporting; internal and financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; governance processes within the Municipality; personnel administration and performance management.

The following members served on the Audit and Performance Audit Committee for the 2023/2024 financial year:

| NAME OF REPRESENTATIVE | CAPACITY | TERM | START DATE | | END DATE |
|---|---|---|---|---|---|
| **Adv. FJ Block** | Chairperson | Second | 1 January 2021 | - | 31 December 2026 |
| **Mr. F Barnard CA (SA)** | Member | First | 1 January 2021 | - | 31 December 2023 |
| **Mr. A Mokoka CA (SA)** | Member | Second | 1 January 2021 | - | 31 December 2023 |
| **Prof. A Potgieter** | Member | First | 1 January 2024 | - | 31 December 2026 |
| **Mr. DJ Du Toit (RGA)** | Member | First | 1 January 2024 | - | 31 December 2026 |

MEETINGS:

The Committee meets on a quarterly basis and detail regarding their recommendations to council can be found in Appendix G. Committee meetings are attended by the Mayor (or appointed representative, Chairperson of the Financial Service Committee); the Accounting Officer; the Chief Financial Officer and Executive Management

team (Directors) that reports directly to Municipal Manager; the Chief Audit Executive and officials from the Office of the Municipal Manager: the Risk and Institutional Performance Management Officer and the Administrative Officer: Internal Audit; the Auditor General and officials from Provincial as well as, National Treasury.

The Audit Committee subsequently met on the following dates to fulfil its obligation:

| DATE | DETAILS | |
|---|---|---|
| 21 August 2023 | Special Meeting 1 | – Draft AFS and Draft APR 2022/2023 |
| 22 September 2023 | Quarter 1 Meeting | – Reporting on Quarter 4 of 2022/2023 |
| 29 November 2023 | Special Meeting 2 | – Final Management Report and Draft Annual Report 2022/2023 |
| 4 December 2023 | Quarter 2 Meeting | – Reporting on Quarter 1 of 2023/2024 |
| 14 February 2024 | Special Meeting 3 | – New Members Introduction |
| 28 February 2024 | Quarter 3 Meeting | – Reporting on Quarter 2 of 2023/2024 |
| 18 June 2024 | Quarter 4 Meeting | – Reporting on Quarter 3 of 2023/2024 |

## 2.9 INTERNAL AUDIT

The Internal Audit activity is an independent function within the Office of the Municipal Manager, reporting administratively to the Municipal Manager and functionally to the Audit and Performance Audit Committee. The Internal Audit Activity forms a significant part of governance within the Municipality, contributing to ensure good governance and regulatory conformance.

The internal audit activity is headed by an outsourced Chief Audit Executive who is a Director at Moore Consulting Southern Cape (Pty) Ltd. The Chief Audit Executive was appointed in July 2024 to act in the position until December 2026. The Internal Audit activity is supported by an outsourced internal audit team and an in-house, Administrative Officer: Internal Audit, appointed in September 2019. The Chief Audit Executive and Administrative Officer: Internal Audit, reports administratively to the Municipal Manager and functionally to the Audit and Performance Audit Committee.

*"Section 165 (2) (a), (b) and (c) of the MFMA requires that:*
*The Internal Audit Unit of a Municipality must -*

*(a) prepare a risk-based audit plan and an internal audit program for each financial year; and*
*(b) advise the accounting officer and report to the Audit Committee on the implementation on the internal audit plan and matters relating to:*
  *i. Internal audit*
  *ii. Internal controls*
  *iii. Accounting procedures and practices*
  *iv. Risk and risk management*
  *v. Performance management*
  *vi. Loss control*
  *vii. Compliance with this Act, the annual Division of Revenue Act, and another applicable legislation*
*(c) perform such other duties as may be assigned to it by the Accounting Officer."*

In accordance with the Audit and Performance Audit Committees' Terms of Reference and the Internal Audit activity Charter, Internal Audit prepare the following plans:

- Three-year rolling strategic internal audit plan based on the risk assessment process, considering the Municipalities current operations, business plans and risk management strategy, at the start of each year.
- An Operational internal audit plan, running from January to December, at the start of each year.

These internal audit plans are prepared in consultation with and for approval by the Municipal Manager and the Audit and Performance Audit Committee.

The approach is taken to formulate a risk-based plan considering the results of the municipal risk assessment done annually, to align the priorities of the internal audit activity with the objectives and goals of the

municipality, as well as considering any management concerns brought to the attention of Internal Audit. The primary purpose of the Internal Audit Plan is to outline the areas which will be reviewed by Internal Audit to Management and the Committee, to enable them to form a view on whether the planned coverage and scope are sufficient to meet their needs. The Internal Audit Plan is flexible, as a changing risk profile will necessitate amendments to the audit plan which, should any changes be required, the audit plan will be presented to the Committee again, for approval.

The priorities in the Internal Audit Plan can be categorised in terms of three categories audits focus on, namely: the systems of internal control, risk management and governance processes. The prioritisation of audits in these three categories is based primarily on the Municipality's risk profile as well as legislative requirements.

Combined assurance is important to enable the coordination of the internal audit activity with other assurance providers with the goal to ensure that the risks identified are addressed and that audit efforts are directed at risks in the areas most needed. In line with this principle, Internal Audit closely liaise with External Auditors to avoid unnecessary duplication of audit effort and facilitate sharing of audit plans and working papers as applicable.

Internal Audit reports to the Audit and Performance Audit Committee on a quarterly basis regarding the progress on the approved plan, the outcome of audits conducted in terms of the approved plan, follow-up audits and managements' implementation of the agreed upon action plans to address control weaknesses. The Administrative Officer: Internal Audit captures action plans and assigns the applicable users thus ensuring that all control weaknesses, raised in Internal Audit Reports, and the Final Management Report, issued by the Auditor General (AG), are addressed and compiled in an Audit Action plan. Follow up on implementation of all internal and external audit action plans, as well as the F*inancial Management Capability Maturity Model (FMCMM)* Action Plans are done on a regular basis. Progress of these implementations are report back to the Municipal Manager as well as the Audit and Performance Audit Committee.

The following Audit Engagements were approved, completed, and reported to the Audit and Performance Audit Committee:

**DECEMBER 2023 INTERNAL AUDIT OPERATIONAL PLAN:**

| COMPLIANCE REVIEWS | |
|---|---|
| • Performance Management: Quarter 2, 3 and 4 reviews of 2022/2023<br>• Performance Management: Quarter 1 review of 2023/2024<br>• Grants<br>• Internal Audit Review on expenditure for Roads Subsidy received. | |
| **RISK-BASED INTERNAL AUDITS** | |
| • Budgeting<br>• Review of the Draft Annual Financial Statements<br>• Expenditure (Commitments)<br>• Immovable (Fixed) and Donated Assets<br>• Insurance<br>• Investment Property<br>• Income (Rebates and Taxes)<br>• Contract Management | • Supply Chain Management<br>• Stores and Sub-stores: YE Inventory Count<br>• HR: Leave, Attendance, Overtime and Staffing Regulations.<br>• Waste Management<br>• Building Control and Town Planning (Zoning and Rezoning)<br>• Enterprise Risk Management, Governance and Ethics |
| **SPECIAL REVIEWS** | |
| Two (2) separate special reviews were done. | |

**DECEMBER 2024 INTERNAL AUDIT OPERATIONAL PLAN:**

| COMPLIANCE REVIEWS |
|---|
| • Performance Management: Quarter 2 and 3 reviews of 2023/2024<br>• Internal Audit Review on expenditure for Roads Subsidy received. |
| **RISK-BASED INTERNAL AUDITS** |

- Stores and Sub-stores: YE Inventory Count

QUALITY ASSESSMENT REVIEW (QAR)

The International Standards for the Professional Practice of Internal Auditing requires that an external quality assessment (QA) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

The qualified assessor demonstrated competence in both the professional practice of internal auditing and the Quality Assessment process. The Quality Assessment were done through a full external assessment in 2019.

As provided in Section 1300 of the IIA Standards, this report is prepared for the use of the Chief Audit Executive in support of the Quality Assurance Improvement Program (QAIP) for the internal audit activity. The QAIP should include periodic internal assessments and external assessments of the IAA's conformity with the IIA Standards.

The objective of the quality assurance was to:

- Assess the Internal Audit's conformance to the Institute of Internal Auditors', International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Ethics.
- Evaluate the internal audit function's effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of management and Council).
- Add value to management and the Audit and Performance Audit Committee, enhance the image, perceptions, and credibility of the Internal Audit Activity within the Municipality.
- Identify opportunities to enhance the Internal Audit Activity, management, and work processes, as well as its value to Municipality.

## 2.10 SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) is dealt with in Chapter 5 of this report.

## 2.11 BY-LAWS

Municipal By-Laws are adopted in terms of Section 12 of the Local Government: Municipal Systems Act, No. 32 of 2000 and promulgated in terms of Section 13 thereof. A comprehensive public participation process as required in the Systems Act is followed by the Municipality and workshops are also held with the public where the proposed by-law is discussed and explained. The public has the opportunity to ask questions of clarity or make proposals for changes to the by-law. All comments received from the public are taken into consideration with the final draft By-Law when it is tabled to Council for consideration and adoption.

By-Laws are enforced in terms of the stipulations contained in them and fine lists approved in terms of the By-Laws. The Municipality has various trained peace officers who ensure that by-laws are adhered to and can take action when there are instances or non-compliance. Transgressions of the by-laws are also referred to the Municipal Court where many cases have successfully been dealt with.

| By-laws Introduced during 2024 | | | | | |
|---|---|---|---|---|---|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| By-Law relating to Wayleaves and Electronic | | Yes | Commenced on 04 August 2023 | Yes | 31-Oct-23 |

| By-laws Introduced during 2024 | | | | | |
|---|---|---|---|---|---|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| Communications Facilities | | | to 4 September 2023 | | |
| | Tariff Policy | Yes | During Budgeting Process | Yes | 28-Jun-24 |
| | Rates Policy | | | | |
| | Customer Care, Debt Collection, Credit Control, Indigent and Tampering Policy | | | | |

COMMENT ON BY-LAWS:

By-Laws are enforced in terms of the stipulations contained in them and fine lists approved in terms of the By-Laws. The Municipality has various trained peace officers who ensure that by-laws are adhered to and can take action when there are instances or non-compliance. Transgressions of the by-laws are also referred to the Municipal Court where many cases have successfully been dealt with.

## 2.12 WEBSITES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is http://www.mosselbay.gov.za. All information required by law as well as general information on the Municipality is placed on the website.

Each department within the Municipality has a trained administrator with access to the website to upload documents and information relevant to the particular department.

## 2.13 COMMUNICATION

Mossel Bay Municipality maintains a communication policy and strategy based on a detailed communication plan that is reviewed annually. Transparency is a core value and is maintained through a sustained effort of providing clear and concise communication with residents. Through a proactive approach, the communication component strives to establish a positive and constructive relationship between the municipality and the public.

The communications component closely liaises with all levels of government for the rapid and effective dissemination of official communications. An extensive social media network is engaged and plays a crucial role in the reaching a broad audience across South Africa and abroad. This aids in building the municipality's image far beyond its physical borders. Social media platforms provide detailed statistics that are monitored to establish the effectivity of communication. Analysis of this information is crucial to adapt and align the communication plan.

The importance of print media is not neglected, and a sound relationship exists with both local, regional and national newspapers. In addition, these titles also offer an online component, which positively contributes towards media exposure for the municipality and Mossel Bay.

Regular slots on local radio stations are also utilized to enhance communication with the public. During these slots, specific topics relating to current issues are highlighted and experts from the municipality's directorates

participate in live interviews. Further radio broadcasting opportunities are being investigated to extend the reach of communication.

The communication component works very closely in support of the respective municipal directorates to proactively communicate projects of community interest. During the challenge of the COVID-19 pandemic, the municipality invited the community to attend the virtual council meetings through its live broadcast on municipal social media. With the end of the national state of disaster due to COVID-19, council meetings are held in person and the public, as prior to the pandemic, welcome to join. Council meetings are still streamed live and in addition to this, made more accessible to people with disabilities by the recent inclusion of a sign language interpreter.

Additional to live streaming of open council meetings, attention is given to the production of quality video material highlighting municipal projects and service delivery. Such videos, also used for clarification on matters relating to service delivery and to explain municipal processes, are uploaded and made available on the municipal YouTube channel.

Regular newsletters by the Executive Mayor and Municipal Manager are complementary to the monthly municipal newsletters distributed by the municipality. These provide additional insight and information on important municipal issues.

Communication remains a fast-changing and challenging science, calling for a continuous feed of data and analysis to identify communication needs, new audiences and pinpoint proactive messaging. The municipality is constantly exploring new and innovate communication methodologies and preferences, which is being developed and implemented in the coming year.

Much work has been done toward the establishment of a dedicated media studio where quality sound recordings, video production and postproduction will be done. This facility will enable the municipality to produce material that will enhance its communication offering to the public.

One of the most exciting additions to the communication portfolio, is the Collab Citizen municipal smart phone application. Amid exponential technological advancement in the past decade, citizens demand integrated, user-friendly and cost-effective solutions to engage their municipalities and to access public services, unaffected by space and time.

The development of the Collab Citizen smartphone application is scheduled, in three phases. Currently requests for all standard municipal services can be made and users are enabled to follow and receive updates on service requests applicable to them. Other features include access to and payment of municipal accounts and receipt of push notifications, like power outages, traffic delays and other that may affect the day to day lives of residents. Longer form articles and municipal newsletters about relevant issues are also available on the app. In two further phases water meter readings, access to pre-paid electricity, participation in surveys, a panic button and many more features are planned.

## 2.14 MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

The Municipal Public Accounts Committee (MPAC) is terms of Section 79 of the Local Government: Municipal Structures Act. The MPAC committee performs an oversight function on behalf of Council. The primary functions of the Municipal Public Accounts Committee as set out in the approved MPAC Charter are as follows:

- The consideration of the annual report in terms of Chapter 12 of the Local Government: Finance Management Act.
- To consider the report to Council on the implementation of the budget and financial state of affairs of the Municipality in terms of Section 52 and 71 of the Local Government: Finance Management Act.
- Oversight to promote good governance, transparency and accountability on the use of municipal resources.
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The below table list the members of Municipal Public Accounts Committee (MPAC) as well as the dates of meetings held:

| Name of Member | Meeting Dates |
|---|---|
| **Councillor E Baron (Chair) (until 31/05/2024)** | |
| **Councillor N Krige (Chair) (from 31/05/2024)** | |
| **Councillor A Janse van Rensburg** | |
| **Cllr M Welman** | |
| **Councillor T Mvumvu** | 24/07/2023 |
| **Councillor M Kannemeyer** | 18/10/2023 |
| **Councillor E Meyer** | 22/01/2024 |
| **Councillor J Gouws** | 19/03/2024 |
| **Cllr F Porter (resigned 28/03/2024)** | 18/04/2024 |
| **Cllr V Porter (appointed 19/04/2024)** | |
| **Councillor N Gwaza** | |
| **Councillor L Coetzee (Sec)** | |
| **Alderlady R Ruiters (Sec)** | |



# 3 SERVICE DELIVERY PERFORMANCE

## (PERFORMANCE REPORT PART I)

This component includes:

- Water Provision
- Waste Water (sanitation) Provision
- Electricity
- Waste Management
- Housing Services
- Summary of Free Basic Services

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

## COMPONENT A: BASIC SERVICES

### 3.1 WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

The water services infrastructure consists of various raw water sources including the Wolwedans Dam, Klipheuwel Dam, Ernest Robertson Dam as well as 8 boreholes with a total registered volume of 43.3 Megalitre per day. Raw water pipelines convey the untreated water to a total of seven Water Purification Plants situated throughout the municipal area. From the various water purification plants, as well as a desalination plant, the treated water is pumped via 30 pump stations into 55 reservoirs. The total design capacity for the seven water purification plants, as well as the desalination plant, is 72.3 Megalitres per day. The average daily volume of water purified, during the 2023/2024 financial year was 25.04 Megalitres per day and increased to 28.99 Megalitre per day during peak periods. A total volume of 10 329 Megalitres of raw water was purified at the municipal plants and a total volume of 9 137 Megalitres purified water was distributed to 38 296 metered connections.

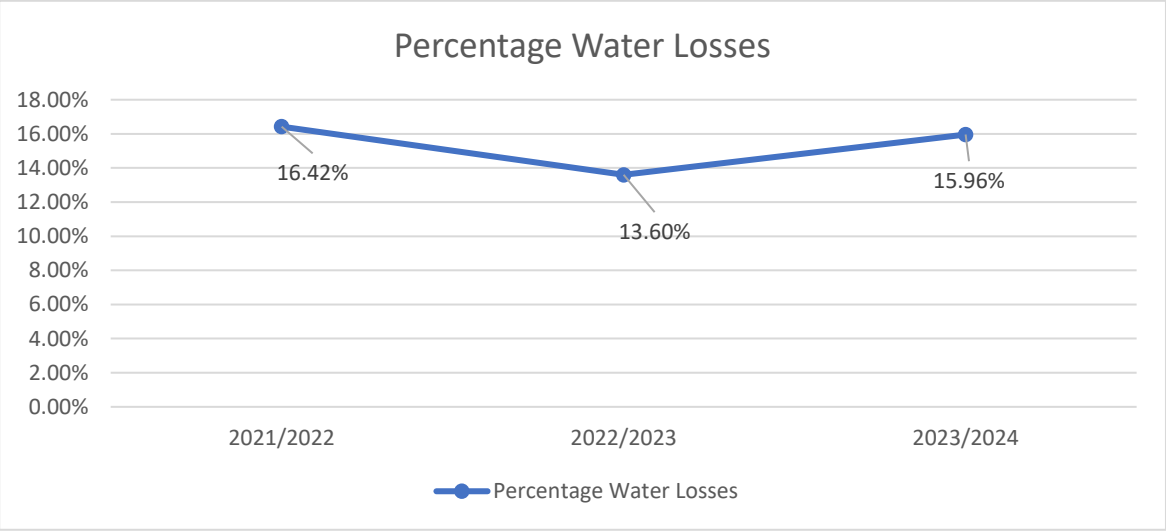
In total 348 preventative maintenance tasks were carried out at pump stations/plants and total of 381 water meters were replaced to minimise water losses. In addition to this the following activities on the water networks were also undertaken in the 2023/2024 financial year.

Service Statistics:

| | 2022/2023 | 2023/2024 |
|---|---|---|
| **New Water connections** | 489 | 291 |
| **Burst water pipeline repaired** | 180 | 262 |
| **Water meter related repair work** | 902 | 1014 |

Water meters older than 10 years are replaced throughout the municipal area, on a continuous basis, as part of the water meter replacement program.

The table below reflects the percentage Water Losses over the previous financial years:




The Municipality has made considerable progress in reducing water losses and can be attributed to sound planning and regular maintenance of infrastructure.

| Financial Performance 2024: Water Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 196 673 | 195 578 | 191 742 | 201 761 | 3% |
| Expenditure: | | | | | |
| Employees | 19 595 | 40 517 | 20 283 | 21 909 | -85% |
| Repairs and Maintenance | 19 629 | 26 488 | 21 452 | 22 215 | -19% |
| Other | 99 742 | 65 593 | 80 358 | 79 496 | 17% |
| Total Operational Expenditure | 138 966 | 132 598 | 122 092 | 123 619 | -7% |
| Net Operational Expenditure | -57 707 | -62 980 | -69 649 | -78 142 | 19% |

| Capital Expenditure 2024: Water Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 59 795 | 36 878 | 33 417 | -79% |
| | | | | |
| Upgrade Lodewykstenk WTW-CRR | 200 | 200 | 200 | 0% |
| Carports | 100 | 93 | 93 | -8% |
| Damp Control at Kleinbrak Water Treatment Works | 210 | 225 | 214 | 2% |
| Lab Instrumentation - New | 50 | 57 | 57 | 12% |
| Lab instrumentation - Replacement | 50 | 110 | 98 | 49% |
| Furniture & Office Equipment_New | 20 | 28 | 28 | 27% |
| Replacement of Electrical Plant and Equipment-Sandhoogte | 500 | 489 | 489 | -2% |
| Upgrade water pipeline between Grootbrak Water Treatment Works and Glentana | 400 | 400 | 275 | -45% |
| Upgrade of Friemersheim WTW | 300 | 300 | 300 | 0% |
| Capital Spares - Treatment Works | 900 | 889 | 877 | -3% |
| Furniture & Office Equipment | 10 | 10 | 8 | -23% |
| Machinery and Equipment - New | 75 | 75 | 75 | -1% |
| New Connections | 1 500 | 466 | 468 | -221% |
| New Connections | – | 1 059 | 432 | 100% |
| Pump station to supply New Reservoir @ Farm Vaale Vallei | 1 800 | 800 | 690 | -161% |
| Replace Water Network Lines-All Areas | 5 000 | 7 187 | 4 740 | -5% |
| Replacement of Vehicle: CBS 38675 | 390 | – | – | #DIV/0! |
| Replacement of Vehicle: CBS 38675 | – | 445 | 367 | 100% |
| Replacement of Water Meters | 350 | 105 | 105 | -232% |
| Replacement of Water Meters | – | 530 | 479 | 100% |
| Upgrade Herbertsdale Water Reticulation-M.I.G | – | – | 0 | 100% |
| Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag | 8 100 | 6 876 | 6 132 | -32% |
| Upgrading of buildings at Schoeman Street (Water and Sewer Section) | 250 | 301 | 295 | 15% |
| Water Management Solutions (Smart Meters) | 500 | – | – | #DIV/0! |

| Capital Expenditure 2024: Water Services | | | | R' 000 |
|---|---|---|---|---|
| | 2024 | | | |
| Capital Projects | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Electrical Bulk supply to Vaale Vallei pump station | 2 500 | 1 365 | 1 365 | -83% |
| Replace existing reservoir @ Buisplaas | 200 | – | – | #DIV/0! |
| Bartolomue Diaz Musuem Complex , New Water connection | – | 376 | – | #DIV/0! |
| Bartolomue Diaz Musuem Complex , New Water connection | – | – | 499 | 100% |
| Replacement of vehicle - CBS 52520 | – | 550 | 425 | 100% |
| Ernst Robertson Pipeline to Sandhoogte | 4 200 | 4 200 | 4 532 | 7% |
| Installation of Intelligent Bulk Watermeter Reading Devices | 500 | 500 | 495 | -1% |
| Replacement of Fencing at Reservoirs | 1 000 | 950 | 947 | -6% |
| Replacement of Vehicle: CBS 52545 | 390 | – | – | #DIV/0! |
| Replacement of Vehicle: CBS 52545 | – | 445 | 366 | 100% |
| Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments | 20 000 | 6 850 | 6 850 | -192% |
| New Great Brak River Reservoir | 9 500 | 350 | 726 | -1209% |
| Pumpstation at Aalwyndal Reservoir | 300 | – | – | #DIV/0! |
| Capital Spares-Pump Stations | 200 | 200 | 364 | 45% |
| Telemetry: Expansion New System | 300 | 100 | 80 | -273% |
| Telemetry: Expansion New System | – | 348 | 348 | 100% |

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

**1. Replace Water network lines** – Water infrastructure in the Da Nova area was replaced since frequent burst pipes were experience in this area. The water pipes are replaced by means of pipe cracking technology. The replacement of pipes by means of pipe cracking minimises open excavations and reduces the inconvenience to the residents in the area. This project started during the 2022/2023 financial year and will proceed during the 2023/2024 financial year and will be completed during the 2024/2025 financial year.

The following was completed during the 2023/2024 financial year:
- 5 x 160mm diameter gate valves installed
- 11 x 110mm diameter gate valves installed
- 15 fire hydrants installed
- Open trench excavation and installation of pipelines:
  - 175m of 160mm diameter HDPE pipelines
  - 85 m of 110mm diameter HDPE pipelines
- Pipe cracking:
  - Cracking 75mm AC pipes to 110 mm diameter HDPE pipes = 1351m
  - Cracking 75 mm AC pipes to 160 mm diameter HDPE pipes = 186m

The total expenditure for the 2023/2024 financial year amounted to R 4 739 543 excluding VAT (CRR).

**2. Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag** – This pipeline was upgraded due to the age of the existing pipeline and to cater for future increase in consumption. During the 2023/2024 financial year a portion of the pipeline was upgraded. The remainder of the pipeline will be upgraded during the 2024/2025 financial year.

The following was completed during the 2023/2024 financial year:
- 6 200 m x 200mm diameter PVC installed
- 430 m x 200mm diameter HDPE installed
- Installation of 16 Air Valves and 7 Scour Valves

● Installation of 7 Scour Valves

The total expenditure for the 2023/2024 financial year amounted to R 6 131 943 excluding VAT (CRR).

**3. Upgrade pipeline between Ernest Robertson Dam and Sandhoogte Water Treatment Plant** – There are sections of the raw water pipeline that are very old and frequently requires maintenance and repairs. This is a multi-year project spread over the 2023/2024 and 2024/2025 financial years.

The following was completed during the 2023/2024 financial year:
● 1013m of trench excavation
● 628m x 315mm diameter PVC pipe installed
● 39 x Anchor and thrust blocks constructed

The total expenditure for the 2023/2024 financial year amounted to R 4 532 019 excluding VAT (Loan).

**4. Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments** – New pipelines are required to supply water to the surrounding residential developments. This is a multi-year project spread over the 2023/2024 and 2024/2025 financial years.

The following was completed during the 2022/2023 financial year:
● 1 220 m x 400mm diameter PVC gravity pipeline
● 416 m x 315mm diameter PVC gravity pipeline
● 1 x New concrete pipe branch chamber = 45% completed
● 1 x New combined isolating and scour valve chamber on the new 400mm diameter PVC gravity pipeline = 70% completed
● 1 x New combined isolating and scour valve chamber on the new 315mm diameter PVC gravity pipeline = 56% completed
● 1 x New air valve chamber on gravity pipelines completed

The total expenditure for the 2023/2024 financial year amounted to R 6 849 949 excluding VAT (Loan).

**5. Replacement of Fencing at Reservoirs** – There is a total of 55 reservoirs throughout the municipal area and fencing needs to be replaced on a continuous basis to prevent unauthorized people to get access to the reservoirs.
During the 2023/2024 financial year 395 m of fencing was replaced at various reservoirs.

The total expenditure for the 2023/2024 financial year amounted to R 947 388 excluding VAT (CRR).

## 3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

From the consumers, sewerage is conveyed through approximately 512 km gravity sewer pipelines to 73 Sewer pump stations situated throughout the municipal area. From the pump stations the sewerage is pump through approximately 41 km of rising main pipelines to a total of seven wastewater treatment plants situated throughout the municipal area. The total design capacity for the seven wastewater treatment plants is 22.54 Megalitre per day. The current combined average daily inflow for the seven Wastewater Treatment Plants is 16.52 Megalitre per day.

Service Statistics:

| | 2022/2023 | 2023/2024 |
|---|---|---|
| **New sewer connections** | 514 | 328 |
| **Blockages opened** | 1689 | 1391 |

In addition to the above sewage with a total volume of 21.8 Megalitres was collected by the municipal vacuum tanker as well as the vacuum tanker hired in on an annual tender, from pump stations and conservancy tanks and discharged at the municipal waste water treatment plants. A further 62.2 Megalitres of sewage was discharged by private tankers at the municipal wastewater treatment plants. A total of 1131

preventative maintenance tasks were carried out at plants and pump stations in accordance with the municipal assistant maintenance programme.

A high level of blockages occurred in especially the Asla Park and KwaNonqaba area because of items such as disposable nappies finding their way into the system. Vandalism in the form of rocks, stones and other foreign material thrown into manholes also cause problems periodically.

The illegal discharge of foreign objects/material into the municipal sewer networks causes unnecessary blockages and adversely impacts on the operation of the wastewater treatment plants.

The number of sewer blockages in the Groot Brak area also increased. This could be contributed to frequent high stages of loadshedding. Most of the area in Great Brak gravitates to the Cricket Field sewer pumpstation. This pumpstation did not have any back-up power supply but a generator has recently been installed.

| Financial Performance 2024: Sanitation Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| Total Operational Revenue | 126 943 | 153 388 | 154 626 | 152 978 | 0% |
| **Expenditure:** | | | | | |
| **Employees** | 26 347 | 32 173 | 29 764 | 29 677 | -8% |
| **Repairs and Maintenance** | 18 808 | 23 520 | 22 452 | 21 513 | -9% |
| **Other** | 45 989 | 34 429 | 32 102 | 26 110 | -32% |
| Total Operational Expenditure | 91 144 | 90 122 | 84 318 | 77 300 | -17% |
| Net Operational Expenditure | -35 798 | -63 266 | -70 308 | -75 678 | 16% |

| Capital Expenditure 2024: Sanitation Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | 2024 Variance from original budget |
| **Total All** | 110 646 | 104 697 | 93 859 | -18% |
| | | | | |
| New storage and sampling facility building @ Ruiterbos WWTW | 100 | 160 | 154 | 35% |
| Capacity increase of Pinnacle Point WWTW | 20 626 | 20 242 | 14 983 | -38% |
| Capacity increase of Pinnacle Point WWTW | – | – | 5 259 | 100% |
| Capacity increase of Pinnacle Point WWTW | 6 776 | 7 330 | 7 330 | 8% |
| Brush Cutter at Regional Waste Water Treatment Works | 80 | 70 | 69 | -16% |
| Capital Spares-Treatment Works | 600 | 580 | 463 | -30% |
| Instrumentation-Purification Services | 200 | 200 | 184 | -9% |
| Machinery & Equipment - New | 20 | 20 | 13 | -56% |
| Trailor for rags at Regional Waste Water Treatment Works | 50 | 60 | 60 | 16% |
| Upgrading and Alterations to Laboratory @ Regional WWTW | – | – | 16 | 100% |
| Mechanical Plant and Equipment-Regional Plant | – | 75 | 75 | 100% |
| Upgrading of the Regional WWTW | 3 000 | 3 000 | 1 374 | -118% |

| Capital Expenditure 2024: Sanitation Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Capacity increase of Great Brak WWTW | 40 000 | 39 915 | 37 007 | -8% |
| Capacity increase of Great Brak WWTW | – | 85 | 66 | 100% |
| Upgrade WWTW - Friemersheim | 3 000 | 1 000 | 999 | -200% |
| Main Sewer Network between Glentana & Great Brak | 9 000 | 7 085 | 7 008 | -28% |
| Midbrak Main Sewer Network | 10 000 | 10 000 | 10 000 | 0% |
| Additional sewage conservancy tanks @ Pienaar Strand and Eekhoring Street | 300 | 300 | 75 | -300% |
| New Connections | 500 | 219 | 239 | -109% |
| New Connections | – | 309 | 35 | 100% |
| Replacement of sewer pipelines between Mossel Bay and Hartenbos | 5 000 | 5 000 | 685 | -630% |
| Enlarge Sewerlines: Brandwacht | 1 500 | 1 265 | 334 | -349% |
| Furniture & Office Equipment | 10 | 10 | 9 | -8% |
| Machinery & Equipment-New | 50 | 50 | 46 | -8% |
| New sewer infrastructure for unserviced erven in Great Brak River | 1 500 | 410 | 410 | -266% |
| Replace Sewer lines : Greenhaven Phase 2-Grant | 2 739 | 2 074 | 2 074 | -32% |
| Replace Sewer lines : Greenhaven Phase 2 | 575 | 575 | 575 | 0% |
| Replace Sewer lines : Tarka | 500 | 500 | 374 | -34% |
| New Sewer Lines: D'Almeida | 300 | 315 | 309 | 3% |
| Capital Spares-Pump Stations_Sewerage | 700 | 1 018 | 810 | 14% |
| New Level-Sensor for Sewer Pits | 120 | – | – | #DIV/0! |
| New Level-Sensor for Sewer Pits | – | 207 | 206 | 100% |
| New MCC Panels (To replace old MCC Panels) | 300 | 250 | 250 | -20% |
| Upgrade Odour Filter at VPS | 2 700 | 2 070 | 2 066 | -31% |
| Upgrade Telemetry | 400 | 67 | 67 | -494% |
| Upgrade Telemetry | – | 235 | 235 | 100% |

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

**1. Midbrak Main Sewer Network –** This is a multi phase project and the purpose is to systematically install sewer infrastructure in areas that historically made use of septic tanks with soak-aways or sewer conservancy tanks. The following was completed during the 2023/2024 financial year:

- 160mm diameter uPVC Class 34 pipe = 2029m
- 160mm diameter HDPE Class 12 pipe = 799m
- 200mm diameter HDPE Class 12 (Sleeves) = 271m
- 110mm diameter uPVC Class 34 pipes = 591m
- 78 x Concrete manholes

The total expenditure for the 2023/2024 financial year amounted to R 9 999 999 excluding VAT (Loan).

**2. Main Sewer Network between Glentana & Great Brak –** This is a multi phase project and the purpose is to systematically install sewer infrastructure in areas that historically made use of septic tanks with soak-aways or sewer conservancy tanks. The following was completed during the 2023/2024 financial year:

- 90mm diameter UPVC (Class 9) Sewage rising main = 378 m
- 160mm diameter UPVC (Class 9) Sewage rising main = 390 m
- 200mm diameter HDPE (Class 10) Sewage rising main = 402 m

● 150mm diameter Galvanised Steel pipeline along the Great-Brak River bridge on brackets installed to the side of the existing bridge = 140 m
● Crossing of Transnet Railway line by means of Horizontal Directional Drilling.
● Construction associated fittings, valve and air valve chambers
● Internal / External alterations and conversion of two (2) sewer conservancy tanks into Sewer Pump stations.
● Two submersible solids-handling sewage pump sets and pipe work for three (3) pump stations.
● Electricity Main supply and all electrical and communication equipment for three (3) pump stations
● Filling of old communal conservancy tank with gravel material.

The total expenditure for the 2023/2024 financial year amounted to R 7 008 153 excluding VAT (Loan).

**3. Capacity increase of Great Brak WWTW –** Due to various residential developments currently taking place as well as developments planned in the near future the capacity of the existing waste water treatment works must be increased to 4 Megaliter per day. This is a multi-year project spread over various financial years.

The total expenditure for the 2023/2024 financial year amounted to R 37 006 905 excluding VAT (Loan).

**4. Capacity increase of Pinnacle Point WWTW -** Because of various residential developments planned in the near future the capacity of the existing waste water treatment works must be increased to 8 Megaliter per day. This is a multi-year project spread over various financial years.

The total expenditure for the 2023/2024 financial year amounted to R 14 983 366 excluding VAT (MIG) and R 7 329 677 excluding VAT (CRR).

**5. Replace Sewerlines: Greenhaven** – The sewer infrastructure in Greenhaven is very old and frequent blockages occurs and needs to be replaced with new infrastructure. This is a multi-year project spread over various financial years. The following was completed during the 2023/2024 financial year:
● 160mm diameter Pipe Cracking = 115m
● Open trench excavation and installation of 160mm diameter sewer pipelines = 1185m
● New 110mm diameter sewer house connections = 1406m
● Construction of manholes on main sewer pipelines as well as on residential properties = 49
● Construction of new sewer pumpstation with 4 hours storage capacity
● Installation of alarm system and fence at sewer pumpstation

The total expenditure for the 2023/2024 financial year amounted to R 575 111 excluding VAT (CRR) and R 2 074 006 excluding VAT (MIG).

## 3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

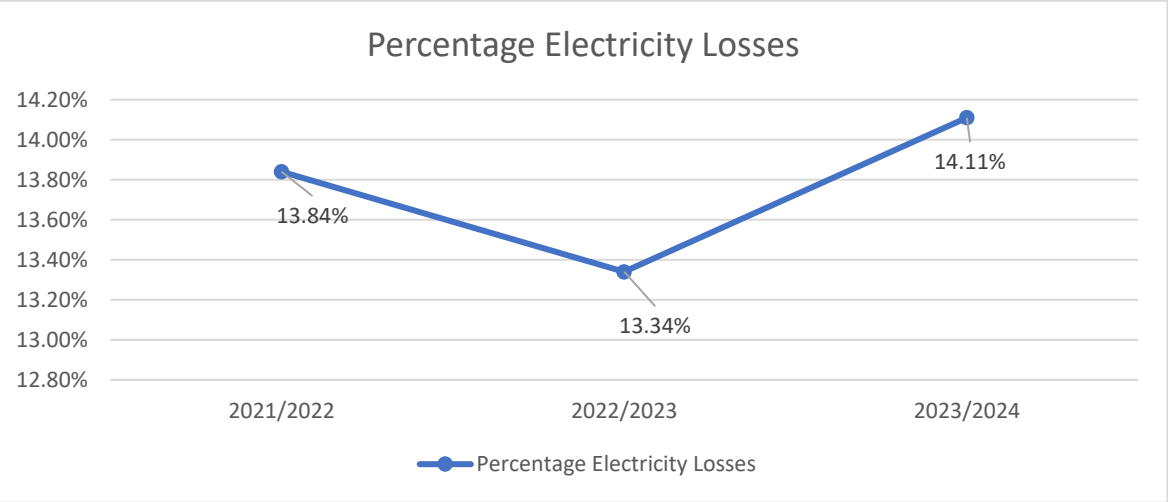
Electricity is purchased from Eskom at seven major points of supply with a combined notified maximum demand of 82MVA and is distributed under a NERSA license to various industrial, commercial and domestic customers. The peak maximum demand for the year was 79MVA in July 2023, which appears to have been a peculiar occurrence, leaving only 3MVA of spare capacity for future growth. The next highest maximum demand of 71.5MVA occurred on 11 September 2023 at 19h00 on a very cold evening, which leaves 10.5MVA of spare capacity.

In 2023/2024 electricity was supplied to 36769 formal and informal households, compared to 36050 households of the previous year.

A total of 13 capital projects were successfully completed in line with the IDP and capital programme while several other multi-year projects remain in progress. The department achieved a 93.6% expenditure for the 2023/2024 financial year.

A total of 2763 preventative maintenance tasks were completed on electrical equipment to minimise break downs and to improve the quality of supply to all customers.

In addition to the above, six (6) operations were carried out together with the Public Order Policing Unit of the South African Police services, to remove illegal connections. An estimated total of 1100 illegal connections were removed during these operations.




| Financial Performance 2024: Electricity Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| Total Operational Revenue | 610 808 | 663 381 | 674 029 | 684 322 | 3% |
| **Expenditure:** | | | | | |
| **Employees** | 29 785 | 33 496 | 31 890 | 32 107 | -4% |
| **Repairs and Maintenance** | 32 378 | 41 814 | 40 315 | 40 204 | -4% |
| **Other** | 444 481 | 513 825 | 522 674 | 527 811 | 3% |
| Total Operational Expenditure | 506 644 | 589 134 | 594 879 | 600 122 | 2% |
| Net Operational Expenditure | -104 163 | -74 247 | -79 150 | -84 200 | 12% |

| Capital Expenditure 2024: Electricity Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | 2024 Variance from original budget |
| **Total All** | 66 077 | 61 609 | 59 403 | -11% |
| | | | | |
| Pinnacle Point Sub-Replace Switchgear | 50 | – | – | #DIV/0! |
| Pinnacle Point Sub-Replace Switchgear | 1 900 | 1 955 | 1 955 | 0% |
| Pinnacle Point Sub-Replace Switchgear | 30 | – | – | #DIV/0! |
| Furniture & Office Equipment (New) | 5 | 5 | 5 | 0% |
| Intake Substation Revamp (66 kV) | 6 000 | 1 029 | 1 019 | -1% |
| Zandhoogte Development, erf.139 Terngniet | – | – | 976 | 100% |
| MV Network Improvement KwaNonqaba SS-B substation | – | 129 | 129 | 0% |
| New Connections | 39 | 24 | – | #DIV/0! |

| Capital Expenditure 2024: Electricity Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| New Connections | 460 | 460 | 282 | -63% |
| New Connections | 1 860 | 1 804 | 1 526 | -18% |
| Replacement of Electricity Meters | 732 | 877 | 752 | -17% |
| Replacement of Electricity Meters | 95 | – | – | #DIV/0! |
| Replacement of Electricity Meters | 118 | 68 | – | #DIV/0! |
| Streetlights for new Daffodil Crescent link road, Wolwedans | 15 | 15 | – | #DIV/0! |
| Streetlights for new Daffodil Crescent link road, Wolwedans | 130 | 130 | 113 | -15% |
| Streetlights for new Daffodil Crescent link road, Wolwedans | 29 | 29 | – | #DIV/0! |
| Streetlights for new Vlei Street extension, Voorbaai | 10 | – | – | #DIV/0! |
| Streetlights for new Vlei Street extension, Voorbaai | 94 | – | – | #DIV/0! |
| Streetlights for new Vlei Street extension, Voorbaai | 20 | – | – | #DIV/0! |
| Tools & Equipment | 140 | 140 | 124 | -13% |
| Town Feeder 1 Great Brak Overhead to cable 120mm | 25 | 30 | 30 | 0% |
| Town Feeder 1 Great Brak Overhead to cable 120mm | 750 | 994 | 994 | 0% |
| Town Feeder 1 Great Brak Overhead to cable 120mm | 225 | 158 | 158 | 0% |
| Aalwyndal MV network upgrade | 6 000 | 6 000 | 5 966 | -1% |
| Capital Spares (Replace Mini Substations) | 1 300 | 3 850 | 2 236 | -72% |
| Electrical Workshop Upgrading | 50 | 50 | 35 | -44% |
| Electrical Workshop Upgrading | – | 25 | 21 | -17% |
| Electrification Projects | 10 441 | 9 565 | 9 564 | 0% |
| Electrification Projects_CRR | 150 | 150 | 134 | -12% |
| Electrification Projects_CRR | 50 | 50 | 49 | -1% |
| Energy Efficiency: Streetlight luminaire replacements | 5 000 | 4 850 | 4 850 | 0% |
| Energy Efficiency: Streetlight luminaire replacements | – | 150 | 150 | 0% |
| High mast and flood lights for various wards | 180 | 345 | 321 | -7% |
| High mast and flood lights for various wards | – | 100 | 127 | 22% |
| LV supplies to various CCTV installations | 5 | 1 | 1 | -47% |
| LV supplies to various CCTV installations | 70 | 70 | 69 | -1% |
| LV supplies to various CCTV installations | 25 | 29 | 27 | -8% |
| Optic fibre network installation between 66kV substations | 500 | – | – | #DIV/0! |
| Optic fibre network installation between 66kV substations | – | 260 | 260 | 0% |
| Replace LV Overhead Lines : Great Brak | 34 | 5 | – | #DIV/0! |
| Replace LV Overhead Lines : Great Brak | 544 | 395 | 395 | 0% |
| Replace LV Overhead Lines : Great Brak | 102 | 109 | 109 | 0% |
| Replace Morrison Str OHL | 7 | 29 | 29 | 0% |
| Replace Morrison Str OHL | 944 | 2 699 | 2 676 | -1% |
| Replace Morrison Str OHL | 49 | 231 | 231 | 0% |
| Replace MV Overhead Lines : Great and Klein Brak areas | 34 | 20 | 20 | 0% |

| Capital Expenditure 2024: Electricity Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Replace MV Overhead Lines : Great and Klein Brak areas | 544 | 636 | 622 | -2% |
| Replace MV Overhead Lines : Great and Klein Brak areas | 102 | 127 | 125 | -2% |
| Replace MV Ring Main Units | – | 1 617 | 1 617 | 0% |
| Replacement Network H/Bos | 345 | 306 | 306 | 0% |
| Replacement Network H/Bos | 68 | 52 | 52 | 0% |
| Replacement Network H/Bos_ | 23 | 14 | 14 | 0% |
| Replacement Network Low Voltage | 23 | 5 | – | #DIV/0! |
| Replacement Network Low Voltage | 360 | 378 | 389 | 3% |
| Replacement Network Low Voltage | 68 | 68 | 67 | -1% |
| Security systems at electrical substations | 100 | 535 | 535 | 0% |
| Security systems at electrical substations | – | 19 | 19 | 0% |
| Security systems at electrical substations | – | 13 | 13 | 0% |
| Smart grid, metering & monitoring | 50 | 113 | 85 | -33% |
| Smart grid, metering & monitoring | 250 | 70 | 70 | 0% |
| Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations | 500 | 1 681 | 1 504 | -12% |
| Replacement of substation battery banks | 1 000 | 937 | 693 | -35% |
| Alternative energy solutions including battery storage | 23 700 | 13 000 | 12 961 | 0% |
| Street Lights:Great Brak Area | 7 | 21 | 21 | -2% |
| Street Lights:Great Brak Area | 104 | 90 | 84 | -7% |
| Street Lights:Great Brak Area | 20 | 42 | 38 | -11% |
| Street Lights:Mossel Bay Area | 9 | 9 | – | #DIV/0! |
| Street Lights:Mossel Bay Area | 136 | 136 | 85 | -60% |
| Street Lights:Mossel Bay Area | 26 | 26 | 24 | -7% |
| New photocopy machine for Electrical Workshop at Schoeman Street | 35 | 26 | 26 | 0% |
| Emergency standby generators - installation | 350 | 345 | 237 | -46% |
| Emergency standby generators - installation | 20 | 20 | 3 | -614% |
| Emergency standby generators - installation | 30 | 35 | 19 | -80% |
| Standby generators | – | 4 275 | 4 275 | |
| Standby generators | – | 185 | 185 | |

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

**Challenges:**

During the past year there has been an increasing trend of vandalism of infrastructure and copper theft, which is of great concern to the municipality, as it affects service delivery and adds unnecessary cost. Measures such as intruder alarms at key substations appear to be effective to curb the vandalism and theft, but streetlight installations remain vulnerable as these are ubiquitous and therefore difficult to guard or protect.

Loadshedding was implemented by Eskom for 9 months of the year, with the last loadshedding taking place on 27 March 2024. July 2023 was the worst month for loadshedding in this financial year, when loadshedding was applied for 163.5h.

Tampering with electrical service connections and illegal electrical connections remain a growing problem in the area, which is contributing to an increase in electrical losses. Electrical losses have increased from 13,34% to 14,11% for the year.

A summary of the major capital projects that are underway or completed during the year is as follows:

**1. Hartenbos Wastewater Treatment Works PV Solar**
This multi-year project involves the construction of a 2.1MW hybrid Photovoltaic (PV) system with integrated battery storage and diesel generator backup at the premises of the Hartenbos Wastewater Treatment Works. The hybrid system will be grid-tied under normal operating conditions, providing battery backup as a first line of support when the grid supply is interrupted. Standby diesel generators will also be incorporated to serve as a final level of support when the batteries are depleted. During the 2023/24 financial year the long lead items were ordered and a major portion of the PV panels were purchased and delivered. The planned construction of the civil works will commence in September 2024. It is estimated that the total cost for the multi-year project will be R104 000 000 (VAT excluded) by completion in September 2025.

**2. Revamp of Intake Substation**
This multi-year project involves the revamp of Intake Substation situated in Voorbaai. The project will cater for the reconfiguration of the substation layout and replacement of 11/66kV equipment and the construction of a new 11/66kV Switching Substation building. The project will also include the preparation to install a third 10MVA transformer at a later stage to cater for the growing demand in the Aalwyndal and Voorbaai areas and to provide a firm supply to the Intake Substation supply area. During the 2023/24 financial year, high level designing of the new substation has been addressed in cooperation with Eskom to ensure a secure integration with the existing Eskom network. During the 2024/25 financial year the design will be finalised, and the construction of the civil works will commence. It is estimated that the total cost of the multi-year project will be R50 000 000 (VAT excluded) by completion in 2026.

**3. Upgrading of the 66kV overhead line between Eskom Duinzicht Substation and the municipal Ockert Bothma Substation**
This multi-year project has been completed during the 2023/24 financial year at a cost of R16 000 000 (VAT excluded). The old wooden-pole overhead line was replaced which increased its capacity from 30MVA to approximately 47MVA. The increased capacity will cater for projected growth in demand in the western areas of Mossel Bay. The upgraded 66kV line will also cater for the planned renewable energy plant in the Mossdustria area.

**4. New Aalwyndal 11kV Switching Substation**
The project involves the construction of a new 11kV Switching Substation building with 8 x 11kV Primary Switchgear and associated equipment on Erf 220/517, Aalwyndal. The new Switching Substation will with an 11kV underground cable be fed from Intake Substation situated in Voorbaai. 2023/24 was the second year of construction and during this year approximately 80% of the underground cable has been installed, while construction of the Switching Substation building has been completed and the 11kV switchgear has been acquired. The installation of the 11kV switchgear and completion of the underground cable is planned for the 2024/25 financial year. It is estimated that the total cost for this multi-year project will be R14 900 000 (VAT excluded) by completion in September 2024. The new Switching Substation will cater for existing as well as future developments in the Aalwyndal area.

**5. Electrification Projects**
The electrification project was undertaken in accordance with the Department of Mineral Resources and Energy policy guidelines. A total of 645 informal and formal households were electrified in the UISP (KwaNonqaba Phase 5) areas in the 2023/2024 financial year. The project involved the installation of medium voltage and low voltage electrical reticulation, at a cost of R9 740 696, excluding VAT, making use of INEP grant funding and a small portion of CRR funding.

## 3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The Mossel Bay Municipality strives to achieve and exceed the targets set by the National Government for refuse collection, management of waste disposal facilities, street cleaning and waste minimisation. Mossel Bay Municipality does this via its: dedicated staff component; well maintained refuse collection fleet; compliant waste disposal sites, Street cleaning and Open Spaces EPWP projects and waste minimisation interventions which include curb side collection of recyclables and diversion of waste via the three-bag system. Mossel Bay municipality is especially proud of the following:

- The promulgation and implementation of its Refuse Management By-law
- As per policy new double axel compactor was purchased. This allows more efficient completion of refuse routes
- The Integrated Waste Management Plan for 2020 -2025 is approved by the relevant authorities and it was agreed with the District Municipality that a new plan would be complied for the next 5 year cycle.
- All Solid Waste Infrastructure planning is guided by an approved Waste Infrastructure Plan
- The weekly curb side collection of recyclables and green waste exceeds the applicable norms and standards in that collection in all areas occurs once a week.
- All solid waste sites were deemed compliant by both the internal and external audits conducted during 2023/2024.
- The Street Cleaning and Open Space EPWP programs provide employment for previously unemployed people and keeps the environment clean. In excess of 200 people are employed in this manner
- The monthly recycling rate for 2023/2024 was between 20 and 25% on average which exceeds the applicable national targets
- Refuse Bags are distributed quarterly to all formal and informal households in Mossel Bay.
- Household Hazardous Waste Open days have greatly reduced the volume of hazardous wastes from entering the environment via illegal dumping. A new service of collecting asbestos from residential properties was introduced. The work is done by a registered service provider and disposal occurs at a licensed Hazardous Waste Site.
- One Buy-Back Centre and one Material Recovery Facility was operational during 2023/2024 which ensured that additional recyclables were diverted from waste streams
- Recycling and Composting training was provided to residents in different areas. Participants were also supplied with home composting bins.
- The Landfill Closure Provision Projects for 2023/2024 were successfully concluded

**Despite all the above-mentioned success, there are some serious challenges which persist. These include:**

- Continued Illegal dumping of all waste around informal areas. Provision has been made for the continuation of distributing of refuse bags to informal areas which will assist in ensuring that residents have suitable waste receptacles;
- Limited participation in the waste separation at source in informal areas. Training was provided to residents in informal areas to encourage recycling;
- Limited airspace at existing landfill sites. Construction of new regional landfill site began in 2023/2024
- Diversion of organic waste as per legislated targets will require new green waste site. The municipality has budgeted in the 2024/2025 and 2025/2026 for the construction of new green waste site; and

Central to the Municipalities effort to address these challenges is deep and meaningful public participation, working with ward committees and fostering relationships with external stakeholders.

| Employees: Solid Waste Management Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 50 | 57 | 50 | 7 | 12% |
| **4 - 6** | 19 | 25 | 19 | 6 | 24% |
| **7 - 9** | 11 | 13 | 11 | 2 | 15% |
| **10 - 12** | 3 | 3 | 3 | 0 | 0 |

| Employees: Solid Waste Management Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **13 - 15** | 1 | 1 | 1 | 0 | 0 |
| **16 - 18** | 1 | 1 | 1 | 0 | 0 |
| **Total** | 85 | 100 | 85 | 15 | 15% |

| Financial Performance 2024: Waste Management Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 112 551 | 123 107 | 123 993 | 121 291 | -1% |
| **Expenditure:** | | | | | |
| **Employees** | 17 618 | 20 104 | 19 486 | 19 420 | -4% |
| **Repairs and Maintenance** | 1 956 | 1 834 | 2 532 | 2 217 | 17% |
| **Other** | 82 989 | 79 056 | 81 718 | 66 683 | -19% |
| Total Operational Expenditure | 102 564 | 100 994 | 103 736 | 88 319 | -14% |
| Net Operational Expenditure | -9 987 | -22 114 | -20 256 | -32 972 | 33% |

| Capital Expenditure 2024: Waste Management Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| **Total All** | 4 720 | 6 725 | (14 301) | 133% |
| | | | | |
| Bulk steel skips various sizes | 650 | – | – | #DIV/0! |
| Bulk steel skips various sizes | – | 553 | 553 | 100% |
| Purchase of New Refuse Compactor | 2 500 | 8 | 8 | -32110% |
| Purchase of New Refuse Compactor | – | 2 642 | 2 642 | 100% |
| Restoration cost land fill site | – | – | (19 610) | 100% |
| Upgrade of access to Great Brak Landfill | 250 | 250 | 250 | 0% |
| Upgrade of Hartenbos Refuse Staff Room | – | – | – | #DIV/0! |
| Upgrade of Hartenbos Refuse Staff Room | – | 91 | 91 | 100% |
| Car Port-Schoeman Street | 500 | – | – | #DIV/0! |
| Car Port-Schoeman Street | – | 1 199 | 798 | 100% |
| Car Port-Schoeman Street | 500 | 1 481 | 477 | -5% |
| Procurement of Bulk Skip | – | 242 | 242 | 100% |
| Cameras at Illegal Dumping Hotspots | 70 | 66 | 62 | -12% |
| Upgrading of illegal dumping Hotspots | 250 | 193 | 186 | -35% |

| Financial Performance 2024: Waste Disposal and Other Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | Original Budget | 2024 Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| **Expenditure:** | | | | | |
| **Employees** | 4 702 | 5 682 | 5 458 | 5 468 | -4% |
| **Repairs and Maintenance** | 489 | 421 | 678 | 661 | 36% |
| **Other** | 3 833 | 3 774 | 4 079 | 4 073 | 7% |
| Total Operational Expenditure | 9 025 | 9 877 | 10 216 | 10 201 | 3% |
| Net Operational Expenditure | 9 025 | 9 877 | 10 216 | 10 201 | 3% |

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The capital investment focused this year was on the replacement of the current outdated fleet to improve service delivery and to reduce repairs and maintenance costs associated with an outdated fleet. Waste was removed from various historic waste sites in Buisplaas and the waste licenses were surrendered. Bulk waste containers were placed strategically to capacitate the disposal of in the informal settlements and as well on open spaces for the community to dispose garden and builder's rubble site. The municipality also successfully purchased additional steel bulk skips for placement at municipal transfer stations and these are serviced by municipal fleet thus reducing reliance on contracted services. Ward specific interventions for illegal dumping were implemented and these included placement of underground bins at strategic locations and targeted recycling training.

SUCCESSES ACHIEVED DURING THE YEAR

- Recycling training conducted by Municipal Officials and Henque Waste.
- Various community outreaches in urban and rural areas were conducted by Refuse Removal staff and by our Environmental Officers.
- Enabling Waste Pickers to become independent and initiate own waste projects by issuing of Waste Re-claimation Permits.
- Purchase of one new double axle compactor.
- Addition of various posts to departmental organogram to improve capacity.
- Buyback centre operated at KwaNonqaba Transfer Station.
- Completion of the rehabilitation projects for the year as per the Land Closure Provisions Report.

CHALLENGES

- Illegal dumping of all waste types
- Sustainability of the recyclable waste swop shops.
- Need for increasing blue bag participation rate by residents;
- Limited resources in relation to expected outcomes.
- Need for a building rubble site and food composting facility.
- Funding for new composting and building rubble site
- Market for recycling / encouraging incentives for recycling.

## 3.5 HOUSING

INTRODUCTION TO HOUSING

As part of the Municipality's role in planning and implementation of human settlements projects on behalf of the Provincial Department of Infrastructure are funded mainly by grants, namely Human Settlements Development Grant (HSDG) and Informal Settlement Upgrade Partnership Grant (ISUPG).

The Municipality implemented various Human Settlements projects including, Housing Consumer Education, Tittle restoration programme and First Home Finance.
Projects implemented in 2023/24 financial year covers the submission and approval of the Project Implementation Documents (PID) for the following planning projects:

Speekboom Portion of erf 2001 (3000 sites)
Sike K – (400 sites)
Toekoms – (25 sites)
Grootbrak river (137 sites)

Beside the above planning projects the following projects, the environmental authorisation applications were submitted dependent on the outcomes of the applications and the funding from the provincial department of Infrastructure.

The following were already funded and were implemented in the same financial year:
Sonskynvallei – (27 serviced Sites)
Wolwedaans Landslip (13 units)
UISP – (190 sites)

In Sonskynvallei 27 serviced sites were developed, with a toilet and a trough, all sites were allocated to the approved beneficiaries.
In Wolwedans 13 sites were developed which will be used to build 13 houses for the victims of landslide. The Contractor was appointed, and they are on site.

The Informal Settlements remains the challenge in this municipality as the settlements are growing rapidly. To provide decent houses to the informal settlements dwellers the Municipality through Provincial funded program called Upgrading of Informal Settlements Program (UISP) have managed to provide interim basic service in the form of shared toilets and standpipes. Through UISP, 194 serviced sites are being developed in the Sinethemba area where we will allocate site to clear another settlement for development. To fast track the roll out of the UISP the Municipality plans to appoint a panel of Civil Contractors on the annual tender so that the procurement process could be shortened.

The Municipality is adamant in eradicating external toilets. The funding application has been made to the Department for more toilets to end the external toilets. The aim is to extend the roll out of this service to cover rural areas like Buiseplaas and Bartelsfontein.

Currently the Municipality's database stands at 11 101, this is the number of beneficiaries we are responsible to provide housing opportunities and solutions to.

| Employees: Housing Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 4 | 4 | 4 | 0 | 0% |
| **7 - 9** | 2 | 2 | 2 | 0 | 0% |
| **10 - 12** | 4 | 4 | 4 | 0 | 0% |
| **13 - 15** | 1 | 1 | 1 | 0 | 0% |
| **16 - 18** | 0 | 0 | 0 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 11 | 11 | 11 | 0 | 0% |

| Financial Performance 2024: Housing Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 41 562 | 104 317 | 68 699 | 107 008 | 3% |
| **Expenditure:** | | | | | |
| **Employees** | 5 356 | 5 748 | 5 453 | 5 322 | -8% |
| **Repairs and Maintenance** | 224 | 393 | 411 | 301 | -31% |

| Financial Performance 2024: Housing Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| **Other** | 7 671 | 60 443 | 29 716 | 17 780 | -240% |
| Total Operational Expenditure | 13 250 | 66 585 | 35 580 | 23 402 | -185% |
| Net Operational Expenditure | -28 312 | -37 732 | -33 119 | -83 606 | 55% |

| Capital Expenditure 2024: Housing Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | 2024 Variance from original budget |
| **Total All** | 33 329 | 121 810 | 89 059 | 63% |
| | | | | |
| Mossel Bay Tourism Route | 2 025 | 2 025 | 2 022 | 0% |
| Upgrading of Informal Settlements - Capital spares | 649 | 649 | – | #DIV/0! |
| Upgrading of Informal Settlements (ISUP) | 20 153 | 20 110 | 2 569 | -684% |
| Upgrading of Informal Settlements (ISUP) | 2 658 | 2 616 | 1 488 | -79% |
| Upgrading of Informal Settlements (ISUP) | 7 845 | 7 802 | 4 468 | -76% |
| Mountain View Housing Development | – | 7 855 | 10 344 | 100% |
| Mountain View Housing Development | – | 28 484 | 23 618 | 100% |
| Mountain View Housing Development | – | 6 628 | 6 520 | 100% |
| Mountain View Housing Development | – | 9 056 | 9 063 | 100% |
| Mountain View Housing Development | – | 28 952 | 18 303 | 100% |
| Mountain View Housing Development | – | 7 632 | 10 662 | 100% |

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Capital projects are still on track both in terms of expenditure, The UISP for the next nine years will focus on providing services in the 23 Informal Settlements in KwaNonqaba, Ruiterbos, Brandwag and Great Brak.

In April 2023, the handover of the 69 serviced sites in Transand was officiated by Alderman C Bayman, Deputy Mayor and the Housing Portfolio Chairperson. The area was previously an informal settlement with 49 households and formalised with serviced stands with erf numbers. Each of the families was allocated a serviced stand and will receive a Municipal account as they are no longer in the informal settlement. During the Construction time the 49 families were relocated to Temporal Relocation Area (TRA). This project highlights the successful impact of the UISP.

Louis Fourie or Mountain View housing Development was officially opened in October 2022 by the Provincial Minister of the Department of Infrastructure, T Simmers. The first units were allocated to the elderly beneficiaries from all over Mossel Bay including farm residence.

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The objective of the Mossel Bay Municipality is to ensure that the procedures and guidelines, regarding indigent and poor household subsidies, are known to all. This is done by having permanent offices in different areas where applications for a subsidy can be made with the assistance of a person in charge of the office.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby and where they are also assisted with the completion of the applications.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

Mossel Bay has currently implemented three levels of indigent subsidy that is funded from the Equitable Share received from National Government. The Level 1 indigent subsidy is for households where the total household income does not exceed two times the Government pension, where at the level 2 indigent subsidy assists households with half of the indigent subsidy of the level 1 indigents. In addition to the 2 levels of indigent subsidy, the municipality also made provision for household who currently house persons with disabilities, who will receive the same subsidy as that of the level 1 indigents. The indigent subsidy allows for 6kl of water per household and 50 kWh of electricity per household, with the level 2 indigent subsidy only allows for 25kWh of electricity, along with refuse removal and sanitation.

For the new financial year, Council has approved a new criterion, where property owners' whose property have been valued below R125 000 will also qualify for Level 1 indigent subsidy, on condition that there is no members of the household employed in the public sector. The municipality hopes to increase the number of households qualifying for the indigent subsidy with this initiative.

## COMPONENT B: ROADS

### 3.7 ROADS

INTRODUCTION TO ROADS

The purpose of the Roads, Transport and Stormwater division is to manage the provision of roads, stormwater, public transport, and traffic engineering services to enhance roads safety and accessibility in favour of the community and other road users.

The goal for the planning, design and construction of roads is that it should be economic, efficient, safe, convenient, and environmentally friendly.

The purpose of the Project Management Unit (PMU) is to co-ordinate the processing of the project management services for the life cycle of the project.
The following are the main functions of the division:

- Plan, monitor and control the design and construction of roads and stormwater infrastructure with the aim to ensure integrated road access and infrastructure.
- Co-ordinate and perform road and storm water construction and maintenance services.
- Develop, implement and maintain integrated transport plan and related policies.

The strategy towards the programmed maintenance of the street network is governed by the Municipal Pavement Management System (PMS), which is a network-based condition assessment tool. A list of priorities is then produced that is indicative of comparative need for remedial action within the network.
The roads/streets listed are then assessed on a project (more detailed) level in order to determine the actual cause of defects and the appropriate remedial action needed.

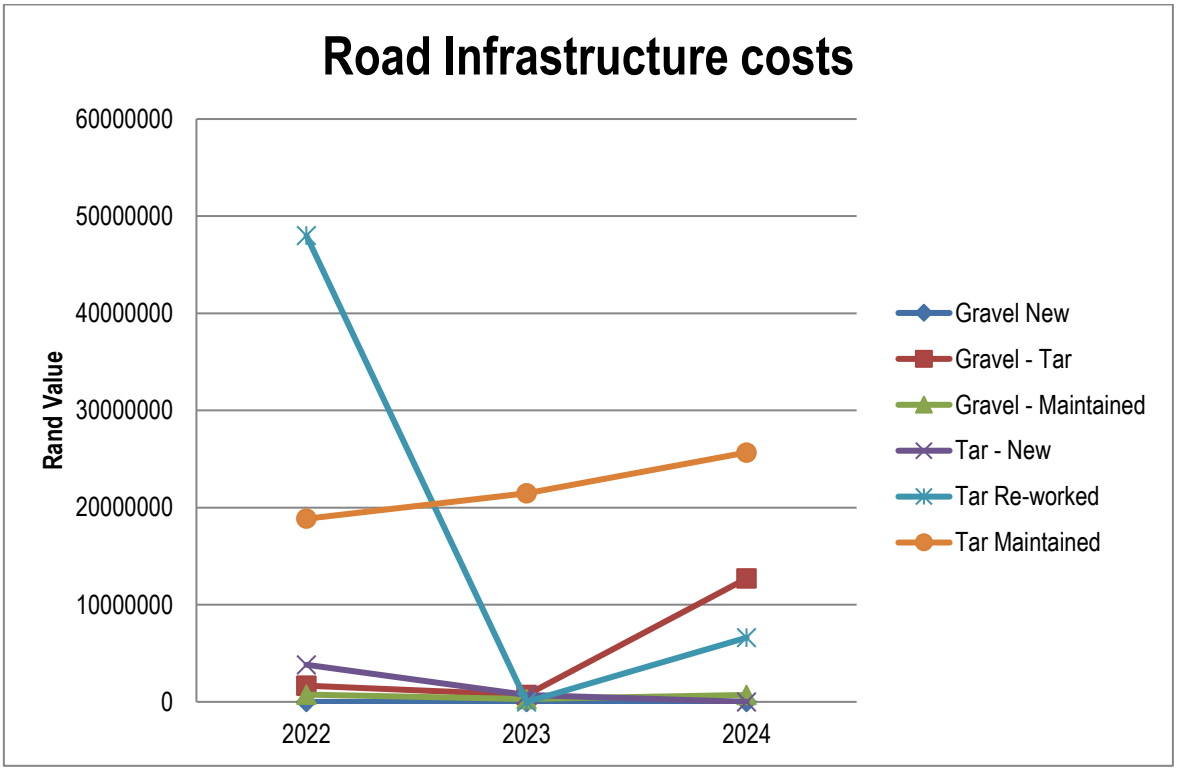
The municipality as at end of 2023/24 financial year, is responsible for maintenance on the following length of road network, classified per road type:

• Flexible – 415kms
• Gravel – 13kms
• Block Paved – 39kms
• Jointed Concrete – 3kms

| Gravel Road Infrastructure | | | | |
|---|---|---|---|---|
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Kilometres Gravel roads graded/maintained |
| **2021** | 14,40 | 0,00 | 1,31 | 14,40 |
| **2022** | 13,09 | 0,00 | 0,00 | 27,15 |
| **2023** | 13,09 | 0,00 | 1,28 | 40,51 |
| **2024** | 13.09 | 0 | 1.30 | 11.00 |

| Tarred Road Infrastructure | | | | | |
|---|---|---|---|---|---|
| | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Kilometres Tar roads maintained |
| **2021** | 415,00 | 0,61 | 2,43 | 23,00 | 9,00 |
| **2022** | 415,00 | 0,13 | 2,10 | 23,00 | 14,00 |
| **2023** | 415,00 | 0,00 | 0,54 | 27,71 | 18,00 |
| **2024** | 415,00 | 0.39 | 1.66 | 28.35 | 7.86 |

| Cost of Construction/Maintenance | | | | | | R' 000 |
|---|---|---|---|---|---|---|
| | Gravel | | | Tar | | |
| | New | Gravel - Tar | Maintained | New | Re-worked | Maintained |
| **2021** | 0 | 1667500 | 745258,01 | 3818499 | 47990481 | 18853230 |
| **2022** | 0 | 714755 | 292302,28 | 714755 | 0 | 21476320 |
| **2023** | 0 | 12704464,61 | 697628 | 0 | 6601900 | 25669813,87 |
| **2024** | 0 | 10000000 | 605506 | 6000000 | 27516098.2 | 7695257.48 |




| Financial Performance 2024: Road Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 9 993 | 11 038 | 11 226 | 8 801 | -25% |
| **Expenditure:** | | | | | |
| **Employees** | 14 252 | 19 498 | 17 019 | 13 875 | -41% |
| **Repairs and Maintenance** | 26 967 | 39 420 | 40 168 | 37 249 | -6% |
| **Other** | 37 951 | 39 392 | 40 911 | 41 410 | 5% |
| Total Operational Expenditure | 79 169 | 98 310 | 98 098 | 92 534 | -6% |
| Net Operational Expenditure | 69 177 | 87 272 | 86 872 | 83 733 | -4% |

| Financial Performance 2024: Transport Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| **Expenditure:** | | | | | |
| **Employees** | 1 166 | 1 364 | 1 284 | 1 218 | -12% |
| **Repairs and Maintenance** | 9 | 16 | 11 | 11 | -48% |

| Financial Performance 2024: Transport Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| **Other** | 231 | 249 | 229 | 277 | 10% |
| Total Operational Expenditure | 1 407 | 1 629 | 1 524 | 1 506 | -8% |
| Net Operational Expenditure | 1 407 | 1 629 | 1 524 | 1 506 | -8% |

| Capital Expenditure Year 2024: Road Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | Budget | Adjustment Budget | 2024 Actual Expenditure | Variance from original budget |
| **Total All** | 29 463 | 51 201 | 39 456 | 25% |
| | | | | |
| New link road from Crotz Street to Flora | 2 000 | 1 800 | 1 800 | -11% |
| Rebuilding parking area | 500 | 205 | 205 | -144% |
| Construction of speed humps in all areas | 50 | 53 | 53 | 6% |
| Construction of speed humps in all areas | – | 37 | 37 | 100% |
| Construction of speed humps in all areas | – | 8 | 4 | 100% |
| Expropriation / Land Acquisition Danabaai | 230 | 229 | 229 | 0% |
| Expropriation / Land Acquisition Voorbaai | 1 300 | 1 154 | 1 153 | -13% |
| Expropriation / Land Acquisition Wolwedans | 50 | 35 | 35 | -45% |
| Formalise Schoeman Yard | 100 | 70 | – | #DIV/0! |
| Formalization of GBR Municipal Yard | 50 | 38 | 38 | -30% |
| Furniture & Office Equipment | 50 | 56 | 53 | 6% |
| Furniture & Office Equipment | – | – | 7 | 100% |
| Great Brak Municipal Yard Security System Upgrade | 100 | 58 | 58 | -73% |
| Lawn mower and weed eater | – | – | – | #DIV/0! |
| Machinery & Equipment | 50 | 42 | 40 | -24% |
| New sidewalks - Ward 1 | – | 31 | 29 | 100% |
| New sidewalks - Ward 1 | – | 125 | 126 | 100% |
| New sidewalks - Ward 1 | – | 310 | 230 | 100% |
| New sidewalks - Ward 1 (EPWP) | 536 | – | 0 | -9202431288147970000% |
| New sidewalks - Ward 1 (EPWP) | 160 | – | – | #DIV/0! |
| New sidewalks - Ward 1 (EPWP) | 139 | – | 0 | -3476705744828970000% |
| New sidewalks - Ward 1 (EPWP) | 35 | – | – | #DIV/0! |
| New sidewalks - Ward 1 (EPWP) | – | 413 | 425 | 100% |
| New sidewalks - Ward 1 (EPWP) | – | 125 | 129 | 100% |
| New sidewalks - Ward 1 (EPWP) | – | 363 | 359 | 100% |
| New sidewalks - Ward 1 (EPWP) | – | 35 | 17 | 100% |
| New sidewalks - Ward 12 | 30 | – | – | #DIV/0! |
| New sidewalks - Ward 12 | 60 | 16 | 16 | -281% |
| New sidewalks - Ward 12 | 100 | 75 | 75 | -33% |
| New sidewalks - Ward 12 | 10 | 3 | – | #DIV/0! |
| Rebuild Tar Roads:Upgrade S. Ncaphayi Street, Joe Slovo | 950 | 455 | 407 | -133% |
| Tarring of Streets & Roads :Upgrading of Gravel Roads & S/W: Wolwedans/Greenhaven-CRR | 1 620 | 1 565 | 1 565 | -3% |
| Upgrade Graceland Singel Sonskynvallei | 800 | 753 | 732 | -9% |

| Capital Expenditure Year 2024: Road Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | Budget | Adjustment Budget | 2024 Actual Expenditure | Variance from original budget |
| Upgrade Graceland Singel Sonskynvallei_Grant | 483 | 483 | 483 | 0% |
| Upgrade Gravel Streets & Parking: Riverside | 950 | 916 | 832 | -14% |
| Lifting of intersection Island View | 100 | 115 | 115 | 13% |
| Rebuild Tar Roads:Upgrade Bayview Street | 950 | 2 713 | 1 623 | 41% |
| Rebuild Tar Roads:Upgrading of Streets in Island View | 1 300 | 1 389 | 1 389 | 6% |
| Sidewalks:New Sidewalks: Ward 15 | – | 9 | 9 | 100% |
| Sidewalks:New Sidewalks: Ward 15 | – | 82 | 82 | 100% |
| Sidewalks:New Sidewalks: Ward 15 | – | 31 | 31 | 100% |
| Sidewalks:New Sidewalks: Ward Six | 200 | – | – | #DIV/0! |
| Sidewalks:New Sidewalks: Ward Six | – | 25 | 23 | 100% |
| Sidewalks:New Sidewalks: Ward Six | – | 274 | 277 | 100% |
| Sidewalks:New Sidewalks: Ward Six | – | 177 | 177 | 100% |
| Sidewalks:New Sidewalks: Ward Six | – | 65 | 63 | 100% |
| Sonskynvallei: New Access Road | 585 | – | – | #DIV/0! |
| Sonskynvallei: New Access Road | 100 | 94 | 87 | -15% |
| Tarring of Streets & Roads :Construction of access road to Danabay | 2 300 | 4 727 | 4 382 | 48% |
| Tarring of Streets & Roads :Upgrade Epsilon Street | – | 296 | 296 | 100% |
| Tarring of Streets & Roads :Upgrade Louis van Wyk | – | 524 | 297 | 100% |
| Tarring of Streets & Roads :Upgrade of Stegman and Kolstert: street Glentana | 1 750 | 1 697 | 1 697 | -3% |
| Tarring of Streets & Roads :Upgrade Omega Street | – | 324 | 324 | 100% |
| Taxi Holding Area at D'Almeida | 1 200 | 1 266 | 1 285 | 7% |
| Upgrade Vlei Road and link to Garret Street | 2 070 | 2 341 | 2 341 | 12% |
| Upgrade Wassenaar Road: Seemeeu Park | 6 000 | 10 520 | 10 520 | 43% |
| Upgrade Wassenaar Road: Seemeeu Park (Renosterbos) | 756 | 10 520 | 784 | 4% |
| Upgrading of the Long Distance Taxi Rank in kwaNonqaba | 1 500 | 400 | 358 | -319% |
| Reconstruction of Petunia Street, Greenhaven, Wolwedans, Great Brak River | – | 3 874 | 3 874 | 100% |
| New Bus Stops/Taxi Embayments :Various streets in Ward 13 | 100 | 60 | 60 | -67% |
| New Bus Stops/Taxi Embayments :Various streets in Ward 13 | 150 | 223 | 223 | 33% |
| New Bus Stops/Taxi Embayments :Various streets in Ward 13 | 20 | 2 | 1 | -2797% |
| New Bus Stops/Taxi Embayments :Various streets in Ward 13 | 30 | – | – | #DIV/0! |

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Regular daily maintenance of the road network is undertaken by the internal maintenance teams. The teams are further enforced through using an external service provider assisting with pothole repairs. Further

maintenance in the form of a Reseal Program obtained from the Pavement Management System also compliments the daily maintenance. This ensures that roads are maintained to an acceptable level.

The extent of work covered under the Contract for the 2023/2024 financial year was as follows:

• A total of 28.35km (183 525m²) of the road network was re-surfaced/pre-treated, which comprised of the following actions:
- Slurry seal: 19.78km (122 559.00m²)
- Ultra-Thin Asphalt overlay: 5.67km (45 979.00m²)
- Medium Asphalt overlay: 1.28km (9 125.00m²)
- Micro-surfacing: 1.46km (5 212.00m2)
- Re-gravel: 0.16km (650.00m2)

From the allocated budget an amount of R 27,516million (Excluding VAT) was spent.

**Upgrading of Gravel Streets and Stormwater Systems – Greenhaven and Wolwedans, Great Brak River (Ward 14)**
Mossel Bay Municipality did resolve in April 2014 that a business plan be compiled for the application of MIG funds for the upgrading of roads and stormwater infrastructure for the remaining gravel streets in Wolwedans and Greenhaven, Great Brak River for implementation during the 2022/23 until 2024/25 financial years. Scope of works entails the upgrade of existing gravel streets and related stormwater infrastructure, together with a 1m sidewalk.
This multi-year project is scheduled for completion during September 2023 at a total project value of R 11 297 321.50 (Excluding VAT).

**Upgrading of Wolwedans Emergency Access Road (Ward 14)**
Due to the impairment/decommissioning of approximately 180m of the existing Daffodil Crescent, located in Wolwedans Great Brak River, access to the North-western part of Wolwedans became a concern.
The municipality herein implemented a project to upgrade the existing emergency road that links Wolwedans Road with Daffodil Crescent, from gravel/dirt to surfaced standard.

Works entailed the relocation of existing services, upgrading of existing stormwater infrastructure, construction of new road layers, new asphalt surfacing to the new access road, construction of new asphalt surfaced sidewalk, new guardrails, new road signs and markings.
This multi-year project was scheduled for completion during May 2024 at an estimated construction cost of R 7million (Excluding VAT).

**Road Infrastructure Damage at Petunia Street, Wolwedans, Great Brak River (Ward 14)**
During early May 2023 the Roads, Transport and Stormwater Department found that Petunia Street in Wolwedans Great Brak, had indications of severe distress and movement of the road surface. When further investigated, it was found that the existing Weholite Structured Wall stormwater pipeline located within Petunia Street was burnt and as a result hereof, totally collapsed and in turn caused collapse of the road.
The severity of the damage was high, and the section of Petunia Street had to be closed off for vehicular traffic. Although Petunia Street is considered a Class 5b road, it serves as an important link from a mobility point of view since it provides access to a Community Facility and due a section of Daffodil Crescent that has also been closed off due to the landslip.

Scope entailed the repair and replacement of damaged existing services, replacement and reconstruction of stormwater infrastructure, the construction of stormwater catchpits, the relaying of kerbs, reconstruction of pavement layers as well as new asphalt surfacing to approximately 410m of road.
This emergency project was administered and supervised internally and at a construction cost of R 3,873 million (Excluding VAT).

**Rehabilitation of Henning Road, Island View (Ward 7)**

Scope of works entailed the rehabilitation of a 136m long section of the existing block paved road in which the block paving was removed, layer works reconstructed and asphalt surfacing placed, together with the laying of new kerbs.
The project was scheduled for completion by end of November 2023 at a total construction value of R 1 389 058.00 (Excluding VAT).

**Rebuilding of Bayview Street (Ward 8)**
Bayview Street is an existing concrete street in the Central Town area of Mossel Bay. Over the years, the concrete started to deteriorate and showing signs of distress. Funds were then appropriated for the rebuild of Bayview Street with Phase 2 that is from Hill Street till Rodger Street.
Scope of works entails the total rebuild of the concrete street together with the reinstatement of kerbs and sidewalks.
The project was scheduled for completion by end June 2024 at an amount of R 2 712 659.00 (Excluding VAT) appropriated under the 2023/2024 financial year.

**Upgrade Wassenaar Road, Seemeeu Park (Ward 7)**
Wassenaar Street is currently very narrow (approximately 5.6m average width) and in a structurally poor condition that poses a serious safety risk to all road users. The section of road between Kameeldoring Road and Rylaan 3 has deteriorated to the extent that complete reconstruction is now required.

In addition to the road being too narrow and the pavement structurally failing, recommendations were made in terms of a traffic impact assessment (TIA) that was done in January 2018 for the development adjacent to Wassenaar Street. The traffic impact assessment confirmed that the road needs to be widened and that a pedestrian walkway needs to be introduced to accommodate pedestrian traffic and other non-motorized traffic (NMT).

In terms of stormwater drainage, Wassenaar Street don't have any side ditches, and the finished road level correlates with the existing ground level. This is problematic for the drainage of layer works.
Based on the above-mentioned motivations, the municipality implemented a project to address the following:

• Road Width - Increase the road width of Wassenaar Street.
• Structural Capacity - Provide adequate structural capacity for Wassenaar Street.
• Walkway - Introduce walkway to Wassenaar Street to accommodate pedestrian traffic and NMT.
• Stormwater Drainage - Introduce subsoil drains to allow subsurface drainage.

Phase 01 of this multi-year project is planned for completion during this financial year at an estimated Construction Value of R 13 243 478.26 (Excluding VAT).

## 3.8 STORM WATER DRAINAGE

### INTRODUCTION TO STORMWATER DRAINAGE

Mossel Bay Municipality is in the process to conduct Stormwater Master Plans for various areas. The goals of the plans are to protect life and property from floods, to improve the quality of life of the community and to preserve the natural environment against erosion.

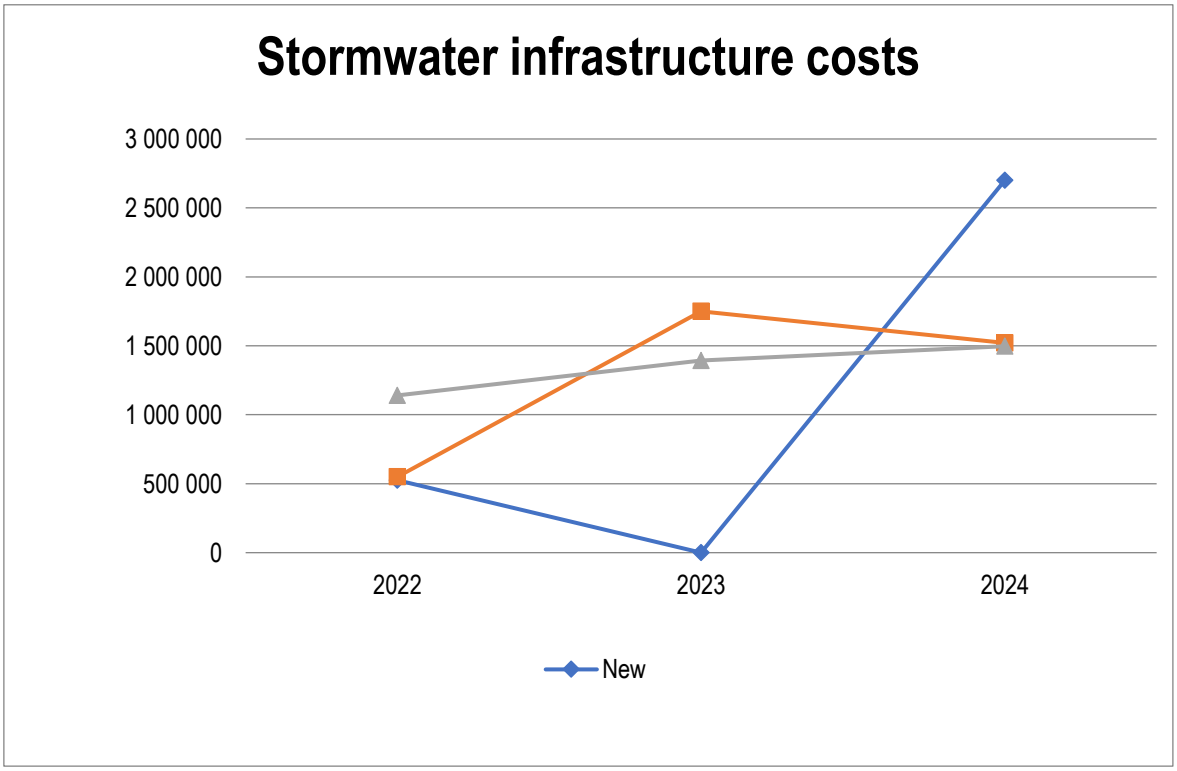
The following studies and investigation were conducted and concluded during the 2023/2024 financial year:

• The Stormwater Master Plan in respect to the bulk stormwater drainage systems in the Island View and Aalwyndal Developments Areas to identify problem areas and risk of flooding and any proposals to mitigate issues.

Due to age, unknown conditions of some stormwater infrastructure, especially in the Central Business District, unforeseen failure of stormwater drainage systems occur. The aging stormwater infrastructure put an additional burden on the Operating and Capital Budgets.

| Stormwater Infrastructure | | | | |
|---|---|---|---|---|
| | Total Stormwater measures | New stormwater measures | Stormwater measures upgraded | Kilometres Stormwater measures maintained |
| **2021** | 220,00 | 203,00 | 6,00 | 11,00 |
| **2022** | 233,00 | 0,00 | 0,02 | 12,00 |
| **2023** | 233,00 | 0,35 | 0,26 | 9,92 |
| **2024** | 233,00 | 0.40 | 0.77 | 10.95 |

| Cost of Construction/Maintenance | | | R' 000 |
|---|---|---|---|
| | Stormwater Measures | | |
| | New | Upgraded | Maintained |
| **2021** | 525 000 | 550 000 | 1 140 356 |
| **2022** | 0 | 1 750 000 | 1 393 724 |
| **2023** | 2 700 000 | 1 520 000 | 1 497 215 |
| **2024** | 545 000 | 12 892 219 | 1 495 000 |




| Financial Performance 2024: Stormwater Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | 1 065 | 1 065 | 1 744 | 39% |
| **Expenditure:** | | | | | |
| **Employees** | 9 129 | 10 858 | 9 240 | 9 260 | -17% |
| **Repairs and Maintenance** | 2 391 | 2 186 | 3 322 | 3 219 | 32% |

| Financial Performance 2024: Stormwater Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| **Other** | 3 561 | 3 526 | 3 330 | 3 245 | -9% |
| Total Operational Expenditure | 15 082 | 16 570 | 15 892 | 15 724 | -5% |
| Net Operational Expenditure | 15 082 | 15 505 | 14 827 | 13 979 | -11% |

| Capital Expenditure 2024: Stormwater Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| **Total All** | 13 035 | 12 896 | 12 637 | -3% |
| | | | | |
| New Storm Water Pump Station Hartenbos | – | 500 | 500 | 100% |
| New Storm Water Pump Station Hartenbos | 500 | – | – | #DIV/0! |
| Upgrading of stormwater in various areas Greatbrak | 400 | 142 | 126 | -217% |
| Upgrading of stormwater in various areas Greatbrak | – | 59 | 59 | 100% |
| Upgrading of stormwater in various areas Greatbrak | – | 100 | 100 | 100% |
| Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai | 450 | 32 | 31 | -1361% |
| Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai | 450 | 223 | 222 | -102% |
| New stormwater system in Diaz Beach | 450 | 722 | 722 | 38% |
| Segmented Paving Various Areas | 650 | 439 | 211 | -208% |
| Upgrade SW capacity - Industry Road - Voorbaai | 4 500 | 2 804 | 2 804 | -61% |
| Upgrading of CBD stormwater | 3 000 | 7 279 | 7 244 | 59% |
| Upgrading of Stormwater Fraaiuitsig near Groenkloof/R102 | 2 000 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch | 10 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch | – | 8 | 8 | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch | 70 | 22 | 22 | -212% |
| Upgrading of stormwater system between Village on Sea & Blombosch | 50 | 50 | 43 | -17% |
| Upgrading of stormwater system between Village on Sea & Blombosch | 70 | 147 | 147 | 52% |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | 60 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | 155 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | 150 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | 70 | – | – | #DIV/0! |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | – | 78 | 78 | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | – | 65 | 75 | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | – | 200 | 200 | 100% |

| Capital Expenditure 2024: Stormwater Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Upgrading of stormwater system between Village on Sea & Blombosch (EPWP) | – | 27 | 45 | 100% |

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage is a difficult service to budget for as it is a service which is very much needed during floods, but otherwise insignificant to the quality of life of residents.
One of the challenges is to keep run-off systems and inlets clean. The community appeared to intentionally use the stormwater systems to dispense of solid waste while skips are available. The reason for this is unknown, but it poses a public health risk not only for the community but also for the stormwater maintenance teams.
Due to the rapid growth of informal settlements, servicing run-off systems will get increasingly more difficult and informal dwellings developed within flood plains will place lives and possessions at risk.

**Upgrade of CBD Stormwater (Ward 8)**
The Mossel Bay CBD is often subject to flooding by stormwater runoff, particularly during heavy rain and thunderstorms, but also occurs periodically during low recurrence interval storms. This is attributable to the upstream catchments, steep terrain resulting in faster and increased runoff, as well as the limiting capacity, unknown condition and possibly the location of some of the existing stormwater infrastructure.
The Scope of Work therefore entailed the identification of critical areas that are subject to flooding where existing stormwater infrastructure is unable to accommodate existing stormwater runoff within the Mossel Bay CBD.

Priority areas included the upgrade of the Marsh Street to Bland Street and Church Street to George Road stormwater system. The upgrades included the construction and upgrade of catchpits, laying of new kerbs, the laying of diameter 1200mm (83m long section) pipes, the laying of 900mm diameter (142m long section) pipes, the laying of 750mm diameter (207m long section) pipes, relocation of existing services and reinstatements to road surfaces.
The construction cost for the 2023/24 financial years was R 7 279 113.00 (Excluding VAT).

**Upgrade of Stormwater Channel in Boland Park, Phase 1 (Ward 10)**
A portion of this watercourse in Boland Park has previously been formalized to a gabion structure channel with a grass block lined floor.
Sections of the unformalized portion of the watercourse adjacent to built-up areas are showing signs of erosion and possible slippage of the watercourse banks.
The municipality has budgeted from the previous financial year to implement the project and are receiving daily complaints and concerns from residents in the area enquiring as to when the project will be completed, and their safety ensured.
This multi-year project is still in planning stage and the municipality obtained Environmental Authorization during this financial year. Construction will thus be undertaken during the 2024/25 financial year.

**Upgrade of Stormwater along Industry Road, Voorbaai (Ward 10)**
The implementation of this project entailed the design and implementation of an upgraded stormwater line to increase the capacity of the existing system.
The scope of the work entailed the laying of a diameter 900mm stormwater pipeline (245m long section) as well as the construction of 900mm x 1500mm prefabricated box culverts (86m long section) along Industry Road.
The project was completed on time and within the budgeted allocation of R 2 803 681.00 (Excluding VAT).

**New Stormwater System Diaz Beach (Ward 10)**

This environmentally sensitive project entailed the laying of a 450mm diameter stormwater pipeline together with construction of an outlet structure on the beach side as well as the reinstatement of a wooden staircase. A total approximate length of 8m stormwater pipeline was placed together with the associated infrastructure as mentioned above at an approximate cost of R 721 941.00 (Excluding VAT).

**Taxi Holding Area off Waterkant Crescent, D'Almeida (Ward 9)**

From the Integrated Development Plan and Integrated Transport Plan, the need for a taxi holding area was identified and the municipality appropriated funding for the establishment hereof.

Construction has been planned for the project to be undertaken in two phases, namely:

- Phase 01 – Construction of access roads and taxi holding area.
- Phase 02 – Construction of ablution and offices facilities.

As part of Phase 01, the access road and holding area was constructed and completed. This multi-year project also included the implementation of a new stormwater system at an approximate budget of R 1 266 478.00 (Excluding VAT).

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.9 PLANNING

INTRODUCTION TO PLANNING AND DEVELOPMENT

Town Planning is in essence an administrative process which includes inter alia the following:

Planning applications is received from persons/bodies/applicators for 15 different possibilities as prescribed in terms of Section 15 of the Land Use Planning By-Laws of Municipalities.

This includes a wide range of applications which involves every aspect of municipal service delivery inter alia administrative comments from internal departments as well as technical aspects from Technical staff and consulting engineers.

Planning also involves clearance before transfer of property, capital contributions, service agreements and the involvement therein. Between internal departments of a Municipality there is a lot of co-operation and coordination in order to fulfil a Municipality's mandate.

The IDP and SDF as well as the MTRF of a Municipality gives guidance on development, also it gives order in which way we are moving and monies to be spend on capital and maintenance projects.

| Town Planning Applications | | |
|---|---|---|
| **Detail** | **2023** | **2024** |
| **Planning application received** | 42 | 35 |
| **Determination made in year of receipt** | 27 | 7 |
| **Determination made in following year** | 8 | 0 |
| **Applications withdrawn/closed** | 3 | 1 |
| **Applications outstanding at year end** | 4 | 27 |

| Employees: Planning Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 Employees | Posts | 2024 Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 1 | 0 | 0% |
| **4 - 6** | 0 | 0 | 0 | 0 | 0% |
| **7 - 9** | 2 | 4 | 2 | 2 | 50% |
| **10 - 12** | 0 | 4 | 0 | 4 | 100% |
| **13 - 15** | 4 | 4 | 4 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 7 | 13 | 8 | 6 | 46% |

| Financial Performance 2024: Planning and Development Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 18 885 | 29 152 | 19 280 | 17 567 | -66% |
| **Expenditure:** | | | | | |

| Financial Performance 2024: Planning and Development Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| **Employees** | 19 862 | 23 682 | 22 341 | 22 127 | -7% |
| **Repairs and Maintenance** | 76 | 90 | 120 | 85 | -5% |
| **Other** | 4 810 | 6 273 | 6 011 | 4 788 | -31% |
| Total Operational Expenditure | 24 748 | 30 044 | 28 472 | 27 001 | -11% |
| Net Operational Expenditure | 5 862 | 893 | 9 192 | 9 434 | 91% |

| Capital Expenditure 2024: Planning and Development Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | 2024 Variance from original budget |
| **Total All** | 21 357 | 5 294 | 1 940 | -1001% |
| | | | | |
| Capital Spares (Replacement Parts for Printer) | – | 30 | – | #DIV/0! |
| Buying of Privately Owned Erven in Friemersheim needed for Service Delivery | 400 | – | – | #DIV/0! |
| Furniture & Office Equipment-New | 100 | 14 | 12 | -767% |
| Furniture & Office Equipment-New | – | 86 | 84 | 100% |
| Central Wash Bay at Schoeman Street Yard | 150 | 69 | – | #DIV/0! |
| Machinery & Equipment | 10 | 10 | 6 | -71% |
| New Airconditioners-Municipal Offices | 100 | 83 | 83 | -20% |
| New Airconditioners-Municipal Offices_Replacements | 100 | 74 | 89 | -13% |
| New Office & Building Signs | 50 | 30 | 30 | -66% |
| New shadenet parking area for municipal officials,Great Brak yard | 200 | 135 | – | #DIV/0! |
| Replacement of Various Fencing at Operational Buildings and Yards | 1 000 | 574 | 574 | -74% |
| Supply new sanitizer dispensers | 75 | – | – | #DIV/0! |
| Supply new sanitizer dispensers | – | 39 | 37 | 100% |
| Access Control to Municipal Yards | 500 | 500 | 290 | -73% |
| Fencing of Investment Property_Installation of new fence to various Municipal Buildings | 200 | 176 | 176 | -14% |
| Installation of new fences to various Municipal Operational Buildings and Yards | 100 | 100 | 99 | -1% |
| Municipal Buildings (Marsh Street)-Upgrading of Administration Building | 15 000 | 218 | 179 | -8261% |
| New access road and temporary parking at Schoeman Street yard | 1 020 | 1 603 | 173 | -490% |
| New undercover parking at Great Brak yard phase 1 | 1 200 | 800 | 108 | -1014% |
| New undercover parking at Great Brak yard phase 2 | 1 152 | 752 | – | #DIV/0! |

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Land Use Management:

**Land Use Planning Committee (LUPC) and the establishment of a Planning Appeal Committee:**

The LUPC is a Council established Section 79 Committee to provide comments on land use planning applications during the Public Participation Process and to be awarded an opportunity to appeal Land Use Planning decisions taken by either the Authorised Official or the Eden Joint Municipal Planning Tribunal.

Council approved the establishment of the LUPC on 27 October 2022 under Resolution E234(B)-10/2022. This is a new concept in the Western Cape and therefore record will be kept of comments received from the LUPC as well as appeals and the outcomes of the decisions to assist with the determination of value added in the land use planning process. These records are also required to assist other municipalities in the Western Cape exploring the intention to establish similar committees.

The Mossel Bay Municipality By-Law on Municipal Land Use Planning, 2021 is in process of being amended to include the LUPC in the Planning By-law. The proposed amendments also include the establishment of a Planning Appeal Committee that will replace the Executive Mayor who is the currently Appeal Authority.

**Public Participation Process Policy**

A Public Participation Policy is being drafted for guidance of what the required Public Participation Process will entail for each land use planning application as stipulated in the Mossel Bay Municipality By-Law on Municipal Land Use Planning, 2021. The policy will assist to inform applicants of all the requirements in a user-friendly table format.

**Spatial planning:**

**Mossel Bay Spatial Development Framework (MSDF 2022)**

The Mossel Bay Spatial Development Framework (MSDF) 2022 was adopted by the Municipal Council on 31 May 2022 in terms of the relevant planning legislation. The MSDF 2022 is the principle guiding document for development in the Mossel Bay Municipal area for the period 2022-2027. A medium to long-term approach was taken to ensure a clear picture for development for the next 30 years. The Second MSDF 2022 Review was done in January 2024 and presented to Council. The review process is aimed at evaluating the progress made regarding achieving the developmental proposals contained in the MSDF 2022. The 2022 census confirmed excessive population growth from the period 2011 to 2022 which was calculated to be more than 5%. The mentioned growth necessitates timeously infrastructure implementation to ensure the Municipality can fulfil its primary mandate of service delivery. Progress regarding development authorisations are also happening faster than anticipating. Services Master Planning for the new expansion areas like Louis Fourie Corridor is well underway. Land invasions and accompanied densification of the informal areas resulted in less land being available for the provision of services sites under the UISP project. Concerns were raised regarding the need for more social facilities like schools and a new Police Station for KwaNonqaba which is not Municipal mandated functions.

**Spatial Planning Orientated Services Master Planning**

The MSDF 2022 provides a clear vision of the future Mossel Bay and is used as base document for Services Master Planning. The Town Planning section developed a future scenario which can be used for long-term services need determination. The upgrading of the Roads Masterplan for the Mossel Bay/Hartenbos/KwaNonqaba area was the first master planning project to fully embrace the vision of the Mossel Bay SDF 2022. The outcome of the project is a fully modelled long-term road network to inform land use design and application evaluation. The Roads Masterplan was completed and adopted by Council as an implementation document. The model will also be used to determine Capital Contributions and ensure timeous budgeting and implementation of the needed road infrastructure to service urban growth in Mossel Bay. The same MSDF 2022 information used in the Road Master planning is currently being used to draft the Sewerage, Water and Stormwater Master Plans.

**Urban Regeneration in the Mossel Bay Central Business District (MCBD)**

The Tourist Route Implementation Framework was adopted by the Mossel Bay Council for implementation. The aim of the project is to strengthen the tourist character of the Mossel Bay Central Business District (MCBD). The tourist route stations were completed and the route is functioning. The route guides users through the MCBD by telling the "Story" of Mossel Bay at key points of interest while promoting the tourist related businesses and activities in the MCBD area. The next phase of implementation for the project is to upgrade the Marsh Street intersections with pedestrian friendly road and sidewalk infrastructure. Designs were completed and construction of two intersection were completed in the 2023-2024 book year. Another intersection is currently under construction. The project is a multiyear project and construction of the remainder of the Tourist Route infrastructure is phased as budget is allocated.

The redevelopment of under-utilised and dilapidated buildings in the Mossel Bay Central Business District is facilitated via several initiatives in the MCBD area. Several rezoning and departure town planning applications were processed and redevelopment building plans approved in coordination with Mossel Bay Heritage to enable the development of several new developments. The developments will ensure that permanent residency in the MCBD will be strengthened which will stimulate economic activities in the applicable area throughout the year.

**Louis Fourie Corridor Precinct Town Planning and Environmental Authorisation**

The Louis Fourie Corridor project is one of the catalytic projects identified in die Mossel Bay Spatial Development Framework 2022. The Louis Fourie Corridor Precinct Plan was adopted by the Municipality as a guide document to facilitate a vibrant integrated mix income mix use development. The project is situated on one of the last large remaining Municipal owned vacant land within the urbanised area of Mossel Bay which could provide an integrated solution for a wide variety of housing typologies and social infrastructure. The multiyear project has resulted in the drafting of several baseline reports which informs the planning design. A strong focus in the 2023-2024 book year, was on services and road designs through services master planning. The provision of the needed infrastructure is key for urban expansion and will ensure that infrastructure development will be timeously implemented. The services master planning indicated needed infrastructure outside the initial application footprint and permission had to be obtained from relevant land owners. All the necessary reports and Masterplans were completed in the 2023-2024 book year and the application documents finalised. The public participation process for the development will commence in the 2024-2025 book year.

**Subsidised Housing Planning UISP/BNG/FLISP/Social Housing**

Mossel Bay is currently busy with various housing projects which are at different stages of development. The department plays a key role from the initiation of the projects up until the clearance certificates for transfer of the erven to beneficiaries. The spatial context and MSDF development principles are applied to ensure optimisation of available land while creating viable communities to ensure a sustainable Mossel Bay. Five new housing authorisation project commenced in the 2023-2024 book year with funding obtained from the Provincial Government.

**Mossdustria Industrial and Motorsport Facility Development**

The Municipality initiated the Mossdustria Industrial and Motorsport Facility, which will result in the establishment of Industrial sites for small to larger industries at affordable prices. The Motorsport Facility was identified as a catalytic project to support motorsport in the Garden Route area and strengthen the tourism sector in Mossel Bay. When fully developed the industrial site will address the current issues regarding development ready industrial land for investors and the Motorsport Facility will facilitate motorsport events which will ensure an influx of tourists through the year.
The Environmental Authorisation application process to ensure the development of the Mossdustria Industrial and Motorsport Facility was initiated. Various studies were conducted and several amendments to the proposed layout had to be made to accommodate the outcomes of the mentioned studies. The services master planning indicated needed infrastructure outside the initial application footprint and permission had to be obtained from relevant land owners. A Basic Environmental Assessment document was

compiled for submission to obtain the necessary environmental approvals. The public participation process for the development will commence in the 2024-2025 book year.

**Environmental Management Framework Development**

The Municipality in conjunction with the Western Cape Provincial Government drafted Section C of the MSDF which is an Environmental Management Framework for the Mossel Bay Municipal area. The aim of the project is to establish sound environmental practice and to confirm the Urban Area for Mossel Bay. Urban Area classification is used extensively in identifying listed activities within environmental application processing. The Environmental Management Framework will ensure delisting of listed activities for confirmed none-sensitive housing pipeline projects, which will enable project implementation. The document was approved and promulgated in the 2023-2024 book year and is currently being used as stipulated above.

**Aalwyndal Offset Investigation**

Aalwyndal was identified in the Mossel Bay Spatial Development Framework 2022 as an intensification and one of the main urban expansion areas for Mossel Bay. The area will facilitate approximately 7 000-10 000 residential units and a large commercial area. The location of the area within the Urban context and proximity to existing road and other municipal infrastructure will result in a development which will be sufficient for the municipality and future residents. During preliminary biodiversity investigations it became evident that pockets high and very high sensitive habitats are located within the area. If the mentioned pockets were not developed the future urban form will become less efficient because loss of developable footprint within the Aalwyndal area. In 2022 an offset strategy was compiled to ensure a sufficient urban form while protecting sensitive habitat in more appropriate locations. The Municipality applied for funding from the Provincial Government to help finalise an implementation strategy for offsets in the Aalwyndal area. The project will be finalised in the 2024-2025 book year.

## 3.10 BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING

INTRODUCTION TO BUILDING DEVELOPMENT:

The approval of building plan applications and Building Control functions are the responsibility of the sub-directorate which is also responsible for the maintenance of Municipal buildings and the approval of Outdoor Advertising applications.

BUILDING CONTROL:

Over the past years there has been a distinct increase in the number of building plan applications submitted to the sub-directorate whereby building plan applications can either be submitted electronically or by hard copy at our offices. There are currently one Building Control Officer, six Building Inspectors, two Assistant Building Inspectors and one Senior Building Inspector who cover the whole Municipal area. Each Building Inspector carries out a minimum of eight inspections daily.

The Plans Examiner Section consists of two Plans Examiners and one Senior Plans Examiner. This Department is in the process to fill a newly created plans examiner post, whereby there will be then four Plans Examiners. This will help the section with the high volumes and in some instances, more complex building plan applications being submitted.

This section also administers and liaises with the Heritage and Aesthetics Advisory Committee to preserve the various heritage buildings within Mossel Bay.

BUILDING MAINTENANCE:

This section is responsible for the general maintenance of various Municipal owned properties. Planned maintenance, emergency repairs, building related insurance claims and capital projects are handled by this section. Various upgrades and renovations have been made to sport stadiums, administrative offices, etc. as well as ad-hoc maintenance.

Recent new capital projects included various projects at the Schoeman Street Yard, namely the establishment of a new access control road and the construction of the Refuse Removal Truck Shed. Other projects managed by Building Maintenance Team also include the new Communication Studio and the K9 Unit Facility at the SPCA.

The Section has invested funding to document all building maintenance related works electronically. This process allows user Departments to report and track progress made on works required. It enables the Maintenance Section to document relevant information regards to compliance documentation, maintenance plans, repair and insurance claim register.

Various annual quotations are reviewed regularly to ensure servicing and repairs are carried out quickly and efficiently.

The section handyman assists with day-to-day building maintenance tasks, including replacement of locks and doors, minor paintwork and tiling work etc.

A new Technician were appointed in the team that oversee maintenance plans and fault-finding to ensure assets is kept in an acceptable condition.

The section attended to 726 maintenance and capital projects during the last financial year.

OUTDOOR ADVERTISING:

This section is responsible for the management and control of all Outdoor Advertising Applications which includes the administration, assessment, and approval of applications in terms of the By-Law as well as the effective management and enforcement of illegal advertising signs and tenders and lease agreements.

380 Notices was issued for illegal advertising signs.

**Commercial Advertising Space for Street Pole Ad's**

The policy on renting of commercial advertising space for street pole advertising was adopted by Council and successfully implemented. Currently 105 Lease Agreements are in place for commercial advertising.

**Renting Out of Commercial Outdoor Advertising Space for Billboards**

The need for commercial advertising on Billboards was identified. This was an opportunity for the Municipality to generate a monthly income from Billboards and could support the economic growth.

7 High potential sites were identified for commercial advertising for Billboards due to the high traffic volume. A tender process was followed for the renting of commercial advertising space for billboards. The tender was awarded to 3 media companies for 7 billboards on 7 different sites.

It was successfully implemented. 7 Lease agreements are in place for all the sites, for a period of 9 years and 11 months.

The billboards were erected, and the successful bidders pay a monthly lease amount payable per site per Billboard.

In addition to the monthly lease amount the successful bidders also pay an amount equal to 20% of their gross income per month per individual Billboard to the Municipality.

**Renting Out of Commercial Outdoor Advertising Space on a Billboards Erected by the Municipality in Hartenbos**

A municipal billboard was erected on the sport field in Hartenbos, for marketing purposes of the Municipality or rent out for commercial outdoor advertising space for local businesses and franchisees only with its head or main offices and/or business address located in the Mossel Bay municipal area.

Lease agreements are in place for both sides of the billboard till May 2025.

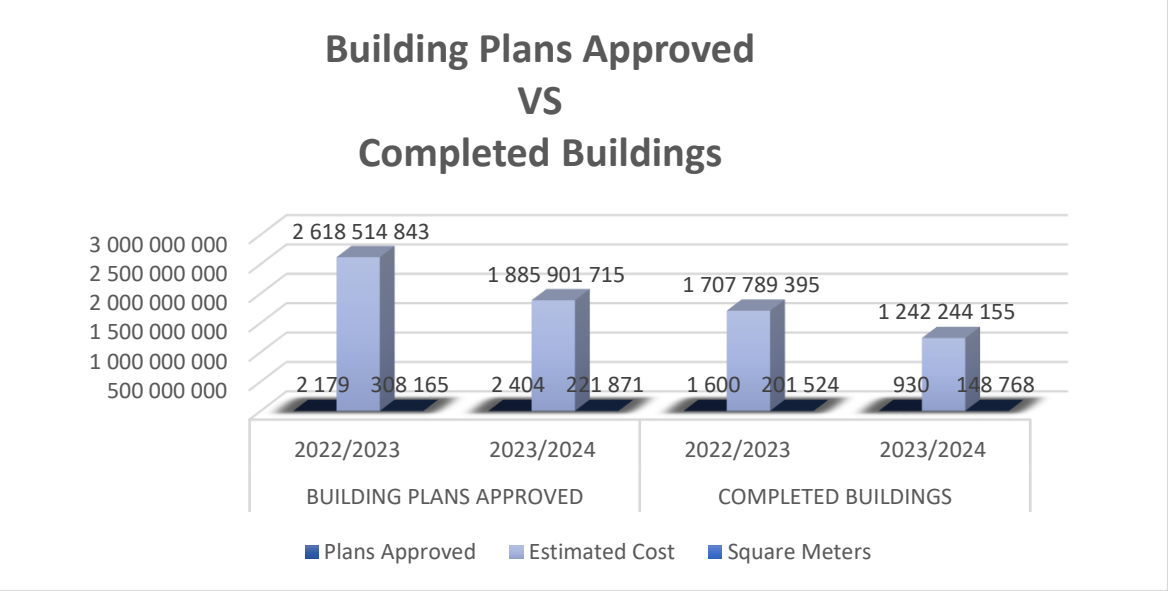
| Financial Performance Year 2022/2023: Planning Services<br>Details | Original Budget | Actual | Variance to Budget |
|---|---|---|---|
| Building Plans | 9 284 658.00 | 35 047 338.00 | 377% |
| Plan Copies | 52 620.00 | 44 019.00 | 84% |
| Pavements | 5 301.00 | 6 303.00 | 119% |
| Outdoor Advertisements | 148 215.00 | 1 122 433.00 | 757% |
| Total | 11 235 260.00 | 42 344 866.00 | 377% |

| Building Plans Approved July 2022 - June 2023<br>Building Plans Approved/Write off/Completed Buildings | |
|---|---|
| Plans Approved | 2 179 |
| Estimated Cost | 2 618 514 843 |
| Square Meters | 308 165 |
| Completed Buildings | |
| Number Approved | 1 600 |
| Estimated Cost | 1 707 789 395 |
| Square Meters | 201 524 |

| **Building Plans Approved July 2023 - June 2024**<br>**Building Plans Approved/Write off/Completed Buildings** | |
|---|---|
| Plans Approved | 2 404 |
| Estimated Cost | 1 885 901 715 |
| Square Meters | 221 871 |
| **Completed Buildings** | |
| Number Approved | 930 |
| Estimated Cost | 1 242 244 155 |
| **Square Meters** | 148 768 |

| Building Inspections July 2023 - June 2024<br>Building Inspections Executed/Notices issued for transgressions | |
|---|---|
| Notices Issued | 741 |
| Site | 2 317 |
| Foundation | 515 |
| Floor / Damp layer | 329 |
| Open Sewerage | 471 |
| Progress Inspection | 2 696 |
| Roof | 206 |
| Final | 1 552 |
| Routine / Follow up | 1 796 |
| Total | **10 623** |

The below chart provides a comparison so of buildings plans approved and completed buildings:




| Employees: Building Development (Building Control, Building Maintenance and Outdoor Advertising) | | | | | |
|---|---|---|---|---|---|
| Job Level | 2022 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 3 | 5 | 2 | 3 | 60% |
| **7 - 9** | 5 | 7 | 3 | 4 | 57% |
| **10 - 12** | 14 | 15 | 12 | 3 | 20% |
| **13 - 15** | 1 | 2 | 2 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 24 | 30 | 20 | 10 | 33% |

COMMENT ON THE PERFORMANCE OF BUILDING DEVELOPMENT OVERALL:

**Increase in Number of Building Plan Submissions**

There remains a lot of interest from people residing inland to move to or invest in Mossel Bay. This has led to an increase in the number of building plan submissions which is not showing any signs of slowing down. Ever increasing property prices have not had a negative effect on the development of vacant land and upgrading of existing properties. Provision has been made on the Organogram for additional posts in the Building Control and Building Maintenance Sections to provide additional capacity to the sections.

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Economic Development & Tourism Department falls within the Planning & Economic Development Directorate. Although the department falls under Planning & Economic Development, all the municipal directorates play a role in Economic Development.

The department is responsible for Economic Development Infrastructure Development and facility management, SMME Development, Tourism Development, Investment Promotion and International Relations.

A LED Strategy is in place and is currently in implementation phase by means of an implementation plan. The Tourism function is outsourced and was done by Mossel Bay Tourism. The Local Tourism Organisation (LTO) mainly focused on Marketing Mossel Municipal Areas as a Tourism Destination and launched the ICONIC Mossel Bay Brand to attract tourists to our Area.

The Iconic Mossel Bay Campaign was a great success, reports showed that the tourism sector is booming again and we are not just the place to live but a place of leisure.

| Jobs Created during 2024 by LED Initiatives (Excluding EPWP projects) | | | | |
|---|---|---|---|---|
| Total Jobs created / Top 3 initiatives | Jobs created | Jobs lost/displaced by other initiatives | Net total jobs created in year | Method of validating jobs created/lost |
| | No. | No. | No. | |
| **Total (all initiatives)** | | | | |
| **2021** | 500 | 0 | 500 | Reports & Site Visits |
| **2022** | 700 | 35 | 700 | Reports & Site Visits |
| **2023** | 1500 | 59 | 1500 | Reports & Site Visits |
| | | | | |
| **Skarrelhuisie Project** | 1000 | 0 | 1000 | Monthly Reports |
| **Business Parks** | 470 | 10 | 470 | Lease Agreements |
| **Amphitheatre** | 30 | 0 | 30 | Project Information & Report |

| Employees: Local Economic Development Services | | | | | |
|---|---|---|---|---|---|
| **Job Level** | **2023** | **2024** | | | |
| | **Employees** | **Posts** | **Employees** | **Vacancies (fulltime equivalents)** | **Vacancies (as a % of total posts)** |
| | **No.** | **No.** | **No.** | **No.** | **%** |
| **0 - 3** | 4 | 4 | 3 | 1 | 25% |
| **4 - 6** | 3 | 3 | 0 | 3 | 100% |
| **7 - 9** | 1 | 1 | 0 | 1 | 100% |
| **10 - 12** | 4 | 4 | 3 | 1 | 25% |
| **13 - 15** | 0 | 0 | 0 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 13 | 13 | 7 | 6 | 46% |

PROJECTS / PROGRAMMES / INTERVENTIONS

Various Programmes and Interventions were rolled out during the period under review, but the biggest projects and programmes were:

- Business Parks Programme.
- Contractor Development Programme (CDP).
- Job Seekers Project Mossel Bay (Skarrelhuis Project)
- Training and Skills Development.
- Annual SMME EXPO.
- Business Outreaches / Awareness Programmes.
- Business Incubator Programme.
- Integrated Development and Stakeholder Engagement.
- Informal Trading.
- Events, Festivals and Markets.
- One Point Stop.
- Iconic Mossel Bay Campaign.

BUSINESS PARKS PROGRAMME

Currently the municipality has 7 Business Parks that are being utilised by small business that operate within the informal sector. The businesses at these trading sites pay subsidised rent for a period of 6 years. The tenants that benefit from this must participate in the municipal Incubator Programme where they receive business support.

The Business Parks provide space for 86 businesses that are aligned with the economic sectors of the municipality. The following table illustrate the type of businesses that are accommodated:

| | |
|---|---|
| Manufacturing | Laundromat |
| Furniture upholstery | Upholstery |
| Aluminium product manufacturing | Printing & Stationary / Photography |
| ABET Training | Hair Salon |
| Security Services | Traditional Clothing and Herbs |
| Welding Manufacturing | Internet Café |
| Bakery | Computer Repairs |
| Early Childhood facility | Aftercare |
| Micro Loans | Tool Hire Shop |
| Car Wash | Shisa Nyama |
| Funeral Services | Shoe repair and key cutting |
| Biltong Shop | Barbershop |
| Permanent Aesthetic Solutions | Cakes and confectionaries |

CONTRACTOR DEVELOPMENT PROGRAMME

The Mossel Bay Municipality invited applicants from construction contractors (within the General Building; Civil Engineering, Electrical Engineering Works – Building sector) to participate in a Contractor Development Programme (CDP). This Programme is an initiative of the Municipality that seeks to promote sustainable development of small to medium-sized contractors and intends to contribute towards the provision of economic opportunities within the sector.

Sub-contractors on the programme had the following opportunities on municipal projects:

- Construction of Midbrak Sewer Network.
- Capacity Increase of Great Brak River Waste Water Treatment Works.

- Construction of Government Subsidised Houses (BNG Houses) in Kwanonqaba.

JOB SEEKERS PROJECT MOSSEL BAY (SKARRELHUIS PROJECT)

The Municipality of Mossel Bay appointed implementers for the Skarrelhuis Project in the Mossel Bay area. The Great Brak River Skarrelhuisie was initiated in October 2022 and the municipality wanted to roll out the project in the rest of the municipality and started with 3 more Skarrelhusies for this financial year This created an opportunity for service providers to do project management including the managing of job creation projects.

BUSINESS INCUBATOR PROGRAMME

Training opportunities and Capacity Building of entrepreneurs is imperative for the growth and sustainability of their businesses.

Advanced Tender Training

On the 26th of January 2024 DFR Kwakudi, that is appointed by the municipality on the Contractor Development Programme (CDP) facilitated advanced tender training for the sub-contractors that is on the programme. Some of the aspects that were covered are:

- Tender Submission process.
- Tender Evaluation process.
- Mandatory Deliverable Schedules.
- CIDB Level Enhancement.

Business Development Training

The business development accredited training was facilitated by Global Blessing Solutions that trained 2 groups from the 19 – 22 February 2024 and 26 February 2024 to 1 March 2024 The key unit standards covered were:

- Unit Standard 114974 – Apply the basic skills of customer service.
- Unit Standard 119463 – Access and use information from texts.
- Unit Standard 119460 – Use language and communication in occupational learning programmes.
- Unit Standard 13934 – Plan and prepare meeting communications.

First Aid Training

In conjunction with the Small Enterprise Development Agency (SEDA) we had first aid training on the 14th and 15th March 2024. Introduction to emergency care, equipping attendees with the skills to apply and perform basic first aid in emergencies

Nail Technician Training

An opportunity for woman-based businesses that needed the necessary skills to enhance their services when assisting clients but also to individuals who wanted to start their business. The training was facilitated by the Small Enterprise Development Agency (SEDA) from the 11 – 13 March 2024.

Traffic Control Training

South African Value Education (SAVE) facilitated the traffic control training for SMME's that are on the Contractor Development Programme (CD) from the 3rd – 4th April 2024. The following training was conducted:

Plan and Implement Traffic Management at a Roadworks Site

- Identify the planning process for designing the traffic layout at a roadworks site.

- Identify and interpret the use of different types of temporary signs used on a roadworks site.
- Implement and control a standardised approach to traffic management.
- Identify and apply traffic control methods.

ONE STOP SHOP

The One-stop Service Centre assisted small business with Business Registrations, Annual Returns, Construction Industry Development Board (CIDB) registrations, Central Supplier Database (CSD) registrations and business support.

| SMME ONE-STOP SHOP | | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Business Registrations and Compliance | 132 | 158 | 171 |
| Central Supplier Database (CSD) registrations | 74 | 125 | 112 |
| Annual Returns Lodged | 74 | 96 | 78 |

| Financial Performance 2024: Local Economic Development Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 4 035 | 2 158 | 1 886 | 3 653 | 41% |
| **Expenditure:** | | | | | |
| **Employees** | 8 352 | 9 936 | 9 502 | 9 259 | -7% |
| **Repairs and Maintenance** | 725 | 393 | 799 | 640 | 38% |
| **Other** | 9 191 | 13 003 | 10 548 | 10 090 | -29% |
| Total Operational Expenditure | 18 269 | 23 332 | 20 849 | 19 989 | -17% |
| Net Operational Expenditure | 14 234 | 21 174 | 18 963 | 16 336 | -30% |

| Capital Expenditure 2024: Economic Development Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 6 819 | 6 412 | 7 115 | 4% |
| | | | | |
| Business Park Replacement | 100 | 70 | 68 | -47% |
| Container Business Parks | – | 742 | 708 | 100% |
| Solar energy for Business Parks | – | – | 1 868 | 100% |
| Furniture & Office Equipment-New (LED) | 50 | 50 | 36 | -40% |
| Provision of Guard Houses at Business Parks | 40 | – | – | #DIV/0! |
| Security Cameras | 150 | 124 | 72 | -109% |
| Sonskyn Valley Business Spaces | 320 | 400 | 316 | -1% |
| Tarka Amphitheater | 1 200 | 1 414 | 1 414 | 15% |
| Tarka Amphitheater | – | 75 | 68 | 100% |
| Tarka Amphitheater | – | 30 | 11 | 100% |
| Tarka Amphitheater | – | 5 | – | #DIV/0! |
| Tarka Amphitheater - RSEP Funding | 609 | 609 | 609 | 0% |
| Upgrade of Barcelona Business Park | 250 | 234 | 212 | -18% |
| Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP | – | 29 | 29 | 100% |

| Capital Expenditure 2024: Economic Development Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Establishment of business hives in Mossel Bay_C.R.R | 600 | 550 | 543 | -10% |
| Establishment of business hives in Mossel Bay_C.R.R | – | 50 | 30 | 100% |
| Mossel Bay Informal Trading Spaces | 100 | 130 | 8 | -1195% |
| Urban Agriculture Project in Mountain view, Hydroponics & Nursery | 400 | 400 | 400 | 0% |
| Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing) | 3 000 | 1 500 | 724 | -315% |

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Various Projects and Programmes were rolled out during the year in review, but the biggest projects and Programmes were:

i. Business Park Development Programme;
ii. Tarka Amphitheatre;
iii. International Relations (Twinning Agreements);
iv. Job Seeker Project
v. Informal Trading
vi. Annual SMME Expo;
vii. Business Outreach / Awareness Programme;
viii. Business Incubator Programme;
ix. Contractor Development Programme;
x. Integrated Development and Stakeholder Engagements;
xi. Iconic Mossel Bay Brand; and
xii. One Stop Shop.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.12 LIBRARIES

The library services include 13 libraries which also include the rural areas in the municipal boundaries. The registration of the library users with reference to the use of the internet services at the libraries are very well received and used by the public. More users came to register at the different libraries and this made it possible for us to do monitoring and evaluation by means of the statistics which indicated the usage of the internet Rural Library Computer Program. As part of the Rural Library Connectivity Project the Provincial Library Services assisted the municipality to refresh the old computers and replaced it with brand new computers with the latest software which is in line with the latest technology. The ICT Cadet of the municipality assisted the IT section of the Provincial Library Services with the role-out program for the different libraries in the municipal area.

The ICT facility remains one of the key elements of the library to empower the community to find employment, help students with projects or assignments and having access to information. The library in Toekoms cannot be upgraded as there is no infrastructure available.

| Employees: Library Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 Employees | Posts | 2024 Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 7 | 7 | 7 | 0 | 0% |
| **4 - 6** | 30 | 30 | 30 | 0 | 0% |
| **7 - 9** | 1 | 1 | 1 | 0 | 0% |
| **10 - 12** | 7 | 7 | 7 | 0 | 0% |
| **13 - 15** | 1 | 1 | 1 | 0 | 0% |
| **16 - 18** | 0 | 0 | 0 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 46 | 46 | 46 | 0 | 0% |

| Financial Performance 2024: Libraries | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 10 034 | 10 923 | 11 065 | 9 740 | -12% |
| **Expenditure:** | | | | | |
| **Employees** | 17 345 | 19 292 | 18 523 | 18 677 | -3% |
| **Repairs and Maintenance** | 771 | 1 042 | 1 250 | 1 166 | 11% |
| **Other** | 1 228 | 1 438 | 1 601 | 1 872 | 23% |
| Total Operational Expenditure | 19 344 | 21 772 | 21 374 | 21 715 | 0% |
| Net Operational Expenditure | 9 310 | 10 848 | 10 309 | 11 975 | 9% |

| Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2023 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 8 283 | 9 574 | 7 587 | -9% |
| | | | | |
| Furniture & Office Equipment -New | 50 | 47 | 47 | -6% |

| Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2023 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Extention of the Alarm System to the Hall Section at Greenhaven Library | 8 | 8 | 8 | 3% |
| Replacement of carpet at the counter and the office of the librarian at Greenhaven Library | 15 | 15 | – | #DIV/0! |
| Cuboards for zink in kitchen Friemersheim Library. | 3 | 8 | – | #DIV/0! |
| Revamp of Indoor Sports Centre | – | 134 | 134 | 100% |
| Fencing - Huppelskooltjie ECD - Herbertsdale | 360 | 33 | 33 | -1003% |
| Fencing - Mooiuitsig Disabled Care Facility - Wolwedans | 200 | 254 | 254 | 21% |
| Fencing at Ncedo Lwesizwe Early Childhood Development Centre | 412 | 228 | 228 | -80% |
| Friemersheim Early Childwood Centre Renovations | – | 147 | 147 | 100% |
| Furniture & Equipment Community Development | 60 | 66 | 61 | 1% |
| Replacement of lighting at Indoor Sport Centre,Sampson Street | 15 | 29 | – | #DIV/0! |
| Replacement of lighting at Indoor Sport Centre,Sampson Street | 160 | 69 | 69 | -130% |
| Furniture & Office Equipment-New | 55 | 56 | 32 | -70% |
| Furniture & Office Equipment-Replacements | – | 5 | 5 | 100% |
| New safety gates for Community halls | 150 | 160 | 160 | 6% |
| Replace redundant fence at ASLA hall | 50 | 36 | 36 | -40% |
| Replace redundant fence at D'Almeida hall | 20 | 41 | 41 | 51% |
| Replacement of existing fences around animal enclosures in Harry Giddey Park | 75 | 101 | 101 | 26% |
| CCTV camera system for command and control-Great Brak Yard (Parks Department Area ) | 45 | 48 | 48 | 6% |
| Beach access for Wheelchairs - MobiMat | 200 | – | – | #DIV/0! |
| Construction of Coastal walkway and access protection | 1 000 | 589 | 589 | -70% |
| Fencing of eastern boundary of the Diosma Reserve adjacent to Koraalboom Street | 200 | 200 | 200 | 0% |
| Furniture & Office Equipment | 25 | 165 | 166 | 85% |
| Improve access to beaches for disabled persons | 400 | 85 | 82 | -387% |
| Machinery & Equipment-New | 50 | 10 | 3 | -1712% |
| CCTV Cameras-Beaches | 80 | 41 | 35 | -128% |
| Upgrading of ablution facilities at beaches | 1 500 | 2 251 | 2 136 | 30% |
| Furniture & Office Equipment | 10 | – | – | #DIV/0! |
| Marketing Assets | – | 5 | – | #DIV/0! |
| Furniture, Tools and Equipment - New | 25 | 53 | 8 | -220% |
| Multi-media studio | 30 | 50 | 50 | 40% |
| Media Equipment | 75 | 75 | 63 | -20% |
| Furniture & Office Equipment | 20 | – | 20 | 0% |
| Furniture & Office Equipment | – | 20 | – | #DIV/0! |
| Replace Carpets | 150 | 150 | – | #DIV/0! |
| Expansion of the Thusong Service Centre | 200 | – | – | #DIV/0! |

| Capital Expenditure 2023: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2023 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Expansion of the Thusong Service Centre | – | 200 | – | #DIV/0! |
| Thusong Security Upgrade | 150 | 124 | 124 | -21% |
| Thusong Upgrade - Installation of Generator | 500 | 450 | 433 | -15% |
| Thusong Upgrade - Installation of Generator | – | 50 | 37 | 100% |
| THUSONG UPGRADE - SHADED NETS FOR PARKING | 120 | 0 | – | #DIV/0! |
| THUSONG UPGRADE - SHADED NETS FOR PARKING | – | 98 | 56 | 100% |
| Procurement of heavy-duty flexi chairs | – | 35 | – | #DIV/0! |
| Procurement of quality folded tables | – | 40 | 36 | 100% |
| Fencing of the Thusong Service Centre | – | 590 | 582 | 100% |
| Procurement of laminating machine | – | 5 | 2 | 100% |
| Procurement of Desk Side Shredder | – | 13 | 13 | 100% |
| Installation of power floor box connection | – | 42 | – | #DIV/0! |
| Furniture & Office Equipment | 10 | 10 | 10 | 1% |
| Installation of Generator at Dana Bay Sewer Pump Station | 500 | 664 | 597 | 16% |
| Machinery & Equipment-New | 30 | 30 | 27 | -12% |
| Machinery & Equipment-Replacements | 30 | 30 | – | #DIV/0! |
| Security Systems at Pump Stations | 100 | 100 | 70 | -43% |
| Upgrading of Baydunes Sewer Pump Station | 1 000 | – | – | #DIV/0! |
| Upgrading of Baydunes Sewer Pump Station | – | 1 720 | 722 | 100% |
| Upgrading of Mechanical Workshop Ablution | 200 | – | – | #DIV/0! |
| Thusong Developmental Project (Sewing Project) | – | 22 | 5 | 100% |
| Upgrading of Thusong Centre | – | 174 | 87 | 100% |
| Upgrading of Mechanical Workshop Ablution | – | – | 31 | 100% |

COMMENT ON THE PERFORMANCE OF LIBRARIES OVERALL:

The municipality again made provision during this financial year to address the capital and operational needs at the different libraries. The D'Almeida and Sonskynvallei Libraries respectively, became targets for several break-ins, and the municipality incurred costs due to the damages. The Municipality approved funds for the procurement of capital items for the libraries. Some of the library staff also made progress academically by advancing their careers with Honours and B-Degrees respectively in Library and Information Science. The Provincial Library Services in partnership with some stakeholders approved the program for the YeBoneers Project at the municipalities in the Western Cape. This project was continued for the second time during 2024 and 7 YeBoneers were appointed at different libraries in the municipal area. The purpose of this projects is to create jobs for unemployed youth between the ages of 18 – 25 years for 6 months. These young people received training in various aspects of the library services where they can gain experience in the municipal work environment.

The libraries in the Mossel Bay municipal area are well used by the public and the dedication and hard work of the library staff continue to contribute to encourage new users to make use of the facilities.

Background of the Thusong Service Centre

The Mossel Bay Thusong Service Centre has been operational for 10 years with services being accessed by clients from various areas. The Mossel Bay Thusong Service Centre is a multi-faceted hub under one roof which houses several services provided by Local, Provincial and National government as well as, Non-Government Organisations (NGO's), Community-based Organisations (CBO's) and private sector interest groups which are tabled in the document. The services offered at the centre are those that have been identified by the community of the Greater Mossel Bay. Every Thusong Service Centre is unique in design layout depending on excising topographic and requirements of the community it serves.

With the Thusong Centre 2nd Phase being implemented in 2020/2021, we aimed at bringing more services to make it easier for our community, however, we could only accommodate one office with the intentions of having the South African Post Office occupying the space. To date the South African Post Office had not been able to occupy the space however, there are other departments namely, Home Affairs and Cape Access who have shown interest in occupying the space.

**Aim of the Thusong Service Centre**

The aim of the Thusong Program is to ensure equitable and effective access to government services and information, through strategic partnerships and engagements with the three spheres of government and relevant stakeholders.

| CURRENT DEPARTMENTS OFFICES | NEW OFFICES |
|---|---|
| Department of Home Affairs | Community Works Programme |
| South African Social Security Agency | Local Economic Development |
| Department Social Development / Social Services | Vacant space used by various departments for different programmes e.g.,<br>Western Cape-LGD for GBV sessions for CWP participants. |
| Piet Julies HIV/Aids Action Group | Thusong Sewing Project - Simply Speff |
| Thusong Library | |
| Cape Access ITC | |
| Eden FM local radio station | |
| Tambo FM local radio station | |

Description of Services
All the services offered are those which were initially identified by the community of Mossel Bay, which are:

| Department | Services |
|---|---|
| Department of Home Affairs | Applications for ID document, birth, death, and marriage certificates as well as passports. |
| South African Social Security Agency (SASSA) | Grants on pension, child support, disability, and foster care. |
| Department Social Development / Social Services | Welfare services, community development (youth, children, and families), youth conflict with law, senior citizens, substance abuse and early child development programmes. |
| Cape Access ITC | Access information via internet regarding skills development, job opportunities, research, learners' tasks activities, computer basic skills and Covid-19 vaccine registration. |
| Piet Julies HIV/AIDS Office | HIV/AIDs testing, educational awareness, and circumcision referrals. |
| EdenFM local radio station | Community radio station: access to local, national, and global information via media. |

| | |
|---|---|
| Tambo FM | Community radio station: access to local, national, and global information via media. |
| Thusong Library | Book circulation, National Themes, Learning Programmes, access to information-research, internet access. |
| Thusong sewing project | Designing of clothes and manufacturing, |
| Local Economic Development | Business registration and funding applications and information assistance. |
| Community Work Programme | Registration of participants and deployment thereof at various sites. |

OVERALL MARKETING STRATEGY
To ensure that the centre operates optimally and that clients are served in accordance with the Batho Pele principles, the following interventions were introduced.

a) Client Satisfaction Surveys to determine excellence.
b) Public Participation through ward committees, IDP, Councillor Report Back, CDWs' information sharing sessions, engagement with other stakeholders.
c) Radio interview with various radio stations.
d) Word of mouth
e) Local newspaper
f) New stakeholders were invited to join the Thusong forum to render more services to the community and to join the Thusong with community outreaches in various areas outside the parameters of the Thusong Centre.
g) The new participants in the Thusong Stakeholders arena include Standard Bank, ABSA Bank and FNB.

It is through these interventions that the needs of the community were assessed in preparation and planning for the implementation of Annual Thusong Outreaches for rural clients to access services. There has been a decline of certain service delivery request such as grant applications and ID smart card applications due to services offered at service points at rural areas. To restore the decline in service delivery we implemented a turnaround strategy by taking the services to the community to cut on transportation costs for the communities. The first outreach was during September 2023 at the Centre itself, followed by an outreach to Great Brak River on 21 June 2024 and another one on 26 June 2024 in Herbertsdale.

STATUS OF THE THUSONG CENTRE:

The Thusong Service Centre of Mossel Bay continues to be the epitome of service excellence as it serves Internationally, Nationally, Provincially and Locally and clients send emails, WhatsApp's, Facebook, telephone calls for inquiries and get assisted by various departments. The previous evaluation indicated that the Thusong Centre performance was 100%. The Mossel Bay Municipal Council implemented several Capital projects and maintenance projects at the Thusong Centre such as:

- Solar Panel system to combat loadshedding
- New carpets for the offices of the Services Providers
- Brand new Cameras which are monitored by the Joint Operation Centre to upgrade the security at the Thusong Centre
- New Fencing
- 2 new printers
- New material for the Sewing Project
- Tables and chairs
- Headphones
- Shade Nets

The Thusong Centre Received Three National Awards at the National Thusong Award Ceremony during April 2024 in Bloemfontein.

- Award for Outstanding Thusong Hub.
- Award for Outstanding Thusong Mobile
- Award for Private Partnerships & Stakeholder Relations
-

## 3.13 CEMETERIES

### INTRODUCTION TO CEMETERIES

Mossel Bay Municipality has nine cemeteries in operation. Many of these cemeteries are close to being full. The Pinnacle Point Cemetery is the newest of the cemeteries and due to the overall image and location of the cemetery it is where most burials have taken place throughout the year. During this year we also experience an increase in funerals in Herbertdale and Friemersheim.

Some time ago Council took a decision to change the criteria to be eligible for pauper burials. There was a significant increase the last couple of years in the number of pauper burials. This also led to a significant increase in the costs involve to pay for pauper burials.

Ground maintenance of all the cemeteries remains a priority for the department and with the funds that were available we were still able to do regular maintenance of the cemeteries. We also planted 31 trees in Mossel Bay Cemetery and 100 trees in Wolwedans Cemetery.

| Employees: Cemeteries | | | | | |
|---|---|---|---|---|---|
| Job Level | 2022 | 2023 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 3 | 3 | 3 | 0 | 0% |
| **4 - 6** | 1 | 1 | 1 | 0 | 0% |
| **7 - 9** | 1 | 1 | 1 | 0 | 0% |
| **10 - 12** | 1 | 1 | 1 | 0 | 0% |
| **13 - 15** | 1 | 1 | 1 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 8 | 8 | 8 | 0 | 0% |

| Financial Performance 2024: Cemeteries | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 236 | 246 | 243 | 263 | 6% |
| **Expenditure:** | | | | | |
| **Employees** | 1 223 | 1 479 | 1 345 | 1 345 | -10% |
| **Repairs and Maintenance** | 134 | 79 | 42 | 39 | -99% |
| **Other** | 898 | 988 | 792 | 767 | -29% |
| Total Operational Expenditure | 2 255 | 2 546 | 2 179 | 2 152 | -18% |
| Net Operational Expenditure | 2 019 | 2 299 | 1 936 | 1 888 | -22% |

| Capital Expenditure Year 2023: Cemeteries | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | Year 2023 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| **Total All** | 2 500 000 | 2 949 342 | 233 784 | -969% |
| | | | | |
| Establishment of new cemetery-Pinnacle Point | 2 500 000 | 2 949 342 | 233 784 | -969% |

SERVICE STATISTICS FOR CEMETERIES

During this year we prepared 124 more graves than the previous year. The total number for this year was 731 graves compared to last year's 607 graves which is a 17% increase in burials compared to last year. This increase in graves has put significantly more pressure on the administrative side as well as the budget of the department.

A total of 731 burials took place during the year, 28 of those burial were pauper burials.

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Due to the increase in burials at the Pinnacle Point Cemetery the department started with a multi-year tender to increase the size of the cemetery with another 4ha. During this financial year the tender was awarded, and construction will start in the next financial year. The estimated cost for this project is about R5 million.

To ensure that all municipal cemeteries are maintained to highest possible standard, a contractor has been appointed to do general maintenance. This includes cutting of grass, pruning, and watering of trees, etc. The cost involve in this project is about R480 000 annually.

## 3.14 SOCIAL PROGRAMMES

Mossel Bay Municipality has a fully-fledged Community Development Department that consist of the following sections with the focus on the support, assistance and coordinating of programmes and projects to Early Childhood Development Centres, vulnerable groups, youth and sport development and the respective rural nodes in the greater Mossel Bay. The department in collaboration with other government departments, NGO's, faith-based institutions reached out to communities to render integrated services to strengthen the social fabric of the respective communities within the greater Mossel Bay with the following staff complement:

| Employees: Community Development | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 Employees | Posts | 2024 Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 3 | 4 | 4 | 0 | 0% |
| **4 - 6** | 0 | 2 | 0 | 2 | 100% |
| **7 - 9** | 4 | 5 | 4 | 1 | 20% |
| **10 - 12** | 5 | 5 | 5 | 0 | 0% |
| **13 - 15** | 1 | 1 | 1 | 0 | 0% |
| **16 - 18** | 0 | 0 | 0 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 11 | 17 | 13 | 4 | 23% |

The department also afforded 13 temporary work opportunities for this period through the Internship and Expanded Public Works Program in comparison to the 11 opportunities that was available in the previous financial year:

- 6 Interns assisting in the different sections of Community Development
- Students at Early Childhood Development Centres in the greater Mossel Bay
- Students at The Haven Night Shelter

The Community Development Department strives to enhance the social conditions and circumstances of disadvantaged people through various programmes and projects:

**EARLY CHILDHOOD DEVELOPMENT AND SPECIAL PROGRAMMES**

The Early Childhood Development and Special Programs Department creates an environment for socio-economic development through the support and strengthening of programmes and projects for vulnerable groups that includes Early Childhood Development Centres, victims of disasters, food security programs and various awareness programmes.

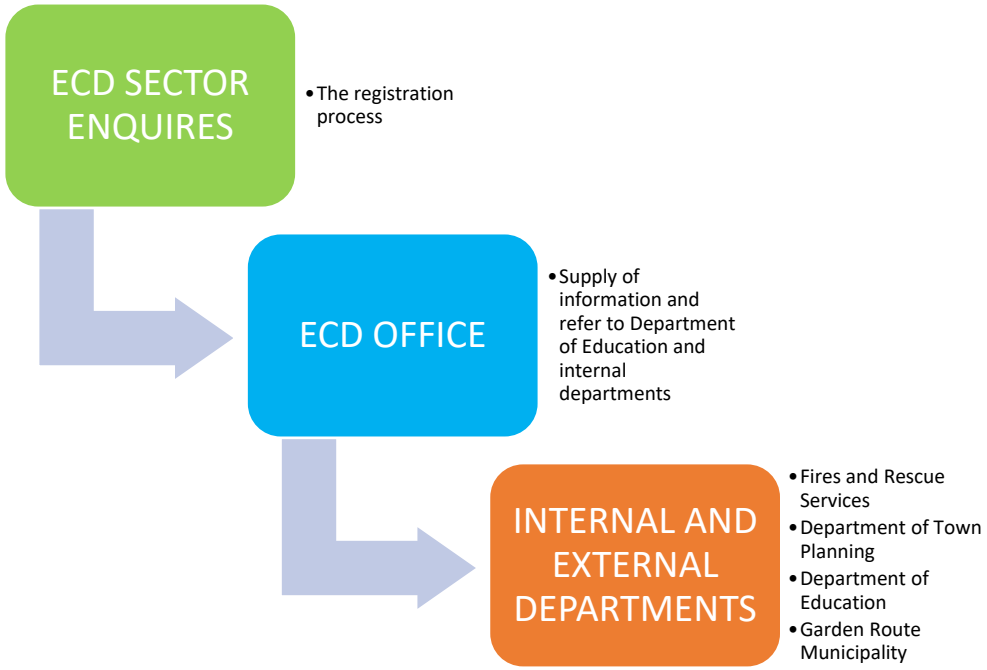
The challenges that hampered the delivery of services for this period was the availability of funds and budget constraints experiences by government departments, yet the department managed to deliver services to the most vulnerable where possible in the greater Mossel Bay.

The below highlights the programmes and projects executed by the department:

**ECD FORUM MEETINGS**

Four ECD Forum meetings took place for this period with an attendance of 42 representatives of ECD's. The meetings aim to discuss matters pertaining to Early Childhood Development and challenges, programs and projects affecting the ECD community are discussed.

The department also supported and assisted 23 Early Childhood Development Centres with general enquiries that ranges from registration and building enquiries and funding requests, that are either handled internally or referred externally.




**TRAINING FOR ECD PRACTITIONERS**

A one-day First Aid Training course was coordinated by the department in February 2024 with the focus to equip ECD Practitioners with the relevant skills to handle medical emergencies. A total of 47 ECD practitioners attended.

**TOY LIBRARY ACTIVITIES**

The Toy Library that is housed at the Thusong Library, provided support services to the Early Childhood Development Centres around the Greater Mossel Bay Area. This service supports centres with educational resources and a total of 450 children benefited from this programme.

**ECD SPORTS DAY**

The annual ECD sports day took place during October 2023 at the Barcelona Indoor Centre with 8 ECD Centres participating and a total of 183 children attending the event. The objective of the Sports Day was to promote sports amongst children at a young age and to strengthen the relationship amongst the stakeholders, ECD Sector and the community.

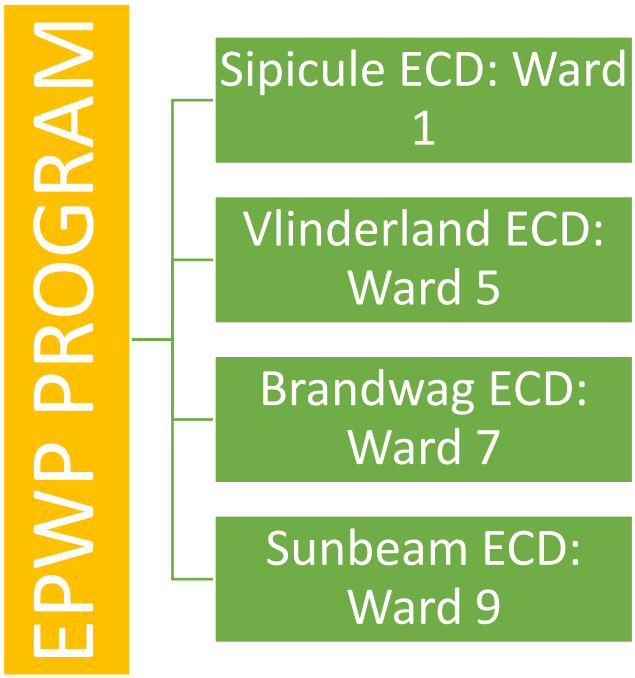
**ECD HEALTH EXERCISE PROGRAMME**

The monthly ECD Exercise program took place from October 2023 to May 2024, in partnership with the Department of Cultural Affairs and Sport and the Sport Development Office of Mossel Bay. This program reached a total of approximately 500 children in the ECD Sector with the focus on providing exercise activities to the children and to promote sport.

**EXPANDED PUBLIC WORKS PROGRAMME**

The EPWP Program focused on providing temporary employment to unemployed ECD Practitioners and they were placed at ECD's in the greater Mossel Bay to assist with the programs and operations at the respective

centres. A total of 4 ECD practitioners were temporarily employed at ECD Centres in Ward 1, 5, 7 and 9 to assist with the daily activities and operations at the facilities.




**AWARENESS PROGRAMMES**

A total of four awareness programs took place for this period and were as follow:

**Holiday Program in October 2023 at Buisplaas:** Children under the age of 6 years were occupied with a Puppet Show and colouring activities. The Fire and Rescue Services also presented a fire safety session with topics such as dangerous chemicals and fire safety in a household. An average of 50 children attended the Holiday program.

**Sport Holiday Program in December 2023 at Buisplaas:** The aim of the holiday program was to occupy the children over the holiday period with sport activities. Furthermore, a Puppet Show was presented that focused on safety with a total of 244 children in attendance for the 3 days of the programme.

**Safety Program in April 2024:** The programme focused on what to do in an emergency situation and a total of 184 children within ECD Centres were reached in the rural and urban areas of Mossel Bay.

**Child Protection Week in June 2024:** The programme took place at various ECD Centre sand reached a total of 167 children and the theme was that of communication which included role-play and a puppet show to display effective communication styles.

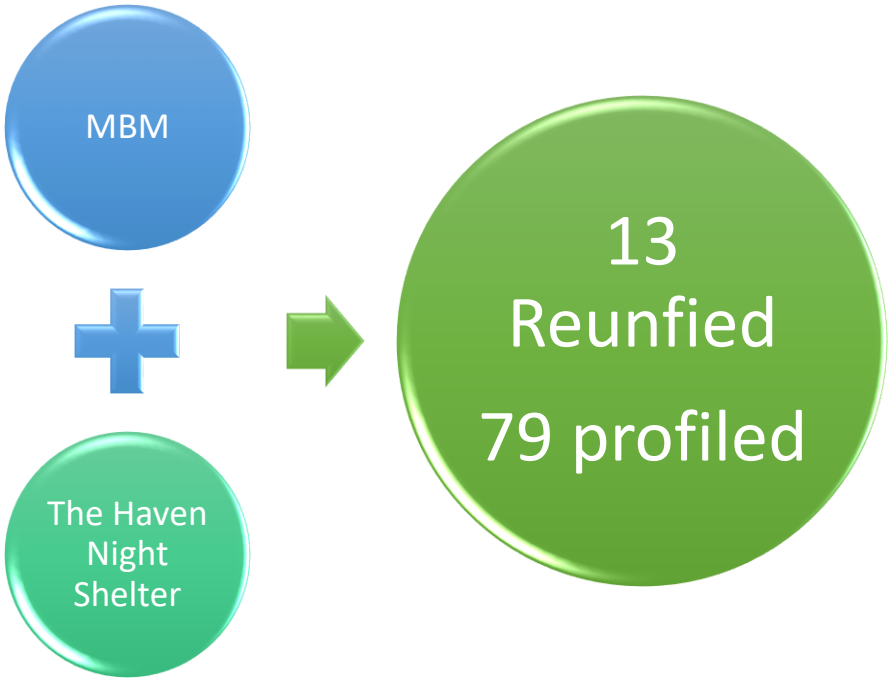
**PAUPER BURIAL INVESTIGATIONS**

The aim of pauper burial program is to provide for procedures, methods, and practices to regulate the burial and cremation of pauper and destitute bodies in the jurisdiction of Mossel Bay Municipality. The role of the department is to investigate the circumstances of each case and to make the necessary recommendations. A total of 33 pauper burials cases were investigated and reports were submitted to Management from July 2023 – July 2024.

**SUPPORT AND ASSISTANCE TO THE HAVEN NIGHT SHELTER**

The Mossel Bay Municipality assisted The Haven Night Shelter with two assistants through the Expanded Public Works Programme. The monthly meetings of The Haven Night Shelter are also attended monthly.

The MOSSHOPE Project was established to address the challenges associated with street-based communities in May 2022. Mossel Bay Municipality in partnership with the Department of Social Development and The Haven Night shelter profiled people to assist them in reunifying or reintegrating them into society again. A total of 79 people was profiled and 13 was reunified with their families by the Mossel Bay Municipality and The Haven Night shelter.




**CLOTHING AND FOOD BANK**

Clothing was donated by the public and was distributed to beneficiaries based on the needs identified by other departments, non-Government organisations and individuals. Most of the clothing was given to victims of fires during the period.

Food parcels and non-perishable foods were received from donors and distributed where needed. A total of 10 food parcels was distributed and 31 fire victims assisted.

**FOOD GARDEN PROGRAMME**

The food garden programme has the goal to:

- To create an environment for people to work cooperatively.
- To donate food surpluses to people experiencing food insecurity.
- To cultivate a cultural amongst children from a young age, to look after the nature and learn how to plant vegetables.

A total of 39 active food gardens were supported and seedlings, garden equipment and compost were donated to these food gardens. These food gardens are at 6 ECD Centres and at 32 household gardens. Two new food gardens were established in the Greater Mossel Bay Area in the period. Find below the breakdown of food gardens at the ECD Centres within the greater Mossel Bay:




## 2. RURAL DEVELOPMENT PROGRAMMES

The main goal of the CRDP (Comprehensive Rural Development Programme) is to inform the design and implementation of strategies and interventions to rural communities in the Mossel Bay Municipal Area to reduce rural poverty. The Rural Development model is to organize these communities into a legal structure that will enable them to network and link with strategic partners and to operate according to a business system.

**Focus areas for the Rural Development Office includes:**

- Strengthening the capacity of rural people and improving their development.
- Improving community-level infrastructure, facilities and services.
- Further extending and improving the social safety net for poor rural people.
- Gradually improving the health and living standards of the poor in rural areas in general.

This approach combines social assistance with sectoral development, optimizing the roles and functions of national, provincial and local government, extending support to vulnerable groups in rural nodes with the key focus on poverty-reduction initiatives.
The core function of the Rural Development Office is to facilitate and support rural development initiatives that is in line with the CRDP derived from the CRDP. The CRDP is focused on enabling rural people to take control of their destiny, with the support from government, and thereby dealing effectively with rural poverty through the optimal use and management of natural resources. This will be achieved through a co-ordinated and integrated broad-based agrarian transformation as well as the strategic investment in economic and social infrastructure that will benefit the entire rural communities.

Nine rural communities have been identified and will benefit under the rural development model and include the following rural nodes:

- Brandwag
- Sonskynvallei
- Toekoms
- Ruiterbos
- Vleesbaai
- Buisplaas

- Herbertsdale
- Great Brak River
- Friemersheim
- Jonkersberg

The office embarked on the following programmes and projects for this period:

**MOSSEL BAY LOCAL DRUG ACTION COMMITTEE**

The Local Drug Action Committee meets quarterly to discuss programs and interventions to address substance abuse related problems through many interventions that ranges from training workshops, awareness programmes and support groups. The Committee is coordinated and facilitated by the Municipality with the support of government departments, NGO's, FBO's that renders substance abuse related projects and programmes. The Committee also assist with enquiries that are referred externally or managed internally.

The following programs and interventions are done to assist and support and raise awareness of the impact of substance abuse in the greater Mossel Bay:

- Monthly support groups with inmates at the Mossel Bay Corrections Youth Centre where various topics are discussed to address substance abuse problems. The number of attendees differs and can be up to 50 inmates at a time.
- Social Work Expansion Volunteer Programme in Great Brak River to equip volunteers with the necessary skills and tools to be first responders for people and families affected by substance abuse disorders.
- A representative of Mossel Bay Municipality attended the Africa Policy Week 2023 hosted by the United Nations Office on Drugs and Crime, to discuss the issues relating to the high incidence rate of HIV/AIDS amongst people who use drugs in South Africa and how to effectively address that.
- Mossel Bay Municipality hosted the Western Cape Public Dialogue in October 2023 with the purpose of providing input for discussions at the Biennial Summit.
- A representative from LDAC attended the National Summit that created a platform to promote a collaborative approach amongst government departments and other stakeholders involved in substance abuse and illicit drug trafficking. This provided the opportunity for the exchanging of good practices, evidence-based interventions, challenges and sustainable socio-economic strategies aimed at reducing the supply, demand and harm caused by the use, misuse and abuse of alcohol, tobacco and other drugs.
- The office also assisted the Department of Agriculture with identifying service providers of substance abuse programmes and nominated a previous service provider who applied and was granted funding for the implementation of an awareness programme.
- The Ramot Treatment Centre visited Mossel Bay with the purpose of discussing the services that they offer and to form a partnership with LDAC members to assist with inpatient services that are currently a huge gap in Mossel Bay and the Garden Route.
- Mossel Bay Municipality was also represented at the Training for International Standards for the treatment of drug use disorders that was hosted by the United Nations Office on Drugs and Crime. The aim of the training was to develop and expand effective, evidence based and ethical treatment for drug use disorders.

The office embarked on the following Awareness Campaigns for this period:

- A **Substance Abuse Awareness Campaign** themed **My Community My pride** took place in September 2023 with various stakeholders to assist and educate the community on the dangers and consequences of substance abuse, gangsterism and crime and the negative impact on families and communities.
- The office embarked on an **Awareness Campaign** in January 2024 that also included mini cricket and boxing and reached approximately 1000 learners of Sao Bras and Hillcrest Secondary Schools and approximately 1500 community members of the areas of Friemersheim, Sonskynvallei, Tarka and

Extension 13. The Independent Electoral Commission also used the opportunity for voter education and smaller children were entertained with a Puppet Show and participating NGO's used the platform to market their services and the service provider spread the message by using two well-known influencers, namely Micheal Palmer and Kattie, who has over 60 000 followers on TikTok. The message about living without substance abuse was well received in the respective communities.

- The office partnered with different stakeholders for the **awareness programme** of May 2024 that aimed to create awareness around the dangers and negative effects of substance abuse and stakeholders also took this opportunity to market the various services that they offer to the community. Touch Rugby and Soccer were also included in the programme to introduce sport as an alternative to substance abuse.
- A **Safety Programme** in partnership with the Department of Education and SAPS at Hillcrest Secondary School and Erika and EK Primary Schools.
- **16 Days of Activism against child and women abuse campaign** was done collaboration with various departments and organizations that focused on a Roadblock, commemorating World Aids Day and the distribution of pamphlets to the community on Gender Based Violence and police services in the area.

**CORPORATE SOCIAL INVESTMENT**

The Mossel Bay Municipality engaged with the Mining Companies around Mossel Bay to ensure that the companies implement Social Labour Plan Projects as required by the Mining Charter of the Department of Minerals. There are Memorandum of Agreements in place to give effect to corporate social investments within Mossel Bay, with the emphasize on infrastructural projects. The Rural Development Office is the liaising department between the Municipality and the mining companies with the following projects"

| MINING COMPANY | PROJECT |
|---|---|
| **Otto Trust (Terblanche Transport)** | The upgrading of the Sonskynvallei Sport Field is in process. |
| **Kirsten And Tulleken (Brandwag Quarry)** | The upgrading of the existing Sonskynvallei Library has been completed in this period. |
| **Buy-line Trading and Transand Pty Ltd** | The building of a clinic in Ruiteris is in process with the completion date in the next financial year. |

**SUPPORT AND ASSISTANCE TO FAITH-BASED ORGANISATIONS**

The office assisted with the organising of the Faith-Based Meetings that takes place quarterly. These meetings had the purpose of creating a platform for all religious leaders to meet each other and to improve communication between each other and the municipality.

Through these engagements assistance and support were rendered to:

- Mossel Bay Masjid to assist with the identification of land for development of a facility that can be utilized for a youth centre. Assistance where also rendered to various FBO's with collaborating with programmes and projects that benefit the community.
- Assisting Eagle's Nest Ministries to submit formal requests for the use of municipal land for prayer sessions.

SUPPORT AND ASSISTANCE TO RURAL NODES

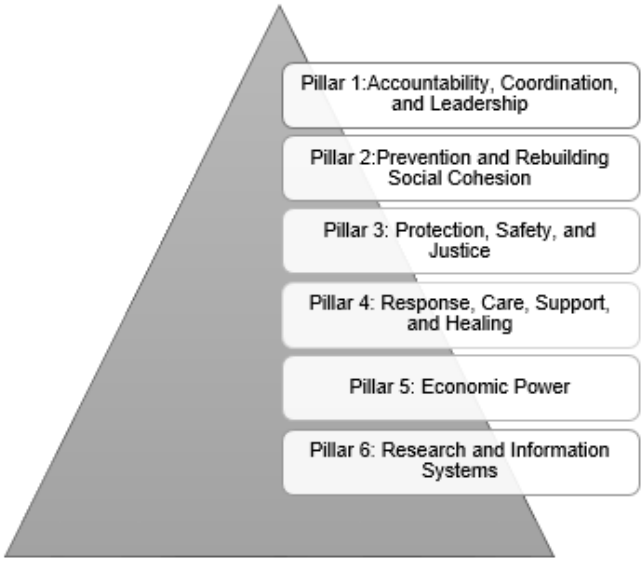
- Support to Herbertsdale Primary School and Denneprag Primary School with their Food Garden Project. The office assisted with garden equipment and seeds that was donated by Direct Relieve Sickness and Poverty (D.R.O.P.S), an NGO from Belgium. The Herbertsdale food garden is fully operational and well maintained, but Denneprag struggles with keeping the baboons and pigs out of their garden.
- The office assisted the community of Buisplaas to repair the burglar bars and security gate sand windows at the Buisplaas Community Hall. These funds were donated by H&I Construction Company who has done this project for Mandela Day and with this project the company also provided temporary job opportunities to locals.

- Nestle donated 500 liters of water to Great Brak River Secondary School to celebrate National Water Day that took place on 22 March 2024.
- The hosting of an open mic event as part of the Mayoral Cup 2023 was held in October 2023 and it provided the platform for local artists to showcased their talents. The annual rugby, netball and soccer matches also took place and the office assisted and contributed to the success of the programme. The Mayoral Cup gave exposure to the teams of the rural nodes that participated in the different sport codes.
- The office supported the Herbertsdale Small Scale Farmers by advising them to investigate the possibility of registering a business entity in order for them to be more structured and formal.
- Ongoing support and assistance to the Brandwag Small Scale Farmers with their agricultural needs. The office ensure that there are open communication lines between relevant departments and commercial farmers to stimulate agricultural activities and economic growth.
- An awareness session of the services offered by South Cape TVET College and NSFAS was coordinated at the Sonskynvallei E-Centre in December 2023. This session raised awareness of the opportunities offered and the youth were encouraged to take up the opportunities.
- Donation of 50 trees by the Horticulture Department to Friemrsheim Eggs that was planted at the business premises.
- Discussion of development initiatives and interventions with the newly elected Buisplaas Bewoners Vereniging. The office arranged engagements with all the relevant departments to assist with the discussed initiatives and interventions.
- Ongoing support and assistance to Die Kraal Kids in Friemersheim that aims to implement programs and projects to the benefit of the children of Friemersheim.
- Assistance and support to the Planning and Development Directorate to resolve the property ownership issues in Friemersheim as well as ongoing support to the Department of Agriculture Land Reform and Rural Development to establish a Communal Property Association with all applicable members.
- Youth Day Celebrations took place in collaboration with the Department of Agriculture in Friemersheim and in partnership with a youth group in Sonskynvallei.

**HIV/AIDS, GENDER, DISABILITIES AND ELDERLY PROGRAMMES**

The Department through its engagements with various government departments and organisations, aims to mainstream all aspects concerning vulnerable groups by. This multi-sectoral and dynamic approach gives effect to bringing services to the community in an effective and efficient manner and ensuring equal and effective access to programs, that is aligned with the Grow Strategy. By leveraging various platforms and collaborations, the Department has fostered a comprehensive and inclusive environment that addresses the diverse needs of our communities.

The National Strategic Plan for Gender-Based Violence and Femicide (GBVF) 2020-2030 places significant emphasis on stakeholder collaboration to address the six pillars outlined below:




In response to these pillars, the NSP collaborative platform was established as an informal and voluntary forum to address the Gender Based Violence and Femicide phenomenon in South Africa. Anchored by robust coordination and communication structures, this platform facilitates meaningful engagement among stakeholders, where Government bodies, civil society organizations, development agencies, and private individuals, strategize and plan collaboratively.

In a significant step towards gender equality and empowerment, the Mossel Bay Municipality proudly became the first municipality in the Garden Route District to join the United Nations (UN) Women 100 Days Challenge, facilitated by the World of Impact. This initiative marked a commitment to promoting women's rights, addressing gender-based disparities, and fostering inclusive policies within the municipality.

Additionally, the municipality actively participated in a second 100 Day Challenge organized by the Ford Foundation in collaboration with the Department of Cooperative Governance and Traditional Affairs (COGTA). This joint effort aimed to drive sustainable development, enhance governance practices, and empower communities through strategic partnerships and impactful initiatives. These engagements underscore the municipality's dedication to advancing gender equality, promoting social inclusion, and contributing to positive change within the region.

The office embarked on the following projects and programmes as part of the 100 Day Challenge Project:

**IT'S OKAY TO TALK ABOUT IT: #REDUCE GBVF MOSSEL BAY**

During the 100 Day Challenge initiative, 100 Day Challenge Team undertook visits to schools as part of a concerted effort to raise awareness about addressing Gender-Based Violence and Femicide (GBVF). The program was designed to educate scholars on the various forms of GBVF, explain the preparation process for court proceedings related to GBVF cases, elucidate the referral pathways available for individuals affected by GBVF and to equip scholars with knowledge and strategies to combat bullying as a component of GBVF.

These school visits aimed to empower young individuals with essential information and skills to navigate and address GBVF issues effectively, contributing to a safer and more informed community.

| DATE | VENUE | PARTICIPANTS | STAKEHOLDERS |
|---|---|---|---|
| 2023-07-18 | HILLCREST HIGH SCHOOL | 150 | 7 |
| 2023-07-19 | TERENCE NDANDA | 37 | 7 |
| 2023-07-20 | ST. LUKE PRIMARY SCHOOL | 54 | 10 |
| 2023-07-21 | RUITERBOS PRIMARY SCHOOL | 63 | 6 |

| DATE | VENUE | PARTICIPANTS | STAKEHOLDERS |
|---|---|---|---|
| 2023-07-21 | DENNEPRAG PRIMARY SCHOOL | 58 | 16 |
| 2023-07-25 | HERBERTSDALE PRIMARY SCHOOL | 107 | 4 |
| 2023-07-26 | ISALATHISO PRIMARY SCHOOL | 190 | 9 |
| 2023-07-28 | ST. BLAIZE PRIMARY SCHOOL | 219 | 6 |
| 2023-08-18 | DIAZ PRIMERY SCHOOL | 429 | 19 |
| **TOTAL BENEFICIARIES** | | **1307** | **84** |

During November 2024, an outreach initiative focusing on an anti-bullying colouring program was conducted to include Grade 1-3 learners with the aim to raise awareness about bullying and foster discussions on this topic. The program involved providing colouring pictures related to anti-bullying themes to the learners and the teachers were encouraged to explain the concept of bullying and initiate class conversations around this issue together with the colouring activities. This approach not only engaged the students creatively but also empowered teachers to facilitate meaningful discussions about bullying prevention and intervention strategies. A total of 1558 learners were reached.

| SCHOOL | PARTICIPANTS |
|---|---|
| STELIO'S ACADEMY | 9 |
| CURRO MOSSEL BAY | 99 |
| DIAZ PRIMARY SCHOOL | 321 |
| HERBERTSDALE PRIMARY SCHOOL | 58 |
| PARK PRIMARY SCHOOL | 245 |
| IMEKHAYA PRIMARY SCHOOL | 335 |
| ERIKA PRIMARY SCHOOL | 491 |
| **TOTAL BENEFICIARIES** | **1558** |

**THE BRIDGE BETWEEN THE PAROLEE AND COMMUNITY**

As a component of the UNWOMEN 100 Days Challenge, the Bridge Between Offender and Community Training Program was established through a collaborative effort involving the Municipality, Department of Correctional Services, and Meals on Wheels. This initiative aimed to empower individuals working at the grassroots level with offenders, providing them with the necessary skills and knowledge to support successful reintegration into the community. The training methodology focused on addressing social ills and behavioural problems, which often serve as trigger points for revocations due to challenges in managing the adjustment and reintegration process. By equipping frontline workers with effective strategies and tools, the program contributed to improving outcomes in offender rehabilitation and community reintegration efforts.

**WORLD ELDERLY ABUSE AWARENESS DAY (WEAAD) SERVICE CENTRES - #REDUCE GBVF**

In collaboration with the Department of Social Development, the Mossel Bay Municipality aligned its Memorandum of Understanding (MOU) programs with the objectives of the 100 Day Challenge. This initiative aimed to provide crucial information to older persons residing in facilities. The focus areas included educating them about the different forms of abuse, outlining the procedures for reporting abuse incidents and informed them of the municipal referral system. These efforts were undertaken in partnership with the South African Police Service, emphasizing a multi-stakeholder approach to addressing issues related to abuse and ensuring the safety and well-being of older persons in our community.

| DATE | VENUE | NR OF PARTICIPANTS |
|---|---|---|
| 2023-07-04 | ACVV KENANI | 32 |
| 2023-07-05 | HARTENBOS VERSORGINGSOORD | 29 |
| 2023-07-06 | BENEVOLENT PARK | 31 |
| 2023-07-06 | SANTOS HAVEN | 33 |
| 2023-07-20 | MOSSEL BAY SENIORS | 20 |
| 2023-08-10 | WEAAD REEBOK | 5 |
| 2023-08-17 | WEAAD WONDER YEARS | 17 |
| 2023-08-24 | WEAAD BRANDWACHT | 17 |

| DATE | VENUE | NR OF PARTICIPANTS |
|---|---|---|
| 2023-10-16 | WEAAD FYNBOS | 2 |
| 2023-10-26 | WEAAD GROENKLOOF GREAT BRAK RIVER | 11 |
| 2023-10-30 | WEAAD ILINGELIHLE | 19 |
| 2023-11-03 | WEAAD FYNBOS | 11 |
| 2024-04-24 | WEAAD HEUWELSRUS | 17 |
| **TOTAL BENEFICIARIES** | | **244** |

**#REDUCE GBVF MOSSEL BAY – WOMEN'S HEALTH**

In collaboration with the Department of Health, the Municipality embarked on an initiative to address infectious diseases within Mossel Bay by integrating existing programs and needs within the Greater Mossel Bay area. As part of the 100 Days Challenge, a specific focus was placed on utilizing the clinic "Pink Friday" as a key venue to provide information and services to participants in the women wellness program. This platform served as an opportunity to discuss the triggers of gender-based violence and to educate participants on the processes involved in breaking free from the cycle of abuse. The program was also linked to the internal Mandela Day program of the Municipality, where forty-eight (48) hygienic gift packs were generously sponsored by officials and distributed to the women participating. This gesture aimed to foster a sense of belonging and importance among the participants, further enhancing the impact and reach of the program.

| DATE | VENUE | NR OF PARTICIPANTS |
|---|---|---|
| 2023-07-10 | JOCC MOSSEL BAY | 4 |
| 2023-07-14 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – D'ALMEIDA CLINIC | 25 |
| 2023-07-18 | MANDELA DAY DRIVE | 8 (48 PAMPER BAGS) |
| 2023-07-28 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – GREAT BRAK CLINIC | 9 |
| 2023-08-04 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – ASLA PARK | 20 |
| 2023-08-11 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – IYETHU | 10 |
| 2023-08-18 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – HARTENBOS | 10 |
| 2023-08-25 | MENTAL, EMOTIONAL AND PHYSICAL HEALTH – BRANDWACHT | 17 |
| **TOTAL BENEFICIARIES** | | **95** |

**#REDUCE GBVF: MAINSTREAMING OF GBVF (ECD CENTRES)**

In pursuit of the goal to reduce Gender-Based Violence and Femicide (GBVF), a collaborative effort was undertaken involving the Municipality, Department of Social Development, and the South African Police Service (SAPS). The focus was directed towards educating children on body safety, emphasizing the importance of healthy relationships and identifying situations that may cause a child to feel uncomfortable or unsafe. This program was jointly rolled out as a collaborative initiative between the Social and Gender Office, aiming to empower children with knowledge and skills to protect themselves and seek help when needed.

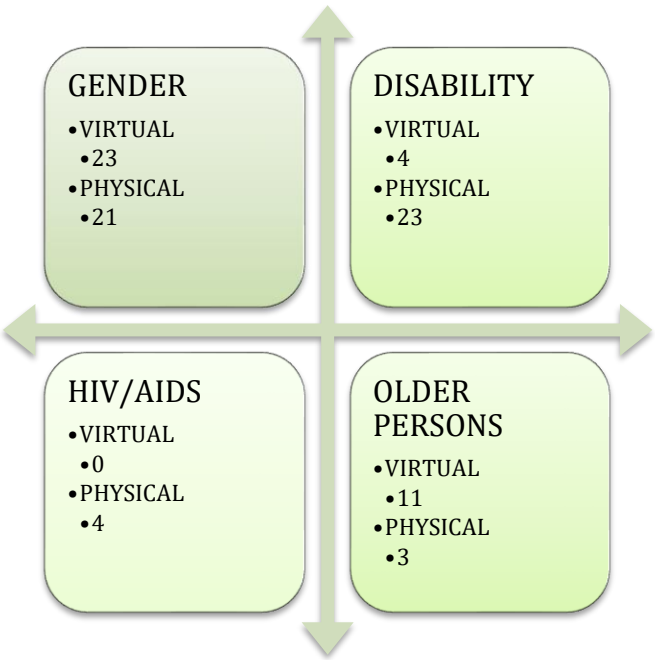
| DATE | VENUE | PARTICIPANTS |
|---|---|---|
| 2023-11-20 | INDOOR SPORT CENTRE | 116 |
| 2023-11-21 | ASLA HALL | 52 |
| 2023-11-22 | JOE SLOVO | 83 |
| 2023-11-23 | D'ALMEIDA | 75 |
| **TOTAL BENEFICIARIES** | | **326** |

**#REDUCE GBVF – 16 DAYS OF ACTIVISM PROGRAMME**

As part of a multi-sectoral approach aimed at reducing Gender-Based Violence and Femicide (GBVF) within Mossel Bay, a series of programs and interventions were implemented during the sixteen days of Activism. This approach was designed to work holistically across different spheres and programs, with a focus on increasing awareness, providing education, and offering support to individuals affected by GBVF.

| DATE | PROGRAM | NR OF BENEFICIARIES |
|---|---|---|
| 2023-11-17 | MAYORAL VECHILE CHECK POINT | 23 |
| 2023-11-21 | SPORT AGAINST CRIME: FRIEMERSHEIM | 8 |
| 2023-11-26 | 16 DAYS OF PRAYER – DUTCH REFORMED CHURCH WATSONIA STREET | Nr not available |
| 2023-11-28 | SPORT AGAINST CRIME: HERBERTSDALE | 51 |
| 2023-11-29 | 16 DAYS OF PRAYER – AFM D'ALMEIDA | 43 |
| 2023-11-25 to 2023-12-08 | DOOR 2 DOOR FOCUS ON HEALTH WELFARE AND EDUCATION (ASLA PARK, ALMA PARK, D'ALMEIDA AND JOE SLOVO) | 637 |
| 2023-12-02 | WOMEN CONFERENCE | 44 |
| 2023-12-06 | 16 DAYS OF ACTIVISM – VOLUNTEER RECOGNITION | 12 |
| 2023-12-07 | ATTENDANCE – ESTABLISHMENT VOD FORUM OF DCS | 16 |
| 2023-12-08 | 16 DAYS OF SPORT – TOEKOMS | 45 |
| 2023-12-13 | MAYORAL VCP – 16 DAYS OF ACTIVISM | 36 |
| **TOTAL BENEFICIARIES** | | 915 |

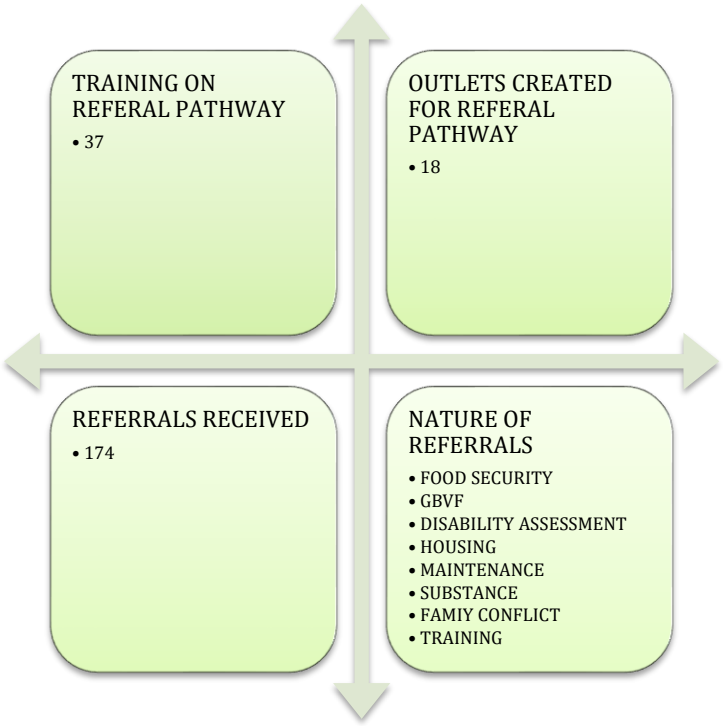
**STRENGTHENING PARTNERSHIPS FOR SOCIAL COHESION AND SAFER COMMUNITIES**:




As part of our commitment to fostering partnerships and relationships with civil society, the private sector, inter-departments, and communities, our office has prioritized efforts to enhance social cohesion and create safer communities, aligned with Priority 5 of our strategic goals. Through ongoing collaboration, we have focused on bridging the gap between rural and urban areas by conducting monthly meetings to ensure that services are accessible at the grassroots level. These meetings have been strategically planned to optimize cost-effectiveness and address budget constraints while maintaining operational efficiency. The strategic utilization of IT resources has facilitated a fruitful training and learning experience on an international scale through webinars covering diverse topics. These webinars included sessions on Gender Responsive Budgeting, Adult Autism Diagnostics, UNWOMEN 100 Days initiatives, and Rethink to Transformation systems for addressing Gender Based Violence and Femicide (GBVF). These online platforms not only enhanced knowledge but also fostered collaboration, allowing for the exchange of best practices and innovative approaches in tackling these critical issues.

A key achievement has been the establishment of a robust referral system linking wards, communities, and community organizations with the Municipality. This system has created an open channel of support and referral, promoting education on its usage, and fostering trust between the community, organizations, and individuals within the Greater Mossel Bay area.

Furthermore, our efforts to build sustainable relationships have resulted in successful joint initiatives that support a multi-sectoral approach. Rather than targeting specific vulnerabilities, these initiatives aim to mainstream services through collaboration with various stakeholders. This approach is guided by a baseline and strategic plan aligned with legislative mandates on HIV/AIDS, Disability, Gender, and Older Persons, in line with the National Development Plan 2030 and the National Strategic Plans on GBVF. Our integrated approach to social reintegration includes working agreements and partnerships with different departments, organizations, and institutions, leveraging combined resources and manpower to ensure sustainable programs. These programs not only raise awareness and address prevention but also delve into addressing the root causes of social issues. Through these strategic partnerships and collaborative efforts, we aim to create a more inclusive, supportive, and resilient community for all residents of Mossel Bay.




**MAYORAL FOOD SOCK DRIVE**

A special program initiated by the Office of the Mayor aimed at providing essential food supplies in the form of food socks, to the most vulnerable older persons in accordance with specific criteria. This initiative was a targeted effort to address the nutritional needs of elderly individuals who are particularly at risk or face challenges in accessing adequate food resources.

**INTERNATIONAL OLDER PERSONS DAY**

The Junior Town Council's engagement on International Older Persons Day was marked by a meaningful initiative aimed at acknowledging and valuing the invaluable contributions of the elderly within our society. This effort took the form of a video clip circulated via social media platforms, specifically targeting Facebook, which garnered a remarkable viewership of 636 individuals. Building on the success of the video campaign, the Council organized two pamphlet distribution sessions in the rural areas of Friemersheim and Brandwag. These sessions were strategically designed to provide essential safety tips tailored for households in these areas, emphasizing practical measures to enhance safety and well-being for older residents. Through these combined efforts, the Junior Town Council effectively promoted intergenerational understanding and support while fostering a sense of community cohesion and care.

**NEVER GIVE SAFETY A DAY OFF**

The never give safety a day of program's core objective was to address governance aspects, particularly the legislative framework concerning self-defence firearms, pepper spray, and related measures. This effort was conducted in close collaboration with the SAPS Kwanonqaba Firearm Department and other key stakeholders.

The program also delves into safety concerns, encompassing both individual and community safety, while also examining contributing factors within the environment that can influence crime rates. The collaborative initiative between the Municipality, Kwanonqaba SAPS, and TigerKai is geared towards educating and empowering the community on the intricacies of the Firearm Act 60 of 2000. Additionally, alternative safety measures are explored to enhance the protection of individuals, households, and the wider community.

Below is an outline of programs of the focus areas and key stakeholders involved in implementing legislative mandates related to Gender, Disability, Elderly, and HIV/AIDS within Local Government:

| | |
|---|---|
| **MOSSEL BAY MUNICIPALITY AND DEPARTMENT OF SOCIAL DEVELOPMENT** | |
| 1 | • The establishment of the Mossel Bay Older Person Forum after the COVID-19 pandemic and getting facilities to be actively involved.<br>• Assisted to implement the Golden Games locally to ensure a District team represent Mossel Bay.<br>• Representation on the Disability Empowerment Model Working group of Department of Social Development to address the needs of persons with disabilities working on making Mossel Bay a disabled and child friendly town.<br>• Establishment of the GBVF referral pathway at four police stations.<br>• Saying "NO" to others, is saying "YES" to yourself support groups continued in Kwanonqaba, Herbertsdale, Friemersheim, Jonkersberg and Wolwedans.<br>• SEDA entrepreneurial program to celebrate Casual Day.<br>• Collaborating at the Thusong Week.<br>• Child maintenance program under leadership of ETHAN Projects.<br>• A Creative life is an amplified life that addressed creativity, innovation while learning life skills and active aging in collaboration with the Sport Office.<br>• Referrals and assessments for disability, elderly and GBVF related cases<br>• Your love for yourself sets the standards for others (focus on Gr. 10-12 learners) |
| **MOSSEL BAY MUNICIPALITY AND DEPARTMENT OF HEALTH** | |
| 2 | • Establishment of a platform to join existing programs to focus on a holistic approach to physical, emotional and mental health and wealth.<br>• Joint 16 Days of Activism program that focused on Door-to-Door education, awareness in Alma Park, Asla Park, Tarka and D'Almeida.<br>• Referral pathway education and awareness at Provincial Hospital and clinics. |
| **MOSSEL BAY MUNICIPALITY AND DEPARTMENT OF AGRICULTURE** | |
| | • Established a working method to ensure sustainability of backyard gardens through visits, education and motivation.<br>• Gardening towards a better future that focused on Farmers Day and capacity building sessions on a quarterly basis. |
| **MOSSEL BAY MUNICIPALITY AND DEPARTMENT OF CORRECTIONAL SERVICES** | |
| | • 100 Days Challenge – The Bridge between the parolee and community training<br>• Introduction on the Reintegration Forum.<br>• Raised Beds for the vulnerable.<br>• World Food Day Celebrations in partnership with Meals on Wheels, Department of Agriculture and the South African Police Service.<br>• Teaser bakery training in collaboration with Meals on Wheels, ETHAN Projects.<br>• Created opportunity for developmental pathway to be linked to parolee development.<br>• Created opportunity for the establishment of backyard gardens.<br>• Mini Imbizo in collaboration with various stakeholders that focused a multi-sectorial approach aimed to empower and equip the community with knowledge and tools to |

| | |
|---|---|
| | address social issues and support the successful reintegration of parolees in the community of Sonskynvallei, Asla Park and Kwanonqaba. |
| **MOSSEL BAY MUICIPALITY AND SOUTH AFRICAN POLICE SERVICE** | |
| | • Never give safety a day of program in collaboration with the Kwanonqaba SAPS Firearm Department that focused on education and awareness on self-defence and the understanding of the Firearm Act 60 of 2000 in Vleesbaai, Hartenbos, Herbertsdale, Great Brak River.<br>• Protection Order Tea in collaboration with Da Gamaskop Interdict Officer and Detective Branch<br>• Establishment of GBVF Helpdesks at Mossel Bay, Kwanonqaba, Da Gamaskop and Mossel Bay SAPS in collaboration with the SAPS and Department of Social Development.<br>• Protection of Children – on the road and in the community in collaboration with various stakeholders at Diaz Primary School, Imekhaya Primary School and Vlinderland ECD.<br>• Blowing the whistle campaign that focused on education and awareness to prevent GBVF and sexual related abuse in Brandwag, Ruiterbos/Bosbou, Sonskynvallei and Mountain View. |
| **1000 WOMEN** | |
| | • "A time to talk" Trauma Support Training.<br>• Bully Policy Training. |
| **DEPARTMENT OF LOCAL GOVERNMENT** | |
| | • Institutionalization of gender mainstreaming within the Institution.<br>• Institutionalization of gender mainstreaming through Human Trafficking awareness sessions in Tarka, Buisplaas, Herbertsdale, Brandwag, Toekoms and Extension 13. |
| **ADULT EDUCATION AND TRAINING** | |
| | • Linking the referrals for Adult and Education training through the referral pathway. |

**YOUTH, SPORT AND RECREATION DEVELOPMENT PROGRAMMES**

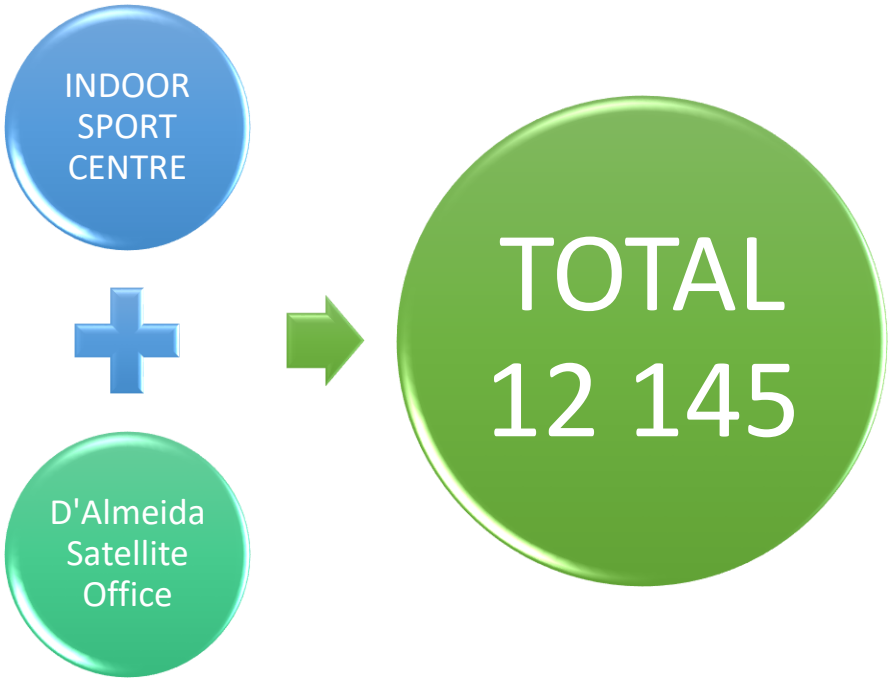
The Youth Sport and Recreation Development Department has the following objectives:

- Improve aspirations of youth for themselves by facilitating access to the economy.
- Promote youth leadership development.
- Make existing municipal facilities available for youth development activities.
- Link youth organizations with existing resources and opportunities.
- Initiate the co-ordination of interventions to address social ills.
- Form partnerships with Government Departments, NGOs and business for youth development.
- Promote sport and recreation development

These objectives are reached through various programmes and projects that the Youth Office embark on and are as follow:

For the period the Youth Office at the Indoor Sport Centre and D'Almeida Satellite Office assisted a total of 12 145 youth with the following services:

- CV Writing
- Job applications
- Applications to tertiary institutions
- Printing and scanning of CV's and Certificates
- Career Guidance
- Registering on unemployed database
- General enquiries




**TRAININGS**

- The office collaborated with the Western Cape Government E-Centres to roll out Basic Computer Training in Great Brak River, Brandwag, Mossel Bay and Herbertsdale and Sonskynvallei on a continuous base to ensure that young people are equipped with the basic computer skills. The training reached a total of 144 young people.
- Learners license training was rolled out in the Greater Mossel Bay and a total of 44 young people were awarded with certificates, who successfully passed the test.
- In collaboration with the Small Enterprise Development Agency a Nail Technician Training with the aim to empower the youth with skills and knowledge and empowered them to start or grow their business was done and 25 young women benefitted from the training.
- The continued partnership between the Mossel Bay Municipality and organisations like SUFF Academy and Wonderful South Africa brought training opportunities like Mobile Literacy and Financial Literacy and Creative CV Writing and Creative Arts and Media Training for young people of the greater Mossel Bay.
- A Teenage challenges workshop was done in collaboration with the Department of Health. 19 teenagers from Friemersheim, Ruiterbos, Brandwag, Sonskynvallei and Mossel Bay was in attendance.
- Job Readiness training is one way to help people overcome barriers to seek employment. This training was provided to 44 of the youth of Great Brak River and Mossel Bay.
- Consumer Education Training in partnership with the National Consumer Commission took place and a total of 52 young people from the greater Mossel Bay were empowered with essential consumer knowledge and awareness.
- Inzalo EMS & RDATA System Development Learnership was funded by Inzalo EMS and RData and this partnership resulted in 25 learners being afforded the 12-month training opportunity to become system developers/programmers.

**GARDEN ROUTE YOUTH EXPO 2024**

The event took place on 7 June 2024 and was hosted by the Mossel Bay Municipality. It was attended by professional young people who were part of internship programmes at government and other institutions. The event aimed to empower and inspire the youth of the Garden Route to provide them with valuable resources and create a platform for their personal and professional development.

This event afforded the attendees to explore various career options, skills development opportunities, gain exposure to higher education institutions and connect with industry professionals and engage with universities, private sector and government and non-governmental organisations that could support their development. A total of 35 exhibitors presented their services and more than 1000 people were in attendance.

**YOUTH OUTREACH PROGRAMMES**

The Youth, Sport & Recreation Development Office done extensive youth outreaches in October 2023 to the greater Mossel Bay with the aim of informing the community of the services that the office and other related stakeholders offer to the young people. The outreach was a great success, it took place from 23 – 31 October 2023 and a total number of 244 unemployed young people was reached, with 96 new names to be added onto the youth unemployed database.

**AWARENESS AND INFORMATION PROGRAMMES**

An Awareness program on NFSAS bursaries was done in collaboration with the Sonskynvallei E-Centre and an information session was held at the e-Centre to equip the unemployed youth with information of courses and the application process at the South Cape College and NSFAS funding. The session was attended by 14 young people. Participants received registration forms and was guided on how to complete the forms and the necessary documents that must accompany the forms.

**JUNIOR TOWN COUNCIL ACTIVITIES**

The Junior Town Council are constituted by the 7 High Schools in the greater Mossel Bay and have monthly meetings and engage in activities and programmes at their schools and in the community. These activities included team building sessions, awareness campaign, support to worthy causes by support Suicide and Autism Awareness.

**MAYORAL MERIT FUNCTION**

The Executive Mayor hosted a Merit Function for the Class of 2023 to recognize the deserving Grade 12-learners for their academic achievements. A total of 39 learners were celebrated for their outstanding achievements.

**SPORT AND RECREATION PROGRAMMES**

The office embarked on various projects and programmes in collaboration with internal and external departments and organisations to ensure the development of sport and recreational activities in the greater Mossel Bay:

- Dominoes Tournament at the Youth Café in Great Brak River and a total of 35 young people attended in July 2023.
- The office facilitated Holiday Programmes in Great Brak River, Friemersheim and the Indoor Sport Centre, Buisplaas and Herbertsdale in July, October 2023 and March 2024 that was well attended by a total of 1791 participants.
- Netball World Cup Trophy was hosted in July 2023 at the Hartenbos Netball Courts where the Netball World Cup trophy was displayed by the Minister of Cultural Affairs and Sport, Ms Anroux Marais. This event was preceded by a coaching clinic that was free of charge and 10 teams were in attendance.
- Mossel Bay hosted an Inter Provincial Title Fight and a World Boxing Federation Title that was free of charge and a total of 5 fights took place. Ikhaya Boxing Heritage Day Fight was hosted at the Barcelona Indoor Sport Centre with a total of 42 boxers who participated in 21 amateur fights and an Outdoor Boxing Event took place in November 2023 with a total of 12 amateur matches.

- The Nelson Mandela Netball and Soccer Challenge took place and teams of the Garden Route District participated.
- My hero, My Community programme was successfully done on a continuous basis at schools and within the community with the aim to inform the community of the positive impact of sport.
- Support and assistance were rendered to the Battle of the Brass Bands Competition that took place in September 2023.
- Mossel Bay Mayoral Cup was hosted in October 2023 and a total of 32 soccer seams, 10 rugby teams and 8 netball teams participated in this event.
- The Area Commissioner's Cup was hosted by the Department of Correctional Services and the Garden Route Casino Trust and particpants of the centres in the Garden Route attended the event, where rugby, netball and soccer were played.
- Early Childhood Development Sport Day that was attended by 8 Early Childhood Development Centres with a total of 115 children. The office participated in the monthly ECD Health and Exercise Programme that is done with ECD's of the greater Mossel Bay.
- The office supported active ageing by introducing different sport and recreation activities to elderly groups of Friemersheim, Great Brak River, Herbertsdale and Brandwag monthly and that was attended by 46 elderly people.
- National Chess Week was hosted in October 2023 and 9 schools, and 1 college attended this event.
- Sport against Gender Based Violence and Femicide took place in November 2023 in Friemersheim and Herbertsdale as part of the 16 Days of Activism Campaign and elderly were involved in cricket, netball, soccer and Jukskei.
- Women Street Soccer Event took place in February 2024 and 11 teams participated in the 5-a-side female soccer tournament.
- The Herbertsdale Community Fun Day took place in March 2024 where a variety of sport activities were played and a total of 118 community members attended.
- Youth Day Talent Showcase took place in D'Almeida as a part of commemorating Youth Day and youth had the chance to showcase their talents through poetry, drama, singing and rap, spiritual and traditional dancing.

**MOSSEL BAY SPORT COUNCIL**

The Sport and Development department is also an active member of the Mossel Bay Sport Council that annually receives a monetary donation from the Municipality. The Municipality are also represented at the monthly meetings of the Sport Council and renders support and assistance when needed. The Sport Council ensure that all sporting codes are affiliated with the Council and render support to them in various forms and involved them in capacity building sessions and gives monetary support.

COMMENT ON THE PERFOMANCE OF COMMUNITY DEVELOPMENT:

The Community Development Department is steadily making progress moving towards impactful and sustainable programmes, through continuous partnerships and working agreements with respective government departments, NGO's and faith based institutions to address the upliftment and development of communities. The department worked hard to achieve objectives despite budgetary constraints and are working towards growing social regeneration and unlocking opportunities.

There had been a great involvement in the promotion and the development of sport and the Indoor Sport Centres are used to their full capacity by sporting codes in the community. The high total of walk-in community members served at the respective Youth Offices are evident that the youth development services are accessible to the youth and broader community. It is evident that the department had the commitment and passion to address the socio-economic problems in the community by the implementing of robust awareness programmes to address substance abuse, gangsterism and crime.

The continued interaction and involvement with communities in the rural nodes ensured that increased opportunities for growth and development in these areas and the buy-in of the private sector contributed to the improving and establishing of infrastructure, especially in the areas where the Municipality are prohibited by legislature. In combatting the problems experienced by vulnerable groups, the multi-sectoral approach

contributed enormously to ensuring that effective and efficient services are available and accessible to the community. The focus on Early Childhood Development Centres resulted in centres that functioned optimally, and the department also had a significant role in tackling the street-based community problem in the greater Mossel Bay.

The department is making a significant difference in the lives of the communities that they serve through the programmes and projects that are implemented and this is evident from the feedback received after programmes. One of the strengths of the department is the good working relationship with all government departments, NGO's and faith-based organisations. The collaborative efforts between the spheres of government ensured that communities had access to services that contributed to their well-being.

## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.15 AIR QUALITY CONTROL

INTRODUCTION

The objectives of the National Environmental Management: Air Quality Act (NEM: AQA), Act 39 of 2004 are to protect the environment by providing reasonable measures to protect air quality and to prevent air pollution, and to give effect to Section 24 (b) of the Constitution. The Act requires municipalities to adopt Air Quality Management Plans and is very specific in its definition of the goal of an air quality management plan. Mossel Bay Municipality has an approved Air Quality Management Plan which is included in its Integrated Development Plan and identifies the following key objectives:

- The improvement of air quality
- Reducing negative impacts on human health and the environment
- Addressing the effects of fossil fuels in residential applications
- Addressing the effects of emissions from industrial sources and from any point or non-point sources of air pollution
- Implementing the republic's obligations in respect of international agreements
- Giving effect to best practice in air quality management.

Air Quality is a concurrent function with the Garden Route District Municipality managing the licensing of facilities in terms of the listed activities promulgated in the Air Quality regulations while the Mossel Bay Municipality is responsible for odour, noise and dust control. To ensure the municipality is able to do the above an Air Quality By-Law was promulgated and an Air Quality Officer (AQO) has been designated as required by law in terms of the National Environmental Air Quality Act, Act no 39 of 2004(NEM: AQA). The municipality also supports the following air quality monitoring programmes active within the municipal area:

- Department of Environmental Affairs and Development Planning (DEADP) continuous monitoring station is situated in Sampson Street and measures Volatile Organic Compounds (VOC's), carbon dioxide (CO2) and hydrogen sulphide (H2S).
- Petro SA does passive sampling at the Gas-to-Liquids refinery and in Voorbaai measures NO2, SO2 and benzene.
- Garden Route District Municipality passive sampling programme occurring at various locations as required

Challenges and Successes

The following remain a challenge:

- There is a need for the compilation of a comprehensive Air Quality Inventory. The Municipality will together with the District Municipality begin the process of compiling an inventory.
- Routine vehicle emissions testing. Vehicle emissions testing was done during 2023/2023 in partnership with the District Municipality and Law Enforcement.
- Mossel Bay Municipality as an Air Quality By-Law.

### 3.16 ENVIRONMENTAL AND COASTAL MANAGEMENT

Environmental Management is the management or governance strategy that derives its authority from a well-established legal mandate. Its primary objective is the regulation of the effects of peoples' activities, products and services on the environment as mandated by National Environmental Management Act (108 of 1998) and in terms of the following legislative framework:

NEM:BA (Biodiversity Act, 10 of 2004)
NEM:PAA (Protected Areas Act, 57 of 2003)
NEM:WA (Waste Act, 59 of 2008)
NEM:AQA (Air Quality Act, 39 of 2004)
NEM:ICMA (Integrated Coastal Management Act, 24 of 2008)
National Forest Act (84 of 1998 -NFA)
Marine Living Resources Act (18 of 1998 – MLRA)
Public Amenities By-Laws
Promotion of Access to Information Act (No 2 of 2000)
Municipal Structures Act, No. 117 of 1998
Municipal Systems Act, 32 of 2000

The Environmental Management section is responsible for 7 Key Performance Areas (KPA). Namely:
1. Coastal Management
2. Blue Flag
3. Environmental Education and Compliance Promotion
4. Climate Change
5. Land use and development planning
6. Biodiversity and Conservation
7. Beach Maintenance

These have been selected after a survey of the Integrated Development Plans of both Mossel Bay Municipality and Garden Route District Municipality, various National and Provincial environmental policy frameworks and strategies.

1. Coastal Management:
Giving inputs on large events/activities on beach when submitted to council; Conservation of marine resources; coastal pollution incidents (disposal of marine carcasses, oil or sewerage spills, fish kills etc.); Environmental compliance; advise on capital projects in the coastal zone; and estuary management and monitoring.

Mossel Bay Municipality consists of 60km of pristine beaches/ coastline and consists of three formal estuaries (Hartenbos, Klein Brak and Great Brak estuaries) and 3 smaller estuaries (Bayview, Tweekuilen and Blinde rivers). The Mossel Bay Municipality hosts and attends Estuary Forum meetings four times a year for the three formal estuaries at our Great Brak Council Chambers and virtually to facilitate a platform in which residents along the estuaries and other interested and affected parties are informed regarding activities and progress in and around the estuaries as well as table any complaints/queries or questions pertaining to Estuary management.

2. Blue Flag
The iconic Blue Flag is one of the world's most recognised voluntary eco-labels awarded to beaches, marinas, and sustainable boating tourism operators. In order to qualify for the Blue Flag, a series of stringent environmental, educational, safety, and accessibility criteria must be met and maintained. With over 4500 sites in over 45 countries around the world, Blue Flag is actively contributing to the sustainable development goals. Blue Flag also campaigns against disparity, inequality, unemployment, health threats, depletion of natural resources, environmental threats, pollution, and general environmental degradation. In South Africa, Blue Flag has been operational since 2001 and has proud municipal, marina and tourism boat partners in 18 coastal municipalities around the country. Blue Flag is voluntary, which shows a very strong commitment to environmental sustainability from those municipalities, marinas and tourism boat operators that are

awarded annually. All properties and companies that apply for the Blue Flag award are assessed by a South African National Jury as well as by the Blue Flag International Jury in Europe.

Mossel Bay have five WESSA blue flag beaches. Santos beach, De Bakke beach, Hartenbos beach, Glentana and Klein Brak beach are all part of this prestigious group of beaches in South Africa.

3. Environmental Education

Initiation of community and school-based projects which target all the KPA listed above. Form relationships with national departments, provincial departments and other NGO's which are involved in environmental education and who may provide support in terms of funding or resources. To arrange educational events on environmental calendar days such as Arbour Day, World Oceans Day and Marine/Water Week etc.

4. Climate Change

Develop an appropriate climate change mitigation and adaptation strategy which can be implemented throughout the listed KPI's. For example, the Environmental Education initiatives will address and promote more efficient energy use which is a climate change adaptation / mitigation factor. Develop proposals for more energy efficient municipal buildings e.g., implement a solar panel pilot project at De Bakke caravan Park, fit energy efficient light bulbs in municipal buildings. Amending existing or creating new by-laws (in conjunction with Town Planning and legal Services) to restrict the use of non-energy efficient fittings in new buildings etc. Facilitate and maintain partnerships with major industry (PetroSA, Port Authorities etc) to minimise regional carbon footprint etc.

5. Land Use Planning / Development

Incorporating the use of available scientific environmental information and tools, in Council's decision-making process with regards to LUPO applications. Providing a monitoring and evaluation function relating to compliance with RoD conditions for developments (both municipal and private). Working together with Town Planning and Civil Services to initiate planned municipal infrastructure within the Coastal Zone and any other for which environmental authorization is required. Providing guidance for all proposed municipal capital projects for which environmental authorization is required before the activity can commence. Attend all workshops relating to national or provincial government efforts to capacitate local authorities. To establish and maintain a good working relationship with provincial environmental authorities. Develop together with Town Planning (Building sub-directorate) a suite of tools (by-laws etc) to deal with the illegal construction of structures on municipal ground. During the 2023/2024 financial year, nine (9) Outeniqua Sensitive Coastal Areas OSCA Permits were issued.

6. Biodiversity and Conservation

The management of the Diosma Nature Reserve and to ensure that all open spaces and conservation worthy municipal areas are well maintained. To ensure that the Alien Invasive Plan Species Control Plan is being implemented and updated annually. This section also includes the management of projects such as Environmental Impact Assessments for the Louis Fourie Precinct and the expansion of Mossdustria as well as the fencing of the Diosma Reserve.

7. Beach Maintenance

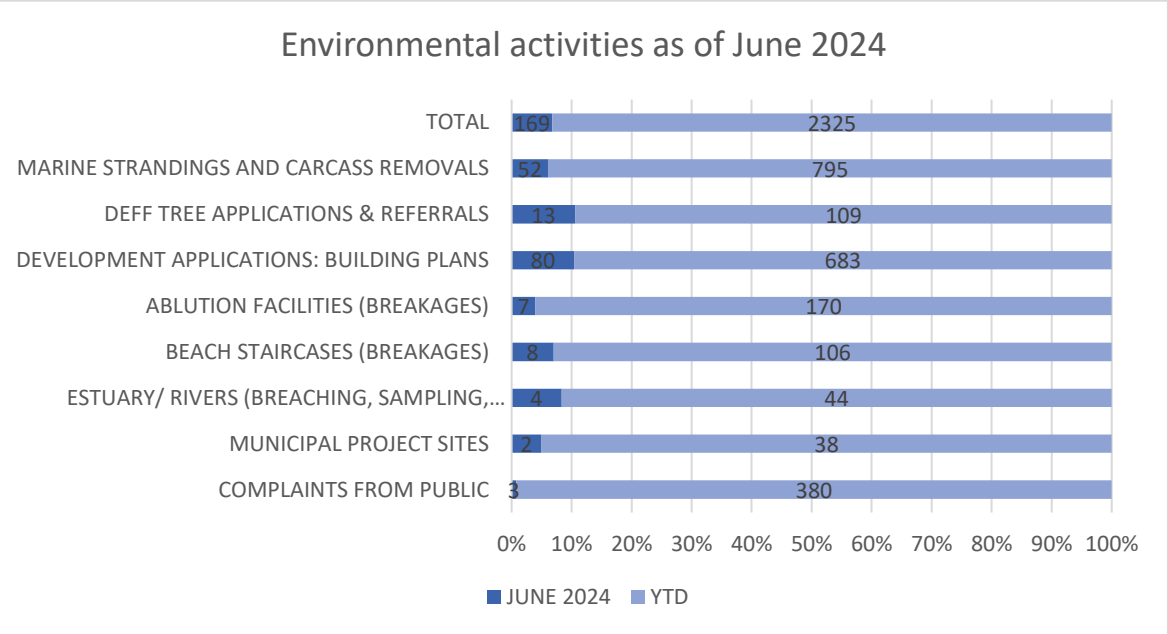
Manages, control and makes strategic decisions regarding work sequences, programs and outcomes associated with the maintenance of beaches, beach access infrastructure and beach ablution facilities

In order to ensure that beaches and beach facilities are managed and maintained in accordance with laid down quality standards and service delivery objectives. Mossel Bay Municipality has approximately 19 beach ablutions and 92 beach access infrastructure. This also includes the management of playparks, day campsites

(Glentana, Suiderkruis and Souwesia) and small events such as weddings, beach cleanups, school outings/functions on beaches etc.

COMMENT ON THE PERFOMANCE OF ENVIRONMENTAL AND COASTAL MANAGEMENT:

The Blue Flag season for 2023/2024 was positively received, and the municipality is optimistic about securing Blue Flag status for all five beaches for the upcoming 2024/2025 season. Notable capital projects completed include enhancements to beach access for individuals with disabilities and upgrade of ablution facilities. These additions are essential for promoting universal accessibility to both our Blue Flag ablution facilities and the coastline. The floating wheelchair and access mats will be rotated among the five Blue Flag beaches during peak seasons. Furthermore, Phase 5 of the Diosma Reserve fencing project has been completed. This fencing is crucial for the conservation of this ecologically sensitive area.




| Upgrade of ablution facilities 2023/2024 | | |
|---|---|---|
| **Project** | **Description** | **Expenditure** |
| Upgrade Of Santos Ablutions | Interior and exterior upgrade | R 686 051.46 |
| Upgrade Of De Bakke Ablutions | Exterior upgrade | R 116 978.78 |
| Upgrade Hartenbos Beach Ablutions | Exterior upgrade | R 196 458.37 |
| Upgrading Of Kleinbrak River Ablutions | Exterior upgrade | R 204 326.59 |
| Upgrading Of Glentana Beach Ablution | Exterior upgrade | R 159 794.56 |

## COMPONENT F: HEALTH

Local municipalities no longer provide health services such as clinics and ambulance services, health inspection services and abattoirs.

# COMPONENT G: SECURITY AND SAFETY

## 3.17 COMMUNITY SAFETY

INTRODUCTION TO COMMUNITY SAFETY

Community safety in Mossel Bay encompasses a wide range of initiatives and services designed to protect people, property, and the environment. This includes the enforcement of traffic laws, municipal by-laws, crime prevention measures, emergency response services, and public awareness campaigns. The objective is to create a safe and harmonious environment where citizens can thrive, businesses can prosper, and tourists can enjoy their stay without fear or concern.

Key to achieving this is the collaborative effort between various municipal departments, law enforcement agencies, and the community itself. By fostering strong partnerships, promoting active citizen participation, and leveraging modern technology and resources, Mossel Bay Municipality is committed to reducing crime, enhancing public safety, and ensuring that the region remains a safe and welcoming place for all.

Municipal Traffic Enforcement is primarily concerned with ensuring road safety by regulating traffic flow, enforcing speed limits, and ensuring that vehicles on the roads are roadworthy and compliant with relevant laws. The goal is to reduce accidents, prevent injuries, and enhance the overall safety of the road network within the Greater Mossel Bay area. Effective traffic law enforcement not only saves lives but also fosters a sense of order and responsibility among road users.

Tactical Response & By-Law Enforcement, on the other hand, focuses on upholding local regulations that are designed to maintain public order, health, and safety. This includes enforcing laws related to noise, littering, illegal dumping, land use, and the maintenance of public spaces. By ensuring compliance with these by-laws, the enforcement services help to preserve the environment, protect public assets, and maintain the aesthetic appeal of the community.

The Motor Vehicle Registration function within the Mossel Bay Municipality is a vital component of the region's service delivery framework, designed to facilitate the efficient and effective management of vehicle-related activities. As a key municipal service, it plays an essential role in ensuring that all motor vehicles operating within the municipality are properly registered and compliant with legal and regulatory requirements.

The Driving License Testing Centre (DLTC) operated by the Mossel Bay Municipality is a key service delivery function that plays a critical role in promoting road safety and ensuring that drivers on the region's roads are competent and qualified. As a vital municipal service, the DLTC is responsible for assessing and certifying drivers, ensuring they meet the necessary legal and safety standards before being granted the privilege to drive.

The Municipal Security Services of Mossel Bay Municipality is a critical entity dedicated to safeguarding the municipality's assets, ensuring the protection of municipal property, and maintaining a secure environment for all municipal operations. As an asset protection entity, this service plays a vital role in preserving the integrity and functionality of the municipality’s infrastructure, facilities, and resources.

| Traffic Enforcement Data | | | | |
|---|---|---|---|---|
| | Details | 2023 | 2024 | |
| | | Actual No. | Estimate No. | Actual No. |
| **1** | Number of road traffic accidents attended during the year | 320 | - | 289 |
| **2** | Number of Driver Fitness test and Vehicle Fitness conducted | 21333 | - | 22448 |
| **3** | Number of Warrants of arrest executed | 1283 | 1 600 | 3287 |
| **4** | Number of drunken driver arrests | 169 | - | 107 |
| **5** | Number of Infringement notices issued | 12159 | - | 11502 |
| **6** | Speed Enforcement (HOURS) | 1194 | - | 748 |

| Traffic Enforcement Data | | | | |
|---|---|---|---|---|
| | Details | 2023 | 2024 | |
| | | Actual No. | Estimate No. | Actual No. |
| **7** | Number of complaints attended | 9921 | - | 10270 |
| **8** | Number of Vehicles impounded | 25 | - | 46 |
| **9** | Number of Special functions assisted | 451 | - | 386 |
| **10** | Number of integrated Law enforcement actions held | 463 | 150 | 568 |
| **11** | Number of Road Safety education programmes held | 33 | 50 | 57 |
| **12** | Number of police officers in the field on an average day | 8 | 10 | 6 |
| **13** | Number of police officers on duty on an average day | 10 | 12 | 8 |

| Tactical Response & By-Law Enforcement Data | | | | |
|---|---|---|---|---|
| | Details | 2023 | 2024 | |
| | | Actual No. | Estimate No. | Actual No. |
| **1** | Number of LE Officers in the field on an average day (including students) | 5 | 14 (7) | 14 (7) |
| **2** | Number of LE Officers on duty on an average day (including students) | 7 | 15 (7) | 15 (7) |
| **3** | Unlawful Land Invasion patrols conducted (HOURS) | 4892 | - | 12766 |
| **4** | Number of Unlawful Structures demolished | 114 | - | 234 |
| **5** | Number of infringement notices and written warning issued in terms of Municipal By-laws | 1883 | - | 1154 |
| **6** | Number of Integrated Crime Prevention Operations | - | 70 | 139 |
| **7** | Number of Arrests – other than driving under the influence | - | - | 119 |
| **8** | Number of complaints attended | - | - | 3521 |
| **9** | Canine Unit – Number of Narcotic arrests conducted | - | - | 81 |
| **10** | Number of Awareness Campaigns conducted | - | - | 17 |

During the 2022/2023 the Municipality implemented the Tactical Response and Canine Unit (K9) as an expansion of the Municipal By-Law Enforcement Section.

The establishment of a Canine Unit (K9) within Mossel Bay Municipality marks a significant advancement in the municipality's commitment to enhance community safety and security. As part of the broader municipal service delivery framework, the Canine Unit is designed to bolster law enforcement capabilities, support crime prevention efforts, and ensure a safer environment for all residents and visitors.

The Canine Unit is comprised of highly trained dogs and handlers, specialized in various functions that are critical to maintaining public safety. These functions include detecting illegal substances, illegal firearms and assisting in search and rescue operations. The dogs' heightened senses and specialized training make them invaluable assets in situations where conventional law enforcement methods may be less effective. In addition to their operational roles, the presence of a Canine Unit serves as a strong deterrent to criminal activities. The visibility of these units in high-risk areas or during routine patrols helps to reinforce the rule of law, deter potential offenders, and promote a sense of security within the community.

The establishment of the Tactical Response Unit with the emphasis on Unlawful Land Invasion within Mossel Bay Municipality represents a strategic initiative aimed at safeguarding public land, maintaining social order, and ensuring community safety. As part of the municipality's comprehensive service delivery framework, this specialized unit is tasked with preventing and addressing incidents of unlawful land occupation, which can have significant social, economic, and environmental impacts on the community. The unit's functions include monitoring vulnerable areas, responding to reports of land invasions, and enforcing court orders related to the removal of unlawful occupants.

The establishment of the Law Enforcement Student Program in 2022 within Mossel Bay Municipality represents an innovative approach to developing local talent and strengthening the municipality's capacity to enforce by-laws and maintain public order. This program, designed to offer aspiring law enforcement professionals a two-year in-service training period, providing them with practical experience and essential skills in a real-world municipal environment. The program served as a pathway for students to gain hands-on experience in the By-Law Enforcement section, where they will learn about the enforcement of municipal regulations, community engagement, conflict resolution, and the legal framework that underpins local governance. Under the guidance of experienced law enforcement officers, students have been exposed to various aspects of the job, including patrolling, issuing citations, and responding to incidents that require the enforcement of municipal by-laws.

One of the key features of this program is the possibility of employment within the By-Law Enforcement section upon successful completion of the training. This opportunity not only incentivizes participants to perform at their best but also ensures that Mossel Bay Municipality has a pool of well-trained, experienced, and motivated candidates ready to fill essential roles in law enforcement. By investing in this student program, Mossel Bay Municipality is taking a proactive approach to workforce development, ensuring a continuous supply of skilled law enforcement officers who are familiar with the community and committed to upholding the municipality's standards of safety and order. This initiative not only benefits the students involved but also contributes to the long-term stability and effectiveness of the municipality's law enforcement efforts.

| Employees: Traffic Law Enforcement Section | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | | 2024 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Chief Traffic Officer & Deputy's** | 8 | 10 | 9 | 1 | 10% |
| **Other Traffic Officers** | 20 | 24 | 20 | 0 | 17% |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 0 | 0 | 0 | 0 | 0% |
| **7 - 9** | 4 | 4 | 4 | 0 | 0% |
| **10 - 12** | 23 | 29 | 24 | 5 | 17% |
| **13 - 15** | 1 | 1 | 1 | 0 | 0% |
| Total | 28 | 34 | 29 | 5 | 14% |

| Employees: Tactical Response & By-Law Enforcement Section | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | | 2024 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Supervisor** | 0 | 4 | 2 | 2 | 50% |
| **Other By-Law officers** | 10 | 48 | 16 | 32 | 66% |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 0 | 0 | 0 | 0 | 0% |
| **7 - 9** | 10 | 48 | 16 | 32 | 66% |
| **10 - 12** | 0 | 4 | 2 | 4 | 50% |
| Total | 10 | 52 | 18 | 36 | 69% |

| Employees: Drivers Licence Testing Centre (DLTC) Section | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | | 2024 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Superintendent** | 1 | 1 | 1 | 0 | 0% |
| **Other DLTC Personnel** | 6 | 10 | 8 | 2 | 20% |

| Job Level | Employees: Drivers Licence Testing Centre (DLTC) Section | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 3 | 6 | 4 | 2 | 33% |
| **7 - 9** | 3 | 4 | 4 | 0 | 0% |
| **10 - 12** | 1 | 1 | 1 | 0 | 0% |
| Total | 7 | 11 | 9 | 2 | 18% |

| Job Level | Employees: Municipal Security Section | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Supervisor** | 1 | 1 | 1 | 0 | 0% |
| **Other Security Officers** | 11 | 11 | 11 | 0 | 0% |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 11 | 11 | 0 | 0 | 0% |
| **7 - 9** | 1 | 1 | 1 | 0 | 0% |
| **10 - 12** | 0 | 0 | 0 | 0 | 0% |
| Total | 12 | 12 | 12 | 0 | 0% |

| Job Level | Employees: Motor Vehicle Registration (MVR) Section | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Supervisor** | 1 | 1 | 1 | 0 | 0% |
| **Personnel** | 7 | 8 | 7 | 1 | 12% |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 6 | 7 | 6 | 1 | 14% |
| **7 - 9** | 2 | 2 | 2 | 0 | 0% |
| **10 - 12** | 0 | 0 | 0 | 0 | 0% |
| Total | 8 | 9 | 8 | 1 | 11% |

| Job Level | Employees: Administration | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **Assistant Chief : Administration** | 1 | 1 | 1 | 0 | 0% |
| **Other Admin personnel** | 8 | 8 | 7 | 1 | 12% |
| **0 - 3** | 2 | 2 | 2 | 0 | 0% |
| **4 - 6** | 5 | 5 | 5 | 0 | 0% |
| **7 - 9** | 0 | 1 | 0 | 1 | 100% |
| **10 - 12** | 1 | 1 | 1 | 0 | 0% |
| Total | 9 | 9 | 8 | 1 | 11% |

| Financial Performance 2024: Traffic and By-Law Enforcement | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | 2024 Variance to Budget |
| Total Operational Revenue | 35 389 | 31 496 | 32 940 | 32 300 | 2% |
| **Expenditure:** | | | | | |
| **Police Officers** | | | | | |
| **Other employees** | 34 458 | 41 197 | 41 038 | 39 518 | -4% |
| **Repairs and Maintenance** | 2 941 | 3 664 | 2 692 | 2 496 | -47% |
| **Other** | 26 176 | 33 919 | 34 458 | 34 692 | 2% |
| Total Operational Expenditure | 63 575 | 78 780 | 78 188 | 76 706 | -3% |
| Net Operational Expenditure | 28 186 | 47 284 | 45 247 | 44 406 | -6% |

| Capital Expenditure 2024: Traffic and By-Law Enforcement | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | 2024 Variance from original budget |
| Total All | 3 258 | 4 265 | 3 962 | 18% |
| | | | | |
| Bulk Filling Cabinets | 50 | 47 | 47 | -6% |
| Breath screening devices | 80 | 67 | 67 | -20% |
| Goods trailer for Road Markings and Road Signs | 40 | 50 | 50 | 19% |
| Installation and branding of dog kennels | 148 | 112 | 112 | -31% |
| K9 Office & Fencing (Temporary office structure + clearvu fencing) | 522 | – | – | #DIV/0! |
| K9 Office & Fencing (Temporary office structure + clearvu fencing) | – | 681 | 659 | 100% |
| Procurement of Dogs (K9 Unit) | 333 | 274 | 274 | -21% |
| Procurement of K9 Patrol Vehicles | 996 | 936 | 936 | -6% |
| K9 Training equipment / Protective Gear | 43 | 84 | 84 | 48% |
| Training Aids K9 | 78 | 54 | 6 | -1151% |
| CCTV cameras (JOC) | – | 2 | – | #DIV/0! |
| Pistols and shotguns for Tactical Response and By-law Enforcement | – | 217 | 135 | 100% |
| Pistols and shotguns for Traffic Officers for protection in execution of duties | – | 124 | 110 | 100% |
| Installation of Carport structure for K9 kennels | – | 121 | 121 | 100% |
| Perimeter fencing for K9 Kennels | – | 84 | 76 | 100% |
| Procurement of K9 patrol vehicle | – | 13 | 13 | 100% |
| Procurement of Patrol spotlights | – | 74 | 23 | 100% |
| Donated 2 x Patrol Vehicles (K9) | – | 360 | 360 | 100% |
| Bullet proof vests for officer protection | – | 5 | – | #DIV/0! |
| Bullet proof protective gear for Law Enforcement | 200 | 182 | 182 | -10% |
| CCTV Cameras | 134 | 176 | 148 | 9% |
| Evidentiary Breath Testing Equipment | 70 | – | – | #DIV/0! |
| Evidentiary Breath Testing Equipment | – | 63 | 55 | 100% |
| Furniture and Office Equipment (New) | 50 | 50 | 49 | -2% |
| Riot Shields-Land Invasion Operations | 45 | 21 | 21 | -117% |
| Speed bump installation for traffic calming | 150 | 92 | 92 | -63% |
| Two-Way Portable Radio's | 120 | 175 | 162 | 26% |
| Visible traffic roof blue lights | 200 | 201 | 181 | -10% |

| Income from Divers Licence Testing Centre | | | |
|---|---|---|---|
| | Details | 2023 (R) Actual No. | 2024 (R) |
| 1 | Motor cycles | 12 555 | 12 015 |
| 2 | Light Motor Vehicles | 70 470 | 76 545 |
| 3 | Heavy Motor Vehicles | 157 600 | 177 800 |
| 4 | Card applications | 1 560 440 | 1 576 220 |
| 5 | Temporary Drivers Licences | 190 170 | 205 830 |
| 6 | PrDP | 115 520 | 121 520 |
| 7 | Learner Licences Applications | 178 752 | 240 776 |
| 8 | Learner Licences Issued | 72 975 | 55 143 |
| 9 | Duplicate Learner Licences | 2 442 | 3 432 |
| | **TOTAL** | 2 360 924 | 2 469 281 |

| Income from Motor Vehicle Registration | | | |
|---|---|---|---|
| | Details | 2023 (R) Actual No. | 2024 (R) Actual No. |
| 1 | Registrations | 3 880 203 | 3 974 181 |
| 2 | Temporary Permits | 107 847 | 95 940 |
| 3 | Special Permits | 11 159 | 12 350 |
| 4 | Duplicates | 225 192 | 251 154 |
| 5 | 12% Agency Fee | 5 115 129 | 5 117 851 |
| 6 | Registration Numbers | 25 500 | 27 650 |
| | **TOTAL** | 9 365 030 | 9 479 126 |

COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY OVERALL

The performance of the Division Traffic & Law Enforcement in relation to Traffic and By-Law Enforcement Services, Motor Vehicle Registration, and the Driving License Testing Centre within Mossel Bay Municipality reflects a robust and comprehensive approach to public safety and service delivery. Each of these key functions plays a crucial role in maintaining the safety, order, and efficiency of the municipality, ensuring that the community remains a secure and thriving environment for residents, businesses, and visitors alike.

In conclusion, Mossel Bay Municipality's comprehensive approach to community safety has yielded positive outcomes in terms of public safety, regulatory compliance, and service efficiency. Through dedicated efforts and strategic initiatives, the municipality has successfully enhanced the safety, order, and quality of life for its community, positioning itself as a model of effective local governance and public service delivery.

## 3.18 FIRE

INTRODUCTION TO FIRE SERVICES

Fire Service must deliver on their Constitutional mandate while improving their performance as per 1996 Constitution of the Republic of South Africa.

Firefighting services is a local government function with concurrent provincial and national legislative competence in terms of Schedule 4 Part B, of the South African Constitution.

The legislative mandate of the Fire Service as governed by the Fire Brigade Services Act, Act 99 of 1987 compels the Fire Service to perform the following functions for its jurisdictional area:

- Prevention, -mitigation, -preparedness, -response, -recovery and –rehabilitation of emergency incidents;
- Extinguishment of structural, veld and bush fires and any other fire;

- Rescue and humanitarian services;
- Fire Safety Prevention (the application of the National Building Regulations, Fire codes and municipal by-laws with regard to fire safety);
- Fire pre-planning and preparing related preparedness plans;
- Testing and basic maintenance work on emergency vehicles and equipment; and
- Training of staff members.

In addition to the functions above, the Fire service provide:

- Communications facilities for the municipal service; and
- Support services to municipal and other instances.

Fire is a natural and essential ecological process in most of Western Cape's fynbos. However, as vividly illustrated during the past fire- seasons, it can also have undesirable social and economic impacts, threatening human health, safety, and property. Balancing the potential benefits and risks of veld and forest fire is complex for land, natural resource, and fire managers. It is also a task that is vital to public safety and the sustainable management of fynbos and catchment areas in the area.

FIRE, RESCUE

The services provided by a fire department typically encompass a wide range of emergency response and public safety duties aimed at protecting lives, property, and the environment. Here's a comprehensive description of the services commonly offered by fire departments:

Fire Suppression: One of the primary functions of a fire department is to respond to fires and extinguish them swiftly and safely. This includes deploying firefighting personnel, equipment, and apparatus to the scene of fires in residential, commercial, industrial, and wildland settings.

Emergency Medical Services (EMS): Many fire departments provide emergency medical care in addition to firefighting services. Trained firefighters, often certified as Emergency Medical Technicians (EMTs) or Paramedics, respond to medical emergencies such as cardiac arrests, vehicle accidents, and injuries. They provide basic life support (BLS) and advanced life support (ALS) until more specialized medical personnel arrive.

Rescue Operations: Fire departments conduct various types of rescue operations to assist individuals in distress. This includes extricating victims from vehicles involved in accidents, rescuing individuals trapped in buildings or confined spaces, and conducting swift-water rescues during floods or water-related emergencies.

Hazardous Materials (Hazmat) Response: Fire departments are equipped to respond to incidents involving hazardous materials, such as chemical spills or leaks. Specialized Hazmat teams are trained to assess and mitigate risks associated with hazardous substances, safeguarding public health and the environment.

Technical Rescue: Fire departments may specialize in technical rescue operations, including rope rescue, confined space rescue, trench rescue, and high-angle rescue. These specialized teams are trained and equipped to safely extricate individuals from challenging or hazardous environments.

Wildfire Management: In areas prone to wildfires, fire departments play a critical role in wildfire prevention, mitigation, and suppression. This includes implementing fuel reduction strategies, conducting prescribed burns, and coordinating firefighting efforts with other agencies during large-scale wildfires.

Overall, fire departments provide essential emergency response services that encompass fire suppression, medical care, rescue operations, hazardous materials response, fire prevention, and community outreach. Their mission is to protect lives, property, and the environment through proactive prevention measures and effective emergency response strategies.

Fire Prevention, Education & Awareness

Fire departments engage in proactive measures to prevent fires and promote public safety. This includes conducting fire safety inspections of buildings, enforcing fire codes and regulations, and providing educational programs to schools, businesses, and community groups on fire prevention and safety practices.
Fire Prevention is a statutory function of Fire & Rescue Services. Fire Prevention, or Fire Safety as it may also be referred to, aims to educate the public on precautions to prevent fires and enforce codes and relevant legislation. It is a proactive method to reduce fires and the associated damage and loss of life. Each year the WCG focuses on new ideas for awareness campaigns to educate the public on fire safety and prevention to reduce the risk of fires and save lives in the Mossel Bay.
Fire Awareness Campaign: Fire Safety

Fire departments often engage with their communities through outreach programs, public events, and initiatives aimed at fostering fire safety awareness and building relationships with residents. They may also provide assistance during non-emergency situations, such as helping with disaster preparedness and response planning.

The Fire Safety campaign is a proactive approach which focuses on three key elements namely:
- Be alert,
- BESAFE,
- be prepared.

The focus was also kept on the existing B.E.S.A.F.E programme, but with a slight twist to not steer away from programmes already in place such as the Mossel Bay Fire, Rescue and Disaster Management Learn Not To Burn programme, the Adopt and Community programme, and the Shebeen Education programme.
The Basic Emergencies, Safety and Fire Education (B.E.S.A.F.E.) programme is a fire safety and disaster preparedness curriculum containing lesson plans for educators. It is designed to help children and families create safer homes and communities by teaching them the skills and knowledge they need to make positive choices about their personal safety and well-being. The BESAFE programme seeks to prevent the major, unintentional injuries that threaten children in South Africa.

Mutual Aid Concept

Mutual aid is the voluntary sharing of personnel and resources when an agency cannot deploy its resources sufficiently to respond to an unusual occurrence. The affected agency requests resources through the Western Cape Provincial Mutual Aid Agreement, the District of Municipalities within the Province. This cooperative system ensures response and assistance to municipalities for much needed professional services.

Fire Services Capacity Building
The Fire Service Capacity Building initiative aims to provide funding of specific projects to municipalities enabling response and firefighting capacity across the province. The WC: PDMC provided the following capacity building funding during the reporting year:

Mossel Bay R 824 000 for Procurement of firefighting appliances, Hazardous Materials and Response capacity
Smoke Alarm Campaign

The project's main objective is to identify, purchase and install the most appropriate smoke alarm for high-risk environments and occupancies. Municipal Fire and Rescue Services staff develop operational guidelines for the individual smoke alarm installation programmes consistent with the municipality's fire prevention strategy. The activities associated with the smoke alarm installation programme include a combination or the following:
•Providing smoke alarm and home fire escape planning information;
•Providing or replacing smoke alarms and/or batteries;
•Promoting regular testing and maintenance of smoke alarms;
•Encouraging residents to regularly maintain their smoke alarms;
•Educating residents about the smoke alarms;
•Effectively tracking and evaluating the smoke alarm installation programme; and
•Modifying the programme where necessary to ensure success.

The aim was to optimise prospects for improving the sustainability of the project interventions. The project promotes safer communities of the most vulnerable inhabitants within the municipal area.

| | Details | 2021/2022 Actual No. | 2022/2023 Actual No. | 2023/2024 Actual No. |
|---|---|---|---|---|
| **1** | Total fires attended in the year | 799 | 1029 | 977 |
| **2** | Total of other incidents attended in the year | 626 | 947 | 842 |
| **3** | Average turnout time within 15 minutes - urban (%) | 98 | 98 | 98 |
| **4** | Average turnout time within 15 minutes - rural (%) | 95 | 95 | 95 |
| **5** | Firefighters in post at year end | 40 | 40 | |
| **6** | Total fire appliances at year end | 23 | 23 | 23 |
| **7** | Average number of appliances off the road during year | 0 | 0 | 0 |

| **Job Level** | **2022/2023** | **2023/2024** | | | |
|---|---|---|---|---|---|
| **Fire Fighters** | Posts | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| **Administrators** | No. | No. | No. | No. | % |
| **Chief Fire Officer** | 1 | 1 | 1 | 0 | 0% |
| **Other Fire Officers** | 9 | 16 | 5 | 9 | 56% |
| **Firefighters** | 54 | 76 | 41 | 35 | 46% |
| **TOTAL POSTS** | 64 | 93 | 46 | 44 | 47% |
| **Reservist Firefighters** | 0 | 0 | 0 | 0 | 0% |
| **Volunteers** | 0 | 0 | 0 | 0 | 0% |
| **TOTAL MANPOWER** | 64 | 93 | 46 | 44 | 47% |

| Financial Performance 2024: Fire Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 271 | 226 | 1 197 | 1 207 | 81% |
| **Expenditure:** | | | | | |
| **Fire fighters** | | | | | |
| **Other employees** | 21 188 | 23 318 | 22 824 | 22 676 | -3% |
| **Repairs and Maintenance** | 1 580 | 1 572 | 2 601 | 2 243 | 30% |
| **Other** | 10 132 | 12 428 | 11 071 | 11 399 | -9% |
| Total Operational Expenditure | 32 901 | 37 318 | 36 497 | 36 318 | -3% |
| Net Operational Expenditure | 32 630 | 37 092 | 35 300 | 35 111 | -6% |

| Capital Expenditure 2024: Fire Services | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Projects | 2024 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | |
| Total All | 550 | 1 752 | 1 664 | 67% | |
| | | | | | |
| 1 x 9m Semi-Rigid Rubber Duck | – | 879 | 765 | 100% | |
| 1 x 9m Semi-Rigid Rubber Duck | – | 348 | 348 | 100% | |
| FAST Tank & Floating Pumps | 300 | 287 | 287 | -5% | |
| Fire fighting equipment and Hazmat equipment | 250 | 121 | 119 | -111% | |
| Completion of project to secure safety at the Mossel Bay Fire Station installing perimeter fencing (35m). Supply and install Betaview fencing and 3x slide gate motors. " | – | 117 | 146 | 100% | |

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The Fire, Rescue and Disaster Management Service achieved its Key Performance Indicators as set out in the SDBIP with excellent results as listed below.
The following are the capital expenditure items which were completed during 2023/2024

1. Firefighting and Hazmat Equipment, 9/158-514-257, R 250 000
2. FAST Tank & Floating Pumps, 9/158-9186912-2000, R 300 000

## 3.19 DISASTER MANAGEMENT

INTRODUCTION

The term "Disaster Risk Management" refers to integrated multi-sectoral and multi-disciplinary administrative, organisational, and operational planning process and capacities aimed at lessening the impact of natural hazards and related environmental, technological, and biological disasters.
The Disaster Management function falls within the Sub-Directorate Fire, Rescue and Disaster Management Services who is responsible for prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as a pro-active measure relating to disaster management.

Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- prepare a disaster management plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

Mossel Bay Municipality is primarily responsible for the implementation of the Disaster Management Act (No. 57 of 2002) within its area of jurisdiction, with a specific focus on ensuring effective and focused disaster risk reduction planning. With the new approach to Disaster Risk Management in South Africa and world-wide, the emphasis changed from response to disasters to pre-disaster risk reduction. The process of disaster risk reduction should therefore commence with a process of risk identification and assessment. The outcomes of a disaster risk assessment can ensure that all developmental initiatives as well as contingency planning and practice of the municipality are informed by accurate knowledge of potential disaster risk, enabling various stakeholders to contribute to the reduction of such risk.

The disaster management plan of Mossel Bay Municipality:

- forms an integral part of its Integrated Development Plan (IDP);
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- identifies the areas, communities or households at risk;
- takes into account indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and address weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods
- Regular cleaning of the storm water channels
- Clean-up programmes of rivers and streams
- The Fire, Rescue and Disaster Management Services do regular awareness programmes in the communities with the aim of risk reduction and preparedness against disastrous incidents that could affect their livelihoods.

The Disaster Management Plan of the municipality was updated in 2020 and accepted by Council. It thus forms an integrated part of the IDP which was evaluated by the Provincial Disaster Management Centre, with compliments once again. The National Disaster Management Centre conducted a preparedness audit in conjunction with the Provincial Disaster Management Centre on the Fire, Rescue and Disaster Management Services of the municipality. The audit finding was conclusive as exceptional in all spheres of its Legislative mandate.

Disaster Management Forum
The Disaster Management Forum met once a quarter as per legislative requirement and consist of the following stakeholders:

- MBM Fire, Rescue and Disaster Management Services – Chairperson
- Director: Community Services
- Director: Town Planning and Integrated Services
- Director Technical Services
- Director Corporate Services
- Senior Manager Corporative Services
- Senior Manager Community Safety
- Senior Manager Parks and Recreation
- Senior Waste Management and Pollution control
- Senior Manager Streets and Stormwater
- Manager Supply Chain Management
- Manager Socio Economic Development
- MBM Environmental Officer
- Department of Correctional Services
- Department of Social Development
- Mossel Bay Provincial Hospital
- Life Bayview Hospital
- Vidamed Hospital
- Petro SA
- Provincial Traffic
- Garden Route District Municipality
- South African Police Services
- Department of Agriculture

## COMPONENT H: SPORT AND RECREATION

### 3.20 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Horticulture and Recreation section is responsible for the management of the parks and open spaces including the Harry Giddey Park, all sport facilities, alien vegetation clearing, and street and beach cleaning projects. The cleaning projects are done by appointed contractors which are responsible for the cutting of grass on sidewalks and picking up of litter in the areas of their responsibility.

Overall, the staff component of the section is more than 120 municipal employees and about 300 workers involved in the cleaning projects, which is appointed with tender processes.

The section performed admirably under difficult circumstances. It is a known fact that the number of sport facilities cannot satisfy the demand from users, and this led to an overuse of facilities.

A new trend is emerging where people are starting to use open spaces as informal sport facilities, which led to the condition of these open spaces deteriorating. This places an additional burden on the maintenance teams to ensure well maintained open spaces.

| Employees: Sport and Recreation | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 52 | 67 | 55 | 12 | 18% |
| 4 - 6 | 38 | 61 | 45 | 16 | 26% |
| 7 - 9 | 16 | 19 | 16 | 3 | 16% |
| 10 - 12 | 6 | 8 | 6 | 2 | 25% |
| 13 - 15 | 3 | 3 | 2 | 1 | 33% |
| 16 - 18 | 1 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 116 | 159 | 125 | 34 | 21% |

SERVICE STATISTICS FOR SPORT AND RECREATION

There are 11 sport facilities under the control of the Municipality. At all these facilities there are regular users that make use of the facilities. Most of this usage are regulated by contracts between the user club or individual and the Municipality. Apart from this usage, clubs, schools, and other organisations book the facilities for various events which include social events. A total number of 122 bookings were accommodated during the year under review.

To mitigate the damage to the playing surfaces a lot of effort is made to do regular maintenance at the sport facilities. The extension 23 soccer facility was closed for a period of 5 months to do extensive maintenance. Part of the program was reseeding of the grass surfaces and extensive fertilising. Although the growing in of the surfaces were very successful, the immediate overuse of the facility resulted in the playing surfaces taking strain already. The Municipality is looking to close facilities in future for certain periods of the year to do extensive maintenance.

During September/October 2023 Mossel Bay experienced abnormal high winds and storms which resulted in a lot of damage at different sport facilities. In some instances, roofs were blown off and some damage occurred to the high mast lights. A high priority is placed on the repairs due to the storms, but due to various factors, not all repairs were completed by the end of June 2024.

Funds were made available to the Horticulture and Recreation section for capital projects. Most of the projects were completed on time, but a number was not completed. The reason for this was mainly issues with the awarding of tenders.

As part of the capital program upgrades at several sport facilities took place. This included the replacement of the roof of the pavilion at Greenhaven sport field, upgrades at Friemersheim sport field, the replacement of goal posts, etc.

Important machinery and equipment were procured and include trucks, ride-on lawn mowers, various other lawn mowing equipment as well as line marking equipment. This will ensure that the standard of operations is increased.

The upgrading of public open spaces is part of the responsibility of the Parks section. The upgrades include the installation of play equipment and gym equipment. Most of these upgrades are funded from the capital program of the Municipality. Major upgrades took place at the open space in Bayview as well as in Herbertsdale.

Part of the greening plan of the municipality was the building of a maze in an open space in Heiderand. Portulacaria afra trees (Spekbome) was used to construct the boundaries of the maze and in the process more than 6 000 trees were planted.

More than 2 000 other trees were planted in the Municipal area as part of the greening initiatives of the Municipality.

Alien vegetation control is mostly done by contractors appointed per tender by the Municipality. This project is also an EPWP registered project. The specifications of this tender were changed, and a contractor was appointed. The scope of work was too much for one contractor and an additional tender was done to appoint alternative contractors.

A total of R2 092 000 was spent and an area of 341 000 m² was targeted where alien vegetation clearing was done. A total number of 24 work opportunities were created.

The street and beach cleaning projects are both EPWP registered projects. In essence it means that the municipality receive some grant funding to fund these projects. A significant amount is still from municipal funds. An amount of R14 651 752 was spent on these projects. A total of 338 work opportunities were created.

Absenteeism is probably the biggest challenge regarding the implementation of these projects. This is not something the Municipality have much control over. Apart from this, these projects are very successful, and the level of service delivery are of the highest standard.

| Financial Performance 2024: Sport and Recreation | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 Actual | 2024 Original Budget | 2024 Adjustment Budget | 2024 Actual | Variance to Budget |
| Total Operational Revenue | 2 097 | 1 815 | 1 823 | 1 859 | 2% |
| **Expenditure:** | | | | | |
| **Employees** | 22 388 | 26 926 | 24 221 | 25 442 | -6% |
| **Repairs and Maintenance** | 2 437 | 3 078 | 3 443 | 3 386 | 9% |
| **Other** | 23 989 | 27 021 | 27 039 | 28 273 | 4% |
| Total Operational Expenditure | 48 814 | 57 025 | 54 703 | 57 101 | 0% |
| Net Operational Expenditure | 46 717 | 55 210 | 52 880 | 55 242 | 0% |

| Capital Expenditure 2024: Sport and Recreation | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | 2024 Adjustment Budget | 2024 Actual Expenditure | Variance from original budget |
| Total All | 9 806 | 12 618 | 5 303 | -85% |
| | | | | |
| Falcon F50-150 Blower Mower | 80 | 81 | 80 | 1% |
| Furniture, Tools and Equipment-New | 50 | 87 | 86 | 42% |
| Machinery & Equipment-New | 50 | 57 | 57 | 12% |
| Machinery & Equipment-Replacements | 65 | 64 | 64 | -1% |
| New Fence around St Blaize Toilets - CECIL SHEPHERD Street | 50 | 74 | 74 | 32% |
| Playpark / Gym trim Equipment Herbertsdale | 80 | 87 | 87 | 8% |
| Purchase hand held two way radios | 72 | 11 | 11 | -563% |
| Supply and installation of recycle plastic benches in the surrounding Mossel Bay Area | – | 17 | 17 | 100% |
| Upgrading of Public Open Space in Bayview | 250 | 241 | 241 | -4% |
| Direction change and development of Sonskyn Valley Sport field | 1 800 | 1 800 | – | #DIV/0! |
| Furniture & Office Equipment-Replacements | 30 | 28 | 28 | -6% |
| Furniture, Tools and Equipment_New | 35 | 86 | 86 | 60% |
| New Boundary fence for Longstreet Sport fields | 650 | 770 | 770 | 16% |
| New Parking Area at D'Almedia Sportsfield | 100 | 150 | – | #DIV/0! |
| New Parking Area at D'Almedia Sportsfield | 50 | – | – | #DIV/0! |
| Purchase New 3 Ton Truck | – | 720 | – | #DIV/0! |
| Renew Throwing Athletic item facilities | 450 | 88 | 88 | -414% |
| Replace sport field goal posts | 90 | 118 | 118 | 24% |
| Replace the runways on long jump at Van Riebeeck stadium | – | 66 | 66 | 100% |
| Reseal program for hard-court sport facilities | 1 870 | – | – | #DIV/0! |
| Reseal program for hard-court sport facilities | – | 2 440 | 448 | 100% |
| Turn and upgrade of Sonskyn Valley sport field | 250 | 250 | 217 | -15% |
| Turn and upgrade of Sonskyn Valley sport field | 450 | 450 | 100 | -349% |

| Capital Expenditure 2024: Sport and Recreation | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Upgrade and repairs to Pavilions and structures at Greenhaven Sport grounds | 900 | 900 | 777 | -16% |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | 1 424 | – | – | #DIV/0! |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | – | 1 424 | 1 203 | 100% |
| Multipurpose Court (Netball,Tennis,Volleyball at Ext.23 Sports field) | – | 760 | – | #DIV/0! |
| Multipurpose Court (Netball,Tennis,Volleyball at Ext.23 Sports field) | 380 | – | – | #DIV/0! |
| Multipurpose Court (Netball,Tennis,Volleyball at Ext.23 Sports field) | 380 | – | – | #DIV/0! |
| Upgrading of Friemersheim Sportsground | 250 | 1 327 | 443 | 44% |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | – | 26 | – | #DIV/0! |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | – | 21 | – | #DIV/0! |
| Buy Ventrac turf tractor decks | – | 410 | 188 | 100% |
| Supply and install Eco Plastic Pavilions, 5T 3.6m, at various sport facilities | – | 65 | 54 | 100% |

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The Horticulture and Recreation section was very successful in achieving it goals and the work performed was of a high quality. Some challenges were experienced, especially regarding the personnel component. Some key personnel was absent for long periods of time due to illness and sadly, the Manager: Sport Facilities passed away in June 2024.

## 3.21 RESORTS

The Municipality does not operate resorts.

# COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

## 3.22 EXECUTIVE AND COUNCIL

The Support Services Sub-Directorate renders a secretarial service to Council and support services to the organisation. It is sub-divided into the following sections and is managed by the Senior Manager - Support Services:

- Secretariat
- Typing
- Archives and Workflow
- Switchboard
- Security Services at the main building
- Cleaning and Gardening
- Informal Trade

SECRETARIAT
During the period under review, secretarial services were rendered in respect of:

- Council and Committee Meetings
- Document Translation and Interpretation Services

The Municipality annually invites tenders for interpretation and translation services. Interpretation services are rendered from Afrikaans to IsiXhosa, and vice versa, during Council and Committee Meetings and any other official event which requires the service of an interpreter.

| Financial Performance 2024: The Executive and Council | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 41 570 | 34 515 | 36 957 | 47 468 | 27% |
| **Expenditure:** | | | | | |
| **Employees** | 32 851 | 38 083 | 36 504 | 36 016 | -6% |
| **Repairs and Maintenance** | 91 | 181 | 160 | 116 | -57% |
| **Other** | 25 038 | 24 702 | 24 282 | 21 902 | -13% |
| Total Operational Expenditure | 57 979 | 62 967 | 60 947 | 58 033 | -9% |
| Net Operational Expenditure | 16 409 | 28 452 | 23 989 | 10 565 | -169% |

| Capital Expenditure 2024: The Executive and Council | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 118 | 159 | 134 | 12% |
| | | | | |
| Furniture & Office Equipment | 45 | 32 | 21 | -115% |
| Furniture, Tools and Equipment - Replacements | 8 | 6 | 6 | -34% |
| Furniture & Office Equipment | 10 | 46 | 42 | 76% |
| Furniture, Tools and Equipment - Replacements | – | 5 | 4 | 100% |
| Franking Machine | 40 | 38 | 35 | -15% |
| Furniture & Office Equipment (R) | 6 | 7 | 7 | 22% |

| Capital Expenditure 2024: The Executive and Council | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Evacuation Chair (Disabled Persons) for each staircase in the Main Building | – | 16 | 11 | 100% |
| Furniture & Office Equipment (Replacements) | 10 | 9 | 9 | -16% |

## 3.23 FINANCIAL SERVICES

The Finance Services Directorate (FSD) comprises of:

- The Income Department
- The Supply Chain Management Department
- Budget and Reporting
- Expenditure Department
- Financial Administration

The role of the Financial Services department is to provide support and guidance to the municipality with regards to financial matters. It is not just the service department that are under pressure to perform when it comes to service delivery, it is the financial services department that needs to ensure that the delivery of service to the residents is done so in the most efficient, effective, and economical manner. The finance department experience several challenges in its department, an example of which is trying to improve on debt collection processes to improve its cashflow, and while the same time effectively managing its resource to ensure that the procurement of goods and services complies with all applicable legislation.

The expenditure department performed very well implementing proper processes and procedures ensuring that our salaries and creditors were still paid on time. The department is always striving to improve on the processing time of invoice and orders, for both the expenditure and support departments, ensuring that our service providers were not negatively affected, especially the SMME's as they are dependent on timeous payment from the municipalities.

Our financial administration department did very well this year in ensuring an almost perfect asset count, with minimal losses to the municipality, while also ensuring the damaged municipal assets are replaced as quickly as possible in terms of insurance claims to not hinder service delivery in any way. The department ensured that the municipality always had the necessary cashflow at hand to meet our monthly obligations, while effectively managing our short- and long-term investments earning interest 10% above what had been forecasted and budgeted with the mid-year budget.

| Financial Performance 2024: Financial Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| *Total Operational Revenue* | 22 | 45 | 34 | 61 | 26% |
| ***Expenditure:*** | | | | | |
| ***Employees*** | 48 814 | 57 073 | 54 982 | 53 363 | -7% |
| ***Repairs and Maintenance*** | 985 | 2 368 | 2 043 | 1 608 | -47% |
| ***Other*** | 31 128 | 33 807 | 41 135 | 31 138 | -9% |
| *Total Operational Expenditure* | 80 927 | 93 248 | 98 160 | 86 109 | -8% |
| *Net Operational Expenditure* | 80 905 | 93 203 | 98 126 | 86 048 | -8% |

| Capital Expenditure 2024: Financial Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 8 934 | 21 803 | 10 721 | 17% |
| | | | | |
| Wolwedans Emergency Access Road (Insurance) | 4 500 | 11 750 | 6 936 | 35% |
| Furniture & Office Equipment-Financial Systems_(R) | 3 | 3 | – | #DIV/0! |
| Furniture & Office Equipment-Creditors (New) | 6 | 6 | – | #DIV/0! |
| Furniture & Office Equipment-Creditors (R) | 9 | 4 | – | #DIV/0! |
| Furniture & Office Equipment-Creditors (R) | – | 5 | 4 | 100% |
| Furniture & Office Equipment-Salaries & Wages (R ) | 5 | – | – | #DIV/0! |
| Furniture & Office Equipment-Salaries & Wages (R ) | – | 5 | 4 | 100% |
| Computer Replacements: Insurance | 80 | 120 | 88 | 9% |
| Furniture & Office Equipment-Financial Systems_(R) | 3 | 3 | – | #DIV/0! |
| Furniture & Office Equipment-Insurance_(R) | 50 | 60 | 33 | -50% |
| Machinery & Equipment-Insurance_(R) | 100 | 100 | 17 | -475% |
| Vehicle: Insurance | 1 000 | 950 | – | #DIV/0! |
| Buildings: Insurance Replacement | – | 5 220 | 152 | 100% |
| Computer Equipment-Income-New | 2 | 7 | 5 | 63% |
| Computer Equipment-Income-Replacements | 41 | 41 | 16 | -160% |
| Furniture & Office Equipment-Income-New | 2 | 2 | – | #DIV/0! |
| Furniture & Office Equipment-Income-Replacements | 12 | 7 | 7 | -62% |

COMMENT ON FINANCIAL SERVICES PERFORMANCE OVERALL:

## 3.24 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

In today's competitive and challenging environment, human resources management (HRM) must add value to the organisation and its employees. This implies that human resources (HR) must make a significant difference and contribution. Successful organisations are not only measured by the service they deliver, or the income generated, but also in terms of the extent to which it provide a meaningful workplace, create new employment opportunities and created platforms for development and growth of internal employees.

HRM is about the development and consistent application of policies, systems, practices and procedures that combine the efforts of people in the organisation towards the kind of performance that that supports the vision and short- and long-term objectives of the organisation, while at the same time satisfying the needs of both the employees and customers.

The purpose of HRM is further to ensure that the municipality can achieve success through its employees with the goal to continuously increase effectiveness and capacity. It further strives to maximize employee performance and is primarily concerned with how people are employed and managed, organisation development, knowledge management, employee relations, employee well-being and HR policies and systems.

HRM and the continuous development of the HR are critical in building stability in a municipality to ensure that the municipality is optimally resourced and capacitated to fulfil its mandate. The skills and knowledge to select and use effective and efficient criteria and tools to recruit staff, and to capacitate and continuously develop

those selected staff falls within the scope and expertise of the human resources division. To be able to not only attract and develop the workforce, the HR division must review and develop policies, strategies, procedures, and initiatives to perform on an exceptionally high level.

The role of the HR division is to take initiate and provide guidance, support and advice on all matters relating to the organisation's employees.

The Human Resources division is responsible for the following disciplines:

**Employee Wellness:**

The Employee Assistance Office is an important component of the Municipality's human resources framework. It provides confidential support and resources to Employees dealing with personal and work-related challenges that may impact their work performance, health, and overall well-being.

The Employee Assistance Program aims to address a wide range of concerns, including mental health issues, emotional distress, addiction, relationship problems, financial difficulties, and other personal hardships.

During the 2023/2024 financial year the Employee Assistance Practitioner referred 90 individuals for counselling services:

| Reason for referral | Totals |
|---|---|
| **Suicidal** | 2 |
| **Aggression** | 6 |
| **Depression** | 1 |
| **Divorce** | 4 |
| **Family Challenges** | 3 |
| **Work/ Personal Challenges** | 5 |
| **Kids substance abuse** | 2 |
| **Grief** | 5 |
| **Marital Challenges** | 5 |
| **Personal Challenges** | 32 |
| **Harassment** | 1 |
| **Substance Abuse** | 14 |
| **Work related Challenges** | 5 |
| **Relationship Challenges** | 5 |
| **Total** | **90** |

The Employee Assistance Office understands the importance of education and information. It is important to educate employees, promote lifelong learning, and ensure equitable access to information for all Employees.

The following information and/ or sessions were rolled out during the period 1 July 2023 until 30 June 2024:

| Subject |
|---|
| **Clinic Day (July 2023)** |
| **Hepatitis Inoculations for 46 Employees** |
| **Clinic Day & TB Roll-out (August 2023)** |
| **Policy Information Sessions** |
| **HIV & TB roll-out at 4 municipal depots for operational staff** |
| **Health Poster - Alzheimer's** |
| **Clinic Day (October 2023)** |
| **10 x Financial Information Session** |
| **Health Poster - Stroke** |

| Subject |
|---|
| Clinic day (November 2023) |
| Health Poster - Diabetes |
| Information Poster – Bonus (13TH Cheque) |
| Health Poster - Cancer Awareness |
| Clinic Day (February 2024) |
| Health Poster - World Glaucoma Day |
| Health Poster - World Kidney Day |
| Childhood Cancer Awareness - Stickers (Flip Flops) |
| Clinic Day (March 2024) |
| Wellness Roadshow - Marketing of EAP Office |
| Clinic Day (April 2024) |
| Wellness Event (Health & Wealth) |
| Clinic Day (May 2024) |
| Child Protection Week |
| World No tobacco Day |
| World Blood Donor Day |

Sick leave investigations are done by the Employee Assistance Office on a quarterly and annual basis. The purpose of these investigations is to:

- Determine whether there is a medical condition that the employer should be aware of.
- Minimize regular absenteeism.
- Discuss the impact on service delivery and colleagues.
- Eliminate possible sick leave abuse.
- Acting pro-actively by recognising possible medical conditions.

A total of 309 sick leave investigations were conducted during the period under review. These investigations have different outcomes which include monitoring of sick leave taken by the employee, monitoring of the impact of an operation or injury, professional counselling or therapy, permanent disability, alternative placement, retirement due to ill health or discussions between the Human Resources Division and/or the relevant Head of Division and the employee to explain the impact of the employee's absenteeism on the operational requirements of the Division.

**Employee/Labour Relations:**

The Employee Relations Section within the Human Resources Department plays a key role in the implementation and maintenance of sound discipline by thoroughly and speedily investigating all allegations of misconduct. The objective of the Employee Relations Section is always to comply with section 1(d) (iv) of the Labour Relations Act, 66 of 1995 which stipulates that disputes at the workplace should be resolved quickly and effectively.

Furthermore, the Employee Relations Section strives to adhere and comply with the prescripts of the SALGBC Disciplinary Procedure Collective Agreement (DPCA). The purpose of the DPCA is to establish a fair, common, and uniform procedure for the management of employee discipline and this procedure is a product of collective bargaining and the application thereof is peremptory. Disciplinary action shall thus be implemented fairly, consistently, progressively, and promptly. Clause 7.4 of the DPCA provides for the period within which a disciplinary hearing shall commence, which is no later than three (3) months from the date of the Municipal Manager's (Accounting Officer) or his authorised representative's decision to institute disciplinary proceedings. This section complies in every aspect with the required time frames set in the DPCA and applicable legislation.

Strict action is therefore taken to enforce the standards of discipline and service delivery that is endorsed by the Constitution of the Republic of South Africa, 1996. Consistency and fairness form the cornerstone of each, and every disciplinary action instituted, and the guidelines as set in the Items contained in Schedule 8 of the Labour Relations Act (Code of Good Practise), our common law as well as the Disciplinary Procedure Collective

| Conciliations Attended for the Period 1 July 2022 to 30 June 2023 | | |
|---|---|---|
| **1.** | **2 September 2022 - SALGBC** | **1** |
| **2.** | **24 October 2022 - CCMA** | **1** |
| **3.** | **5 December 2022 - SALGBC** | **1** |
| **4.** | **26 May 2023 - SALGBC** | **1** |
| **5.** | **23 June 2023 - SALGBC** | **2** |
| **TOTAL** | | **6** |

Agreement are always followed. The Mossel Bay Municipality has a zero-tolerance attitude towards dishonesty related offences such as corruption, fraud, theft, falsification of records and finance related misconduct. In line thereof, employees who commit acts of gross dishonesty can expect the employer to request dismissal as sanction at a formal disciplinary hearing thereby complying with the so called 'Parity Principle' of consistency with sanctions at disciplinary hearings.

The Employee Relations Section further also assists with Incapacity Enquiries relating to Poor Performance and Ill Health by conducting investigations where required or forming part of an investigative panel and furnishing advice when needed from a Labour Law perspective using the relevant Items of Schedule 8 of the Labour Relations Act (Code of Good Practice) as guidance.

Monthly and quarterly Items and reports are also submitted by the Employee Relations Section to the Municipal Council's Corporate Governance Committee, Executive Management Committee, Directors and COGTA keeping them posted on the developments regarding disciplinary matters finalised and sanctions imposed on a monthly and quarterly basis. Any abscondments, dismissals or resignations after receipt of a charge sheet are also submitted to COGTA. Reports on all new disciplinary matters received every month are also submitted to the relevant Directors.

The Employee Relations Section is one of few within the Western Cape Province Local Government that with the exception attends to all their own Conciliations, Opposing of Condonations and Arbitration matters at the South African Local Government Bargaining Council (SALGBC) or CCMA depending on who has jurisdiction regarding a specific dispute.

In a previous successful arbitration that was held virtually by the SALGBC under case number WCP072008, Senior SALGBC Arbitrator D P Van Tonder again vindicated the strict approach adopted by the Municipality when dealing with dishonesty.

Prospective applicants for employment are therefore cautioned to act honestly and disclose all information of relevance to the Municipality.

The Employee Relations Section also conducts training workshops on an annual basis. During the applicable period, two (2) Training Workshops were held on 22 and 24 November 2023 respectively relating to Informal Disciplinary Action & Collaborator Process. All Supervisors, HODs and Directors were invited to attend same.

The following table presents statistics on Disciplinary matters finalised for the period 1 July 2023 to 30 June 2024 as well as matters dealt with and finalised by the Labour Relations Section at the SALGBC/CCMA:

| Conciliations Attended for the Period 1 July 2023 to 30 June 2024 | | |
|---|---|---|
| **1.** | 3 November 2023 - SALGBC | **1** |
| **2.** | 2 February 2024 - SALGBC | **1** |
| **3.** | 8 March 2024 - SALGBC | **1** |
| **4.** | 17 May 2024 - SALGBC | **1** |
| **5.** | 31 Mei 2024 - SALGBC | **2** |
| **6.** | 21 June 2024 – SALGBC | **1** |
| **TOTAL** | | **7** |

| Disciplinary Matters Finalised for the Period 1 July 2022 to 30 June 2023 | | |
|---|---|---|
| **1.** | **Informal Disciplinary Matters** | 162 |
| **2.** | **Formal Disciplinary Matters** | 68 |
| **TOTAL** | | **230** |

| Arbitrations Finalised for the Period 1 July 2023 to 30 June 2024 | | |
|---|---|---|
| 1. | 21 August 2023 – SALGBC | 1 |
| 2. | 7 November 2023 – SALGBC | 1 |
| 3. | 26 June 2024 – SALGBC | 1 |
| 4. | 27 June 2024 – SALGBC | 1 |
| TOTAL | | 4 |

### Recruitment and Selection

It is important for the Mossel Bay Municipality to staff its establishment with the most suitable employees for all vacant posts in terms of qualifications, skills and potential. Advertisements for vacant posts, pre-screening, selection, promotions and transfers all form part of the recruitment function, each with their own set of steps, guidelines and timeframes.

Of the many challenges the section has experienced in terms of Recruitment and Selection over the past year, those that are prominent are the lack of applications to various posts from suitably qualified candidates, and the rejection of post offers from recommended candidates due to salary restrictions and/or the affordability and availability of accommodation in Mossel Bay for candidates who would need to relocate to Mossel Bay.

Challenges imposed by the Municipal Staffing Regulations, implemented as of 01 July 2022, still plays a role in various processes in terms of the volume of administrative work required, and with each Policy that is reviewed, or every process re-considered, it must be ensured that such stays in line with the stipulations of these regulations.

As a matter of importance, the section undertook to ensure that data pertaining to employment equity is updated and correct. All employees were required to complete EEA1 forms in order for the section to keep record of, and update, if necessary, on the Collaborator system employee details relating to race, gender and disability status.

The Municipality's Employment Equity Plan 2019 – 2024 lapses on 30 September 2024. The section was therefore responsible for drafting the new plan for the period October 2024 to September 2029. Although the plan and its goals/targets are still in the drafting and approval phase, the section looks forward to implementing the new employment equity targets which are in line with statistics provided by Statistics South Africa in terms of the latest census conducted in 2022.

### Skills Development and Training

Training and development include all the aspects and processes that are involved in planning, designing, developing implementing and evaluating learning interventions.

The Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act, Employment Equity Act as well as the South African National Development Plan vision 2030 focusing on priorities, such as, raising employment through faster economic growth, improving the quality of education, skills development and innovation and building the capability of the state to play a developmental, transformative role.

The Local Government: Municipal Staff Regulations (MSR), which came into effect on 1 July 2023, stipulates that skills development must support the achievement of the municipality's goals set out in the Integrated Development Plan by providing critical skills that ensure the delivery of quality services. It is therefore important that relevant policies be reviewed regularly to ensure alignment to the said legislation.

The MSR places a responsibility upon Municipalities to promote the development and retention of competent municipal staff, including the development of technical, professional and specialist staff who have required qualification and skills. To adhere to this legislative requirement the Education, Training and Development Policy and Scarce skills and Retention Policy were amended to make provision for talent management, retention of skilled employees, succession planning of employees and recognition of prior learning process.

### Occupational Health and Safety:

The Occupational Health and Safety function/section, within the Human Resources department, assists in developing and maintaining an Integrated Health and Safety Management System, which is implemented to ensure compliance with the

Occupational Health and Safety Act 85 of 1993 and Regulations (hereafter referred to as the OHSA), which enables a safe and healthy working environment for the wellbeing of all employees, contractors, service providers and other stakeholders within the municipality.

The following are some of the Key performance areas/functions that forms part of the OHS section's duties and responsibilities:

**OHS Policy review & guidelines**

In compliance with section 7 of the OHSA, the municipality has prepared a written health and safety policy concerning the protection of the health and safety of its employees at work. The policy is reviewed as and when required, but at least annually during the management review process, to ensure continual suitability and improvement. This policy was revised in April 2024. The OHS Policy is a 1-page document which is supported by the multi-page OHS guidelines which is also presented to new employees during induction.

**Hazard identification and Risk Assessment**

In compliance with section 8(1) and (2)(d) of the OHSA and Construction Regulation 9, the municipality initiated a Hazard Identification and Risk Assessment (HIRA), by an independent supplier (SHEQ-04-Africa), to identify hazards in the current work environment, assess the risk associated with these hazards and to develop an action plan to implement control measures to mitigate the risk. The OHS function/section is responsible for the continuous review of this HIRA. Control measures must be reviewed at least annually, and when they are found ineffective through monitoring or due to an incident or non-conformance. During 2023/2024, parts of the HIRA has been revised to stay current with the activities and control measures implemented at certain municipal buildings/work areas (e.g., Klein Brak Water Treatment Works, Traffic & Law Enforcement K9 Unit and the Joint Operations Centre). Contractors who are appointed to conduct work for the municipality are also required to submit a risk assessment based on their specific scope of activities. These risk assessments are submitted as part of a H&S file which is reviewed by the appointed OHS Officer(s) prior to work.

**Training, awareness, and communication methods**

The first part of OHS training, awareness and communication is the new employees' induction that is conducted at the start of employment with Mossel Bay Municipality and during which all the necessary policies, rules and guidelines are presented. During the year 2023/2024 the OHS section has revised the Induction Power Point presentation which includes the necessary information from the revised OHS policy and supporting OHS guidelines. The OHS section has also introduced a new animated safety mascot called "Safety Seal" who helps with H&S awareness messages throughout the presentation and who will in the future appear on OHS related posters. Another form of OHS training, awareness and communication is the monthly safety talk topics (also referred to as Toolbox Talks) that are communicated to all relevant departments. The OHS Officer focusses on IOD trends and reported unsafe acts/conditions to draft a relevant toolbox talk topic for the next month's communication. E.g. a toolbox talk topic about ergonomics/manual handling after numerous back injuries occurred, or hazardous chemical agents after a worker accidently ingested chemicals that was stored in an unmarked bottle. Within 2023/2024 MBM have also rolled out formal H&S training for key appointees such as: Supervisors, First Aiders, H&S Representatives and Fire Marshalls. Other legally required training that has been conducted includes confined space entry, asbestos, plant operators, conveyance of dangerous goods, advanced OHSA and working at heights. The OHS function is responsible identify mandatory training as required by the OHSA and prioritise training dates with the Training & Skills Development section. Important notices regarding OHS are also circulated via email and collaborator to be displayed on notice boards as another form of communication/awareness.

**H&S Representatives and H&S Committee**

With reference to sections 17, 18 and 19 of the OHSA, H&S Representatives have been appointed for the various departments and work areas within the municipality. These appointments are valid for three years and are managed through the Collab contracts management process to ensure appointments are renewed when expired. Appointed H&S representatives are responsible to complete a monthly H&S rep. inspection report of their respective work areas and submit these reports by the 10th of each month to the OHS section at HR. The OHS Officer then compiles a summary of all the H&S rep. findings (unsafe acts/conditions) which forms part of the agenda for the monthly H&S Committee Meeting. It is compulsory for all H&S reps and certain designated HOD's to attend the monthly H&S Committee Meetings which is chaired by the Snr. Manager: Human Resources. The OHS Officer(s) has a crucial role in facilitating and coordinating these monthly meetings and giving their professional input. The OHS Officer and Assistant OHS Officer are responsible to assist HOD's and H&S reps with legal compliance and action planning to rectify H&S non compliances in their respective work areas. H&S Reps. are nominated and elected to represent the workforce and is responsible to be the link between the workforce and

management. In the past year OHS has revised the H&S Rep Inspection report to be more user friendly to improve the quality of inspection and reporting.

### Legal appointments

In compliance with certain sections of the OHSA and regulations certain appointments/designations has been made in writing to delegate duties and responsibilities. Within the municipality the Municipal Manager represents the employer, like a CEO of a company (assigned under Section 16.1 of the OHSA), is automatically charged with the duties and responsibility of the employer as per Section 8 of the OHSA. Each directorate has a responsible person (Director) appointed as per sec 16(2) of the OHSA, who shall act on behalf of the employer, subject to the control and direction of the Municipal Manager (16.1). As per GMR2 it is also required for the municipality to appoint/designate a competent person for the Supervisory of machinery. Some of the other OHS related appointments within the municipality includes Supervisors, Incident Investigators, First Aiders, H&S Representatives, Plant operators etc. The OHS function is responsible for drafting these written appointment letters and for ensuring said letters are in place, valid and available should it be requested for inspection by the DoEL.

### Injury on Duty (IOD) Process

Reporting, recording, and Investigating Incidents/IOD's is not only a legal requirement as per the OHSA and General Admin Regulation 9, but it is also crucial in identifying corrective and preventative actions necessary to be implemented to prevent incidents/IOD's from reoccurring in the future. The effectiveness of the IOD reporting process also determines how fast COIDA claims will be processed and finalised. To improve the overall understanding of the IOD reporting process as well as the completing of relevant COID/IOD documentation (e.g., WCL2 and Annexure 1 reports), training workshops are facilitated with relevant supervisors, superintendents, and line managers. In the 2023/2024 financial year a new IOD register was developed by OHS to improve the data capturing and reporting of IOD statistics and to compare the IOD trends with previous years with a user-friendly dashboard, programmed with various filters that can be applied. These IOD statistics will improve reporting to executive management and zoom in on the high-risk work areas, departments, and operations for MBM to act accordingly to mitigate these identified high risk areas with adequate control measures.

### Occupational Health / Medical Surveillance

Medical Evaluations:

As per the Occupational Health and Safety Act (No. 85 of 1993), and the Regulations thereto, the employer must ensure that employees in certain risk groups or with specific job descriptions undergoes medical surveillance. For an employee to undergo medical surveillance he/she first needs to undergo a baseline medical evaluation (Entry Medical).

Inherent requirements of each employee's job description/position will determine whether a medical examination is required. The selection criteria will be the risks involved determined by the job and results must be kept confidential. The inherent medical requirement must be used to ensure non-discriminatory results.

The following high-risk groups have been identified:

- **Employees exposed to hazardous biological agents** - E.g. Water & Sanitation and Mechanical Services, who are exposed to raw sewage, the Refuse Collection employees exposed to biological waste (needles, sanitary pads, nappies etc.), the Fire Department as well as Traffic and Law Enforcement who can potentially get in contact with all of the above including infected blood.
- **Employees exposed to hazardous chemical agents** - E.g. Water & Sanitation department making use of Chlorine, Sudfloc, Lime etc., the Roads, Transport and Stormwater department working with asphalt (tar), cement, diesel, petrol etc., and the Horticulture Department making use of herbicides, pesticides etc.
- **Employees conducting Asbestos work or being exposed to Asbestos containing material** – E.g. Water and Sanitation workers involved in type 1 Asbestos work when replacing sections of old asbestos water pipes.
- **Employees working at heights** - E.g. Electrical Services, Fire Department, Water and Sanitation etc.
- **Employees that must enter confined spaces** to conduct work - E.g. Water and Sanitation, Roads Transport and Stormwater, Fire Department, Mechanical Services etc.
- **Operators of construction vehicles and mobile plant** – E.g. Roads, Transport and Stormwater Department, Horticulture, Electrical Services, Water and Sanitation, Waste Department etc.
- **Employees exposed to noise more than 85dB** – E.g. Employees working with electrical power tools, machinery or mechanical equipment producing noise.
- **All persons involved in any kind of construction work**.

In recent years employees EAP or OHS as part of incapacity investigations.

**Hepatitis B vaccinations**

As per doctor's recommendation, Hepatitis B vaccines are recommended to the following risk groups within the municipality:
- All workers exposed to sewage
- Cleaners of street & toilets
- Medical response workers, firefighters & community protection
- Workers exposed to contact with any body fluids

As part of the municipality's duty as an employer to ensure the health & safety of employees in the workplace, and to comply with the Regulation for Hazardous Biological Agents, the roll out of Hepatitis B vaccines were arranged for employees that fall in the above-mentioned high-risk groups. To manage the Hep. B vaccinations OHS has developed a tracking register that flags due dates for employees to go for their second and third inoculation. During 2023/2024 Mossel Bay Municipality initiated approx. 100 Hep. B vaccinations, which consisted of either one of the 3 doses required for an employee to be fully vaccinated via the appointed Occupational Health Practitioner. Currently 218 employees have been fully vaccinated thus far.

**Legal Compliance Audit**

Mossel Bay Municipality appointed a service provider (FSG Compliance Specialists) to conduct a Legal Compliance Audit on the Municipality and its operations/ work activities. The purpose of the audit was to assess the Municipalities' level of compliance with the Occupational Health and Safety Act No. 85 of 1993 and relevant SANS code, to identify compliance gaps, and for an action plan to be developed as part of the service.
Above mentioned audit took place from 18 till 25 March 2024, whereafter a report was submitted to Mossel Bay Municipality, by the appointed service provider, as per the specification provided. Various nonconformances (minor and major), as well as observations, was identified by the auditor and noted in the report.

An item on the above said report served before Executive Management on 13 May 2024, under COR150-05/2024, where it was resolved as follows:

"…2. That the action plan(s) relevant to each work area that was audited, be circulated by memorandum to the various responsible Heads of Divisions and Line Managers."

Subsequently, the corrective actions plans were circulated to the relevant departments and corrective actions are being implemented through consultation with the OHS section.

**Contractor compliance and project management**

The OHS Officer is included in the Bid Specification Meetings whereby opportunity is given to include the OHS Specification in the tender document and add any project specific requirements to ensure OHS compliance by the successful bidder. After tender award, the contractor's H&S Files are submitted to the OHS section where it is reviewed/audited with reference to relevant legal requirements and the H&S Specification. A report, with any shortcomings (non-compliances) found during the file review/audit, is then sent via email to the responsible contractor for corrective actions to take place prior to project start. Whenever a Construction H&S Agent is appointed for a project the audit reports are also sent to the municipality's OHS Officer for cognisance.

**Leave and Benefits:**

All new employees must attend an Induction Session during the first week of employment to introduce them to benefits as well as to acquaint new employees with the work procedures and Policies of the Municipality. The session is also used to orientate new employees with regard the new work environment

Leave and employee benefits are regulated by the Main Collective Agreement, Collective Agreement on Conditions of Services for the Western Cape Division of the SA Local Government Bargaining Council, and approved Policies. Membership to any accredited Pension or Retirement Funds as well as Group Life Insurance is compulsory whilst membership of medical aid schemes is optional.

Leave transactions are verified monthly to investigate and determine the following:

- System checks and verifications

- Correct leave type is selected by employees
- Accurate calculations of leave days
- Accurate integration between employee attendance and leave processes
- Duplications of leave transactions

**Time and Attendance:**

Punctual attendance of employees has a direct impact on service delivery. Mossel Bay Municipality makes use of the Collaborator Time & Attendance System to monitor and manage the attendance of all employees. Biometric scanning devices are installed at all Municipal offices and depots. Electronic recording of attendance results in timeous identification of absenteeism trends and are addressed before it escalates.

Monitoring of attendance with the use of automated exception reports which indicate any exceptions of official working hours for all employees, e.g., late arrivals, early departures, missing clocks, etc. are done on a daily basis by Managers. The exception reports that are generated by the system to all managers / Heads of Divisions (HODs) serve as a useful tool in the identification of absenteeism trends for Managers and Supervisors.

It is the responsibility of every employee to ensure they clock in, on arrival and that they clock out, at the end of a workday/shift. It remains the responsibility of the Manager / Head of Division to monitor attendance in their section / department.

**Individual Performance Management:**

Individual Performance Management has been cascaded down to the lowest levels since 2011 to enable good service delivery to the public and to manage and improve performance at all levels within the organization. This performance driven culture is encouraged by the commitment and buy-in from the top management, who is equipped to promote performance management within the Local Government sphere.
As the performance of the municipality is integrally linked to that of its staff Line Managers are responsible to ensure that employees' individual performance is monitored continuously to ensure that their own as well as municipal targets are reached, and services are delivered consistently. This encourages employees to take responsibility for their own performance and with the support of their direct supervisor(s) to identify their strengths and weaknesses and ensure continuous improvement whilst addressing poor performance.

During the 2023/2024 financial year the following activities took place in terms of individual performance management:

a) Policy and Procedural changes

The Municipal Staffing Regulations that came into effect had a major impact on policy, system and procedural processes. Training and information sessions were held with Managers, Supervisors as well as all employees to ensure stakeholder participation in processes.

b) Development of Performance Agreements/ Plans

- Performance agreements for 2023/2024 for the division managers were reviewed or developed (for new employees) and agreed upon between the division managers and relevant directors.
- Performance development plans for 2023/2024 for all lower-level staff were reviewed or developed (for new employees) and agreed upon between employees and their relevant division manager and responsible supervisor.

Due to Performance Management being an ongoing process it is imperative that employees are aware of what is expected of them. This allow them to take responsibility for their own performance. The goals of the organization and those of the individuals are aligned during this process.

c) Completion of Bi-annual Performance Appraisals

The performance appraisals for the 2022/2023 financial year were concluded during the period July 2023 -August 2023. On completion of the performance appraisals for the 2022/2023 performance cycle the results of these performance appraisals were moderated by the moderation committees to ensure objectivity and fairness in the application of scores throughout the organisation.

The moderation process was concluded between September 2023 - December 2023. A 3-level moderation process was followed which consisted of moderations at:

1) Sub Directorate Level
2) Directorate Level and
3) Municipal Manager Level

After the performance scores were moderated by the Moderation Committees, the outcomes of performance assessments were communicated to employees. Qualifying individuals with good performance were recognized and rewarded in accordance with Council's Reward and Recognition Policy.

The 2023/2024 mid-year assessments for the period 1 July 2023– 31 December 2023 were concluded during 1 January 2024– 31 January 2024 for all eligible employees to assess what the employee(s) had achieved for the specific performance period.

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

| Employees: Human Resource Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 3 | 3 | 2 | 1 | 33% |
| **7 - 9** | 5 | 5 | 5 | 0 | 0% |
| **10 - 12** | 9 | 9 | 9 | 0 | 0% |
| **13 - 15** | 2 | 3 | 2 | 1 | 33% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 19 | 21 | 19 | 2 | 10% |

| Financial Performance 2024: Human Resource Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 212 | 12 | 159 | 150 | 92% |
| **Expenditure:** | | | | | |
| **Employees** | 30 281 | 39 491 | 39 265 | 26 913 | -47% |
| **Repairs and Maintenance** | 92 | 141 | 209 | 184 | 23% |
| **Other** | 3 966 | 3 902 | 3 881 | 3 780 | -3% |
| Total Operational Expenditure | 34 339 | 43 534 | 43 355 | 30 878 | -41% |
| Net Operational Expenditure | 34 127 | 43 522 | 43 197 | 30 728 | -42% |

| Capital Expenditure 2024: Human Resource Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 60 | 60 | 59 | -1% |
| | | | | |
| Furniture & Office Equipment_New-Human Resources | 42 | 46 | 46 | 9% |
| Furniture & Office Equipment_Replacements | 18 | 14 | 14 | -33% |

## COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Municipal Staff Regulations (MSR) and Guidelines for the Implementation of the MSR came into effect on 1 July 2022 and is applicable to all Municipalities defined in Section 2 of the Municipal Systems Act, 2000. After proclamation the MSR became the primary piece of legislation to guide several processes in the Human Resources Management functionally to ensure compliance with said legislation. All relevant Policies, Standard Operating Procedures and systems were aligned with the MSR requirements. On 1 July 2022 Mossel Bay Municipality complied with all aspects of the MSR and embraced the challenge of monitoring and maintaining compliance without the use of any additional staff or consultants. In many areas the MSR requirements place additional administrative load on the Human Resources (HR) Division, but also on Managers and Supervisors within the Municipality, which requires continuous monitoring, guidance, assistance and training inevitable. With all the challenges that goes hand in hand with the MSR, one of the most important positive changes that resulted from the MSR is the legal human resources management responsibilities placed on Managers and Supervisors which were previously regarded as the responsibilities of HR Practitioners only.

In terms of the Municipal Staff Regulations a Municipal Council must determine the municipality' staff establishment, which will provide the basis for each directorate's strategic workforce and human resource planning, necessary to perform its functions.

In determining the staff establishment, Council shall consider the municipality's requirements within the available budgeted funds, including funds for the remaining period for the relevant medium-term revenue and expenditure framework and must be aligned to the municipality's Integrated Development Plan, budget, employment equity plan, skills development strategy and workplace skills plan.

Mossel Bay Municipality completed the full staff establishment review process required in Chapter 2 of the MSR in-house whereafter the final staff establishment was approved by Council on 29 June 2023 per Council Resolution E153-06/2023. The approved staff establishment is effective on 1 July 2024.

The macro structure for the 2023/2024 financial year consists of the following directorates:

Office of the Municipal Manager
Directorate Corporate Services
Directorate Financial Services
Directorate Infrastructure Services
Directorate Community Services
Directorate Planning and Economic Development
Directorate Community Safety

Legislation requires that every job on the approved staff establishment must have a written job description which may be reviewed at least once every five years following the reorganisation and permanent substantial changes to jobs. The essential requirements of all Job Descriptions were aligned to the Competency Framework for Mainstream Occupations and Career Streams as per Annexure A of the MSR which indicates the knowledge and scope of work, minimum experience, qualification and competencies required for each post on the staff establishment. The competency framework standardises essential requirements and competencies for all Municipalities and is a very useful tool for individuals in developing careers within Municipalities.

Except for aligning the essential requirements and competencies with the Competency Framework, the process to review the content of every job description started during April 2023. This is time-consuming process due to required involvement of every post incumbent, supervisor, head of division and Municipal Manager/Director. All job descriptions with significant changes to the content due to change to number of subordinates, increased accountability, increased responsibility or significant impact due to change in level within the organisation, are submitted to the regional Job Evaluation Unit for evaluation. Due to the limited TASK Job Evaluation sessions, and only one Unit per Region, the official evaluation process is not always finalized as prompt as required. The final TASK results of all job descriptions are submitted to the Local Labour

Forum for cognisance. This promotes transparency and cooperation with Trade Unions during the job evaluation process. The review of all job descriptions will be concluded during the 2024/2025 financial year.

A post on the approved staff establishment may however only be filled after the official job evaluation process is concluded.

## 3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### Introduction

The Sub-Directorate of Information and Communication Technology (ICT) is a vital part of the Mossel Bay Municipality. We provide essential support services to all departments, council members, and the wider community. This annual report highlights our achievements and ongoing efforts to deliver reliable and secure ICT services.

### Staff and Expertise

Our dedicated team consists of an ICT Manager, Project Manager, Systems Engineer, Network Engineer, IT Support Technicians, and a GIS Technician. Recognizing cybersecurity's importance, we leverage cutting-edge AI and machine learning to safeguard our networks and respond to incidents 24/7.

### Serving Our Community

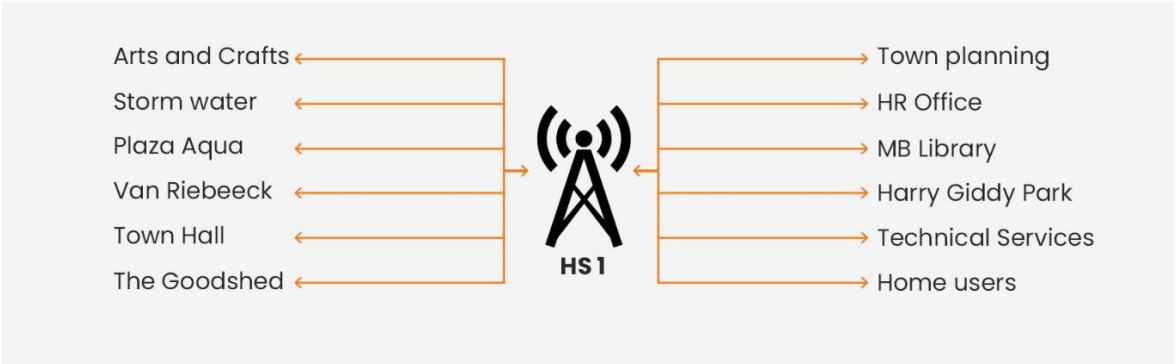
The Sub-Directorate supports various satellite offices across Mossel Bay, ensuring seamless connectivity for departments like Planning and Economic Development, Technical and Electrical Services, Traffic Services, Human Resources, Community Services, Stores, Fire Brigade, and even official residences. We manage a network of 199 radios, including 56 connecting staff working remotely. This flexibility allows for increased productivity, reduced traffic congestion, and lower office costs.

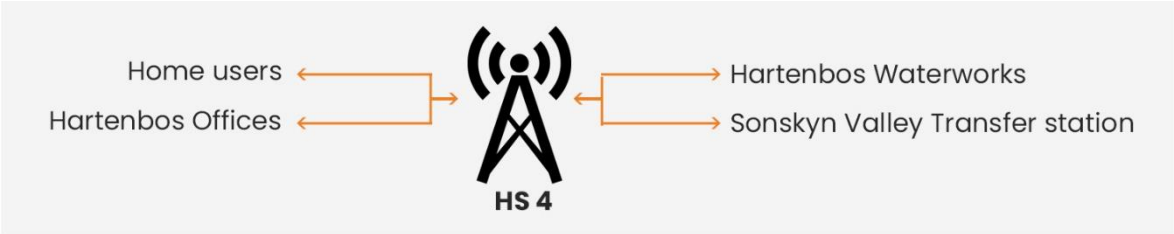
### Network Infrastructure

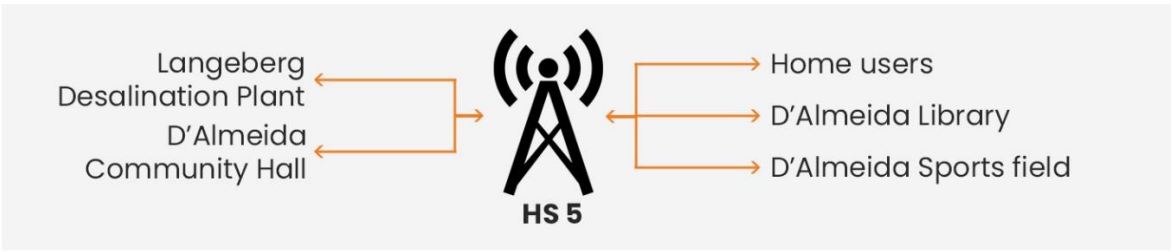
The ICT department is responsible for the planning, installation, and maintenance of a comprehensive network infrastructure spanning approximately 200 square kilometres. This network supports critical operations across numerous municipal departments, including but not limited to the Town Hall, Hartenbos Heuwels, Arts and Crafts, Harry Giddy Park, Van Riebeeck, Town Planning, Suiderkruis, Plaza, Mossel Bay Library, Great Brak Library, Great Brak Waterworks, Green Haven Library, Great Brak municipal office, Bartelsfontein, Vleesbaai, and Herbertsdale.

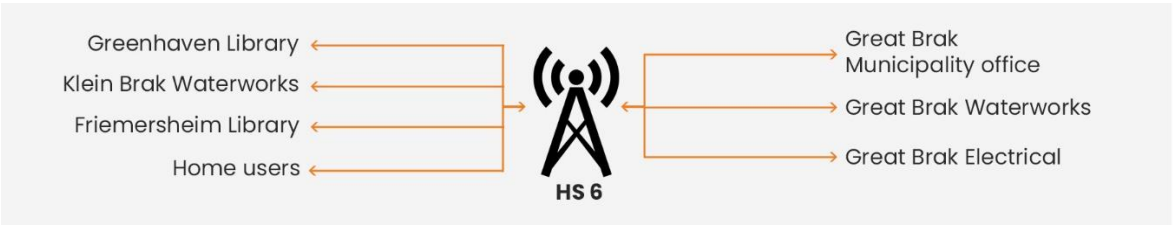
A significant milestone achieved in 2023 was the successful acquisition of a radio spectrum license in the 11GHz band. This strategic move has fortified our network backbone, mitigating interference and enhancing overall network stability for our remote offices.

A detailed network diagram illustrating the interconnectivity between these sites and their dependencies will be provided in a subsequent section to offer a comprehensive overview of our infrastructure.






**Maintaining Uptime**

Our primary goal is to provide a reliable and secure IT environment for all users. We strive for a 99.994% (five nines) uptime for all municipal systems, exceeding industry standards (98%). While a perfect 100% is our ideal, occasional challenges like hardware failures, software updates, and power outages can impact uptime. We are actively working on backup power solutions at key locations to mitigate these issues.

**Key Achievements**

- **Hardware Upgrades:** We replaced 67 user workstations, ensuring staff have the necessary equipment for optimal performance. This aligns with the Municipality's vision of delivering cost-effective and high-quality services.
- **Enhanced Council Chambers:** New audio-visual equipment upgrades in the Council Chambers improve video mixing capabilities and enable a comprehensive streaming service for public access to council meetings.
- **Backup Power Solutions:** To combat loadshedding's disruptions, backup power systems were installed at critical network sites in Hartenbos and KwaNonqaba. These systems utilize 3-phase inverters with Lithium Iron Phosphate batteries, providing uninterrupted power for up to 4 hours during outages. This solution also paves the way for future solar integration, promoting sustainability.
- **JOC High Mast Project (Ongoing):** In collaboration with police, emergency services, and community safety partners, a high mast is being installed at the Joint Operations Centre (JOC). This project, targeted for completion in May 2025, will enhance communication infrastructure for various stakeholders, leading to cost savings and improved line-of-sight communication through high-speed wireless technology.
- **Community Wi-Fi:** We continue to expand our network of Wi-Fi hotspots, providing free internet access in eight disadvantaged areas across Mossel Bay.
- **GIS Public Viewer**: The ICT department has enhanced service delivery through the launch of the Mossel Bay Public Viewer towards the end of 2023. This innovative online platform provides residents and businesses with convenient access to a range of spatial data.

Users can effortlessly explore the municipality's geography, conduct property searches, and utilize measurement tools. The Public Viewer empowers citizens to make informed decisions and contributes to a more transparent and accessible local government. The viewer is accessible through the GIS link on the Municipal website, www.mosselbay.gov.za.
While every effort is made to ensure data accuracy, the municipality cannot guarantee its absolute correctness. Users are advised to exercise their own discretion when utilizing this information.

- **Telephony System Modernization:** Recognizing the limitations of our current telephony system, a comprehensive review was conducted to identify optimal solutions. Based on the findings, a project to replace the outdated system with a modern communication platform is in the planning stages. This initiative aims to enhance communication efficiency, reduce costs, and improve overall service delivery.

- **Cybersecurity Enhancements:** In response to the evolving threat landscape, a cybersecurity audit was commissioned. The findings of this audit have informed our strategic approach to cybersecurity. We are in the process of implementing AI-driven security solutions to proactively detect and respond to threats, safeguarding our systems and data.

### Service Statistics

- **IT Infrastructure:** We manage a network of 38 servers (down from 44 due to operational efficiencies implemented), 33 corporate software packages, and support 760 users.

- **Helpdesk Support:** Our team handles an average of 260 logged calls per month, with most issues resolved within 2-4 hours, exceeding our target response time of 16 business hours.

| Employees: ICT Services | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 0 | 0 | 0 | 0% |
| **4 - 6** | 0 | 0 | 0 | 0 | 0% |
| **7 - 9** | 0 | 0 | 0 | 0 | 0% |
| **10 - 12** | 6 | 6 | 6 | 0 | 0% |
| **13 - 15** | 0 | 0 | 0 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 7 | 7 | 7 | 0 | 0% |

| Financial Performance 2024: ICT Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | 2023 | 2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| **Expenditure:** | | | | | |
| **Employees** | 3 888 | 4 737 | 4 685 | 4 464 | -6% |
| **Repairs and Maintenance** | 8 | 19 | 36 | 25 | 24% |
| **Other** | 9 891 | 8 539 | 11 743 | 10 894 | 22% |
| Total Operational Expenditure | 13 787 | 13 295 | 16 464 | 15 383 | 14% |
| Net Operational Expenditure | 13 787 | 13 295 | 16 464 | 15 383 | 14% |

| Capital Expenditure 2024: ICT Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 2 200 | 10 262 | 2 713 | 19% |
| | | | | |
| Computers (Replacements-Other) | 1 700 | 1 722 | 1 725 | 1% |
| Electronic Media for Council Chamber | – | 123 | 121 | 100% |
| Mounting Mast for Municipal 3rd Party Antennas | – | 7 993 | 443 | 100% |
| Emergency electricity to offices that is without power during loadshedding | 500 | 424 | 424 | -18% |

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Sub-Directorate of ICT remains committed to delivering exceptional ICT services to the municipality and its residents. Through dedicated staff, strategic planning, technological advancements, and a focus on cybersecurity, we are building a resilient and future-proof ICT infrastructure, to the benefit of the Municipality and its residents.

## 3.26 LEGAL SERVICES

INTRODUCTION TO LEGAL SERVICES

Legal Services reports to the Office of the Municipal Manager and ensures that all actions and decisions taken by Council and its structures are in compliance with legislation and the policy framework of Mossel Bay Municipality and the Municipal Court enhances public law and order to the benefit of the Mossel Bay community.

The six (6) Directorates of the Municipality are supported by Legal Services on a daily basis with regard to legal advice, contracts and by-laws. It provides a supportive and advisory function which strengthens the capacity of the Municipality to fulfil its legislative mandate.

Legal Services attends to and assists the Council during its monthly Council Meetings by providing advice and support. Assistance is also provided to the Speaker in relation to the implementation of the Code of Conduct for Councillors and subsequent investigations.

Legal Services is also responsible for leasing and alienation of municipal properties and various projects in this regard have been concluded and some of the highlights as indicated hereunder.

With various property developments spanning from residential, medical, retail and group housing units Legal Services assists in co-ordinating and finalising the services agreements between the Municipality and the Developer which sets out the terms and conditions upon which the developments are to be undertaken as well as stipulating the roles and responsibilities of the parties.

The Toekoms Settlement was formalised during the past financial year and transfers of residential properties are in progress to the individual beneficiaries. This enables the residents whom previously did not have property rights to be empowered and obtain legal ownership.

A servitude for the secondary access road from Dana Bay residential area to the N2 has been registered and the road is in process of being constructed.

The Municipality established a Non-Profit Company to lease and manage the Benevolent Park Facility for the Elderly and Disabled. This process was undertaken to provide assistance to the frail residents and to ensure sound financial and sustainable management of the facility to the benefit of the community.

Another Non-Profit Company was established being the Mossel Bay Conservancy Forum in terms of which it is endeavoured to co-ordinate and manage the planning and implementation of measures to improve conservation with the various conservancies in the Mossel Bay Municipal Area. This will be a trendsetting initiative to ensure preservation and conservation of natural resources.

Following the establishment of the Land Use Planning Committee the current Mossel Bay Municipality By-Law on Municipal Land Use Planning, 2021 was reviewed and amended, the Terms of Reference of the Land Use Planning Committee were determined, a Public Participation Policy for Land Use Applications was compiled and four (4) legal opinions were obtained regarding the Appeal process and other related legal matters.

The Landslip damages claim currently pending in a high court matter between several applicants and the Municipality is being defended and a trial date is expected to become available within the following financial year.

The Municipality has identified a need to acquire additional office space and following a cost-benefit analysis and due process the Council resolved to purchase Erf 4930, Montague Building in the CBD of Mossel Bay. Legal Services is currently in process of transferring the building and finalising the transaction.

Legal Services has assisted the Directorate: Infrastructure Services in relation to requesting tenders for Independent Power Producers for renewable energy sources that would benefit the greater Mossel Bay Community and mitigate the impacts of loadshedding. The tender closed during the year and the first stage of evaluation has been completed. Following completion of stage two the Municipality will finalise the application to the Minister of Mineral Resources and Energy for a Section 34 determination in terms of the Electricity Regulations to procure new generation capacity from the successful bidders.

The Municipality's Delegation of Powers and Duties is reviewed annually by Legal Services and a comprehensive review was undertaken during the year in consultation with the Human Resources Department relating to the new Municipal Staffing Regulations in order for the required delegations to be in place and practical to ensure effective administration within the Municipality.

The Municipality received an application for the establishment of a new special rating area for the De Bakke Santos residential area in terms of the Municipality's Special Rating Area By-Law. The public participation process duly commenced during January 2024 and with a majority of votes from registered owners within the proposed area Council approved the establishment of the De Bakke Santos Special Rating area during the June 2024 Council Meeting. Legal Services is currently assisting in finalising the establishment of the Special Rating Area which will function as a Non-Profit Company in terms of a Finance Agreement concluded with the Municipality.

The Regional Land Fill Site Waste Disposal Agreement was finalised and signed during the year after extensive negotiations. A Participating Municipalities Committee was established of which a member of Legal Services' serve and the aim of the Committee is to ensure an effective process for the implementation of the Waste Disposal Agreement.

Various By-Laws and policies have been reviewed which includes the By-Law relating to the Control of Undertakings that Sell Liquor to the Public, the Promotion of Access to Information Manual, all the Budget-Related Policies, the Community Halls Policy and the Procurement Preference Policy.

A new By-Law relating to Wayleaves and Electronic Communications Facilities was compiled, adopted and promulgated which is currently being implemented. A new Policy Regarding Rewards Payable for Information on Corruption, Fraud, Damage and Theft of Municipal Infrastructure was accepted by Council which allows rewards to be paid to the public after successful prosecution of reported damages, theft, vandalism and other matters pertaining to municipal infrastructure.

Legal support is provided to the Joint Operation Centre (JOC) on continuous basis and is part of the Community Safety Initiative and various agreements with relevant role players and stakeholders are entered into in this regard. Legal Services furthermore assists with municipal approval of applications from accredited neighbourhood watches, community safety forums and farm watches regarding the installation of security cameras which are linked to the JOC.

Legal Services is also closely involved in ensuring an effective and compliant procurement system. This includes being part of the Bid Specification and Bid Evaluation Committee to ensure tenders are legally compliant and implementable. Numerous tenders have been referred to Legal Services during the financial year for investigation and advice due to suspected bid-rigging or collusive bidding as well as dealing with appeals.

Legal Services also acts as presiding officers in internal disciplinary hearings on behalf of various directorates ensuring independent and objective outcomes and rulings. Legal Advisors are also involved in preparing cases relating to the contravention of the National Building Regulations and Standards Act and municipal By-Laws.

Legal Services provided assistance to negotiate and enter into various agreements in relation to festivals, events and to promote economic and social activities. This includes the extension of the Ironman event, Matriekbaai Festival and the Mossjazz held at De Bakke and Santos Beach. Legal Services also forms part of the Business and Events Committee which considers all event applications received. A process has been established whereby the Liquor By-Law Committee and Business and Events Committee are jointly considering applications to ensure a co-ordinated approach in consultation with the JOC as Mossel Bay is establishing itself as an events destination.

MUNICIPAL COURT

The Municipal Court was fully functional during the period of 1 July 2023 – 30 June 2024.
The Court is mandated to adjudicate on all traffic notices issued by Provincial and Municipal Traffic Officers, Municipal By-Laws, National Building Regulations and Building Standards Act and Business Act transgressions in the Mossel Bay jurisdiction and is in session (3) three times per week.

The Municipal Court plays an integral role in the enforcement of various By-laws and has an essential function to ensure compliance with National Road Traffic Legislation. This Constitutional mandate is accomplished through the successful prosecution of offenders. The prosecution is conducted in terms of a delegation issued by the National Prosecuting Authority.

The Municipal Court Prosecutor has been providing training sessions to newly appointed Peace Officers, Law Enforcement and Traffic Officers to ensure matters that are referred to the court and charges are formulated correctly and there is a general understanding of court procedures to render an effective service.

The Municipal Traffic Department together with Law Enforcement Officers held ad hoc warrant of arrest operations during this period to execute outstanding warrants and fines. Apart from traffic violations, matters such as failure to submit building plans, failure to apply for occupancy certificates, building contrary to approved plans, building illegal structures, failure to remove building rubble, public nuisance and keeping of animals as well as offences relating to, inter alia the seashore were heard and adjudicated on during this period.
During this period there were also charges of contravening the Mossel Bay Municipality Air Quality Control By-Law that were successfully prosecuted showing the commitment of the Municipality in the fight against air pollution.

It can be reported that the effectiveness of the Municipal Court is reflected in the notable increase in the collection of fines and cases proceeding to Court.

| Employees: Legal Service | | | | | |
|---|---|---|---|---|---|
| Job Level | 2023 | 2024 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| **0 - 3** | 0 | 1 | 1 | 0 | 0% |
| **4 - 6** | 1 | 1 | 1 | 0 | 0% |
| **7 - 9** | 1 | 4 | 4 | 0 | 0% |
| **10 - 12** | 2 | 2 | 2 | 0 | 0% |
| **13 - 15** | 3 | 4 | 4 | 0 | 0% |
| **16 - 18** | 1 | 1 | 1 | 0 | 0% |
| **19 - 20** | 0 | 0 | 0 | 0 | 0% |
| **Total** | 8 | 13 | 13 | 0 | 0% |

| Financial Performance 2024: Property; Legal; Risk Management and Procurement Services | | | | | R'000 |
|---|---|---|---|---|---|
| Details | **2023** | **2024** | | | |
| | **Actual** | **Original Budget** | **Adjustment Budget** | **Actual** | **Variance to Budget** |
| Total Operational Revenue | 10 783 | 6 787 | 6 608 | 10 496 | 35% |
| **Expenditure:** | | | | | |
| **Employees** | 11 457 | 14 364 | 13 323 | 12 752 | -13% |
| **Repairs and Maintenance** | 2 222 | 2 438 | 2 404 | 2 333 | -5% |
| **Other** | 20 508 | 12 614 | 13 560 | 14 885 | 15% |
| Total Operational Expenditure | 34 187 | 29 417 | 29 286 | 29 970 | 2% |
| Net Operational Expenditure | 23 404 | 22 630 | 22 678 | 19 474 | -16% |

| Capital Expenditure 2024: Property; Legal; Risk Management and Procurement Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Total All | 754 | 754 | 54 | -1305% |
| | | | | |
| Furniture & Office Equipment-Legal Services_New | 10 | 10 | 10 | 1% |
| Furniture & Office Equipment-Legal Services_Upgrading | 10 | 2 | 2 | -301% |
| Furniture and Office Equipment : Legal Services Planning | 10 | 17 | 17 | 42% |
| Computer Equipment | 8 | 3 | 3 | -159% |
| Fuel Management System | 700 | 700 | – | #DIV/0! |

| Capital Expenditure 2024: Property; Legal; Risk Management and Procurement Services | | | | R' 000 |
|---|---|---|---|---|
| Capital Projects | 2024 | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget |
| Furniture & Office Equipment-SCM NEW | 8 | 16 | 16 | 51% |
| Furniture & Office Equipment-SCM-Replacements | 5 | 1 | 2 | -223% |
| Furniture & Office Equipment-SCM(Replacement_L) | 3 | 3 | 3 | 7% |
| Furniture & Office Equipment-Legal Services_New | 10 | 10 | 10 | 1% |
| Furniture & Office Equipment-Legal Services_Upgrading | 10 | 2 | 2 | -301% |
| Furniture and Office Equipment : Legal Services Planning | 10 | 17 | 17 | 42% |
| Computer Equipment | 8 | 3 | 3 | -159% |
| Fuel Management System | 700 | 700 | – | #DIV/0! |
| Furniture & Office Equipment-SCM NEW | 8 | 16 | 16 | 51% |
| Furniture & Office Equipment-SCM-Replacements | 5 | 1 | 2 | -223% |
| Furniture & Office Equipment-SCM(Replacement_L) | 3 | 3 | 3 | 7% |

COMMENT ON THE PERFORMANCE OF LEGAL SERVICES OVERALL:

Legal Services provided legal support and advice services to all six directorates and the Office of the Municipal Manager throughout the year. The Department has increased its capacity during the year with the Municipal Court resorting under Legal Services from 01 July 2024. This change further strengthens the capacity of the division by adding a Municipal Prosecutor and supporting staff. The Municipal Court has performed well during the financial year as well as the larger Legal Services Department by providing complex legal opinions and advice spanning a variety of subjects to ensure that well informed decisions are taken in compliance with legislation and in the best interest of the larger Mossel Bay community.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### ORGANISATIONAL PERFORMANCE MANAGEMENT AND TOP-LEVEL SDBIP REPORT

The Mossel Bay Municipality has built on its previous achievements and has continued to make tremendous advances in improving organisational performance. This was made possible by fostering a culture of performance within its structures and has contributed immensely to the successes achieved by the organisation. This performance-driven culture would not have been made possible, if it were not for the commitment and buy-in from the top management, who remain geared to promote performance management within the Local Government sphere. The management of organisational performance is, however, not a static discipline and is constantly influenced by external as well as internal factors. Therefore, management is engaged in proactive activities to increase its readiness for anticipated changes. As the focus shifts more and more to the performance of Local Government it remains a challenge to implement and comply with changes to Legislation and Regulations that in many cases follow a singular approach, while neglecting the fact that municipalities operate within vastly different environments with a varying amount of resources. Despite facing these challenges, the Municipality has improved its organisational performance system in the following manner:

- Implementation of Performance Management System by creating an organisational culture of performance monitoring and evaluation;
- Setting Key Performance Indicators (KPI's) that are reliable, well-defined, verifiable, cost-effective;
- Appropriate and Relevant;
- The developing and setting of targets that comply with the SMART principle by being Specific;
- Measurable, achievable, relevant as well as being time-bound;
- Stronger / clear linkage between IDP, Budget, SDBIP and Annual Report;
- Regular reporting on organisational performance, to assist in the monitoring of performance and to identify instances were corrective actions may be needed; and
- The review and expansion of organisational macro and micro-structures and the filling of key posts to implement projects and programmes.

On a strategic level the overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level SDBIP) for the organisation. While on an operational level, performance is monitored via the Departmental Service Delivery Budget Implementation Plan (SDBIP) throughout the various department in the Municipality.

## TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) SCORECARD: 2023/2024:

The following is the Top-Level SDBIP scorecard for the 2023/2024 financial year:

| KEY: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| B | Extremely well met | G2 | Very well met | G | Met | O | Almost met | R | Not met |

| Municipal Manager | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL1 | Embed good governance through sound administrative practices and improved stakeholder relations | The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved | Top Layer SDBIP approved within 28 days after the Main Budget has been approved | *The 2023/2024 SDBIP approved by Mayor within legislative timeframe* | 1 | 1 | G | Top Layer SDBIP 2024/2025 approved by the Executive Mayor within legislative timeframe | Target Achieved |
| TL2 | Embed good governance through sound administrative practices and improved stakeholder relations | Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework | Percentage (%) of signed performance agreements of Section 57 managers within 14 days of approval of the SDBIP or appointment in the case of vacancies | *All Performance Agreements signed for 2022/2023* | 100% | 100% | G | All performance agreements signed within required timeframe for the 2023/2024 financial year | Target Achieved |
| TL3 | Embed good governance through sound administrative practices and improved stakeholder relations | Evaluate the performance of Section 57 managers in terms of their signed agreements | Number of formal evaluations completed per Section 57 employee | *Two (2) formal evaluation with done in Sep 2022 and Feb 2023* | 2 | 2 | G | Two (2) Formal Evaluations done in 2023/2024 financial year | Target Achieved |
| TL4 | Embed good governance through sound administrative practices and improved stakeholder relations | Evaluate the performance of Section 57 managers in terms of their signed agreements | Number of informal evaluations completed per Section 57 employee | *Two (2) informal evaluation with done in Oct 2022 and April 2023* | 2 | 2 | G | Two (2) Informal Evaluations was done in October 2023 and April 2024 | Target Achieved |
| TL5 | Embed good governance through sound administrative practices and improved stakeholder relations | Review and prioritisation of risk register | Reviewed and prioritised risk register by February | *Risk Register Reviewed and Approved by Feb 2023* | 1 | 1 | G | Risk Register reviewed and approved (FR01-02/2024) | Target Achieved |
| TL6 | Embed good governance through sound administrative practices and improved stakeholder relations | Risk based audit plan approved by Audit Committee | Risk based audit plan approved by February | *Risk based audit plan approved on 28 Feb 2023* | 1 | 1 | G | Risk based audit plan approved by Audit Committee | Target Achieved |
| TL7 | Embed good governance through sound administrative practices | Functional performance audit committee measured by means of | Number of meetings | *Four (4) meetings held that dealt with* | 2 | 5 | B | Five (5) meetings held that dealt with performance reports in 2023/2024 | Target Extremely well met |

| Municipal Manager | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | and improved stakeholder relations | meetings where committee dealt with performance reports | | *performance reports in 2022/2023* | | | | | |
| TL8 | Embed financial viability and sustainability through good financial management principles and practices | The % of the Municipality's capital budget spent on capital projects identified in the IDP, measured as the Total actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x 100 | The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2023/24 financial year<br><br>***[The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2022/23 financial year]*** | *84.82% op capital budget spent*<br><br>*Roll-overs have been applied for. In-year monitoring to be intensified and discussed at Executive Management.* | 90% | 76.38% | O | 76.38% of capital budget spent, a decreased in restoration costs of landfill sites in the current year contributed to under expenditure | Roll-overs have been applied for. In-year monitoring to be intensified and discussed at Executive Management. |
| TL9 | Embed financial viability and sustainability through good financial management principles and practices | Operational conditional grant spending measured by the percentage (%) spent | Percentage (%) of the grant spent i.t.o. budget allocations | *61,41% Operational conditional grant spent*<br><br>*Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management.* | 90% | 70.99% | O | 70.99% Operational conditional grant spent | Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management. |
| TL10 | Embed financial viability and sustainability through good financial management principles and practices | Capital conditional grant spending measured by the percentage (%) spent | Percentage (%) of the grant spent i.t.o Budget allocations | *73.23% of capital conditional grants spent*<br><br>*Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management.* | 90% | 61.00% | R | 61.00% of capital conditional grants spent | Roll-overs to be applied for if necessary to ensure projects are completed. In-year monitoring to be intensified and discussed at Executive Management. |
| TL11 | Embed good governance through sound administrative practices and improved stakeholder relations | Compliance with all the relevant legislation tested annually | Two (2) or less material findings in the Auditor General's Audit report on non-compliance with laws and regulations | *No findings on compliance with relevant legislation* | 2 | 0 | B | Zero (0) Finding on compliance with laws and regulations | Target Extremely well met |
| TL12 | Embed financial viability and sustainability through | Submit final Annual Report and oversight | Final Annual Report and oversight report of council | *Submitted within legislative deadline and* | 1 | 1 | G | Annual Report submitted within prescribed | Target Achieved |

| Municipal Manager | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | good financial management principles and practices | report of council before legislative deadline | completed and submitted within legislative deadline | *approved without reservations (E63-03/2023)* | | | | legislative timeframes and approved by Council without reservations | |
| TL13 | Embed good governance through sound administrative practices and improved stakeholder relations | Limit misstatements in the Audit of Predetermined Objectives | Two (2) or less material findings in the Auditor General's audit report on Predetermined Objectives | *Zero findings on predetermined objectives* | 2 | 0 | B | Zero findings on Predetermined Objectives | Target Extremely well met |
| TL14 | To facilitate economic and tourism development to the benefit of the town and all residents | The number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programmes for the period. | Number of people temporary employed in the EPWP programs. | *Total of 1211 work opportunities created for 2022/2023* | 605 | 1002 | B | 1002 work opportunities created for the 2023/2024 financial year | Target Extremely well met |

| Financial Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL15 | Embed financial viability and sustainability through good financial management principles and practices | Financial statements submitted by 31 August | Financial statements submitted to Auditor General | *Financial Services: AFS submitted by 31 August 2022* | 1 | 1 | G | AFS submitted on 31 August 2023 | Target Achieved |
| TL16 | Embed financial viability and sustainability through good financial management principles and practices | The main budget is approved by Council by the legislative deadline | Approval of Main Budget before the end of June annually | *Main Budget tabled 30 May 2023 (E121-05/2023)* | 1 | 1 | G | Council meeting held on 31 May 2024, and approved Main Budget | Target Achieved |
| TL17 | Embed financial viability and sustainability through good financial management principles and practices | The adjustment budget is approved by Council by the legislative deadline | Approval of Adjustments Budget before the end of February annually | *Adjustment Budget approved 27 Feb 2023* | 1 | 1 | G | Adjustment budget approved on 28 February 2024 (E1102/2024) | Target Achieved |
| TL18 | Embed financial viability and sustainability through good financial management principles and practices | Maintain a Year to Date (YTD) debtors payment percentage of 95% (excluding traffic services) | Payment percentage (%) of debtors over 12 months rolling period | *Payment percentage of 96.12% an improvement over the prior year* | 95% | 95.06% | G2 | Payment percentage of 95.06% over 12 months rolling period | Target very well met |
| TL19 | Embed financial viability and sustainability through good financial management principles and practices | Financial Viability measured in terms of Cost coverage ratio for 2022/2023 financial year<br><br>***[Financial Viability measured in terms of Cost coverage ratio for 2021/2022 financial year]*** | Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure | *Cost coverage ratio of 8.13* | 6.22 | 7.89 | G2 | Cost Coverage ratio of 7.89 | Target very well met |
| TL20 | Embed financial viability and sustainability through good financial management principles and practices | Financial Viability measured in terms of debt coverage ratio for 2022/2023 financial year<br><br>***[Financial Viability measured in terms of debt coverage ratio for 2021/2022 financial year]*** | Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year | *Debt coverage ratio of 48,49* | 40.02 | 40.11 | G2 | Debt coverage ratio of 40.11 | Target very well met |
| TL21 | Embed financial viability and sustainability through good financial management principles and practices | Maintaining an acceptable Long Term Debt as a percentage of revenue as set out in the Borrowing Funds and Reserves Policy | Long Term Debt as percentage of revenue: Calculated as Total long term debt/Total Operating Revenue - | *Long Term Debt as a percentage of revenue at 13,60%* | 19% | 14.78% | B | Long Term Debt as a percentage of revenue at 14.78% | Target Extremely well met |

| Financial Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | | | Conditional Grants and Transfers x 100 | | | | | | |
| TL22 | Embed financial viability and sustainability through good financial management principles and practices | Sound financial management by maintaining an acceptable Liquidity Ratio | Liquidity Ratio: Calculated as Monterrey Assets (Current Assets - Inventory)/ Current Liabilities | *Liquidity Ratio of 2.3* | 1.59 | 1.96 | G2 | Liquidity Ratio of 1.96 | Target very well met |
| TL23 | Embed good governance through sound administrative practices and improved stakeholder relations | Achieve an Unqualified audit opinion on the Annual Financial Statements | Unqualified Financial Audit as reported by Auditor General | *2021/22 financial audit was unqualified.* | 1 | 1 | G | Received Unqualified with no findings Audit Report for the 2022/2023 financial year | Target Achieved |

| Corporate Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL24 | Embed good governance through sound administrative practices and improved stakeholder relations | Completion of the IDP/Budget process with the development and approval of the IDP/Budget process plan by end August annually | # IDP/Budget process plan submitted | *IDP/Budget process plan submitted* | 1 | 1 | G | Plan submitted to Council under item E203-8/2023 | Target Achieved |
| TL25 | To maintain a skilled, capable and diverse workforce in a good working environment | The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100. | The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan | *Seven appointments were made, of which four were not in line with the EE plan. Two out of the four however, carried into effect section 15(3) of the EE Act, which excludes quotas as an affirmative action measure for designated groups. The remaining two appointments were made in terms of the recruitment policy, which provides for deviation for internal candidates.*<br><br>*During the first round of recruitment the EE Plan and section 15(3) of the EE Act (in that order) serve as primary considerations. Operational efficiency and cost implications however need to be considered during consecutive rounds.* | 80% | 66.67% | O | 66.67% of appointments made in terms of the Employment Equity targets for the three highest level. Significant improvement from 42.86% in the 2022/2023 financial year. | During the first round of recruitment the EE Plan and section 15(3) of the EE Act (in that order) serve as primary considerations. Operational efficiency and cost implications however need to be considered during consecutive rounds. |
| TL26 | To maintain a skilled, capable and diverse workforce in a good working environment | Ensure the implementation of the Local Government: Municipal Staff Regulations by reporting to Council on the progress and actions taken to ensure adherence to the Staff Regulation | Number of progress reports submitted to Council | *New KPI* | 1 | 0 | R | Report was not submitted by March 2024, the report that was however submitted before the end of the financial year, ensuring inclusive feedback for the full reporting year. | Report was submitted in the Council meeting of June 2024 (E156-06/2024) Council has been informed regarding the progress regarding the Staffing regulations. |

| Corporate Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL27 | To maintain a skilled, capable and diverse workforce in a good working environment | The percentage (%) of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100 | Percentage (%) of budget spent on scheduled training within the financial year | *99.65% of training budget spent.* | 90% | 101.92% | G2 | 101.92% of training budget spent, target was well achieved; value for money improved by revising training tender specifications to allow for the final 25% payment to take place after receipt of certificates. | Target very well met |
| TL28 | Embed good governance through sound administrative practices and improved stakeholder relations | IDP reviewed and approved by Council before the end of June | IDP approved by the end of June annually | *Submitted to Council on 31 May 2023.* | 1 | 1 | G | IDP approved by Council E81-05/2024 | Target Achieved |

| Community Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL29 | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Sports Grounds are maintained measured by the percentage (%) of the maintenance budget spent | Percentage (%) of Sport Grounds repairs and maintenance budget spent | *85,01% of maintenance budget spent*<br><br>*All maintenance projects completed. A few projects could not be done due to 5 weeks continuous rain. Funds not spent is savings.* | 90% | 94.77% | G2 | 94.77% of maintenance budget spent | Target very well met |
| TL30 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective maintenance of Refuse Removal assets i.t.o approved budget | Percentage (%) of Refuse Removal repairs and maintenance budget spent | *89,27% of maintenance budget spent*<br><br>*All maintenance projects completed. Funds not spent is savings.* | 90% | 87.26% | O | 87.26% of maintenance budget spent | All required maintenance were done. Projects completed and is the rest savings. |
| TL31 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective Management of Waste Management and Pollution Control Services measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Waste Management and Pollution Control Services division | *140,25% of budget spent*<br><br>*Including provision for rehabilitation provision.* | 92.50% | -212.67% | R | The underspending is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites. | The underspending is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites. |
| TL32 | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Effective Management of Library Services measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Library division | *97,99% of budget spent* | 92.50% | 70.90% | O | 70.90% of budget spent | At 30 June, 92% of budget was committed. Roll over Adjustment Budget was approved and projects will be completed in 2024/2025 Financial Year |
| TL33 | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Effective Management of Horticulture & Recreation department measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Horticulture & Recreation division | *85,97% of budget spent*<br><br>*95% of the budget for was committed however, 5 weeks rain resulted in some projects not to be completed before year end and will be rolled over. The projects will be completed in the next financial year.* | 92.50% | 37.21% | R | 37.21% of budget spent | At 30 June, 92% of budget was committed. Projects rolled over: - Pinnacle Cemetery R2,5m (due to consultant and tender process). Also multi-year project. - Hard courts R2,4m (no appointment could be made after 5 tender processes) - R90 000 for appointment of |

| Community Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | | | | | | | | | consultant after new consultants tender that should have been place in July 2023, could not awarded before June 2024. - Sonskynvallei rugby field upgrade approximately R2m due to CSI project from mine company being delayed by the National Department of Minerals |
| TL34 | To provide recreational facilities and opportunities and programmes aimed to facilitate and promote community development and social cohesion | Effective Management of Community Development department measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Community Development division | *72.26% of budget spent*<br><br>*5 weeks rain resulted in some projects not to be completed R147 000 will be rolled over and completed in the 2023/2024 financial year.* | 92.50% | 96.47% | G2 | 96.47% of budget spent | Target very well met |
| TL35 | Embed good governance through sound administrative practices and improved stakeholder relations | Effective Management of Thusong Centre department measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Thusong Centre division | *New KPI* | 92.50% | 69.00% | R | 69% of budget spent | At 30 June, 90% of budget was committed. Chairs were bought and carpets were replaced as capital expenditure and the it had to be changed to operational expenditure at the end of June. There were no time to spend the extra funds on something else. |
| TL36 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Conduct a study to evaluate the methods of the provision of refuse removal services in informal areas to determine efficiencies that could be implemented | Number of reports describing the results and recommendations on the provision of refuse removal services in informal areas submitted to Executive Management | *New KPI* | 1 | 0 | R | Report not submitted by March 2024, by was submitted in July 2024 | While not on time Executive Management did receive the report. |
| TL37 | Create an inclusive, responsive, and healthy environment conducive | Provision of free basic refuse removal and solid waste disposal service | Number of indigent account holders service points receiving free | *Provision of free basic refuse removal and solid waste disposal to 10 369* | 10 200 | 10 599 | G2 | Provision of free basic refuse removal and solid waste disposal service points to 10 599 | Target very well met |

| Community Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | for living and sustainable growth | points to registered indigent account holders | basic refuse removal monthly | *registered indigent account holders* | | | | registered indigent account holders | |
| TL38 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of refuse removal and solid waste disposal service points to all residential account holders | Number of formal residential service points account holders for which refuse is removed at least once a week | *Provision of refuse removal and solid waste disposal to 37 886 residential account holders* | 38 250 | 38 592 | G2 | Provision of refuse removal and solid waste disposal service points to 38 592 residential account holders | Target very well met |

| Planning & Economic Development | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL46 | To manage land-use and development in line with the Spatial Development Framework | Development of the Municipal Spatial Development Framework | Reviewed SDF submitted to Council as part of the reviewed IDP | *Planning and Integrated Services: On target (June 2023)* | 1 | 1 | G | On target | Target Achieved |
| TL47 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of sanitation services to informal area by means of serviced sites as part of the UISP | Number of serviced sites completed in informal areas as part of the UISP | *New KPI* | 247 | 82 | R | A total of 82 serviced sites completed during 2023/2024 Financial Year.<br><br>Project delayed due to social issues, but ultimately resolved after intervention and project could commence. | This is a multi year project and will continue in the 2024/2025 Financial Year. As at June 2023 the Sinethemba site is at 45% and well underway. |
| TL48 | To maintain a skilled, capable and diverse workforce in a good working environment | The maintenance of the Municipal Buildings measured by the percentage (%) of budget spent of the approved budget for Municipal Buildings | Percentage (%) spent of maintenance budget as per approved budget for Municipal Buildings | *91,89% of budget spent*<br><br>*Due to late changes of assets from operational to capital, whereby maintenance to those assets could no longer proceed from the operational votes, underperformance by contractors to do some maintenance work and some work that could not be completed within the financial year due to on-site and other circumstances. All maintenance work to continue in the new financial year.* | 92.50% | 97.59% | G2 | 97.59% of maintenance budget spent an improvement over the 2023/2024 Financial Year | Target very well met |
| TL49 | To manage land-use and development in line with the Spatial Development Framework | Effectively dealing with Council's land assets | Report to Council on the leasing, alienation and transfer of property on a Bi-Annual basis. | *Submitted to Council* | 2 | 2 | G | Reports submitted to Council | Target Achieved |

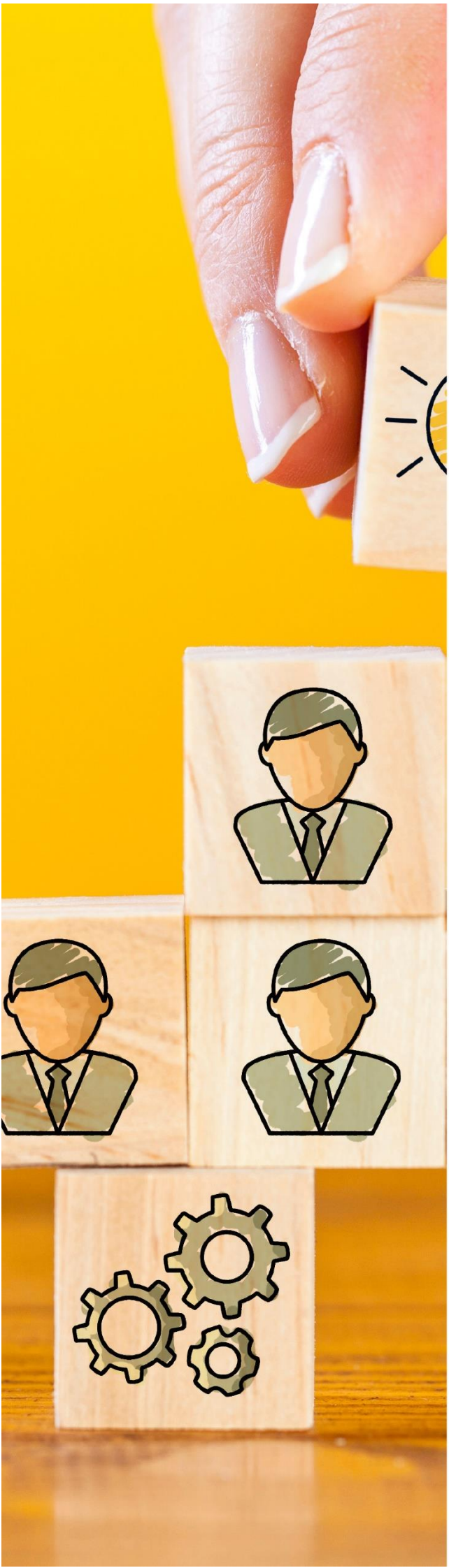
| Infrastructure Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL50 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Electricity capital spending measured by the percentage (%) of budget spent | Percentage (%) spent of approved electricity capital projects | *95.09% of electricity capital budget spent* | 92.50% | 96.36% | G2 | 96.36% of electricity capital budget spent | Target very well met |
| TL52 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective management of electricity provisioning systems evaluated i.t.o. electricity losses | Percentage (%) of electricity losses calculated on a twelve month rolling period as kWh sold/kWh purchased | *Electricity losses of 13.34% calculated over a twelve month period* | 12% | 14.11% | R | Electricity losses of 14.11% | Regular meter audits to be undertaken in conjunction with Finance. More disconnection operations with POPS for the removal of Illegal supplies at informal settlements. Old/obsolete meters to be replaced. |
| TL53 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses | Percentage (%) water losses calculated based on the methodology set out in the Department of Water Affair's - Water Balancing Report | *Water losses of 13.16%* | 17% | 15.96% | B | Water losses of 15.96% for 2023/2024 | Target Extremely well met |
| TL54 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Excellent water quality measured by the quality of water as per SANS 241 criteria | Percentage (%) water quality level as per SANS 241 criteria as measured annually | *95.06% as per SANS criteria* | 95% | 95.25% | G2 | 95.25% as per the SANS criteria | Target very well met |
| TL55 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Sewerage capital spending measured by the percentage (%) of budget spent | Percentage (%) spent of approved budget of sewerage capital projects as per approved budget | *94.29% of Sewerage capital budget spent* | 90% | 89.06% | O | 89.06% of budget spent, very close to target | 1. Main Sewer Network between Great Brak and Glentana - R119 891.33 excl VAT not spent. Wayleave delay and property owner did not want extra tanks on his property this made that design changes had to be implemented at the last minute. 2. Upgrading of Greatbrak WWTW - R2 942 751.88 excl VAT not spent. Long lead times for equipment ordered from overseas. 3. Upgrading Regional WWTW - R 1 626 |

| Infrastructure Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | | | | | | | | | 315.09 excl VAT not spent. Unforeseen delays due to rain and draining of water as well as excess sludge from the maturation pond. 4. Replace Sewer lines From Mossel Bay to Hartenbos - R 4 314 825.66 excl VAT not spent. Preferred bidder decided to withdraw from tender after the award was made. A tender price negotiation process had to be followed to appoint the alternative tenderer resulting in further delays. |
| TL56 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Water capital spending measured by the percentage (%) of budget spent | Percentage (%) spent of approved water capital projects as per approved budget | *89.07% of water capital budget spent* | 90% | 90.61% | G2 | 90.61% of water capital budget spent | Target very well met |
| TL57 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Municipal Streets and stormwater capital spending measured by the percentage (%) of budget spent | Percentage (%) spent of approved Streets and Stormwater capital projects as approved budget | *89.96% of Streets and Stormwater capital budget spent. Additional MIG funding was received re-programming of projects has to be done.*<br><br>*Projects are furthermore multi-year projects that will be fully expended after roll-over approvals. Close monitoring of in-year expenditure to be increased.* | 90% | 81.27% | O | 81.27% of budget spent | Underspending due to the public contribution amount under the Wassenaar Street Upgrade project must be adjusted from R10 520 426 to R 756 114. |
| TL58 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of free basic electricity service points to indigent account holders connected to the municipal electrical infrastructure network | Number of indigent account holders service points receiving free basic electricity which are connected to the | *Provision of free basic electricity to 13 344 indigent account holders connected to the municipal electrical infrastructure network* | 13 500 | 13 783 | G2 | Provision of free basic electricity service points to 13 783 indigent account holders connected to the | Target very well met |

| Infrastructure Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | | | municipal electrical infrastructure network | | | | | municipal electrical infrastructure network | |
| TL59 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of electricity service points to formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering | Number of service points of formal residential account holders connected to the municipal electrical infrastructure network | *Provision of electricity to 36 404 formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering* | 40 250 | 36 769 | O | Provision of electricity service points to 36 769 formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering | Year on year improvement, but anticipated target did not materialise. Close monitoring to take place in the 2024/2025 Financial year |
| TL60 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of electricity service points to informal residential account holders in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering | Number of residential pre-paid meters registered on the Promun Financial system in the designated informal areas | *Provision of electricity to 3 768 informal residential account holders in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering* | 3 750 | 4 067 | G2 | Provision of electricity service points to 4 067 informal residential account holders in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering | Target very well met |
| TL61 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of free basic sanitation service points to indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) | Number of indigent account holders service points receiving free basic sanitation in terms of Equitable share requirements. | *Provision of free basic sanitation services to 9949 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)* | 10 000 | 10 180 | G2 | Provision of free basic sanitation service points to 10 180 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) | Target very well met |
| TL62 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of sanitation service points to residential account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the | Number of residential account holders which are billed for sewerage service points in accordance with the Promun financial system. | *Provision of sanitation services to 31840 residential account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).* | 32 250 | 32 511 | G2 | Provision of sanitation service points to 32 511 residential account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the | Target very well met |

| Infrastructure Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| | | number of water closets (toilets). | | | | | | number of water closets (toilets). | |
| TL63 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water service points to indigent account holders which are connected to the municipal water infrastructure network | Number of indigent service points account holders receiving free basic water. | *Provision of clean piped water to 10 267 indigent account holders which are connected to the municipal water infrastructure network* | 10 250 | 10 557 | G2 | Provision of clean piped water service points to 10 557 indigent account holders which are connected to the municipal water infrastructure network | Target very well met |
| TL64 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water service points to formal residential account holders which are connected to the municipal water infrastructure network. | Number of formal residential account holders billed for clean piped water service points in accordance with the Promun financial system | *Provision of clean piped water to 38081 formal residential account holders which are connected to the municipal water infrastructure network.* | 38 250 | 39 269 | G2 | Provision of clean piped water to 39 269 formal residential account holders which are connected to the municipal water infrastructure network. | |
| TL65 | Create an inclusive, responsive, and healthy environment conducive for living and sustainable growth | Provision of clean piped water service points to informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system. | Number of water meters, measuring water to informal areas through communal taps | *Provision of clean piped water to informal areas by means of 79 water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system.* | 79 | 78 | O | Provision of clean piped water service points to informal areas by means of 78 water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system. | To be investigated and monitored in 2024/2025 |

| Community Safety | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Ref | Strategic Objective | KPI Name | Unit of Measurement | Performance 2022-2023 | Performance 2023-2024 | | | | |
| | | | | | Target | Actual | R | Performance Comment | Corrective Measures |
| TL39 | To render efficient environmental health and disaster management services | Annual Review of the Disaster Management Plan by end January | Plan completed and submitted to Council | *Council approved the review for the Disaster Management Plan - E296-11/2022* | 1 | 1 | G | Disaster Management Plan was approved in 2023 October - Council Resolution E307-11/2023 | Target Achieved |
| TL40 | To provide efficient public safety and law enforcement services | Protection of Council property by conducting illegal Land invasion patrols | Number of land invasions patrols conducted | *New KPI* | 480 | 8 674 | B | Target well met | Target Extremely well met |
| TL41 | To provide efficient public safety and law enforcement services | Inform Council on the progress made with the establishment of Tactical Unit | Report submitted to Council on the Establishment of a Tactical Unit | *New KPI* | 2 | 1 | R | Target Missed in the first half of 2023/2024 - Report prepared and served to the first council meeting in February 2024. | Although the first target was missed no further action can be taken – Council is up to date with the progress made with the unit. |
| TL42 | Embed good governance through sound administrative practices and improved stakeholder relations | Ensure regular reporting to Council by submitting Quarterly Financial Reports of JOC NPC to Council | Number of JOC NPC Reports submitted to Council | *New KPI* | 4 | 3 | O | Target missed in the first quarter of 2023/2024. Council Item E306-11/2023 - submitted in November 2023 and Council Item E110-06/2024 in June 2024 | Regular reporting in place to ensure that Council remains well informed |
| TL43 | To render efficient environmental health and disaster management services | Effective Management of Environmental Management and Conservation Division measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Environmental Management and Conservation Division | *72,74% of Environmental Management and Conservation budget spent*<br><br>*Delays with capital projects experienced, to be completed in the next financial year.* | 92.50% | 96.13% | G2 | 96.13% of budget spent | Target very well met |
| TL44 | To provide efficient public safety and law enforcement services | Effective Management of Community Safety Division (Traffic and Law Enforcement) measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Community Safety division | *91,29% of Community Safety budget spent*<br>*Delays with capital projects experienced, to be completed in the next financial year.* | 92.50% | 92.90% | G2 | 92.90% of budget spent | Target very well met |
| TL45 | To provide efficient public safety and law enforcement services | Effective Management of Fire, Rescue & Disaster Management Service measured by percentage (%) of Capital Budget spent | Percentage (%) of approved capital budget spent for Fire, Rescue & Disaster Management Service division | *71,07% of Fire, Rescue & Disaster Management budget spent*<br>*Delays with capital projects experienced, to be completed in the next financial year.* | 92.50% | 94.98% | G2 | 94.98% of budget spent | Target very well met |



# 4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

## (PERFORMANCE REPORT PART II)

This Chapter deals with municipal personnel, management and capacitating of the workforce as well as the expenditure on personnel.

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

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

As indicated in the tables below, staff turnover has decreased marginally in comparison to the last financial year but is still higher than the financial year ending 2022.

Note that only permanently appointed staff were taken into consideration in compiling the below data.

During the period under review (2023/2024) all employees were requested to complete EEA 1 forms to ensure that the latest and accurate information with regards to the disability status of all employees are captured on the system for reporting purposes and explains the difference between total current and previous periods' persons with disabilities.

The workforce profile as at end of June 2024 and as reported for employment equity purposes is detailed in the table below:

| | African Male | Coloured Male | Indian Male | White Male | African Female | Coloured Female | Indian Female | White Female | Total | People with Disabilities |
|---|---|---|---|---|---|---|---|---|---|---|
| **2021/2022** | 199 | 376 | 4 | 116 | 72 | 130 | 1 | 55 | 953 | 7 |
| **2022/2023** | 205 | 373 | 4 | 116 | 80 | 136 | 1 | 57 | 972 | 7 |
| **2023/2024** | 212 | 405 | 3 | 112 | 90 | 140 | 1 | 60 | 1023 | 13 |

*Figures exclude staff appointed on a temporary basis*

The table below indicates the staff movement (new appointments, promotions and terminations) within the past 3 financial years, including the 2023/2024 financial year. These figures are only based on permanent posts.

The recruitment section of the table indicates new appointments into posts, whereas the promotions section refers to internal employees who were, in terms of the internal recruitment process, appointed in posts that are higher in pay, responsibility and organisational level.

From the table below, it is hence clear that the appointment of new employees is the highest in the past three years, promotions the 2nd highest in the past 3 years, with the amount of terminations from permanent posts the same as the 2022/2023 financial year.

| | African Male | Coloured Male | Indian Male | White Male | African Female | Coloured Female | Indian Female | White Female | Total |
|---|---|---|---|---|---|---|---|---|---|
| **RECRUITMENT** | | | | | | | | | |
| 2021/2022 | 14 | 25 | 0 | 4 | 8 | 7 | 0 | 3 | 61 |
| 2022/2023 | 18 | 32 | 0 | 7 | 12 | 13 | 0 | 5 | 87 |
| 2023/2024 | 21 | 46 | 1 | 15 | 13 | 11 | 0 | 7 | 114 |
| **PROMOTIONS** | | | | | | | | | |
| 2021/2022 | 3 | 15 | 0 | 3 | 2 | 8 | 0 | 0 | 31 |
| 2022/2023 | 11 | 20 | 0 | 8 | 5 | 2 | 0 | 6 | 52 |
| 2023/2024 | 16 | 22 | 0 | 7 | 0 | 3 | 0 | 1 | 49 |
| **TERMINATIONS** | | | | | | | | | |
| 2021/2022 | 13 | 21 | 0 | 3 | 4 | 3 | 0 | 3 | 47 |
| 2022/2023 | 12 | 27 | 0 | 7 | 2 | 5 | 0 | 2 | 55 |
| 2023/2024 | 10 | 18 | 1 | 11 | 4 | 13 | 0 | 1 | 55 |

| TURN-OVER RATE | | | |
|---|---|---|---|
| Details | Total Appointments as of beginning of Financial Year | Terminations during the Financial Year | Turn-over Rate |
| 2022 | 61 | 47 | 4.93% |
| 2023 | 87 | 55 | 5.66% |
| 2024 | 114 | 55 | 5,37% |

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

An effective and efficient workforce is the key to excellent service delivery and plays a crucial role in reaching the Municipality's targets and to fulfil its mandate. The principles of recruitment and selection ensures the employment of a competent and knowledgeable workforce. Mossel Bay Municipality is proud to be in possession of a sound and transparent Recruitment Policy which forms the pillar of its recruitment and selection processes. The policy is reviewed regularly to ensure compliance with relevant legislative requirements.

The Municipal Staff Regulations requires that the Manager responsible for human resources, together with the Skills Development Facilitator and Senior Management should determine the skills needs of the municipality on an annual basis. The purpose of the analysis is to ensure that the current as well as future skills needs, and skills gaps are identified and addressed.

SUCCESSION PLANNING & RETAINMENT OF CRITICAL AND SCARCE SKILLS

During the 2023/2024 reporting period an age analysis indicated an expected loss of critical institutional knowledge and scarce skills over the next 5 years due to ageing employees in critical posts and/or on divisional/senior management level. The Human Resources Division took initiative and developed a Succession Planning process guided by the MSR and identified about twenty (20) posts that fall within this category. This process will ensure a pipeline of internal candidates who will be developed and groomed for participation in the recruitment process should the posts become vacant or to perform the duties in the absence of the current incumbent.

A Process Plan for the Succession Planning Programme was compiled and workshopped with Executive Management, Heads of Divisions, Trade Unions and Employees to obtain inputs in the envisaged plan to retain and/or transfer critical skills of current employees. The Talent Management Committee, with the Director Corporate Services as Chairperson, monitor and serve as the vehicle for strategic discussion and decisions around talent management, succession planning, career pathing, coaching and mentoring as well as retention and scarce skills related matters and challenges in the Municipality.

Interviews with employees who applied for participation in the process will be concluded during August 2024 whereafter Year 1 of the programme will kick off.

The buy-in and support from Executive Management, responsibility of the Director Corporate Services to report to Council on progress made with the project, continuous consultation with all stakeholders which includes Executive Management, Managers, Trade Unions and employees, and transparency are some of the key elements for the success of the programme thus far. Mossel Bay Municipality is excited to see how this programme evolve over the next few years and to share best practices with other Municipalities which can maybe contribute to retaining critical skills in local government.

### 4.2 POLICIES

The below table provides an overview of Human Resources policies approved by Council:

| | Name of Policy | Status |
|---|---|---|
| 1 | Acting Appointments | Approved by Council |
| 2 | Catering Policy | Approved by Council |
| 3 | Cell Phone Policy | Approved by Council |
| 4 | Code of Conduct Political Activities by Municipal Employees | Approved by Council |
| 5 | Covid-19 Policy | Approved by Council |
| 6 | Disability Policy | Approved by Council |

| | Name of Policy | Status |
|---|---|---|
| 7 | Dress Code and Personal Appearance Policy | Approved by Council |
| 8 | EAP Policy | Approved by Council |
| 9 | Employment Equity Policy | Approved by Council |
| 10 | Education, Training & Development Policy | Approved by Council |
| 11 | Exit Management Policy | Approved by Council |
| 12 | External Study Bursaries Policy | Approved by Council |
| 13 | Farewell Policy | Approved by Council |
| 14 | Gender Equality Policy | Approved by Council |
| 15 | Gift Policy | Approved by Council |
| 16 | HIV/AIDS Policy | Approved by Council |
| 17 | Induction and Onboarding Policy | Approved by Council |
| 18 | Leave Policy | Approved by Council |
| 19 | Membership and registration of dependents on accredited medical funds | Approved by Council |
| 20 | OHS Policy | Approved by Council |
| 21 | Overtime Policy | Approved by Council |
| 22 | Payment of Membership Fees for Professional Bodies | Approved by Council |
| 23 | Performance Management and Development Policy | Approved by Council |
| 24 | Placement Policy | Approved by Council |
| 25 | Policy for Payment of Danger Allowance for Tactical, Traffic & Law Enforcement Officers | Approved by Council |
| 26 | Policy on the Prevention and Elimination of Harassment in the Workplace | Approved by Council |
| 27 | Private Work Policy | Approved by Council |
| 28 | Probation Policy | Approved by Council |
| 29 | Protected Disclosures Policy | Approved by Council |
| 30 | Rations Policy | Approved by Council |
| 31 | Recognition of Long Service Leave | Approved by Council |
| 32 | Recruitment Policy | Approved by Council |
| 33 | Remuneration Policy | Approved by Council |
| 34 | Rental Subsidy Policy | Approved by Council |
| 35 | Retirement Policy and Procedure | Approved by Council |
| 36 | Reward and Recognition Policy | Approved by Council |
| 37 | Scarce Skills and Retention Policy | Approved by Council |
| 38 | Sexual Harassment Policy | Approved by Council |
| 39 | Smoking Policy | Approved by Council |
| 40 | Social Media Policy | Approved by Council |
| 41 | Student and Internship Policy | Approved by Council |
| 42 | Study Aid Policy | Approved by Council |
| 43 | Succession Planning and Career Pathing Policy | Approved by Council |
| 44 | Task Job Evaluation Policy | Approved by Council |
| 45 | Telephone Policy | Approved by Council |
| 46 | Travel and Subsistence Policy | Approved by Council |
| 47 | Unauthorised Absence Policy | Approved by Council |
| 48 | Vehicle Transport Allowance Perk Scheme Policy | Approved by Council |
| 49 | Work from Home Policy | Approved by Council |

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Policies, procedures, and guidelines provide guidance for fair and consistent staff treatment but are not cast in stone and are therefore revised regularly. Trade Unions are invited to participate in the review process during a formal workshop as well as within the Local Labour Forum.

The Policy Register, which contains a list of all approved Policies as well as the responsible Policy Owner, assist with the management of HR Policies. Policy Owners (field specialists) are responsible for the regular revision and alignment with relevant legislative, collective agreements and internal procedures.

All new policies and policy amendments must be approved by Council before implementation.

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Employees have a duty to report all incidents/injuries on duty (IOD's) to their employer as soon as practicable possible, but not later than the end of the particular shift during which the incident occurred, as per the OHSA Sec.14(e). Injuries on Duty (IOD's) are reported to the OHS section who then records the incidents on a register which serves as an item on the agenda

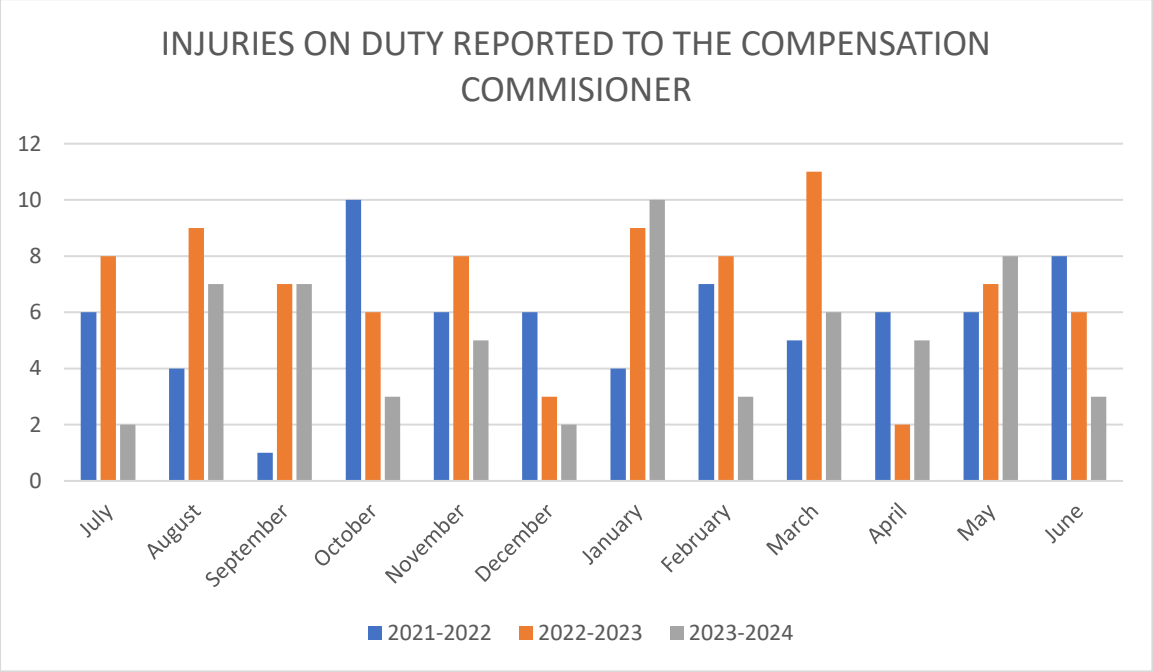
for the Monthly H&S Committee meetings. Discussing IOD's in a forum such as the H&S Committee Meeting is crucial to create awareness and identify necessary corrective-/preventative actions necessary to prevent incidents form recurring in the future. HOD's, being the experts in their area of work, are appointed as the Incident Investigators for their respective departments. HOD's are responsible to complete an Incident Investigation Report (Annexure 1) within 7 days from the date of incident, as required by the applicable legislation (OHSA & COIDA). The OHS section submits all IOD related documentation (e.g. WCl.2, -3, -4, -5 and -6 forms) to the Compensation Commissioner via online platform called Compeasy for compensation claims to be adjudicated and processed.

When an employee is booked off due to an IOD, the leave will not be captured as regular sick leave, but as IOD leave, which is claimable as per the COIDA.

Occupational diseases are also reported to the Compensation Commissioner, with the necessary documentation (e.g. WCl.1, CCl.14 and WCl.22) also being loaded onto Compeasy for claims to be processed.

Injuries on duty and Occupational Diseases reported to the Compensation Commissioner comparative year-on-year statistics as follows:

| Injuries And Diseases Reported to The Compensation Commissioner | | | |
|---|---|---|---|
| MONTH | 2021-2022 | 2022-2023 | 2023-2024 |
| July | 6 | 8 | 2 |
| August | 4 | 9 | 7 |
| September | 1 | 7 | 7 |
| October | 10 | 6 | 3 |
| November | 6 | 8 | 5 |
| December | 6 | 3 | 2 |
| January | 4 | 9 | 10 |
| February | 7 | 8 | 3 |
| March | 5 | 11 | 6 |
| April | 6 | 2 | 5 |
| May | 6 | 7 | 8 |
| June | 8 | 6 | 3 |
| **TOTAL IOD'S** | **69** | **84** | **61** |




**INJURIES ON DUTY (01/07/2021 – 30/06/2022)**

| Type of injury | Total IOD Leave Days Taken | Total Number of Employees using IOD leave |
|---|---|---|
| **Basic Medical Attention** | 911.8 | 53 |
| **Temporary Disablement** | 89 | 8 |
| **Permanent Disablement** | 0 | 0 |
| **Total** | **1000.8** | **56** |

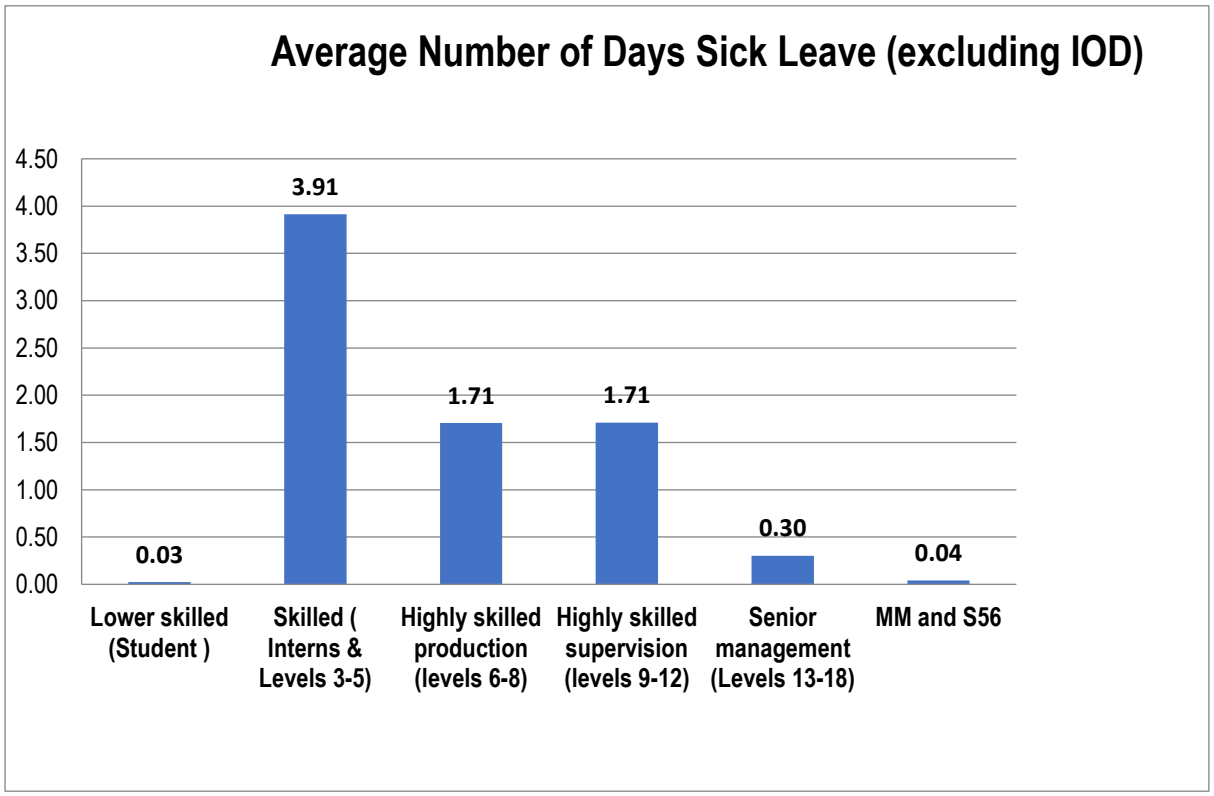
**INJURIES ON DUTY (01/07/2022 – 30/06/2023)**

| Type of injury | Total IOD Leave Days Taken | Total Number of Employees using IOD leave |
|---|---|---|
| **Basic Medical Attention** | 885.8 | 65 |
| **Temporary Disablement** | 17 | 5 |
| **Permanent Disablement** | 0 | 0 |
| **Total** | **902.8** | **69** |

**INJURIES ON DUTY (01/07/2023 – 30/06/2024)**

| Type of injury | Total IOD Leave Days Taken | Total Number of Employees using IOD leave |
|---|---|---|
| **Basic Medical Attention** | 910.2 | 51 |
| **Temporary Disablement** | 55.25 | 7 |
| **Permanent Disablement** | 0 | 0 |
| **Total** | **965.45** | **56** |

| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post | Average sick leave per Employees |
|---|---|---|---|---|---|
| | Days | % | No. | No. | Days |
| **Lower skilled (Student)** | 27 | 32% | 5 | 25 | 0,03 |
| **Skilled (Levels Intern, 3-5)** | 4247 | 95% | 412 | 518 | 3,91 |
| **Highly skilled production (levels 6-8)** | 1852 | 60% | 219 | 247 | 1,71 |
| **Highly skilled supervision (levels 9-12)** | 1857 | 102% | 187 | 222 | 1,71 |
| **Senior management (Levels 13-18)** | 329 | 130% | 46 | 66 | 0,30 |
| **MM and S56** | 43 | 38% | 5 | 7 | 0,04 |
| **Total** | 8355 | 76% | 874 | 1085 | 7,70 |




COMMENT ON INJURY AND SICK LEAVE:

The Employee Assistance Practitioner audit sick leave taken by employees on a quarterly basis which focusses on employees who used more than 12 days sick leave within a calendar year. Consultation sessions with these employees are conducted to determine the cause of the high sick leave usage whereafter the severity of the medical conditions or diagnoses determines the process to follow. The audit is an effective tool to identify sick leave misuse and substandard performance due to medical reasons in which event the Employer provides assistance where needed to ensure that service delivery is not affected by absence due to sick leave.

These sessions may result in the identification of permanent disabilities, temporary disabilities, misuse of sick leave, adjustment of duties if possible or alternative placement if needed and possible.

Even though the sick leave is monitored constantly, the use of sick leave is still very high. A total of 8355 days sick leave was taken by 874 employees during the reporting period. Sick leave taken until finalization of disability claims, which may take months in some instances, are included in the sick leave total of 8355. Contractual/temporary employees are also included in these statistics.

| Disciplinary Action Taken on Cases of Financial Misconduct | | | |
|---|---|---|---|
| **Position** | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalised |
| **None** | | | |

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

During the reporting period, there were four (4) suspensions as a Pre- Cautionary Suspensions Pending a Disciplinary Hearing and/or finalization of an investigation in terms of the provisions of clause 16.1 of the Disciplinary Procedure Collective Agreement.

| Pre-cautionary Suspensions for the Period 1 July 2023 to 30 June 2024 | |
|---|---|
| 12 July 2023 | 1 |
| 10 August 2023 | 1 |
| 31 August 2023 | 1 |
| 20 September 2023 | 1 |
| TOTAL | 4 |

# COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

## 4.4 SKILLS DEVELOPMENT AND TRAINING

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Every employee in the organisation should be encouraged and given the opportunity to learn, develop their skills and knowledge to the maximum of their capacity. Capacity development activities make a major contribution to the successful attainment of organisation's objectives and investment in it benefits all the stakeholders of the organisation.

In accordance with the new Municipal Staff Regulation which came into effect on 01 July 2022, a municipality must support its staff members by:

a) Clarifying the skills required for jobs, identifying relevant skills needs and developing opportunities to satisfy the skills needs
b) Identify new skills knowledge required by staff to support their career growth and progression
c) Creating learning opportunities which will allow their staff to develop the skills and expertise to enable them to compete effectively for placement in new or vacant posts.

The regulation further states that the municipality must focus on developing priority skills through:
a) Structured learning programmes which may include learnerships, apprenticeships etc.
b) Structured on-the-job learning and development which may include professional coaching and mentoring of staff by supervisors, creation of work exposure, work shadowing and professional development programmes.

To this end, the framework for individual learning is provided by Personal Development Plans (PDP's) that focus on self-managed learning and are supported by coaching, mentoring and formal training.

Mossel Bay Municipality also conducted a perception-based assessment completed by managers for their subordinates. The aim was to gather insights into employee's skills and competencies from a managerial perspective, identify potential gaps, and formulate targeted strategies for a skill development and performance improvement. Managerial perception plays a crucial role in assessing the capabilities and potential of employees. This skills audit aimed to leverage manager's insights into the strengths and weaknesses of their subordinates, facilitating a more comprehensive understanding of the organisation's skills landscape.

In accordance with the Municipal Staff Regulations (MSR), municipalities are obliged to conduct skills audits once every five-years within 24-months from the election of the new council of a municipality. The MSR also stipulates that the training committee must consult, and make recommendations to the municipal council, on:

a) proposed improvements to skills audit processes
b) findings and priorities emerging from the skills audit presented by management

In light of the above, the municipality has embarked on initiating an employee skills audit that was concluded on 31 October 2023 which comprise of:

1. Biographical audits, which includes information on the education qualifications and experience of staff members (sub-regulation 48 (2)(a) of the MSR)
2. Perception based assessments (sub-regulation 48 (2)(b) of the MSR); and
3. Evidence based assessments (sub-regulation 48 (2)(c) of the MSR.

The skills audit utilised a combination of surveys and one-on- one interviews conducted by managers and HR. The national "GAPSKILL" survey questionnaire of the Department of Cooperative Governance & Traditional Affairs (COGTA) was utilised for the Skills Audit. A concerted effort was made to persuade all employees and managers to participate in the skills audit process and as a result a 100% return on submission was achieved. The municipality continues to review PDPs on an annual basis as stipulated in the MSR.

Considering the above, Acts that regulate skills development in local government play a vital role and provide a new approach in terms of capacitating the municipal workforce which in the end benefits both the employer and employee.

Section 68(1) of the Municipal Systems Act states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act.

It further states that a municipality may in addition to any provision for a training levy in terms of the Skills Development Levies Act, 1999, make provision in its budget for the development and implementation of training programmes.

The Acts that regulate Skills Development and Training which includes the Skills Development Act, No. 97 of 1998, the Skills Development Levies Act, No 9 of 1999, the Employment Equity Act, the NQF Act in conjunction with the National Skills Development Strategy seek to attain a skilled and capable workforce that shares in and contributes to the benefits and opportunities of economic expansion and an inclusive growth path.

Mossel Bay Municipality has taken reasonable steps towards compliance with the Municipal Staff Regulations in respect of skills development planning which involves conducting skills needs analysis by making use of the approved systems for generating skills audits and personal development plans (PDP's), implementation, and review processes. The municipality has initiated the structured on-the-job learning and development which includes Succession Planning & Career Pathing, Coaching & Mentoring and Talent Management as part of ongoing commitment to organisational development and ensuring the continued success of Mossel Bay Municipality. This is new and unexplored but essential process to develop and retain critical skills in local government, and the municipality specifically because this is where the interest of Council, Management, every employee, and residents of Mossel Bay Municipality lies. In terms of key components of Succession Planning, the following guidelines and criteria have been set in respect of the planning process:

1. Identification of critical posts that may become vacant
2. Determining and prioritising focus areas considering posts identified in (1) above according to short-term (2-5 years) and medium long-term (5-10 years) demand taking into consideration budget constraints.
3. Identification of talented individuals to participate in Succession Planning process.

A mentorship programme will be established to facilitate knowledge transfer and provide guidance to individuals identified as part of the Succession Plan. Throughout the process, the municipality is committed to maintaining open and transparent communication by providing regular updates to keep employees informed of the progress and any relevant changes to the process. The municipality intends to measure and evaluate the success of the programme and will implement processes that will continuously improve the programme.

Mossel Bay Municipality has thus far taken reasonable steps towards compliance with the Municipal Staff Regulations in respect of skills development planning which involves conducting skills needs analysis by making use of the approved systems for generating skills audits and personal development plans (PDP's), implementation, and review processes and is also embarking on implementation of the structured on-the-job learning and development which includes Succession Planning & Career Pathing, Coaching & Mentoring and Talent Management.

**SKILLS MATRIX**

The below table sets out the Skills Matrix:

| Skills Matrix | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees in post as at 30 June 2024 | Number of skilled employees required and actual as at 30 June 2024 | | | | | | | | | | | |
| | | | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | No. | Actual: End of 2023 | Actual: End of 2024 | 2024 Target | Actual: End of 2023 | Actual: End of 2024 | 2024 Target | Actual: End of 2023 | Actual: End of 2024 | 2024 Target | Actual: End of 2024 | Actual: End of 2024 | 2024 Target |
| **MM and s57** | Female | 2 | 0 | 1 | n/a | 0 | 0 | n/a | 1 | 0 | n/a | 1 | 1 | n/a |
| | Male | 5 | 0 | 1 | n/a | 0 | 0 | n/a | 5 | 0 | n/a | 5 | 1 | n/a |
| **Councillors, senior officials and managers** | Female | 19 | 0 | 0 | n/a | 0 | 11 | n/a | 4 | 0 | n/a | 4 | 11 | n/a |
| | Male | 53 | 1 | 2 | n/a | 0 | 7 | n/a | 19 | 6 | n/a | 20 | 15 | n/a |
| **Technicians and associate professionals** | Female | 59 | 0 | 1 | n/a | 6 | 8 | n/a | 19 | 4 | n/a | 25 | 13 | n/a |
| | Male | 139 | 0 | 3 | n/a | 19 | 27 | n/a | 17 | 90 | n/a | 36 | 120 | n/a |
| **Professionals** | Female | 26 | 1 | 3 | n/a | 3 | 2 | n/a | 9 | 6 | n/a | 13 | 11 | n/a |
| | Male | 27 | 1 | 9 | n/a | 0 | 0 | n/a | 6 | 4 | n/a | 7 | 2 | n/a |
| **Sub total** | Female | 105 | 1 | 5 | n/a | 9 | 21 | n/a | 33 | 10 | n/a | 43 | 36 | n/a |
| | Male | 225 | 2 | 15 | n/a | 19 | 34 | n/a | 47 | 100 | n/a | 68 | 138 | n/a |
| **Total** | | **330** | **3** | **20** | | **28** | **55** | | **80** | **110** | | **111** | **174** | |

**SKILLS DEVELOPMENT AND TRAINING**

To comply with Section 10 of the Skills development Act 97 of 1998, Local Government SETA requires the submission of a Workplace Skills Plan (WSP) on 30 April annually. The WSP is an indicator of all training planned for, which is validated by an annual training report at the end of the financial year, stating what training took place.

Mossel Bay Municipality developed a Workplace Skills Plan (WSP) process plan which outlines the implementation and / or scheduling of the WSP for the financial year, 2023/2024. The WSP endorsement and sign off meeting with Education, Training & Development Committee (ETD) was held on 24 April 2023. Through numerous robust stakeholder engagements, Mossel Bay Municipality managed to secure the endorsement of WSP on 24 April 2023.

In the year under review, Mossel Bay Municipality invested R 1 433 201,00 into our employee development to improve the knowledge, skills, and experience of our employees to achieve the municipality's strategic objectives.

The implementation phase which encompasses training priority needs identified per directorate as depicted on the Workplace Skills Plan for the 2023/24 financial year has commenced on 01 July 2023 and was finalised on 30 June 2024.

The Municipality implemented several skills development related programmes including:

- Graduate internship programme
- Work integrated learner (WIL) programme
- Study Assistance programme
- National Treasury Municipal Minimum Competency Levels programme

Mossel Bay Municipality offered various interventions related to programmes within the domain of succession and career planning. Internal officials are granted opportunities on an annual basis to further develop themselves and pursue studies in undergraduate and postgraduate courses. Mossel Bay Municipality has provided financial assistance to 12 officials in the amount of R152 231,00 allocated during 2023/24 financial year.

Internship opportunities have been offered to promote the development of skills in specific areas to encourage growth in skills availability and to assist learners obtain practical exposure to the world of works. A total of eleven (11 unemployed graduates were engaged on a three-year internship programme whilst five (5) work integrated learners received experiential training for the duration of 12 to 18 months as part of their curriculum.

Local Government SETA has awarded various allocations for the learnership programmes as indicated below via the Discretionary Grant Funding for the period, 2023/2024 financial year. The following learnership programmes are in progress:

- NC: Water & Wastewater Treatment Process Operations, NQF Level 2
- NC: Water & Wastewater Treatment Process Control, NQF Level 3
- FETC: Water & Wastewater Treatment Process Control Supervision, NQF Level 4
- Occupational Certificate: Fire Fighter, NQF Level 4
- Occupational Certificate: Electrician, NQF Level 4

Learning interventions to enhance the skills, knowledge and attitude of employees were implemented during the 2023/2024 financial year, which comprises of Short Courses, Skills Programme that are unit standard linked,

the training programmes are competency based as well as AET, learnership and apprenticeship programmes that leads to an NQF registered qualification.

The table below is the demographic information in terms of race, gender and number of training interventions and beneficiaries:

| Type of Learning Programme | Number of interventions | Beneficiaries of Training (18.1 & 18.2) | Race | | | | Gender | |
|---|---|---|---|---|---|---|---|---|
| | | | A | C | W | I | M | F |
| **Skills Programme & Short Courses** | 38 | 539 | 155 | 324 | 60 | 0 | 442 | 97 |
| **Learnership** | 5 | 40 | 5 | 22 | 12 | 1 | 32 | 8 |
| **Apprenticeship (Artisan Development) /ARPL** | 1 | 11 | 3 | 8 | 0 | 0 | 11 | 0 |
| **Bursaries** | 1 | | | | | | | |
| | 1 | 12 | 4 | 5 | 3 | 0 | 2 | 10 |

The table below indicates the total number of employees trained in an accredited structured learning intervention as well as training programmes implemented in the year under review.

| Type of Learning Programme (eg.Learnership, Internship | Name of Learning Programme | No. of Learners | Current Status | Source of funding |
|---|---|---|---|---|
| **Skills Programme** | Conflict Management, SAQA US 114226, NQF Level 5 | 10 | Completed | Municipal Training Budget |
| **Skills Programme** | Effective Communication Skills, SAQA US 12433, NQF Level 5 | 26 | Completed | Municipal Training Budget |
| **Skills Programme** | Safe Application of Herbicides (Novice & Refresher), SAQA US ID 123134, NQF Level 1 | 50 | Completed | Municipal Training Budget |
| **Skills Programme** | Advanced Report Writing, SAQA US ID 110023, NQF Level 4 | 11 | Completed | Municipal Training Budget |
| **Skills Programme** | Examiner for Driving Licenses Grade F-L | 2 | Completed | Municipal Training Budget |
| **Skills Programme** | Customer Care/Frontline Service, SAQA US ID 242829, NQF Level 4 | 19 | Completed | Municipal Training Budget |
| **Skills programme** | Operating regulations for High Voltage System, SAQA US ID 242766, NQF Level 4 | 15 | Completed | Municipal Training Budget |
| **Skills Programme** | Peace Officer Training, SAQA US ID 377224, NQF Level 4 | 15 | Completed | Municipal Training Budget |
| **Skills programme** | MS EXCEL, Basic, Intermediate & Advance, SAQA US ID 116937, 116940 & 116943 | 25 | Completed | Municipal Training Budget |
| **Skills programme** | Working at Heights, SAQA US ID 229998, NQF Level 1 | 11 | Completed | Municipal Training Budget |

| Type of Learning Programme (eg.Learnership, Internship | Name of Learning Programme | No. of Learners | Current Status | Source of funding |
|---|---|---|---|---|
| **Skills Programme** | Confined Space Entry, SAQA US ID 254064 | 13 | Completed | Municipal Training Budget |
| **Skills Programme** | Brush Cutter Operator (Novice & Refresher), SAQA US ID 264182, NQF Level 2 | 34 | Completed | Municipal Training Budget |
| **Skills Programme** | Chainsaw Operator (New & Refresher), SAQA US ID 264195 & 117058, NQF Level 2 | 69 | Completed | Municipal Training Budget |
| **Skills Programme** | First Aid Level 1, SAQA US ID 119567 | 53 | Completed | Municipal Training Budget |
| **Skills Programme** | First Aid Level 2 & 3, SAQA US ID 120496 & 376480 | 4 | Completed | Municipal Training Budget |
| **Short Course** | Transporting Dangerous Goods (Novice & Refresher) | 17 | Completed | Municipal Training Budget |
| **Short Course** | Basic Rigging & Slinging | 27 | Completed | Municipal Training Budget |
| **Short Course** | Code EB Assessment | 5 | Completed | Municipal Training Budget |
| **Short Course** | Code EB Learner License | 19 | Completed | Municipal Training Budget |
| **Short Course** | Presentation of a Cricket Grounds Maintenance | 15 | Completed | Municipal Training Budget |
| **Short Course** | Learner License, Code EC & EC1 | 29 | Competed | Municipal Training Budget |
| **Short Course** | Driving License, Code EC & EC1 | 20 | Completed | Municipal Training Budget |
| **Short Course** | Local Government Women Leadership Development Programme | 2 | Completed | SALGA |
| **Workshop** | OHS Practitioners Training | 1 | Completed | SALGA |
| **Learnership** | Municipal Minimum Competency Levels | 20 | Completed | LG SETA Mandatory Grant |
| **Learnership** | NC: Water & Wastewater Treatment Process Operations, SAQA US ID 58951, NQF Level 2 | 5 | In progress | LG SETA Discretionary Grant |
| **Learnership** | NC: Water & Wastewater Treatment Process Control, SAQA US ID 60190, NQF Level 3 | 6 | In progress | LG SETA Discretionary Grant |
| **Learnership** | FETC: Water & Wastewater Treatment process Control Supervision, SAQA US ID 61709, NQF Level 4 | & | In progress | LG SETA Discretionary Grant |
| **Learnership** | OC: Fire Fighting, SAQA US ID 98991, NQF Level 4 | 2 | In progress | LG SETA Discretionary Grant |

| Type of Learning Programme (eg.Learnership, Internship | Name of Learning Programme | No. of Learners | Current Status | Source of funding |
|---|---|---|---|---|
| **ARPL** | OC: Electrician, SAQA US ID 91761, NQF Level 4 | 11 | In progress | LG SETA Discretionary Grant |
| **Bursaries** | B Com (General) | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Bachelor of Accounting | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Bachelor of Arts: Law | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | NC in Public Administration | 2 | | Internal Study Bursary Assistance Programme |
| **Bursaries** | Bachelor of Commerce in Project Management | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Bachelor of Arts in Development Studies | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Bachelor of Business Administration | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Diploma in Accounting Science | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Advanced Diploma in Public Accountability | 1 | In progress | Internal Study Bursary Assistance Programme |
| **Bursaries** | Higher Certificate in Management | 1 | In progress | Internal Study Bursary Assistance Programme |

**SKILLS DEVELOPMENT AND TRAINING BUDGET ALLOCATION**

The tables below indicate the budget allocation and total spent on skills development and training:

| Year | | Total Allocate | Total Spent | % Spent |
|---|---|---|---|---|
| **2022/2023** | Training & Skills Development | R1 280 970,00 | R1 305 554.81 | 101.92% |
| | Bursaries | R152 231,00 | R152 502,00 | 100% |

**MFMA COMPETENCIES**

In terms of Section 83 (1), 107 and 119 of the Municipal Financial Management Act (MFMA), the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007 as well as in the Municipal Minimum Competency Amendment

issued via Government Gazette No 41996, dated 26 October 2018 which must be read in conjunction with the Regulation.

The table below provides a depiction of the status of the Minimum Competency Levels which illustrates the financial competency development progress as required by the regulation.

| Financial Competency Development: Progress Report | | | | | | |
|---|---|---|---|---|---|---|
| **Description** | **A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))** | **B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)** | **Consolidated : Total of A and B** | **Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d))** | **Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))** | **Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))** |
| **Financial Officials** | | | | | | |
| ***Accounting officer*** | 1 | 0 | 1 | 0 | 1 | 1 |
| ***Chief Financial officer*** | 1 | 0 | 1 | 0 | 1 | 1 |
| ***Senior managers*** | 5 | 0 | 5 | 0 | 5 | 4 |
| ***Any other financial officials*** | 4 | 0 | 4 | 0 | 0 | 3 |
| **Supply Chain Management Officials** | | | | | | |
| ***Heads of supply chain management units*** | 1 | 0 | 1 | 0 | 0 | 1 |
| ***Supply chain management senior managers*** | 7 | 0 | 7 | 0 | 0 | 7 |
| **TOTAL** | **19** | **0** | **19** | **0** | **7** | **17** |

To date, a total of 91 employees are fully competent and have met the requirements of the regulation and the existing officials are in process of filling gaps for full compliance

| Skills Development Expenditure | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Management level | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development 2024 | | | | | | | |
| | | | Learnerships | | Skills programmes & other short courses | | Other forms of training | | Total | |
| | | No. | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual |
| **MM and S57** | Female | 2 | | 11224 | | 0 | | 0 | | 11224 |
| | Male | 5 | | 11224 | | 0 | | 0 | | 11224 |
| **Legislators, senior officials and managers** | Female | 19 | | 0 | | 23959 | | 0 | | 23959 |
| | Male | 53 | | 22447 | | 17774 | | 0 | | 40221 |
| **Professionals** | Female | 26 | | 33671 | | 7740 | | 0 | | 41411 |
| | Male | 27 | | 101013 | | 0 | | 0 | | 101013 |
| **Technicians and associate professionals** | Female | 59 | | 11224 | | 16089 | | 3700 | | 31013 |
| | Male | 139 | | 33671 | | 49371 | | 339835 | | 422878 |
| **Clerks** | Female | 120 | | 0 | | 86964 | | 3700 | | 90664 |
| | Male | 25 | | 0 | | 24303 | | 0 | | 24303 |
| **Service and sales workers** | Female | 28 | | 0 | | 18116 | | 36293 | | 54409 |
| | Male | 91 | | 0 | | 27725 | | 61226 | | 88952 |
| **Plant and machine operators and assemblers** | Female | 3 | | 0 | | 1126 | | 25951 | | 27078 |
| | Male | 102 | | 0 | | 19149 | | 91904 | | 111053 |
| **Elementary occupations** | Female | 50 | | 0 | | 9718 | | 4450 | | 14168 |
| | Male | 339 | | 0 | | 20437 | | 199234 | | 219671 |
| **Sub total** | Female | 306 | | 56119 | | 163712 | | 74094 | | 293925 |
| | Male | 782 | | 168356 | | 158760 | | 692200 | | 1019315 |
| **Total** | | **1088** | **0** | **224474** | **0** | **322471,73** | **0** | **766294** | **1280970** | **1313239,82** |

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

In terms of Section 83 (1), 107 and 119 of the Municipal Financial Management Act (MFMA), the Accounting Officer, Senior Managers, the Chief Financial Officer, Non-Financial Managers and other Financial Officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007 as well as in the Municipal Minimum Competency Amendment issued via Government Gazette No 41996, dated 26 October 2018 which must be read in conjunction with the Regulation.

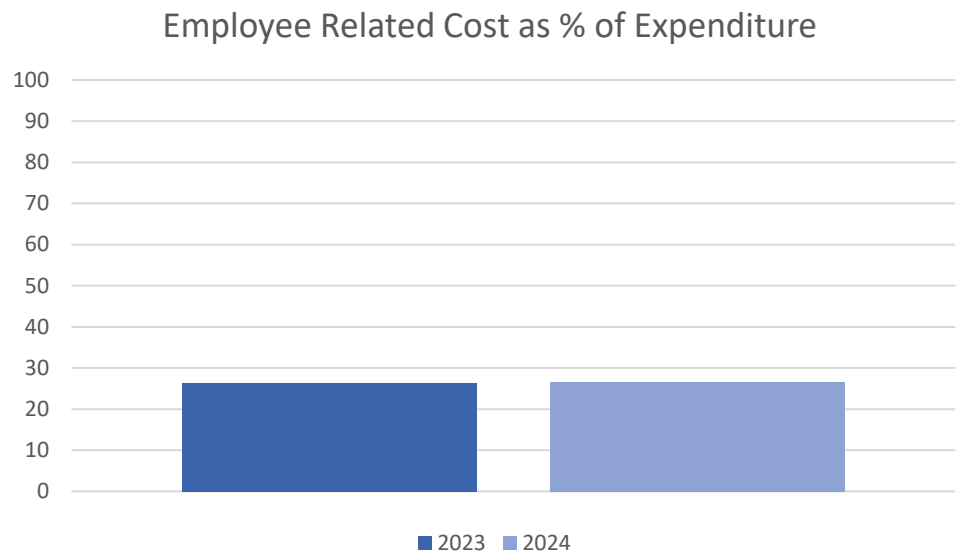
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The management of employee expenditure is an important function in every organisation, and the Mossel Bay Municipality is no exception. Effective management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

### 4.5 EMPLOYEE EXPENDITURE

Employee expenditure as a percentage of total operating expenditure measure extent of remuneration to total operational expenditure. National Treasury proposes a norm range of between 25% and 40% for the ration of employee related costs to total expenditure. The graph below provides a comparison of employee related costs between 2023 and 2024:



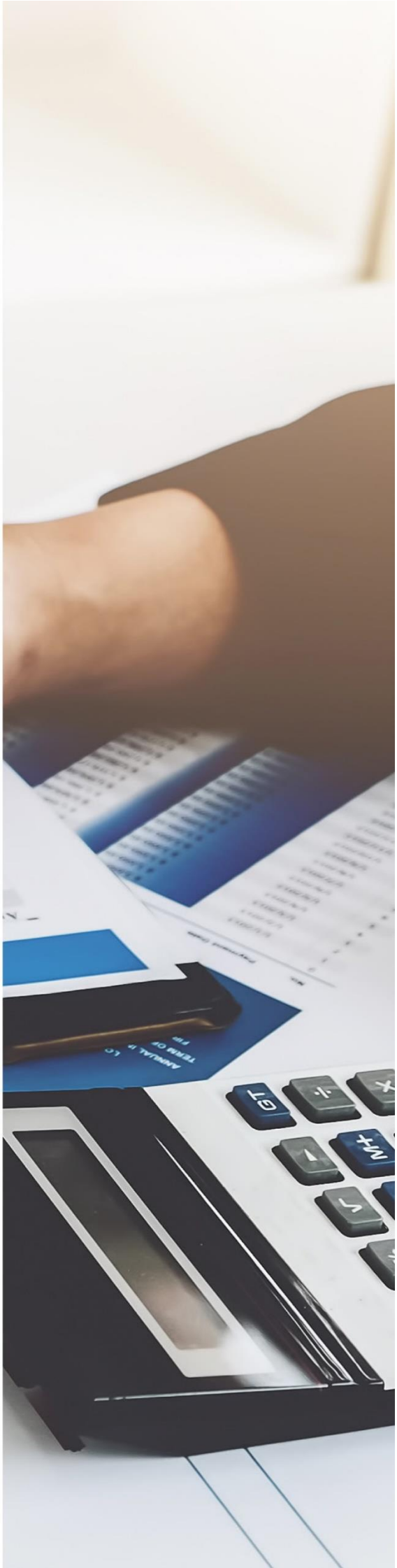

The percentage of employee related cost has increased from 26.40% in 2023 to 26.60% in 2024. The municipality operates well below the norm set by National Treasury

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

When a post is evaluated, employees whose existing basic salary is higher than the new T.A.S.K. grade maximum retain their existing basic salary scale on a personal to holder basis. If the post becomes vacant, the post is advertised on the evaluated TASK grade.

| Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation | | | | |
|---|---|---|---|---|
| **OCCUPATION** | **Nr of Employees** | **Remuneration Level** | **TASK** | **Reason for Deviation** |
| **Administrator** | 1 | C8 | T9 | |
| **Artisan: Electrician** | 2 | C7 | T10 | |
| **Artisan: Mechanic** | 1 | C9 | T10 | |
| **Assistant Accountant** | 1 | C7 | T11 | |
| **Assistant Librarian** | 1 | C9 | T9 | |
| **Chief Clerk** | 1 | C9 | T8 | |

| Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation | | | | |
|---|---|---|---|---|
| **OCCUPATION** | **Nr of Employees** | **Remuneration Level** | **TASK** | **Reason for Deviation** |
| **Executive Secretary** | 2 | C9 | T7 | **Post incumbent retain current salary on contractual-to-holder basis when a post is evaluated on a lower T-grade after the official TASK Job Evaluation Process. When post becomes vacant, vacant post is advertised on evaluated T-Grade.** |
| **Fire Fighter** | 7 | C9 | T8 | |
| **Fire Fighter** | 3 | C10 | T8 | |
| **Library Assistant** | 4 | C10 | T6 | |
| **Principal Clerk** | 4 | C9 | T7 | |
| **Principal Clerk: Typist** | 1 | C8 | T7 | |
| **Process Controller** | 1 | C8 | T7 | |
| **Secretary** | 1 | C9 | T7 | |
| **Senior Administrative Officer** | 1 | C6 | T11 | |
| **Senior Clerk** | 2 | C9 | T6 | |
| **Senior Clerk** | 11 | C10 | T6 | |
| **Senior Clerk** | 1 | C8 | T6 | |
| **Senior Process Controller** | 1 | C9 | T8 | |
| **System Engineer** | 1 | C6 | T11 | |
| **Tractor Driver** | 1 | C11 | T6 | |
| **Traffic Officer** | 1 | C8 | T9 | |
| **Typist** | 1 | C10 | T5 | |
| **Total** | 51 | | | |



# 5 FINANCIAL PERFORMANCE

## (PERFORMANCE REPORT PART I)

Chapter 5 contains information regarding financial performance and highlights specific accomplishments.

The chapter comprises of the following three components:

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

# CHAPTER 5 – FINANCIAL PERFORMANCE

## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

### 5.1 STATEMENT OF FINANCIAL PERFORMANCE

**Mossel Bay Municipality**
**Annual Financial Statements for the year ended June 30, 2024**

**Statement of Financial Performance**

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | 29 | 956 380 563 | 860 432 908 |
| Construction contracts | 4 | 1 074 523 | 1 251 298 |
| Rental of facilities and equipment | 30 | 12 628 276 | 12 694 951 |
| Agency services - Provincial Traffic | 64 | 8 227 836 | 8 148 171 |
| Interest received - outstanding debtors | | 11 170 209 | 6 983 413 |
| Interest received - external investments | 31 | 66 215 723 | 55 085 669 |
| Other income | 32 | 56 079 350 | 58 744 187 |
| **Total revenue from exchange transactions** | | **1 111 776 480** | **1 003 340 597** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation revenue** | | | |
| Availability charges | 33 | 26 235 510 | 24 354 026 |
| Property rates | 34 | 218 627 359 | 192 123 229 |
| Interest earned - outstanding property rates | | 1 140 463 | 895 873 |
| Licences and Permits | | 1 387 858 | 1 317 174 |
| **Transfer revenue** | | | |
| Government grants & subsidies recognised | 35 | 226 300 535 | 223 750 921 |
| Public contributions and donations | 36 | 84 618 481 | 4 911 124 |
| Fines, Penalties and Forfeits | 37 | 23 883 237 | 26 235 304 |
| **Total revenue from non-exchange transactions** | | **582 193 443** | **473 587 651** |
| **TOTAL REVENUE** | | **1 693 969 923** | **1 476 928 248** |
| **EXPENDITURE** | | | |
| Employee related costs | 38 | 399 734 954 | 370 069 039 |
| Remuneration of councillors | 39 | 14 418 812 | 13 413 696 |
| Depreciation, amortisation and asset impairment | 40 | 150 487 986 | 139 160 416 |
| Bad debts written off | 41 | 19 382 743 | 78 907 504 |
| Finance costs | 42 | 26 641 709 | 13 592 954 |
| Bulk purchases | 43 | 523 177 552 | 436 942 993 |
| Contracted services | 44 | 181 431 363 | 167 226 789 |
| Transfers and subsidies paid | 45 | 10 990 258 | 11 528 534 |
| Inventory consumed | 46 | 107 223 867 | 104 416 043 |
| General Expenses | 47 | 70 465 360 | 63 946 772 |
| **TOTAL EXPENDITURE** | | **1 503 954 604** | **1 399 204 740** |
| **Operating surplus / (deficit)** | | **190 015 319** | **77 723 508** |
| Gain / (loss) on disposal of assets and liabilities | 14&15&16 | (930 826) | 5 613 253 |
| Inventories losses / write-downs | 3 | (11 056 749) | (8 777 459) |
| Reversal of impairment loss / (Impairment loss) on receivables | 41 | (56 070 247) | 39 363 299 |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | | **121 957 497** | **113 922 601** |

# Mossel Bay Municipality
# Annual Financial Statements for the year ended June 30, 2024

## Statement of Financial Position as at June 30, 2024

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Inventories | 3 | 31 207 340 | 26 394 557 |
| Unpaid construction contract advances | 4 | 5 039 915 | 7 160 319 |
| Long-term receivables | 5 | 278 604 | 287 813 |
| Receivables from exchange transactions | 6 | 150 305 222 | 142 945 426 |
| Receivables from non-exchange transactions | 7 | 22 230 583 | 23 635 253 |
| VAT receivable | 11 | 25 077 747 | 14 497 859 |
| Short-term investments | 12 | 447 393 341 | 559 963 409 |
| Cash and cash equivalents | 13 | 133 322 173 | 53 759 880 |
| | | **814 854 925** | **828 644 516** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 14 | 2 757 114 269 | 2 558 135 627 |
| Investment Property | 15 | 372 794 074 | 382 036 790 |
| Intangible assets | 16 | 1 092 965 | 841 548 |
| Heritage assets | 17 | 4 223 599 | 4 223 599 |
| Living resources | 10 | 460 667 | 345 721 |
| Long-term receivables | 5 | 25 508 | 21 637 |
| Operating lease asset | 18 | 107 574 627 | 103 767 024 |
| Investments | 19 | 197 174 000 | 167 174 000 |
| | | **3 440 459 709** | **3 216 545 946** |
| **TOTAL ASSETS** | | **4 255 314 634** | **4 045 190 462** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Other financial liabilities | 20 | 28 931 993 | 19 900 439 |
| Employee benefit obligation | 21 | 48 226 300 | 45 095 499 |
| Provisions | 22 | 7 061 791 | 6 274 116 |
| Unspent conditional grants and receipts | 23 | 21 542 777 | 34 492 352 |
| Consumer deposits | 24 | 41 601 674 | 38 583 083 |
| Payables from exchange transactions | 25 | 252 838 659 | 219 762 208 |
| | | **400 203 194** | **364 107 697** |
| **NON-CURRENT LIABILITIES** | | | |
| Other financial liabilities | 20 | 217 012 926 | 153 605 926 |
| Operating lease liability | 18 | 399 580 | 661 023 |
| Employee benefit obligation | 21 | 149 202 851 | 147 872 058 |
| Provisions | 22 | 136 714 882 | 149 148 313 |
| Non-current deposits | 26 | 372 718 | 344 472 |
| | | **503 702 958** | **451 631 792** |
| **TOTAL LIABILITIES** | | **903 906 152** | **815 739 489** |
| **NET ASSETS ATTRIBUTABLE TO OWNERS OF CONTROLLING ENTITY** | | | |
| Self-insurance reserve | 27 | 117 843 726 | 173 440 082 |
| Capital replacement reserve | 28 | 245 798 577 | 224 989 068 |
| Accumulated surplus | | 2 987 766 179 | 2 831 021 823 |
| **TOTAL NET ASSETS** | | **3 351 408 482** | **3 229 450 973** |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | |
| **Exchange Revenue** | | | | | | |
| Service charges - Electricity | 621 464 420 | - | **621 464 420** | 630 694 101 | **9 229 681** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Service charges - Water | 160 181 293 | - | **160 181 293** | 167 873 320 | **7 692 027** | Budgeted conservatively for conventional water usage |
| Service charges - Waste Water Management | 92 562 864 | - | **92 562 864** | 93 943 449 | **1 380 585** | Growth in properties making use of this service. Use amount of consumers as at end of December each year to project income for budget purposes. |
| Service charges - Waste management | 90 818 164 | - | **90 818 164** | 90 105 202 | **(712 962)** | |
| Sale of Good and Rendering of Services | 20 026 693 | - | **20 026 693** | - | **(20 026 693)** | Actual amounts are reflected under Operational revenue. Refer to variance on that line below. |
| Agency services | 8 723 397 | - | **8 723 397** | 8 227 836 | **(495 561)** | |
| Interest earned from Receivables | 11 353 230 | - | **11 353 230** | 11 170 209 | **(183 021)** | |
| Interest earned from Current and Non-current Assets | 50 993 759 | - | **50 993 759** | 66 215 723 | **15 221 964** | The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated. |
| Rent from fixed assets | 9 388 104 | - | **9 388 104** | 12 628 274 | **3 240 170** | Did not provide for Operating lease smoothing in budget |
| Operational Revenue | 39 548 345 | - | **39 548 345** | 56 079 350 | **16 531 005** | Due to Insurance refunds not realising as per planned budget. |
| **Non-exchange Revenue** | | | | | | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Property rates | 219 678 910 | - | **219 678 910** | 218 627 359 | **(1 051 551)** | Use Valuation roll for December each year to budget for Property Rates. Projected growth were slightly different than actual. |
| Fines, penalties and forfeits | 20 202 310 | - | **20 202 310** | 23 883 237 | **3 680 927** | The municipality realised R3.4m revenue for unclaimed deposits and bigger than anticipated Provincial traffic fines. |
| Licences and permits | 1 368 363 | - | **1 368 363** | 1 387 858 | **19 495** | |
| Transfers and subsidies - Operational | 190 725 913 | - | **190 725 913** | 173 622 275 | **(17 103 638)** | The underspending is mainly due to underspending on Housing grant allocations. |
| Interest | 1 252 160 | - | **1 252 160** | 1 140 463 | **(111 697)** | |
| Gains on disposal of Assets | 485 854 | - | **485 854** | 4 374 116 | **3 888 262** | Gains were realised on alienation of municipal sites. |
| Other Gains | 500 000 | - | **500 000** | - | **(500 000)** | Gains on employee benefits is disclosed in AFS under Employee related costs. |
| **Total revenue (excluding capital transfers and contributions)** | **1 539 273 779** | | **- 1 539 273 779** | **1 559 972 772** | **20 698 993** | |
| **EXPENDITURE** | | | | | | |
| Employee related costs | (417 231 693) | 113 873 | **(417 117 820)** | (399 734 945) | **17 382 875** | R13.3m Actuarial gain realised on Post employment health care liability. The gain is mainly due to movement in number of participants and changes to data from prior year and variations from demographic assumptions. Vacant positions was a further reason for the underspending of this budget. |
| Remuneration of councillors | (14 878 239) | - | **(14 878 239)** | (14 418 812) | **459 427** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Bulk purchases - electricity | (517 000 000) | 80 000 | **(516 920 000)** | (523 177 552) | **(6 257 552)** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Inventory consumed | (109 353 798) | (2 545 192) | **(111 898 990)** | (107 223 867) | **4 675 123** | Less Fuel and Oil costs realised than anticipated as well as saving on Water consumption |
| Debt impairment | (40 721 967) | - | **(40 721 967)** | (56 070 247) | **(15 348 280)** | Anticipated a smaller impairment based on projected debtor payment percentage. |
| Depreciation and asset impairment | (156 913 001) | (262 810) | **(157 175 811)** | (150 487 986) | **6 687 825** | Difference due to more projects under construction finalisation than anticipated. |
| Interest | (27 981 180) | - | **(27 981 180)** | (26 641 709) | **1 339 471** | Interest cost on Provision for Landfill site rehabilitation is less than anticipated in previous year expert report. |
| Contracted Services | (212 850 702) | 3 982 264 | **(208 868 438)** | (181 431 363) | **27 437 075** | The underspending is mainly due to underspending on Housing grant allocations to the amount of R17.8m. Savings on Legal costs, debt collection costs and consultant services. |
| Transfers and Subsidies | (11 062 939) | - | **(11 062 939)** | (10 990 259) | **72 680** | |
| Irrecoverable debts written off | (19 460 739) | - | **(19 460 739)** | (19 382 743) | **77 996** | Write-offs of Traffic fines still to be processed. |
| Operational costs | (80 507 827) | (1 658 145) | **(82 165 968)** | (70 465 365) | **11 700 603** | Due to savings on operational costs, e.g. insurance costs and computer services. |
| Loss on disposal of Assets | (2 169 769) | - | **(2 169 769)** | (5 304 942) | **(3 135 173)** | Disposal losses on Fixed assets, mainly on Investment property |
| Other Losses | (762 810) | 290 010 | **(472 804)** | (11 056 749) | **(10 583 945)** | Water losses recognised were not included in the final adjustments budget. |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **TOTAL EXPENDITURE** | **(1 610 894 664)** | | **- (1 610 894 664)** | **(1 576 386 539)** | **34 508 125** | |
| **Operating surplus / (deficit)** | **(71 620 885)** | **-** | **(71 620 885)** | **(16 413 767)** | **55 207 118** | |
| Transfers and subsidies - capital (monetary allocations) | 83 095 987 | - | **83 095 987** | 58 026 215 | **(25 069 772)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. |
| Transfers and subsidies - capital (in-kind - all) | - | - | **-** | 80 345 050 | **80 345 050** | Donated assets received and taken up in asset register after the Feb adjustments budget. |
| | **83 095 987** | **-** | **83 095 987** | **138 371 265** | **55 275 278** | |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | **11 475 102** | **-** | **11 475 102** | **121 957 498** | **110 482 396** | |
| **Reconciliation** | | | | | | |
| **Format and classification differences - TOTAL REVENUES (OPERATIONAL AND CAPITAL)** | | | | | | |
| Statement of Financial Performance | | | | 1 693 969 923 | | |
| Statement of Comparison of Budget and Actual Amounts | | | | 1 698 344 037 | | |
| Difference | | | | 4 374 114 | | The difference is due to the Gain on Disposal of PPE which is classified as part of Operational Revenue on the Approved Budget format, whereas on the Statement of Financial Performance, the Gain on Disposal of PPE is presented as a below the line item. |
| **Format and classification differences - TOTAL OPERATIONAL EXPENDITURE** | | | | | | |
| Statement of Financial Performance | | | | (1 503 954 604) | | |
| Statement of Comparison of Budget and Actual Amounts | | | | (1 576 386 539) | | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Difference | | | | (72 431 935) | | The difference is due to the Loss on Disposal of PPE as well as the Inventories losses / write-downs which is classified as part of Operational Expenditure on the Approved Budget format, whereas on the Statement of Financial Performance it is presented as a below the line items. |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | | | | |
| **ASSETS** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | 373 852 173 | - | **373 852 173** | 580 715 514 | **206 863 341** | Mainly due to underspending on Capital projects and Housing grant allocations.With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| Trade and other receivables from exchange transactions | 145 023 440 | - | **145 023 440** | 150 305 223 | **5 281 783** | Anticipated a smaller impairment based on projected debtor payment percentage plus availability charges not available under non-exchange on chart of accounts. |
| Receivables from non-exchange transactions | 16 015 246 | - | **16 015 246** | 22 230 583 | **6 215 337** | Anticipated a smaller impairment based on projected debtor payment percentage plus availability charges not available under non-exchange on chart of accounts. |
| Current portion of non-current receivables | 257 813 | - | **257 813** | 278 604 | **20 791** | |
| Inventories | 30 266 830 | - | **30 266 830** | 31 207 340 | **940 510** | |
| VAT | 13 513 319 | - | **13 513 319** | 25 077 747 | **11 564 428** | Did not anticipate such VAT receivable amount at year end with budget process. |
| | **578 928 821** | **-** | **578 928 821** | **809 815 011** | **230 886 190** | |
| **Non-Current Assets** | | | | | | |
| Investments | 197 174 000 | - | **197 174 000** | 197 174 000 | **-** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Investment property | 389 073 488 | - | **389 073 488** | 372 794 074 | **(16 279 414)** | Disposals not anticipated with budget. |
| Property, plant and equipment | 2 844 520 668 | - | **2 844 520 668** | 2 757 114 269 | **(87 406 399)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Further reasons is that no suitable bidders could be found for certain projects and a delay in a Water infrastructure project. |
| Living and non-living resources | 609 814 | - | **609 814** | 460 667 | **(149 147)** | |
| Heritage assets | 4 223 599 | - | **4 223 599** | 4 223 599 | **-** | |
| Intangible assets | 664 840 | - | **664 840** | 1 092 965 | **428 125** | |
| Non-current receivables from non-exchange transactions | 103 810 161 | - | **103 810 161** | 107 600 134 | **3 789 973** | Did not provide for Operating lease smoothing in budget |
| | **3 540 076 570** | **-** | **3 540 076 570** | **3 440 459 708** | **(99 616 862)** | |
| **TOTAL ASSETS** | **4 119 005 391** | **-** | **4 119 005 391** | **4 250 274 719** | **131 269 328** | |
| **LIABILITIES** | | | | | | |
| **Current Liabilities** | | | | | | |
| Financial liabilities | 22 081 605 | - | **22 081 605** | 28 931 993 | **6 850 388** | Split between current and Non-current portion of loans was different with budget process. |
| Consumer deposits | 40 884 267 | - | **40 884 267** | 41 601 674 | **717 407** | |
| Trade and other payables from exchange transactions | 216 288 738 | - | **216 288 738** | 252 838 657 | **36 549 919** | Additional retentions on infrastructure projects and amounts received in advance for services |
| Trade and other payables from non-exchange transactions | - | - | **-** | 16 502 862 | **16 502 862** | Due to unspent grants and public contributions at year-end (Mainly Human settlements development grant. Funds were motivated to be rolled-over to next financial year. |
| Provisions | 45 158 316 | - | **45 158 316** | 55 288 090 | **10 129 774** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| | **324 412 926** | **-** | **324 412 926** | **395 163 276** | **70 750 350** | |
| **Non-Current Liabilities** | | | | | | |
| Borrowing | 232 566 921 | - | **232 566 921** | 217 785 225 | **(14 781 696)** | Split between current and Non-current portion of loans was different with budget process. |
| Provisions | 303 835 702 | - | **303 835 702** | 285 917 733 | **(17 917 969)** | Mainly due to Actuarial Gain realised in the current financial year of R13.3m and new Provision provided for VAT on Library grant in AFS. |
| | **536 402 623** | **-** | **536 402 623** | **503 702 958** | **(32 699 665)** | |
| **TOTAL LIABILITIES** | **860 815 549** | **-** | **860 815 549** | **898 866 234** | **38 050 685** | |
| **Net Assets** | | | | | | |
| Accumulated Surplus / (Deficit) | 2 889 354 779 | - | **2 889 354 779** | 2 987 766 183 | **98 411 404** | Net effect of all comments raised in the Statement of Financial Performance and corrections made on previous and prior years. |
| Funds and Reserves | 368 835 063 | - | **368 835 063** | 363 642 302 | **(5 192 761)** | Due to underspending on Capital budgets as well as a bigger contribution to CRR than anticipated. |
| **TOTAL NET ASSETS** | **3 258 189 842** | **-** | **3 258 189 842** | **3 351 408 485** | **93 218 643** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOW STATEMENT** | | | | | | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Property rates | 210 891 754 | - | **210 891 754** | 218 627 358 | **7 735 604** | Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget. |
| Service charges | 926 425 671 | - | **926 425 671** | 933 867 665 | **7 441 994** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Other revenue | 87 540 344 | - | **87 540 344** | 101 346 632 | **13 806 288** | Due to more External service contributions for new developments in Mossel Bay Municipal area. |
| Transfers and Subsidies - Operational | 190 725 913 | - | **190 725 913** | 157 445 150 | **(33 280 763)** | The underspending is mainly due to underspending on Housing grant allocations. Funds spent on Informal Settlements upgrade project to the value of R11m was claimed, but not yet received. |
| Transfers and Subsidies - Capital | 83 095 987 | - | **83 095 987** | 58 026 216 | **(25 069 771)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. |
| Interest | 52 391 330 | - | **52 391 330** | 64 108 965 | **11 717 635** | The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated. |
| | **1 551 070 999** | **-** | **1 551 070 999** | **1 533 421 986** | **(17 649 013)** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **Payments** | | | | | | |
| Suppliers and employees | (1 317 284 582) | - | **(1 317 284 582)** | (1 308 209 169) | **9 075 413** | The underspending is mainly due to underspending on Housing grant allocations to the amount of R17.8m. Savings on Legal costs, debt collection costs and consultant services. Savings on Employee related costs due to vacant positions. |
| Finance charges | (27 953 622) | - | **(27 953 622)** | (18 829 846) | **9 123 776** | The Cashflow budget did not take into consideration that the Finance charges on Provision for landfill sites is a non-cash transaction. |
| Transfers and Subsidies | (11 062 939) | - | **(11 062 939)** | (10 990 258) | **72 681** | |
| | **(1 356 301 143)** | **-** | **(1 356 301 143)** | **(1 338 029 273)** | **18 271 870** | |
| **NET CASH FLOWS FROM / (USED) OPERATING ACTIVITIES** | **194 769 856** | **-** | **194 769 856** | **195 392 713** | **622 857** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Proceeds on disposal of PPE | 3 500 000 | - | **3 500 000** | 12 477 202 | **8 977 202** | Did not foresee these disposals with the compilation of budget. |
| Decrease / (increase) in non-current receivables | 38 666 | - | **38 666** | 5 338 | **33 328** | |
| Decrease / (increase) in non-current investments | (144 099 018) | - | **(144 099 018)** | 82 570 068 | **226 669 086** | With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| **Payments** | | | | | | |
| Capital assets | (371 978 574) | - | **(371 978 574)** | (286 340 171) | **85 638 403** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Further reasons is that no suitable bidders could be found for certain projects and a delay in a Water infrastructure project. |
| **NET CASH FLOWS FROM / (USED) INVESTING ACTIVITIES** | **(512 538 926)** | **-** | **(512 538 926)** | **(191 287 563)** | **321 251 363** | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Borrowing long-term / refinancing | 92 214 590 | - | **92 214 590** | 92 214 590 | - | |
| Increase / (Decrease) in Consumer deposits | 1 929 154 | - | **1 929 154** | 3 018 590 | **1 089 436** | Growth in town. |
| **Payments** | | | | | | |
| Repayment of borrowing | (16 245 784) | - | **(16 245 784)** | (19 776 036) | **(3 530 252)** | % interest on actual borrowing tenders different from what was anticipated. |
| **NET CASH FLOWS FROM / (USED) FINANCING ACTIVITIES** | **77 897 960** | **-** | **77 897 960** | **75 457 143** | **(2 440 816)** | |
| Net increase/(decrease) in cash and cash equivalents | (239 871 110) | - | **(239 871 110)** | 79 562 293 | **319 433 404** | Mainly due to underspending on Capital projects and Housing grant allocations.With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| Cash and cash equivalents at the beginning of the year | 613 723 282 | - | **613 723 282** | 53 759 880 | **(559 963 402)** | |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **373 852 172** | **-** | **373 852 172** | **133 322 173** | **(240 529 998)** | |
| **Reconciliation** | | | | | | |
| **Net cash from / (used) operating activities** | | | | | | |
| **Format and classification differences** | | | | | | |
| Cash Flow Statement | | | | | 217 241 148 | |
| Statement of Comparison of Budget and Actual Amounts | | | | | 195 392 713 | |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Difference | | | | | (21 848 435) | Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities. |
| **Net cash from / (used) investing activities** | | | | | | |
| **Format and classification differences** | | | | | | |
| Cash Flow Statement | | | | | (191 287 563) | |
| Statement of Comparison of Budget and Actual Amounts | | | | | (191 287 563) | |
| **Net cash from / (used) financing activities** | | | | | | |
| **Format and classification differences** | | | | | | |
| Cash Flow Statement | | | | | 53 608 708 | |
| Statement of Comparison of Budget and Actual Amounts | | | | | 75 457 143 | |
| Difference | | | | | 21 848 435 | Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities. |

## Mossel Bay Municipality
## Annual Financial Statements for the year ended June 30, 2024

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **Actual Amount in the Cash flow statement** | | | | | 292 446 759 | |

Adjustments from approved to final budget are a consequence of reallocations within the budget, referred to as virements.

| Financial Performance of Operational Services | | | | | | R '000 |
|---|---|---|---|---|---|---|
| Description | 2023 | 2024 | | | 2024 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| **Operating Cost** | | | | | | |
| **Water** | 138 635 | 132 598 | 122 092 | 123 619 | -7.26% | 1.24% |
| **Waste Water (Sanitation)** | 91 047 | 90 122 | 84 318 | 77 300 | -16.59% | -9.08% |
| **Electricity** | 506 465 | 589 134 | 594 879 | 600 122 | 1.83% | 0.87% |
| **Waste Management** | 111 464 | 110 871 | 113 952 | 98 520 | -12.54% | -15.66% |
| **Housing** | 13 250 | 66 585 | 35 580 | 23 402 | -184.52% | -52.04% |
| **Component A: sub-total** | 860 862 | 989 309 | 950 821 | 922 964 | -7.19% | -3.02% |
| **Waste Water (Stormwater Drainage)** | 15 082 | 16 570 | 15 892 | 15 724 | -5.38% | -1.07% |
| **Roads** | 78 994 | 98 310 | 98 098 | 92 534 | -6.24% | -6.01% |
| **Transport** | 1 407 | 1 629 | 1 524 | 1 506 | -8.20% | -1.21% |
| **Component B: sub-total** | 95 483 | 116 509 | 115 514 | 109 763 | -6.15% | -5.24% |
| **Planning** | 24 748 | 30 044 | 28 472 | 27 001 | -11.27% | -5.45% |
| **Local Economic Development** | 18 226 | 23 332 | 20 849 | 19 989 | -16.73% | -4.30% |
| **Component B: sub-total** | 42 974 | 53 376 | 49 321 | 46 990 | -13.59% | -4.96% |
| **Planning (Strategic & Regulatory)** | 221 223 | 242 461 | 248 212 | 220 373 | -10.02% | -12.63% |
| **Local Economic Development** | | | | | #DIV/0! | #DIV/0! |
| **Component C: sub-total** | 221 223 | 242 461 | 248 212 | 220 373 | -10.02% | -12.63% |
| **Community & Social Services** | 21 599 | 24 317 | 23 553 | 23 867 | -1.89% | 1.31% |
| **Environmental Protection** | 10 828 | 11 810 | 10 561 | 9 873 | -19.62% | -6.97% |
| **Disaster management** | – | – | 160 | – | #DIV/0! | #DIV/0! |
| **Security and Safety** | 32 901 | 37 318 | 36 497 | 36 318 | -2.75% | -0.49% |
| **Sport and Recreation** | 48 814 | 57 025 | 54 703 | 57 101 | 0.13% | 4.20% |
| **Corporate Policy Offices and Other** | 63 576 | 78 780 | 78 188 | 76 706 | -2.70% | -1.93% |
| **Component D: sub-total** | 177 719 | 209 250 | 203 662 | 203 864 | -2.64% | 0.10% |
| **Total Expenditure** | 1 398 259 | 1 610 906 | 1 567 530 | 1 503 955 | -7.11% | -4.23% |

| Financial Performance of Operational Services | | | | | | R '000 |
|---|---|---|---|---|---|---|
| Description | 2022 | 2023 | | | 2023 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| **Operating Cost** | | | | | | |
| **Water** | 93 753 | 136 579 | 141 653 | 138 629 | 1,48% | -2,18% |
| **Waste Water (Sanitation)** | 73 021 | 98 380 | 98 850 | 91 077 | -8,02% | -8,53% |
| **Electricity** | 493 277 | 512 761 | 526 526 | 506 129 | -1,31% | -4,03% |
| **Waste Management** | 91 952 | 116 318 | 117 202 | 111 464 | -4,36% | -5,15% |
| **Housing** | 29 532 | 20 831 | 26 869 | 13 250 | -57,21% | -102,78% |
| **Component A: sub-total** | **781 535** | **884 870** | **911 100** | **860 549** | **-2,83%** | **-5,87%** |
| **Waste Water (Stormwater Drainage)** | 16 240 | 15 173 | 15 482 | 15 079 | -0,63% | -2,68% |
| **Roads** | 77 121 | 80 372 | 78 542 | 79 000 | -1,74% | 0,58% |
| **Transport** | 1 368 | 1 563 | 1 517 | 1 407 | -11,11% | -7,78% |
| **Component B: sub-total** | **94 728** | **97 109** | **95 540** | **95 486** | **-1,70%** | **-0,06%** |
| **Planning** | 259 568 | 26 152 | 26 463 | 24 747 | -5,68% | -6,94% |
| **Local Economic Development** | 16 182 | 20 048 | 18 825 | 18 109 | -10,70% | -3,95% |
| **Component B: sub-total** | **275 750** | **46 200** | **45 288** | **42 856** | **-7,80%** | **-5,67%** |
| **Planning (Strategic & Regulatory)** | 194 304 | 235 985 | 242 575 | 220 557 | -6,99% | -9,98% |
| **Local Economic Development** | | | | | #DIV/0! | #DIV/0! |
| **Component C: sub-total** | **194 304** | **235 985** | **242 575** | **220 557** | **-6,99%** | **-9,98%** |
| **Community & Social Services** | 19 449 | 23 999 | 23 798 | 21 567 | -11,27% | -10,35% |
| **Environmental Protection** | 8 685 | 9 812 | 10 642 | 10 828 | 9,39% | 1,72% |
| **Disaster management** | – | – | – | – | #DIV/0! | #DIV/0! |
| **Security and Safety** | 29 037 | 34 357 | 34 289 | 32 901 | -4,43% | -4,22% |
| **Sport and Recreation** | 46 677 | 51 444 | 50 617 | 48 822 | -5,37% | -3,68% |
| **Corporate Policy Offices and Other** | 61 460 | 68 589 | 68 356 | 63 577 | -7,88% | -7,52% |
| **Component D: sub-total** | **165 309** | **188 201** | **187 704** | **177 696** | **-5,91%** | **-5,63%** |
| **Total Expenditure** | **1 511 625** | **1 452 364** | **1 482 208** | **1 397 145** | -3,95% | -6,09% |

## 5.2 GRANTS

| Grant Performance | | | | | R' 000 |
|---|---|---|---|---|---|
| Details | Budget | Adjustments Budget | Actual | Variance Budget | Variance Adjustments Budget |
| **Operating expenditure of Transfers and Grants** | | | | | |
| Local Government Equitable Share | 130 634 | 130 634 | 130 634 | 0% | 0% |
| Finance Management | 1 566 | 1 566 | 1 566 | 0% | 0% |
| Disaster Recovery Grant - National | – | – | – | 0% | 0% |
| Electricity Demand Side Management | – | – | – | 0% | 0% |
| Expanded public works programme | 2 524 | 2 833 | 2 607 | -3% | 9% |
| | | | | | |
| Housing | 65 252 | 23 035 | 18 112 | 260% | 27% |
| Community Development Workers | 57 | 100 | 100 | -43% | 0% |
| Libraries | 10 214 | 10 392 | 9 037 | 13% | 15% |
| Subsidy - Housing Emergency Kits | – | – | – | 0% | 0% |
| Title Deeds Restoration Grant | 412 | 8 256 | 264 | 56% | 3026% |
| Thusong centre grant | – | – | – | 0% | 0% |
| Local Government Graduate Internship Grant | – | – | – | 0% | 0% |
| Maintenance & Construction of Transport Infrastructure | 9 465 | 9 465 | 6 076 | 56% | 56% |
| Financial Management Support Grant | – | 150 | 150 | -100% | 0% |
| Financial Management Capacity Building Grant | – | – | – | 0% | 0% |
| Greenest Municipality Award | – | – | – | 0% | 0% |
| Municipal Accreditation and Capacity Building grant | 245 | 245 | 163 | 50% | 50% |
| Electrical Master Plan Grant | – | – | – | 0% | 0% |
| Wcape Mun Energy Resilience Grant | – | – | – | 0% | 0% |
| LG Public Employment Support Grant | – | – | – | 0% | 0% |
| Municipal Service Delivery and Capacity Building Grant | – | 106 | 12 | -100% | 821% |
| Establishment and Support of a K9 Unit | 908 | 908 | 486 | 87% | 87% |
| Local Government Support Grant : Humanitarian relief | – | – | – | 0% | 0% |
| Other Specify: | | | | | |
| Disaster Recovery Fund | – | – | – | 0% | 0% |
| SETA | – | – | – | 0% | 0% |
| WESGRO (Wcape Tourism Trade and Investment Promotion Agency) | – | – | – | 0% | 0% |
| Public Contributions | 250 | 250 | 4 273 | -94% | -94% |
| | | | | | |
| Total Operating Transfers and Grants | 223 868 | 189 197 | 173 622 | 29% | 9% |

COMMENT ON OPERATING TRANSFERS AND GRANT:

Unspent Operational Grant funding relates primarily to funding for housing projects that are multi-year projects.

## 5.3 ASSET MANAGEMENT

This year, as in the case for the past 5 years, the focus was on the completeness of capital assets under the control of the Municipality. Electricity Infrastructure was addressed during the financial year with the vesting properties being another focus area. The Geographical Information System (GIS) is viewed as a crucial tool in ensuring completeness of immoveable capital assets. It has already proved to be very useful in ensuring completeness.

The Municipality continuously endeavours to improve its asset management by putting policies, principles and processes in place that is in line with the vision of the Municipality.

| Repair and Maintenance Expenditure: 2024 | | | | R' 000 |
|---|---|---|---|---|
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| **Repairs and Maintenance Expenditure** | 153 291 | 148 730 | 142 949 | 7% |

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

KEY FINANCIAL INDICATORS:

The following are some of the key financial indicators, comparing the 2024 financial year's performance of the Municipality to the 2023 comparative figures:

| Ratio Description | 2024 | 2023 |
|---|---|---|
| **Revenue Management** | | |
| Level of reliance on Government grants | 13.4 % | 15.1 % |
| Actual income vs Budgeted Income* | 4.7 % | (1.7)% |
| **Expenditure Management** | | |
| Employee related costs to total expenditure | 26.6 % | 26.4 % |
| Actual expenditure vs Budgeted expenditure* | (2.1)% | (5.6)% |
| Finance costs as a percentage of total expenditure | 1.8 % | 1.0 % |
| Repairs and Maintenance / PPE (carry amount) | 5.2 % | 4.6 % |
| Repairs and Maintenance / Total expenditure | 9.5 % | 8.3 % |
| **Asset Management** | | |
| Actual Expenditure vs Budgeted Expenditure* | (24.7)% | (14.9)% |
| Stockholding period (days) | 12 days | 11 days |
| **Debt Management** | | |
| Creditor payment period (days) | 56 days | 58 days |
| Debtors collection period (days) | 47 days | 51 days |
| **Liquidity** | | |
| Current ratio | 2.00 : 1 | 2.30 : 1 |
| Acid Test ratio | 2.00 : 1 | 2.20 : 1 |
| Turnover of accounts receivable | 9.9 : 1 | 8.9 : 1 |
| Cash to interest | 8.86 : 1 | 3.84 : 1 |
| Debt to cash | 1.60 : 1 | 1.30 : 1 |
| Cash to Income (Cash divided by Net surplus/deficit) | 1.09 : 1 | 0.47 : 1 |
| Total Liabilities / Total Assets | 0.21 : 1 | 0.20 : 1 |

*The total variance between budgeted and actual amounts is provided as a percentage variance.

FINANCIAL SUSTAINABILITY:

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are information on

various financial ratios that show the past 9 years' information, the current year information and 3 budget year's information:

| | Liquidity | Liquidity | Activity | Solvency | Cash Flow | Cash Flow |
|---|---|---|---|---|---|---|
| | Current ratio | Debtors payment period (days) | Inventory turnover ratio | Total assets to liabilities | Current liabilities coverage | Capital expenditure coverage |
| 2015 | 2.39 | 51 | 20.00 | 7.36 | 1.05 | 1.60 |
| 2016 | 2.66 | 12 | 13.00 | 7.63 | 0.99 | 1.22 |
| 2017 | 2.50 | 20 | 18.00 | 7.45 | 0.96 | 1.41 |
| 2018 | 2.70 | 41 | 30.00 | 7.67 | 0.72 | 1.11 |
| 2019 | 2.50 | 47 | 10.00 | 6.91 | 0.82 | 1.18 |
| 2020 | 2.40 | 55 | 10.00 | 6.01 | 0.84 | 1.03 |
| 2021 | 2.30 | 42 | 12.00 | 5.74 | 0.86 | 1.18 |
| 2022 | 2.40 | 45 | 9.00 | 5.17 | 0.66 | 1.13 |
| 2023 | 2.30 | 51 | 11.00 | 4.96 | 0.72 | 1.08 |
| 2024 | 2.00 | 47 | 12.00 | 4.71 | 0.54 | 0.61 |
| 2025 (budget) | 1.70 | 40 | 13.00 | 3.95 | 0.99 | 1.51 |
| 2026 (budget) | 1.90 | 41 | 12.00 | 4.05 | 1.13 | 2.41 |
| 2027 (budget) | 1.70 | 41 | 11.00 | 4.13 | 1.00 | 2.99 |

| | Debt ratio | Income & Expenditure Trends | Income & Expenditure Trends | Income & Expenditure Trends | Income & Expenditure Trends |
|---|---|---|---|---|---|
| | Debt to cash | Government Grants as % of Revenue | Employee related cost as % of expenditure | Repairs & maintenance as % of expenditure | Debt impairment cost as % of expenditure |
| 2015 | 1.19 | 15.80 | 29.20 | 5.40 | 4.80 |
| 2016 | 1.12 | 15.60 | 28.90 | 6.50 | 3.50 |
| 2017 | 1.00 | 15.50 | 26.69 | 9.50 | 3.00 |
| 2018 | 1.00 | 16.70 | 30.00 | 10.12 | 2.00 |
| 2019 | 1.00 | 14.80 | 31.10 | 10.04 | 1.88 |
| 2020 | 1.20 | 15.70 | 27.80 | 10.41 | 2.61 |
| 2021 | 1.30 | 16.20 | 29.10 | 10.20 | 1.40 |
| 2022 | 1.30 | 13.80 | 22.20 | 7.42 | 1.10 |
| 2023 | 1.30 | 15.10 | 26.40 | 8.34 | 5.60 |
| 2024 | 1.60 | 13.40 | 26.60 | 9.50 | 1.30 |
| 2025 (budget) | 2.28 | 18.49 | 25.82 | 8.21 | 1.65 |
| 2026 (budget) | 1.86 | 14.68 | 25.26 | 8.39 | 1.97 |
| 2027 (budget) | 2.02 | 15.83 | 24.02 | 7.85 | 1.74 |

## COMMENT ON FINANCIAL RATIOS

Financial sustainability refers to a set of financial accounts that reflects adequate revenue and corporate stability to achieve the municipality's mandate of providing a high standard of service delivery to all residents of the municipality and with use of appropriate performance targets.

The ratios indicate that the Municipality is in a strong financial position at the moment. Grant dependency is slightly lower than the previous year at 13%.

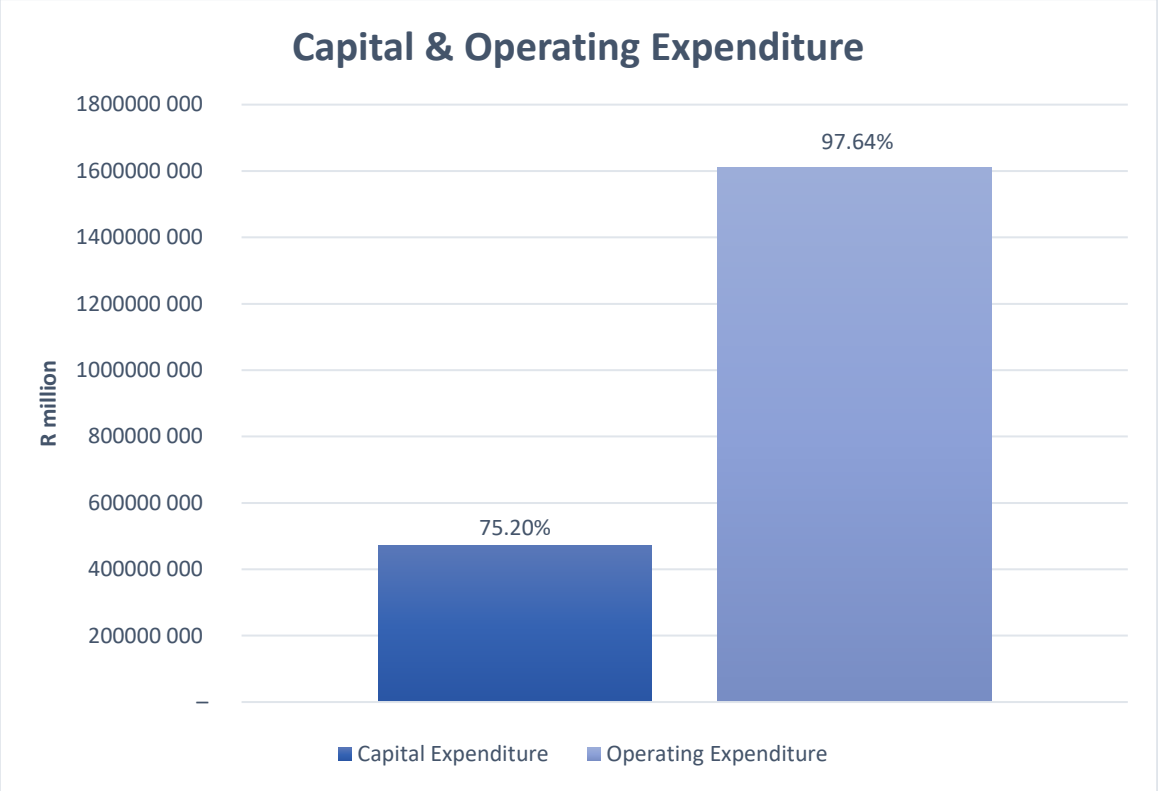
The Municipality is in a very liquid position with assets of more than 2 times the liabilities. At year-end, the Municipality had short-term investments to the amount of R447 million and R133 million cash and cash equivalents, which are mostly used to fund future capital expenditure, current liabilities and future employee benefits. The Municipality further has R197 million in long-term investments at year-end.

The employee-related costs as a percentage of total expenditure remain within the national norm and is as at 30 June 2024 at 26.6%. The reason for this low percentage is due to the fact that the Municipality realised an Actuarial gain for the year under review of R13.2 million.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The expenditure on capital items amounted to R393 million, which is 83% of the approved budget.

### 5.5 CAPITAL EXPENDITURE




| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Capital expenditure per function** | | | | |
| Community services / facilities | 8 315 247 | 2.3 % | 12 365 383 | 5.1 % |
| Electricity | 54 666 697 | 15.4 % | 48 812 973 | 20.1 % |
| Housing | 89 058 782 | 25.1 % | 29 479 770 | 12.2 % |
| Refuse | (14 301 230) | (4.0)% | 10 788 254 | 4.4 % |
| Sanitation | 93 859 052 | 26.4 % | 33 537 667 | 13.8 % |
| Streets and Storm water | 52 093 563 | 14.7 % | 36 813 423 | 15.2 % |
| Water | 33 416 818 | 9.4 % | 26 106 580 | 10.8 % |
| Community Safety | 5 626 029 | 1.6 % | 18 063 376 | 7.4 % |
| Other | 32 280 764 | 9.1 % | 26 565 124 | 11.0 % |
| | 355 015 722 | 100 % | 242 532 550 | 100 % |

The negative spending amount for Refuse services is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites. The discount rate used to calculate the provision has increased dramatically, hence the decreased restoration costs.

COMMENT ON CAPITAL EXPENDITURE:

Corporate Services: The main reason in underspending is due to not being able to find suitable bidder for the Mounting mast for antennas.

Financial Services: The main reason in underspending is due to savings on budgets for replacement of assets relating to insurance claims.

Infrastructure Services: The underspending is mainly due to in year processes delayed for some construction

processes, but are on the way and CRR funds has been motivated to be rolled over to next financial year. There were delay in delivery of minisubs.

Community Services: The underspending is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites.

Planning & Integrated Services: The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. An application will be done to Provincial Treasury for the roll-over of grant funding. The department is further awaiting donation letter from Provincial government in order to recognize more assets on the Mountain View Housing Development project.

## 5.6 SOURCES OF FINANCE

The capital expenditure was financed as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Sources of finance** | | | | |
| Capital Replacement Reserve | 136 749 534 | 38.5 % | 130 720 107 | 53.9 % |
| Self Insurance Reserve | 14 556 041 | 4.1 % | 124 717 | 0.1 % |
| Grants and Subsidies | 50 575 252 | 14.2 % | 73 415 155 | 30.3 % |
| External loans | 89 531 111 | 25.2 % | 35 173 722 | 14.5 % |
| Donated assets | 83 213 956 | 23.4 % | 3 098 849 | 1.3 % |
| Provision | (19 610 172) | (5.5)% | - | - % |
| | 355 015 722 | 100 % | 242 532 550 | 100 % |

Property, plant and equipment is funded to a large extent from the Capital Replacement Reserve. It must further be noted that the Restoration costs for Landfill sites are funded from a Provision. The year under review amount is negative due to a decrease in the restoration cost asset.

COMMENT ON SOURCES OF FINANCE:

The main sources of finance for the capital program is the Capital Replacement Reserve and Borrowings. The big donated assets recognised this year is mainly the recognition of capital assets for Mountain view housing project transferred from Province to the Municipality.

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECT

| Capital Expenditure of 5 largest projects | | | | | R' 000 |
|---|---|---|---|---|---|
| | Current: 2024 | | | Variance: Current 2024 | |
| Name of Project | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| **Capacity increase of Great Brak WWTW** | 40 000 | 40 000 | 37 073 | 7% | 0% |
| **Upgrading of Informal Settlements - Capital spares** | 30 655 | 30 529 | 8 526 | 72% | 0% |
| **Capacity increase of Pinnacle Point WWTW** | 27 402 | 27 572 | 27 572 | -1% | -1% |
| **Alternative energy solutions including battery storage** | 23 700 | 13 000 | 12 961 | 45% | 45% |
| **Wolwedans Emergency Access Road (Insurance)** | 4 500 | 11 750 | 6 936 | -54% | -161% |

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is one of the highest priorities within the Mossel Bay Municipality as it creates the platform for sustainable service delivery.

To measure the funding of the financial position the Municipality has included in its liquidity policy a method to determine the uncommitted funds. All principles regarding GRAP needs to be implemented, to be able to measure and monitor if the liability reporting lines mentioned below can be funded with cash or near cash.

The liability reporting items are:

- Capital Replacement Reserve
- Employee benefits (current and non-current)
- Provisions (current and non-current)
- Consumer and other deposits (current and non-current)
- Payables from exchange transactions
- Unspent conditional grants and subsidies

## 5.8 CASH FLOW

# Mossel Bay Municipality
# Annual Financial Statements for the year ended June 30, 2024

## Cash Flow Statement

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Grants | | 223 847 778 | 245 806 609 |
| Interest income | | 64 108 965 | 51 262 836 |
| Ratepayers and Service charges | | 1 152 495 023 | 1 101 200 720 |
| Other | | 97 158 436 | 92 450 255 |
| | | 1 537 610 202 | 1 490 720 420 |
| **Payments** | | | |
| Employee costs | | (409 692 162) | (374 371 277) |
| Suppliers | | (812 397 334) | (709 320 857) |
| Transfers and grants | | (10 990 258) | (11 528 534) |
| Finance costs | | - | - |
| Other Payments | | (83 101 094) | (130 414 765) |
| Grants repaid | | (4 188 207) | (4 083 371) |
| | | (1 320 369 055) | (1 229 718 804) |
| Total receipts | | 1 537 610 202 | 1 490 720 420 |
| Total payments | | (1 320 369 055) | (1 229 718 804) |
| **Net cash flows from operating activities** | 48 | **217 241 147** | **261 001 616** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 14 | (284 638 088) | (233 361 941 |
| Proceeds from sale of property, plant and equipment | 14 | 1 137 228 | 16 655 44 |
| Purchase of investment property | 15 | (1 014 175) | (1 547 19 |
| Proceeds from sale of investment property | 15 | 11 339 974 | 7 159 06 |
| Purchase of other intangible assets | 16 | (413 994) | 140 33 |
| Purchase of Living resource assets | 10 | (273 913) | (335 56 |
| Proceeds from sale of other intangible assets | 16 | 0 | ( |
| (Increase) / Decrease in Long-term Receivables | | 5 338 | 74 40 |
| (Increase) / Decrease in Non-current investments | | (30 000 000) | (30 000 00 |
| (Increase) / Decrease in short-term investments | | 112 570 068 | (34 418 75 |
| **Net cash flows from / (in) investing activities** | | **(191 287 562)** | **(275 634 21** |
| **Cash flows from financing activities** | | | |
| Proceeds from other financial liabilities | | 92 214 590 | 37 100 000 |
| Repayment of other financial liabilities | | (19 776 036) | (17 206 908) |
| Finance costs | | (18 829 846) | (14 039 602) |
| **Net cash flows from / (in) financing activities** | | **53 608 708** | **5 853 490** |
| **Net increase / (decrease) in cash and cash equivalents** | | **79 562 293** | **(8 779 109)** |
| Cash and cash equivalents | | 53 759 880 | 62 538 988 |
| **Cash and cash equivalents at the end of the year** | 13 | **133 322 173** | **53 759 879** |

COMMENT ON CASH FLOW OUTCOMES:

The Municipality generated a net cash increase in cash and cash equivalents of R 79.5 million for the 2023/2024 financial year, compared to decrease of R8.8 million in the previous year. This is mainly due to increase in revenue for services and funds received for borrowings.

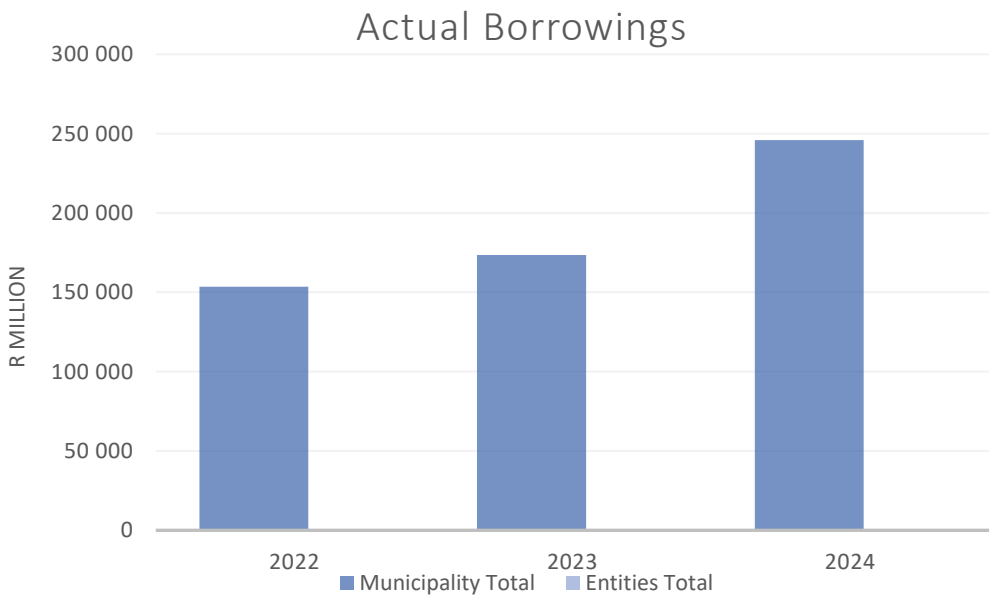
## 5.9 BORROWING AND INVESTMENTS

Council has approved a long-term financial plan, which sets out the borrowing and investment principles that the Municipality envisages over a 10-year period.

For the year under review, there was a bigger reliance on Borrowing for capital infrastructure relating the renewable energy projects.

| Actual Borrowings: 2022 to 2024 | | | R' 000 |
|---|---|---|---|
| Instrument | 2022 | 2023 | 2024 |
| **Municipality** | | | |
| **Long-Term Loans (annuity/reducing balance)** | 0 | 0 | 0 |
| **Long-Term Loans (non-annuity)** | 153 613 | 173 506 | 245 945 |
| **Local registered stock** | 0 | 0 | 0 |
| **Instalment Credit** | 0 | 0 | 0 |
| **Financial Leases** | 0 | 0 | 0 |
| **PPP liabilities** | 0 | 0 | 0 |
| **Finance Granted By Cap Equipment Supplier** | 0 | 0 | 0 |
| **Marketable Bonds** | 0 | 0 | 0 |
| **Non-Marketable Bonds** | 0 | 0 | 0 |
| **Bankers Acceptances** | 0 | 0 | 0 |
| **Financial derivatives** | 0 | 0 | 0 |
| **Other Securities** | 0 | 0 | 0 |
| **Municipality Total** | 153 613 | 173 506 | 245 945 |

The below graph illustrates the municipality's Borrowings over three financial years:



| Municipal and Entity Investments | | | R' 000 |
|---|---|---|---|
| Investment type | 2022 Actual | 2023 Actual | 2024 Actual |
| **Municipality** | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits - Bank | 683 177 | 727 137 | 664 945 |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements - Banks | | | |
| Municipal Bonds | | | |
| Other | | | |
| Municipality sub-total | 683 177 | 727 137 | 664 945 |
| | | | |
| **Municipal Entities** | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits - Bank | | | |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements - Banks | | | |
| Other | | | |
| Entities sub-total | 0 | 0 | 0 |
| | | | |
| Consolidated total: | 683 177 | 727 137 | 664 945 |

## 5.10 PUBLIC PRIVATE PARTNERSHIPS

The Mossel Bay Municipality does not have any Public Private Partnerships.

# COMPONENT D: OTHER FINANCIAL MATTERS

## 5.11 SUPPLY CHAIN MANAGEMENT

INTRODUCTION

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a Supply Chain Management Policy in terms of the Regulations in place by the start of the new financial year in July.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

SCM POLICY

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed annually. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

The revised Supply Chain Management Policy for 2023/2024 that came into effect on 1 July 2023 was approved by Council on 30 May 2023 (resolution number E121-05/2023).

BID COMMITTEES

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Senior Manager: Financial Administration: Mr. H Le Roux is appointed as the chairperson of the Bid Evaluation Committee and assisted by legal services Ms. M Smit as standing members of this committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons presently serve permanently on the committee:

- Mr Orlando Fredericks (Chairperson) : Chief Financial Officer.
- Mr D Naidoo (Deputy Chairperson) : Director: Infrastructure Services.
- Ms A Potgieter : Director: Corporate Services.
- Mr C Venter : Director: Planning and Economic Development.
- Ms E Nel : Director: Community Services.
- Mr G Lategan : Director: Community Safety.
- Ms M Jacobs : Manager: Expenditure.
- Mr. D Scholtz : Manager: Supply Chain Management.

Various officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members and holds the necessary delegated authority to make decisions as part of the committee.

SUPPLY CHAIN MANAGEMENT UNIT

On 30 June 2024 the SCM Unit had one budgeted vacancy on the organogram. A new fuel management system will be implemented at the fuel depot and that will have a major change on the job description of the Stores Assistant position. We have been subsequently advised to fill that position.
That process will commence in the next quarter. There is however still a couple of vacancies in the department but, that will only be filled in the outer years should budget be made available.

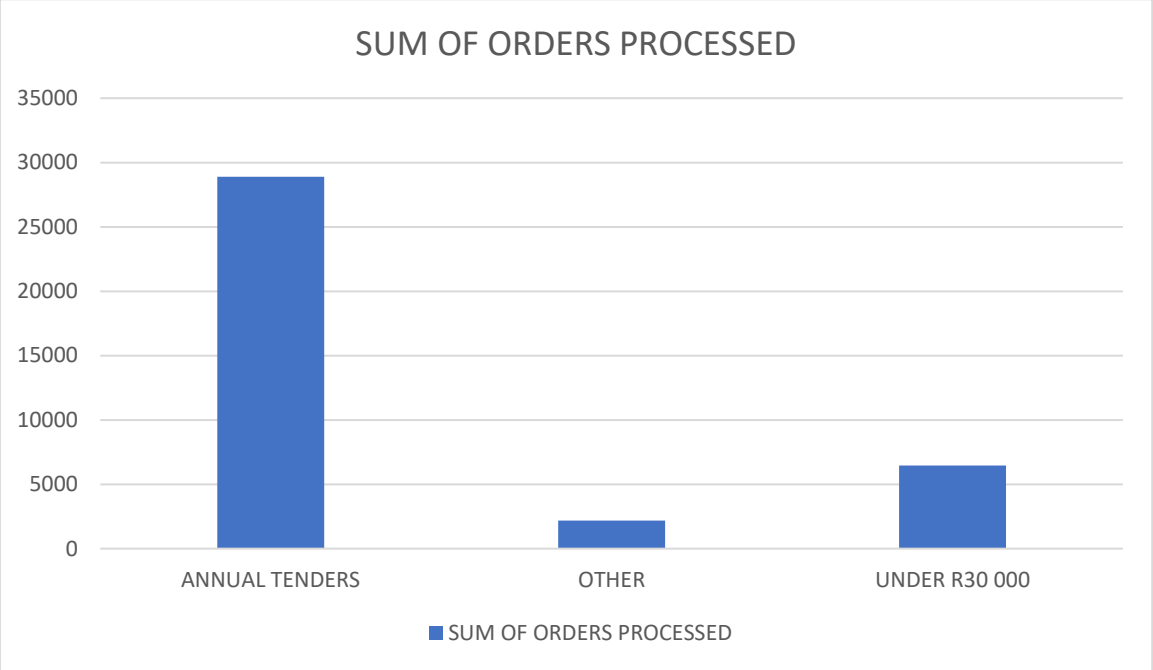
ACCREDITED SUPPLIER DATABASE

Mossel Bay Municipality, as previously reported is only utilising the Central Supplier Database (CSD). Suppliers not registered on the CSD are still provided with the opportunity to do so before they are made not responsive. The Provincial Treasury has indicated that National Treasury has halted their plans for an supplier evidence bank. We will await further guidance on this matter and then a municipality would have to decide on way forward.

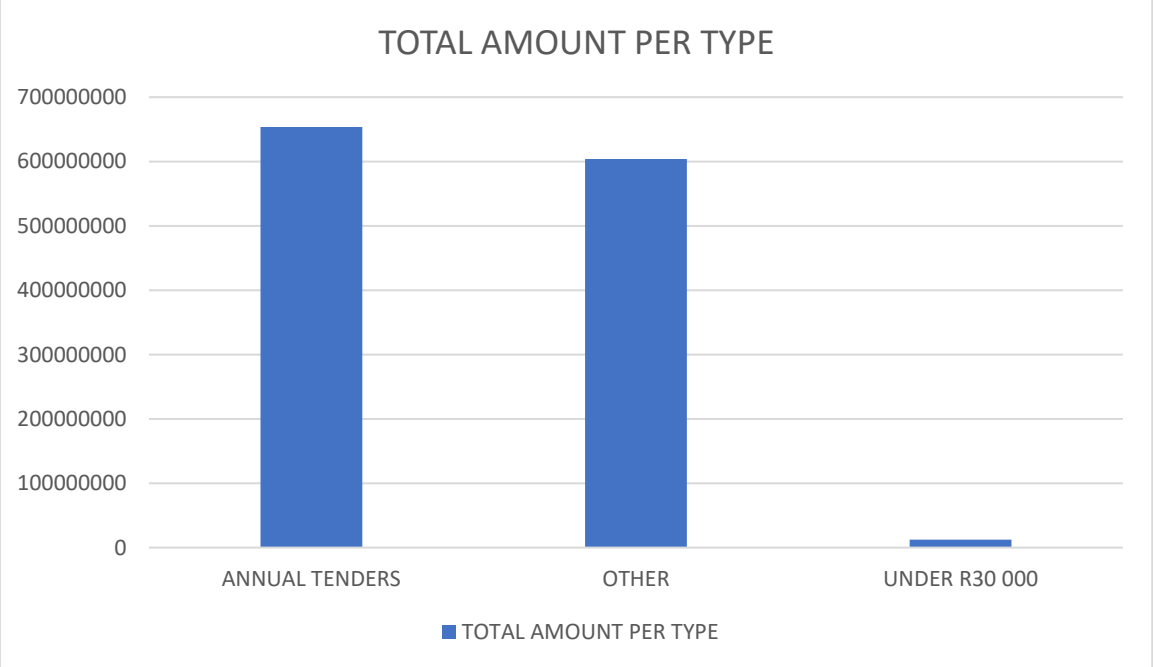
AWARDS

During the 2023-24 financial year, the SCM department processed 37 534 orders, amounting to

R1 269 787 749,00. A total of 6454 orders were below the value of R30 000, while 28 904 orders were processed by way of the annual tender process (above R200 000). A table below reflects these statistics:




The table below reflects on the rand value of the above orders processed through the SCM office:




From the above orders processed by the SCM department, a total of 107 tenders were awarded in the 2023/24 financial year, compared to 89 the previous year. The change in the number of the awards made was due contracts maturing.

**CONCLUSION**

All Supply Chain Management officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The unit has rolled out the new requisition process where departments need to select from a catalogue when they want to do procurement. The logistics section has rolled out and electronic stock issue process that will function in a similar way then the catalogue system. We also enhanced the Procurement plan to substitute our bid registers. This means that departments first need to register a procurement plan item before a Formal written Quotation or tender can commence. This will also ensure that all spend on a specific bid is linked the bids. This implementation has brought about its challenges but, the unit is comfortable that we are moving in the right direction.

The unit functions very well and the Mossel Bay Municipality is frequently praised at the Western Cape Provincial Supply Chain Forum as well as on other platforms. It is considered as a leading municipality in the field of Supply Chain Management and its processes is often used as “best practice” examples.

## 5.12 BBBEE COMPLIANCE PERFORMANCE INFORMANTION

The Municipality's BBBEE remains Non-Compliant as it was not feasible to conduct an assessment in 2024.

## 5.13 COST CONTAINMENT

The Minister of Finance in concurrence with the Minister of Cooperative Governance and Traditional Affairs set out the Local Government: Municipal Finance Management Act, 2003 Municipal Cost Containment Regulations, 2019 that aims to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures. Regulation 15 (1) indicates that cost containment measures applied by the municipality and municipal entity must be included in the municipal in -year budget reports and annual costs savings disclosed in the annual report.

Below table indicates the savings for Cost Containment Measures for 2023-2024:

| COST CONTAINMENT IN-YEAR REPORT | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Measures** | **Annual Budget** | **YTD Budget** | **Q1** | **Q2** | **Q3** | **Q4** | **Saving / (Over-spending)** |
| **Use of consultants** | R17 194 310 | R17 194 310 | R2 268 760 | R2 655 815 | R2 203 140 | R6 269 069 | R3 797 527 |
| **Vehicles used for political office-bearers** | R0 | R0 | R0 | R0 | R0 | R0 | R0 |
| **Travel and subsistence** | R696 478 | R696 478 | R107 090 | R98 058 | R124 615 | R152 759 | R213 955 |
| **Domestic accommodation** | R248 471 | R248 471 | R23 810 | R86 425 | R9 684 | R38 585 | R89 967 |
| **Sponsorships, events and catering** | R807 693 | R807 693 | R120 780 | R340 528 | R145 927 | R91 494 | R108 965 |
| **Communication** | R3 322 058 | R3 322 058 | R751 580 | R928 999 | R646 643 | R539 072 | R455 763 |
| **Other related expenditure items:** | | | | | | | R0 |
| **- Funding elections, campaign activities** | R0 | R0 | R0 | R0 | R0 | R0 | R0 |
| **- Exp on elaborate office furniture** | R0 | R0 | R0 | R0 | R0 | R0 | R0 |
| **- Unplanned overtime** | R11 588 140 | R11 588 140 | R2 279 583 | R3 561 700 | R4 440 150 | R4 536 394 | (R3 229 687) |
| **- Unnecessary litigation costs due to dismissal/suspending officials** | R0 | R0 | R0 | R0 | R0 | R0 | R0 |
| **TOTAL** | R33 857 150 | R33 857 150 | R5 551 604 | R7 671 525 | R7 570 159 | R11 627 373 | R1 436 490 |

AUDITOR - GENERAL
SOUTH AFRICA

# 6 AUDITOR GENERAL FINDINGS

## INTRODUCTION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Section 45 of the Municipal Systems Act states that the results of performance measurement must be audited annually by the Auditor-General.

# CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2022

### 6.1 AUDITOR-GENERAL REPORT YEAR 2023

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2023 | |
|---|---|
| Audit Report Status | Unqualified with no findings |
| Non-Compliance Issues | Remedial Action Taken |
| **None** | **None** |

## COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023

### 6.2 AUDITOR-GENERAL REPORT 2024

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2024 | |
|---|---|
| Audit Report Status | Unqualified with no findings |
| Non-Compliance Issues | Remedial Action Taken |
| **None** | **None** |

COMMENT ON THE AUDITOR-GENERAL'S OPINION:

The municipality is proud of having achieved the Clean Audit outcome for the 2023-2024 financial year. This Clean Audit outcome marks the eleventh time the municipality has received it the last thirteen years. The municipality remains ever committed to continues improvement and continues to strive for further improvement.

# APPENDICES

## APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Executive Mayor, Alderman D Kotzé** | FT | Council Meetings | DA | 80% | 100% |
| **Deputy Executive Mayor, Alderman C Bayman** | FT | Council Meetings | DA | 73% | 75% |
| **Speaker, Alderlady V Fortuin** | FT | Council Meetings | DA | 93% | 100% |
| **Alderman N Booisen** | FT | Council Meetings | DA | 100% | n/a |
| **Councillor A Dellemijn** | FT | Council Meetings | DA | 100% | n/a |
| **Councillor M Furness** | FT | Council Meetings | DA | 87% | 100% |
| **Councillor N le Roux** | FT | Council Meetings | DA | 100% | n/a |
| **Councillor L van Dyk** | FT | Council Meetings | DA | 100% | n/a |
| **Councillor E Baron** | PT | Council Meetings | VF | 93% | 100% |
| **Councillor J Bavuma** | PT | Council Meetings | DA | 80% | 67% |
| **Councillor W Botha** | PT | Council Meetings | DA | 93% | 100% |
| **Councillor W Buda** | PT | Council Meetings | ANC | 80% | 67% |
| **Councillor D Claassen** | PT | Council Meetings | DA | 100% | n/a |
| **Councillor L Coetzee** | PT | Council Meetings | DA | 73% | 100% |
| **Councillor S Dubula** | PT | Council Meetings | ANC | 87% | 100% |
| **Councillor J Gouws** | PT | Council Meetings | ACDP | 73% | 100% |
| **Councillor N Gwaza** | PT | Council Meetings | ANC | 87% | 100% |
| **Councillor A Janse van Rensburg** | PT | Council Meetings | DA | 93% | 100% |
| **Councillor D Kamfer (dismissed 21/11/2023)** | PT | Council Meetings | ICOSA | 67% | 0% |
| **Councillor M Kannemeyer** | PT | Council Meetings | DA | 100% | n/a |
| **Councillor N Krige (appointed 21/11/2023)** | PT | Council Meetings | ICOSA | 78% | 50% |
| **Councillor W Liebenberg** | PT | Council Meetings | VF | 100% | n/a |
| **Councillor Z Matyesini** | PT | Council Meetings | ANC | 73% | 100% |
| **Councillor E Meyer** | PT | Council Meetings | DA | 87% | 100% |
| **Councillor M Mkonto** | PT | Council Meetings | ANC | 73% | 50% |
| **Councillor T Mvumvu** | PT | Council Meetings | DA | 93% | 0% |
| **Councillor F Porter (resigned 28/03/2024)** | PT | Council Meetings | PA | 91% | 0% |
| **Councillor V Porter (appointed 19/04/2024)** | PT | Council Meetings | PA | 67% | 100% |
| **Alderlady R Ruiters** | PT | Council Meetings | DA | 100% | n/a |
| **Councillor G Sethuntsha** | PT | Council Meetings | DA | 100% | n/a |
| **Councillor M Welman** | PT | Council Meetings | DA | 100% | n/a |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Executive Mayor, Alderman D Kotzé** | FT | Executive Mayoral Committee Meetings | DA | 88% | 100% |
| **Deputy Executive Mayor, Alderman C Bayman** | FT | Executive Mayoral Committee Meetings | DA | 63% | 100% |
| **Speaker, Alderlady V Fortuin** | FT | Executive Mayoral Committee Meetings | DA | 75% | 50% |
| **Alderman N Booisen** | FT | Executive Mayoral Committee Meetings | DA | 75% | 50% |
| **Councillor A Dellemijn** | FT | Executive Mayoral Committee Meetings | DA | 100% | n/a |
| **Councillor M Furness** | FT | Executive Mayoral Committee Meetings | DA | 88% | 100% |
| **Councillor N le Roux** | FT | Executive Mayoral Committee Meetings | DA | 88% | 100% |
| **Councillor L van Dyk** | FT | Executive Mayoral Committee Meetings | DA | 50% | 100% |
| | | | | | |
| **Cllr N le Roux (Chair)** | FT | Corporate Services & Legal Services Committee | DA | 86% | 0% |
| **Cllr J Bavuma** | PT | Corporate Services & Legal Services Committee | DA | 86% | 100% |
| **All R Ruiters** | PT | Corporate Services & Legal Services Committee | DA | 100% | n/a |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Cllr S Botha** | PT | Corporate Services & Legal Services Committee | DA | 100% | n/a |
| **Cllr M Welman** | PT | Corporate Services & Legal Services Committee | DA | 71% | 100% |
| **Cllr L Coetzee** | PT | Corporate Services & Legal Services Committee | DA | 86% | 100% |
| **Cllr F Porter (resigned 28/03/2024)** | PT | Corporate Services & Legal Services Committee | PA | 17% | 20% |
| **Cllr V Porter (appointed 19/04/2024)** | PT | Corporate Services & Legal Services Committee | PA | 100% | n/a |
| **Cllr Z Matyesini** | PT | Corporate Services & Legal Services Committee | ANC | 100% | n/a |
| **Cllr S Dubula** | PT | Corporate Services & Legal Services Committee | ANC | 86% | 100% |
| **Cllr G Sethuntsha (Sec)** | PT | Corporate Services & Legal Services Committee | DA | 100% | n/a |
| **Cllr D Claassen (Sec)** | PT | Corporate Services & Legal Services Committee | DA | 86% | 100% |
| | | | | | |
| | | | | | |
| | | | | | |
| **Cllr M Furness (Chair)** | FT | Financial Services Committee | DA | 86% | n/a |
| **Cllr M Welman** | PT | Financial Services Committee | DA | 71% | 0% |
| **Cllr E Meyer** | PT | Financial Services Committee | DA | 86% | 0% |
| **Cllr S Botha** | PT | Financial Services Committee | DA | 100% | n/a |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Cllr L Coetzee** | PT | Financial Services Committee | DA | 86% | n/a |
| **Cllr A Janse van Rensburg** | PT | Financial Services Committee | DA | 86% | 0% |
| **Cllr W Liebenberg** | PT | Financial Services Committee | VF+ | 100% | n/a |
| **Cllr N Gwaza** | PT | Financial Services Committee | ANC | 43% | 0% |
| **Cllr M Mkonto** | PT | Financial Services Committee | ANC | 57% | 0% |
| **Cllr T Mvumvu (sec)** | PT | Financial Services Committee | DA | 86% | 0% |
| **Cllr G Sethuntsha (sec)** | PT | Financial Services Committee | DA | 100% | n/a |
| | | | | | |
| **Cllr A Dellemijn (Chair)** | FT | Infrastructure Services Committee | DA | 100% | n/a |
| **All R Ruiters** | PT | Infrastructure Services Committee | DA | 100% | n/a |
| **Cllr T Mvumvu** | PT | Infrastructure Services Committee | DA | 86% | 100% |
| **Cllr A Janse van Rensburg** | PT | Infrastructure Services Committee | DA | 86% | 100% |
| **Cllr D Claassen** | PT | Infrastructure Services Committee | DA | 86% | 100% |
| **Cllr E Meyer** | PT | Infrastructure Services Committee | DA | 86% | 100% |
| **Councillor D Kamfer (dismissed 21/11/2023)** | PT | Infrastructure Services Committee | ICOSA | 25% | 0% |
| **Councillor N Krige (appointed 21/11/2023)** | PT | Infrastructure Services Committee | ICOSA | 0% | 33% |
| **Cllr W Buda** | PT | Infrastructure Services Committee | ANC | 86% | 0% |
| **Cllr Z Matyesini** | PT | Infrastructure Services Committee | ANC | 100% | n/a |
| **Cllr L Coetzee (Sec)** | PT | Infrastructure Services Committee | DA | 86% | 100% |
| **Cllr M Welman (Sec)** | PT | Infrastructure Services Committee | DA | 71% | 100% |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Ald N Booisen (Chair)** | FT | Community Services Committee | DA | 86% | 100% |
| **Cllr G Sethuntsha** | PT | Community Services Committee | DA | 100% | n/a |
| **Cllr M Kannemeyer** | PT | Community Services Committee | DA | 86% | 100% |
| **Cllr T Mvumvu** | PT | Community Services Committee | DA | 86% | 100% |
| **Cllr D Claassen** | PT | Community Services Committee | DA | 86% | 100% |
| **Cllr E Baron** | PT | Community Services Committee | VF+ | 100% | n/a |
| **Cllr M Welman** | PT | Community Services Committee | DA | 71% | 100% |
| **Cllr W Buda** | PT | Community Services Committee | ANC | 86% | 0% |
| **Cllr S Dubula** | PT | Community Services Committee | ANC | 86% | 100% |
| **Cllr J Bavuma (sec)** | PT | Community Services Committee | DA | 86% | 100% |
| | | | | | |
| **Cllr L van Dyk (Chair)** | FT | Community Safety Committee | DA | 100% | n/a |
| **Cllr T Mvumvu** | PT | Community Safety Committee | DA | 86% | 100% |
| **All R Ruiters** | PT | Community Safety Committee | DA | 100% | n/a |
| **Cllr M Kannemeyer** | PT | Community Safety Committee | DA | 86% | 100% |
| **Cllr D Claassen** | PT | Community Safety Committee | DA | 86% | 100% |
| **Cllr A Janse van Rensburg** | PT | Community Safety Committee | DA | 86% | 100% |
| **Cllr W Liebenberg** | PT | Community Safety Committee | VF+ | 100% | n/a |
| **Cllr S Dubula** | PT | Community Safety Committee | ANC | 100% | n/a |
| **Cllr Z Matyesini** | PT | Community Safety Committee | ANC | 100% | n/a |

| Councillors, Committees Allocated and Council Attendance | | | | | |
|---|---|---|---|---|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Council Meetings Attendance % | Apologies for non-Attendance % |
| **Cllr J Bavuma (Sec)** | PT | Community Safety Committee | DA | 86% | 100% |
| **Cllr E Meyer (Sec)** | PT | Community Safety Committee | DA | 86% | 100% |
| | | | | | |
| **Ald C Bayman (Chair)** | FT | Planning & Economic Development | DA | 86% | 0% |
| **Cllr L Coetzee** | PT | Planning & Economic Development | DA | 86% | 100% |
| **Cllr T Mvumvu** | PT | Planning & Economic Development | DA | 86% | 100% |
| **Cllr J Bavuma** | PT | Planning & Economic Development | DA | 86% | 100% |
| **Cllr G Sethuntsha** | PT | Planning & Economic Development | DA | 100% | n/a |
| **Cllr S Botha** | PT | Planning & Economic Development | DA | 100% | n/a |
| **Cllr J Gouws** | PT | Planning & Economic Development | ACDP | 86% | 100% |
| **Cllr M Mkonto** | PT | Planning & Economic Development | ANC | 57% | 0% |
| **Cllr N Gwaza** | PT | Planning & Economic Development | ANC | 43% | 75% |
| **Cllr D Claassen (Sec)** | PT | Planning & Economic Development | DA | 86% | 100% |
| **Cllr M Kannemeyer (Sec)** | PT | Planning & Economic Development | DA | 86% | 100% |

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES | |
|---|---|
| **Municipal Committees** | **Purpose of Committee** |
| Financial Services Committee | The Finance Committee advises and makes recommendation to Council on financial matters relating to the budget, credit control, cash flow, loans and investments. |
| Planning and Economic Development Services Committee | Planning and Integrated Services Committee and advises on matters relating to Town Planning and Zoning, Building control and Outdoor Advertising as well as Human Settlements. |
| Infra-Structure Services Committee | The Infra-Structure Services advises Council on policy, budget planning and resolutions for Technical Services, which is responsible for streets and storm water, water and sewerage, planning and support services (MIG projects), Mechanical Services (Fleet Management and Telemetry) and Electrical Networks. |
| Community Safety Committee | The Community Safety Committee makes recommendations to Council and advises on matters fire services and traffic and law enforcement, municipal court as well as environment. |
| Corporate- and Governance Services Committee | The Corporate- and Governance Services Committee makes recommendations to Council and advises on matters relating to Human Resources, ICT and Governance related matters. |
| Community Services Committee | The Community Services Committee makes recommendations to Council and advises on matters relating to waste management, parks and recreation well as Socio-Economic Development. |

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| THIRD TIER STRUCTURE | |
|---|---|
| **Directorate** | **Director/Manager (State title and name)** |
| Financial Services | Mr O. Fredericks |
| Corporate Services | Ms A. Potgieter |
| Infrastructure Services | Mr D. Naidoo |
| Planning & Economic Development | Mr C. Venter |
| Community Services | Ms E. Nel |
| Community Safety | Mr G. Lategan |

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The Mossel Bay Municipality does not have any entities.

## APPENDIX E – WARD REPORTING

| Ward Number | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|---|---|---|---|---|---|
| 1 | **Councillor Sibabalo Dubula**<br>Phumzile Lamani<br>Phumzile Ndamane<br>Sibongile Mjungu<br>Nomabhelu Bantom<br>Beatrice Tusha<br>Madela Ncediswa<br>Nonkolelo Mdoda<br>Vuyisile Nkqayi<br>Kleinbooi Stwayi<br>Mafa Matshishi | Yes | 4 | 4 | 0 |
| 2 | **Councillor Noxolo Gwaza**<br>Nobaphumzi Bende<br>Ivy Mangali<br>Marinda Gxowa<br>Madelein Hector Gentswana<br>Nobuzwe Masala<br>Okuhle Booi<br>Nombuyiselo Mrwebo<br>Siyamthanda Mamase<br>Michael Tobias<br>Chwayito Gavu | Yes | 4 | 4 | 1 |
| 3 | **Councillor Zithulele Mathyesini**<br>Synthia Sidumo<br>Nomthandazo Nontongana<br>Mandisa Mhla*<br>Sithembiso Kakaza*<br>Nombalisweni Ntlanganiso<br>Sibongiseni Cetywayo<br>Zukiswa Charles<br>Odwa Nongxaza<br>Vuyiswa Qatana*<br>Mathabo Pina | Yes | 4 | 4 | 1 |
| 4 | **Councillor Anna Janse van Rensburg**<br>Cedric Jansen<br>Jaco Lombard<br>Pieter Le Roux<br>Marthinus Jansen van Rensburg*<br>Glen Opperman<br>Gertruida Jooste<br>Jan Gert Pretorius<br>Daphne Haattingh*<br>Herman Swanepoel<br>Shane Herbst<br>Erika Maritz | Yes | 4 | 4 | 0 |
| 5 | **Councillor Anton Dellemijn**<br>George Nezar<br>Annemarie Dellemijn<br>Jessica Franklin<br>John Behrens | Yes | 4 | 4 | 1 |

| Ward Number | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|---|---|---|---|---|---|
| | Jacobus Van Der Merwe<br>Johan Spies*<br>Scott Thomson<br>Martin Detering<br>Maureen Gertse<br>Cornelius Pelser | | | | |
| **6** | **Councillor Mark Furness**<br>Christiaan Potgieter<br>Rechè Van Wyk<br>William Benn<br>Clive Parsons<br>Nicolaas Lodewyks<br>Nick Van Noordwyk | Yes | 4 | 4 | 0 |
| **7** | **Councillor Stephan Botha**<br>Stanley Kiewiet<br>Mary-ann Plato<br>Dancel Josephs<br>Elesa Prins<br>Elvida Uitealingum<br>Helene Bezuidenhout<br>Jasmene James<br>Denise Lloyd<br>Pieter Le Roux | Yes | 4 | 4 | 1 |
| **8** | **Councillor Lodewyk Coetzee**<br>Fiona Williamson<br>Marika Thomatos<br>Denise Brown<br>Anria Gerber<br>Catherina Wiggell<br>Louis Brill*<br>Lindie Edwards<br>Dawie Horn | Yes | 4 | 4 | 1 |
| **9** | **Councillor Erica Meyer**<br>Stefaans Grootboom<br>Jenifer Barnard<br>Bertram Sampson<br>Inge Lucas<br>Mathilda Kleinbooi<br>Cecilia Botha<br>Clinton September<br>Zathan McCarthy<br>Jonathan McCarthy | Yes | 4 | 4 | 1 |
| **10** | **Councillor Leon van Dyk**<br>Anette Fereira<br>Phillip Mattheus<br>Sonja Van Graan<br>Pieter De Villiers<br>Johanna Marais<br>Andries Du Toit<br>Pieter Oberhölzer<br>Carel Kruger<br>Jeanette Dreyer | Yes | 4 | 4 | 0 |
| **11** | **Councillor Nickey le Roux**<br>Arthur Cloete | Yes | 4 | 4 | 2 |

| Ward Number | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of quarterly Committee meetings held during the year | Number of quarterly reports submitted to Speakers Office on time | Number of quarterly public Ward meetings held during year |
|---|---|---|---|---|---|
| | Hendrik Booysen<br>Frits Nortjè<br>Fransciscus Palm<br>Twana Roets<br>Mariesa Smalberger<br>Loané Kritzinger<br>Valthia Johnson | | | | |
| **12** | **Councillor Witness Buda**<br>Dipuo Seretsi<br>Zenobia Prins<br>Cornelia Erasmus<br>Helen Davids<br>Sophia October<br>Maggie Welman<br>Nomakholwa Mdleleni<br>Zwelinjani Matwa<br>Phkama Tasana | Yes | 4 | 4 | 2 |
| **13** | **Alderlady Rosina Ruiters**<br>Anthea Taylor<br>Elaine Botha<br>Valdery Taute<br>Noël Philander<br>Frederick Groenewald<br>Henry Freddericks<br>Creshenda Benjamin<br>Lorraine Arrison<br>Dawn Valentine<br>Charlton Muller | Yes | 4 | 4 | 1 |
| **14** | **Councillor Donovon Claassen**<br>Edward Botla<br>Schumanaine Blokland<br>Morgan Muller<br>Richard Wesso<br>Nolene Losper<br>Eric Scott<br>Gloria Abrahams<br>Mae Koert<br>Piet Smit | Yes | 4 | 4 | 2 |
| **15** | **Councillor Mzwandile Mkonto**<br>Elvericia Erasmus<br>Masimphiwe Qatu<br>Ntombifikile Tshaka<br>Thembelani Jaxa<br>Thembekile Nkoduso<br>Gladys Hugo<br>Natasha Mhalo<br>Dumekhaya Seya<br>Vuyolwethu Skali<br>Vivian Zazini | Yes | 4 | 4 | 1 |

## APPENDIX F – WARD INFORMATION

See Appendix N and Appendix O.

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024

| NR | DATE | ITEM DETAILS | | RESPONSIBLE | RESOLUTIONS IMPLEMENTED |
|---|---|---|---|---|---|
| 1 | 14-Jun-23 | 7.5 | ICT GOVERNANCE | MGR. IT DEPARTMENT | ICT Department to provide an ICT Governance on what is currently being done, what the ICT Strategy is about and what is mitigating controls are in place. |
| 2 | 14-Jun-23 | 14.3 | AGSA BUDGET 21/22 | APAC MEMBERS | APAC to discuss the expenses and the over-budget amount with the AGSA at the next Committee meeting in September. |
| 3 | 14-Jun-23 | 15.5 | QAR 2024/25 | AIA | AIA to discuss with management and assess the risks and possible findings in respect of the appointment of the external quality assurance reviewer in 2025 instead of 2024, where after it would be addressed in the Quality Assurance and improvement programme. |
| 4 | 14-Jun-23 | 15.6 | QAR FAQ | CAE | CAE to distribute FAQ on the Quality Assurance review as per the IIA to APAC. |
| 5 | 14-Jun-23 | 16.3<br>6.6.2 | MEMBERS REMUNERATION | AIA | AIA to table Item to Council for approval of changes to the remuneration of APAC Members and the "back pay" effective from 1 April 2022. |
| 6 | 21-Aug-23 | 4. | DRAFT AFS 22/23 | APAC MEMBERS | APAC to recommended Draft Annual Financial Statements for the year ended 30 June 2023 |
| 7 | 21-Aug-23 | 5. | DRAFT APR 22/23 | APAC MEMBERS | APAC to recommended Draft Annual Report for the year ended 30 June 2023 |
| 8 | 14-Jun-23 | 15.4 | AC INPUT – QAR | CAE | Ms A Badenhorst requested the Committee to consider the Quality Assurance and improvement programme at the next Committee meeting. Should the members have any input, it be provided to Ms M Koen for consideration in the Ms A Badenhorst' draft programme |
| 9 | 14-Jun-23 | 6.2.6<br>6.2.7<br>B/O RES.9 of 22/23 | AC TRAFFIC & SAFETY CONCERNS | HEAD: TRAFFIC DIR. COMMUNITY SAFETY | Mr F Barnard express concern regarding speeding in Louis Fourie-, Morrison-, and Marsh Street. Chairperson request management to mitigate risk and provide feedback. |
| 10 | 04-Dec-23 | 7 | ICT GOVERNANCE | DIR. CORPORATE SERVICE AND SNR. MR ICT | Assurance requested on software and licensing |
| 11 | 04-Dec-23 | 7 | RISK MANGEMENT | RIMPO | Mr F Barnard requested Risk Management feedback be given at the next meeting |
| 12 | 14-Jun-23 | 6.3.4<br>6.3.5<br>B/O RES. 13 & 15 of 22/23 | PERFORMANCE INDICATORS & LIVED REALITIES/ EXPERIENCES | RIMPO | Review KPI's to ensure it complies with SMART Monitoring and takes into account AGSA focus area of lived experience |

| NR | DATE | ITEM DETAILS | | RESPONSIBLE | RESOLUTIONS IMPLEMENTED |
|---|---|---|---|---|---|
| 13 | 04-Dec-23 | 11 | RISK MANAGEMENT AND COMBINED ASSURANCE | RIMPO | Mr F Barnard requested detail be provided on how risks are managed, specifically relating to Item 11 and documents be shared with APAC |

## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| Long Term Contracts (20 Largest Contracts Entered into during 2024) | | | | | R' 000 |
|---|---|---|---|---|---|
| **Name of Service Provider (Entity or Municipal Department)** | **Description of Services Rendered by the Service Provider** | **Start Date of Contract** | **Expiry date of Contract** | **Project manager** | **Contract Value** |
| **DebtManager (Pty)Ltd** | Debt Collection and Subsidy Management Services | 1-Dec-23 | 30-Jun-28 | Chief Financial Officer | 41 911 110.48 |
| **Ikapa Reticulation and Flow CC** | Reading of Water and Electricity Meters and other related services | 1-Dec-23 | 30-Jun-28 | Chief Financial Officer | 14 363 805.24 |
| **Garden Route District Municipality** | Provision of Regional Landfill Site | 13-Feb-24 | 12-Feb-34 | Director: Community Services | 218 888 093.43 |

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The Municipality does not have any entities.

## APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST

Disclosures of financial interest are completed on a bi-annual basis for all of Executive Management. Disclosures of Financial Interest are also submitted to the MEC for Local Government annual together with signed Performance Agreements.

# APPENDIX K REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

## APPENDIX K (I) REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote | | | | | | R' 000 |
|---|---|---|---|---|---|---|
| Vote Description | 2023 | Current: 2024 | | | 2022 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Municipal Manager | 42 383 010 | 35 209 605 | 37 660 564 | 48 208 618 | 27% | 22% |
| Corporate Services | 159 604 | 1 527 478 | 2 145 257 | 3 869 511 | 61% | 45% |
| Financial Services | 254 051 786 | 280 679 072 | 282 835 346 | 291 401 380 | 4% | 3% |
| Technical Services | 944 350 672 | 1 012 304 263 | 1 020 354 875 | 1 039 019 706 | 3% | 2% |
| Community Services | 119 783 332 | 137 471 562 | 138 189 931 | 134 051 207 | -3% | -3% |
| Town Planning & Building Control | 86 170 177 | 151 608 529 | 106 087 400 | 143 912 513 | -5% | 26% |
| Community Safety | 35 642 924 | 31 722 285 | 34 137 739 | 34 405 041 | 8% | 1% |
| **Total Revenue by Vote** | 1 482 541 505 | 1 650 522 794 | 1 621 411 112 | 1 694 867 975 | 3% | 4% |

## APPENDIX K (II) REVENUE COLLECTION PERFORMANCE BY SOURCE

| Revenue Collection Performance by Source | | | | | | R '000 |
|---|---|---|---|---|---|---|
| Description | 2023 | 2024 | | | 2024 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Property rates | 192 123 | 223 788 | 219 679 | 218 627 | -2% | 0% |
| Property rates - penalties & collection charges | 896 | 905 | 1 252 | 1 140 | 21% | -10% |
| Service Charges - electricity revenue | 560 652 | 616 248 | 621 464 | 630 694 | 2% | 1% |
| Service Charges - water revenue | 155 425 | 165 339 | 160 181 | 167 873 | 2% | 5% |
| Service Charges - sanitation revenue | 85 214 | 90 046 | 92 563 | 93 943 | 4% | 1% |
| Service Charges - refuse revenue | 83 497 | 90 270 | 90 834 | 90 105 | 0% | -1% |
| Service Charges - other | – | – | – | – | #DIV/0! | #DIV/0! |
| Rentals of facilities and equipment | 12 695 | 8 937 | 8 627 | 12 628 | 29% | 32% |
| Interest earned - external investments | 55 086 | 50 313 | 50 994 | 66 216 | 24% | 23% |
| Interest earned - outstanding debtors | 6 983 | 7 114 | 11 353 | 11 170 | 36% | -2% |
| Dividends received | – | – | – | – | #DIV/0! | #DIV/0! |
| Fines | 26 235 | 18 523 | 20 202 | 23 883 | 22% | 15% |
| Licenses and permits | 1 317 | 1 371 | 1 379 | 1 388 | 1% | 1% |
| Agency services | 8 148 | 9 207 | 8 723 | 8 228 | -12% | -6% |
| Transfers recognised - operational | 139 355 | 223 618 | 188 947 | 168 274 | -33% | -12% |
| Other revenue | 58 744 | 63 289 | 60 365 | 56 079 | -13% | -8% |
| Gains on disposal of PPE | 5 613 | – | – | – | #DIV/0! | #DIV/0! |
| Construction contracts | 1 251 | – | – | 1 075 | 100% | 100% |
| Total Revenue (excluding capital transfers and contributions) | 1 393 234 | 1 568 965 | 1 536 565 | 1 551 325 | -1.14% | 0.95% |

## APPENDIX L CONDITIONAL GRANT RECEIVED: EXCLUDING MIG

| Conditional Grants: excluding MIG | | | | | R' 000 |
|---|---|---|---|---|---|
| Details | Budget | Adjustments Budget | Actual | Variance | |
| | | | | Budget | Adjustments Budget |
| **Operating expenditure of Transfers and Grants** | | | | | |
| Local Government Equitable Share | 130 634 | 130 634 | 130 634 | 0% | 0% |
| Finance Management grant | 1 566 | 1 566 | 1 566 | 0% | 0% |
| Disaster Recovery Grant - National | – | – | – | 0% | 0% |
| Energy Efficiency and Demand Side Management Grant | – | – | – | 0% | 0% |
| EPWP | 2 524 | 2 833 | 2 607 | -3% | 9% |
| | | | | | |
| Housing | 67 593 | 24 292 | 18 255 | 270% | 33% |
| Community Development Workers | 57 | 100 | 100 | -43% | 0% |
| Library Services | 10 214 | 10 392 | 9 037 | 13% | 15% |
| Subsidy - Housing Emergency Kits | – | – | – | 0% | 0% |
| Title-Deeds Restoration grant | 412 | 8 256 | 264 | 56% | 3026% |
| Thusong Centre Service Grant | – | – | – | 0% | 0% |
| Local Government Graduate Internship Grant | – | – | – | 0% | 0% |
| Maintenance & Construction of Transport Infrastructure Grant | 9 465 | 9 465 | 6 076 | 56% | 56% |
| Financial Management Capacity Building Grant | – | 150 | 150 | -100% | 0% |
| Financial Management Capability Grant | – | – | – | 0% | 0% |
| Greenest Municipality Competition | – | – | – | 0% | 0% |
| Municipal Accreditation and Capacity Building grant | 245 | 245 | 163 | 50% | 50% |
| Electrical Master Plan Grant | – | – | – | 0% | 0% |
| Wcape Mun Energy Resilience Grant | – | – | – | 0% | 0% |
| LG Public Employment Support Grant | – | – | – | 0% | 0% |
| Municipal Service Delivery and Capacity Building Grant | – | 106 | 12 | -100% | 821% |
| Establishment and Support of a K9 Unit Grant | 908 | 908 | 486 | 87% | 87% |

| Conditional Grants: excluding MIG | | | | | R' 000 |
|---|---|---|---|---|---|
| Details | Budget | Adjustments Budget | Actual | Variance | |
| | | | | Budget | Adjustments Budget |
| **Local Government Support Grant : Humanitarian relief** | – | – | – | 0% | 0% |
| ***Other Specify:*** | | | | | |
| **Disaster Recovery Rehabilitation Funds** | – | – | – | 0% | 0% |
| **SETA** | – | – | – | 0% | 0% |
| **WESGRO (Wcape Tourism Trade and Investment Promotion Agency)** | – | – | – | 0% | 0% |
| **Public Contributions** | 250 | 250 | 4 273 | -94% | -94% |
| **Capital expenditure of Transfers and Grants** | | | | | |
| **Public Works (EPWP)** | 2 065 | 1 500 | 1 431 | 44% | 5% |
| **National Electrification Programme** | 12 007 | 11 000 | 11 000 | 9% | 0% |
| **Disaster Recovery Grant - National** | – | – | – | 0% | 0% |
| | | | | | |
| **Housing (Cap)** | 36 000 | 35 855 | 9 764 | 269% | 267% |
| **RSEP / VPUU** | 700 | 733 | 733 | -5% | 0% |
| **Library Services Conditional Grant** | – | – | – | 0% | 0% |
| **Water services infrastructure grant** | – | – | – | 0% | 0% |
| **Maintenance & Construction of Transport Infrastructure Grant (Cap)** | – | – | – | 0% | 0% |
| **Fire Services** | – | 879 | 879 | -100% | 0% |
| **Development of Sport and recreational Facilities grant** | – | – | 100 | -100% | -100% |
| **Emergency Municipal Loadshedding Relief** | – | 5 129 | 5 129 | -100% | 0% |
| **Acceleration of Housing development** | – | – | – | 0% | 0% |
| **Establishment and Support of a K9 Unit** | 2 437 | 2 463 | 2 343 | 4% | 5% |
| **Municipal Service Delivery and Capacity Building grant** | – | 225 | 5 | -100% | 4232% |
| **Community Safety** | – | 593 | 422 | -100% | 40% |
| | | | | | |
| ***Other Specify:*** | | | | | |
| **Disaster Recovery Rehabilitation Funds (Cap)** | – | – | – | 0% | 0% |
| **Public Contributions (Cap)** | – | – | 80 345 | -100% | -100% |
| | | | | | |
| **Total** | 277 077 | 247 574 | 285 775 | | |

# APPENDIX M CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

## APPENDIX M (I) CAPITAL EXPENDITURE - NEW ASSET PROGRAMME

| Description | 2021/22 | Budget Year 2022/23 | | | | | |
|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | % | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | |
| **Infrastructure** | **81029** | **67629** | **60084** | **53866** | 6218 | **10,3%** | **60084** |
| Roads Infrastructure | 26179 | 10185 | 6639 | 6217 | 422 | **6,4%** | 6639 |
| *Roads* | 161 | 150 | 105 | 62 | 43 | **40,9%** | 105 |
| *Road Structures* | 15980 | 6193 | 4066 | 3906 | 160 | **3,9%** | 4066 |
| *Road Furniture* | 10039 | 3841 | 2468 | 2248 | 220 | **8,9%** | 2468 |
| Electrical Infrastructure | 15137 | 19610 | 21317 | 20226 | 1091 | **5,1%** | 21317 |
| *Power Plants* | 10313 | 10758 | 11345 | 11380 | (35) | **-0,3%** | 11345 |
| *MV Networks* | 4815 | 7242 | 8679 | 8506 | 173 | **2,0%** | 8679 |
| *LV Networks* | 10 | 850 | 1293 | 341 | 952 | **73,6%** | 1293 |
| *Capital Spares* | – | – | – | – | – | | – |
| Water Supply Infrastructure | 15974 | 24734 | 23686 | 21043 | 2642 | **11,2%** | 23686 |
| *Dams and Weirs* | – | – | – | – | – | | – |
| *Boreholes* | 2430 | 1800 | 1800 | 819 | 981 | **54,5%** | 1800 |
| *Reservoirs* | 7685 | 7750 | 7800 | 6973 | 827 | **10,6%** | 7800 |
| *Pump Stations* | 1800 | – | – | – | – | | – |
| *Water Treatment Works* | – | – | – | – | – | | – |
| *Bulk Mains* | 1934 | – | – | – | – | | – |
| *Distribution* | 1982 | 14984 | 13886 | 13057 | 828 | **6,0%** | 13886 |
| *Capital Spares* | 144 | 200 | 200 | 194 | 6 | **2,9%** | 200 |
| Sanitation Infrastructure | 21211 | 10600 | 5108 | 4101 | 1007 | **19,7%** | 5108 |
| *Pump Station* | – | – | – | – | – | | – |
| *Reticulation* | 19708 | 9000 | 3463 | 3045 | 418 | **12,1%** | 3463 |
| *Waste Water Treatment Works* | 210 | 500 | 500 | 217 | 283 | **56,7%** | 500 |
| *Capital Spares* | 1294 | 1100 | 1145 | 839 | 306 | **26,7%** | 1145 |
| Solid Waste Infrastructure | 2410 | – | 397 | 412 | (15) | **-3,8%** | 397 |
| *Landfill Sites* | – | – | – | – | – | | – |
| *Waste Transfer Stations* | 2365 | – | 397 | 412 | (15) | **-3,8%** | 397 |
| *Waste Separation Facilities* | 45 | – | – | – | – | | – |
| Information and Communication Infrastructure | 118 | 1400 | 1341 | 1301 | 40 | **3,0%** | 1341 |
| *Data Centres* | 118 | 1400 | 1341 | 1301 | 40 | **3,0%** | 1341 |
| **Community Assets** | **14725** | **3162** | **8187** | **6058** | **2130** | **26,0%** | **8187** |
| Community Facilities | 10586 | 1325 | 3035 | 1609 | 1425 | **47,0%** | 3035 |
| *Halls* | – | – | – | – | – | | – |
| *Centres* | 8897 | – | 1052 | 794 | 258 | 24,5% | 1052 |
| *Libraries* | 689 | – | 120 | 51 | 69 | 57,4% | 120 |
| *Taxi Ranks/Bus Terminals* | – | 1000 | 1550 | 451 | 1099 | 70,9% | 1550 |
| *Capital Spares* | – | – | – | – | – | | – |

| Description | 2021/22 | Budget Year 2022/23 | | | | | |
|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | % | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | |
| **Sport and Recreation Facilities** | 4139 | 1837 | 5153 | 4449 | 704 | **13,7%** | 5153 |
| ***Indoor Facilities*** | – | – | – | – | – | | – |
| ***Outdoor Facilities*** | 4139 | 1837 | 5153 | 4449 | 704 | 13,7% | 5153 |
| ***Capital Spares*** | – | – | – | – | – | | – |
| **Investment properties** | **1161** | **2020** | **5157** | **2329** | 2828 | 54,8% | **5157** |
| **Revenue Generating** | 1161 | 2020 | 5157 | 2329 | 2828 | **54,8%** | 5157 |
| ***Improved Property*** | 861 | 2020 | 5157 | 2329 | 2828 | 54,8% | 5157 |
| ***Unimproved Property*** | 300 | – | – | – | – | | – |
| **Other assets** | **7103** | **5419** | **25242** | **5071** | **20171** | **79,9%** | **25242** |
| **Operational Buildings** | 7103 | 5419 | 7713 | 5071 | 2642 | **34,3%** | 7713 |
| ***Municipal Offices*** | 6279 | 3800 | 4245 | 4182 | 63 | 1,5% | 4245 |
| ***Workshops*** | 357 | – | – | – | – | | – |
| ***Yards*** | 99 | 1549 | 1100 | 397 | 703 | 63,9% | 1100 |
| ***Stores*** | 368 | – | 2368 | 492 | 1876 | 79,2% | 2368 |
| **Intangible Assets** | **–** | **–** | **45** | **–** | **45** | 100,0% | **45** |
| **Servitudes** | – | – | – | – | – | | – |
| **Licences and Rights** | – | – | 45 | – | 45 | **100,0%** | 45 |
| ***Computer Software and Applications*** | – | – | – | – | – | | – |
| **Computer Equipment** | **114** | **1209** | **1484** | **1584** | **(100)** | -6,8% | **1484** |
| **Computer Equipment** | 114 | 1209 | 1484 | 1584 | (100) | -6,8% | 1484 |
| | | | | | | | |
| **Furniture and Office Equipment** | **1036** | **1183** | **2060** | **1513** | **548** | 26,6% | **2060** |
| **Furniture and Office Equipment** | 1036 | 1183 | 2060 | 1513 | 548 | 26,6% | 2060 |
| | | | | | | | |
| **Machinery and Equipment** | **1722** | **7592** | **7433** | **6681** | **752** | 10,1% | **7433** |
| **Machinery and Equipment** | 1722 | 7592 | 7433 | 6681 | 752 | 10,1% | 7433 |
| | | | | | | | |
| **Transport Assets** | **2546** | **3260** | **3989** | **3728** | **261** | 6,5% | **3989** |
| **Transport Assets** | 2546 | 3260 | 3989 | 3728 | 261 | 6,5% | 3989 |
| | | | | | | | |
| **Land** | **4587** | **1500** | **250** | **217** | **33** | 13,0% | **250** |
| **Land** | 4587 | 1500 | 250 | 217 | 33 | 13,0% | 250 |
| **Total Capital Expenditure on new assets** | **114022** | **92975** | **113932** | **81046** | **32886** | **28,9%** | **113932** |

## APPENDIX M (II) CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | |
| | | | | | | | | |
| **Infrastructure** | **35620** | **88776** | **96161** | **31382** | **96161** | 64779 | **67,4%** | **96161** |
| **Roads Infrastructure** | – | 20747 | 22591 | 5843 | 22591 | 16748 | **74,1%** | 22591 |
| ***Roads*** | – | – | – | – | – | – | | – |
| ***Road Structures*** | – | 20667 | 22511 | 5834 | 22511 | 16677 | **74,1%** | 22511 |
| ***Road Furniture*** | – | 80 | 80 | 9 | 80 | 71 | **89,1%** | 80 |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Storm water Infrastructure** | – | – | – | – | – | – | | – |
| ***Drainage Collection*** | – | – | – | – | – | – | | – |
| ***Storm water Conveyance*** | – | – | – | – | – | – | | – |
| ***Attenuation*** | – | – | – | – | – | – | | – |
| **Electrical Infrastructure** | 5604 | 3800 | 4753 | 3909 | 4753 | 844 | **17,8%** | 4753 |
| ***Power Plants*** | 537 | 600 | 520 | 3 | 520 | 517 | **99,4%** | 520 |
| ***HV Substations*** | – | – | – | – | – | – | | – |
| ***HV Switching Station*** | – | – | – | – | – | – | | – |
| ***HV Transmission Conductors*** | – | – | – | – | – | – | | – |
| ***MV Substations*** | – | – | – | – | – | – | | – |
| ***MV Switching Stations*** | – | – | – | – | – | – | | – |
| ***MV Networks*** | 1276 | 1000 | 1302 | 1246 | 1302 | 56 | **4,3%** | 1302 |
| ***LV Networks*** | 2990 | 1200 | 2931 | 2660 | 2931 | 271 | **9,2%** | 2931 |
| ***Capital Spares*** | 801 | 1000 | – | – | – | – | | – |
| **Water Supply Infrastructure** | 22171 | 29656 | 34675 | 11367 | 34675 | 23309 | **67,2%** | 34675 |
| ***Dams and Weirs*** | – | – | – | – | – | – | | – |
| ***Boreholes*** | – | – | – | – | – | – | | – |
| ***Reservoirs*** | 11492 | 1000 | 1000 | 974 | 1000 | 26 | **2,6%** | 1000 |
| ***Pump Stations*** | 1517 | 900 | 650 | 371 | 650 | 279 | **42,9%** | 650 |
| ***Water Treatment Works*** | 299 | – | – | – | – | – | | – |
| ***Bulk Mains*** | – | 24467 | 30148 | 7617 | 30148 | 22531 | **74,7%** | 30148 |
| ***Distribution*** | 8863 | 3289 | 2877 | 2404 | 2877 | 473 | **16,5%** | 2877 |
| ***Distribution Points*** | – | – | – | – | – | – | | – |
| ***PRV Stations*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Sanitation Infrastructure** | 7840 | 34574 | 34129 | 10251 | 34129 | 23878 | **70,0%** | 34129 |
| ***Pump Station*** | 291 | 860 | 860 | 829 | 860 | 31 | **3,6%** | 860 |
| ***Reticulation*** | 4401 | 27107 | 29083 | 5674 | 29083 | 23410 | **80,5%** | 29083 |
| ***Waste Water Treatment Works*** | 3148 | 6606 | 4186 | 3748 | 4186 | 438 | **10,5%** | 4186 |

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | |
| Information and Communication Infrastructure | 5 | – | – | – | – | – | | – |
| *Data Centres* | – | – | – | – | – | – | | – |
| *Core Layers* | – | – | – | – | – | – | | – |
| *Distribution Layers* | 5 | – | – | – | – | – | | – |
| *Capital Spares* | – | – | – | – | – | – | | – |
| | | | | | | | | |
| **Community Assets** | **4800** | **2072** | **5042** | **4814** | **5042** | **229** | **4,5%** | **5042** |
| Community Facilities | – | – | – | – | – | – | | – |
| Sport and Recreation Facilities | 4800 | 2072 | 5042 | 4814 | 5042 | 229 | **4,5%** | 5042 |
| *Indoor Facilities* | – | – | – | – | – | – | | – |
| *Outdoor Facilities* | 4800 | 2072 | 5042 | 4814 | 5042 | 229 | 4,5% | 5042 |
| **Investment properties** | **625** | **–** | **–** | **25** | **–** | (25) | #DIV/0! | **–** |
| Revenue Generating | 625 | – | – | 25 | – | (25) | **#DIV/0!** | – |
| *Improved Property* | 625 | – | – | 25 | – | (25) | #DIV/0! | – |
| **Other assets** | **1140** | **1550** | **1470** | **3048** | **1470** | **(1578)** | **-107,4%** | **1470** |
| Operational Buildings | 1140 | 1550 | 1470 | 3048 | 1470 | (1578) | **-107,4%** | 1470 |
| *Municipal Offices* | 949 | 1200 | 1470 | 1438 | 1470 | 32 | 2,1% | 1470 |
| *Workshops* | 191 | 350 | – | – | – | – | | – |
| *Stores* | – | – | – | 1609 | – | (1609) | #DIV/0! | – |
| **Computer Equipment** | **152** | **115** | **114** | **34** | **114** | **80** | 70,1% | **114** |
| Computer Equipment | 152 | 115 | 114 | 34 | 114 | 80 | 70,1% | 114 |
| **Furniture and Office Equipment** | **91** | **91** | **199** | **104** | **199** | **94** | 47,4% | **199** |
| Furniture and Office Equipment | 91 | 91 | 199 | 104 | 199 | 94 | 47,4% | 199 |
| **Machinery and Equipment** | **206** | **428** | **686** | **444** | **686** | **242** | 35,3% | **686** |
| Machinery and Equipment | 206 | 428 | 686 | 444 | 686 | 242 | 35,3% | 686 |
| **Transport Assets** | **2883** | **5031** | **4132** | **4794** | **4132** | **(662)** | -16,0% | **4132** |
| Transport Assets | 2883 | 5031 | 4132 | 4794 | 4132 | (662) | -16,0% | 4132 |
| **Total Capital Expenditure on renewal of existing assets** | **45 516** | **98 063** | **107 803** | **44 644** | **107 803** | **63 159** | **58,6%** | **107 803** |

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on upgrading of existing assets by Asset Class/Sub-class | | | | | | | | |
| **Infrastructure** | **60643** | **40961** | **40881** | **45922** | **40881** | (5041) | **-12,3%** | **40881** |
| **Roads Infrastructure** | 28095 | 12882 | 9898 | 9029 | 9898 | 869 | **8,8%** | 9898 |
| ***Roads*** | 186 | 100 | 620 | 498 | 620 | 121 | **19,6%** | 620 |
| ***Road Structures*** | – | – | 300 | 411 | 300 | (111) | **-37,1%** | 300 |
| ***Road Furniture*** | 27909 | 12782 | 8978 | 8120 | 8978 | 859 | **9,6%** | 8978 |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Storm water Infrastructure** | 3703 | 11180 | 9220 | 7558 | 9220 | 1661 | **18,0%** | 9220 |
| ***Drainage Collection*** | – | 1200 | 600 | 429 | 600 | 171 | **28,4%** | 600 |
| ***Storm water Conveyance*** | 3703 | 9980 | 8620 | 7129 | 8620 | 1491 | **17,3%** | 8620 |
| ***Attenuation*** | – | – | – | – | – | – | | – |
| **Electrical Infrastructure** | 7510 | 8660 | 7306 | 7205 | 7306 | 101 | **1,4%** | 7306 |
| ***Power Plants*** | 40 | 80 | 80 | – | 80 | 80 | **100,0%** | 80 |
| ***HV Substations*** | – | 130 | 130 | 130 | 130 | 0 | **0,0%** | 130 |
| ***HV Switching Station*** | – | – | – | – | – | – | | – |
| ***HV Transmission Conductors*** | 200 | 6000 | 6000 | 6000 | 6000 | 0 | **0,0%** | 6000 |
| ***MV Substations*** | 7270 | 1950 | 996 | 975 | 996 | 21 | **2,1%** | 996 |
| ***MV Switching Stations*** | – | – | – | – | – | – | | – |
| ***MV Networks*** | – | 500 | 100 | 100 | 100 | – | | 100 |
| ***LV Networks*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Water Supply Infrastructure** | 4124 | 3126 | 4467 | 4172 | 4467 | 295 | **6,6%** | 4467 |
| ***Dams and Weirs*** | – | – | – | – | – | – | | – |
| ***Boreholes*** | – | – | – | – | – | – | | – |
| ***Reservoirs*** | – | – | – | – | – | – | | – |
| ***Pump Stations*** | – | – | – | – | – | – | | – |
| ***Water Treatment Works*** | – | 300 | 300 | 28 | 300 | 272 | **90,6%** | 300 |
| ***Bulk Mains*** | – | – | – | – | – | – | | – |
| ***Distribution*** | 4124 | 2826 | 4167 | 4144 | 4167 | 23 | **0,6%** | 4167 |
| ***Distribution Points*** | – | – | – | – | – | – | | – |
| ***PRV Stations*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Sanitation Infrastructure** | 200 | 5113 | 6353 | 4614 | 6353 | 1740 | **27,4%** | 6353 |
| ***Pump Station*** | 143 | 2713 | 4005 | 2521 | 4005 | 1484 | **37,0%** | 4005 |
| ***Reticulation*** | 57 | – | – | – | – | – | | – |
| ***Waste Water Treatment Works*** | – | 2400 | 2348 | 2093 | 2348 | 256 | **10,9%** | 2348 |
| ***Outfall Sewers*** | – | – | – | – | – | – | | – |
| ***Toilet Facilities*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on upgrading of existing assets by Asset Class/Sub-class | | | | | | | | |
| **Solid Waste Infrastructure** | 17011 | – | 3637 | 13343 | 3637 | (9706) | **-266,9%** | 3637 |
| ***Landfill Sites*** | 16445 | – | 3000 | 12706 | 3000 | (9706) | **-323,5%** | 3000 |
| ***Waste Transfer Stations*** | 566 | – | 637 | 637 | 637 | (0) | **0,0%** | 637 |
| ***Waste Processing Facilities*** | – | – | – | – | – | – | | – |
| ***Waste Drop-off Points*** | – | – | – | – | – | – | | – |
| ***Waste Separation Facilities*** | – | – | – | – | – | – | | – |
| ***Electricity Generation Facilities*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Rail Infrastructure** | – | – | – | – | – | – | | – |
| ***Rail Lines*** | – | – | – | – | – | – | | – |
| ***Rail Structures*** | – | – | – | – | – | – | | – |
| ***Rail Furniture*** | – | – | – | – | – | – | | – |
| ***Drainage Collection*** | – | – | – | – | – | – | | – |
| ***Storm water Conveyance*** | – | – | – | – | – | – | | – |
| ***Attenuation*** | – | – | – | – | – | – | | – |
| ***MV Substations*** | – | – | – | – | – | – | | – |
| ***LV Networks*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Coastal Infrastructure** | – | – | – | – | – | – | | – |
| ***Sand Pumps*** | – | – | – | – | – | – | | – |
| ***Piers*** | – | – | – | – | – | – | | – |
| ***Revetments*** | – | – | – | – | – | – | | – |
| ***Promenades*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| **Information and Communication Infrastructure** | – | – | – | – | – | – | | – |
| ***Data Centres*** | – | – | – | – | – | – | | – |
| ***Core Layers*** | – | – | – | – | – | – | | – |
| ***Distribution Layers*** | – | – | – | – | – | – | | – |
| ***Capital Spares*** | – | – | – | – | – | – | | – |
| | | | | | | | | |
| **Community Assets** | **1138** | **1875** | **2157** | **1359** | **2157** | **798** | **37,0%** | **2157** |
| **Community Facilities** | 910 | 160 | 160 | 159 | 160 | 1 | **0,8%** | 160 |
| ***Halls*** | – | – | – | – | – | – | | – |
| ***Centres*** | 910 | – | – | – | – | – | | – |
| ***Crèches*** | – | – | – | – | – | – | | – |
| ***Clinics/Care Centres*** | – | – | – | – | – | – | | – |
| ***Fire/Ambulance Stations*** | – | – | – | – | – | – | | – |
| ***Testing Stations*** | – | – | – | – | – | – | | – |

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on upgrading of existing assets by Asset Class/Sub-class | | | | | | | | |
| *Museums* | – | – | – | – | – | – | | – |
| *Galleries* | – | – | – | – | – | – | | – |
| *Theatres* | – | – | – | – | – | – | | – |
| *Libraries* | – | – | – | – | – | – | | – |
| *Cemeteries/Crematoria* | – | – | – | – | – | – | | – |
| *Police* | – | – | – | – | – | – | | – |
| *Purls* | – | – | – | – | – | – | | – |
| *Public Open Space* | – | – | – | – | – | – | | – |
| *Nature Reserves* | – | – | – | – | – | – | | – |
| *Public Ablution Facilities* | – | 160 | 160 | 159 | 160 | 1 | 0,8% | 160 |
| *Markets* | – | – | – | – | – | – | | – |
| *Stalls* | – | – | – | – | – | – | | – |
| *Abattoirs* | – | – | – | – | – | – | | – |
| *Airports* | – | – | – | – | – | – | | – |
| *Taxi Ranks/Bus Terminals* | – | – | – | – | – | – | | – |
| *Capital Spares* | – | – | – | – | – | – | | – |
| Sport and Recreation Facilities | 228 | 1715 | 1997 | 1201 | 1997 | 797 | **39,9%** | 1997 |
| *Indoor Facilities* | 128 | 500 | 872 | 699 | 872 | 173 | 19,9% | 872 |
| *Outdoor Facilities* | 100 | 1215 | 1125 | 502 | 1125 | 623 | 55,4% | 1125 |
| *Capital Spares* | – | – | – | – | – | – | | – |
| Heritage assets | – | – | 1449 | – | 1449 | 1449 | 100,0% | 1449 |
| Monuments | – | – | – | – | – | – | | – |
| Historic Buildings | – | – | 1449 | – | 1449 | 1449 | 100,0% | 1449 |
| Works of Art | – | – | – | – | – | – | | – |
| Conservation Areas | – | – | – | – | – | – | | – |
| Other Heritage | – | – | – | – | – | – | | – |
| | | | | | | – | | |
| Investment properties | – | – | – | – | – | – | | – |
| Revenue Generating | – | – | – | – | – | – | | – |
| *Improved Property* | – | – | – | – | – | – | | – |
| *Unimproved Property* | – | – | – | – | – | – | | – |
| Non-revenue Generating | – | – | – | – | – | – | | – |
| *Improved Property* | – | – | – | – | – | – | | – |
| *Unimproved Property* | – | – | – | – | – | – | | – |
| Other assets | **1064** | **730** | **828** | **10528** | **828** | **(9700)** | **-1171,4%** | **828** |
| Operational Buildings | 1064 | 730 | 828 | 758 | 828 | 70 | **8,4%** | 828 |
| *Municipal Offices* | 9 | 300 | 398 | 574 | 398 | (176) | -44,2% | 398 |
| *Pay/Enquiry Points* | – | – | – | – | – | – | | – |
| *Building Plan Offices* | – | – | – | – | – | – | | – |

| Description | 2021/22 | | | Budget Year 2022/23 | | | | |
|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | % | |
| Capital expenditure on upgrading of existing assets by Asset Class/Sub-class | | | | | | | | |
| *Workshops* | 759 | 180 | 180 | 40 | 180 | 140 | 78,0% | 180 |
| *Yards* | – | – | – | – | – | – | | – |
| *Stores* | 296 | – | – | – | – | – | | – |
| *Laboratories* | – | 250 | 250 | 145 | 250 | 105 | 42,1% | 250 |
| *Training Centres* | – | – | – | – | – | – | | – |
| *Manufacturing Plant* | – | – | – | – | – | – | | – |
| *Depots* | – | – | – | – | – | – | | – |
| *Capital Spares* | – | – | – | – | – | – | | – |
| Housing | – | – | – | 9770 | – | (9770) | #DIV/0! | – |
| *Staff Housing* | – | – | – | – | – | – | | – |
| *Social Housing* | – | – | – | – | – | – | | – |
| *Capital Spares* | – | – | – | 9770 | – | (9770) | #DIV/0! | – |
| | | | | | | | | |
| Biological or Cultivated Assets | – | – | – | – | – | – | | – |
| Biological or Cultivated Assets | – | – | – | – | – | – | | – |
| | | | | | | | | |
| Intangible Assets | – | – | – | – | – | – | | – |
| Servitudes | – | – | – | – | – | – | | – |
| Licences and Rights | – | – | – | – | – | – | | – |
| *Water Rights* | – | – | – | – | – | – | | – |
| *Effluent Licenses* | – | – | – | – | – | – | | – |
| *Solid Waste Licenses* | – | – | – | – | – | – | | – |
| *Computer Software and Applications* | – | – | – | – | – | – | | – |
| *Load Settlement Software Applications* | – | – | – | – | – | – | | – |
| *Unspecified* | – | – | – | – | – | – | | – |
| | | | | | | | | |
| Computer Equipment | 2455 | 5285 | 4895 | 2323 | 4895 | 2572 | 52,5% | 4895 |
| Computer Equipment | 2455 | 5285 | 4895 | 2323 | 4895 | 2572 | 52,5% | 4895 |
| | | | | | | | | |
| Furniture and Office Equipment | 282 | 471 | 1184 | 959 | 1184 | 225 | 19,0% | 1184 |
| Furniture and Office Equipment | 282 | 471 | 1184 | 959 | 1184 | 225 | 19,0% | 1184 |
| | | | | | | | | |
| Machinery and Equipment | 1341 | 30 | 30 | 29 | 30 | 1 | 4,3% | 30 |
| Machinery and Equipment | 1341 | 30 | 30 | 29 | 30 | 1 | 4,3% | 30 |
| | | | | | | | | |
| Transport Assets | 1431 | 1220 | 2072 | 445 | 2072 | 1628 | 78,5% | 2072 |
| Transport Assets | 1431 | 1220 | 2072 | 445 | 2072 | 1628 | 78,5% | 2072 |
| Total Capital Expenditure on upgrading of existing assets | 68353 | 50572 | 53497 | 61564 | 53497 | (8067) | -15,1% | 53497 |

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2023

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| | | | | | |
| Water | | | | | |
| Telemetry: Expansion New System | 250 | 40 | 39 | -2% | -538% |
| Telemetry: Expansion New System | – | 150 | 138 | -9% | 100% |
| Capital Spares-Pump Stations | 200 | 510 | 300 | -70% | 33% |
| Desalination Plant PLC Replacements | – | 141 | 141 | 0% | 100% |
| Machinery & Equipment (New) | 30 | 25 | 24 | -1% | -24% |
| Machinery & Equipment (Replacements) | 30 | 34 | 32 | -5% | 7% |
| Fencing and Ancillary Works-Sandhoogte | 200 | 327 | 306 | -7% | 35% |
| Replacement of Electrical Plant and Equipment-Sandhoogte | 200 | 200 | 168 | -19% | -19% |
| Machinery & Equipment-New | 10 | 12 | 11 | -2% | 11% |
| Machinery & Equipment-Replacement | 10 | 10 | 8 | -22% | -22% |
| Fencing Great Brak WTW | 200 | 174 | 174 | 0% | -15% |
| New Connections | 1 500 | 1 250 | 1 102 | -13% | -36% |
| Replacement of Water Meters | – | 400 | 316 | -27% | 100% |
| Ernst Robertson Pipeline to Sandhoogte | 1 000 | 300 | 300 | 0% | -233% |
| Furniture & Office Equipment | 20 | 6 | 6 | -2% | -239% |
| New multi-purpose Trailer | 50 | 50 | 49 | -2% | -2% |
| Replace Water Network Lines-All Areas | 5 000 | 7 200 | 5 494 | -31% | 9% |
| New Great Brak River Reservoir | 3 100 | – | – | - | - |
| New Great Brak River Reservoir | – | 2 000 | 2 000 | 0% | 100% |
| Installation of Intelligent Bulk Watermeter Reading Devices | 500 | 500 | – | - | - |
| Upgrade Herbertsdale Water Reticulation-M.I.G | 6 522 | 4 425 | 4 425 | 0% | -47% |
| Upgrade Herbertsdale Water Reticulation-C.R.R | 732 | 656 | 656 | 0% | -12% |
| Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:MIG | 2 714 | 2 496 | 2 496 | 0% | -9% |
| Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:CRR | 604 | 127 | 127 | 0% | -376% |
| Pump station to supply New Reservoir @ Farm Vaale Vallei | 500 | 500 | 500 | 0% | 0% |
| Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag | 2 000 | 2 980 | 2 949 | -1% | 32% |
| Water Management Solutions (Smart Meters) | 500 | 200 | – | - | - |
| Replacement of Fencing at Reservoirs | 1 000 | 1 399 | 1 399 | 0% | 28% |
| Replacement of Vehicle: CBS 27697 | 380 | 375 | 373 | -1% | -2% |
| Upgrade of Friemersheim WTW | – | – | 21 | 100% | 100% |
| Machinery and Equipment - New | 20 | 75 | 56 | -34% | 64% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Machinery & Equipment - Replacements @ Water Network Section | 50 | 50 | 25 | -97% | -97% |
| Furniture & Office Equipment_replacement | 50 | 50 | 47 | -5% | -5% |
| Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments | 1 800 | 1 400 | 1 400 | 0% | -29% |
| Sewage conservancy tank, pump and pipeline at Kleinbrak Water Treatment Works | 100 | 100 | 66 | -51% | -51% |
| Capital Spares - Treatment Works | 450 | 450 | 179 | -152% | -152% |
| Electrical Bulk supply to Vaale Vallei pump station | 500 | 300 | 288 | -4% | -74% |
| Water Reticulation of Erf 7092, Danabay, Donated Asset | – | – | 91 | 100% | 100% |
| Replacement of Vehicle: CBS 32657 | 380 | – | – | - | - |
| Replacement of Vehicle: CBS 37205 | – | 400 | 379 | -6% | 100% |
| Sanitation/Sewerage | | | | | |
| New Level-Sensor for Sewer Pits | 100 | 86 | 86 | -1% | -17% |
| Upgrade Telemetry | 400 | 210 | 203 | -4% | -97% |
| Upgrade Telemetry | – | 170 | 145 | -17% | 100% |
| New MCC Panels (To replace old MCC Panels) | 250 | 250 | 246 | -2% | -2% |
| Capital Spares-Pump Stations_Sewerage | 200 | 772 | 104 | -643% | -93% |
| Upgrade of Beach Street Sewer Pump Station | – | 40 | – | - | - |
| Upgrade of Beach Street Sewer Pump Station | – | 208 | 118 | -76% | 100% |
| Instrumentation-Purification Services | 286 | – | – | - | - |
| Instrumentation-Purification Services | – | 210 | 177 | -19% | 100% |
| Mechanical Plant and Equipment-Regional Plant | 200 | 200 | 51 | -291% | -291% |
| New shade net parking | 40 | 110 | 108 | -2% | 63% |
| Upgrading of the Regional WWTW | 1 000 | 730 | 726 | -1% | -38% |
| Replacement of Vehicle: CBS 21348 | 380 | 397 | 379 | -5% | 0% |
| Replacement of sewer pipelines between Mossel Bay and Hartenbos | 3 000 | 700 | 510 | -37% | -489% |
| New Connections | 450 | 450 | 279 | -61% | -61% |
| Midbrak Main Sewer Network | 8 500 | 5 500 | 5 534 | 1% | -54% |
| Main Sewer Network between Glentana & Great Brak | 12 000 | 7 000 | 6 485 | -8% | -85% |
| Furniture & Office Equipment | 20 | 5 | 3 | -68% | -572% |
| Machinery & Equipment-New | 30 | 30 | 29 | -3% | -3% |
| Machinery & Equipment-Replacement | 30 | 30 | 25 | -21% | -21% |
| New Multi-Purpose Trailer | 50 | 50 | 49 | -2% | -2% |
| Enlarge Sewerlines: Brandwacht | 300 | 300 | 207 | -45% | -45% |
| Capacity increase of Great Brak WWTW | 21 000 | 5 000 | 5 309 | 6% | -296% |
| Capacity increase of Pinnacle Point WWTW | 9 976 | 7 670 | 7 670 | 0% | -30% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Capacity increase of Pinnacle Point WWTW | 2 594 | 1 554 | 1 564 | 1% | -66% |
| New sewer infrastructure for unserviced erven in Great Brak River | 300 | 300 | 191 | -57% | -57% |
| Capital Spares-Treatment Works | 300 | 325 | 292 | -11% | -3% |
| Upgrading and Alterations to Laboratory @ Regional WWTW | 400 | 400 | 293 | -37% | -37% |
| Machinery & Equipment - Replacement | 10 | 20 | 10 | -96% | 2% |
| New Vacuum Truck | 1 600 | – | – | - | - |
| New Vacuum Truck | – | 1 356 | 1 251 | -8% | 100% |
| Upgrade WWWTW-Friemersheim-C.R.R | 500 | – | – | - | - |
| Upgrade WWTW - Friemersheim | – | 300 | 300 | 0% | 100% |
| Furniture & Office Equipment WWTW (Replacements) | 50 | 45 | 44 | -3% | -15% |
| Furniture & Office Equipment WWTW (New) | 10 | 10 | 6 | -64% | -64% |
| Furniture & Office Equipment for Superintendent Sewer (South) & Superintendent Operational (North) | 30 | 10 | 9 | -6% | -218% |
| New vehicle (Artisan - Plumber: Sewer (North) | 360 | – | – | - | - |
| New vehicle (Artisan - Plumber: Sewer (North) | – | 399 | 386 | -3% | 100% |
| Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing) | 700 | 400 | 348 | -15% | -101% |
| Emergency Repair Work at Onzerust Avenue Sewer Chamber | – | 334 | 334 | 0% | 100% |
| Sewer Reticulation of Erf 7092, Dana Bay - Donated Assets | – | – | 68 | 100% | 100% |
| Electricity | | | | | |
| Furniture & Office Equipment (New) | – | 22 | 22 | 0% | 100% |
| Furniture & Office Equipment (Replacements) | 9 | 3 | 3 | 0% | -159% |
| Replacement Network H/Bos_ | 22 | 22 | 12 | -85% | -85% |
| Replacement Network H/Bos | 330 | 420 | 421 | 0% | 22% |
| Replacement Network H/Bos | 65 | 65 | 64 | -1% | -1% |
| Replacement Network Low Voltage | 22 | 22 | 24 | 11% | 11% |
| Replacement Network Low Voltage | 344 | 509 | 509 | 0% | 32% |
| Replacement Network Low Voltage | 65 | 108 | 83 | -30% | 22% |
| New Connections | 38 | 38 | 29 | -30% | -30% |
| New Connections | 453 | 488 | 448 | -9% | -1% |
| New Connections | 1 810 | 1 964 | 1 928 | -2% | 6% |
| Capital Spares (Replace Mini Substations) | 1 600 | – | – | - | - |
| Replace MV Ring Main Units | 600 | 2 206 | 598 | -269% | 0% |
| Electrification Projects | 6 370 | 10 253 | 10 253 | 0% | 38% |
| Electrification Projects_CRR | 200 | 139 | 139 | 0% | -44% |
| Electrification Projects_CRR | – | 36 | 36 | 0% | 100% |
| Electrification: Louis Fourie Corridor | 4 987 | 4 583 | 4 583 | 0% | -9% |
| Tools & Equipment | 130 | 127 | 138 | 8% | 6% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Replacement of Vehicles: CBS 30283 | 385 | 362 | 362 | 0% | -6% |
| Replacement of Vehicles: CBS 41147 | 385 | 354 | 354 | 0% | -9% |
| High mast and flood lights for various wards | 150 | 85 | 85 | 0% | -76% |
| High mast and flood lights for various wards | – | 157 | 157 | 0% | 100% |
| Electrical Workshop Upgrading | 50 | 43 | 43 | 0% | -16% |
| Replace LV Overhead Lines : Great Brak | 32 | 62 | 62 | 0% | 49% |
| Replace LV Overhead Lines : Great Brak | 512 | 379 | 379 | 0% | -35% |
| Replace LV Overhead Lines : Great Brak | 96 | 85 | 85 | 0% | -13% |
| Replace MV Overhead Lines : Great and Klein Brak areas | 32 | 42 | 42 | 0% | 24% |
| Replace MV Overhead Lines : Great and Klein Brak areas | 512 | 508 | 508 | 0% | -1% |
| Replace MV Overhead Lines : Great and Klein Brak areas | 96 | 72 | 72 | 0% | -33% |
| Casino Sub-Replace Switchgear | 30 | – | – | - | - |
| Casino Sub-Replace Switchgear | 1 000 | – | – | - | - |
| Casino Sub-Replace Switchgear | 20 | – | – | - | - |
| Intake Substation Revamp (66 kV) | 4 000 | 1 000 | 1 000 | 0% | -300% |
| Smart grid, metering & monitoring | 300 | 178 | 118 | -50% | -153% |
| Smart grid, metering & monitoring | – | 121 | 121 | 0% | 100% |
| Aalwyndal MV network upgrade | 4 000 | 7 730 | 7 730 | 0% | 48% |
| Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations | 9 500 | 9 500 | 8 319 | -14% | -14% |
| Replace Morrison Str OHL | – | 2 | – | - | - |
| Replace Morrison Str OHL | – | 1 518 | 1 125 | -35% | 100% |
| Replace Morrison Str OHL | – | 24 | 21 | -14% | 100% |
| Replace Morrison Str OHL | 1 000 | – | – | - | - |
| LV supplies to various CCTV installations | 5 | 5 | 9 | 46% | 46% |
| LV supplies to various CCTV installations | 70 | 70 | 52 | -35% | -35% |
| LV supplies to various CCTV installations | 25 | 60 | 60 | -1% | 58% |
| MV network improvement between N2 Industrial Sites and Sijaji Str | – | – | (5) | 100% | 100% |
| MV Network Improvement KwaNonqaba SS-B substation | 15 | – | – | - | - |
| MV Network Improvement KwaNonqaba SS-B substation | 475 | 131 | 1 | -8833% | -32404% |
| MV Network Improvement KwaNonqaba SS-B substation | 10 | – | – | - | - |
| Replace Vehicle CBS 28887 | 435 | – | – | - | - |
| Optic fibre network installation between 66kV substations | 500 | – | – | - | - |
| Optic fibre network installation between 66kV substations | – | 161 | 161 | 0% | 100% |
| Replacement of Electricity Meters | 700 | 880 | 843 | -4% | 17% |
| Replacement of Electricity Meters | 204 | – | – | - | - |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| New Streetlights on gravel road behind Barracuda str | 5 | 17 | 17 | 0% | 70% |
| New Streetlights on gravel road behind Barracuda str | 143 | 135 | 135 | 0% | -6% |
| New Streetlights on gravel road behind Barracuda str | 37 | 33 | 33 | 0% | -14% |
| Energy Efficiency: Streetlight luminaire replacements | 5 000 | 5 000 | 4 547 | -10% | -10% |
| Replacement of MV Cable to Mossdustria | – | 809 | 698 | -16% | 100% |
| Replacement of MV Cable to Mossdustria | – | 91 | 90 | -1% | 100% |
| Replacement of MV Cable to Mossdustria | – | 50 | 41 | -23% | 100% |
| Electrical LV reticulation of Erf 7092, Dana Bay-Dontated Asset | – | 182 | 182 | 0% | 100% |
| Monte Christo access road - donation of streetlights | – | – | 427 | 100% | 100% |
| Bulk electrical installation for Milkwood Estate on Erf 2839, Great Brak | – | – | 1 129 | 100% | 100% |
| High mast lighting for KwaNonqaba area | – | 217 | 217 | 0% | 100% |
| Standby generators | – | 4 348 | – | - | - |
| Housing | | | | | |
| Mossel Bay Tourism Route | 800 | 310 | 310 | 0% | -158% |
| Upgrading of Informal Settlements - Capital spares | 53 043 | 9 342 | 13 610 | 31% | -290% |
| Upgrading of Informal Settlements - Capital spares | – | 26 664 | 6 994 | -281% | 100% |
| Upgrading of Informal Settlements - Capital spares | – | 1 944 | 1 784 | -9% | 100% |
| Upgrading of Informal Settlements - Capital spares | – | 12 022 | 6 774 | -77% | 100% |
| Tracker for Chev Cruze | 10 | 10 | 8 | -29% | -29% |
| Refuse removal | | | | | |
| Procurement of Bulk Skip | 500 | 709 | 430 | -65% | -16% |
| Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations | 250 | 5 | 5 | 0% | -4716% |
| Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations | – | – | 6 | 100% | 100% |
| Upgrade of access road to Herbertsdale Transfer Station | – | 148 | – | - | - |
| Airconditioner for office at Schoeman Street Yard | 50 | 10 | 10 | -1% | -394% |
| Replacement of Vehicle:CBS 27393 | 2 000 | – | – | - | - |
| Replacement of Vehicle:CBS 27393 | – | 1 668 | 1 671 | 0% | 100% |
| Procurement of a TLB | 600 | 513 | 513 | 0% | -17% |
| Restoration cost land fill site | – | 812 | 7 116 | 89% | 100% |
| Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety | 190 | – | – | - | - |
| Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety | – | 210 | 180 | -16% | 100% |
| Car Port-Schoeman Street | 1 000 | – | – | - | - |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Car Port-Schoeman Street | – | 1 886 | 381 | -395% | 100% |
| Car Port-Schoeman Street | 500 | – | – | - | - |
| Noise meter | 200 | 108 | 108 | 0% | -85% |
| New conservancy tank Louie Fourie Transfer Station | 120 | – | – | - | - |
| New conservancy tank Louie Fourie Transfer Station | – | 18 | 18 | 0% | 100% |
| New Spotlight Herbertsdale Transfer station | 100 | – | – | - | - |
| New Spotlight Herbertsdale Transfer station | – | 20 | 20 | 0% | 100% |
| Purchase of New Vehicle : 4X2 LDV | 350 | 307 | 308 | 0% | -14% |
| Electrical appliances for Transfer stations | 20 | 20 | 21 | 6% | 6% |
| Upgrade of Hartenbos Refuse Staff Room | 50 | – | – | - | - |
| Upgrade of Hartenbos Refuse Staff Room | – | 100 | 1 | -15032% | 100% |
| Stormwater | | | | | |
| Segmented Paving Various Areas | 500 | 419 | 419 | -19% | -19% |
| Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai | 500 | 284 | 284 | -76% | -76% |
| Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai | 300 | 128 | 14 | -2004% | -2004% |
| Improve Stormwater :Upgrade S/W along Anda,Sneeuberg to Sixaxeni | 600 | 922 | 922 | 35% | 35% |
| Upgrading of CBD stormwater | 2 000 | 2 580 | 1 023 | -96% | -96% |
| Improve stormwater system in Sampson Street, Ext.23 | 1 000 | 1 079 | 1 079 | 7% | 7% |
| New stormwater system in Diaz Beach | 650 | 1 000 | 100 | -550% | -550% |
| Upgrading of stormwater system between Village on Sea & Blombosch | 200 | 14 | 14 | -1339% | -1339% |
| Upgrading of stormwater system between Village on Sea & Blombosch | – | 22 | 21 | 100% | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch | – | 144 | 107 | 100% | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch | – | 84 | 83 | 100% | 100% |
| Upgrading of stormwater system between Village on Sea & Blombosch | – | 178 | 145 | 100% | 100% |
| Upgrade SW capacity - Industry Road - Voorbaai | 1 500 | 1 554 | 1 419 | -6% | -6% |
| Stormwater drainage in Sijaji Street, kwaNonqaba | – | 40 | 29 | 100% | 100% |
| Stormwater drainage in Sijaji Street, kwaNonqaba | – | 30 | 26 | 100% | 100% |
| Stormwater drainage in Sijaji Street, kwaNonqaba | – | 5 | – | - | - |
| Economic development | | | | | |
| Furniture & Office Equipment-New (LED) | 25 | 25 | 23 | -9% | -9% |
| Establishment of business hives in Mossel Bay_C.R.R | 800 | 800 | 764 | -5% | -5% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP | 939 | 939 | 910 | -3% | -3% |
| Tarka Amphitheater | 2 600 | 2 600 | 1 962 | -33% | -33% |
| Container Business Parks | – | 2 038 | 1 808 | -13% | 100% |
| Upgrading of Kwano Business Park (Shading) | 40 | 110 | 106 | -4% | 62% |
| Sonskyn Valley Business Spaces | 600 | 600 | 439 | -37% | -37% |
| Upgrade of D'Almeida Business Park | 100 | 107 | 89 | -20% | -12% |
| Business Park Replacement | 50 | 43 | 43 | 0% | -15% |
| Urban Agriculture Project in Mountain view, Hydroponics & Nursery | 800 | 800 | 800 | 0% | 0% |
| Sports, Arts & Culture | | | | | |
| Furniture, Tools and Equipment-New | 50 | 105 | 105 | 0% | 52% |
| Purchase New Watering Trailers | 85 | 68 | 68 | 0% | -25% |
| Purchase new plant material chipper | 90 | 60 | 60 | 0% | -50% |
| Purchase New Water Tanks | 120 | 158 | 158 | 0% | 24% |
| Purchase New 3 Ton Truck | 680 | 582 | 582 | 0% | -17% |
| Purchase new ride on mower deck | 125 | 103 | 103 | 0% | -22% |
| Purchase new ride on mowers | 360 | 277 | 277 | 0% | -30% |
| One Boerbull Trailer Bulperd with Mounted Water Tank (Donation agreement between Ruwacon (PTY) LTD and Mossel Bay Municipality) | – | 76 | 76 | 0% | 100% |
| Replacement of existing fences around animal enclosures in Harry Giddey Park | 75 | 246 | 223 | -10% | 66% |
| Furniture & Office Equipment-Replacements | 30 | 30 | 19 | -57% | -57% |
| Machinery & Equipment-Replacement | 60 | 60 | 55 | -8% | -8% |
| Replace redundant fence at sports field-Brandwacht | – | 499 | 499 | 0% | 100% |
| Replace redundant Fence at sports field-Brandwacht | 500 | – | – | - | - |
| Replace redundant fences Herbertsdale Sport fields | – | 315 | 315 | 0% | 100% |
| Replace sport field goal posts | 90 | 112 | 112 | 0% | 20% |
| Replacement of border fence-Extension 23 Soccer Field | – | 1 398 | 1 412 | 1% | 100% |
| Replacement of border fence-Extension 23 Soccer Field | 1 300 | – | – | - | - |
| Resurface the netball courts at Hartenbos Sportsground | 173 | – | – | - | - |
| Replace existing precast boundary wall at Greenhaven Sportsfield | – | 569 | 362 | -57% | 100% |
| Replace existing precast boundary wall at Greenhaven Sportsfield | 350 | – | – | - | - |
| Replace existing precast boundary wall at Greenhaven Sportsfield | 350 | – | – | - | - |
| Replace existing precast boundary wall at Van Riebeeck Stadium | 500 | 1 082 | 922 | -17% | 46% |
| Purchase New 3 Ton Truck | 680 | 582 | 582 | 0% | -17% |
| Furniture, Tools and Equipment_New | 35 | 40 | 35 | -13% | 1% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | 580 | – | – | - | - |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | – | 580 | 381 | -52% | 100% |
| Replace CBS 17249 | 315 | – | – | - | - |
| Replace CBS 17249 | – | 285 | 285 | 0% | 100% |
| Reseal of Netball courts in the Greatbrak Area | – | 271 | 271 | 0% | 100% |
| Build new Netball court in Civic Park | – | 695 | 690 | -1% | 100% |
| Purchase new Container store rooms | 180 | 182 | 182 | 0% | 1% |
| Rebuild safety structure for Hammer and Discus throw circle | – | 30 | 30 | 0% | 100% |
| Replace the runways on long jump at Van Riebeeck stadium | 90 | – | – | - | - |
| Replace the runways on long jump at Van Riebeeck stadium | – | 198 | 130 | -52% | 100% |
| Reseal program for hard-court sport facilities | 1 700 | – | – | - | - |
| Reseal program for hard-court sport facilities | – | 1 753 | 1 039 | -69% | 100% |
| Purchase hand held two way radios | 60 | 164 | 148 | -10% | 60% |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | – | 30 | – | - | - |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | – | 125 | 87 | -43% | 100% |
| Environment | | | | | |
| | | | | | |
| Health | | | | | |
| | | | | | |
| Safety and Security | | | | | |
| Procurement of Dogs (K9 Unit) | 322 | 275 | 333 | 17% | 3% |
| Training Aids K9 | 104 | 143 | 125 | -15% | 16% |
| K9 Training equipment / Protective Gear | 122 | 195 | 80 | -144% | -52% |
| K9 Kennels & support equipment (Sick Bay treatment area) | 174 | 237 | 236 | -1% | 26% |
| Creating concrete slab flooring K9 | 43 | 75 | 75 | 0% | 42% |
| Procurement of K9 Patrol Vehicles | 1 043 | – | – | - | - |
| Procurement of K9 Patrol Vehicles | – | 883 | 839 | -5% | 100% |
| CCTV cameras (JOC) | – | 94 | 91 | -3% | 100% |
| Pistols and shotguns for Tactical Response and By-law Enforcement | – | 217 | – | - | - |
| Installation of Carport structure for K9 kennels | – | 130 | 18 | -611% | 100% |
| Perimeter fencing for K9 Kennels | – | 373 | 274 | -36% | 100% |
| Procurement of K9 patrol vehicle | – | 314 | 308 | -2% | 100% |
| Installation and branding of dog kennels | 52 | 52 | 38 | -36% | -36% |
| Establish and provide service connections for K9 Kennels | – | 278 | 224 | -24% | 100% |

| Capital Programme by Project: Year 2023 | | | | | |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | R' 000 Variance (Act - OB) % |
| Pistols and shotguns for Traffic Officers for protection in execution of duties | – | 100 | – | - | - |
| Donated dog for K9 Unit | – | 4 | 3 | -15% | 100% |
| Speed bumps Installation for safe road environment Ward 2 | – | 150 | 138 | -9% | 100% |
| Law Enforcement Patrol Vehicles (New) | 1 400 | 8 | 8 | 0% | -17938% |
| Law Enforcement Patrol Vehicles (New) | – | 1 701 | 1 655 | -3% | 100% |
| Furniture and Office Equipment (New) | 100 | 146 | 141 | -3% | 29% |
| Build and construct a boundary brick wall at Hartenbos Municipal building | – | 198 | – | - | - |
| Bullet proof vests for officer protection | – | 92 | 87 | -6% | 100% |
| Bulk Filling Cabinets | 60 | 23 | 69 | 67% | 14% |
| Two-Way Portable Radio's | 120 | 120 | 119 | -1% | -1% |
| Visible traffic roof blue lights | 50 | 25 | 7 | -238% | -576% |
| CCTV Cameras | 500 | 186 | 152 | -22% | -229% |
| Escape Routes | 70 | 450 | 442 | -2% | 84% |
| Purchase of Body Cameras-CRR | 300 | 18 | 18 | 0% | -1563% |
| Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247) | 1 200 | – | – | - | - |
| Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247) | – | 1 014 | 964 | -5% | 100% |
| Armoured Personnel Carrier Vehicle | 3 800 | – | – | - | - |
| Armoured Personnel Carrier Vehicle | – | 4 925 | 4 916 | 0% | 100% |
| Speed Bumps installation for safe road environment | 250 | 250 | 230 | -9% | -9% |
| Traffic Police Vehicle Siren System | 60 | 32 | 8 | -302% | -654% |
| Trailer for transporting quad bikes | 40 | 26 | 26 | 0% | -51% |
| Riot Control Shields (Crowd Management) | 50 | 32 | 32 | 0% | -58% |
| Non-lethal rifles | 100 | – | – | - | - |
| ICT and Other | | | | | |
| Computers (Replacements-Other) | 3 900 | 3 806 | 3 806 | 0% | -2% |
| Computers (New-Other) | 450 | 435 | 420 | -4% | -7% |
| VM Storage and Backup Infrastructure Upgrades | 1 241 | 2 568 | 2 568 | 0% | 52% |
| VM Storage and Backup Infrastructure Upgrades | – | 1 246 | 1 246 | 0% | 100% |
| Mounting Mast for Municipal 3rd Party Antennas | – | 961 | 41 | -2256% | 100% |
| Electronic Media for Council Chamber | 500 | – | – | - | - |
| Electronic Media for Council Chamber | – | 505 | 495 | | |
| Wireless Radio Backbone Infrastructure Upgrade | 500 | 493 | 493 | 0% | -1% |

| Capital Programme by Project: Year 2023 | | | | | R' 000 |
|---|---|---|---|---|---|
| Capital Project | Year 2023 | Adjustment Budget | Actual | Variance (Act - Adj) % | Variance (Act - OB) % |
| Emergency electricity to offices that is without power during loadshedding | – | 409 | 477 | 14% | 100% |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Water | |
| Telemetry: Expansion New System | Whole of the Municipality |
| Telemetry: Expansion New System | Whole of the Municipality |
| Capital Spares-Pump Stations | Whole of the Municipality |
| Desalination Plant PLC Replacements | Whole of the Municipality |
| Machinery & Equipment (New) | Whole of the Municipality |
| Machinery & Equipment (Replacements) | Whole of the Municipality |
| Fencing and Ancillary Works-Sandhoogte | Whole of the Municipality |
| Replacement of Electrical Plant and Equipment-Sandhoogte | Whole of the Municipality |
| Machinery & Equipment-New | Administrative or Head Office (Including Satellite Offices) |
| Machinery & Equipment-Replacement | Administrative or Head Office (Including Satellite Offices) |
| Fencing Great Brak WTW | Whole of the Municipality |
| New Connections | Whole of the Municipality |
| Replacement of Water Meters | Whole of the Municipality |
| Ernst Robertson Pipeline to Sandhoogte | Whole of the Municipality |
| Furniture & Office Equipment | Administrative or Head Office (Including Satellite Offices) |
| New multi-purpose Trailer | Whole of the Municipality |
| Replace Water Network Lines-All Areas | Whole of the Municipality |
| New Great Brak River Reservoir | Ward 4 |
| New Great Brak River Reservoir | Ward 4 |
| Installation of Intelligent Bulk Watermeter Reading Devices | Whole of the Municipality |
| Upgrade Herbertsdale Water Reticulation-M.I.G | Ward 7 |
| Upgrade Herbertsdale Water Reticulation-C.R.R | Ward 7 |
| Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:MIG | Ward 7 |
| Herbertsdale: Electrical Power Supply to Water Source & Bulk Water Pipeline from Water Source:CRR | Ward 7 |
| Pump station to supply New Reservoir @ Farm Vaale Vallei | Whole of the Municipality |
| Upgrade pipeline between Hartenbos Kop Reservoir and Brandwag | Whole of the Municipality |
| Water Management Solutions (Smart Meters) | Whole of the Municipality |
| Replacement of Fencing at Reservoirs | Whole of the Municipality |
| Replacement of Vehicle: CBS 27697 | Whole of the Municipality |
| Upgrade of Friemersheim WTW | Ward 14 |
| Machinery and Equipment - New | Whole of the Municipality |
| Machinery & Equipment - Replacements @ Water Network Section | Whole of the Municipality |
| Furniture & Office Equipment_replacement | Administrative or Head Office (Including Satellite Offices) |
| Gravity pipelines from Vaale Vallei Reservoir to surrounding residential developments | Whole of the Municipality |
| Sewage conservancy tank, pump and pipeline at Kleinbrak Water Treatment Works | Whole of the Municipality |
| Capital Spares - Treatment Works | Whole of the Municipality |
| Electrical Bulk supply to Vaale Vallei pump station | Whole of the Municipality |
| Water Reticulation of Erf 7092, Danabay, Donated Asset | Ward 11 |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Replacement of Vehicle: CBS 32657 | Whole of the Municipality |
| Replacement of Vehicle: CBS 37205 | Whole of the Municipality |
| Sanitation/Sewerage | |
| New Level-Sensor for Sewer Pits | Whole of the Municipality |
| Upgrade Telemetry | Whole of the Municipality |
| Upgrade Telemetry | Whole of the Municipality |
| New MCC Panels (To replace old MCC Panels) | Whole of the Municipality |
| Capital Spares-Pump Stations_Sewerage | Whole of the Municipality |
| Upgrade of Beach Street Sewer Pump Station | Ward 8 |
| Upgrade of Beach Street Sewer Pump Station | Ward 8 |
| Instrumentation-Purification Services | Whole of the Municipality |
| Instrumentation-Purification Services | Whole of the Municipality |
| Mechanical Plant and Equipment-Regional Plant | Whole of the Municipality |
| New shade net parking | Whole of the Municipality |
| Upgrading of the Regional WWTW | Whole of the Municipality |
| Replacement of Vehicle: CBS 21348 | Whole of the Municipality |
| Replacement of sewer pipelines between Mossel Bay and Hartenbos | Whole of the Municipality |
| New Connections | Whole of the Municipality |
| Midbrak Main Sewer Network | Ward 5 |
| Main Sewer Network between Glentana & Great Brak | Ward 5 |
| Furniture & Office Equipment | Administrative or Head Office (Including Satellite Offices) |
| Machinery & Equipment-New | Administrative or Head Office (Including Satellite Offices) |
| Machinery & Equipment-Replacement | Administrative or Head Office (Including Satellite Offices) |
| New Multi-Purpose Trailer | Whole of the Municipality |
| Enlarge Sewerlines: Brandwacht | Ward 4 |
| Capacity increase of Great Brak WWTW | Ward 4 |
| Capacity increase of Pinnacle Point WWTW | Whole of the Municipality |
| Capacity increase of Pinnacle Point WWTW | Whole of the Municipality |
| New sewer infrastructure for unserviced erven in Great Brak River | Ward 5 |
| Capital Spares-Treatment Works | Whole of the Municipality |
| Upgrading and Alterations to Laboratory @ Regional WWTW | Whole of the Municipality |
| Machinery & Equipment - Replacement | Whole of the Municipality |
| New Vacuum Truck | Administrative or Head Office (Including Satellite Offices) |
| New Vacuum Truck | Administrative or Head Office (Including Satellite Offices) |
| Upgrade WWWTW-Friemersheim-C.R.R | Ward 14 |
| Upgrade WWTW - Friemersheim | Ward 14 |
| Furniture & Office Equipment WWTW (Replacements) | Administrative or Head Office (Including Satellite Offices) |
| Furniture & Office Equipment WWTW (New) | Administrative or Head Office (Including Satellite Offices) |
| Furniture & Office Equipment for Superintendent Sewer (South) & Superintendent Operational (North) | Administrative or Head Office (Including Satellite Offices) |
| New vehicle (Artisan - Plumber: Sewer (North) | Whole of the Municipality |
| New vehicle (Artisan - Plumber: Sewer (North) | Whole of the Municipality |
| Moss Light Industrial Park:Provision of basic infrastructure on land to be rented out (Water, Electricity, Sewage & fencing) | Whole of the Municipality |
| Emergency Repair Work at Onzerust Avenue Sewer Chamber | Whole of the Municipality |
| Sewer Reticulation of Erf 7092, Dana Bay - Donated Assets | Ward 11 |
| Electricity | |
| Furniture & Office Equipment (New) | Administrative or Head Office (Including Satellite Offices) |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Furniture & Office Equipment (Replacements) | Administrative or Head Office (Including Satellite Offices) |
| Replacement Network H/Bos_ | Ward 10 |
| Replacement Network H/Bos | Ward 10 |
| Replacement Network H/Bos | Ward 10 |
| Replacement Network Low Voltage | Whole of the Municipality |
| Replacement Network Low Voltage | Whole of the Municipality |
| Replacement Network Low Voltage | Whole of the Municipality |
| New Connections | Whole of the Municipality |
| New Connections | Whole of the Municipality |
| New Connections | Whole of the Municipality |
| Capital Spares (Replace Mini Substations) | Whole of the Municipality |
| Replace MV Ring Main Units | Whole of the Municipality |
| Electrification Projects | Whole of the Municipality |
| Electrification Projects_CRR | Whole of the Municipality |
| Electrification Projects_CRR | Whole of the Municipality |
| Electrification: Louis Fourie Corridor | Whole of the Municipality |
| Tools & Equipment | Whole of the Municipality |
| Replacement of Vehicles: CBS 30283 | Whole of the Municipality |
| Replacement of Vehicles: CBS 41147 | Whole of the Municipality |
| High mast and flood lights for various wards | Whole of the Municipality |
| High mast and flood lights for various wards | Whole of the Municipality |
| Electrical Workshop Upgrading | Whole of the Municipality |
| Replace LV Overhead Lines : Great Brak | Whole of the Municipality |
| Replace LV Overhead Lines : Great Brak | Whole of the Municipality |
| Replace LV Overhead Lines : Great Brak | Whole of the Municipality |
| Replace MV Overhead Lines : Great and Klein Brak areas | Whole of the Municipality |
| Replace MV Overhead Lines : Great and Klein Brak areas | Whole of the Municipality |
| Replace MV Overhead Lines : Great and Klein Brak areas | Whole of the Municipality |
| Casino Sub-Replace Switchgear | Whole of the Municipality |
| Casino Sub-Replace Switchgear | Whole of the Municipality |
| Casino Sub-Replace Switchgear | Whole of the Municipality |
| Intake Substation Revamp (66 kV) | Whole of the Municipality |
| Smart grid, metering & monitoring | Whole of the Municipality |
| Smart grid, metering & monitoring | Whole of the Municipality |
| Aalwyndal MV network upgrade | Ward 7 |
| Upgrade 66kV overhead line between Duinzicht and Ockert Bothma substations | Whole of the Municipality |
| Replace Morrison Str OHL | Ward 5 |
| Replace Morrison Str OHL | Ward 5 |
| Replace Morrison Str OHL | Ward 5 |
| Replace Morrison Str OHL | Ward 5 |
| LV supplies to various CCTV installations | Whole of the Municipality |
| LV supplies to various CCTV installations | Whole of the Municipality |
| LV supplies to various CCTV installations | Whole of the Municipality |
| MV network improvement between N2 Industrial Sites and Sijaji Str | Whole of the Municipality |
| MV Network Improvement KwaNonqaba SS-B substation | Whole of the Municipality |
| MV Network Improvement KwaNonqaba SS-B substation | Whole of the Municipality |
| MV Network Improvement KwaNonqaba SS-B substation | Whole of the Municipality |
| Replace Vehicle CBS 28887 | Whole of the Municipality |
| Optic fibre network installation between 66kV substations | Whole of the Municipality |
| Optic fibre network installation between 66kV substations | Whole of the Municipality |
| Replacement of Electricity Meters | Whole of the Municipality |
| Replacement of Electricity Meters | Whole of the Municipality |
| New Streetlights on gravel road behind Barracuda str | Ward 13 |
| New Streetlights on gravel road behind Barracuda str | Ward 13 |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| New Streetlights on gravel road behind Barracuda str | Ward 13 |
| Energy Efficiency: Streetlight luminaire replacements | Whole of the Municipality |
| Replacement of MV Cable to Mossdustria | Ward 7 |
| Replacement of MV Cable to Mossdustria | Ward 7 |
| Replacement of MV Cable to Mossdustria | Ward 7 |
| Electrical LV reticulation of Erf 7092, Dana Bay-Donated Asset | Ward 11 |
| Monte Christo access road - donation of streetlights | Ward 4 |
| Bulk electrical installation for Milkwood Estate on Erf 2839, Great Brak | Ward 5 |
| High mast lighting for KwaNonqaba area | Whole of the Municipality |
| Standby generators | Whole of the Municipality |
| Housing | |
| Mossel Bay Tourism Route | Administrative or Head Office (Including Satellite Offices) |
| Upgrading of Informal Settlements - Capital spares | Whole of the Municipality |
| Upgrading of Informal Settlements - Capital spares | Whole of the Municipality |
| Upgrading of Informal Settlements - Capital spares | Whole of the Municipality |
| Upgrading of Informal Settlements - Capital spares | Whole of the Municipality |
| Tracker for Chev Cruze | Administrative or Head Office (Including Satellite Offices) |
| Refuse removal | |
| Procurement of Bulk Skip | Whole of the Municipality |
| Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations | Ward 3 |
| Solar Sport lights for Kwanonqaba and Louie Fourie Transfer stations | Ward 3 |
| Upgrade of access road to Herbertsdale Transfer Station | Whole of the Municipality |
| Airconditioner for office at Schoeman Street Yard | Ward 3 |
| Replacement of Vehicle:CBS 27393 | Whole of the Municipality |
| Replacement of Vehicle:CBS 27393 | Whole of the Municipality |
| Procurement of a TLB | Whole of the Municipality |
| Restoration cost land fill site | Ward 14 |
| Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety | Whole of the Municipality |
| Purchase of Vehicle: New NISSAN NP200 1.6 8V Base+AC+Safety | Whole of the Municipality |
| Car Port-Schoeman Street | Whole of the Municipality |
| Car Port-Schoeman Street | Whole of the Municipality |
| Car Port-Schoeman Street | Whole of the Municipality |
| Noise meter | Whole of the Municipality |
| New conservancy tank Louie Fourie Transfer Station | Ward 11 |
| New conservancy tank Louie Fourie Transfer Station | Ward 11 |
| New Spotlight Herbertsdale Transfer station | Ward 5 |
| New Spotlight Herbertsdale Transfer station | Ward 5 |
| Purchase of New Vehicle : 4X2 LDV | Whole of the Municipality |
| Electrical appliances for Transfer stations | Whole of the Municipality |
| Upgrade of Hartenbos Refuse Staff Room | Whole of the Municipality |
| Upgrade of Hartenbos Refuse Staff Room | Whole of the Municipality |
| Stormwater | |
| Segmented Paving Various Areas | Whole of the Municipality |
| Improve Stormwater :Upgrade S/W Channel, Boland Park, Phase 1, Voorbaai | Ward 10 |
| Improve Stormwater :Upgrade of S/W watercourse, A Ferox, Danabaai | Ward 11 |
| Improve Stormwater :Upgrade S/W along Anda,Sneeuberg to Sixaxeni | Ward 3 |
| Upgrading of CBD stormwater | Whole of the Municipality |
| Improve stormwater system in Sampson Street, Ext.23 | Ward 13 |
| New stormwater system in Diaz Beach | Ward 10 |
| Upgrading of stormwater system between Village on Sea & Blombosch | Ward 6 |
| Upgrading of stormwater system between Village on Sea & Blombosch | Ward 6 |
| Upgrading of stormwater system between Village on Sea & Blombosch | Ward 6 |
| Upgrading of stormwater system between Village on Sea & Blombosch | Ward 6 |
| Upgrading of stormwater system between Village on Sea & Blombosch | Ward 6 |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Upgrade SW capacity - Industry Road - Voorbaai | Ward 10 |
| Stormwater drainage in Sijaji Street, kwaNonqaba | Ward 1 |
| Stormwater drainage in Sijaji Street, kwaNonqaba | Ward 1 |
| Stormwater drainage in Sijaji Street, kwaNonqaba | Ward 1 |
| Economic development | |
| Furniture & Office Equipment-New (LED) | Administrative or Head Office (Including Satellite Offices) |
| Establishment of business hives in Mossel Bay_C.R.R | Whole of the Municipality |
| Establishing business hives in Mossel Bay Area_V.P.U.U/RSEP | Whole of the Municipality |
| Tarka Amphitheater | Whole of the Municipality |
| Container Business Parks | Whole of the Municipality |
| Upgrading of Kwano Business Park (Shading) | Ward 13 |
| Sonskyn Valley Business Spaces | Ward 7 |
| Upgrade of D'Almeida Business Park | Whole of the Municipality |
| Business Park Replacement | Whole of the Municipality |
| Urban Agriculture Project in Mountain view, Hydroponics & Nursery | Whole of the Municipality |
| Sports, Arts & Culture | |
| Furniture, Tools and Equipment-New | Whole of the Municipality |
| Purchase New Watering Trailers | Whole of the Municipality |
| Purchase new plant material chipper | Whole of the Municipality |
| Purchase New Water Tanks | Whole of the Municipality |
| Purchase New 3 Ton Truck | Whole of the Municipality |
| Purchase new ride on mower deck | Whole of the Municipality |
| Purchase new ride on mowers | Whole of the Municipality |
| One Boerbull Trailer Bulperd with Mounted Water Tank (Donation agreement between Ruwacon (PTY) LTD and Mossel Bay Municipality) | Whole of the Municipality |
| Replacement of existing fences around animal enclosures in Harry Giddey Park | Whole of the Municipality |
| Furniture & Office Equipment-Replacements | Whole of the Municipality |
| Machinery & Equipment-Replacement | Whole of the Municipality |
| Replace redundant fence at sports field-Brandwacht | Whole of the Municipality |
| Replace redundant Fence at sports field-Brandwacht | Whole of the Municipality |
| Replace redundant fences Herbertsdale Sport fields | Whole of the Municipality |
| Replace sport field goal posts | Whole of the Municipality |
| Replacement of border fence-Extension 23 Soccer Field | Whole of the Municipality |
| Replacement of border fence-Extension 23 Soccer Field | Whole of the Municipality |
| Resurface the netball courts at Hartenbos Sportsground | Ward 10 |
| Replace existing precast boundary wall at Greenhaven Sportsfield | Ward 14 |
| Replace existing precast boundary wall at Greenhaven Sportsfield | Ward 14 |
| Replace existing precast boundary wall at Greenhaven Sportsfield | Ward 14 |
| Replace existing precast boundary wall at Van Riebeeck Stadium | Ward 8 |
| Purchase New 3 Ton Truck | Whole of the Municipality |
| Furniture, Tools and Equipment_New | Whole of the Municipality |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | Whole of the Municipality |
| Build new Ablution/ Cloak room facilities for Hartenbos Netball courts | Whole of the Municipality |
| Replace CBS 17249 | Whole of the Municipality |
| Replace CBS 17249 | Whole of the Municipality |
| Reseal of Netball courts in the Greatbrak Area | Whole of the Municipality |
| Build new Netball court in Civic Park | Whole of the Municipality |
| Purchase new Container store rooms | Whole of the Municipality |
| Rebuild safety structure for Hammer and Discus throw circle | Whole of the Municipality |
| Replace the runways on long jump at Van Riebeeck stadium | Whole of the Municipality |
| Replace the runways on long jump at Van Riebeeck stadium | Whole of the Municipality |
| Reseal program for hard-court sport facilities | Whole of the Municipality |
| Reseal program for hard-court sport facilities | Whole of the Municipality |
| Purchase hand held two way radios | Whole of the Municipality |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | Whole of the Municipality |
| Change old Soccer fields in KwaNonqaba to an unofficial practice field | Whole of the Municipality |
| Environment | |
| | |
| Health | |
| | |
| Safety and Security | |
| Procurement of Dogs (K9 Unit) | Ward 10 |
| Training Aids K9 | Ward 10 |
| K9 Training equipment / Protective Gear | Ward 10 |
| K9 Kennels & support equipment (Sick Bay treatment area) | Ward 10 |
| Creating concrete slab flooring K9 | Ward 10 |
| Procurement of K9 Patrol Vehicles | Whole of the Municipality |
| Procurement of K9 Patrol Vehicles | Whole of the Municipality |
| CCTV cameras (JOC) | Ward 6 |
| Pistols and shotguns for Tactical Response and By-law Enforcement | Whole of the Municipality |
| Installation of Carport structure for K9 kennels | Ward 13 |
| Perimeter fencing for K9 Kennels | Ward 13 |
| Procurement of K9 patrol vehicle | Whole of the Municipality |
| Installation and branding of dog kennels | Whole of the Municipality |
| Establish and provide service connections for K9 Kennels | Ward 13 |
| Pistols and shotguns for Traffic Officers for protection in execution of duties | Whole of the Municipality |
| Donated dog for K9 Unit | Ward 13 |
| Speed bumps Installation for safe road environment Ward 2 | Ward 2 |
| Law Enforcement Patrol Vehicles (New) | Whole of the Municipality |
| Law Enforcement Patrol Vehicles (New) | Whole of the Municipality |
| Furniture and Office Equipment (New) | Whole of the Municipality |
| Build and construct a boundary brick wall at Hartenbos Municipal building | Ward 10 |
| Bullet proof vests for officer protection | Whole of the Municipality |
| Bulk Filling Cabinets | Administrative or Head Office (Including Satellite Offices) |
| Two-Way Portable Radio's | Whole of the Municipality |
| Visible traffic roof blue lights | Whole of the Municipality |
| CCTV Cameras | Ward 3 |
| Escape Routes | Whole of the Municipality |
| Purchase of Body Cameras-CRR | Whole of the Municipality |
| Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247) | Whole of the Municipality |
| Replacement of Patrol Vehicles (CBS 47812, CBS 47814, CBS 5484, CBS 5499, CBS 36568 and CBS 42247) | Whole of the Municipality |
| Armoured Personnel Carrier Vehicle | Whole of the Municipality |
| Armoured Personnel Carrier Vehicle | Whole of the Municipality |
| Speed Bumps installation for safe road environment | Whole of the Municipality |
| Traffic Police Vehicle Siren System | Whole of the Municipality |
| Trailer for transporting quad bikes | Whole of the Municipality |
| Riot Control Shields (Crowd Management) | Whole of the Municipality |
| Non-lethal rifles | Whole of the Municipality |
| ICT and Other | |
| Computers (Replacements-Other) | Administrative or Head Office (Including Satellite Offices) |
| Computers (New-Other) | Administrative or Head Office (Including Satellite Offices) |
| VM Storage and Backup Infrastructure Upgrades | Administrative or Head Office (Including Satellite Offices) |
| VM Storage and Backup Infrastructure Upgrades | Administrative or Head Office (Including Satellite Offices) |
| Mounting Mast for Municipal 3rd Party Antennas | Ward 10 |

| Capital Programme by Project by Ward: Year 2023 | R' 000 |
|---|---|
| Capital Project | Year 2023 |
| Electronic Media for Council Chamber | Administrative or Head Office (Including Satellite Offices) |
| Electronic Media for Council Chamber | Administrative or Head Office (Including Satellite Offices) |
| Wireless Radio Backbone Infrastructure Upgrade | Whole of the Municipality |
| Emergency electricity to offices that is without power during loadshedding | Administrative or Head Office (Including Satellite Offices) |

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

None

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

None

## APPENDIX R – DECLARATION OF LOANS AND GRANT MADE BY THE MUNICIPALITY

| Declaration of Loans and Grants made by the municipality: 2022 | | | | |
|---|---|---|---|---|
| All Organisation or Person in receipt of Loans */Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value 2020 R' 000 | Total Amount committed over previous and future years |
| | | | | |
| NONE | | | | |
| | | | | |

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

None

## APPENDIX T – BBBEE REPORT 2024

The Municipality's BBBEE remains Non-Compliant as it was not feasible to conduct an assessment in 2024.

## APPENDIX W – AUDIT REPORT 2024

# Report of the auditor-general to the Western Cape Provincial Parliament and council on the Mossel Bay Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Mossel Bay Municipality set out on pages 21 to 207, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of the Generally Recognised Accounting Practices (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified with respect to these matters.

#### Restatement of corresponding figures

7. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

### Contingencies

8. As disclosed in note 61 to the financial statements, the municipality is the defendant in various ongoing litigations and claims. The outcome of these matters could not be determined at 30 June 2024 and no provision for any liability that may result was made in the financial statements.

### Material Impairments

9. As disclosed in note 6 to the financial statements, the municipality provided for impairment of receivables from exchange transactions of R120,5 million (2022-23: R63 million).

10. As disclosed in note 7 to the financial statements, the municipality provided for impairment of receivables from non-exchange transactions of R46 million (2022-23: R39,9 million).

### Material losses

11. As disclosed in note 57 to the financial statements, material electricity losses of 41 822 950Kwh (2022-2023: 39 182 107Kwh) were incurred, which represents 14,11% (2022-2023: 13,34%) of total electricity purchased. Electricity losses are due to technical losses on the distribution system, faulty meters, theft and vandalism.

12. As disclosed in note 57 to the financial statements, material water distribution losses of 1 460 000Kl (2022-2023: 1 161 000Kl) was incurred, which represents 15,97% (2022-2023: 13,15%) of total water purchases. Water losses are due to defective meters, losses on the water network, evaporation, theft, vandalism and damages due to blind excavations.

## Other matters

13. I draw attention to the matters below. My opinion is not modified with respect to these matters.

### Unaudited disclosure notes

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

### Unaudited supplementary schedules

15. The supplementary information set out on pages 208 to 212 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

## Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; and for

such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the financial statements

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

19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 8, forms part of our auditor's report.

## Report on the audit of the annual performance report

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic objective presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

21. I selected the following objective presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected strategic objectives that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

| Objective | Page numbers | Purpose |
|---|---|---|
| Strategic objective 1: create an inclusive, responsive and healthy environment conducive for living and sustainable growth | 149–156 | Provision of basic services and infrastructure development. |

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

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets and measures taken to improve performance.

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

25. I did not identify any material findings on the reported performance information for the selected objective.

**Other matter**

26. I draw attention to the matter below.

**Achievement of planned targets**

27. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

28. The following table provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report.

**Strategic objective (1) – create an inclusive, responsive and healthy environment conducive for living and sustainable growth**

| *Targets achieved: 61,9%*<br>*Budget spent: 89,36%* | | |
|---|---|---|
| **Key indicator not achieved** | **Planned target** | **Reported achievement** |
| TL30: Effective maintenance of refuse removal assets in terms of approved budget. | 90% | 87,26% |
| TL31: Effective management of waste management and pollution control services measured by percentage of capital budget spent. | 93% | -212,67% (7,28%) |
| TL36: Conduct a study to evaluate the methods of the provision of refuse removal services in informal areas to determine efficiencies that could be implemented. | 1 | 0 |
| TL47: Provision of sanitation services to informal areas by means of serviced sites as part of the UISP. | 247 | 82 |
| TL59: Provision of electricity service points to formal residential account holders connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering. | 40 250 | 36 769 |
| TL65: Provision of clean piped water service points to informal areas by means of water standpipes in informal areas which have a water meter attached and are registered on the Promun financial system. | 79 | 78 |

## Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily

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available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

32. I did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

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

34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. I did not receive the other information before the date of this auditor's report. When I do receive and read this information, if I conclude that there is material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

38. I did not identify significant deficiencies in internal controls.

Auditor - General

Cape Town

30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

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## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

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

#### Financial statements

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Communication with those charged with governance**

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|---|---|
| Municipal Finance Management Act 56 of 2003 (MFMA) | Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii)<br>Sections 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f)<br>Sections 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a)<br>Sections 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b) |
| MFMA: Municipal Budget and Reporting Regulations, 2009 | Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c) |
| MFMA: Municipal Investment Regulations, 2005 | Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3) |
| MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 | Regulations 5(4), 6(8)(a), 6(8)(b), 10(1) |
| MFMA: Municipal Supply Chain Management Regulations, 2017 | Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e)<br>Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i)<br>Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f) |
| Municipal Systems Act 32 of 2000 (MSA) | Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2)<br>Sections 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) |
| MSA: Municipal Planning and Performance Management Regulations, 2001 | Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii) |

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| Legislation | Sections or regulations |
|---|---|
| MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 | Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3) |
| MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 | Regulations 17(2), 36(1)(a) |
| MSA: Disciplinary Regulations for Senior Managers, 2011 | Regulations 5(2), 5(3), 5(6), 8(4) |
| Division of Revenue Act 5 of 2023 | Sections 11(6)(b), 12(5), 16(1), 16(3) |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations | Regulations 17, 25(7A) |
| Municipal Property Rates Act 6 of 2004 | Section 3(1) |
| Preferential Procurement Policy Framework Act 5 of 2000 | Sections 2(1)(a), 2(1)(f) |
| Preferential Procurement Regulations, 2017 | Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2)<br>Regulations 11(1), 11(2) |
| Preferential Procurement Regulations, 2022 | Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4) |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |

## APPENDIX V – REPORT OF THE AUDIT COMMITTEE

# MOSSEL BAY MUNICIPALITY

**Report of the Audit and Performance Audit Committee for the year ended 30 June 2024**

**Recommended to be included in Annual Report for 2023/2024**

The Audit and Performance Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No.56) of (MFMA), the Committee in fulfilling its oversight responsibilities assists the Council with its oversight responsibilities.

### 1. Terms of Reference

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body which must 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.
- Risk Management.
- Performance Management; and
- effective Governance.

*a) 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 and the Local Government Municipal and Performance Management Regulation:

- 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 review the quarterly reports submitted by internal audit as well as reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the Performance Management system and make recommendations in this regard to Council.
- To review the major risks identified by Management and to make recommendations to the extent to which risks have been minimised.

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- Review the audit 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.
- 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.

In addition to the above the Audit Committee also performs the function of a Performance Audit Committee. Functions of the Performance Audit Committee in terms of Section 14(4) (a) of the Regulations includes the responsibility to –

i) review the quarterly performance audit reports produced and submitted by the internal audit process.

ii) review the municipality's Performance Management system and make recommendations in this regard to the council of the municipality; and

iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

**2. Members of the Audit and Performance Audit Committee**

The Committee consists of three independent non-executive members.

For the year ended 30 June 2024 the Audit and Performance Audit Committee comprises of the following members:

| NAME | POSITION | TERM | PERIOD |
|---|---|---|---|
| Adv. DJ Block | Chairperson | Second | 1 January 2021 - 31 December 2026 |
| Mr. F Barnard CA (SA) | Member | First | 1 January 2021 - 31 December 2023 |
| Mr. A Mokoka CA (SA) | Member | Second | 1 January 2021 - 31 December 2023 |
| Prof. A Potgieter | Member | First | 1 January 2024 - 31 December 2026 |
| Mr. DJ Du Toit (RGA) | Member | First | 1 January 2024 -3 1 December 2026 |

The Municipal Manager, the Chief Financial Officer, directors of departments, as requested by the Committee and representatives from the internal auditors attend the committee meetings. The Committee also values the attendance by the Executive Mayor and the Finance Portfolio Councillor. This also served to improve communication between the Committee and Council.

The external and internal auditors have unrestricted access to the Committee.

**3. Meetings**

The Audit and Performance Audit Committee held sewen (7) meetings during this period. Details of the Committee members attendance at meetings is set out in the table below:

| | Adv Derick J Block | F Barnard | A Mokoka | Prof. A Potgieter | DJ Du Toit (RGA) |
|---|---|---|---|---|---|
| 21 August 2023 | Present | Present | Present | | |
| 22 September 2023 | Present | Present | Present | | |
| 29 November 2023 | Present | Present | Present | | |
| 04 December 2023 | Present | Present | Present | | |
| 14 February 2024 | Present | | | Present | Present |
| 28 February 2024 | Present | | | Present | Present |
| 18 June 2024 | Present | | | Present | Present |

The Chairperson of the Audit and Performance Audit Committee attended the following additional meetings:

- Disciplinary Board meetings
- Meeting with office of Auditor General
- Performance Evaluations of Senior Management –
    - Final Performance Evaluations of Senior Management (2022/2023) held on 20 September 2023.
    - Mid-Year Evaluations of Senior Management (2023/2024) held on 20 March 2024.

Mr. A Mokoka attended the Risk Management Committee meetings on behalf of the Audit Committee until the end of his term in December 2023. Prof A Potgieter served on the Risk Management Committee from the beginning of 2024.

**Statutory Duties**

In execution of its statutory duties during the past financial year, the Audit and Performance Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content of auditing of its financial statements, the internal financial controls of the municipality and other related matters.

*Oversight of Internal audit*

The Committee has received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored.

> *113. Internal audit consists of a broad range of qualified and experienced staff who meet the independent and professional requirements of a well-functioning internal audit unit. The internal audit plan has been approved by the audit committee and various audit and audit reports has been submitted to the audit committee to review the status of controls within the municipality for various subject matters, including consulting engagements on revenue.*

3

*114. The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit work as follows: Various internal audit reports was used for risk identification and also made direct use of internal audit to assist with the year-end inventory count.*

*115. The accountability ecosystem within the municipality is strong and we commend the leadership and its management team for setting a tone at the top that trickles down to staff in order to ensure service delivery and good governance. (AG Management Report November 2024)*

The Committee satisfied itself that the following areas have been appropriately addressed by the Internal Audit plan:

- Financial reporting.
- Internal financial controls and
- Fraud risks as it relates to financial reporting and amongst others, also specifically Supply Chain Management.

*Internal financial controls*

The Committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from Management, internal and external audit.
- reviewed the effectiveness of internal controls, including amongst others, risks relating to the SCM system specifically, as it is one of the key fraud risks areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

*Annual financial statements as on 30 June 2024*

The Audit Committee has reviewed the annual financial statements for the year ended 30 June 2024, with focus on:

a) Significant financial reporting judgements and estimates – these were reviewed and updated as set out in the accounting policy section of the annual financial statements.

b) Clarity, completeness & appropriateness of disclosures – the Committee satisfied itself that the municipality has met the prescribed disclosure requirements.

c) Compliance with accounting standards and legal requirements – we are satisfied that the annual financial statements are prepared and follow the relevant and applicable standards/regulations.

d) Significant adjustments and/or unadjusted differences from the audit – all material audit adjustments were reviewed and discussed in Audit Committee meetings before they were approved and processed.

e) Reasons for major year-on-year fluctuations – the Chief financial officer's report is part and parcel of the annual financial statements, detailing all the relevant ratios, set norms/standards as approved by the council and the explanations for any major variances.

f) Asset valuations and revaluations – the municipality accounts for the deemed cost of the investment property using the independent valuators. The valuator bases his valuation on assumptions about the markets' trends.

g) Calculations and levels of general and specific provisions – the assumptions and rates utilised in provision calculations are disclosed in the annual financial statements and are fully noted by the Committee.

h) The Committee has satisfied itself with the transfers and funding statuses of the Self-Insurance and Capital replacement reserve accounts kept by the municipality (See note 27 & 28 of annual financial statements).

i) Basis for going concern assumption and financial sustainability risks & issues – the Committee has reviewed the basis for preparing the annual financial statements on a going concern basis and we are satisfied that it is justifiable. The municipality is both liquid and solvent. Furthermore, the risk register has been updated, reviewed and approved with all mitigating factors to ensure that the municipality continues to be able to run in the foreseeable future.

No material matters of non-compliance to GRAP and the MFMA were identified by the external auditors in the auditor's report.

The Audit Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA. The municipality continues to strive to adhere and uphold the relevant and applicable laws and regulatory frameworks, particularly the MFMA, DoRA etc. as non-conformation to these laws could impact negatively on the audit.

*External Audit*

The Municipality has maintained its Clean Audit outcome for the 2023/2024 financial year. The Audit and Performance Audit Committee engaged with the External Auditors on several occasions during the audit process to gain an understanding of the processes and procedures followed as well as issues and emerging risks that will have to be address in the following year. These issues will be closely monitored by the Audit and Performance Audit Committee going forward in the following year.

Based on processes followed and assurances received, nothing has come to the attention of the Committee with regard to the external auditor's independence.

*Internal Audit*

The Committee has:

- reviewed and recommended the internal audit terms of reference (Charter) for approval.
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate.
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions.
- approved the internal audit risk-based plan.
- encouraged cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Committee and had unrestricted access to all members of the Committee. In reviewing Internal Audit's quarterly reports, the Committee satisfied itself that findings raised relating to financial matters, and recommendations made to rectify shortcomings/deviations, did receive the required attention forthwith of Management.

*Finance Function*

Based on the processes and assurances obtained, the Committee believes the accounting practices are effective.

***PERFORMANCE MANAGEMENT FUNCTION***

The Audit and Performance Audit Committee has pleasure in reporting on the Performance Management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

The Committee is satisfied that the Mossel Bay municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the Performance Management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

The Committee reviewed compliance of key performance indicators to measure the inputs of processes (economically and efficiently) and that it is determined and compared against set norms/ standards.

The internal auditors audited the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

The accounting officer of the Mossel Bay Municipality assessed the performance of the municipality for the financial year, taking into account the municipality's service delivery performance during the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its annual performance plan/integrated development plan:

- **Consistency**: the Mossel Bay Municipality has reported [throughout] on its performance with regard to its objectives/indicators/targets as per the approved annual performance/integrated development plan.

The following targets with regard to the indicators were achieved:

  - Specific in clearly identifying the nature and the required level of performance.
  - Measurable in identifying the required performance.
  - Time bound in specifying the time period or deadline for delivery.

- **Relevance**: the performance information as reflected in the indicators and targets are clearly linked to the predetermined objectives and mandate. It is specific and measurable, and the time period for delivery was specified.

- **Reliability**: reported performance information can be traced back to the source data or documentation and the reported performance information is accurate and complete in relation to the source data or documentation.

Formal evaluation of employees that are employed in terms of Section 57 of the Local Government: Municipal Systems Act No 32 of 2000 took place during this period.

In summary it can be noted that the Performance Management System of the Mossel Bay Municipality and the implementation and monitoring of the system is in line with all legislative and functional requirements of the Municipality.

The Audit and Performance Audit Committee concur with the opinion of the Auditor General 30 November 2024:

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

25. I did not identify any material findings on the reported performance information for the selected objective.

In summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the maintenance and update of the Municipality's Performance Management System.

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- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's in general comply with the relevant statutory requirements.
- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.
- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.
- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

**4. Conclusion**

The Audit and Performance Audit Committee is pleased with the continued maintenance of a high level of performance.

The Committee values the sound relation with Council, Management and staff without compromising on independence. The Committee continues to perform its oversight role in accordance with its charter.

The Council and Management takes a keen interest in the workings of the Committee in order to ensure governance.

On behalf of the Audit and Performance Audit Committee



Adv Derick J Block – 22 January 2025

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

# ANNUAL FINANCIAL STATEMENTS

# 2023 2024

Mossel Bay
MUNICIPALITY

# Mossel Bay Municipality
# Annual Financial Statements for the year ended June 30, 2024

## General Information

| | |
|---|---|
| **Legal form** | Category B Local Authority |
| Legislation | The most important legislation governing Mossel Bay Municipality in terms of financial operations are:<br>Constitution of the Republic of South Africa, 1996;<br>Municipal Finance Management Act, (MFMA) 2003 (Act No. 56 of 2003) and regulations issued in terms of the Act;<br>Annual Division of Revenue Act, (DORA) (Act 1 of 2008);<br>Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);<br>Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005);<br>Municipal Structures Act, 1998 (Act No. 117 of 1998) and regulations issued in terms of the Act;<br>Municipal Systems Act, 2000 (Act. No. 32 of 2000) and regulations issued in terms of the Act;<br>Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and the regulations issued in terms of the Act;<br>Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act; and<br>Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)<br>Property Rates Act (Act 6 of 2004)<br><br>This list is however not exhaustive. |
| **Principal activities** | In line with sections 4B and 5B of the Constitution, Mossel Bay Municipality renders the following services within its jurisdiction area:<br>Air pollution<br>Building regulations<br>Child care facilities<br>Electricity reticulation<br>Firefighting services<br>Local Tourism<br>Municipal planning<br>Municipal public works only in respect of the needs of the Municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law<br>Stormwater management systems in built-up areas<br>Water and sanitation services limited to portable water supply systems and domestic waste-water and sewage disposal systems<br>Beaches and amusement facilities<br>Billboards and the display of advertisements in public places<br>Cemeteries, funeral parlours and crematoria<br>Cleansing<br>Control of public nuisances<br>Control of undertakings that sell liquor to the public<br>Facilities for the accommodation, care and burial of animals<br>Fencing and fences<br>Licensing and control of undertakings that sell food to the public<br>Local amenities<br>Local sport facilities<br>Municipal parks and recreation<br>Municipal roads<br>Noise pollution<br>Public places<br>Refuse removal, refuse dumps and solid waste disposal<br>Street lighting<br>Traffic and parking |

# General Information

| | |
|---|---|
| **Area of Jurisdiction** | The area demarcated by the Demarcation Board in terms of the Local Government Municipal: Demarcation Act (Act 27 of 1998), including the areas of Boggomsbaai; Brandwacht; Buysplaas; Danabaai; Friemersheim; Glentana; Great Brak River; Hartenbos; Herbertsdale; KwaNonqaba; Little Brak River; Mossel Bay; Rheebok; Ruiterbos; Sonskynvallei; Tergniet; and Vleesbaai |
| Demarcation code | WC043 |

# General Information

**Mayoral committee:**

| | |
|---|---|
| Executive Mayor | Alderman D Kotzé |
| Councillors | Alderman C Bayman (Deputy Executive Mayor and Chairperson of Planning & Economic Development Services Committee)<br>Alderman N Booisen (Chairperson of Community Services Committee)<br>Councillor N Le Roux (Chairperson of Corporate and Governance Services Committee)<br>Councillor M Furness (Chairperson of Financial Services Committee)<br>Councillor A Dellemijn (Chairperson of Infrastructure Services Committee)<br>Councillor L Van Dyk (Chairperson of Community Safety Committee) |
| Speaker | Alderlady V Fortuin |
| Ward Councillors | 1 Clr S Dubula (ANC)<br>2 Clr N Gwaza (ANC)<br>3 Clr Z Matyesini (ANC)<br>4 Clr A Janse van Rensburg (DA)<br>5 Clr A Dellemijn (DA)<br>6 Clr M Furness (DA)<br>7 Clr W Botha (DA)<br>8 Clr J Coetzee (DA)<br>9 Clr E Meyer (DA)<br>10 Clr L Van Dyk (DA)<br>11 Clr N Le Roux (DA)<br>12 Clr W Buda (ANC)<br>13 Ald R H Ruiters (DA)<br>14 Clr D Claassen (DA)<br>15 Clr M Mkonto (ANC) |
| Proportional Representative Councillors | Clr E Baron (VF+)<br>Clr J Bavuma (DA)<br>Ald C Bayman (DA)<br>Clr N Booisen (DA)<br>Ald V Fortuin (DA)<br>Clr J Gouws (ACDP)<br>Clr N Krige (ICOSA)<br>Ald D Kotzé (DA)<br>Clr M Kannemeyer (DA)<br>Clr W Liebenberg (VF+)<br>Clr T Mvumvu (DA)<br>Clr R Sethuntsha (DA)<br>Cllr M Welman (DA)<br>Cllr V Porter (PA) |

# General Information

| | |
|---|---|
| **Chief Finance Officer (CFO)** | O Fredericks |
| **Accounting Officer** | C Puren |
| **Registered office** | 101 Marsh Street<br>Mossel Bay<br>6506 |
| **Postal address** | P O Box 25<br>Mossel Bay<br>6500 |
| **Bankers** | Standard Bank |
| **Auditors** | Auditor-General of South Africa<br>Registered Auditors |
| **Telephone** | (044) 606-5000 |
| **E-mail** | admin@mosselbay.gov.za |
| **Website** | http://www.mosselbay.gov.za |

# Mossel Bay Municipality
# Annual Financial Statements for the year ended June 30, 2024

## Index

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


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# Index

**Abbreviations:**

| | |
|---|---|
| CDW | Community Development Workers |
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| DEDAT | Department of Economic Development and Tourism |
| DORA | Division of Revenue Act |
| EMLSRG | Emergency Municipal Load Shedding Relief Grant |
| EPWP | Expanded Public Works Programme |
| FMG | Finance Management Grant |
| FMCG | Financial Management Capability Grant |
| FMCBG | Financial Management Capacity Building Grant |
| FSCBG | Fire Service Capacity Building Grant |
| GRAP | Generally Recognised Accounting Practice |
| ISUP | Informal Settlements Upgrading Partnership Grant |
| IAS | International Accounting Standards |
| IPSAS | International Public Sector Accounting Standards |
| INEP | Integrated National Electrification Programme Grant |
| LGSETA | Local Government Sector Education Training Authority |
| MBM | Mossel Bay Municipality |
| MDRG | Municipal Disaster Relief Grant |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant |
| MCTIG | Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant |
| MSDCB | Municipal Service Delivery and Capacity Building Grant |
| RSEP / VPUU | Regional Socio-Economic Programme / Violence Prevention through Urban Upgrading Programme |
| SALGA | South African Local Government Association |
| SIR | Self Insurance Reserve |
| SMME | Small, Medium and Micro Enterprises |
| WIP | Work-in-progress |

# Accounting Officer's Responsibilities and Approval

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

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

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

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

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

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black empowerment in their audited annual financial statements and annual reports.  Please refer to Note 57.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out from page 8, which have been prepared on the going concern basis, were approved by the accounting officer on November 29, 2024 and were signed on its behalf by:



**C Puren**
**Accounting Officer**

**Mossel Bay**

**Friday, November 29, 2024**

# Chief Financial Officer's Report

## 1. INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2024 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

## 2. KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2024 financial year's performance of the Municipality to the 2023 comparative figures:

| Ratio Description | 2024 | 2023 |
|---|---|---|
| **Revenue Management** | | |
| Level of reliance on Government grants | 13.4 % | 15.1 % |
| Actual income vs Budgeted Income* | 4.7 % | (1.7)% |
| **Expenditure Management** | | |
| Employee related costs to total expenditure | 26.6 % | 26.4 % |
| Actual expenditure vs Budgeted expenditure* | (2.1)% | (5.6)% |
| Finance costs as a percentage of total expenditure | 1.8 % | 1.0 % |
| Repairs and Maintenance / PPE (carry amount) | 5.2 % | 4.6 % |
| Repairs and Maintenance / Total expenditure | 9.5 % | 8.3 % |
| **Asset Management** | | |
| Actual Expenditure vs Budgeted Expenditure* | (24.7)% | (14.9)% |
| Stockholding period (days) | 12 days | 11 days |
| **Debt Management** | | |
| Creditor payment period (days) | 56 days | 58 days |
| Debtors collection period (days) | 47 days | 51 days |
| **Liquidity** | | |
| Current ratio | 2.00 : 1 | 2.30 : 1 |
| Acid Test ratio | 2.00 : 1 | 2.20 : 1 |
| Turnover of accounts receivable | 9.9 : 1 | 8.9 : 1 |
| Cash to interest | 8.86 : 1 | 3.84 : 1 |
| Debt to cash | 1.60 : 1 | 1.30 : 1 |
| Cash to Income (Cash divided by Net surplus/deficit) | 1.09 : 1 | 0.47 : 1 |
| Total Liabilities / Total Assets | 0.21 : 1 | 0.20 : 1 |

*The total variance between budgeted and actual amounts is provided as a percentage variance.

### 2.1 Borrowing, funding and reserves policy

The Borrowing, Funds and Reserves policy of Council, makes the measurement of the following ratios compulsory:

**Finance costs to total expenditure**

The approved policy by Council determines that the interest paid to total expenditure may not exceed 5%. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Finance cost to total expenditure** | **1.8 %** | **1.0 %** |
| Total Finance cost | 26 641 709 | 13 592 954 |
| Total operating expenditure | 1 503 954 604 | 1 399 204 740 |

Finance costs (Interest paid) to total expenditure is well within the norm of 5%.

**Total long term debt to total operating revenue**

The approved policy by Council determines that the total long term debt to total operating revenue (excluding conditional grants and transfers) must not exceed 35%. Some housing transactions is viewed as Construction contracts and is excluded from Government grants and subsidies on the Statement of Financial Performance. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Total % of long term debt to total operating revenue (excluding conditional grants and transfers)** | **16.8 %** | **13.8 %** |
| Total Long-term debt | 245 944 919 | 173 506 365 |
| Total Operating Revenue (excluding conditional grants and transfers) | 1 467 669 388 | 1 253 177 327 |

This percentage of long term debt to operating revenue is well within the approved policy of Council of 35%.

**Cash generation from operating activities**

The approved policy by Council determines that the cash generation from operating activities must at least cover the annual loan repayments once. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Coverage of Annual loan repayments by cash generated from operating activities (Times)** | **11** | **15** |
| Cash generated from operating activities | 217 241 147 | 261 001 616 |
| Annual loan repayments | 19 776 036 | 17 206 908 |

The Municipality does not have a high reliance on loans, thus the ratio is favourable. The coverage of cash generated from operating activities to the annual loan repayment is well above the norm of 1 time.

**It must be noted that the above total for Annual loan repayments includes only the Capital portion of loans.**

**Percentage of annual loan repayment to total operating expenditure**

The approved policy by Council determines that the percentage of total annual loan repayment (Capital and Interest) to total operating expenditure must not be more than 10%. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Percentage of annual loan repayment to total expenditure** | **2.6 %** | **2.2 %** |
| Annual loan repayments (Interest & capital) | 38 605 882 | 31 246 510 |
| Total Operating expenditure | 1 503 954 604 | 1 399 204 740 |

The Municipality does not have a high reliance on loans and thus the amount relating to repayments of loans are low. The percentage of annual loan repayment to total expenditure is well within the norm of 10%.

It must be noted that the above total for Annual loan repayments includes both Capital and Interest repayments.

**2.2 Liquidity policy**

The liquidity policy makes the measurement of the following ratios compulsory:

**Cash/Cost Coverage Ratio**

The approved policy by Council determines that the Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) must be calculated as ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets) and that a coverage of 3 times is acceptable.

| | 2024 | 2023 |
|---|---|---|
| **Cash / Cost Coverage ratio (Times)** | **5.5** | **6.5** |
| Cash and cash equivalents | 564 212 652 | 586 391 255 |
| Monthly Fixed Operational Expenditure | 102 238 333 | 89 726 732 |

| | | |
|---|---|---|
| **Cash and cash equivalents** | | |
| Petty cash and bank balances | 112 944 395 | 53 759 880 |
| (Unspent)/Unpaid conditional grants and receipts | (21 542 777) | (34 492 352) |
| (Unspent)/Unpaid contract advances | 5 039 915 | 7 160 318 |
| Short-term deposits | 20 377 778 | - |
| Short term investments | 447 393 341 | 559 963 409 |
| | 564 212 652 | 586 391 255 |

| | | |
|---|---|---|
| **Monthly Fixed Operational Expenses** | | |
| Total average monthly expenditure for the year | 125 329 550 | 116 600 395 |
| Less: | | |
| Depreciation & Amortisation | (12 540 666) | (11 596 701) |
| Provision for Bad Debts | (1 615 229) | (6 575 625) |
| Impairment and loss on disposal of assets | (8 935 322) | (8 701 337) |
| | 102 238 333 | 89 726 732 |

The cash/cost coverage ratio is above the norm of 3 times as per liquidity policy and has slightly decreased from the previous year mainly due to a decrease in short term investments and increase in monthly operational expenses.

**Current ratio**

The purpose of this ratio is to measure the municipality's ability to meet its short term commitments.

The approved policy by Council guides that the current ratio should be above 1,5:1. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| | **2.0** | **2.3** |
| Current assets | 814 854 925 | 828 644 516 |
| Current liabilities | 400 203 194 | 364 107 697 |

The municipality operates above the norm set by Council. The ratio has remained favourable although slightly lower than the previous year.

**2.3 Other ratio's of importance**

**a) Debtors collection period in days**

This ratio reflects the collection period. The debtor days refers to the average number of days required for the municipality to receive payment from its customers for bills/invoices issued to them for services. The ratio is also a good indication of the effectiveness of credit control procedures within the municipality. If the ratio is above the norm, it indicates that the municipality is exposed to significant cash flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition, this indicates that a significant amount of potential cash is tied up in consumer debtors and the municipality must improve revenue and cash flow management.

The norm is 30 days. The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Debtors collection period (days)** | **47.0** | **50.7** |
| Consumer debtors * 365 | 56 964 817 127 | 54 944 841 121 |
| Rates revenue + Services revenue + Debtors income | 1 212 413 641 | 1 083 893 576 |

The municipality operates outside the norm. The collection period in days has decreased against the result of the previous financial year.

Debtors income includes Interest received on outstanding debtor accounts.

**b) Level of reliance on government grants**

The ratio measures the extent to which the municipality's expenditure is funded through government grants and subsidies.

No norm is proposed at this time by National Treasury. It must be mentioned that National Treasury does promote a healthy balance of funding sources.

The information below provides the measurement of the current year against the results of the previous year. It must be noted that some Housing transactions is classified as Construction contracts and is excluded from Government grants and subsidies on the Statement of Financial Performance.

| | 2024 | 2023 |
|---|---|---|
| **Level of reliance on government grants** | **13.4 %** | **15.1 %** |
| Government grants and subsidies | 226 300 535 | 223 750 921 |
| **Total revenue** | 1 693 969 923 | 1 476 928 248 |

The results indicates that the municipality is not dependent on grant funding to run its normal operations.

**c) Implementation of the capital program**

This ratio measures the extent to which budgeted capital expenditure has been spent during the financial year under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance above 5% indicates discrepancies in planning and budgeting which should be investigated and corrective measures implemented. Under-spending is also an indicate that the municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programs and/or projects. Overspending may also indicate inaccurate budgeting or poor financial management control.

The norm ranges between a 0% and 5% variance.

## Chief Financial Officer's Report

The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Actual versus Budgeted Capital Expenditure** | **(24.7)%** | **(14.9)%** |
| Actual capital expenditure - Budgeted capital expenditure | (116 700 568) | (42 308 681) |
| Budgeted Capital Expenditure | 471 716 289 | 284 841 231 |

The municipality is functioning outside the norm. The main reasons for underspending on capital expenditure are due to underspending on ISUP grant housing projects, no Tender award could be made for the Mounting mast for 3rd party antennas project due to bids exceeding the budgeted amounts and a R19m recognition of decrease in the Restoration cost of Landfill sites.

**d) Implementation: Operational Revenue**

This ratio measures the extent of actual operating revenue (including Capital Grant Revenue) received in relation to budgeted operating revenue during the financial year, under review. A ratio outside the norm indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the municipality.

The norm ranges between a 0% and 5% variance.

The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Actual revenue vs Budgeted revenue** | **4.7 %** | **(1.7)%** |
| Actual revenue - Budgeted revenue | 75 974 271 | (25 877 488) |
| Budgeted revenue | 1 622 369 766 | 1 502 805 742 |

The municipality is functioning within the norm.

**e) Implementation: Operational Expenditure**

This ratio measures the extent to which budgeted operating expenditure has been spent during the financial year, under review. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance outside the norm either indicate a challenge in capacity to implement, issues of financial controls and management and / or poor budgeting.

The norm ranges between a 0% and 5% variance.

The information below provides the measurement of the current year against the results of the previous year.

| | 2024 | 2023 |
|---|---|---|
| **Actual operating expenditure vs Budgeted operating expenditure** | **(2.1)%** | **(5.6)%** |
| Actual expenditure - Budgeted expenditure | (34 508 125) | (80 667 481) |
| Budgeted expenditure | 1 610 894 664 | 1 443 673 128 |

The municipality is functioning inside the norm.

## 3. LIQUIDITY POSITION OF THE MUNICIPALITY

There are two main liquidity ratios that can be used to analyse the liquidity position of the municipality, namely the Current and Acid Test ratios. There are various other ratios that can be utilised to assess the municipality's liquidity position.

The calculations of these ratios are as follows:

| Ratio Description | Formula | 2024 | 2023 |
|---|---|---|---|
| Current ratio | Current assets | 814 854 925 | 828 644 516 |
| | Current liabilities | 400 203 194 | 364 107 697 |
| | | **2.0** | **2.3** |
| Acid Test Ratio | Current assets - Inventory | 783 647 584 | 802 249 960 |
| | Current liabilities | 400 203 194 | 364 107 697 |
| | | **2.0** | **2.2** |
| Turnover of accounts receivable | Revenue (credit) | 1 571 674 850 | 1 363 098 395 |
| | Accounts receivable | 158 333 507 | 153 639 278 |
| | | **9.9** | **8.9** |
| Debt to cash | Total liabilities | 903 906 152 | 815 739 489 |
| | Cash and Short term investments balance at the end of the period | 580 715 514 | 613 723 289 |
| | | **1.6** | **1.3** |

The above ratios show that the municipality is in a liquid position, with current assets of double the current liabilities. The Turnover of accounts receivable ratio for the year under review slightly improved compared to the previous year. The municipality generates 9.9 times more revenue than what the outstanding accounts are.

The following information shows the history of the current year ratio for the municipality

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Current ratio | 2.5 | 2.4 | 2.3 | 2.4 | 2.3 | 2.0 |

## 4. OPERATING RESULTS

### Summary of results

Details of the operating results per segmental classification are included in the supplementary information while operational results per category, together with an explanation of significant variances of more than 10 per cent from the final budget, are included in the Statement of Comparison of Budget and Actual amounts.

These amounts are based on the total position of the municipality (including non-cash transactions):

| Revenue | Actual 2024 | Actual 2023 | Variance | Adjusted budget 2024 | Variance |
|---|---|---|---|---|---|
| Operating surplus / (deficit) | 2 831 021 798 | 2 781 555 650 | 1.8 % | - | - |
| Operating income for the year | 1 698 344 037 | 1 476 928 248 | 15.0 % | 1 622 369 766 | 4.7 % |
| Appropriations for the year | 34 786 849 | (64 456 428) | - | - | - |
| | 4 564 152 684 | 4 194 027 470 | 8.8 % | 1 622 369 766 | |

| Expenditure | Actual 2024 | Actual 2023 | Variance | Adjusted budget 2024 | Variance |
|---|---|---|---|---|---|
| Operating expenditure for the year | 1 576 386 539 | 1 435 403 833 | 9.8 % | 1 610 894 664 | (2.1)% |

# Chief Financial Officer's Report

The accumulated surplus at 30 June 2024 amounted to R2 988 million. The accumulated surplus of R2 831 million at 30 June 2023 was restated with previous year corrections. Refer to note 49 for more detail.

The operating income increased by 15.0% to R1698.3 million from the previous financial year's income of R1476.9 million. The operating expenditure increased by 9.8% to R1576.4 million.

The municipality's financial statements ended on a surplus of R122.0 million for the year.

**Operating revenue and expenditure**

The following information indicates the municipality's major revenue sources for the year under review compared to the prior year:

| **Operating revenue as a percentage of total revenue** | **2024** | **2023** |
|---|---|---|
| Service charges | 56.5 % | 58.3 % |
| Construction contracts | 0.1 % | 0.1 % |
| Rental of facilities and equipment | 0.7 % | 0.9 % |
| Agency services - Provincial Traffic | 0.5 % | 0.6 % |
| Interest received - outstanding debtors | 0.7 % | 0.5 % |
| Interest received - external investments | 3.9 % | 3.7 % |
| Other income | 3.3 % | 4.0 % |
| Property rates | 12.9 % | 13.0 % |
| Availability charges | 1.5 % | 1.6 % |
| Government grants & subsidies recognised | 13.4 % | 15.1 % |
| Public contributions and donations | 5.0 % | 0.3 % |
| Fines, Penalties and Forfeits | 1.4 % | 1.8 % |
| | 100 % | 100 % |

The information below indicates the municipality's major types of expenditure for the year compared to the previous year:

| Operating expenditure as a percentage of total expenditure | 2024 | 2023 |
|---|---|---|
| Employee related costs | 26.6 % | 26.4 % |
| Remuneration of councillors | 1.0 % | 1.0 % |
| Depreciation, amortisation and asset impairment | 10.0 % | 9.9 % |
| Bad debts written off | 1.3 % | 5.6 % |
| Finance costs | 1.8 % | 1.0 % |
| Bulk purchases | 34.8 % | 31.2 % |
| Contracted services | 12.1 % | 12.0 % |
| Inventory consumed | 7.1 % | 7.5 % |
| General Expenses | 4.7 % | 4.6 % |
| Transfers and subsidies paid | 0.7 % | 0.8 % |
| | 100 % | 100 % |

## 5. CAPITAL EXPENDITURE AND FINANCE

The capital expenditure for the year as stated in the financial statements amounted to R355 015 722 and is broken down as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Capital expenditure per function** | | | | |
| Community services / facilities | 8 315 247 | 2.3 % | 12 365 383 | 5.1 % |
| Electricity | 54 666 697 | 15.4 % | 48 812 973 | 20.1 % |
| Housing | 89 058 782 | 25.1 % | 29 479 770 | 12.2 % |
| Refuse | (14 301 230) | (4.0)% | 10 788 254 | 4.4 % |
| Sanitation | 93 859 052 | 26.4 % | 33 537 667 | 13.8 % |
| Streets and Storm water | 52 093 563 | 14.7 % | 36 813 423 | 15.2 % |
| Water | 33 416 818 | 9.4 % | 26 106 580 | 10.8 % |
| Community Safety | 5 626 029 | 1.6 % | 18 063 376 | 7.4 % |
| Other | 32 280 764 | 9.1 % | 26 565 124 | 11.0 % |
| | 355 015 722 | 100 % | 242 532 550 | 100 % |

The negative spending amount for Refuse services is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites. The discount rate used to calculate the provision has increased dramatically, hence the decreased restoration costs.

The capital expenditure was financed as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Sources of finance** | | | | |
| Capital Replacement Reserve | 136 749 534 | 38.5 % | 130 720 107 | 53.9 % |
| Self Insurance Reserve | 14 556 041 | 4.1 % | 124 717 | 0.1 % |
| Grants and Subsidies | 50 575 252 | 14.2 % | 73 415 155 | 30.3 % |
| External loans | 89 531 111 | 25.2 % | 35 173 722 | 14.5 % |
| Donated assets | 83 213 956 | 23.4 % | 3 098 849 | 1.3 % |
| Provision | (19 610 172) | (5.5)% | - | - % |
| | 355 015 722 | 100 % | 242 532 550 | 100 % |

Property, plant and equipment is funded to a large extent from the Capital Replacement Reserve. It must further be noted that the Restoration costs for Landfill sites are funded from a Provision. The year under review amount is negative due to a decrease in the restoration cost asset.

## 6. FINANCIAL SUSTAINABILITY

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are information on various financial ratios that show the past 9 years' information, the current year information and 3 budget years' information.

| | Liquidity | Liquidity | Activity | Solvency | Cash Flow | Cash Flow |
|---|---|---|---|---|---|---|
| | Current ratio | Debtors payment period (days) | Inventory turnover ratio | Total assets to liabilities | Current liabilities coverage | Capital expenditure coverage |
| 2015 | 2.39 | 51 | 20.00 | 7.36 | 1.05 | 1.60 |
| 2016 | 2.66 | 12 | 13.00 | 7.63 | 0.99 | 1.22 |
| 2017 | 2.50 | 20 | 18.00 | 7.45 | 0.96 | 1.41 |
| 2018 | 2.70 | 41 | 30.00 | 7.67 | 0.72 | 1.11 |
| 2019 | 2.50 | 47 | 10.00 | 6.91 | 0.82 | 1.18 |
| 2020 | 2.40 | 55 | 10.00 | 6.01 | 0.84 | 1.03 |
| 2021 | 2.30 | 42 | 12.00 | 5.74 | 0.86 | 1.18 |
| 2022 | 2.40 | 45 | 9.00 | 5.17 | 0.66 | 1.13 |
| 2023 | 2.30 | 51 | 11.00 | 4.96 | 0.72 | 1.08 |
| 2024 | 2.00 | 47 | 12.00 | 4.71 | 0.54 | 0.61 |
| 2025 (budget) | 1.70 | 40 | 13.00 | 3.95 | 0.99 | 1.51 |
| 2026 (budget) | 1.90 | 41 | 12.00 | 4.05 | 1.13 | 2.41 |
| 2027 (budget) | 1.70 | 41 | 11.00 | 4.13 | 1.00 | 2.99 |

| | Debt ratio | Income & Expenditure Trends | Income & Expenditure Trends | Income & Expenditure Trends | Income & Expenditure Trends |
|---|---|---|---|---|---|
| | Debt to cash | Government Grants as % of Revenue | Employee related cost as % of expenditure | Repairs & maintenance as % of expenditure | Debt impairment cost as % of expenditure |
| 2015 | 1.19 | 15.80 | 29.20 | 5.40 | 4.80 |
| 2016 | 1.12 | 15.60 | 28.90 | 6.50 | 3.50 |
| 2017 | 1.00 | 15.50 | 26.69 | 9.50 | 3.00 |
| 2018 | 1.00 | 16.70 | 30.00 | 10.12 | 2.00 |
| 2019 | 1.00 | 14.80 | 31.10 | 10.04 | 1.88 |
| 2020 | 1.20 | 15.70 | 27.80 | 10.41 | 2.61 |
| 2021 | 1.30 | 16.20 | 29.10 | 10.20 | 1.40 |
| 2022 | 1.30 | 13.80 | 22.20 | 7.42 | 1.10 |
| 2023 | 1.30 | 15.10 | 26.40 | 8.34 | 5.60 |
| 2024 | 1.60 | 13.40 | 26.60 | 9.50 | 1.30 |
| 2025 (budget) | 2.28 | 18.49 | 25.82 | 8.21 | 1.65 |
| 2026 (budget) | 1.86 | 14.68 | 25.26 | 8.39 | 1.97 |
| 2027 (budget) | 2.02 | 15.83 | 24.02 | 7.85 | 1.74 |

## 7. CAPITAL REPLACEMENT RESERVE

The Capital Replacement Reserve balance as at 30 June 2024 amounted to R245 798 577 (R224 989 068 as at 30 June 2023).

The Capital Replacement Reserve is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance is annual infrastructure capital program.

Refer to the Statement of Changes in Net Assets for more detail.

## 8. EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2024 the external loans amounted to R245 944 919 (R173 506 365 on 30 June 2023). The municipality has taken up loans to the amount of R 92 214 590 and repaid loans to the amount of R19 776 036 during the year.

The municipality's cashbook showed a positive balance of R112 923 309 (R53 742 926 on 30 June 2023) and Petty Cash to the amount of R21 086 (R16 954 on 30 June 2023) on 30 June 2024. The external investments shorter than 3 months amounted to R20 377 778 against the R- of the previous year. The Short term deposits has been withdrawn and reflects mostly in the cash and cash equivalents amount. The Short term investments longer than 3 months but shorter than 12 months amounted to R447 393 341 against the R559 963 409 of the previous year. The municipality also has a long term investment of R197 174 000 (R167 174 000 on 30 June 2023)as at 30 June 2024.

More particulars regarding external loans and investments appear in Notes 19, 12, 13 and 20 of the Annual Financial Statements, as well as in the Supplementary Information.

## 9. PROVISIONS

The provisions is made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Provisions amounted to R143 776 673 as at 30 June 2024 (R155 422 430 as at 30 June 2023) and are made up as follows:

| | 2024 | 2023 |
|---|---|---|
| Other Provisions | 6 456 391 | 5 100 914 |
| Rehabilitation of Landfill Sites | 137 320 282 | 150 321 516 |
| | 143 776 673 | 155 422 430 |

Refer to Note 22 of the Annual Financial Statements for more detail.

Other Provisions above refers to the Provision for VAT on Library grants.

## 10. LIQUIDITY REQUIREMENTS

The information below shows the allocation of the investment portfolio toward the funding of various obligations:

| Liquidity Requirement Calculation (as stipulated in paragraph 4) | 2024 | 2023 |
|---|---|---|
| All earmarked and / or conditional grants received but not yet utilised | 21 542 777 | 34 492 352 |
| All earmarked and / or construction contracts revenue received but not yet utilised | (5 039 915) | (7 160 318) |
| Value of the provisions held in cash to the extent that these funds are required within the following 5 years | 143 776 673 | 155 422 430 |
| Value of legally entrenched short term rights and benefits of employees related to medical benefits and retirement benefits plus two fifths of the non-current liability regarding post-retirement benefits* | 107 907 440 | 74 669 910 |
| Unspent Loan Funds | - | - |
| Funds held for agency services not yet performed | - | - |
| Reserve funds reflected in Statement of Financial Position that are assumed to be held in cash: | | |
| - Capital Replacement Reserve | 245 798 576 | 224 989 068 |
| - Self Insurance Reserve | 117 843 726 | 173 440 082 |
| Capital redemption and interest payments on external loans not reflected as part of normal operating expenditure | 47 173 642 | 33 349 501 |
| 1 months operational expenditure excluding non-cash items | 102 238 333 | 89 726 732 |
| Consumer deposits | 41 601 674 | 38 583 083 |
| Other Deposits and Other Advance Payments | | |
| - Retentions | 26 876 062 | 14 070 268 |
| - Payments received in advance | 50 389 903 | 38 167 953 |
| - Other deposits | 8 671 833 | 10 550 597 |
| Non-current deposit: Pavilion | 372 718 | 344 472 |
| Reserve funds for Landfill site provision | 15 000 000 | 15 000 000 |
| **Total liquidity requirements** | 924 153 442 | 895 646 130 |

| **Actual available liquidity held (reference paragraph 4)** | | |
|---|---|---|
| Bank balances at e.g. | | |
| - ABSA, FNB, Standard Bank, Nedbank, Investec, Money Market | | |
| Bank balances sub total | 112 944 395 | 53 759 880 |
| All other term deposits with banks | 20 377 778 | - |
| All Short term investments with banks | 447 393 341 | 559 963 409 |
| All Long term investments with banks | 197 174 000 | 167 174 000 |
| Consumer debtors (current) | 151 742 256 | 155 559 152 |
| Other reserves held in cash not reflected in bank balances mentioned above for e.g. | | |
| - Unspent conditional grants | - | - |
| - Payments received for agency functions not yet performed | - | - |
| - The cash value of reserves held | - | - |
| - Cash deposits held as part of loan covenant ceded | - | - |
| -Undrawn bank overdraft facility of committed liquidity lines available | - | - |
| **Total liquidity available** | 929 631 770 | 936 456 441 |

| | | |
|---|---|---|
| **Liquidity surplus / (shortfall)** | 5 478 328 | 40 810 311 |

* Liquidity policy for the 2023/24 year differs in relation to retirement benefits liquidity requirement from the previous financial year. 2/5 ths of the Non-current benefits should be cash funded in 2023/24 year and 1/5 th of the Non-current benefits should be cash funded in 2022/23.

## 11. EMPLOYEE BENEFITS

These liabilities are in order to enable the municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The employee benefits liability amounted to R197 429 151 as at 30 June 2024 (R192 967 557 as at 30 June 2023) and is made up as follows:

| | 2024 | 2023 |
|---|---|---|
| Post-Employment Health Care Benefits | 138 477 076 | 137 355 031 |
| Ex-Gratia Gratuities | 493 898 | 1 007 193 |
| Long Service Awards | 20 762 998 | 19 178 038 |
| Employee overtime / standby allowance accrual | 2 280 718 | 2 339 131 |
| Employee bonus accrual | 10 188 145 | 8 354 514 |
| Staff leave accrual | 24 188 369 | 23 818 173 |
| Performance bonus accrual | 1 037 947 | 915 477 |
| | 197 429 151 | 192 967 557 |

Refer to Note 21 of the Annual Financial Statements for more detail.

## 12. CURRENT LIABILITIES

Current liabilities are those liabilities of the municipality due and payable in the short term (less than 12 months). No indication is found that the municipality would be unable to meet its obligations. Current liabilities amounted to R400 203 192 as at 30 June 2024 (R364 107 689 as at 30 June 2023) and are made up as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| Other financial liabilities | Note 20 | 28 931 993 | 19 900 439 |
| Employee benefit obligation | Note 21 | 48 226 300 | 45 095 499 |
| Provisions | Note 22 | 7 061 791 | 6 274 117 |
| Unspent conditional grants and receipts | Note 23 | 21 542 777 | 34 492 352 |
| Consumer deposits | Note 24 | 41 601 674 | 38 583 083 |
| Unspent construction contract advances | Note 4 | - | - |
| Payables from exchange transactions | Note 25 | 252 838 657 | 219 762 199 |
| | | 400 203 192 | 364 107 689 |

## 13. CURRENT ASSETS

Current assets amounted to R814 854 925 as at 30 June 2024 (R828 644 516 as at 30 June 2023) and is made up as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| Inventories | Note 3 | 31 207 340 | 26 394 557 |
| Unpaid Construction contract advances | Note 4 | 5 039 915 | 7 160 319 |
| Current portion of Long term receivables | Note 5 | 278 604 | 287 813 |
| Receivables from exchange transactions | Note 6 | 150 305 222 | 142 945 426 |
| Receivables from non-exchange transactions | Note 7 | 22 230 583 | 23 635 253 |
| VAT | Note 11 | 25 077 747 | 14 497 859 |
| Short term Investments | Note 12 | 447 393 341 | 559 963 409 |
| Cash and cash equivalents | Note 13 | 133 322 173 | 53 759 880 |
| | | 814 854 925 | 828 644 516 |

## 14. TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

The net balance of trade and other receivables from exchange transactions is indicated below:

| | 2024 | 2023 | Variance |
|---|---|---|---|
| Electricity | 55 307 803 | 52 183 959 | 5.99 % |
| Water | 27 586 086 | 33 680 880 | (18.10)% |
| Sewerage | 6 661 488 | 8 642 630 | (22.92)% |
| Refuse | 7 358 583 | 8 958 829 | (17.86)% |
| Land sales | 890 | 305 | 191.80 % |
| Housing selling schemes | 7 741 | 10 276 | (24.67)% |
| Housing rental | 9 990 | 12 270 | (18.58)% |
| Other (merchandising, jobbing, contracts and service charges) | 43 765 318 | 30 806 381 | 42.07 % |
| Payments received in advance | 9 607 323 | 8 649 896 | 11.07 % |
| | 150 305 222 | 142 945 426 | 5.15 % |

The net balance of receivables from non-exchange transactions is indicated below:

| | 2024 | 2023 | Variance |
|---|---|---|---|
| Fines | 3 637 485 | 3 381 396 | 7.6 % |
| Consumer debtors - Rates | 15 370 092 | 16 238 281 | (5.3)% |
| Payments made in advance | 128 834 | 128 834 | - % |
| Other | 828 657 | 781 276 | 6.1 % |
| Availability charges - Electricity | 1 072 015 | 1 403 092 | (24)% |
| Availability charges - Sanitation and Sewerage | 604 032 | 771 643 | (22)% |
| Availability charges - Water | 589 468 | 930 731 | (37)% |
| | 22 230 583 | 23 635 253 | (5.9)% |

## 15. EXPRESSIONS OF APPRECIATION

I am grateful to the Executive Mayor, Executive Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for their unwavering support and guidance extended during the financial year. I also extend a special word of thanks and appreciation to all staff who assisted with the preparation of the year end information, specifically the staff of the Budget and Treasury Office. Without their focused efforts, contributions and assistance, the preparation of these financial statements would not have been possible.



**CHIEF FINANCIAL OFFICER**

**November 29, 2024**

# Mossel Bay Municipality
# Annual Financial Statements for the year ended June 30, 2024

## Statement of Financial Position as at June 30, 2024

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Inventories | 3 | 31 207 340 | 26 394 557 |
| Unpaid construction contract advances | 4 | 5 039 915 | 7 160 319 |
| Long-term receivables | 5 | 278 604 | 287 813 |
| Receivables from exchange transactions | 6 | 150 305 222 | 142 945 426 |
| Receivables from non-exchange transactions | 7 | 22 230 583 | 23 635 253 |
| VAT receivable | 11 | 25 077 747 | 14 497 859 |
| Short-term investments | 12 | 447 393 341 | 559 963 409 |
| Cash and cash equivalents | 13 | 133 322 173 | 53 759 880 |
| | | **814 854 925** | **828 644 516** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 14 | 2 757 114 269 | 2 558 135 627 |
| Investment Property | 15 | 372 794 074 | 382 036 790 |
| Intangible assets | 16 | 1 092 965 | 841 548 |
| Heritage assets | 17 | 4 223 599 | 4 223 599 |
| Living resources | 10 | 460 667 | 345 721 |
| Long-term receivables | 5 | 25 508 | 21 637 |
| Operating lease asset | 18 | 107 574 627 | 103 767 024 |
| Investments | 19 | 197 174 000 | 167 174 000 |
| | | **3 440 459 709** | **3 216 545 946** |
| **TOTAL ASSETS** | | **4 255 314 634** | **4 045 190 462** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Other financial liabilities | 20 | 28 931 993 | 19 900 439 |
| Employee benefit obligation | 21 | 48 226 300 | 45 095 499 |
| Provisions | 22 | 7 061 791 | 6 274 116 |
| Unspent conditional grants and receipts | 23 | 21 542 777 | 34 492 352 |
| Consumer deposits | 24 | 41 601 674 | 38 583 083 |
| Payables from exchange transactions | 25 | 252 838 659 | 219 762 208 |
| | | **400 203 194** | **364 107 697** |
| **NON-CURRENT LIABILITIES** | | | |
| Other financial liabilities | 20 | 217 012 926 | 153 605 926 |
| Operating lease liability | 18 | 399 580 | 661 023 |
| Employee benefit obligation | 21 | 149 202 851 | 147 872 058 |
| Provisions | 22 | 136 714 882 | 149 148 313 |
| Non-current deposits | 26 | 372 718 | 344 472 |
| | | **503 702 958** | **451 631 792** |
| **TOTAL LIABILITIES** | | **903 906 152** | **815 739 489** |
| **NET ASSETS ATTRIBUTABLE TO OWNERS OF CONTROLLING ENTITY** | | | |
| Self-insurance reserve | 27 | 117 843 726 | 173 440 082 |
| Capital replacement reserve | 28 | 245 798 577 | 224 989 068 |
| Accumulated surplus | | 2 987 766 179 | 2 831 021 823 |
| **TOTAL NET ASSETS** | | **3 351 408 482** | **3 229 450 973** |



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# Statement of Financial Performance

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | 29 | 956 380 563 | 860 432 908 |
| Construction contracts | 4 | 1 074 523 | 1 251 298 |
| Rental of facilities and equipment | 30 | 12 628 276 | 12 694 951 |
| Agency services - Provincial Traffic | 64 | 8 227 836 | 8 148 171 |
| Interest received - outstanding debtors | | 11 170 209 | 6 983 413 |
| Interest received - external investments | 31 | 66 215 723 | 55 085 669 |
| Other income | 32 | 56 079 350 | 58 744 187 |
| **Total revenue from exchange transactions** | | **1 111 776 480** | **1 003 340 597** |
| **Revenue from non-exchange transactions** | | | |
| **Taxation revenue** | | | |
| Availability charges | 33 | 26 235 510 | 24 354 026 |
| Property rates | 34 | 218 627 359 | 192 123 229 |
| Interest earned - outstanding property rates | | 1 140 463 | 895 873 |
| Licences and Permits | | 1 387 858 | 1 317 174 |
| **Transfer revenue** | | | |
| Government grants & subsidies recognised | 35 | 226 300 535 | 223 750 921 |
| Public contributions and donations | 36 | 84 618 481 | 4 911 124 |
| Fines, Penalties and Forfeits | 37 | 23 883 237 | 26 235 304 |
| **Total revenue from non-exchange transactions** | | **582 193 443** | **473 587 651** |
| **TOTAL REVENUE** | | **1 693 969 923** | **1 476 928 248** |
| **EXPENDITURE** | | | |
| Employee related costs | 38 | 399 734 954 | 370 069 039 |
| Remuneration of councillors | 39 | 14 418 812 | 13 413 696 |
| Depreciation, amortisation and asset impairment | 40 | 150 487 986 | 139 160 416 |
| Bad debts written off | 41 | 19 382 743 | 78 907 504 |
| Finance costs | 42 | 26 641 709 | 13 592 954 |
| Bulk purchases | 43 | 523 177 552 | 436 942 993 |
| Contracted services | 44 | 181 431 363 | 167 226 789 |
| Transfers and subsidies paid | 45 | 10 990 258 | 11 528 534 |
| Inventory consumed | 46 | 107 223 867 | 104 416 043 |
| General Expenses | 47 | 70 465 360 | 63 946 772 |
| **TOTAL EXPENDITURE** | | **1 503 954 604** | **1 399 204 740** |
| **Operating surplus / (deficit)** | | **190 015 319** | **77 723 508** |
| Gain / (loss) on disposal of assets and liabilities | 14&15&16 | (930 826) | 5 613 253 |
| Inventories losses / write-downs | 3 | (11 056 749) | (8 777 459) |
| Reversal of impairment loss / (Impairment loss) on receivables | 41 | (56 070 247) | 39 363 299 |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | | **121 957 497** | **113 922 601** |



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# Statement of Changes in Net Assets

| Figures in Rand | Self-insurance reserve | Capital replacement reserve | Total reserves | Accumulated surplus / (deficit) | Total net assets |
|---|---|---|---|---|---|
| Opening balance as previously reported | 172 103 209 | 161 869 514 | 333 972 723 | 2 766 510 081 | 3 100 482 804 |
| Adjustments | | | | | |
| Prior year adjustments (Note 49) | - | - | - | 15 045 569 | 15 045 569 |
| **Balance at July 1, 2022 as restated*** | **172 103 209** | **161 869 514** | **333 972 723** | **2 781 555 650** | **3 115 528 373** |
| Changes in net assets | | | | | |
| Surplus for the year | - | - | - | 113 922 601 | 113 922 601 |
| Transfer to Self-insurance reserve | 4 922 048 | | 4 922 048 | (4 922 048) | |
| - Contributions from operating account and other contributions | - | 138 607 376 | 138 607 376 | (138 607 377) | - |
| - External services contribution | - | 31 964 932 | 31 964 932 | (31 964 932) | - |
| - Land sales contribution | - | 21 643 646 | 21 643 646 | (21 643 646) | - |
| Less: Expenditure: Funding Capital Projects | (3 585 175) | (129 096 400) | (132 681 575) | 132 681 575 | - |
| Total changes | 1 336 873 | 63 119 554 | 64 456 427 | 49 466 173 | 113 922 600 |
| Opening balance as previously reported | 173 440 082 | 224 989 068 | 398 429 150 | 2 841 264 765 | 3 239 693 915 |
| Adjustments | | | | | |
| Prior year adjustments (Note 49) | - | - | - | (10 242 967) | (10 242 967) |
| **Balance at July 1, 2023 as restated*** | **173 440 082** | **224 989 068** | **398 429 150** | **2 831 021 798** | **3 229 450 948** |
| Changes in net assets | | | | | |
| Surplus for the year | - | - | - | 121 957 497 | 121 957 497 |
| Transfer to Self-insurance reserve | 5 161 792 | - | 5 161 792 | (5 161 792) | - |
| - Contributions from operating account and other contributions | - | 122 288 958 | 122 288 958 | (122 288 958) | - |
| - External services contribution | - | 29 419 232 | 29 419 232 | (29 419 232) | |
| - Land sales contribution | - | 6 116 862 | 6 116 862 | (6 116 862) | - |
| Less: Expenditure: Funding Capital Projects | (60 758 149) | (137 015 544) | (197 773 693) | 197 773 693 | - |
| Total changes | (55 596 357) | 20 809 508 | (34 786 849) | 156 744 346 | 121 957 497 |
| **Balance at June 30, 2024** | **117 843 725** | **245 798 576** | **363 642 301** | **2 987 766 179** | **3 351 408 480** |
| Notes | 27 | 28 | | | |



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# Cash Flow Statement

| Figures in Rand | Notes | 2024 | 2023 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Grants | | 223 847 778 | 245 806 609 |
| Interest income | | 64 108 965 | 51 262 836 |
| Ratepayers and Service charges | | 1 152 495 023 | 1 101 200 720 |
| Other | | 97 158 436 | 92 450 255 |
| | | 1 537 610 202 | 1 490 720 420 |
| **Payments** | | | |
| Employee costs | | (409 692 162) | (374 371 277) |
| Suppliers | | (812 397 334) | (709 320 857) |
| Transfers and grants | | (10 990 258) | (11 528 534) |
| Finance costs | | - | - |
| Other Payments | | (83 101 094) | (130 414 765) |
| Grants repaid | | (4 188 207) | (4 083 371) |
| | | (1 320 369 055) | (1 229 718 804) |
| Total receipts | | 1 537 610 202 | 1 490 720 420 |
| Total payments | | (1 320 369 055) | (1 229 718 804) |
| **Net cash flows from operating activities** | 48 | **217 241 147** | **261 001 616** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 14 | (284 638 088) | (233 361 941) |
| Proceeds from sale of property, plant and equipment | 14 | 1 137 228 | 16 655 444 |
| Purchase of investment property | 15 | (1 014 175) | (1 547 199) |
| Proceeds from sale of investment property | 15 | 11 339 974 | 7 159 061 |
| Purchase of other intangible assets | 16 | (413 994) | 140 334 |
| Purchase of Living resource assets | 10 | (273 913) | (335 565) |
| Proceeds from sale of other intangible assets | 16 | 0 | (0) |
| (Increase) / Decrease in Long-term Receivables | | 5 338 | 74 405 |
| (Increase) / Decrease in Non-current investments | | (30 000 000) | (30 000 000) |
| (Increase) / Decrease in short-term investments | | 112 570 068 | (34 418 754) |
| **Net cash flows from / (in) investing activities** | | **(191 287 562)** | **(275 634 215)** |
| **Cash flows from financing activities** | | | |
| Proceeds from other financial liabilities | | 92 214 590 | 37 100 000 |
| Repayment of other financial liabilities | | (19 776 036) | (17 206 908) |
| Finance costs | | (18 829 846) | (14 039 602) |
| **Net cash flows from / (in) financing activities** | | **53 608 708** | **5 853 490** |
| **Net increase / (decrease) in cash and cash equivalents** | | **79 562 293** | **(8 779 109)** |
| Cash and cash equivalents | | 53 759 880 | 62 538 988 |
| **Cash and cash equivalents at the end of the year** | 13 | **133 322 173** | **53 759 879** |



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# Statement of Comparison of Budget and Actual Amounts

**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **STATEMENT OF FINANCIAL PERFORMANCE** | | | | | | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | |
| **Exchange Revenue** | | | | | | |
| Service charges - Electricity | 621 464 420 | - | **621 464 420** | 630 694 101 | **9 229 681** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Service charges - Water | 160 181 293 | - | **160 181 293** | 167 873 320 | **7 692 027** | Budgeted conservatively for conventional water usage |
| Service charges - Waste Water Management | 92 562 864 | - | **92 562 864** | 93 943 449 | **1 380 585** | Growth in properties making use of this service. Use amount of consumers as at end of December each year to project income for budget purposes. |
| Service charges - Waste management | 90 818 164 | - | **90 818 164** | 90 105 202 | **(712 962)** | |
| Sale of Good and Rendering of Services | 20 026 693 | - | **20 026 693** | - | **(20 026 693)** | Actual amounts are reflected under Operational revenue. Refer to variance on that line below. |
| Agency services | 8 723 397 | - | **8 723 397** | 8 227 836 | **(495 561)** | |
| Interest earned from Receivables | 11 353 230 | - | **11 353 230** | 11 170 209 | **(183 021)** | |
| Interest earned from Current and Non-current Assets | 50 993 759 | - | **50 993 759** | 66 215 723 | **15 221 964** | The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated. |
| Rent from fixed assets | 9 388 104 | - | **9 388 104** | 12 628 274 | **3 240 170** | Did not provide for Operating lease smoothing in budget |
| Operational Revenue | 39 548 345 | - | **39 548 345** | 56 079 350 | **16 531 005** | Due to Insurance refunds not realising as per planned budget. |
| **Non-exchange Revenue** | | | | | | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Property rates | 219 678 910 | - | **219 678 910** | 218 627 359 | **(1 051 551)** | Use Valuation roll for December each year to budget for Property Rates. Projected growth were slightly different than actual. |
| Fines, penalties and forfeits | 20 202 310 | - | **20 202 310** | 23 883 237 | **3 680 927** | The municipality realised R3.4m revenue for unclaimed deposits and bigger than anticipated Provincial traffic fines. |
| Licences and permits | 1 368 363 | - | **1 368 363** | 1 387 858 | **19 495** | |
| Transfers and subsidies - Operational | 190 725 913 | - | **190 725 913** | 173 622 275 | **(17 103 638)** | The underspending is mainly due to underspending on Housing grant allocations. |
| Interest | 1 252 160 | - | **1 252 160** | 1 140 463 | **(111 697)** | |
| Gains on disposal of Assets | 485 854 | - | **485 854** | 4 374 116 | **3 888 262** | Gains were realised on alienation of municipal sites. |
| Other Gains | 500 000 | - | **500 000** | - | **(500 000)** | Gains on employee benefits is disclosed in AFS under Employee related costs. |
| **Total revenue (excluding capital transfers and contributions)** | **1 539 273 779** | **-** | **1 539 273 779** | **1 559 972 772** | **20 698 993** | |
| **EXPENDITURE** | | | | | | |
| Employee related costs | (417 231 693) | 113 873 | **(417 117 820)** | (399 734 945) | **17 382 875** | R13.3m Actuarial gain realised on Post employment health care liability. The gain is mainly due to movement in number of participants and changes to data from prior year and variations from demographic assumptions. Vacant positions was a further reason for the underspending of this budget. |
| Remuneration of councillors | (14 878 239) | - | **(14 878 239)** | (14 418 812) | **459 427** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Bulk purchases - electricity | (517 000 000) | 80 000 | **(516 920 000)** | (523 177 552) | **(6 257 552)** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Inventory consumed | (109 353 798) | (2 545 192) | **(111 898 990)** | (107 223 867) | **4 675 123** | Less Fuel and Oil costs realised than anticipated as well as saving on Water consumption |
| Debt impairment | (40 721 967) | - | **(40 721 967)** | (56 070 247) | **(15 348 280)** | Anticipated a smaller impairment based on projected debtor payment percentage. |
| Depreciation and asset impairment | (156 913 001) | (262 810) | **(157 175 811)** | (150 487 986) | **6 687 825** | Difference due to more projects under construction finalisation than anticipated. |
| Interest | (27 981 180) | - | **(27 981 180)** | (26 641 709) | **1 339 471** | Interest cost on Provision for Landfill site rehabilitation is less than anticipated in previous year expert report. |
| Contracted Services | (212 850 702) | 3 982 264 | **(208 868 438)** | (181 431 363) | **27 437 075** | The underspending is mainly due to underspending on Housing grant allocations to the amount of R17.8m. Savings on Legal costs, debt collection costs and consultant services. |
| Transfers and Subsidies | (11 062 939) | - | **(11 062 939)** | (10 990 259) | **72 680** | |
| Irrecoverable debts written off | (19 460 739) | - | **(19 460 739)** | (19 382 743) | **77 996** | Write-offs of Traffic fines still to be processed. |
| Operational costs | (80 507 827) | (1 658 145) | **(82 165 968)** | (70 465 365) | **11 700 603** | Due to savings on operational costs, e.g. insurance costs and computer services. |
| Loss on disposal of Assets | (2 169 769) | - | **(2 169 769)** | (5 304 942) | **(3 135 173)** | Disposal losses on Fixed assets, mainly on Investment property |
| Other Losses | (762 810) | 290 010 | **(472 804)** | (11 056 749) | **(10 583 945)** | Water losses recognised were not included in the final adjustments budget. |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **TOTAL EXPENDITURE** | **(1 610 894 664)** | **-** | **(1 610 894 664)** | **(1 576 386 539)** | **34 508 125** | |
| **Operating surplus / (deficit)** | **(71 620 885)** | **-** | **(71 620 885)** | **(16 413 767)** | **55 207 118** | |
| Transfers and subsidies - capital (monetary allocations) | 83 095 987 | - | **83 095 987** | 58 026 215 | **(25 069 772)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. |
| Transfers and subsidies - capital (in-kind - all) | - | - | **-** | 80 345 050 | **80 345 050** | Donated assets received and taken up in asset register after the Feb adjustments budget. |
| | **83 095 987** | **-** | **83 095 987** | **138 371 265** | **55 275 278** | |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | **11 475 102** | **-** | **11 475 102** | **121 957 498** | **110 482 396** | |

**Reconciliation**

| | | |
|---|---|---|
| **Format and classification differences - TOTAL REVENUES (OPERATIONAL AND CAPITAL)** | | |
| Statement of Financial Performance | 1 693 969 923 | |
| Statement of Comparison of Budget and Actual Amounts | 1 698 344 037 | |
| Difference | 4 374 114 | The difference is due to the Gain on Disposal of PPE which is classified as part of Operational Revenue on the Approved Budget format, whereas on the Statement of Financial Performance, the Gain on Disposal of PPE is presented as a below the line item. |
| **Format and classification differences - TOTAL OPERATIONAL EXPENDITURE** | | |
| Statement of Financial Performance | (1 503 954 604) | |
| Statement of Comparison of Budget and Actual Amounts | (1 576 386 539) | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Difference | | | | (72 431 935) | | The difference is due to the Loss on Disposal of PPE as well as the Inventories losses / write-downs which is classified as part of Operational Expenditure on the Approved Budget format, whereas on the Statement of Financial Performance it is presented as a below the line items. |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | | | | |
| **ASSETS** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | 373 852 173 | - | **373 852 173** | 580 715 514 | **206 863 341** | Mainly due to underspending on Capital projects and Housing grant allocations.With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| Trade and other receivables from exchange transactions | 145 023 440 | - | **145 023 440** | 150 305 223 | **5 281 783** | Anticipated a smaller impairment based on projected debtor payment percentage plus availability charges not available under non-exchange on chart of accounts. |
| Receivables from non-exchange transactions | 16 015 246 | - | **16 015 246** | 22 230 583 | **6 215 337** | Anticipated a smaller impairment based on projected debtor payment percentage plus availability charges not available under non-exchange on chart of accounts. |
| Current portion of non-current receivables | 257 813 | - | **257 813** | 278 604 | **20 791** | |
| Inventories | 30 266 830 | - | **30 266 830** | 31 207 340 | **940 510** | |
| VAT | 13 513 319 | - | **13 513 319** | 25 077 747 | **11 564 428** | Did not anticipate such VAT receivable amount at year end with budget process. |
| | **578 928 821** | **-** | **578 928 821** | **809 815 011** | **230 886 190** | |
| **Non-Current Assets** | | | | | | |
| Investments | 197 174 000 | - | **197 174 000** | 197 174 000 | **-** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Investment property | 389 073 488 | - | **389 073 488** | 372 794 074 | **(16 279 414)** | Disposals not anticipated with budget. |
| Property, plant and equipment | 2 844 520 668 | - | **2 844 520 668** | 2 757 114 269 | **(87 406 399)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Further reasons is that no suitable bidders could be found for certain projects and a delay in a Water infrastructure project. |
| Living and non-living resources | 609 814 | - | **609 814** | 460 667 | **(149 147)** | |
| Heritage assets | 4 223 599 | - | **4 223 599** | 4 223 599 | **-** | |
| Intangible assets | 664 840 | - | **664 840** | 1 092 965 | **428 125** | |
| Non-current receivables from non-exchange transactions | 103 810 161 | - | **103 810 161** | 107 600 134 | **3 789 973** | Did not provide for Operating lease smoothing in budget |
| | **3 540 076 570** | **-** | **3 540 076 570** | **3 440 459 708** | **(99 616 862)** | |
| **TOTAL ASSETS** | **4 119 005 391** | **-** | **4 119 005 391** | **4 250 274 719** | **131 269 328** | |
| **LIABILITIES** | | | | | | |
| **Current Liabilities** | | | | | | |
| Financial liabilities | 22 081 605 | - | **22 081 605** | 28 931 993 | **6 850 388** | Split between current and Non-current portion of loans was different with budget process. |
| Consumer deposits | 40 884 267 | - | **40 884 267** | 41 601 674 | **717 407** | |
| Trade and other payables from exchange transactions | 216 288 738 | - | **216 288 738** | 252 838 657 | **36 549 919** | Additional retentions on infrastructure projects and amounts received in advance for services |
| Trade and other payables from non-exchange transactions | - | - | **-** | 16 502 862 | **16 502 862** | Due to unspent grants and public contributions at year-end (Mainly Human settlements development grant. Funds were motivated to be rolled-over to next financial year. |
| Provisions | 45 158 316 | - | **45 158 316** | 55 288 090 | **10 129 774** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| | **324 412 926** | **-** | **324 412 926** | **395 163 276** | **70 750 350** | |
| **Non-Current Liabilities** | | | | | | |
| Borrowing | 232 566 921 | - | **232 566 921** | 217 785 225 | **(14 781 696)** | Split between current and Non-current portion of loans was different with budget process. |
| Provisions | 303 835 702 | - | **303 835 702** | 285 917 733 | **(17 917 969)** | Mainly due to Actuarial Gain realised in the current financial year of R13.3m and new Provision provided for VAT on Library grant in AFS. |
| | **536 402 623** | **-** | **536 402 623** | **503 702 958** | **(32 699 665)** | |
| | - | - | **-** | - | **-** | |
| **TOTAL LIABILITIES** | **860 815 549** | **-** | **860 815 549** | **898 866 234** | **38 050 685** | |
| **Net Assets** | | | | | | |
| Accumulated Surplus / (Deficit) | 2 889 354 779 | - | **2 889 354 779** | 2 987 766 183 | **98 411 404** | Net effect of all comments raised in the Statement of Financial Performance and corrections made on previous and prior years. |
| Funds and Reserves | 368 835 063 | - | **368 835 063** | 363 642 302 | **(5 192 761)** | Due to underspending on Capital budgets as well as a bigger contribution to CRR than anticipated. |
| **TOTAL NET ASSETS** | **3 258 189 842** | **-** | **3 258 189 842** | **3 351 408 485** | **93 218 643** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOW STATEMENT** | | | | | | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Property rates | 210 891 754 | - | **210 891 754** | 218 627 358 | **7 735 604** | Use Valuation roll for December each year to budget for Property Rates. Growth in valuation roll for the last 6 months of the year not taken into account with budget. |
| Service charges | 926 425 671 | - | **926 425 671** | 933 867 665 | **7 441 994** | Budgeted conservatively in light of Loadshedding schedules in earlier part of the financial year. Usage increased due to suspension of loadshedding the past few months. |
| Other revenue | 87 540 344 | - | **87 540 344** | 101 346 632 | **13 806 288** | Due to more External service contributions for new developments in Mossel Bay Municipal area. |
| Transfers and Subsidies - Operational | 190 725 913 | - | **190 725 913** | 157 445 150 | **(33 280 763)** | The underspending is mainly due to underspending on Housing grant allocations. Funds spent on Informal Settlements upgrade project to the value of R11m was claimed, but not yet received. |
| Transfers and Subsidies - Capital | 83 095 987 | - | **83 095 987** | 58 026 216 | **(25 069 771)** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. |
| Interest | 52 391 330 | - | **52 391 330** | 64 108 965 | **11 717 635** | The Municipality budgeted conservatively for interest on investments. The municipality also experienced better investment opportunities than anticipated. |
| | **1 551 070 999** | | **- 1 551 070 999** | **1 533 421 986** | **(17 649 013)** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **Payments** | | | | | | |
| Suppliers and employees | (1 317 284 582) | - | **(1 317 284 582)** | (1 308 209 169) | **9 075 413** | The underspending is mainly due to underspending on Housing grant allocations to the amount of R17.8m. Savings on Legal costs, debt collection costs and consultant services. Savings on Employee related costs due to vacant positions. |
| Finance charges | (27 953 622) | - | **(27 953 622)** | (18 829 846) | **9 123 776** | The Cashflow budget did not take into consideration that the Finance charges on Provision for landfill sites is a non-cash transaction. |
| Transfers and Subsidies | (11 062 939) | - | **(11 062 939)** | (10 990 258) | **72 681** | |
| | **(1 356 301 143)** | **-** | **(1 356 301 143)** | **(1 338 029 273)** | **18 271 870** | |
| **NET CASH FLOWS FROM / (USED) OPERATING ACTIVITIES** | **194 769 856** | **-** | **194 769 856** | **195 392 713** | **622 857** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Proceeds on disposal of PPE | 3 500 000 | - | **3 500 000** | 12 477 202 | **8 977 202** | Did not foresee these disposals with the compilation of budget. |
| Decrease / (increase) in non-current receivables | 38 666 | - | **38 666** | 5 338 | **33 328** | |
| Decrease / (increase) in non-current investments | (144 099 018) | - | **(144 099 018)** | 82 570 068 | **226 669 086** | With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| **Payments** | | | | | | |
| Capital assets | (371 978 574) | - | **(371 978 574)** | (286 340 171) | **85 638 403** | The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects. Further reasons is that no suitable bidders could be found for certain projects and a delay in a Water infrastructure project. |
| **NET CASH FLOWS FROM / (USED) INVESTING ACTIVITIES** | **(512 538 926)** | **-** | **(512 538 926)** | **(191 287 563)** | **321 251 363** | |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| **Receipts** | | | | | | |
| Borrowing long-term / refinancing | 92 214 590 | - | **92 214 590** | 92 214 590 | **-** | |
| Increase / (Decrease) in Consumer deposits | 1 929 154 | - | **1 929 154** | 3 018 590 | **1 089 436** | Growth in town. |
| **Payments** | | | | | | |
| Repayment of borrowing | (16 245 784) | - | **(16 245 784)** | (19 776 036) | **(3 530 252)** | % interest on actual borrowing tenders different from what was anticipated. |
| **NET CASH FLOWS FROM / (USED) FINANCING ACTIVITIES** | **77 897 960** | **-** | **77 897 960** | **75 457 143** | **(2 440 816)** | |
| Net increase/(decrease) in cash and cash equivalents | (239 871 110) | - | **(239 871 110)** | 79 562 293 | **319 433 404** | Mainly due to underspending on Capital projects and Housing grant allocations.With the Feb adjustments budget it was foreseen that a lot of investments will have to be withdrawn to accommodate for fewer income due to Loadshedding and for increased budgets for operational expenses. These did not realise as budgeted for. |
| Cash and cash equivalents at the beginning of the year | 613 723 282 | - | **613 723 282** | 53 759 880 | **(559 963 402)** | |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **373 852 172** | **-** | **373 852 172** | **133 322 173** | **(240 529 998)** | |

**Reconciliation**

**Net cash from / (used) operating activities**

**Format and classification differences**

| | |
|---|---|
| Cash Flow Statement | 217 241 148 |
| Statement of Comparison of Budget and Actual Amounts | 195 392 713 |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| Difference | | | | | (21 848 435) | Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities. |
| **Net cash from / (used) investing activities** | | | | | | |
| **Format and classification differences** | | | | | | |
| Cash Flow Statement | | | | | (191 287 563) | |
| Statement of Comparison of Budget and Actual Amounts | | | | | (191 287 563) | |
| **Net cash from / (used) financing activities** | | | | | | |
| **Format and classification differences** | | | | | | |
| Cash Flow Statement | | | | | 53 608 708 | |
| Statement of Comparison of Budget and Actual Amounts | | | | | 75 457 143 | |
| Difference | | | | | 21 848 435 | Reason for variance is due to Finance costs included on Cashflow Statement under Financing activities, but in Budget under Operating activities. |



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**Budget on Accrual Basis**

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reasons for material variances |
|---|---|---|---|---|---|---|
| **Actual Amount in the Cash flow statement** | | | | | **292 446 759** | |

Adjustments from approved to final budget are a consequence of reallocations within the budget, referred to as virements.



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# Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5). Below are the Standards of GRAP applicable to the Municipality.

| Reference | Topic |
|---|---|
| GRAP 1 | Presentation of Financial Statements |
| GRAP 2 | Cash Flow Statements |
| GRAP 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| GRAP 5 | Borrowing Costs |
| GRAP 9 | Revenue from Exchange Transactions |
| GRAP 11 | Construction Contracts |
| GRAP 12 | Inventories |
| GRAP 13 | Leases |
| GRAP 14 | Events After the Reporting Date |
| GRAP 16 | Investment Property |
| GRAP 17 | Property, Plant and Equipment |
| GRAP 18 | Segment Reporting |
| GRAP 19 | Provisions, Contingent Liabilities and Contingent Assets |
| GRAP 20 | Related Party Disclosures |
| GRAP 21 | Impairment of Non-cash-generating Assets |
| GRAP 23 | Revenue from Non-exchange Transactions (Taxes and Transfers) |
| GRAP 24 | Presentation of Budget Information in Financial Statements |
| GRAP 25 | Employee Benefits (replaces 2009 version) |
| GRAP 26 | Impairment of Cash-generating Assets |
| GRAP 31 | Intangible Assets |
| GRAP 32 | Service concession arrangements: Grantor |
| GRAP 37 | Joint Arrangements |



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## Accounting Policies

| | |
|---|---|
| GRAP 38 | Disclosure of Interest in Other Entities |
| GRAP 103 | Heritage Assets |
| GRAP 104 | Financial Instruments |
| GRAP 108 | Statutory receivables |
| GRAP 109 | Accounting by Principles and Agents |
| GRAP 110 | Living and Non-living Resources |



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# Accounting Policies

C2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

| Reference | Topic |
|---|---|
| Directive 1 | Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP |
| Directive 3 | Transitional Provisions for High Capacity Municipalities |
| Directive 5 | Determining the GRAP Reporting Framework |
| Directive 7 | The Application of Deemed Cost |
| Directive 11 | Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP |

C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

| Reference | Topic |
|---|---|
| IGRAP 1 | Applying the Probability Test on Initial Recognition of Revenue |
| IGRAP 2 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IGRAP 3 | Determining whether an Arrangement Contains a Lease |
| IGRAP 9 | Distributions of Non-cash Assets to Owners |
| IGRAP 10 | Assets Received from Customers |
| IGRAP 13 | Operating Leases – Incentives |
| IGRAP 14 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| IGRAP 15 | Revenue – Barter Transactions Involving Advertising Services |
| IGRAP 16 | Intangible Assets – Website Costs |
| IGRAP 17 | Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset |
| IGRAP 18 | Recognition and Derecognition of Land |
| IGRAP 19 | Liabilities to Pay Levies |
| IGRAP 20 | Accounting for Adjustments to Revenue |
| IGRAP 21 | The Effect of Past Decisions on Materiality |



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C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

| Reference | Topic |
|---|---|
| Guideline | Accounting for Arrangements Undertaken in terms of the National Housing Programme |
| Guideline | Accounting for Landfill Sites |

C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

Standards of GRAP that may be used in developing an accounting policy:

| Reference | Topic |
|---|---|
| None | |

C7. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

| Reference | Topic |
|---|---|
| Guideline | The Application of Materiality to Financial Statements |

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

### 1.2 Going concern assumption

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

Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate.

### 1.3 Materiality

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

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

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

### 1.4 Interests in other entities

**Joint arrangements**

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

A joint arrangement is an arrangement of which two or more parties have joint control.



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**1.4 Interests in other entities (continued)**

Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint operator is a party to a joint operation that has joint control of that joint operation.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint venturer is a party to a joint venture that has joint control of that joint venture.

A party to a joint arrangement is an entity that participates in a joint arrangement, regardless of whether that entity has joint control of the arrangement.

A separate vehicle is a separately identifiable financial structure, including separate legal entities or entities recognised by statute, regardless of whether those entities have a legal personality.

**Joint arrangements, joint control and types of joint arrangement**

A joint arrangement has the following characteristics:

- The parties are bound by a binding arrangement.
- The binding arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

Joint control is the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The sharing of control is agreed by way of a binding arrangement. The municipality that is a party to an arrangement assesses whether the binding arrangement gives all the parties, or a group of the parties, control of the arrangement collectively. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the activities that significantly affect the benefits from the arrangement. The municipality applies judgement when assessing whether all the parties, or a group of the parties, have joint control of an arrangement. The municipality shall make this assessment by considering all facts and circumstances. If facts and circumstances change, the municipality reassess whether it still has joint control of the arrangement.

The municipality determines the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The municipality applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture. The municipality determines the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. The municipality assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms of the binding arrangement and, when relevant, other facts and circumstances. If facts and circumstances change, the municipality reassess whether the type of joint arrangement in which it is involved has changed.



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### 1.4 Interests in other entities (continued)

**Financial statements and parties to a joint arrangement**

**Joint operations**

The municipality as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The municipality as a joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Standards of GRAP applicable to the particular assets, liabilities, revenues and expenses.

The municipality as a party that participates in, but does not have joint control of, a joint operation, also accounts for its interest in the arrangement in accordance with the aforementioned, if that party has rights to the assets, and obligations for the liabilities, relating to the joint operation. If the municipality as a party that participates in, but does not have joint control of a joint operation and does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in the joint operation in accordance with the Standards of GRAP applicable to the particular assets, liabilities, revenue and expenses.

### 1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Impairment testing**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend and council decisions that might impact the recoverability of the receivable. This was performed individually across all debtors by discounting the future cashflows using the interest rate earned on the primary bank account.

The calculation in respect of the impairment of Traffic fines is based on the same principle as for other receivables except that it is not performed on an individual fine basis and discounting of future cashflows by using a rate that reflects the current risk free rate.

The discounting of future cashflows for Property rates is also based on a rate that reflects the current risk-free rate.

The municipality used the interest rate on primary bank account as the effective interest rate for impairment, except for Statutory receivables the average interest rate on Short-term investments are used.



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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

**Provisions and Contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

- Interest rate (Average interest earned on investment) was used to calculate the effect of the time value of money.

**Post retirement benefits**

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 21.

**Other current Employee Benefit obligations**

Staff leave: The provision is based on full cost of accrued leave at year-end. The uncertainty is when the leave will be taken or if employment is terminated.

Performance Bonus: The provision is the best estimate on year-end and based on historical patterns for the payment of performance bonuses. The uncertainty is a result of the performance bonus that must be evaluated and approved by council.

**Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the initial expected useful lives. The cost of each component is calculated based on the cost price of each component.

**Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements.

For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

The Municipality makes use of the principles outlined in iGRAP18 to determine if it is the custodian of the land classified as Property, Plant and Equipment.



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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

**Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

**Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a period of 12 months.

The Municipality makes use of the principles outlined in iGRAP18 to determine if it is the custodian of the land classified as Investment Property.

**Water inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

**Pre-paid Electricity**

Pre-paid electricity is only recognised as revenue once the electricity is deemed to be consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused.

Assumption is made that on the each purchase of prepaid electricity during the year, all prior purchased electricity have been consumed. A daily average consumption per meter is calculated based on purchase history per meter for the year. The daily average consumption per meter is used to calculate how much of the last purchased electricity for the year have been consumed up to year end. The remaining estimated unused purchased electricity per meter as at year end is used in the calculation that forms part of the balance included under payables.



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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

**Revenue recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Revenue from Exchange Transactions below describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

**Non-living resources**

It is management's judgement that all five sources of water are non-living resources within the Municipal jurisdiction. The five sources being, dams owned by Department of Water and Sanitation, dams owned by the municipality, seawater, rivers and water from boreholes. Due to the fact that the Accounting Standards Board decided that non-living resources should not be recognised as a capital asset, the Mossel Bay Municipality will only disclose the resources.

**Living resources**

Due to the fact that the K9 unit was established, a living resource asset class was established. The animals in Harry Giddy Park which was previously deemed to be immaterial in value and quantity and therefor the Municipality decided to prospectively apply the reclassification as a separate accounting reporting group called Living resources.

**Segment reporting**

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of internal reporting and making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The seven key functional segments comprise of:
- Municipal Manager and Executive Council
- Corporate Services
- Financial Services
- Infrastructure Services
- Community Services
- Planning and Economic Development
- Community Safety

**Budget information**

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

### 1.6 Investment Property

Investment Property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment Property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment Property is initially recognised at cost. Transaction costs are included in the initial measurement.

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



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### 1.6 Investment Property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Land with undetermined use is recognised as Investment Property.

Transfers are made to or from investment property only when there is a change in use.

**Cost model**

Investment Property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| Item | Useful life |
|---|---|
| Improved Property - land | Indefinite |
| Improved Property - buildings | 5 - 100 |
| Unimproved Property - land | Indefinite |

Investment Property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of development with a view to sale, for a transfer from investment property to inventories;

(b) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(c) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

If an owner-occupied property becomes an investment property the transfer will be effective as from the date of change in use.

For a transfer from inventories to investment property that will be carried at cost (if applicable less accumulated depreciation) as Investment Property is on cost model.

Considerations for impairment are included under policy 1.23 : Impairment of cash-generating assets and 1.24 : Impairment of non-cash generating assets.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 15).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 15).

### 1.7 Property, plant and equipment

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



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**1.7 Property, plant and equipment (continued)**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories. Refer to policy 1.8 for Site restoration and dismantling cost.

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

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

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

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If cost can however not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

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

Land is not depreciated as it is deemed to have an indefinite useful life.



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### 1.7 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life in years |
|---|---|---|
| PPE Land | | |
| Land | | Indefinite |
| Community assets | | |
| Community facilities: | | |
| • Taxi ranks / bus terminals | Straight line | 8 - 100 |
| • Parks | Straight line | 8 - 100 |
| • Fire / ambulance stations | Straight line | 8 - 100 |
| • Zoo and Marine facilities | Straight line | 5 - 100 |
| • Creches | Straight line | 8 - 100 |
| • Cemeteries / crematoria | Straight line | 8 - 100 |
| • Theatres | Straight line | 8 - 100 |
| • Clinics / care centres | Straight line | 8 - 100 |
| • Centres | Straight line | 15 - 100 |
| • Nature reserves | Straight line | 8 - 100 |
| • Libraries | Straight line | 8 - 100 |
| • Galleries | Straight line | 8 - 100 |
| • Public ablution facilities | Straight line | 8 - 100 |
| • Stalls | Straight line | 8 - 100 |
| • Halls | Straight line | 8 - 100 |
| • Museums | Straight line | 8 - 100 |
| • Airports | Straight line | 8 - 100 |
| • Public open space | Straight line | 8 - 100 |
| • Markets | Straight line | 8 - 100 |
| • Abattoirs | Straight line | 8 - 100 |
| • Testing stations | Straight line | 8 - 100 |
| • Police | Straight line | 45 - 100 |
| Sport and recreation facilities: | | |
| • Indoor facilities | Straight line | 8 - 100 |
| • Outdoor facilities | Straight line | 5 - 100 |
| • Leisure/resort facilities | Straight line | 8 - 100 |
| Other assets | | |
| Computer equipment: | | |
| • Desktop computer | Straight line | 4 - 5 |
| • Laptop computer | Straight line | 4 - 5 |
| • Tablets | Straight line | 1 - 2 |
| • Printers | Straight line | 4 - 5 |
| • Servers | Straight line | 2 - 5 |
| • Other computer equipment | Straight line | 2 - 5 |
| Furniture and Office Equipment | Straight line | 8 - 50 |
| Housing | Straight line | 8 - 100 |
| Machinery and Equipment | Straight line | 5 - 30 |
| Operational buildings: | | |
| • Municipal offices | Straight line | 5 - 100 |
| • Yards | Straight line | 8 - 100 |
| • Stores | Straight line | 8 - 100 |
| • Training centres | Straight line | 8 - 100 |
| • Pay / enquiry points | Straight line | 8 - 100 |
| • Building plan offices | Straight line | 8 - 100 |
| • Workshops | Straight line | 8 - 100 |
| • Laboratories | Straight line | 8 - 100 |
| • Manufacturing plant | Straight line | 8 - 100 |



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**1.7 Property, plant and equipment (continued)**

| | | |
|---|---|---|
| • Depots | Straight line | 8 - 100 |
| Transport Assets | Straight line | 7 - 30 |
| | | |
| Infrastructure | | |
| Coastal infrastructure: | | |
| • Revetments | Straight line | 10 - 100 |
| • Piers | Straight line | 8 - 80 |
| Roads infrastructure: | | |
| • Road furniture | Straight line | 5 - 50 |
| • Road structures | Straight line | 5 - 50 |
| • Roads | Straight line | 5 - 30 |
| Electrical infrastructure: | | |
| • Power plants | Straight line | 5 - 100 |
| • HV substations | Straight line | 5 - 100 |
| • HV switching stations | Straight line | 5 - 100 |
| • HV transmission conductors | Straight line | 10 - 50 |
| • MV networks | Straight line | 5 - 50 |
| • MV substations | Straight line | 5 - 100 |
| • MV switching stations | Straight line | 5 - 100 |
| • LV networks | Straight line | 2 - 60 |
| Information and communications infrastructure: | | |
| • Distribution layers | Straight line | 2 - 10 |
| • Core layers | Straight line | 5 - 100 |
| • Data centres | Straight line | 8 - 100 |
| Sanitation infrastructure: | | |
| • Outfall sewers | Straight line | 7 - 50 |
| • Pump stations | Straight line | 5 - 50 |
| • Reticulation | Straight line | 7 - 50 |
| • Toilet facilities | Straight line | 10 - 50 |
| • Waste water treatment works | Straight line | 5 - 100 |
| Solid waste infrastructure: | | |
| • Electricity generation facilities | Straight line | 8 - 100 |
| • Landfill sites | Straight line | 10 - 100 |
| • Waste drop-off points | Straight line | 8 - 100 |
| • Waste processing facilities | Straight line | 8 - 100 |
| • Waste separation facilities | Straight line | 8 - 100 |
| • Waste transfer stations | Straight line | 8 - 100 |
| Storm-water infrastructure: | | |
| • Attenuation | Straight line | 5 - 50 |
| • Drainage collection | Straight line | 5 - 60 |
| • Storm-water conveyance | Straight line | 5 - 50 |
| Water supply infrastructure: | | |
| • Pump stations | Straight line | 5 - 50 |
| • Water treatment works | Straight line | 5 - 100 |
| • Distribution | Straight line | 7 - 50 |
| • Reservoirs | Straight line | 5 - 50 |
| • Boreholes | Straight line | 5 - 50 |
| • Dams weirs | Straight line | 5 - 100 |
| • Distribution points | Straight line | 7 - 20 |
| • Bulk mains | Straight line | 7 - 80 |
| • PRV stations | Straight line | 5 - 50 |

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed for indicators that the expected pattern of consumption of the future economic benefits or service potential embodied in the asset has changed. If detected then the useful life is reviewed. Such a change is accounted for as a change in an accounting estimate.



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### 1.7 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Considerations for impairment are included under policy 1.23 : Impairment of cash-generating assets and 1.24 : Impairment of non-cash generating assets.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up shall be included in surplus or deficit when the compensation becomes receivable.

### 1.8 Site restoration and dismantling cost

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

The asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.9 Intangible assets

An intangible asset is an identifiable non-tangible asset without physical substance.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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



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**1.9 Intangible assets (continued)**

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the Municipality will receive future economic benefits or service potential.

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. A change in the estimated useful life is disclosed prospectively as a change in estimate, when there is an indicator of change.

Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date the asset is derecognised.

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.



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### 1.9 Intangible assets (continued)

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

| Item | Depreciation method | Average useful life in years |
|---|---|---|
| Computer Software | Straight line | 4 - 10 |
| Servitudes | Straight line | 5 - 20 |

Intangible assets are derecognised:

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

Considerations for impairment are included under policy 1.23 : Impairment of cash-generating assets and 1.24 : Impairment of non-cash generating assets.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.10 Heritage assets

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

**Recognition**

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

**Initial measurement**

Heritage assets are measured at cost.

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

**Subsequent measurement**

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.



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**1.10 Heritage assets (continued)**

**Depreciation and Impairment**

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial.

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

Considerations for impairment are included under policy 1.23 : Impairment of cash-generating assets and 1.24 : Impairment of non-cash generating assets.

The useful lives of items of heritage assets have been assessed as follows:

| Item | Useful life in years |
|---|---|
| Conservation areas | Indefinite |
| Historic Buildings | Indefinite |
| Monuments | Indefinite |
| Other heritage | Indefinite |

**Derecognition**

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

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the statement of Financial Performance.

**1.11 Financial instruments**

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

The Municipal has various types of financial instruments and these can be broadly categorised as either a financial asset or a financial liability.

A financial asset is:

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

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

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.



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**1.11 Financial instruments (continued)**

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.



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**1.11 Financial instruments (continued)**

**Classification**

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

| Class | |
|---|---|
| Long-Term Receivables | Financial asset measured at Amortised cost |
| Receivables from Exchange Transactions | Financial asset measured at Amortised cost |
| Other Receivables from Non-Exchange Transactions | Financial asset measured at Amortised cost |
| Short-term Investment Deposits | Financial asset measured at Amortised cost |
| Cash and Cash Equivalents | Financial asset measured at Amortised cost |
| Short and Long-term Investments | Financial asset measured at Amortised cost |
| Unpaid Construction Contracts | Financial asset measured at Amortised cost |

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

| | |
|---|---|
| Other Financial Liabilities | Financial liability measured at Amortised cost |
| Payables from exchange transactions | Financial liability measured at Amortised cost |
| Unspent Construction contract advances | Financial liability measured at Amortised cost |
| Unspent Conditional Grants and Receipts | Financial liability measured at Amortised cost |
| Consumer Deposits | Financial liability measured at Amortised cost |
| Non-current Deposits | Financial liability measured at Amortised cost |

Unspent Grants are seen as financial instrument if there is an applicable contractual agreement which sets out the conditions of the grant.

**Initial recognition**

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

**Initial measurement of financial assets and financial liabilities**

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

**Subsequent measurement of financial assets and financial liabilities**

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.

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

**Impairment and uncollectibility of financial assets**

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

Financial assets measured at amortised cost:

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



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**1.11 Financial instruments (continued)**

**Derecognition**

**Financial assets**

The municipality derecognises a financial asset only when:

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

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

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

**Financial liabilities**

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Financial Performance. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).



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### 1.11 Financial instruments (continued)

**Presentation / Offsetting of Financial Instruments**

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

### 1.12 Cash and Cash equivalents and Investments

Cash and cash equivalents include cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value.

Investments is classified as either Long-term Investments or Short-term Investments. Long-term Investments is investments made for a period longer than 12 months, whilst those invested for a period of longer than 3 months but shorter than 12 months is classified as Short-term Investments. Recognition and classification of investments are made at inception of the investment. All other call deposits, 32-day notice deposits or other forms investments not exceeding 3 months are classified as cash and cash equivalents.

Long-term Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.13 Statutory receivables

**Identification**

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

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

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

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

Grants are seen as statutory receivable is it is gazetted in the DORA or Provincial Gazette and no other contractual agreement which sets out the conditions of the grant is applicable.

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

**Recognition**

The municipality recognises statutory receivables as follows:

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

**Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.



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**1.13 Statutory receivables (continued)**

**Subsequent measurement**

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

**Impairment losses**

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

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

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

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

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

**Derecognition**

The municipality derecognises a statutory receivable, or a part thereof, when:

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



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### 1.14 Value Added Tax

**Current tax assets and liabilities**

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position and shown as a separate line in statement of financial position.

### 1.15 Consumer Deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with the Council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.16 Unpaid Conditional Grants and Receipts

Unpaid conditional grants are assets in terms of the GRAP Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

### 1.17 Payables from Exchange Transactions

Payables from exchange transactions are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

### 1.18 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:
- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality’s interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the statement of financial performance as revenue.

### 1.19 Other Financial Liabilities (Borrowings)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

### 1.20 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



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**1.20 Leases (continued)**

**Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases - lessee**

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

**1.21 Inventories**

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;

(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;

(c) held for sale or distribution in the ordinary course of operations; or

(d) in the process of production for sale or distribution.

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

The weighted average method is used to allocate cost to inventory items.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage. Water inventory is measured at the reporting date by way of readings and the calculated volume in the distribution network. Apparent and real water losses is recognised in the period it occurs.

Subsequently inventories are measured at the lower of cost and net realisable value. If none/nominal charge then recognised at lower of cost and current replacement cost.

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

Inventories shall be recognised as an asset if, and only if,

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) the cost of the inventories can be measured reliably.

Inventories shall be measured at the lower of cost and current replacement cost where they are held for:

(a) distribution through a non-exchange transaction; or

(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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



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### 1.21 Inventories (continued)

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.22 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Unspent construction contract advances are recognised in the Statement of Financial Position as a current liability, whereas Unpaid construction contract advances are recognised as a current asset.

### 1.23 Impairment of cash-generating assets

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

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

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



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**1.23 Impairment of cash-generating assets (continued)**

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

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

**Cash-generating units**

Cash-generating units are defined as end-services that generate, or is expected to generate, positive cash flows. All individual assets assigned to these units are viewed as cash-generating assets at initial recognition. The following end-services are classified as cash-generating units:
- Electricity services
- Water services
- Solid waste management services
- Waste water management services

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.



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### 1.23 Impairment of cash-generating assets (continued)

**Reversal of impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.24 Impairment of non-cash-generating assets

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

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

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

Useful life is either:

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

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Restoration cost approach**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.



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### 1.24 Impairment of non-cash-generating assets (continued)

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Reversal of an impairment loss**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.25 Employee benefits

Employee benefits are all forms of consideration given by a entity in exchange for service rendered by employees or for the termination of employment.

All costs relating to employee benefits such as contributions, interest and / or actuarial gains or losses, is recognised in the statement of financial performance as employee related costs.



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**1.25 Employee benefits (continued)**

**Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

**Post-employment benefits: Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.



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**1.25 Employee benefits (continued)**

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Service cost comprises:

- Current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;

- Past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and

- any gain or loss on settlement.

Net Interest on the net defined benefit liability (asset) is the exchange during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise:

- actuarial gains and losses;

- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit familiarity (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).



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**1.25 Employee benefits (continued)**

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

**Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and is calculated based on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

In terms of the Collective Agreement for Local Government,annual leave shall only be accumulated to a maximum of fortyeight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

Accumulated leave is vesting.

**Staff Bonusses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**Performance Bonusses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The performance bonus provision is based on the employment contract stipulations as well as previous performance bonus payment trends.

**Employee overtime/standby allowance accrual**

The cost of short-term employee benefits is recognised in the period in which the service is rendered. Liabilities are recognised as they accrue to employees.

**Other post retirement obligations**

The municipality provides post-retirement health care benefits and gratuities upon retirement to some retirees:

**(a) Post-Retirement Medical obligations**

The Municipality provides post-retirement healthcare benefits to its employees and retired employees of the Municipality, and to their registered dependants. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

- Contribution made by Contribution made by council and by the municipal official to the medical fund.

- The liability was calculated by means of the projected unit credit actuarial valuation method.

- The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future inservice element.

- The liability is recognised at the fair value of the obligation.

- Payments made by the Municipality are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.



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**1.25 Employee benefits (continued)**

**(b) Long Service awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.
Payments are offset against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.
Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.
Payments made by the Municipality are offset against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

**1.26 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Refer to accounting policy note 1.5 for any significant judgements made in relation to Provisions and Contingencies.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for Environmental Rehabilitation: Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.



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**1.26 Provisions and contingencies (continued)**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 61.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

**1.27 Commitments**

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.



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### 1.28 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.
Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

These service changes includes a basic charge as determined by Council.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

An estimation is made annually of the water and electricity consumptions not yet invoiced, for which an accrual is recognised as at year end.

Revenue from sale of electricity prepaid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date. The consumption of pre-paid electricity is calculated by using a trend analysis and other historical data on electricity usage.



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**1.28 Revenue from exchange transactions (continued)**

Service charges relating to **refuse removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

**Rentals** are recognised on a straight-line basis over the term of the lease agreement.

**Revenue arising from the application of the approved tariff of charges** is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

The income for **agency services** recognised is commission in terms of the agency agreement.

Where the outcome of a construction contract can be estimated reliably, **Construction contract revenue** are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

**Interest received**

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in the Statement of Financial Performance, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

**1.29 Revenue from non-exchange transactions**

In a non-exchange transaction, a municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.



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**1.29 Revenue from non-exchange transactions (continued)**

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

**Property rates**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no right to collect this revenue in terms of the municipal tariff policy and by-laws.

**Grants, transfers and donations**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Transferred assets are measured at their fair value as at the date of acquisition.

Grants without any conditions attached are recognised as revenue when the asset is recognised.

**Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

**Availability charges**

An availability charge for electricity, water and sewerage as determined from time to time by the Council shall be levied and will be payable on all properties on a monthly basis, except in cases where the site has been declared inhabitable by the municipality, with or without improvements, whether or not the property is connected to the electricity reticulation / water network / sewerage network systems of the Council. These availability charges is recognised in the Statement of Financial Performance as Revenue from Non-exchange transactions.



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**1.29 Revenue from non-exchange transactions (continued)**

**Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

**Revenue from third parties** i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of impaired assets.

**Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure** is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act No.56 of 2003, and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

All **unclaimed deposits** are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with the prescribed debt principle as enforced by law.

Contributed property, plant and equipment:

Contributed property, plant and equipment are recognised when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

Interest from non-exchange transactions:

Interest revenue is recognised using the effective interest rate method.

Licences and Permits:

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

**1.30 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which it is incurred.

**1.31 Accounting by principals and agents**

**Identification**

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

**Identifying whether an entity is a principal or an agent**

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.



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### 1.31 Accounting by principals and agents (continued)

**Binding arrangement**

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. In the assessment reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example, if reference is made to “agent”). If rights and obligations are substantially transferred, this could indicate a principal/agent arrangement. If not, the arrangement is accounted for as a normal supplier/customer relationship.

**Assessing which entity benefits from the transactions with third parties**

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

**Recognition**

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.32 Comparative information

Where necessary, comparative information have been reclassified to conform to changes in presentation in the current year. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.



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# Accounting Policies

### 1.33 Unauthorised expenditure

Unauthorised expenditure is any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (MFMA).

Unauthorised expenditure includes:
- Overspending of the total amount appropriated in the Municipality's approved budget,
- Overspending of the total amount appropriated for a vote in the approved budget,
- Expenditure from a vote unrelated to the department or functional area covered by the vote,
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose,
- Spending of an allocation received from another sphere of Government, Municipality, or organ of state otherwise than in accordance with any conditions of the allocation,
- A grant by the Municipality otherwise than in accordance with the MFMA.

A vote is defined as a Directorate.

The municipality has the following Directorates:
- Municipal Manager
- Corporate Services
- Financial Services
- Technical / Infrastructure Services
- Community Services
- Planning & Economic Development Services
- Community Safety

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Unauthorised expenditure are disclosed in the notes to the Annual Financial Statements exclusive of VAT.

### 1.34 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Fruitless and wasteful expenditure are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

### 1.35 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance in the year the expenditure occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure are disclosed in the notes to the Annual Financial Statements inclusive of VAT.

### 1.36 Internal reserves

**Capital replacement reserve (CRR)**

In order to finance capital assets from internal sources, amounts are transferred out of the accumulated surplus into the Capital Replacement Reserve (CRR) in terms of the funding and reserves policy adopted by the Municipality. The cash in the CRR can only be used to finance capital expenditure appropriated in an approved budget. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.



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### 1.36 Internal reserves (continued)

**Self insurance reserve**

The municipality has a self-insurance reserve to set aside amounts to offset potential losses or claims that are not insured externally. An annual contribution is made to the self-insurance reserve as prescribed in the Borrowing, Funds and Reserves Policy of the Municipality.

At the end of each financial year an amount (as determined by the Liquidity calculation prescribed in the municipality's Liquidity policy) may be transferred from accumulated surplus to self-insurance reserve or capital replacement reserve. The Chief Financial Officer has the delegation to determine such amount to be transferred to the self-insurance reserve.

The balance of the self-insurance or capital replacement reserve is invested in short-term cash investments.

### 1.37 Segment information

A segment is an activity of the Municipality:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

Reportable segments are the actual segments which are reported on in the segment report. Refer to note 68 on Segment reporting for more information.

**Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management.

Reports used for segment reporting and disclosure in the Annual Financial Statements is on the same measurement basis.

Considering all above the entity defined segment reporting as the link between the organisational structure and defined votes, as per the latest budget policy, as the level of segment reporting. Expenditure (operational and capital), revenue and performance management reports is prepared in this manner.

### 1.38 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2023 to 30 June 2024.

Material differences or variances are defined as any differences or variances above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of comparison of budget and actual amounts.



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### 1.38 Budget information (continued)

Reconciliations are provided below the budget comparison statements regarding classification differences between the approved budget and the annual financial statements.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The disclosure of comparative budget information is not required in terms of GRAP 24.

### 1.39 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Remuneration of management includes remuneration derived from services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.40 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).



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**1.40 Events after reporting date (continued)**

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

**1.41 Changes in accounting policy, estimates and errors**

Changes in accounting policies have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of changes in accounting policies are disclosed in the notes to the annual financial statements.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Detail of changes in accounting estimates are disclosed in the notes to the annual financial statements.

Prior period errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect or the error.

In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of prior period errors are disclosed in the notes to the annual financial statements.



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### 1.42 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by the municipality of the biological transformation and harvest of biological assets for:

(a) sale;

(b) distribution at no charge or for a nominal charge; or

(c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

(a) is used in the production or supply of agricultural produce;

(b) is expected to bear produce for more than one period; and

(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

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

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

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Group of resources means a grouping of living or non-living resources of a similar nature or function in the municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by the municipality, or the number of production or similar units expected to be obtained from the asset by the municipality.

#### Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.



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**1.42 Living and non-living resources (continued)**

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognises, from that date, the living resource and apply the measurement principles.

**Measurement at recognition**

A living resource that qualifies for recognition as an asset is measured at its cost.

Where a living resource is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Measurement after recognition**

**Cost model**

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

**Depreciation**

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

The municipality assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change(s) is accounted for as a change in an accounting estimate.

In assessing whether there is any indication that the expected useful life of the living resource has changed, the municipality considers the following indications:

(a) The use of the living resource has changed, because of the following:
- The municipality has changed the manner in which the living resource is used.
- The municipality has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
- Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
- The living resource was idle or retired from use during the reporting period.

(b) The living resource is approaching the end of its previously expected useful life.

(c) There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.

(d) The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the municipality considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.



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**1.42 Living and non-living resources (continued)**

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Sheep | Straight-line | 5 |
| Dogs | Straight-line | 5 |
| Other animals (Birds, etc.) | Straight-line | 5 - 100 |

**Impairment**

The municipality assesses at each reporting date whether there is an indication that the living resource may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the living resource.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

**Transfers**

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

**Derecognition**

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.



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# Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • iGRAP 21: The Effect of Past Decisions on Materiality | April 1, 2023 | The impact of the interpretation is not material. |
| • GRAP 25 (as revised): Employee Benefits | April 1, 2023 | The adoption of this Standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | April 1, 2023 | The impact of the is not material. |
| • GRAP 2020: Improvements to the Standards of GRAP 2020 | April 1, 2023 | The impact of the improvements are not material. |
| • Guideline: Guideline on Accounting for Landfill Sites | April 1, 2023 | The impact of the guideline is not material. |
| • GRAP 1 (amended): Presentation of Financial Statements (Materiality) | April 1, 2023 | The impact of the amendment to the Standard is not material. |

### 2.2 Standards and Interpretations early adopted

No new standards were early adopted in the current financial year.

### 2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • GRAP 1 (amended): Presentation of Financial Statements (Going Concern) | April 1, 2099 | Unlikely there will be a material impact |
| • GRAP 103 (as revised): Heritage Assets | April 1, 2099 | Expected change on classification of mixed-use assets and fair value |
| • GRAP 104 (as revised): Financial Instruments | April 1, 2025 | Expected change on classification and will have a big impact on impairment calculations |



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## Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|---|---|

### 3. Inventories

| | | |
|---|---|---|
| Consumable stores | 29 714 807 | 23 745 518 |
| Unsold property held for resale | 703 940 | 1 798 768 |
| Water | 788 593 | 850 271 |
| | **31 207 340** | **26 394 557** |

Inventory (Consumable Stores) to the value of R 91 496 (2023: R -) was written off during the financial year.

Water inventory to the value of R10 965 253 (2023: R8 777 459) were lost during the financial year. The main reason for these water losses is due to defective meters, breakage in pipelines, leaking valves, vandalism, theft, etc.

Unsold property held for resale relates to developed land that is held for resale by the municipality, mostly aimed at middle-income households.

Water inventory relates to purified water under the control of the municipality. The cost of sale per kilolitre decreased from R7.56 p/kl in 2023 to R7.51 p/kl in 2024 representing a decrease in cost of sale of 0.63%.

Movement in consumable stores between financial years is due to increased stock levels for Electricity maintenance projects as well as normal inflation growth.

Refer to note 46 for the amount of inventories recognised as an expense during the period.

None of the inventories were pledged as security for liabilities.



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| Figures in Rand | 2024 | 2023 |
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## 4. Unspent / (unpaid) construction contract advances

### Contracts in progress at statement of financial position date

| **Unspent / (unpaid) construction contract advances per Housing Project:** | | |
|---|---|---|
| Asazani / Zinyoka | (9 622 946) | (9 622 946) |
| External Toilet Eradication | - | 2 462 627 |
| Spekboom | 3 486 202 | - |
| Site K | 493 288 | - |
| Mossel Bay Erf 19201 and 14702 | 275 082 | - |
| Groot Brak Farm 129 and 137 | 138 905 | - |
| Sonskynvallei | 154 828 | - |
| Groot Brak Toekoms | 34 726 | - |
| | **(5 039 915)** | **(7 160 319)** |

The Municipality has been allocated funds in the 2023/2024 financial year for the Asazani / Zinyoka project, which were again removed with a Provincial Adjustment budget in the 2023/2024 year. Further discussions with Provincial Department of Human Settlements is underway.

### Movement during the year

| | | |
|---|---|---|
| Opening balance | (7 160 319) | (2 342 759) |
| Receipts | 5 657 554 | - |
| Conditions met - Transferred to revenue | (1 074 523) | (1 251 298) |
| Repayment of unspent grants | (2 462 627) | (3 566 261) |
| | **(5 039 915)** | **(7 160 318)** |

As at 30 June 2024, retention of contracts in progress were R - (2023: R 178 859).

No contract debtors were pledged as security for any overdraft facilities.

An amount of R 2 462 627 was paid back to the Department of Infrastructure after the application for Roll-over of grant funding was rejected. The amounts unspent for External Toilet Eradication in the previous year makes up this total. These were funds that was previously approved for roll-over and not spent in the 22/23 year.



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**4. Unspent / (unpaid) construction contract advances (continued)**

**Method used to determine the contract revenue recognised in the period**

The stage of completion method was used to determine the contract revenue recognised in the period.

**Construction contracts revenue recognised**

| | | |
|---|---|---|
| Construction contracts | 1 074 523 | 1 251 298 |
| | **1 074 523** | **1 251 298** |

| Contract | Total contract cost 2024 | Total contract revenue recognised 2024 | Total contract cost 2023 | Total contract revenue recognised 2023 |
|---|---|---|---|---|
| External Toilet Eradication | - | - | 1 251 298 | 1 251 298 |
| Spekboom | 680 948 | 680 948 | - | - |
| Site K | 62 332 | 62 332 | - | - |
| Mossel Bay Erf 19201 and 14702 | 86 071 | 86 071 | - | - |
| Sonskynvallei | 245 172 | 245 172 | - | - |
| | **1 074 523** | **1 074 523** | **1 251 298** | **1 251 298** |

**Method used to determine the stage of completion of contracts in progress**

The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

| 30 June 2024 | Aggregate amount of costs incurred and recognised surpluses (less recognised deficits) to date for agreements in progress | Recognised surpluses (less recognised deficits) to date for agreements in progress | Amount of advances received for agreements in progress | Amount of retentions | Roll-'Over not approved and paid back |
|---|---|---|---|---|---|
| Asazani / Zinyoka | 111 345 758 | - | - | - | - |
| External Toilet Eradication | 7 905 284 | - | - | - | 2 462 627 |
| Sonskynvallei | 55 832 689 | - | 400 000 | - | - |
| Spekboom | 680 948 | - | 4 167 150 | - | - |
| Site K | 62 332 | - | 555 620 | - | - |
| Mossel Bay Erf 19201 and 14702 | 86 071 | - | 361 153 | - | - |
| Groot Brak Farm 129 and 137 | - | - | 138 905 | - | - |
| Groot Brak Toekoms | - | - | 34 726 | - | - |
| | **175 913 082** | **-** | **5 657 554** | **-** | **2 462 627** |



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**4. Unspent / (unpaid) construction contract advances (continued)**

| 30 June 2023 | Aggregate amount of costs incurred and recognised surpluses (less recognised deficits) to date for agreements in progress | Recognised surpluses (less recognised deficits) to date for agreements in progress | Amount of advances received for agreements in progress | Amount of retentions | Roll-Over not approved and paid back |
|---|---|---|---|---|---|
| Asazani / Zinyoka | 111 345 758 | - | - | - | - |
| Elangeni | 6 628 074 | - | - | - | 428 308 |
| External Toilet Eradication | 7 905 284 | - | - | 178 859 | - |
| Khayelitsha | 12 484 357 | - | - | - | 452 187 |
| Sonskynvallei | 55 587 517 | - | - | - | 2 685 766 |
| | **193 950 990** | **-** | **-** | **178 859** | **3 566 261** |



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## 5. Long-term receivables

| | | |
|---|---|---|
| **At amortised cost** | | |
| Land Sales Debtors | 125 | 1 013 |
| Bursary Obligations | 277 533 | 279 390 |
| Housing Selling Schemes | 70 097 | 106 463 |
| | 347 755 | 386 866 |
| Impairments | (43 643) | (77 416) |
| | **304 112** | **309 450** |
| **Non-current assets** | | |
| At amortised cost | 25 508 | 21 637 |
| **Current assets** | | |
| At amortised cost | 278 604 | 287 813 |
| **Total** | **304 112** | **309 450** |

| | | |
|---|---|---|
| **Reconciliation of debt impairment of long-term receivables** | | |
| Balance at the beginning of the year | 77 416 | 87 881 |
| Contribution to / (Reversal from) provision | (33 773) | (10 465) |
| | - | - |
| | **43 643** | **77 416** |

Outstanding Land Sales debtors and Housing Selling Scheme Loans were summarised in scheme numbers. A payment % report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these long-term receivables.

No provision for debt impairment to be recognised for study loans.

Land Sales: Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Housing Selling Scheme Loans: Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

## 6. Receivables from exchange transactions

| | | |
|---|---|---|
| **Gross balances** | | |
| Electricity | 84 464 725 | 59 644 638 |
| Water | 62 035 819 | 52 089 299 |
| Sewerage | 27 877 118 | 20 925 252 |
| Refuse | 24 762 777 | 18 773 304 |
| Land sales | 8 488 | 7 178 |
| Housing selling schemes | 937 599 | 897 913 |
| Housing rental | 194 796 | 207 173 |
| Other (merchandising, jobbing, contracts and service charges) | 60 869 940 | 44 798 907 |
| Payments received in advance | 9 607 323 | 8 649 896 |
| | **270 758 585** | **205 993 560** |



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**6. Receivables from exchange transactions (continued)**

| | | |
|---|---|---|
| **Less: Allowance for impairment** | | |
| Electricity | (29 156 922) | (7 460 679) |
| Water | (34 449 733) | (18 408 419) |
| Sewerage | (21 215 630) | (12 282 622) |
| Refuse | (17 404 194) | (9 814 475) |
| Land sales | (7 598) | (6 873) |
| Housing selling schemes | (929 858) | (887 637) |
| Housing rental | (184 806) | (194 903) |
| Other (merchandising, jobbing, contracts and service charges) | (17 104 622) | (13 992 526) |
| | **(120 453 363)** | **(63 048 134)** |
| **Net balance** | | |
| Electricity | 55 307 803 | 52 183 959 |
| Water | 27 586 086 | 33 680 880 |
| Sewerage | 6 661 488 | 8 642 630 |
| Refuse | 7 358 583 | 8 958 829 |
| Land sales | 890 | 305 |
| Housing selling schemes | 7 741 | 10 276 |
| Housing rental | 9 990 | 12 270 |
| Other (merchandising, jobbing, contracts and service charges) | 43 765 318 | 30 806 381 |
| Payments received in advance | 9 607 323 | 8 649 896 |
| | **150 305 222** | **142 945 426** |

| | | |
|---|---|---|
| **Electricity** | | |
| Current (0 -30 days) | 61 154 261 | 50 186 173 |
| 31 - 60 days | 5 546 117 | 860 082 |
| 61 - 90 days | 2 484 417 | 950 266 |
| 91 - 120 days | 1 339 410 | 679 454 |
| 121 - 365 days | 8 090 407 | 3 535 998 |
| > 365 days | 5 850 113 | 3 432 665 |
| Less: Impairment | (29 156 922) | (7 460 679) |
| | **55 307 803** | **52 183 959** |

Electricity receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 1 997 787).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.

| | | |
|---|---|---|
| **Water** | | |
| Current (0 -30 days) | 27 324 898 | 30 856 447 |
| 31 - 60 days | 4 403 429 | 1 629 397 |
| 61 - 90 days | 2 809 619 | 1 427 834 |
| 91 - 120 days | 1 663 053 | 1 116 433 |
| 121 - 365 days | 10 396 129 | 6 514 194 |
| > 365 days | 15 438 691 | 10 544 994 |
| Less: Impairment | (34 449 733) | (18 408 419) |
| | **27 586 086** | **33 680 880** |

Water receivable that are past due as at 30 June 2024 but not impaired is R 261 187 (2023: R 2 824 432).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.



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**6. Receivables from exchange transactions (continued)**

| | | |
|---|---|---|
| **Sewerage** | | |
| Current (0 -30 days) | 7 833 021 | 6 990 982 |
| 31 - 60 days | 1 076 019 | 853 167 |
| 61 - 90 days | 999 309 | 928 582 |
| 91 - 120 days | 945 341 | 669 520 |
| 121 - 365 days | 6 549 435 | 4 265 666 |
| > 365 days | 10 473 993 | 7 217 335 |
| Less: Impairment | (21 215 630) | (12 282 622) |
| | **6 661 488** | **8 642 630** |

Sewerage receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 1 651 648).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.

| | | |
|---|---|---|
| **Refuse** | | |
| Current (0 -30 days) | 8 343 857 | 7 625 542 |
| 31 - 60 days | 957 851 | 743 937 |
| 61 - 90 days | 876 092 | 663 921 |
| 91 - 120 days | 817 555 | 585 692 |
| 121 - 365 days | 5 516 067 | 3 662 147 |
| > 365 days | 8 251 355 | 5 492 065 |
| Less: Impairment | (17 404 194) | (9 814 475) |
| | **7 358 583** | **8 958 829** |

Refuse receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 1 333 287).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.

| | | |
|---|---|---|
| **Land sales** | | |
| Current (0 -30 days) | 149 | 415 |
| 31 - 60 days | 59 | 114 |
| 61 - 90 days | 60 | 91 |
| 91 - 120 days | 59 | 76 |
| 121 - 365 days | 1 370 | 555 |
| > 365 days | 6 791 | 5 927 |
| Less: Impairment | (7 598) | (6 873) |
| | **890** | **305** |

Land Sales receivable that are past due as at 30 June 2024 but not impaired is R 741 (2023: Rnil).

| | | |
|---|---|---|
| **Housing selling schemes** | | |
| Current (0 -30 days) | 12 554 | 15 291 |
| 31 - 60 days | 6 131 | 6 935 |
| 61 - 90 days | 6 156 | 6 743 |
| 91 - 120 days | 6 231 | 6 650 |
| 121 - 365 days | 62 225 | 52 469 |
| > 365 days | 844 302 | 809 825 |
| Less: Impairment | (929 858) | (887 637) |
| | **7 741** | **10 276** |

Housing Selling Schemes receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: Rnil).



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**6. Receivables from exchange transactions (continued)**

| | | |
|---|---|---|
| **Housing rental** | | |
| Current (0 -30 days) | 8 435 | 8 478 |
| 31 - 60 days | 2 970 | 2 997 |
| 61 - 90 days | 2 858 | 2 740 |
| 91 - 120 days | 2 790 | 2 781 |
| 121 - 365 days | 28 519 | 21 815 |
| > 365 days | 149 224 | 168 362 |
| Less: Impairment | (184 806) | (194 903) |
| | **9 990** | **12 270** |

Housing rentals receivable that are past due as at 30 June 2024 but not impaired is R 1 555 (2023: R 3 791).

| | | |
|---|---|---|
| **Other (merchandising, jobbing, contracts and service charges)** | | |
| Current (0 -30 days) | 47 040 543 | 32 431 095 |
| 31 - 60 days | 641 206 | 976 150 |
| 61 - 90 days | 677 165 | 612 249 |
| 91 - 120 days | 657 741 | 924 515 |
| 121 - 365 days | 3 851 108 | 4 038 403 |
| > 365 days | 8 002 177 | 5 816 495 |
| Less: Impairment | (17 104 622) | (13 992 526) |
| | **43 765 318** | **30 806 381** |

Other Receivables from Exchange transactions includes accruals for Interest on Investments to the amount of R24 149 928 (2023: R13 343 681).

Other receivables that are past due as at 30 June 2024 but not impaired is Rnil (2023: Rnil).

Refer to Note 49 for detail regarding the correction of prior period errors.

No receivables were pledged as security.

**Summary of exchange receivables by customer classification**

| | | |
|---|---|---|
| Residential / Consumers | 49 566 840 | 52 722 241 |
| Industrial / Commercial | 43 583 205 | 45 411 817 |
| National and Provincial Government | 2 689 319 | 3 096 658 |
| Other | 44 858 535 | 33 064 814 |
| | **140 697 899** | **134 295 530** |

The summary of receivables by customer classification excludes Payments received in advance.

| | | |
|---|---|---|
| **Reconciliation of allowance for impairment** | | |
| Balance at beginning of the year | (63 048 134) | (116 043 065) |
| Movement in allowance for impairment | (57 405 229) | 52 994 931 |
| | **(120 453 363)** | **(63 048 134)** |



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## 7. Receivables from non-exchange transactions

| | | |
|---|---|---|
| **Gross balance** | | |
| Rates | 27 597 119 | 23 499 545 |
| Traffic fines | 31 250 881 | 30 864 824 |
| Government grants and subsidies | 128 834 | 128 834 |
| Other | 968 753 | 1 463 831 |
| Availability charges - Electricity | 4 102 780 | 3 360 494 |
| Availability charges - Sanitation and Sewerage | 2 013 974 | 1 753 674 |
| Availability charges - Water | 2 394 610 | 2 468 646 |
| | **68 456 951** | **63 539 848** |
| **Less: Allowance for impairment** | | |
| Rates | (12 227 027) | (7 261 264) |
| Traffic fines | (27 613 396) | (27 483 428) |
| Other | (140 096) | (682 555) |
| Availability charges - Electricity | (3 030 765) | (1 957 402) |
| Availability charges - Sanitation and Sewerage | (1 409 942) | (982 031) |
| Availability charges - Water | (1 805 142) | (1 537 915) |
| | **(46 226 368)** | **(39 904 595)** |
| **Net balance** | | |
| Rates | 15 370 092 | 16 238 281 |
| Traffic fines | 3 637 485 | 3 381 396 |
| Government grants and subsidies | 128 834 | 128 834 |
| Other | 828 657 | 781 276 |
| Availability charges - Electricity | 1 072 015 | 1 403 092 |
| Availability charges - Sanitation and Sewerage | 604 032 | 771 643 |
| Availability charges - Water | 589 468 | 930 731 |
| | **22 230 583** | **23 635 253** |

Rates, Traffic fines and Government grants and subsidies disclosed under Receivables from Non-exchanges transactions are Statutory Receivables in context of GRAP 108. Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 8 for disclosure notes relating to Statutory receivables.

Availability charges for Electricity, Water and Sewerage are not classified as Statutory Receivables in context of GRAP 108, but rather a Financial instrument in terms of GRAP 104.

No receivables were pledged as security.

**Rates: Ageing**

| | | |
|---|---|---|
| Current (0 -30 days) | 15 794 396 | 13 504 839 |
| 31 - 60 days | 781 057 | 797 089 |
| 61 - 90 days | 659 057 | 753 977 |
| 91 - 120 days | 573 805 | 588 203 |
| 121 - 365 days | 3 701 666 | 2 951 669 |
| > 365 days | 6 087 138 | 4 903 768 |
| Less: Impairment | (12 227 027) | (7 261 264) |
| | **15 370 092** | **16 238 281** |

Rates receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 2 733 441).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.



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**7. Receivables from non-exchange transactions (continued)**

**Availability charges - Electricity: Ageing**

| | | |
|---|---|---|
| Current (0 -30 days) | 1 203 932 | 1 027 616 |
| 31 - 60 days | 197 995 | 171 645 |
| 61 - 90 days | 155 476 | 148 868 |
| 91 - 120 days | 142 743 | 128 938 |
| 121 - 365 days | 894 708 | 665 116 |
| > 365 days | 1 507 926 | 1 218 311 |
| Less: Impairment | (3 030 765) | (1 957 402) |
| | **1 072 015** | **1 403 092** |

Availability charges - Electricity receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 375 475).

**Availability charges - Sanitation and sewerage: Ageing**

| | | |
|---|---|---|
| Current (0 -30 days) | 642 116 | 550 838 |
| 31 - 60 days | 83 753 | 89 696 |
| 61 - 90 days | 71 667 | 79 746 |
| 91 - 120 days | 67 216 | 68 128 |
| 121 - 365 days | 410 304 | 343 682 |
| > 365 days | 738 918 | 621 584 |
| Less: Impairment | (1 409 942) | (982 031) |
| | **604 032** | **771 643** |

Availability charges -Sanitation and sewerage receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 220 806).

**Availability charges - Water: Ageing**

| | | |
|---|---|---|
| Current (0 -30 days) | 631 511 | 651 992 |
| 31 - 60 days | 90 387 | 111 879 |
| 61 - 90 days | 75 432 | 98 552 |
| 91 - 120 days | 69 252 | 85 179 |
| 121 - 365 days | 445 326 | 444 744 |
| > 365 days | 1 082 702 | 1 076 300 |
| Less: Impairment | (1 805 142) | (1 537 915) |
| | **589 468** | **930 731** |

Availability charges - Water receivable that are past due as at 30 June 2024 but not impaired is Rnil (2023: R 278 738).

**Summary of non-exchange receivables by customer classification**

The summary of receivables by customer classification includes Rates and Availability charges.

| | | |
|---|---|---|
| Residential / Consumers | 13 381 769 | 14 634 453 |
| Industrial / Commercial | 2 789 422 | 3 486 458 |
| National and Provincial Government | 816 123 | 530 859 |
| Other | 648 293 | 691 977 |
| | **17 635 607** | **19 343 747** |



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### 7. Receivables from non-exchange transactions (continued)

**Reconciliation of allowance for impairment**

| | | |
|---|---|---|
| Opening balance | (39 904 595) | (33 453 189) |
| Provision for impairment | (6 321 773) | (6 451 406) |
| | **(46 226 368)** | **(39 904 595)** |

### 8. Statutory receivables

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

In accordance with the principles of GRAP 108, statutory receivables of the municipality is classified as follows:

**Statutory receivables balances**

| | | |
|---|---|---|
| **Statutory receivables included in the Statement of Financial Position under VAT Receivable** | | |
| VAT (Payable) / Receivable | 25 077 747 | 14 497 859 |



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**8. Statutory receivables (continued)**

| | | |
|---|---|---|
| **Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions** | | |
| Property Rates | 15 370 092 | 16 238 281 |
| Traffic fines | 3 637 485 | 3 381 396 |
| Government grants and subsidies | 128 834 | 128 834 |
| | **19 136 411** | **19 748 511** |

**Statutory receivables transactions**

**Statutory receivables transactions included in the Statement of Financial Performance:**

| | | |
|---|---|---|
| **Property rates:** | | |
| Property rates revenue | 218 627 359 | 192 123 229 |
| Interest earned - outstanding property rates | 1 140 463 | 895 873 |
| **Traffic fines:** | | |
| Fines, penalties and forfeits | 18 738 150 | 22 602 880 |
| **Government grants and subsidies:** | | |
| Disaster Management Grant | - | - |
| | **238 505 972** | **215 621 982** |

**Reconciliation of provision for impairment for statutory receivables**

| | | |
|---|---|---|
| **Provision for impairment included under VAT Receivable transactions:** | | |
| VAT Receivable | - | - |
| **Provision for impairment included under receivables from non-exchange transactions:** | | |
| Property Rates | (12 227 027) | (7 261 264) |
| Traffic fines | (27 613 396) | (27 483 428) |
| Government grants and subsidies | - | - |
| | **(39 840 423)** | **(34 744 692)** |

**Recognition or reversal of impairment losses on statutory receivables**

| | | |
|---|---|---|
| **Recognition of impairment losses** | | |
| Property Rates | 4 971 052 | 757 518 |
| Traffic Fines | 347 715 | 6 906 127 |
| **Reversal of impairment losses** | | |
| Traffic Fines | (217 747) | (225 329) |
| | **5 101 020** | **7 438 316** |

Statutory receivables are impaired in line with the Municipality's Accounting Policy 1.13 .



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**8. Statutory receivables (continued)**

**Statutory receivables past due but not impaired**

| **Statutory receivables** | | |
|---|---|---|
| Property Rates | - | 2 733 441 |
| Traffic fines | - | - |
| Government grants and subsidies | 128 834 | 128 834 |
| VAT (Payable) / Receivable | 25 077 747 | 14 497 859 |
| | **25 206 581** | **17 360 134** |

Additional information on collectability of statutory receivables can be seen in Note 11 and Note 7 of this document.

**Transactions arising from statute**

Property rates related transactions arise in terms of the Municipal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

Traffic fines arise from the National Road Traffic Act 93 of 1996, National Road Traffic Regulations 2000, National Land Transport Act 5 of 2009 and Criminal Procedure Act 51 of 1971. Prosecutor performs prosecutorial functions in terms of a general delegation awarded by the National Prosecuting Authority and is subject to the control of the Control Prosecutor at the Magistrate's Court in Mossel Bay.

Government grants related transactions arise in terms of the applicable annual Division of Revenue Act as well as the relevant Provincial Gazette. The receivable for Government grants and subsidies to the amount of R128 834 is for the Disaster Management Grant that is due from the Garden Route District Municipality. This grant was allocated to Mossel Bay Municipality in the 2014/15 year and the District Municipality subtracted the amount of R128 834 from the grant payment made to Mossel Bay for outstanding accounts raised by them for Fire services rendered.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

**Determination of transaction amounts**

Property rates transaction amounts are determined in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003.

Traffic fines transaction amounts are determined in line with the Traffic Offence Code Book as approved by Senior Magistrate and implemented in the district of Mossel Bay.

Government grants related transaction amounts allocated to the municipality are stipulated in the applicable annual Division of Revenue Act Bill as well as the relevant Provincial Gazette.

VAT transactions amounts are determined in line with the Value Added Tax Act 89 of 1991.

**Interest or other charges levied / charged**

Interest or other charges levied on Property rates balances are in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003. "Interest" means a charge levied, on all arrear accounts calculated at an interest rate which is one percent higher than the prime interest rate.

Traffic fines: Additional charges includes contempt of court fees / warrant of arrest fee determined in terms of the Criminal Procedure Act. Currently at R200 effected after court date on non/default payment / non appearance.

Interest or other charges levied on Government grants, if applicable, is based on the average investment rate for the applicable year.



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**8. Statutory receivables (continued)**

The rates and interest charges are determined by the Value Added Tax Act 89 of 1991.

**Basis used to assess and test whether a statutory receivable is impaired**

The basis used to assess Property Rates receivables is to look at the extent to which debtors on an individual basis defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

The basis used to assess Traffic fine receivables is to look at the extent to which debtors per group of fines (Municipal fines, Provincial fines) defaulted on payments already due and an assessment of their ability to make payments based on their historical collection trend.

Each individual Grant is assessed for collectability in line with the legislative prescripts or contract arrangements that relates to the specific grant.

No impairment on VAT Receivable, balance expected to be fully recoverable.

**Discount rate applied to the estimated future cash flows**

The discount rate applied for all types of Statutory receivables mentioned above is based on the average rate of investments. This rate is seen as risk free as the amount to be paid in interest and capital amount is guaranteed by the Investment institution.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 9. Non-living resources

### Nature and types of non-living resources

The only non-living resource identified by Mossel Bay Municipality is the water resource as no other natural resources are prevalent within the jurisdiction of Mossel Bay Municipality:

The major portion of water for consumption is provide from Wolwedans dam with a capacity of 24 630 000 $m^3$ and the Klipheuwel dam with a capacity of 4 450 000 $m^3$, both owned and operated by Department of Water and Sanitation. The Municipality does not have any obligations or responsibilities towards the provincial dams to safeguard, maintain or control them. The dams are merely a source from which the municipality purchases water resources as needed for use in providing water services to the community.

Ernest Robertson Dam: The dam is a municipal operated and owned dam with a capacity of 410 000 $m^3$.

The Municipality also regards the ocean as a source of a water resource. The reason for this is that the Municipality, together with PETROSA, Jointly controls a desalination plant used to purify sea water. The Municipality does have some seawater extraction requirements. The desalination plant has a capacity of 15m/l water per day of which the Municipality has a right to two thirds of the water produced.

The municipality has various boreholes throughout the jurisdiction area, however the boreholes are insignificant in their supply of water in relation to the total water supply.

The major river water sources for the municipality that needs to be disclosed are the Klein Bos Weir, the Friemersheim Weir and Ruiterbos river. The other rivers, springs and other water sources are considered insignificant in their supply of water in relation to the total water supply.

After extraction the water from the dams, boreholes and sea, the water is purified at various purification works after which it is accounting wise treated as water inventory. See the disclosure note 3 in this regard.

The Ernest Robertson dam, the borehole equipment and the desalination plant are recognised as capital assets and reported as part of the accounting group Property Plant and Equipment.

There is no liability that arise due to the custodianship of the water resource. No resources were given up that resulted in compensation from third parties. The desalination plant arrangement is disclosed in note 66.



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Figures in Rand | 2024 | 2023

## 10. Living resources

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Dogs and other animals | 644 763 | (184 096) | 460 667 | 370 850 | (25 129) | 345 721 |

**Reconciliation of living resources - 2024**

| | Opening balance | Additions | Depreciation | Total |
|---|---|---|---|---|
| Dogs and other animals | 345 722 | 273 913 | (158 968) | 460 667 |

**Reconciliation of living resources - 2023**

| | Opening balance | Additions | Transfers received / (made) | Depreciation | Total |
|---|---|---|---|---|---|
| Dogs and other animals | - | 335 565 | 15 948 | (5 792) | 345 721 |

**Nature and type of Living resources**

The municipality has a K9 dog unit as part of Community Safety initiatives. Dogs have been purchased by the municipality and one dog donated to the municipality for this purpose. There are also various other animals in Harry Giddy Park, kept for recreational purposes.

Other Disclosures:

Refer to note 51 for detail on change in accounting estimates.

Refer to note 59 for detail on contractual commitments.

The Municipality do not have any living resources that are borrowed from other entities, or which are on loan to other entities. There are no restrictions on the realisability of the living resources or the remittance of revenue and proceeds of de-recognition.

No Living resources are pledged as security for liabilities.

None of the living resources carries an impairment.

**Reconciliation of Work-in-Progress 2024**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Dogs and other animals | - | - | - | - |

**Reconciliation of Work-in-Progress 2023**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Dogs and other animals | - | 3 043 | (3 043) | - |



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# Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 11. VAT (Payable) / Receivable

| | | |
|---|---|---|
| VAT (Payable) / Receivable | 25 077 747 | 14 497 859 |

| **Reconciliation of Value Added Tax (VAT):** | **2024** | **2023** |
|---|---|---|
| VAT Control | 530 156 | 929 551 |
| Output VAT Accrual (Payable) | (6 189 175) | (8 008 868) |
| Input VAT Accrual (Receivable) | 30 736 766 | 21 577 176 |
| | **25 077 747** | **14 497 859** |

VAT is payable on the payment basis. Only once payment is received from debtors VAT is paid over to SARS.

VAT Receivable is a Statutory Receivable in context of GRAP 108. Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 8 for disclosure notes relating to Statutory receivables.

Refer to Note 49 for detail regarding the correction of prior period errors.

## 12. Short-term investments

| | | |
|---|---|---|
| ABSA Bank | 219 272 659 | 65 358 937 |
| First National Bank | 14 548 455 | - |
| Nedbank | 213 572 227 | 368 171 550 |
| Standard Bank | - | 126 432 922 |
| | **447 393 341** | **559 963 409** |

The average rate of return on Short-term Investments was 9.55% for the year ended 30 June 2024.

The carrying value of Short-term Investments approximate their fair value.

No investments were pledged as security.

## 13. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Petty cash | 21 086 | 16 954 |
| Bank balances | 112 923 309 | 53 742 926 |
| Short-term deposits | 20 377 778 | - |
| | **133 322 173** | **53 759 880** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**13. Cash and cash equivalents (continued)**

**The municipality had the following bank accounts**

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|---|---|---|---|---|---|
| | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2024 | June 30, 2023 | June 30, 2022 |
| Primary Bank Account - Standard Bank 251940381 | 156 489 332 | 66 520 821 | - | 112 923 309 | 53 742 926 | - |
| Primary Bank Account - Nedbank cheque account 1134644809 | - | - | 39 637 783 | - | - | 42 058 736 |
| **Total** | **156 489 332** | **66 520 821** | **39 637 783** | **112 923 309** | **53 742 926** | **42 058 736** |

| **Short-term Deposits** | **2024** | **2023** |
|---|---|---|
| Short-term Deposits: Current portion matures within next 12 months | 20 377 778 | - |

All accounts of Mossel Bay Municipality are currently held with Standard Bank. The balance on the two Traffic fines accounts number 251940411 - Account for Municipal Traffic fines, and number 251940403 - Account for Provincial Traffic fines, are swept to the Primary bank account number 251940381 on a daily basis.

The management of the municipality is of the opinion that the carrying value of Short-term Deposits, Bank Balances and Petty Cash recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Short-term Deposits, Bank Balances and Petty Cash was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The average rate of return on Short-term Deposits was 8.9% for the year ended 30 June 2024.

No cash and cash equivalents were pledged as security for liabilities.

No restrictions were placed on the use of cash and cash equivalents.



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## 14. Property, plant and equipment

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| **Infrastructure** | | | | | | |
| Coastal Infrastructure | 8 049 975 | (2 849 886) | 5 200 089 | 5 114 771 | (2 570 336) | 2 544 435 |
| Electrical Infrastructure | 538 315 142 | (149 606 488) | 388 708 654 | 469 080 406 | (136 368 027) | 332 712 379 |
| Information and Communication Infrastructure | 17 880 688 | (6 244 705) | 11 635 983 | 14 641 791 | (5 103 430) | 9 538 361 |
| Land | 114 359 846 | - | 114 359 846 | 114 067 573 | - | 114 067 573 |
| Roads Infrastructure | 593 823 080 | (245 196 181) | 348 626 899 | 530 337 435 | (216 477 543) | 313 859 892 |
| Sanitation Infrastructure | 662 287 947 | (206 467 993) | 455 819 954 | 547 026 028 | (187 625 953) | 359 400 075 |
| Solid Waste Infrastructure | 86 667 150 | (51 631 553) | 35 035 597 | 104 722 106 | (47 954 095) | 56 768 011 |
| Storm Water Infrastructure | 274 517 217 | (75 374 422) | 199 142 795 | 240 825 180 | (65 775 874) | 175 049 306 |
| Water Supply Infrastructure | 695 495 609 | (290 726 055) | 404 769 554 | 659 025 158 | (258 813 900) | 400 211 258 |
| **Community Assets** | | | | | | |
| Community assets | 364 088 380 | (103 107 597) | 260 980 783 | 350 103 150 | (92 768 194) | 257 334 956 |
| Libraries | 13 969 626 | (3 205 962) | 10 763 664 | 13 961 409 | (2 930 744) | 11 030 665 |
| Zoo, Marine and Non-biological Animals | 1 373 456 | (6 397) | 1 367 059 | 374 250 | (3 916) | 370 334 |
| Land | 205 553 451 | - | 205 553 451 | 205 563 625 | - | 205 563 625 |
| **Other Assets** | | | | | | |
| Operational and Housing Buildings | 191 747 950 | (46 128 619) | 145 619 331 | 182 014 885 | (40 868 277) | 141 146 608 |
| Machinery and Equipment | 36 445 900 | (24 327 881) | 12 118 019 | 34 903 409 | (21 838 486) | 13 064 923 |
| Furniture and Office equipment | 27 558 243 | (18 097 253) | 9 460 990 | 27 097 021 | (16 046 192) | 11 050 829 |
| Computer equipment | 27 148 471 | (17 935 418) | 9 213 053 | 28 412 113 | (16 661 077) | 11 751 036 |
| Transport Assets | 122 812 074 | (50 821 628) | 71 990 446 | 118 498 853 | (41 657 673) | 76 841 180 |
| Land | 71 750 324 | (5 002 222) | 66 748 102 | 70 832 403 | (5 002 222) | 65 830 181 |
| **Total** | **4 053 844 529** | **(1 296 730 260)** | **2 757 114 269** | **3 716 601 566** | **(1 158 465 939)** | **2 558 135 627** |



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**14. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2024**

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Impairment reversal | Total |
|---|---|---|---|---|---|---|---|
| **Infrastructure** | | | | | | | |
| Coastal Infrastructure | 2 544 435 | 2 935 203 | - | (279 549) | - | - | 5 200 089 |
| Electrical Infrastructure | 332 712 379 | 72 496 069 | (1 341 808) | (15 156 361) | (1 625) | - | 388 708 654 |
| Information and Communication Infrastructure | 9 538 361 | 3 982 371 | (108 669) | (1 776 080) | - | - | 11 635 983 |
| Land | 114 067 573 | 293 338 | (1 065) | - | - | - | 114 359 846 |
| Roads Infrastructure | 313 859 892 | 64 354 695 | (374 164) | (29 196 469) | (17 055) | - | 348 626 899 |
| Sanitation Infrastructure | 359 400 075 | 115 350 828 | (24 489) | (18 906 460) | - | - | 455 819 954 |
| Solid Waste Infrastructure | 56 768 011 | (18 022 460) | (14 284) | (3 642 828) | (52 842) | - | 35 035 597 |
| Storm Water Infrastructure | 175 049 306 | 33 692 037 | - | (9 598 548) | - | - | 199 142 795 |
| Water Supply Infrastructure | 400 211 258 | 38 102 585 | (843 127) | (32 643 653) | (57 509) | - | 404 769 554 |
| **Community Assets** | | | | | | | |
| Community assets | 257 334 956 | 14 515 314 | (146 321) | (9 988 521) | (734 645) | - | 260 980 783 |
| Libraries | 11 030 665 | 8 217 | - | (275 218) | - | - | 10 763 664 |
| Zoo, Marine and Non-biological Animals | 370 334 | 999 206 | - | (2 481) | - | - | 1 367 059 |
| Land | 205 563 625 | - | (10 173) | - | - | - | 205 553 452 |
| **Other Assets** | | | | | | | |
| Operational and Housing Buildings | 141 146 608 | 10 644 255 | (221 586) | (4 597 236) | (1 362 120) | 9 410 | 145 619 331 |
| Machinery and Equipment | 13 064 923 | 3 076 274 | (202 143) | (3 821 035) | - | - | 12 118 019 |
| Furniture and Office equipment | 11 050 829 | 1 357 547 | (163 784) | (2 783 602) | - | - | 9 460 990 |
| Computer equipment | 11 751 036 | 2 141 398 | (198 060) | (4 481 321) | - | - | 9 213 053 |
| Transport Assets | 76 841 180 | 6 423 844 | (618 644) | (10 655 934) | - | - | 71 990 446 |
| Land | 65 830 182 | 962 921 | (45 000) | - | - | - | 66 748 103 |
| | **2 558 135 628** | **353 313 642** | **(4 313 317)** | **(147 805 296)** | **(2 225 796)** | **9 410** | **2 757 114 271** |

The negative amount of R 19 610 172 under Solid Waste Infrastructure additions for the current year, is due to the decreased restoration costs of landfill sites which were recognised in the current year with the provision for rehabilitation of landfill sites.



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**14. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2023**

| | Opening balance | Additions | Disposals | Transfers received / (made) | Depreciation | Impairment loss | Impairment reversal | Total |
|---|---|---|---|---|---|---|---|---|
| **Infrastructure** | | | | | | | | |
| Coastal Infrastructure | 2 509 488 | 279 003 | (3 137) | - | (240 919) | - | - | 2 544 435 |
| Electrical Infrastructure | 296 101 100 | 53 258 208 | (2 875 282) | - | (13 766 047) | (5 600) | - | 332 712 379 |
| Information and Communication Infrastructure | 2 863 537 | 7 665 581 | (10 012) | - | (980 745) | - | - | 9 538 361 |
| Land | 114 738 884 | 843 071 | (1 514 382) | - | - | - | - | 114 067 573 |
| Roads Infrastructure | 310 810 451 | 31 569 918 | (1 540) | - | (28 494 207) | (24 730) | - | 313 859 892 |
| Sanitation Infrastructure | 342 290 586 | 35 364 781 | (55 973) | (55 350) | (18 143 969) | - | - | 359 400 075 |
| Solid Waste Infrastructure | 62 498 693 | 7 525 899 | (220 341) | - | (13 036 240) | - | - | 56 768 011 |
| Storm Water Infrastructure | 176 456 025 | 7 236 337 | (183 950) | - | (8 459 106) | - | - | 175 049 306 |
| Water Supply Infrastructure | 409 593 072 | 21 779 007 | (434 684) | 44 650 | (30 747 167) | (23 620) | - | 400 211 258 |
| **Community Assets** | | | | | | | | |
| Community assets | 246 326 823 | 20 969 161 | (1 313 976) | - | (8 722 826) | (24 556) | 100 330 | 257 334 956 |
| Libraries | 10 970 149 | 308 997 | - | - | (248 481) | - | - | 11 030 665 |
| Zoo, Marine and Non-biological Animals | 88 755 | 300 000 | - | (15 948) | (2 473) | - | - | 370 334 |
| Land | 211 299 645 | 39 478 | (5 775 498) | - | - | - | - | 205 563 625 |
| **Other Assets** | | | | | | | | |
| Operational and Housing Buildings | 126 040 264 | 18 592 945 | (64 707) | - | (3 442 647) | (13 811) | 34 564 | 141 146 608 |
| Machinery and Equipment | 11 044 494 | 4 412 912 | (166 985) | - | (2 225 498) | - | - | 13 064 923 |
| Furniture and Office equipment | 9 761 200 | 2 843 932 | (75 228) | - | (1 479 075) | - | - | 11 050 829 |
| Computer equipment | 7 496 022 | 7 378 622 | (36 833) | 10 700 | (3 097 475) | - | - | 11 751 036 |
| Transport Assets | 62 213 121 | 20 089 071 | (61 861) | - | (5 399 151) | - | - | 76 841 180 |
| Land | 67 669 457 | (39 478) | (1 799 798) | - | - | - | - | 65 830 181 |
| | **2 470 771 766** | **240 417 445** | **(14 594 187)** | **(15 948)** | **(138 486 026)** | **(92 317)** | **134 894** | **2 558 135 627** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**14. Property, plant and equipment (continued)**

**Reconciliation of Depreciation Charge for Property, Plant and Equipment**

The depreciation charge for the year i.r.o. the Water Treatment Plant is reallocated to water inventory consumed.

The depreciation charge for Property, Plant and Equipment was recognised as follows:

| | | |
|---|---|---|
| Included in the depreciation expense | 146 867 424 | 137 983 111 |
| Included in water inventory consumed | 937 872 | 502 915 |
| Total depreciation charge for the year | 147 805 296 | 138 486 026 |

**Property, plant and equipment in the process of being constructed or developed**

**Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected**

| | | |
|---|---|---|
| New Great Brak River Reservoir project: Water supply infrastructure<br>The project for construction of the Great Brak River Reservoir has been delayed. The land on which the project was to be constructed were sold and the new owner has stopped the project because he wants certain conditions to be fulfilled. The issue was referred to the Legal Services department of the Municipality to handle the land expropriation process. The project will continue as soon as the legal process is finalized. | 3 325 865 | - |
| | **3 325 865** | **-** |

**Reconciliation of Work-in-Progress 2024**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| **Infrastructure** | | | | |
| Coastal infrastructure | - | 2 253 560 | - | 2 253 560 |
| Electrical infrastructure | 50 687 302 | 76 413 435 | (59 996 517) | 67 104 220 |
| Information and communications infrastructure | 428 720 | 939 132 | (254 634) | 1 113 218 |
| Road infrastructure | 39 788 936 | 70 424 577 | (68 544 946) | 41 668 567 |
| Sanitation infrastructure | 23 681 564 | 110 252 331 | (32 514 926) | 101 418 969 |
| Solid waste infrastructure | 426 448 | (18 084 819) | 19 610 172 | 1 951 801 |
| Storm-water infrastructure | 5 407 834 | 22 770 408 | (15 991 374) | 12 186 868 |
| Water supply infrastructure | 15 482 637 | 41 183 695 | (30 588 093) | 26 078 239 |
| **Community Assets** | | | | |
| Community Assets | 9 533 156 | 20 303 482 | (27 594 273) | 2 242 365 |
| Zoo Marine and Non-biological Animals | 300 000 | 1 273 119 | (273 913) | 1 299 206 |
| **Other assets** | | | | |
| Other Assets Land | - | 1 338 979 | (376 059) | 962 920 |
| Operational & Housing Buildings | 5 617 716 | 6 857 289 | (8 743 392) | 3 731 613 |
| | **151 354 313** | **335 925 188** | **(225 267 955)** | **262 011 546** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**14. Property, plant and equipment (continued)**

**Reconciliation of Work-in-Progress 2023**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| **Infrastructure** | | | | |
| Coastal infrastructure | - | 219 030 | (219 030) | - |
| Electrical Infrastructure | 50 537 333 | 31 317 345 | (31 167 376) | 50 687 302 |
| Information and Communications Infrastructure | - | 4 864 398 | (4 435 678) | 428 720 |
| Road Infrastructure | 13 767 285 | 33 383 237 | (7 361 586) | 39 788 936 |
| Sanitation Infrastructure | 9 755 531 | 38 330 641 | (24 404 608) | 23 681 564 |
| Solid Waste Infrastructure | 34 980 | 5 922 429 | (5 530 961) | 426 448 |
| Storm Water Infrastructure | 2 376 849 | 6 035 067 | (3 004 082) | 5 407 834 |
| Water Supply Infrastructure | 21 107 379 | 35 666 733 | (41 291 475) | 15 482 637 |
| **Community Assets** | | | | |
| Community Assets | 2 624 117 | 11 696 640 | (4 787 601) | 9 533 156 |
| Community Assets Land | - | 39 478 | (39 478) | - |
| Zoo Marine and Non-biological Animals | - | 632 522 | (332 522) | 300 000 |
| **Other Assets** | | | | |
| Other Assets Land | 217 391 | - | (217 391) | - |
| Operational & Housing Buildings | 14 321 584 | 28 530 914 | (37 234 782) | 5 617 716 |
| | **114 742 449** | **196 638 434** | **(160 026 570)** | **151 354 313** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**14. Property, plant and equipment (continued)**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

| | | |
|---|---|---|
| Contracted services | 61 446 320 | 48 047 835 |
| Employee related costs | 66 555 979 | 54 707 455 |
| Sale of goods/Inventory | 12 725 324 | 13 053 322 |
| General expenses | 2 217 637 | 888 741 |
| | **142 945 260** | **116 697 353** |

There are no restrictions on the realisability of Property, Plant and Equipment or the remittance of revenue and proceeds of de-recognition.

No Property, Plant and Equipment are pledged as security for liabilities.

There were no significant delays on projects or any construction halted for the reporting period.

Refer to Note 51 for detail regarding the change in accounting estimates relating to change in useful lives and residual value of PPE assets.

Refer to Note 49 for detail regarding the correction of prior period errors.

Refer to Note 59 for the amount of contractual commitment for the acquisition of PPE. The amount of R246 429 994 for contracted commitments is approved and contracted.

Finance lease liabilities are secured over the items of computer equipment and office equipment leased. The total carrying value of leased assets at 30 June 2024 is R153. All the leased assets were finance leases which have been fully redeemed, but the assets are still used by the Municipality. The monthly payments regarding these leased assets are treated as operating leases.

Included in the carrying value of Water supply infrastructure is an amount of R 77 120 691 for Seawater Desalination Plant which was completed during the 2012/13 year and is the Municipality's portion of the capital expenditure for the construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. There are no budgeted capital commitments toward the seawater Desalination facility for the following year.

Impairment information:
Various assets carry impairments, such as operational buildings, community facilities, sport and recreation facilities, including the donated newly built Mountain View sport field, as well as coastal infrastructure due to due damage at reporting date. Social Housing is carry an impairment due to the houses being built within the flood lines. Site 3345 carry an impairment as a result in the market value decrease as per the valuation roll, with a valuation date of 1 July 2021. The Louis Fourie landfill also carries a impairment due to theft of the fence, whilst the water, roads and electrical and sanitation infrastructure carry impairments due to construction to Louis Fourie as well as the landslip of 2023, mostly caused due to heavy rainfalls with the repair projects not yet finalised.

The impairment on information and communication infrastructure were reversed.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

| | | |
|---|---|---|
| Carrying value of land included in the carrying value of Property, Plant and Equipment | 70 382 108 | 115 721 312 |

There are 376 pieces of land where the Municipality is the legal owner according to the deed office records. The Municipality has assessed that it does not have control over the land as its individual housing subsidies has been approved and control has either been handed over to the developer or the beneficiary. This assessment has been made in terms of iGRAP 18 paragraph 16.



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## 15. Investment Property

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 628 380 571 | (255 586 497) | 372 794 074 | 641 269 665 | (259 232 875) | 382 036 790 |

**Reconciliation of investment property - 2024**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Investment property | 382 036 790 | 1 014 175 | (9 094 156) | (1 162 735) | 372 794 074 |

**Reconciliation of investment property - 2023**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Investment property | 385 226 064 | 1 547 199 | (3 606 816) | (1 129 657) | 382 036 790 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of derecognition.

There were no construction or development of Investment Property that took significantly longer during the current or previous financial years.

There are no Contractual obligations to purchase, construct or develop Investment Property or for repairs, maintenance or enhancements.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**15. Investment Property (continued)**

**Amounts recognised in surplus or deficit**

| | | |
|---|---|---|
| Rental revenue from Investment Property | 9 636 926 | 5 560 324 |

**Expenditure incurred to repair and maintain investment property**

| | | |
|---|---|---|
| General expenses | 3 374 | - |
| Sale of goods/Inventory | 683 | 205 |
| | **4 057** | **205** |

Refer to Note 49 for detail regarding the correction of prior period errors.

Impairment information:

Various Land and Buildings classified as Investment Property carries an impairment as a result of a market value decrease as per the valuation roll, with a valuation date of 1 July 2021. No other impairments for Investment Property was recorded.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

| | | |
|---|---|---|
| Carrying value of land included in the carrying value of Investment Property | 56 637 592 | 100 783 659 |

**Reconciliation of Work-in-Progress 2024**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Buildings | 1 587 363 | 2 436 274 | (1 444 208) | 2 579 429 |

**Reconciliation of Work-in-Progress 2023**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Buildings | 901 850 | 3 633 408 | (2 947 895) | 1 587 363 |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 16. Intangible assets

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 2 964 105 | (1 871 140) | 1 092 965 | 2 554 802 | (1 713 254) | 841 548 |

**Reconciliation of intangible assets - 2024**

| | Opening balance | Additions | Disposals | Amortisation | Total |
|---|---|---|---|---|---|
| Computer software | 841 548 | 413 994 | (551) | (162 026) | 1 092 965 |

**Reconciliation of intangible assets - 2023**

| | Opening balance | Additions | Disposals | Amortisation | Total |
|---|---|---|---|---|---|
| Computer software | 1 095 123 | (140 334) | (252) | (112 989) | 841 548 |

**Reconciliation of Amortisation Charge for Intangible Assets**

The amortisation charge for the year i.r.o. the Water Treatment Plant is reallocated to water inventory consumed.

The amortisation charge for Intangible assets was recognised as follows:

| | | |
|---|---|---|
| Included in the amortisation expense | 82 473 | 84 432 |
| Included in water inventory consumed | 79 553 | 28 557 |
| Total amortisation charge for the year | 162 026 | 112 989 |

**Reconciliation of Work-in-Progress 2024**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Computer Software | 171 057 | 623 396 | (209 403) | 585 050 |

**Reconciliation of Work-in-Progress 2023**

| | Opening balance | Additions / capital expenditure | Finalised during the year | Total |
|---|---|---|---|---|
| Computer Software | 311 390 | 793 155 | (933 488) | 171 057 |

**Other information**

The amortisation expense is included in the line item "Depreciation and amortisation " (Note 40) in the Statement of Financial Performance.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**16. Intangible assets (continued)**

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets were pledged as security for liabilities.

Refer to Note 49 for detail regarding the correction of prior period errors.

**Expenditure incurred to repair and maintain intangible assets**

No repairs and maintenance were incurred during the current or previous year.



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# Notes to the Annual Financial Statements

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## 17. Heritage assets

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated impairment losses** | **Carrying value** | **Cost / Valuation** | **Accumulated impairment losses** | **Carrying value** |
| Historical monuments | 95 003 | - | 95 003 | 95 003 | - | 95 003 |
| Conservation areas | 730 200 | (2 000) | 728 200 | 730 200 | (2 000) | 728 200 |
| Historical buildings | 3 397 827 | - | 3 397 827 | 3 397 827 | - | 3 397 827 |
| Other | 2 569 | - | 2 569 | 2 569 | - | 2 569 |
| **Total** | **4 225 599** | **(2 000)** | **4 223 599** | **4 225 599** | **(2 000)** | **4 223 599** |

**Reconciliation of heritage assets 2024**

| | **Opening balance** | **Additions** | **Total** |
|---|---|---|---|
| Historical monuments | 95 003 | - | 95 003 |
| Conservation areas | 728 200 | - | 728 200 |
| Historical buildings | 3 397 827 | - | 3 397 827 |
| Other | 2 569 | - | 2 569 |
| | **4 223 599** | **-** | **4 223 599** |

**Reconciliation of heritage assets 2023**

| | **Opening balance** | **Additions** | **Total** |
|---|---|---|---|
| Historical monuments | 95 003 | - | 95 003 |
| Conservation areas | 728 200 | - | 728 200 |
| Historical buildings | 3 397 827 | - | 3 397 827 |
| Other | 2 569 | - | 2 569 |
| | **4 223 599** | **-** | **4 223 599** |

There is no restrictions on title and disposal of heritage assets and no heritage assets are pledged as securities.

The Heritage assets reporting group has no under construction assets for the past two years.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

Impairment information:

Sites 3478 and 3481 carries an impairment as a result of a market value decrease as per the valuation roll, with a valuation date of 1 July 2021.



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|---|---|---|

**17. Heritage assets (continued)**

**Heritage assets which fair values cannot be reliably measured due to impracticability as there is no active market for these assets:**

**Site 3791, Mossel Bay - Cave at the Point**

The Cape St. Blaize Cave at the point in Mosselbay, situated on site 3791, is classified as a heritage asset controlled by the Municipality. The Cape St. Blaize Cave yield artifacts dating back 80 000 years. The artifacts itself are housed at the Culture Museum which is not controlled or owned by the Municipality.

**Sites 2573 and 2938 Mossel Bay - Harry Giddey Park & Historical fresh water fountain**

The Harry Giddey Park situated on sites 2938 and 2573 is classified as a heritage asset of the Municipality. The park was erected in 1887 and originally named after Queen Victoria of England to commemorate her 50th year as Queen. The park was renamed later in 1939 as the Harry Giddey Park in honour of Mr Harry Giddey, a wealthy person of Mossel Bay, for all the efforts to upgrade the park.

**Site 3794, 3626 and 3419 Mossel Bay - War Memorial**

The War Memorial at the Point of Mossel Bay situated on sites 3794, 3626 and 3419, is classified as a heritage asset controlled and owned by the Municipality. The War memorial was designed by WJ Delbridge, it was built in 1924 to commemorate the townsfolk who lost their lives in the World War I, a panel was added with the names of those killed in World War II.

**Site 129/134 Great Brak River - Old Hydro Power station in Great Brak**

The hydro-electric power station on site 129/134 is classified as a heritage asset of the Municipality. The hydro-electric power station was built by the Searle Brothers in 1924, and generated 350kVA of power for their tannery and the village. It uses a bucket Pelton wheel operating under a 160m head, fed by a 25km long water channel.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**17. Heritage assets (continued)**

**Heritage assets used for more than one purpose**

The following heritage assets are used for more than one purpose:

| Asset no | Asset Description | Bookvalue | Alternative use description |
|---|---|---|---|
| 45382 | Cave at the Point | 100 | The Cape St.Blaize Cave itself can be classified as a heritage asset. Site 3419 is however classified as PPE due to the fact that a significant portion of the site is used as a parking area. |
| 48383 | War Memorial | 4 344 828 | The War Memorial itself can be classified as a heritage asset. Site 3749 is however classified as PPE due to the fact that a significant portion of the site is used as road and pavement reserves. |
| 510784, 508072, 508074, 508075, 508076, 508077 | Brick Building (Old Municipal offices), 6 & 7 Market street | 13 971 348 | Site 3070 host the 1st Municipal office, but is not registered in the name of the Municipality. Site 3069 is classified as Investment Property due to the fact that a significant portion of the site is leased out and the rest is used as parking area. Both the 1st & 2nd Municipal offices are declared national monuments. |
| 44866 | Harry Giddey Park & Historical freshwater fountain | 395 000 | Harry Giddey park itself can be classified as a heritage asset. Site 2938 is however classified as PPE due to the fact that a significant portion of the site is used as sport and recreational facilities. |
| 495106 | Great Brak river Museum | 525 000 | The building used as the Museum is classified as a heritage asset. Site 129/144 is however classified as PPE due to the fact that a significant portion of the site is used as a creche and parking area for both the Museum and the creche. |
| 47290, 507671 | Info Centrum (Old Power station building), Munro avenue, Santos beach | 8 212 451 | Site 2165 and the building is classified as PPE due to the fact that a significant portion of this property is used for administrative purposes (used as a parking area, administrative offices and as an Info centrum). |
| 495105 | Old Hydro-electric power station and pumpstation | 150 000 | The Old Hydro-electric power station itself can be classified as a Heritage asset. Site 129 portion 134 is however classified as PPE due to the fact that a significant portion of the site is used as a pumpstation and electrical infrastructure. |
| | | **27 598 727** | |



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|---|---|---|

**17. Heritage assets (continued)**

**Expenditure incurred to repair and maintain heritage assets**

No repairs and maintenance were incurred during the current or previous year.

**Land appointed in terms of legislation which entity controls without legal ownership or custodianship**

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.5.

| | | |
|---|---|---|
| Carrying value of land included in the carrying value of Heritage assets | 650 000 | 650 000 |



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|---|---|---|

## 18. Operating leases

**The Municipality as lessor**

Operating leases relate to Property owned by the Municipality with lease terms of between one to one hundred years. The lessee does not have an option to purchase the property at the expiry of the lease period.

| | | |
|---|---|---|
| **Non-cancelable Operating Lease assets recognised in the Statement of Financial Performance** | | |
| Balance at the beginning of year | 103 767 024 | 99 941 298 |
| Movement for the year | 3 807 603 | 3 825 726 |
| | **107 574 627** | **103 767 024** |

| | | |
|---|---|---|
| **The following receipts have been recognised as an income in the Statement of Financial Performance** | | |
| Rental income | 11 825 409 | 12 038 556 |

| | | |
|---|---|---|
| **At the reporting date the Municipality had lease receipts receivable under non-cancelable operating leases for Investment Property, which fall due as follows:** | | |
| Up to 1 year | 5 746 231 | 8 224 440 |
| 1 to 5 years | 15 016 008 | 14 514 523 |
| More than 5 years | 413 396 278 | 416 477 168 |
| | **434 158 517** | **439 216 131** |

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

Lease receipts receivable for the 22/23 financial year has been restated due to contracts included in current year register, which had an effect in previous year. The amount has been restated / increased with total future lease receipts of R79 506.

**The Municipality as lessee**

Operating leases relate to buildings with lease terms of between one to ten years, with an option to extend for a further period. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period. No restrictions are imposed by these lease arrangements.

| | | |
|---|---|---|
| **Non-cancelable Operating Lease liabilities recognised in the Statement of Financial Performance** | | |
| Balance at the beginning of the year | 661 023 | 802 824 |
| Movement for the year | (261 443) | (141 801) |
| | **399 580** | **661 023** |

| | | |
|---|---|---|
| **The following payments have been recognised as an expenditure in the Statement of Financial Performance** | | |
| Lease rentals on operating lease - Other | 3 850 710 | 3 642 225 |

| | | |
|---|---|---|
| **At the reporting date the Municipality had outstanding commitments under non-cancelable operating leases for buildings, which fall due as follows:** | | |
| Up to 1 year | 1 512 197 | 1 687 965 |
| 1 to 5 years | 315 045 | 1 827 242 |
| | **1 827 242** | **3 515 207** |



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|---|---|---|

**18. Operating leases (continued)**

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. Lease expenditure from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

**19. Investments**

| | | |
|---|---|---|
| Long-term Investments | 197 174 000 | 167 174 000 |

No investments were written off during the year.

The rate of return on the two Long-term Investments were 6.7% and 7% for the year ended 30 June 2024.

Investments are made in accordance with the Municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- Council's total investment portfolio be invested with banks according to the investment policy
- Not more than 50% of the total Short and Long term investments placed with one institution, measured at inception without accrued interest.

No investments were pledged as security.

**20. Other financial liabilities**

| | | |
|---|---|---|
| **At amortised cost** | | |
| Long term loans | 245 944 919 | 173 506 365 |

**Long term loans:**

Long term loans are repaid over periods varying from 5 to 15 years (2023: 5 to 15 years) and at interest rates varying from 9.923% to 11.54% (2023: 5.54% to 10.55%)

The main reason for movement between years is that new loans have been taken up in die current financial year to fund Alternative energy solutions and to increase capacity at Waste Water plants.

The loans are redeemed bi-annually.

Refer to Appendix A for more detail on other financial liabilities.

Split between Non-current and Current liabilities:

| | | |
|---|---|---|
| **Non-current liabilities** | | |
| At amortised cost | 217 012 926 | 153 605 926 |
| **Current liabilities** | | |
| At amortised cost | 28 931 993 | 19 900 439 |
| **Total Other financial liabilities** | **245 944 919** | **173 506 365** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 21. Employee benefit obligations

**The amounts recognised in the statement of financial position are as follows:**

| | | |
|---|---|---|
| **Non-current net liabilities** | | |
| Post-Retirement Medical Aid benefits liability | 130 447 743 | 130 181 432 |
| Post-Retirement Ex-gratia Gratuities | 425 631 | 832 495 |
| Post-Retirement Long-service awards | 18 329 477 | 16 858 131 |
| | **149 202 851** | **147 872 058** |
| **Current liabilities** | | |
| Post-Retirement Medical Aid benefits liability | 8 029 333 | 7 173 599 |
| Post-Retirement Ex-gratia Gratuities | 68 267 | 174 698 |
| Post-Retirement Long-service awards | 2 433 521 | 2 319 907 |
| Performance bonus accrual | 1 037 947 | 915 477 |
| Staff leave accrual | 24 188 369 | 23 818 173 |
| Employee bonus accrual | 10 188 145 | 8 354 514 |
| Employee overtime / Standby allowance accrual | 2 280 718 | 2 339 131 |
| | **48 226 300** | **45 095 499** |
| **Total liabilities** | | |
| Post-Retirement Medical Aid benefits liability | 138 477 076 | 137 355 031 |
| Post-Retirement Ex-gratia Gratuities | 493 898 | 1 007 193 |
| Post-Retirement Long-service awards | 20 762 998 | 19 178 038 |
| Performance bonus accrual | 1 037 947 | 915 477 |
| Staff leave accrual | 24 188 369 | 23 818 173 |
| Employee bonus accrual | 10 188 145 | 8 354 514 |
| Employee overtime / Standby allowance accrual | 2 280 718 | 2 339 131 |
| | **197 429 151** | **192 967 557** |

### 21.1 POST EMPLOYMENT HEALTH CARE BENEFITS

Medical Scheme arrangements:

The employer offers in-service members and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Post-employment Subsidy policy:

All new continuation pensioners (that are currently still in service) and their dependants will receive a 60% subsidy subject to the maximum (CAP) amount of R5 535.97 (per month per member) for the financial period from 1 July 2022 subject to the following minimum services conditions:

- If appointed after 01/07/2013, but before or on 01/09/2014, the in-service member must have at least 10 years' uninterrupted service.
- If appointed after 01/09/2014, but before or on 01/03/2017, the in-service member must have at least 15 years' uninterrupted service. In this scenario, if the in-service member was appointed after 01/05/2015 and meets the stipulated minimum service, then receipt of the post-employment medical aid subsidy may commence from age 65 only.
- In-service members appointed after 01/03/2017 do not qualify for a post-employment medical aid subsidy.

All existing continuation members and their eligible dependants receive a subsidy of 70% subject to the maximum (CAP) amount of R 5 535.97 (per month per member) for the financial period from 1 July 2024. However, there are two members who receive a subsidy of 100%.

It is assumed that the subsidy would increase by 75% of the long-term CPI.



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|---|---|---|

**21. Employee benefit obligations (continued)**

Upon a member's death-in-service, surviving dependants are allowed to commence receipt of the same post-employment subsidy. The minimum service and membership conditions mentioned above do not apply to death-in-service benefits. Upon a member's death-in-retirement, surviving dependants are allowed to continue to receive the same subsidy.

Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines and in particular the Advisory Practice Note 207, which meets the requirements of GRAP 25.4.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

| | | |
|---|---|---|
| In-service (employee) members | 329 | 360 |
| Continuation (retiree and widow) members | 150 | 144 |
| | **479** | **504** |

The unfunded net liability in respect of past service has been estimated as follows:

| | | |
|---|---|---|
| In-service (employee) members | 49 435 476 | 50 567 499 |
| Continuation (retiree and widow) members | 89 041 599 | 86 787 531 |
| | **138 477 075** | **137 355 030** |

| | | |
|---|---|---|
| **Summary of the in-service membership** | | |
| Number of principal members | 329 | 360 |
| Average age (years) | 46 | 46 |
| Average past service (years) | 16 | 15 |
| Average employer monthly contribution | 3 723 | 3 225 |
| Average number of dependants | 1 | 1 |
| **Summary of the continuation membership** | | |
| Number of principal members | 150 | 144 |
| Average age (years) | 68 | 68 |
| Average employer monthly contribution | 4 970 | 4 507 |
| Portion with a spouse dependant | 45 % | 44 % |

The municipality contributes monthly for health care arrangements, to the following medical aid schemes:

- Bonitas
- LA Health
- Hosmed
- Key Health
- Samwumed

Results of valuations:

| | | |
|---|---|---|
| **Accrued Liability** | | |
| In-service members | 49 435 476 | 50 567 499 |
| Continuation members | 89 041 599 | 86 787 531 |
| | **138 477 075** | **137 355 030** |



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|---|---|---|

**21. Employee benefit obligations (continued)**

| | | |
|---|---|---|
| **All members** | | |
| Total value of liabilities | 138 477 076 | 137 355 031 |
| Value of assets | - | - |
| **Net defined benefit liability** | **138 477 076** | **137 355 031** |
| | | |
| **Service cost and net interest on net defined liability** | | |
| Service cost (Active employees) | 4 088 924 | 3 197 009 |
| Net Interest on net defined benefit liability (All members) | 17 858 520 | 15 495 788 |
| | **21 947 444** | **18 692 797** |
| | | |
| **Actuarial gains and losses** | | |
| Actuarial (Gain) / Loss for the period | (12 878 668) | (1 382 730) |

The total net liability has increased by 0.82% (R 1.122 million) since the last valuation.

The main reasons for the movement in the liability:

- service cost increased the liability by R 4 088 924;
- interest cost over the valuation period results in an increase in the liability by R 17 858 520;
- benefit payments towards continuation pensioners currently being subsidised for medical contributions for the 2023/24 year amount to R 7 946 731;
- the net discount rate changed from 4.09% to 4.11% during the valuation period. This decreased the accrued liability;
- the movements in the number of participants resulted in a decrease in the accrued liability;
- 136 members included in last year's valuation were excluded in this year's valuation. The data received indicated that they were not entitled to benefits. This reduced the accrued liability by R 2 935 669;
- increases in the medical contributions increased the accrued liability by R 2 287 945; and
- the miscellaneous items in the data resulted in an increase in the liability by R 1 654 555. Factors that make up the miscellaneous items are changes to data from the prior year and variations from demographic assumptions (i.e. rates of withdrawal).

| **Past and future changes in the accrued liability** | **Year ending 30/06/2022** | **Year ending 30/06/2023** | **Year ending 30/06/2024** | **Year ending 30/06/2025** | **Year ending 30/06/2026** |
|---|---|---|---|---|---|
| Opening accrued liability | 134 432 000 | 127 405 516 | 137 355 032 | 138 477 076 | 149 643 806 |
| Service cost | 3 024 000 | 3 197 009 | 4 088 924 | 3 109 825 | 3 596 315 |
| Interest Expense | 13 030 000 | 15 495 788 | 17 858 520 | 16 086 238 | 16 707 282 |
| Payments to the plan | (7 221 612) | (7 360 552) | (7 946 731) | (8 029 333) | (7 083 830) |
| | 143 264 388 | 138 737 761 | 151 355 745 | 149 643 806 | 162 863 573 |
| Actuarial (gain) / loss from demographic assumptions | (15 858 872) | 15 168 225 | (14 615 301) | - | - |
| Actuarial (gain) / loss from financial assumptions | - | (16 550 954) | 1 736 632 | - | - |
| | **127 405 516** | **137 355 032** | **138 477 076** | **149 643 806** | **162 863 573** |

*Notes to the above table:

- The projections assume that the employer's health care arrangements and subsidy policy will remain as outlined, and that the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the employer towards prefunding its liability via an off-balance sheet vehicle.
- Contributions or benefits paid refer to medical scheme contributions made by the employer with respect to its subsidy of current continuation members.
- There are no Past Service Costs, Curtailments or Settlements to reflect.



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**21. Employee benefit obligations (continued)**

Key actuarial assumptions used:

In estimating the unfunded liability for post-employment health care benefits a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

Financial assumptions:

It is difficult to predict future investment returns and health care cost increase rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

| **Assumption** | **2024** | **2023** |
|---|---|---|
| Discount rate (D) | 11.96 % | 12.88 % |
| Consumer price inflation | 6.04 % | 6.94 % |
| Net-of-health-care-cost-inflation discount rate | 7.54 % | 8.44 % |
| Maximum subsidy inflation rate | 4.53 % | 5.21 % |
| Net-of-maximum-subsidy-inflation discount rate | 4.11 % | 4.09 % |

Methodology of setting the financial assumptions:

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 9.18 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 11.96% per annum, and the yield on the inflation-linked bonds of a similar term was about 5.11% per annum, implying an underlying expectation of inflation of 6.04% per annum ([1 + 11.96% - 0.05%] / [1 + 5.11%] - 1).
A healthcare cost inflation rate of 7.54% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.
However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.11% per annum ([1 + 11.96%] / [1 + 7.54%] - 1). This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

Demographic and Decrement Assumptions:

| **Assumption** | **2024** | **2023** |
|---|---|---|
| Normal retirement age | 65 | 65 |
| Average retirement age | 63 | 63 |
| Mortality during employment | SA 85-90 | SA 85-90 |
| Mortality post-employment | PA(90)-1 with a 1% mortality improvement p.a. from 2010 | PA(90)-1 with a 1% mortality improvement p.a. from 2010 |
| Proportion with a spouse dependant at retirement | 80% | 80% |
| Continuation of membership at retirement | 90% | 90% |
| Age difference between spouses - active | 5 years | |
| Age difference between spouses - active | actual ages | |

The normal retirement age of employees is 65 years. It has been assumed that in-service members will retire at age 63 on average, which then implicitly allows for expected rates of ill-health and early retirement. In-service members who have passed the assumed retirement age have been assumed to retire at their next birthday.

It has been assumed that 90% of in-service members will remain on the employer's health care arrangement should they stay until retirement.



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|---|---|---|

**21. Employee benefit obligations (continued)**

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, it has been assumed that 80% of eligible in-service members on a health care arrangement at retirement will have a spouse dependant on their medical aid. For current retiree members, actual medical aid dependants were used and the potential for remarriage was ignored.

It is recognised that a contingent liability may exist in respect of employees who have not joined a medical aid scheme, but would be entitled to this benefit should they join a medical aid in the future and satisfy the eligibility requirements. It was assumed that these employees will not join a medical aid scheme.

**Withdrawal rates over the current valuation period:**

| Age band | Withdrawal rate - males | Withdrawal rate - females |
|---|---|---|
| 20 - 24 | 9 % | 9 % |
| 25 - 29 | 8 % | 8 % |
| 30 - 34 | 6 % | 6 % |
| 35 - 39 | 5 % | 5 % |
| 40 - 44 | 5 % | 5 % |
| 45 - 49 | 4 % | 4 % |
| 50 - 54 | 3 % | 3 % |
| 55+ | 0 % | 0 % |

| Amounts recognised in the Statement of Financial Position are as follows: | 2024 | 2023 |
|---|---|---|
| Present value of fund obligations | 138 477 076 | 137 355 031 |
| Fair value of plan assets | - | - |
| Unfunded accrued liability | 138 477 076 | 137 355 031 |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains (losses) | - | - |
| Miscellaneous item | - | - |
| **Net defined benefit liability** | **138 477 076** | **137 355 031** |

| The amounts recognised in the Statement of Financial Performance are as follows: | | |
|---|---|---|
| Service cost | 4 088 924 | 3 197 009 |
| Net interest on net defined benefit liability | 17 858 520 | 15 495 788 |
| Actuarial (gains) / loss | (12 878 668) | (1 382 730) |
| **Total included in employee related cost - Refer to note 38** | **9 068 776** | **17 310 067** |

The service cost for the ensuing year is expected to be R 3 109 825. The interest cost for the ensuing year is expected to be R 16 086 238.

History of Liabilities, Assets and Experience Adjustments

**Present value of accrued liability and Fair value of plan assets**

| | Year ended 30/06/2020 | Year ended 30/06/2021 | Year ended 30/06/2022 | Year ended 30/06/2023 | Year ended 30/06/2024 |
|---|---|---|---|---|---|
| Present value of net defined benefit liability | 117 276 000 | 134 432 000 | 127 406 000 | 137 355 000 | 138 477 075 |
| Fair value of plan assets | - | - | - | - | - |
| **Surplus / (deficit)** | **(117 276 000)** | **(134 432 000)** | **(127 406 000)** | **(137 355 000)** | **(138 477 075)** |



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|---|---|---|

**21. Employee benefit obligations (continued)**
**Experience adjustments:**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

| | Year ended 30/06/2020 | Year ended 30/06/2021 | Year ended 30/06/2022 | Year ended 30/06/2023 | Year ended 30/06/2024 |
|---|---|---|---|---|---|
| Plan liabilities (gain) / loss | 2 045 000 | 1 197 000 | (13 351 424) | (1 382 730) | (12 878 669) |

Sensitivity analysis:

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

| | Decrease | 30 June 2024 Valuation basis | Increase |
|---|---|---|---|
| **Health care inflation rate:** | | | |
| Effect of a 1% change in the health care inflation rate on total liability | 123 673 123 | 138 477 075 | 156 140 013 |
| Effect of a 1% change in the health care inflation rate on service cost | 2 614 335 | 4 088 924 | 3 730 785 |
| Effect of a 1% change in the health care inflation rate on interest cost | 14 317 425 | 17 858 520 | 18 197 093 |
| **Discount rate:** | | | |
| Effect of a 1% change in the discount rate on total liability | 155 339 216 | 138 477 075 | 124 529 697 |
| Effect of a 1% change in the discount rate on service cost | 3 692 810 | 4 088 924 | 2 647 452 |
| Effect of a 1% change in the discount rate on interest cost | 16 590 273 | 17 858 520 | 15 622 812 |

As per the table above, a 1% increase in the healthcare inflation rate results in a 12.76% increase in the accrued liability whilst a 1% decrease in the healthcare inflation rate will result in a 10.69% decrease in the accrued liability.

As per the table above, a 1% increase in the long-term discount rate results in a 10.1% decrease in the accrued liability whilst a 1% decrease in the long-term discount rate will result in a 12.2% increase in the accrued liability.

Mortality

The table that follow shows the impact of a change in the mortality assumption from the base assumption of PA(90)-1. It shows the effect of a decrease in the post-employment mortality, average retirement age and continuation of membership at retirement, respectively.

| | Decrease | 30 June 2024 Valuation basis | Increase |
|---|---|---|---|
| **Post-employment mortality** | | | |
| Effect of a 1-year change in the post-employment mortality on the total liability | 134 639 635 | 138 477 075 | 142 290 235 |
| Effect of a 1-year decrease in the post-employment mortality on service cost | 3 034 842 | 4 088 924 | 3 183 858 |
| Effect of a 1-year decrease in the post-employment mortality on interest cost | 15 627 755 | 17 858 520 | 16 541 882 |
| **Average retirement age:** | | | |
| Effect of a 1-year decrease in the average retirement age on the total liability | 143 510 577 | 138 477 075 | - |



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|---|---|---|---|

**21. Employee benefit obligations (continued)**

| | | | |
|---|---|---|---|
| Effect of a 1-year decrease in the average retirement age on service cost | 3 337 285 | 4 088 924 | - |
| Effect of a 1-year decrease in the average retirement age on interest cost | 16 688 415 | 17 858 520 | - |
| **Continuation of membership:** | | | |
| Effect of a 10% decrease in the continuation of membership at retirement on the total liability | 132 984 245 | 138 477 075 | - |
| Effect of a 10% decrease in the continuation of membership at retirement on service cost | 3 516 659 | 4 088 924 | - |
| Effect of a 10% decrease in the continuation of membership at retirement on interest cost | 15 429 111 | 17 858 520 | - |

*The post-employment mortality adjustment assumed that to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary, i.e lighter mortality implying that the individual lives longer than expected in the valuation basis

Therefore, the above change in the mortality assumptions would result in a 2.75% increase and a 2.77% decrease in the accrued liability for PA((90)-2 and PA(90) respectively

The above change in the average retirement age would result in a 3.63% increase in accrued liability.

The above change in the membership continuation percentage would result in a 3.97% decrease in the accrued liability.

| **Maturity analysis** | **Accrued liability** | **Expected benefits** |
|---|---|---|
| 2024 | 138 477 075 | 8 029 333 |
| 2025 | 149 643 805 | 7 083 830 |
| 2026 | 162 863 572 | 8 265 081 |
| 2027 | 153 416 895 | 8 721 121 |
| 2028 | 153 982 441 | 8 923 752 |
| 2029 | 154 147 402 | 9 104 862 |
| 2034 | 147 863 651 | 10 892 026 |
| 2039 | 161 075 147 | 13 733 949 |
| 2044 | 169 846 240 | 16 159 595 |

Risk analysis:

Price inflation:.

Benefits increases are usually set to cover the increasing cost of living. Should the rate of inflation (as measured by the Consumer Price Index) increase at a faster rate than expected, the municipality might be compelled to increase the level of benefits to offset the impact of rising prices. This would increase the cost of providing such a benefit beyond levels expected when valuing the defined benefit obligation

Longevity risk:

This is the risk of beneficiaries and their spouses living longer than expected in the valuation basis. The valuation basis has used the PA (90)-1 tables for post-retirement base mortality. In keeping with industry standard, we have assumed that mortality would improve by 1% per annum from 2010. Should the actual mortality experience of the beneficiaries improve at a faster rate, benefits would be paid for longer.



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|---|---|---|

**21. Employee benefit obligations (continued)**

Operational risk:

The credibility and reliability of post-employment healthcare valuation results are determined by the completeness and accuracy of the employee data provided by Mossel Bay. Any errors or omissions in the data could lead to inaccurate valuation results and potential financial implications. For example, if the medical option is recorded incorrectly, it could have a significant impact on how the post-employment healthcare liability is determined. If an employee's medical option is lower than it should be, the municipality's liability for that employee's benefit would be understated, this would give a misleading impression that the municipality's liability is lower. In Contrast, the municipality's liability would be inflated if an employee's medical option was recorded higher than it should be as the employee would be credited with a higher benefit.

Similarly, if an employee's employment status changes, such as from full-time to part-time or vice versa, the impact on the post-medical health care liability can be significant. The valuation assumptions and calculations must be adjusted to reflect the correct employment status. To reduce these operational risks, Mossel Bay should implement robust data management and validation processes to ensure that the employee data used in the actuarial valuation is accurate and up to date. Regular data audits and reconciliations will help the Municipality in identifying and addressing any discrepancies or inconsistencies in the data.



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**21. Employee benefit obligations (continued)**

**21.2 EX-GRATIA GRATUITIES**

The employer's ex-gratia pensions liability consists of a commitment to pay pensions to eligible employees upon meeting the condition admissible for an ex-gratia pension. This liability is also generated in respect of spouse dependants who are offered continued ex-gratia pensions on the death of the primary ex-gratia pensioner.

Mossel Bay is committed to pay ex-gratia pensions as follows:
- The ex-gratia pensions are paid by the Municipality from its revenue and are therefore not funded or paid from any of the Municipality's pension funds. The revenue pensions are also referred to as "ex-gratia" pensions. Ex-gratia pensioners receive a monthly ex-gratia pension, increased annually and payable for life.
- There is a 60% contingent pension payable to a spouse upon the ex-gratia pensioner's death.
- Pension amounts are fixed.

Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and meets the requirements of GRAP 25.

| **Statistics on eligible retirees:** | **2024** | **2023** |
|---|---|---|
| Number of pensioners | 2 | 5 |
| Employer's average monthly pension payment | 2 869 | 2 957 |
| Pension-weighted average age (years) | 80 | 85 |
| Portion married | 50 % | 40 % |

Results of Valuation:

| | | |
|---|---|---|
| **Accrued liability** | | |
| Total value of liabilities | 493 898 | 1 007 193 |
| Value of assets | - | - |
| **Unfunded accrued liability** | **493 898** | **1 007 193** |

The total liability decreased by 50.96% over the accounting period.

| | | |
|---|---|---|
| **Interest Costs and Current-Service Costs** | | |
| Total interest cost | 91 077 | 84 000 |
| Current-Service Costs | - | - |
| | **91 077** | **84 000** |

The net interest cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment.

The net interest for the next financial year are expected to be R 44 970.

The current-service cost is nil as there are no current employees entitled to an ex-gratia pension benefit.

| | | |
|---|---|---|
| **Actuarial gains and losses** | | |
| Actuarial (gain) / loss for the period | (497 819) | 56 086 |

The main reasons for the movement in the liability:

The average liability has decreased by 51% (or R 513 295) since the last valuation due to:
- a decrease in the net discount rate from 9.90% to 9.78%;
- movement in members over the accounting period resulted in decrease in accrued liability; and
- variations in demographic assumptions (e.g. withdrawal rates)



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|---|---|---|

**21. Employee benefit obligations (continued)**

**Past and future changes in the accrued liability**

| Liability History | Year ending 30/06/2022 | Year ending 30/06/2023 | Year ending 30/06/2024 | Year ending 30/06/2025 | Year ending 30/06/2026 |
|---|---|---|---|---|---|
| Opening accrued liability | 1 169 900 | 1 044 545 | 1 007 193 | 493 898 | 470 601 |
| Service cost | | | | | |
| Interest expense | 84 000 | 84 000 | 91 077 | 44 970 | 42 753 |
| Payments to the plan | (177 438) | (177 438) | (106 553) | (68 267) | (67 001) |
| Actuarial (gain) / loss from demographic | (31 917) | 56 086 | (500 992) | - | - |
| Actuarial (gain) / loss from financial assumptions | - | - | 3 173 | - | - |
| **Surplus / (Deficit)** | **1 044 545** | **1 007 193** | **493 898** | **470 601** | **446 353** |

Notes to the above table:
- There are no assets set aside for Ex-Gratia pensions that qualify as plan assets in terms of the requirements of GRAP 25. Thus the fair value of plan assets is Rnil.
- There are no Past Service Costs, Curtailments or Settlements to reflect.

Key actuarial assumptions used:

In estimating the unfunded liability for the ex-gratia liability, a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

Financial assumptions:

It is difficult to predict future investment returns and pension increase rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

| **Net discount rate** | **2024** | **2023** |
|---|---|---|
| Discount rate (D) | 9.78 % | 9.90 % |
| Net discount rate ((1+D)/(1+H)-1) | 9.78 % | 9.90 % |

The methodology of setting the financial assumptions:

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration-specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 4.43 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 9.78% per annum.



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|---|---|---|

**21. Employee benefit obligations (continued)**

Demographic Assumptions:

We have assumed continuation of the ex-gratia pension would be at 60% of the principal ex-gratia pension.

| | |
|---|---|
| Age difference between spouses | Males 5 years older than females |
| Proportion married | Actual marital status |
| Mortality in retirement | PA (90) - 1 in addition to a mortality improvement of 1% per year since 2010 |

| **The amounts recognised in the Statement of Financial Position are as follows:** | | |
|---|---|---|
| Present value of fund obligations | 493 898 | 1 007 193 |
| Fair value of plan assets | - | - |
| | 493 898 | 1 007 193 |
| Unrecognised transitional liability | - | - |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains / (losses) | - | - |
| Miscellaneous items | - | - |
| **Net defined benefit liability** | **493 898** | **1 007 193** |

| **The amounts recognised in the Statement of Financial Performance are as follows:** | | |
|---|---|---|
| Service cost | - | - |
| Net interest on net defined benefit liability | 91 077 | 84 000 |
| Actuarial (gains) / losses | (497 819) | 56 086 |
| **Total included in employee related cost - Refer to note 38** | **(406 742)** | **140 086** |

The service cost for the ensuing year is expected to be Rnil. The net interest cost for the ensuing year is expected to be R 44 970.

**History of Liabilities, Assets and Experience Adjustments:**

**Present value of accrued liability and Fair value of plan assets**

| | Year ending 30/06/2020 | Year ending 30/06/2021 | Year ending 30/06/2022 | Year ending 30/06/2023 | Year ending 30/06/2024 |
|---|---|---|---|---|---|
| Present value of net defined benefit liability | 1 385 947 | 1 169 900 | 1 044 545 | 1 007 193 | 493 898 |
| Fair value of plan assets | - | - | - | - | - |
| **Surplus / (deficit)** | **(1 385 947)** | **(1 169 900)** | **(1 044 545)** | **(1 007 193)** | **(493 898)** |

Experience adjustments**:**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

| | Year ending 30/06/2020 | Year ending 30/06/2021 | Year ending 30/06/2022 | Year ending 30/06/2023 | Year ending 30/06/2024 |
|---|---|---|---|---|---|
| Plan liabilities (gain) / loss | 18 415 | (109 632) | (31 917) | 56 086 | (497 819) |
| Plan assets | - | - | - | - | - |



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|---|---|---|

**21. Employee benefit obligations (continued)**

Sensitivity analysis:

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

| **Discount Rate** | **1% decrease** | **30 June 2024 Valuation basis** | **1% increase** |
|---|---|---|---|
| Effect of a 1% change in the discount rate on the total liability | 521 820 | 493 898 | 468 642 |
| Effect of a 1% change in the discount rate on the interest cost | 42 824 | 91 077 | 46 845 |

As per the table above, a 1% increase in the net discount rate resulted in a 5.11% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 5.65% increase in the accrued liability.

Mortality:

The table that follow shows the impact of a change in the mortality assumption:

| | **PA(90)-1** | **30 June 2024 Valuation basis** |
|---|---|---|
| Effect of a 2-year change in the post-retirement mortality on the total liability | 506 195 | 493 898 |
| Effect of a 2-year decrease in the post-retirement mortality on the interest cost | 46 170 | 91 077 |

PA(90)-1 (PA(90) with a one-year age adjustment) means that to each beneficiary we assign a mortality rate of an individual two years younger than that beneficiary, i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis.

The mortality sensitivity also includes a mortality improvement of 1% per year since 2010.

The above table highlights the effects of a two-year adjustment to the mortality assumption as at 30 June 2024. The adjustment would result in a 2.5% increase in the accrued liability.

**Maturity Analysis**

| **Valuation date** | **Accrued liability** | **Expected benefit payments** |
|---|---|---|
| 30/06/2024 | 493 898 | 68 267 |
| 30/06/2025 | 470 601 | 67 001 |
| 30/06/2026 | 446 354 | 67 716 |
| 30/06/2027 | 406 546 | 67 462 |
| 30/06/2028 | 378 238 | 67 315 |
| 30/06/2029 | 364 009 | 66 979 |
| 30/06/2030 | 335 615 | 66 787 |
| 30/06/2031 | 321 536 | 66 578 |
| 30/06/2032 | 307 954 | 66 350 |



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|---|---|---|

**21. Employee benefit obligations (continued)**

Risk Analysis:
Longevity risk:

This is the risk of beneficiaries and their spouses living longer than expected in the valuation basis. The valuation basis has used the PA(90)-1 tables for post-retirement base mortality. In keeping with industry standards, we have assumed that mortality would improve by 1% per annum from 2010. Should the actual mortality experience of the beneficiaries improve at a faster rate, benefits would be paid for longer. Also, given that there are only 2 members, the random error of our valuation basis is increased. This increases the likelihood of actual experience departing significantly from expected experience.

Price inflation risk:

Benefits increases are usually set to cover the increasing cost of living. Should the rate of inflation (as measured by the Consumer Price Index) increase at a faster rate than expected, the municipality might be compelled to increase the level of benefits to offset the impact of rising prices. This would increase the cost of providing such a benefit beyond the levels expected when valuing the defined benefit obligation.

Operational risk:

The credibility and reliability of Ex-Gratia Pension valuation results are determined by the completeness and accuracy of the employee data provided by Mossel Bay. Any errors or omissions in the data could lead to inaccurate valuation results and potential financial implications. For example, if a member's pension were recorded wrongly, our estimate of the member's defined benefit obligation would be incorrect. Until this is corrected, we will have an unstable actuarial gain/loss from one valuation to the other.

**21.3 LONG SERVICE AWARDS**

The long service bonus awards are accumulated leave days allocated for years of service by the employee to the Municipality. The long service bonus awards are allocated in the form of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result, the award is also a function of the employee's annual salary. The annual salary is converted into a daily salary by dividing the annual salary by 249.

Nature of the liability:

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year the employee attains the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy.

Mossel Bay Municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. In addition, a 14th Cheque is awarded from 30 years of service onwards to 45 years.

Valuation method:

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirement of GRAP 25.

Funding:

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability that qualify as plan assets in terms of the requirements of GRAP 25. As such a nil value has been ascribed to the fair value of plan assets.

**Statistics on eligible employees**

| | | |
|---|---|---|
| Number of eligible employees | 1 035 | 1 003 |
| Average annual earnings (Rand) | 249 114 | 238 910 |
| Earnings-weighted average age (years) | 42.7 | 42.9 |
| Earnings-weighted average past service (years) | 10.4 | 10.6 |

*The average annual salary includes a 4.9% expected salary increase as at 1 July 2024.



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|---|---|---|

**21. Employee benefit obligations (continued)**

Results of valuation:

| | | |
|---|---|---|
| **Accrued liability** | | |
| Total value of liabilities | 20 762 998 | 19 178 038 |
| Value of assets | - | - |
| **Net defined benefit liability** | **20 762 998** | **19 178 038** |
| Average liability per employee | 20 061 | 19 121 |

The total liability increased by 8.3% over the accounting period.

The main reasons for the movement in liability:

- Mossel Bay employees accrued an extra year of service and as a result, the liability increased by R 1 528 259;
- Interest cost over the valuation period results in an increase in the liability by R 2 320 075;
- Some employees attained milestones during the valuation period and this resulted in a bonus payment of R 2 354 959, which reduced the accrued liability with the same margin;
- The net discount rate changed from 4.18% to 4.33% during the valuation period. This has decreased the accrued liability;
- Movements in the staff employed by Mossel Bay during the valuation period. This has increased the accrued liability;
- The salary increase expectation of 4.9% as at 1 July 2024 decreased the accrued liability further; and
- The miscellaneous items in the data resulted in a decrease in the liability by R 577 004. Factors that make up the miscellaneous items are changes to membership composition, data changes from previous valuation and variations from demographic assumptions (i.e. rates of withdrawal).

| **Past and Future Changes in the Accrued Liability:** | **Year ending 30/06/2021** | **Year ending 30/06/2022** | **Year ending 30/06/2023** | **Year ending 30/06/2024** | **Year ending 30/06/2025** |
|---|---|---|---|---|---|
| Opening Accrued Liability | 18 129 000 | 18 749 000 | 21 066 809 | 19 178 038 | 20 762 999 |
| Service cost | 1 570 000 | 1 652 000 | 1 671 745 | 1 528 259 | 1 662 807 |
| Interest expense | 1 308 000 | 1 713 000 | 2 149 954 | 2 320 075 | 2 058 219 |
| Payments to the plan | (1 605 792) | (1 873 068) | (2 944 387) | (2 354 959) | (2 433 521) |
| Actuarial (gain) / loss from demographic assumptions | (652 208) | 825 877 | 821 577 | (302 894) | - |
| Actuarial (gain) / loss from financial assumptions | - | - | (3 587 660) | 394 480 | - |
| | **18 749 000** | **21 066 809** | **19 178 038** | **20 762 999** | **22 050 504** |

*Notes to the above table:

- These projections assume that the long service awards arrangements remain as outlined, and that all the actuarial assumptions made are borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses are recognised immediately in the income statement by Mossel Bay.
- There are no Past Service Costs, Curtailments or settlements to reflect.

Key actuarial assumptions used:

In estimating the unfunded liability for long service awards a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased and mutually compatible.

Financial Variables:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.



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|---|---|---|

**21. Employee benefit obligations (continued)**

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

| **Net discount rate** | **2024** | **2023** |
|---|---|---|
| Discount rate | 10.53 % | 10.99 % |
| Salary increase | 5.94 % | 6.53 % |
| CPI | 4.94 % | 5.53 % |
| Net discount rate | 4.33 % | 4.18 % |

The methodology of setting the financial assumptions:

The methodology of setting financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2023 the duration of liabilities was 6.03 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 10.53% per annum, and the yield on inflation-linked bonds of a similar term was about 4.85% per annum. This implies an underlying expectation of inflation of 4.94% per annum ([1 + 10.53%-0.5%] / [1 + 4.85%] - 1).
We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 5.94% per annum. However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 4.33% per annum ([1 + 10.53%] / [1 + 5.94%] - 1).

Demographic and Mortality assumptions:

| | **2024** | **2023** |
|---|---|---|
| Normal retirement age (years) | 65 | 65 |
| Average retirement age* | 63 | 63 |
| Pre-retirement mortality | SA85-90 | SA85-90 |

*The average retirement age for all active employees was assumed to be 63 years to implicitly allow for ill-health and early retirements.

| **Withdrawal table:** | **Males** | **Females** |
|---|---|---|
| 20 | 9% | 9% |
| 25 | 8% | 8% |
| 30 | 6% | 6% |
| 35 | 5% | 5% |
| 40 | 5% | 5% |
| 45 | 4% | 4% |
| 50 | 3% | 3% |
| 55+ | 0% | 0% |



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**21. Employee benefit obligations (continued)**

| **The amounts recognised in the Statement of Financial Position are as follows:** | | |
|---|---|---|
| Present value of fund obligations | 20 762 998 | 19 178 038 |
| Fair value of plan assets | - | - |
| | 20 762 998 | 19 178 038 |
| Unrecognised transitional liability | - | - |
| Unrecognised past service cost | - | - |
| Unrecognised actuarial gains / (losses) | - | - |
| Miscellaneous items | - | - |
| **Net defined benefit liability** | **20 762 998** | **19 178 038** |

| **The amounts recognised in the Statement of Financial Performance are as follows:** | | |
|---|---|---|
| Service cost | 1 528 259 | 1 671 745 |
| Net interest on net defined benefit liability | 2 320 075 | 2 149 954 |
| Actuarial losses / (gains) | 91 585 | (2 766 083) |
| **Total included in employee related cost - Refer to note 38** | **3 939 919** | **1 055 616** |

The current service cost for the ensuing year is expected to be R 1 662 807. The interest cost for the ensuing year is expected to be R 2 058 219.

**HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS:**

**Present value of accrued liability and Fair value of plan assets**

| | **Year ending 30/06/2020** | **Year ending 30/06/2021** | **Year ending 30/06/2022** | **Year ending 30/06/2023** | **Year ending 30/06/2024** |
|---|---|---|---|---|---|
| Present value of accrued liability | 18 129 000 | 18 749 000 | 21 066 809 | 19 178 038 | 20 762 998 |
| Fair value of plan assets | - | - | - | - | - |
| **Surplus / (deficit)** | **(18 129 000)** | **(18 749 000)** | **(21 066 809)** | **(19 178 038)** | **(20 762 998)** |

Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

| | **Year ending 30/06/2020** | **Year ending 30/06/2021** | **Year ending 30/06/2022** | **Year ending 30/06/2023** | **Year ending 30/06/2024** |
|---|---|---|---|---|---|
| Plan liabilities (gain) / loss | 991 581 | (235 208) | 825 877 | (2 766 083) | 91 585 |
| Plan assets gain / (loss) | - | - | - | - | - |

Sensitivity Analysis:

The liability derived by this valuation is dependent on the assumptions set out, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by Mossel Bay Municipality in accordance with a consistently applied amortisation process.



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**21. Employee benefit obligations (continued)**

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

| | 1% decrease | 30 June 2024 Valuation basis | 1% increase |
|---|---|---|---|
| **General inflation rate:** | | | |
| Effect of a 1% change in the salary increase on total liability | 19 438 774 | 20 762 998 | 22 179 990 |
| Effect of a 1% change in the salary increase on the service cost | 1 533 492 | 1 528 259 | 1 804 881 |
| Effect of a 1% change in the salary increase on the interest cost | 1 918 778 | 2 320 075 | 2 207 428 |
| **Discount rate:** | | | |
| Effect of a 1% change in the net discount rate on the total liability | 22 130 270 | 20 762 998 | 19 500 795 |
| Effect of a 1% change in the net discount rate on service cost | 1 799 874 | 1 528 259 | 1 539 524 |
| Effect of a 1% change in the net discount rate on interest cost | 2 202 193 | 2 320 075 | 1 925 309 |

As per the table above, a 1% increase in the salary increase rate results in a 6.82% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 6.38% decrease in the accrued liability.

Inversely, a 1% increase in the discount rate results in a 6.08% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 6.59% increase in the accrued liability.

Mortality

The table that follow shows the impact of a change in the mortality assumption:

| | decrease | 30 June 2024 Valuation basis | Increase |
|---|---|---|---|
| **Average retirement age:** | | | |
| Effect of a 2-year change in the average retirement age on total liability | 17 755 580 | 20 762 998 | 23 487 525 |
| Effect of a 2-year change in the average retirement age on service cost | 1 482 221 | 1 528 259 | 1 833 140 |
| Effect of a 2-year change in the average retirement age on interest cost | 1 759 097 | 2 320 075 | 2 339 571 |
| **Withdrawal rate:** | | | |
| Effect of a two-fold increase, 50% decrease in the withdrawal rate and 200% withdrawal rate on total liability | 17 920 887 | 20 762 998 | 23 398 836 |
| Effect of a two-fold increase, 50% decrease in the withdrawal rate and 200% withdrawal rate on current service cost | 1 322 030 | 1 528 259 | 1 980 357 |
| Effect of a two-fold increase, 50% decrease in the withdrawal rate and 200% withdrawal rate on interest cost | 1 760 244 | 2 320 075 | 2 335 123 |

The above table highlights the effects of a 2-year decrease and increases in the average retirement age assumptions as at 30 June 2024. The adjustment would result in a 14.48% decrease and a 13.12% increase in the accrued liability respectively.

The above table highlights the effects of a 200% and 50% multiple of the withdrawal rates as at 30 June 2024. The adjustment would result in a 13.69% decrease and a 12.7% increase in accrued liability, respectively.



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**21. Employee benefit obligations (continued)**

| Maturity analysis<br><br>Valuation date | Accrued liability | Expected benefit payments |
|---|---|---|
| 30/06/2024 | 20 762 998 | 2 433 521 |
| 30/06/2025 | 22 050 503 | 2 097 735 |
| 30/06/2026 | 25 445 487 | 2 352 434 |
| 30/06/2027 | 28 364 741 | 4 141 947 |
| 30/06/2028 | 29 738 933 | 3 552 558 |
| 30/06/2029 | 32 053 395 | 4 100 884 |
| 30/06/2030 | 34 145 128 | 3 109 531 |
| 30/06/2031 | 37 778 660 | 4 496 705 |
| 30/06/2032 | 40 424 315 | 5 603 535 |
| 30/06/2033 | 42 185 958 | 5 200 385 |

Risk analysis:

Longevity risk:

The long service bonus awards offered by Mossel Bay are provided for completed years of service. As employees live longer and work for longer periods, the municipality's liability for these awards increases, posing a longevity risk. This implies that the municipality may be required to pay out more in long service bonus awards than initially anticipated, as employees continue to work and accrue additional years of service. The municipality should closely monitor changes in the life expectancy and retirement patterns of its employees and adjust the actuarial assumptions accordingly to ensure that the long service bonus awards liability is accurately reflected in the financial statements.

Regulatory / Legislative risk:

The long service awards of Mossel Bay valued in this report are subject to legislative and regulatory risks, as changes in the relevant accounting standards, labour laws, or municipal regulations can affect the valuation methodology and the municipality's obligations. For example, if the eligibility criteria, vesting conditions, or the calculation of the bonus amounts were to be modified, the municipality would need to revise its valuation methodology to comply with the new requirements. Currently, only permanent employees are entitled to the long service awards benefits and if the regulations are to change such that contract employees are entitled to the benefits, this will lead to an increase in the accrued liability for Mossel Bay. Thus, any changes in the account standards, labour laws and municipality regulations will lead to changes in the projected benefit obligations and the associated accounting treatment.

Operational risk:

The accuracy of the long service awards valuation results is dependent on the completeness and accuracy of the employee data provided by Mossel Bay. Any errors or omissions in the data could lead to inaccurate valuation results and potential financial implications. For example, if the date of employment for an employee is recorded incorrectly, it could significantly impact the calculation of the long service bonus awards liability. If an employee's date of employment is shown as two years earlier than it should be, the municipality's liability for that employee's long service bonus awards would be overstated, as the employee would be credited with two additional years of service. Conversely, if an employee's date of employment is recorded as later than it should be, the municipality's liability would be understated, as the employee would be credited with fewer years of service.

Similarly, if an employee's employment status changes, such as from full-time to part-time or vice versa, the impact on the long service bonus awards liability can be significant. The valuation assumptions and calculations must be adjusted to reflect the correct employment status and service history of each employee. To reduce these operational risks, Mossel Bay should implement robust data management and validation processes to ensure that the employee data used in the actuarial valuation is accurate and up to date. Regular data audits and reconciliations will help the Municipality in identifying and addressing any discrepancies or inconsistencies in the data.



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**21. Employee benefit obligations (continued)**

Economic risk:

The valuation of the long service bonus awards liability is sensitive to the discount rate used, which is influenced by the broader economic conditions and market interest rates. In this report, the discount which was used for calculation purpose was determined using the Bond Exchange Zero Coupon Yield Curve. The yield curve is a widely used benchmark for determining the appropriate discount rate in South Africa as it represents the yield curve for zero-coupon government bonds, which are considered low-risk investments and are often used as a proxy for the risk-free rate. The shape and level of the yield curve reflect the prevailing market conditions and investor expectations about future economic and interest rate developments. The performance of the bonds has an impact on the present value of the long service bonus awards accrued liability of Mossel Bay. If the South African economy performs well, the yield increases and this increases the discount rate used to value to long service awards, thus decreasing the net present value of the benefits. However, if the performance of the zero bonds decreasing during these financial years, ceteris paribas, the discount rate which will be used to value to accrued liabilities will be low, thus resulting in a higher net present value for the accrued liabilities greater than the one which was forecasted in this report.

**21.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS**

The personnel of Mossel Bay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**21.4.1 Consolidated Retirement Fund (previously Cape Joint Retirement Fund)**

The most recent valuation for the Consolidated Retirement Fund was performed for the year ended 30 June 2023. As at the valuation date, the total value of net assets of the Fund was R42.710 billion (2022: R36.503 billion).

An effective investment return of 15% (2022: 5.9%) per annum was awarded for the Growth Portfolio.

A pension increase of 8% (2022: 6%) was granted to pensioners effective 01 March 2023. A special pensioner bonus of 200% of annual pension was granted in December 2022. Another special bonus of 300% of monthly pension was granted in June 2023.

The funding level for the Member Share Account, Preservation Pension Account and Living Annuity Account were 100% as at valuation date. The Processing Reserve Account represents -R40.9 million or -0.1% of the sum of the Members' Shares and Living Annuitants accounts. The funding level of the Fund overall was at 100.2% as of the valuation date.

**21.4.2 SALA Pension Fund**

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. It is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The most recent valuation statement available for SALA Pension Fund was the monthly report as at 30 September 2023.

The total market value of the investments held by the Fund on the valuation date was R 12.077 billion.



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**21. Employee benefit obligations (continued)**

**21.4.3 Municipal Councillors' Pension Fund**

The Municipal Councilors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1 798.03 million (30 June 2017 : R1 480.55 million), with funding levels of 100% (30 June 2017: 100%).

The contribution rate paid by the members (elected 7.5 % or 13.75 %) and council (either 7.5 % or 15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

Due to concerns on the governance and financial stability of the Fund, the Financial Sector Conduct Authority appointed a Section 26 Board of Trustees on 15 February 2017. The purpose of the Section 26 Trustees was to bring about stability within the Fund. Following a court order, Curators were then appointed to take control and management of the Fund in terms of Section 5 (1) of the Financial Institutions (Protection of Funds Act, 2001) effective 19 December 2017.

**21.4.4 Municipal Workers Retirement Fund (previously South African Municipal Workers Union National Provident Fund)**

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%.

The most recent valuation for the Municipal Workers Retirement Fund was performed for the year ended 30 June 2023. As at the valuation date, the total value of net assets of the Fund were R27.543 billion (2022: R23.161 billion).

The Fund was in a sound financial position at the valuation date. The actuarial valuation as at 30 June 2023 confirmed that the fund was financially sound at a funding level of 100%.



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**21. Employee benefit obligations (continued)**

**21.5 OTHER CURRENT EMPLOYEE BENEFIT OBLIGATIONS:**

**21.5.1 PERFORMANCE BONUS ACCRUAL**

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

The movement on the performance bonus accrual consist of the following:

| | | |
|---|---|---|
| Balance at the beginning of the year | 915 477 | 868 430 |
| Contributions to provision | 982 631 | 958 990 |
| Expenditure incurred | (860 161) | (911 943) |
| | **1 037 947** | **915 477** |

**21.5.2 STAFF LEAVE ACCRUAL**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

The movement on the staff leave accrual consist of the following:

| | | |
|---|---|---|
| Balance at the beginning of the year | 23 818 173 | 23 068 357 |
| Contributions to provision | 2 321 143 | 1 604 388 |
| Expenditure incurred | (1 950 947) | (854 572) |
| | **24 188 369** | **23 818 173** |

**21.5.3 EMPLOYEE BONUS ACCRUAL**

Annual bonuses accrue to employees on an annual basis, based on the employee contract. These accruals are an estimate of the amount due to staff as at the financial year end.

The movement on the employee bonus accrual consist of the following:

| | | |
|---|---|---|
| Balance at the beginning of the year | 8 354 515 | 8 457 333 |
| Contributions to provision | 21 651 469 | 18 101 480 |
| Expenditure incurred | (19 817 839) | (18 204 299) |
| | **10 188 145** | **8 354 514** |

**21.5.4 EMPLOYEE OVERTIME / STANDBY ALLOWANCES**

An accrual is done for the overtime / standby allowances that accrued to employees with regards to the financial year.

The movement on the employee overtime / standby allowance accrual consist of the following:

| | | |
|---|---|---|
| Balance at the beginning of the year | 2 339 131 | 1 945 104 |
| Employee overtime / Standby allowance accrual | 2 280 718 | 2 339 131 |
| Expenditure incurred | (2 339 131) | (1 945 104) |
| | **2 280 718** | **2 339 131** |



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## 22. Provisions

### Reconciliation of provisions - 2024

| | Opening Balance | Additions | Utilised during the year | Total |
|---|---|---|---|---|
| Rehabilitation of Landfill sites | 150 321 516 | (11 826 557) | (1 174 677) | 137 320 282 |
| Other provisions | 5 100 914 | 1 355 477 | - | 6 456 391 |
| | **155 422 430** | **(10 471 080)** | **(1 174 677)** | **143 776 673** |

The negative amount under Additions for the year is due to the decreased restoration costs of landfill sites which were recognised in the current year with the provision for rehabilitation of landfill sites. The discount rate used to calculate the provision has increased dramatically, hence the decreased restoration costs

### Reconciliation of provisions - 2023

| | Opening Balance | Additions | Utilised during the year | Total |
|---|---|---|---|---|
| Rehabilitation of Landfill sites | 146 479 773 | 6 647 761 | (2 806 018) | 150 321 516 |
| Other provisions | 3 790 957 | 1 309 957 | - | 5 100 914 |
| | **150 270 730** | | | |

| **Detail movement of additions as per reconciliation:** | **2024** | **2023** |
|---|---|---|
| Cost Increase / (Decrease) as per estimated cost on reporting date | 9 984 570 | 9 667 406 |
| Unwinding of interest | 7 783 615 | 288 247 |
| Chage in Discount Rate | (29 594 742) | (3 307 892) |
| | **(11 826 557)** | **6 647 761** |

Split between Non-current and current liabilities:

| | | |
|---|---|---|
| Non-current liabilities | 136 714 882 | 149 148 313 |
| Current liabilities | 7 061 791 | 6 274 116 |
| | **143 776 673** | **155 422 429** |

### Rehabilitation of Landfill sites

Provision is made in terms of the Municipality's licensing stipulations for the rehabilitation of landfill sites. It includes the closure activities of Great Brak; Herbertsdale and Louis Fourie landfill sites, but exclude post closure monitoring cost when the conditions thereof cannot be reliably estimated. As soon as these costs can be reliably determined, it will be included in the provision calculation. The provision has been determined by consulting engineers. The payment dates for the total closure and rehabilitation are uncertain, but are expected to all be finalised by November 2029.

The key assumptions used in the valuation are as follows:

| **Rates used** | **2024** | **2023** |
|---|---|---|
| Discount rate | 8.63 % | 6.60 % |
| Inflation rate | 5.02 % | 5.17 % |

The average interest rate earned on Investments were used as a result of the fact that the provision is made good by funds set aside for this purpose.

The inflation rate used is the average of the past 10 years as published on the StatsSA website.



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**22. Provisions (continued)**

**Other provision**

The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Mossel Bay Municipality is not assigned a Library function, and is also not acting formally in terms of an SLA as agent of the province, but it is also expected to contribute financially to provision of library services.

The Municipality is therefore unclear on the VAT treatment on all contributions received from SARS and has requested a SARS ruling in this regard. Until such time that clarity is obtained it will be disclosed as a Provision and the interest and penalties if payable, will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest and penalties as per the latest rates of SARS.

Refer to Note 49 for detail regarding the corrections of prior period errors.



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## Notes to the Annual Financial Statements

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### 23. Unspent conditional grants and receipts

**Unspent grants and receipts comprises of:**

| | | |
|---|---|---|
| **Unspent grants and receipts** | | |
| National Grants | 295 406 | - |
| Provincial Grants | 7 028 983 | 22 190 590 |
| District Municipality | 434 734 | 592 917 |
| **Other unspent receipts** | | |
| Public contributions | 13 783 654 | 11 708 845 |
| | **21 542 777** | **34 492 352** |

**Movement during the year**

| | | |
|---|---|---|
| Opening balance | 34 492 353 | 15 785 848 |
| Receipts | 85 226 258 | 127 787 917 |
| Conditions met - Transferred to revenue | (96 450 254) | (104 998 042) |
| Re-payment of unspent grants | (1 725 580) | (4 083 371) |
| | **21 542 777** | **34 492 352** |



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**23. Unspent conditional grants and receipts (continued)**
The detailed movement per conditional grant is as follows:

**National: LG Financial Management Grant**

| **Operational:** | | |
|---|---|---|
| Opening balance | - | - |
| Receipts | 1 566 000 | 1 550 000 |
| Conditions met - Transferred to revenue | (1 566 000) | (1 550 000) |
| | **-** | **-** |

The Financial Management Grant is paid by National Treasury to municipalities to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Municipal Infrastructure Grant**

| **Capital:** | | |
|---|---|---|
| Opening balance | - | - |
| Receipts | 26 219 000 | 27 046 000 |
| Conditions met - Transferred to revenue | (26 219 000) | (27 046 000) |
| | **-** | **-** |

The Municipal Infrastructure Grant is given to municipalities to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**National: Integrated National Electrification Programme Grant**

| **Capital:** | | |
|---|---|---|
| Opening balance | - | - |
| Receipts | 11 000 000 | 17 061 000 |
| Conditions met - Transferred to revenue | (11 000 000) | (17 061 000) |
| | **-** | **-** |

The Integrated National Electrification Programme Grant is given to municipalities to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including upgrade of informal settlements, new, and normalisation), and the installation of relevant bulk infrastructure.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



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**23. Unspent conditional grants and receipts (continued)**

**National: Expanded Public Works Programme Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | - | - |
| Receipts | 2 901 959 | 1 935 000 |
| Conditions met - Transferred to revenue | (2 606 553) | (1 935 000) |
| | **295 406** | **-** |
| **Capital:** | | |
| Receipts | 1 431 041 | - |
| Conditions met - Transferred to revenue | (1 431 041) | - |
| | **-** | **-** |

The Expanded Public Works Programme Grant is incentive funding given to municipalities to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

During the financial year the municipality received communication from National Government informing the municipality of the intention to withhold the 2nd tranche payment of EPWP funding in terms of section 17(1)(a) of the 2023 DORA. The municipality immediately responded and the funds were paid to the municipality in the same month.

**Provincial: Integrated Housing & Human Settlement and Development Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 5 607 311 | 1 483 413 |
| Receipts | 12 849 869 | 14 384 055 |
| Conditions met - Transferred to revenue | (17 037 264) | (6 327 412) |
| Re-payment of unspent grant | (5 956) | (3 932 744) |
| | **1 413 960** | **5 607 312** |



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**23. Unspent conditional grants and receipts (continued)**

This grant is given to municipalities to provide funding for the creation of sustainable human settlements. The outcome of this grant is to provide top structures and basic social and economic amenities that contributes to the establishment of sustainable human settlements.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 5 956 was repaid to the Department of Infrastructure after the application for Roll-over of grant funding was rejected. This amount was savings on the project for Land slip Botha Street in Great Brak River.

**Provincial: Informal Settlements Upgrading Partnership Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | - | - |
| Receipts | 898 657 | - |
| Conditions met - Transferred to revenue | (142 846) | - |
| **Capital:** | | |
| Opening balance | 4 854 546 | 5 771 938 |
| Receipts | 4 883 098 | 32 618 918 |
| Conditions met - Transferred to revenue | (9 764 040) | (33 536 310) |
| | **729 415** | **4 854 546** |

This grant is given to municipalities to provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



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**23. Unspent conditional grants and receipts (continued)**
**Provincial: Community Development Workers Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 42 973 | 197 105 |
| Receipts | 57 000 | 63 992 |
| Conditions met - Transferred to revenue | (99 973) | (78 020) |
| Re-payment of unspent grant | - | (140 104) |
| | **-** | **42 973** |

This grant is given to provide financial assistance to municipalities to cover the operational costs pertaining to the functions of the community development workers programme.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: WC Financial Management Capability Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 213 949 | - |
| Receipts | 150 000 | 307 084 |
| Conditions met - Transferred to revenue | (150 000) | (93 135) |
| Re-payment of unspent grant | (213 949) | - |
| | **-** | **213 949** |

The Financial Management Capability Grant is given to municipalities to support municipalities to improve their financial management capabilities. The outcome of this grant is effective local governance, efficient infrastructure investment, strategic Supply Chain Management and Integrated Provincial Governance.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 213 949 was repaid to the Provincial Treasury after the application for Roll-over of grant funding was rejected due to lack of evidence that the funds were prior committed.

**Provincial: Financial Management Capacity Building Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 143 953 | 236 672 |
| Receipts | - | 15 131 |
| Conditions met - Transferred to revenue | - | (107 850) |
| Re-payment of unspent grant | (143 953) | - |
| | **-** | **143 953** |

The Financial Management Capacity Building Grant is given to municipalities to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 143 953 was repaid to the Provincial Treasury after the application for Roll-over of grant funding was rejected. These were funds that was previously approved for roll-over and not spent in the 22/23 year.



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**23. Unspent conditional grants and receipts (continued)**
**Provincial: Community Library Services Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 69 027 | 303 807 |
| Receipts | 9 036 522 | 8 751 905 |
| Conditions met - Transferred to revenue | (9 036 522) | (8 986 685) |
| Re-payment of unspent grant | (69 027) | - |
| **Capital:** | | |
| Opening balance | 26 178 | 80 885 |
| Receipts | - | 4 700 |
| Conditions met - Transferred to revenue | - | (59 407) |
| Re-payment of unspent grant | (26 178) | - |
| | **-** | **95 205** |

This grant is given to municipalities to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 95 205 was repaid to the Department of Cultural Affairs and Sport as all relevant projects were completed and the savings were returned to Province.

**Provincial: Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | - | 10 523 |
| Receipts | 6 076 389 | 341 335 |
| Conditions met - Transferred to revenue | (6 076 389) | (341 335) |
| Re-payment of unspent grant | - | (10 523) |
| | **-** | **-** |

This grant is given to financially assist / subsidise municipalities with the maintenance / construction of proclaimed municipal main roads, where the municipality is the Road Authority (Section 50 of Ordinance 19 of 1976).

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Fire Service Capacity Building Grant:**

| | | |
|---|---|---|
| **Capital:** | | |
| Opening balance | 879 246 | - |
| Receipts | - | 879 246 |
| Conditions met - Transferred to revenue | (879 246) | - |
| | **-** | **879 246** |

This grant is given to provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



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**23. Unspent conditional grants and receipts (continued)**

**Provincial: Development of Sport & Recreation Facilities Grant**

| | | |
|---|---|---|
| **Capital:** | | |
| Opening balance | - | 311 725 |
| Receipts | 204 782 | - |
| Conditions met - Transferred to revenue | (100 191) | (311 725) |
| | **104 591** | **-** |

This grant is given to municipalities for the provision of sport and recreation facilities in especially previous disadvantaged communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Service Delivery & Capacity Building Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 106 065 | - |
| Receipts | 8 057 | 148 442 |
| Conditions met - Transferred to revenue | (11 511) | (42 377) |
| **Capital:** | | |
| Opening balance | 26 089 | 6 323 |
| Receipts | 2 036 | 158 396 |
| Conditions met - Transferred to revenue | (5 190) | (138 630) |
| Re-payment of unspent grant | (1 243) | - |
| | **124 303** | **132 154** |

The Municipal Service Delivery and Capacity Building Grant is given to municipalities to provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.

The project for Laptops/desktops and software programmes for the embroidery machines was completed during the prior year and the conditions met. The remaining balance of R 1243 have thus been paid back to the Provincial Department during the current year under review.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



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**23. Unspent conditional grants and receipts (continued)**

**Provincial: Regional Socio-economic programme (RSEP) Grant**

| **Capital:** | | |
|---|---|---|
| Opening balance | 33 363 | - |
| Receipts | 700 000 | 1 080 000 |
| Conditions met - Transferred to revenue | (733 363) | (1 046 637) |
| | **-** | **33 363** |

This grant is to implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socio-economic and urban upgrading programmes.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Municipal Accreditation & Capacity Building Grant**

| **Operational:** | | |
|---|---|---|
| Opening balance | (62 961) | (65 017) |
| Receipts | 255 064 | 256 000 |
| Conditions met - Transferred to revenue | (163 054) | (253 944) |
| | **29 049** | **(62 961)** |

This grant is to contribute to capacity building efforts by funding the monthly salaries of Capacity Building Clerks who are responsible for educating housing scheme beneficiaries and promoting different housing subsidy schemes that are available to communities.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: DEDAT SMME Booster Fund**

| **Capital:** | | |
|---|---|---|
| Opening balance | 348 828 | 2 343 804 |
| Receipts | - | 84 175 |
| Conditions met - Transferred to revenue | - | (2 079 151) |
| Re-payment of unspent grant | (348 828) | - |
| | **-** | **348 828** |

This grant is provided in assistance to SMMEs and specifically a contribution towards the Mayixhale Business Hub and Wolwedans Business Space.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 348 828 was repaid to the Provincial Treasury after the application for Roll-over of grant funding was rejected. These were funds that was previously approved for roll-over and not spent in the 22/23 year.



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**23. Unspent conditional grants and receipts (continued)**

**Provincial: Municipal Electrical Master Plan Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 16 604 | 226 208 |
| Receipts | - | 3 345 |
| Conditions met - Transferred to revenue | - | (212 949) |
| Re-payment of unspent grant | (16 604) | - |
| | **-** | **16 604** |

This grant is a contribution to ensure effective functioning of municipal electrical infrastructure and to maximise the provision of basic electricity to citizens.

The project for Compilation of Electrical Master plan was completed during the prior year and the conditions met. The remaining balance of R 16 604 have thus been paid back to the Provincial Department during the current year under review.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Establishment and Support of a K9 Unit Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 633 623 | - |
| Receipts | 965 301 | 909 710 |
| Conditions met - Transferred to revenue | (486 081) | (276 087) |
| Re-payment of unspent grant | (633 623) | - |
| **Capital:** | | |
| Opening balance | 240 219 | - |
| Receipts | 2 589 416 | 2 212 869 |
| Conditions met - Transferred to revenue | (2 343 265) | (1 972 650) |
| Re-payment of unspent grant | (266 219) | - |
| | **699 371** | **873 842** |

This grant is provided for resource funding in support of established K9 unit.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

An amount of R 899 842 was repaid to the Provincial Treasury after the application for Roll-over of grant funding was rejected. These were funds that could not be spent in the 22/23 year and could not be motivated to be rolled forward.

**Provincial: Title-Deeds Restoration Grant**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 3 882 908 | - |
| Receipts | 309 512 | 4 012 861 |
| Conditions met - Transferred to revenue | (264 128) | (129 953) |
| | **3 928 292** | **3 882 908** |

This grant is provided for the eradication of the title-deeds registration backlog and professional fees associated with it, including beneficiary verification.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.



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**23. Unspent conditional grants and receipts (continued)**
**Provincial: WC Municipal Interventions Grant**

| | | |
|---|---|---|
| **Capital:** | | |
| Receipts | - | 250 000 |
| Conditions met - Transferred to revenue | - | (250 000) |
| | **-** | **-** |

This grant is provided in assistance to Municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations. The grant for 2022/23 financial year was specifically used for provision of safety area High Mast lighting for KwaNonqaba area in Mossel Bay.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**Provincial: Emergency Municipal Load Shedding Relief Grant**

| | | |
|---|---|---|
| **Capital:** | | |
| Opening balance | 5 128 669 | - |
| Receipts | - | 5 128 669 |
| Conditions met - Transferred to revenue | (5 128 669) | - |
| | **-** | **5 128 669** |

This grant is provided for implementation of emergency measure to mitigate the impact of load-shedding on municipal services, businesses and the economy. The grant for 2022/23 financial year will be used for purchasing of standby generators for critical water pumpstations in Mossel Bay area.

Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

**District: Community Safety**

| | | |
|---|---|---|
| **Capital:** | | |
| Opening balance | 592 917 | 1 403 525 |
| Receipts | 264 028 | 84 057 |
| Conditions met - Transferred to revenue | (422 211) | (894 665) |
| | **434 734** | **592 917** |

The amounts transferred to Mossel Bay Municipality in the current and previous financial years was from the Garden Route District Municipality to be used for Community safety initiatives in Mossel Bay.

**Public Contributions and Other Receipts**

| | | |
|---|---|---|
| **Operational:** | | |
| Opening balance | 23 900 | 17 577 |
| Receipts | 215 783 | 273 443 |
| Conditions met - Transferred to revenue | - | (267 120) |
| **Capital** | | |
| Opening balance | 11 684 944 | 3 457 361 |
| Receipts | 2 642 744 | 8 227 584 |
| Conditions met - Transferred to revenue | (783 717) | - |
| | **13 783 654** | **11 708 845** |

Mossel Bay Municipality received various public contributions. The current year contributions include funds received for the Relief Charitable Fund as well as amounts for contributions to Capital projects as part of development contracts for Renosterbos, Hartland, Outeniquabosch and Rotary Village estates.



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## 24. Consumer deposits

| | | |
|---|---|---|
| Electricity | 23 990 592 | 21 924 843 |
| Water | 17 611 082 | 16 658 240 |
| | **41 601 674** | **38 583 083** |

No Guarantees are held in lieu of electricity and water. No interest accrues on consumer deposits.

## 25. Payables from exchange transactions

| | | |
|---|---|---|
| Trade payables | 165 632 746 | 155 745 750 |
| Payments received in advanced | 50 389 903 | 38 167 953 |
| Accrued expenditure | 182 968 | 157 339 |
| Retentions | 26 876 062 | 14 070 268 |
| Other payables | 1 081 288 | 1 070 301 |
| Other deposits | 8 671 833 | 10 550 597 |
| Auditor-General of South Africa | 3 859 | - |
| | **252 838 659** | **219 762 208** |

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30-day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice / statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Increased retention funds due to new housing, roads and electricity infrastructure projects. Increased payments received in advance is on debtor accounts in anticipation of increased tariffs in the new financial year, apart from this a debtor tried to pay upfront for development charges in order to avoid the increase in tariffs. These development charges were not yet calculated and due at 30 June 2024.

Refer to Note 49 for detail regarding the correction of prior period errors.



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## 26. Non-current deposits

| | | |
|---|---|---|
| **Santos Pavillion Repair Fund** | | |
| Balance at beginning of year | 344 472 | 322 827 |
| Interest on investment | 28 246 | 21 645 |
| | **372 718** | **344 472** |

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 93-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100 000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

## 27. Self-insurance reserve

| | | |
|---|---|---|
| Balance at the beginning of the year | 173 440 082 | 172 103 209 |
| Contributions from Operating account and other contributions | 1 959 685 | 1 461 590 |
| Funding Capital Projects | (14 556 041) | (124 717) |
| Contribution from Self-insurance reserve to Accumulated surplus | (43 000 000) | - |
| | **117 843 726** | **173 440 082** |

The Self-insurance Reserve is fully funded and invested in financial instruments.

Decreased contribution to Self-insurance reserve in accordance with Liquidity requirement calculation.

## 28. Capital replacement reserve

| | | |
|---|---|---|
| Balance at the beginning of the year | 224 989 068 | 161 869 514 |
| Contributions from Operating account and other contributions | 122 288 959 | 138 607 377 |
| External Services contribution | 29 419 232 | 31 964 932 |
| Land Sales contribution | 6 116 862 | 21 643 646 |
| Funding Capital Projects | (137 015 544) | (129 096 401) |
| | **245 798 577** | **224 989 068** |

The Capital Replacement Reserve is fully funded and invested in financial instruments.

All contributions to the Capital Replacement Reserve (CRR) is made in terms of Council approved Funding and Reserves Policy. An increase in development contributions and land sales was experienced during the financial year.

Decreased contribution to Capital Replacement reserve in accordance with Liquidity requirement calculation.

## 29. Service charges

| | | |
|---|---|---|
| Sale of electricity | 617 999 989 | 549 549 633 |
| Sale of water | 161 107 029 | 148 142 824 |
| Refuse removal | 90 105 202 | 83 497 150 |
| Sewerage and sanitation charges | 87 168 343 | 79 243 301 |
| | **956 380 563** | **860 432 908** |

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs. Reason for change from previous year is due to Council approved tariff increases and no loadshedding for the past 3 months.

These service charges revenues are the net amounts after taking into account revenue foregone of R137 801 863 (2023: R128 087 086). The reason for the change from previous year is due to Council approved policy changes in regards to Indigent assistance.

Refer to Note 49 for detail regarding the correction of prior period errors.



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## 30. Rent of facilities and equipment

| | | |
|---|---|---|
| Premises | 11 825 409 | 12 038 556 |
| Facilities and equipment | 802 867 | 656 395 |
| | **12 628 276** | **12 694 951** |

Included in above Rental revenue - Premises is the rent billed for renting out of the Point and Santos / De Bakke Caravan Parks.

## 31. Interest received - external investments

| | | |
|---|---|---|
| **Interest revenue** | | |
| Current bank account | 3 706 024 | 3 035 083 |
| Long-term investments | 13 276 967 | 10 806 247 |
| Short-term investments | 49 232 732 | 41 244 339 |
| | **66 215 723** | **55 085 669** |

Increased investment interest due to better yields on investments.

## 32. Other income

| | | |
|---|---|---|
| Building Plan Approval Fees | 12 314 133 | 14 379 933 |
| Collection charges | 3 285 076 | 3 138 778 |
| Development charges | 29 419 232 | 31 964 932 |
| Land usage fees | 3 339 786 | 2 987 782 |
| Other | 5 276 532 | 6 019 495 |
| Sale of Redundant inventory | 2 444 593 | 253 269 |
| | **56 079 352** | **58 744 189** |

Refer to Note 49 for detail regarding the correction of prior period errors.

Reason for movement in Sale of redundant inventory is due to inventory sold on auction during current financial year. No audition was held the previous year.

## 33. Availability charges

| | | |
|---|---|---|
| Sale of Electricity | 12 694 112 | 11 101 900 |
| Sale of Water | 6 766 292 | 7 281 862 |
| Sewerage and Sanitation charges | 6 775 106 | 5 970 264 |
| | **26 235 510** | **24 354 026** |



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## 34. Property rates

### Rates received

| | | |
|---|---|---|
| Agricultural | 3 339 647 | 3 005 390 |
| Assessment Rate: Letting | 1 256 | 1 294 |
| Business and commercial | 30 531 787 | 26 098 532 |
| Industrial properties | 9 327 466 | 8 541 995 |
| Public benefit organisations | 240 069 | 212 504 |
| Public service infrastructure properties | 304 296 | 274 166 |
| Residential properties | 180 951 861 | 156 416 649 |
| Residential properties - vacant land | 12 435 683 | 11 980 117 |
| Special rated area - CID | 698 822 | 707 095 |
| State-owned properties | 545 592 | 484 707 |
| Less: Income forgone | (19 749 120) | (15 599 220) |
| | **218 627 359** | **192 123 229** |

The reason for change from previous year is due to Council approved tariff increases and the interim valuations based on approved building plans.

### Valuations

| | | |
|---|---|---|
| Business and commercial | 3 874 056 000 | 3 837 296 000 |
| Agricultural / Farming | 3 671 328 000 | 3 670 563 000 |
| Industrial properties | 1 287 976 000 | 1 302 996 000 |
| Mining properties | 3 451 000 | 3 451 000 |
| Municipal properties | 859 160 000 | 881 186 000 |
| National monuments | 35 619 000 | 35 619 000 |
| Public benefit organisations | 264 102 000 | 264 102 000 |
| Place of worship - Church | 328 743 000 | 328 638 000 |
| Place of worship - Parsonage | 26 990 000 | 26 990 000 |
| Protected areas | 29 756 000 | 29 756 000 |
| Less: Income forgone | 455 250 000 | 455 250 000 |
| Public service infrastructure impermissible | 22 972 000 | 22 968 000 |
| State-owned properties | 600 399 000 | 600 024 000 |
| Residential properties | 51 081 101 000 | 49 575 561 000 |
| Vacant - Business | 225 689 000 | 196 294 000 |
| Vacant - Industrial | 71 010 000 | 67 390 000 |
| Vacant - Residential | 2 625 784 000 | 2 739 368 000 |
| | **65 463 386 000** | **64 037 452 000** |

The valuation of properties takes place every five years in terms of the Municipal Property Rates Act, No.6 of 2004. The last General Valuation Date was 1 July 2021, and was implemented 1 July 2022. Generally there are 2 Supplementary Valuation Rolls per year. The basic rate for land and buildings range between R0.000819 and R0.007860 respectively. Qualifying pensioners receive an additional rebate of either 50% or 30% on property rates depending on their monthly income. The first R15 000 valuation on all residential properties are impermissible. A rebate is allowed on the valuation of residential properties up to R110 000 valuation. With regards to indigent households, where the joint income of the household amount to less than four times or two times the monthly government old age pension or where the valuation of the property is less than R125 000, a rebate is allowed on the valuation up to R125 000 of the property's valuation plus 100% rebate for Level 1 Indigent Households and Households housing a person with a disability or 50% rebate for Level 2 Indigent Household.



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## 35. Government grants and subsidies recognised

| | | |
|---|---|---|
| **Operating grants** | | |
| National Government: Equitable share | 130 634 000 | 119 020 001 |
| National Government: LG Financial Management Grant | 1 566 000 | 1 549 999 |
| National Government: Expanded Public Works Programme | 2 606 553 | 1 935 000 |
| Provincial Government: Integrated Housing & Human Settlement Development and Development | 17 037 264 | 6 327 412 |
| Provincial Government: Informal Settlements Upgrading Partnership Grant | 142 846 | - |
| Provincial Government: Community Library Services Grant | 9 036 521 | 8 986 685 |
| Provincial Government: Title-Deeds Restoration Grant | 264 128 | 129 953 |
| Provincial Government: Financial Management Capacity Building Grant | - | 107 850 |
| Provincial Government: Community Development Workers Grant | 99 973 | 78 020 |
| Provincial Government: WC Financial Management Capability Grant | 150 000 | 93 135 |
| Provincial Government: Financial assistance to Municipality for Maintenance & Construction of Transport Infrastructure Grant | 6 076 389 | 341 335 |
| Provincial Government: Municipal Accreditation and Capacity Building Grant | 163 054 | 253 944 |
| Provincial Government: Municipal Electrical Master Plan Grant | - | 212 949 |
| Provincial Government: Municipal Service Delivery and Capacity Building Grant | 11 511 | 42 377 |
| Provincial Government: Establishment and Support of A K9 Unit Grant | 486 081 | 276 087 |
| | **168 274 320** | **139 354 747** |
| **Capital grants** | | |
| National Government: Municipal Infrastructure Grant | 26 219 000 | 27 046 000 |
| National Government: Integrated National Electrification Programme | 11 000 000 | 17 061 000 |
| National Government: Expanded Public Works Programme | 1 431 041 | - |
| Provincial Government: Informal Settlements Upgrading Partnership Grant | 9 764 040 | 33 536 310 |
| Provincial Government: Regional Socio-economic programme (RSEP) | 733 362 | 1 046 637 |
| Provincial Government: Community Library Services Grant | - | 59 407 |
| Provincial Government: Municipal Fire Service Capacity Building Grant | 879 246 | - |
| Provincial Government: Development of Sport and Recreation Facilities Grant | 100 191 | 311 725 |
| Provincial Government: Municipal Service Delivery and Capacity Building Grant | 5 190 | 138 630 |
| Provincial Government: DEDAT SMME Booster Fund | - | 2 079 151 |
| Provincial Government: Establishment and Support of a K9 Unit | 2 343 265 | 1 972 650 |
| Provincial Government: Emergency Municipal Loadshedding Relief | 5 128 669 | - |
| Provincial Government: Municipal Interventions Grant | - | 250 000 |
| District Municipality: Community Safety | 422 211 | 894 664 |
| | **58 026 215** | **84 396 174** |
| **Total Operating and Capital grants** | **226 300 535** | **223 750 921** |

Refer to Note 49 for more detail on the prior period correction on the Community Library Services Grant.

**Government Grants and Subsidies spent per vote**

| | | |
|---|---|---|
| Municipal Manager and Executive Council | 9 714 937 | 6 473 000 |
| Corporate Services | 1 461 550 | 279 005 |
| Financial Services | 1 566 000 | 1 550 000 |
| Infrastructure Services | 134 183 349 | 130 742 568 |
| Community Services | 39 365 027 | 38 889 981 |
| Planning and Economic Development | 36 953 394 | 43 924 265 |
| Community Safety | 4 130 803 | 3 143 402 |
| | **227 375 060** | **225 002 221** |



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**35. Government grants and subsidies recognised (continued)**

Included in the above summary of Grants and subsidies spent per Vote are Construction contract revenue as these are all Housing Topstructure projects for which the Municipality received a Grant from Provincial Government. Refer to note 4 for total construction contract revenue amount of R1 074 523 (2023: R 1 251 298) included.

**36. Public contributions and donations**

| | | |
|---|---|---|
| Donated assets | 80 345 050 | 3 098 848 |
| Public corporations | 4 273 431 | 1 812 276 |
| | **84 618 481** | **4 911 124** |

Donated Assets:

During the 2023/2024 year the municipality recognised the following donated assets:

- Electrical infrastructure at Zandhoogte Estate to the value of R975 715,
- Water supply line, connection and water meter at Diaz Museum to the value of R498 576,
- Donated vehicles for the K9 unit from Province to the value of R360 000, and
- Donated assets from the Mountain view housing development project to the value of R78m.

During the 2022/2023 year the municipality recognised donated Electricity infrastructure to the amount of R2 508 112 which was received from various developers and includes donated street lights, minisubs and reticulation assets. The Municipality also recognised donated ICT equipment received at our libraries to the amount of R352 432. These are the biggest portion of the donated assets recognised above.

Public corporations amount includes:

- An amount of R1 594 151 recognised for PetroSA portion of contribution towards the Desalination plant.

**37. Fines, Penalties and Forfeits**

| | | |
|---|---|---|
| Traffic fines | 18 738 150 | 22 602 880 |
| Tender withdrawal penalties | - | 180 000 |
| Illegal connection fines | 838 060 | 1 738 254 |
| Forfeits | 3 931 137 | 1 538 031 |
| Other fines, penalties and forfeits | 375 890 | 176 139 |
| | **23 883 237** | **26 235 304** |

Other fines, penalties and forfeits includes Pound fees, Library penalties and fines for Councillors.

Reason for movement in Forfeits is that all forfeits are performed in terms of Council policies and was a focus area for the financial year under review.

Refer to Note 51 for detail regarding the change in accounting estimates relating to change in estimate regarding iGRAP20 reduction of traffic fines.



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## 38. Employee related costs

| | | |
|---|---|---|
| Basic salaries and wages | 253 597 035 | 230 925 034 |
| Annual bonuses | 20 952 415 | 17 374 300 |
| Social contributions - Medical aid | 19 078 671 | 17 797 957 |
| Social contributions - Pension fund | 43 847 761 | 40 000 757 |
| Social contributions - UIF | 2 003 584 | 1 876 091 |
| Other social contributions - Industrial council and Group life insurance | 7 143 854 | 6 534 536 |
| Allowances - Acting | 1 738 900 | 1 997 413 |
| Allowances - Housing benefits | 1 390 854 | 1 208 317 |
| Allowances - Overtime payments | 20 081 077 | 18 861 328 |
| Allowances - Standby | 6 603 735 | 5 655 260 |
| Allowances - Travel or motor vehicle usage | 7 842 304 | 7 159 150 |
| Allowances - Other | 4 809 358 | 4 322 585 |
| Post-retirement benefit contributions - Healthcare | 21 947 444 | 18 692 797 |
| Post-retirement benefit contributions - Long service awards | 3 848 334 | 3 821 699 |
| Post-retirement benefit contributions - Pension | 91 077 | 84 000 |
| Post-retirement benefits - Actuarial losses / (gains) on Employee Benefit Provision | (13 284 902) | (4 092 727) |
| Contribution to leave gratuity provision | 2 321 143 | 1 604 388 |
| Less: Employee costs capitalised to PPE/Inventory | (15 888 860) | (14 133 976) |
| **Total employee related costs excluding key management positions** | **388 123 784** | **359 688 909** |

The remuneration of key management positions consists of the following:

**Municipal Manager**

| | | |
|---|---|---|
| Annual remuneration | 1 022 891 | 1 333 488 |
| Performance bonuses | 120 196 | 263 130 |
| Contributions to UIF, Medical and Pension Funds | 220 866 | 270 680 |
| Car allowance | 102 000 | 102 000 |
| Cellular or Telephone allowance | 37 206 | 36 000 |
| Industrial council | 137 | 130 |
| | **1 503 296** | **2 005 428** |

**Chief Finance Officer**

| | | |
|---|---|---|
| Annual remuneration | 1 207 344 | 1 204 917 |
| Performance bonuses | 190 185 | 186 751 |
| Contributions to UIF, Medical and Pension Funds | 99 321 | 97 566 |
| Car allowance | 72 000 | 72 000 |
| Cellular or Telephone allowance | 37 206 | 36 000 |
| Industrial council | 137 | 130 |
| | **1 606 193** | **1 597 364** |



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**38. Employee related costs (continued)**

**Remuneration of individual executive director positions:**

**Director Planning and Development**

| | | |
|---|---|---|
| Annual Remuneration | 1 392 689 | 1 292 790 |
| Performance Bonuses | 151 334 | 141 368 |
| Contributions to UIF, Medical and Pension Funds | 315 914 | 296 175 |
| Car Allowance | 108 000 | 108 000 |
| Cellular or Telephone allowance | 37 206 | 36 000 |
| Industrial council | 137 | 130 |
| | **2 005 280** | **1 874 463** |

**Director Community Safety**

| | | |
|---|---|---|
| Annual Remuneration | 512 007 | - |
| Performance Bonuses | 93 241 | 1 179 |
| Contributions to UIF, Medical and Pension Funds | 113 920 | - |
| Car Allowance | 40 065 | - |
| Cellular or Telephone allowance | 19 617 | - |
| Group insurance | 4 179 | - |
| Industrial council | 80 | - |
| | **783 109** | **1 179** |

**Director Corporate Services**

| | | |
|---|---|---|
| Annual Remuneration | 1 241 211 | 691 446 |
| Performance Bonuses | 113 160 | 63 901 |
| Contributions to UIF, Medical and Pension Funds | 65 454 | 36 466 |
| Car Allowance | 72 000 | 42 000 |
| Cellular or Telephone allowance | 36 371 | 19 067 |
| Industrial council | 137 | 76 |
| | **1 528 333** | **852 956** |

**Director Technical Services**

| | | |
|---|---|---|
| Annual Remuneration | 1 803 909 | 1 705 787 |
| Performance Bonuses | 186 101 | 176 566 |
| Contributions to UIF, Medical and Pension Funds | 320 897 | 304 565 |
| Car Allowance | 102 000 | 102 000 |
| Cellular or Telephone allowance | 37 206 | 36 000 |
| Group insurance | 7 164 | 7 164 |
| Industrial council | 137 | 130 |
| | **2 457 414** | **2 332 212** |

**Director Community Services**

| | | |
|---|---|---|
| Annual Remuneration | 1 167 221 | 1 166 754 |
| Performance Bonuses | 128 414 | 126 095 |
| Contributions to UIF, Medical and Pension Funds | 274 566 | 267 546 |
| Car Allowance | 120 000 | 120 000 |
| Cellular or Telephone allowance | 37 206 | 36 000 |
| Industrial council | 137 | 130 |
| | **1 727 544** | **1 716 525** |



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## Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
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### 38. Employee related costs (continued)

**Total employee related costs**

| | | |
|---|---|---|
| Employee costs - municipal staff | 388 123 785 | 359 688 922 |
| Employee costs - senior managers & municipal manager | 11 611 169 | 10 380 117 |
| | **399 734 954** | **370 069 039** |

### 39. Remuneration of councillors

| | | |
|---|---|---|
| Executive Mayor | 1 003 681 | 934 685 |
| Deputy Executive Mayor | 812 867 | 757 349 |
| Mayoral Committee Members | 3 825 824 | 3 563 795 |
| Speaker | 812 867 | 757 349 |
| Councillors | 7 668 744 | 7 123 124 |
| Councillors' Pension Contributions | 242 989 | 225 554 |
| Councillors' Medical Aid Contributions | 51 840 | 51 840 |
| | **14 418 812** | **13 413 696** |

**In-kind benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor have access to council-owned vehicles for ceremonial and official functions.

Full-time Councillors are equipped with computers.

### 40. Depreciation, amortisation and asset impairment

| | | |
|---|---|---|
| **Depreciation** | | |
| Property, plant and equipment | 146 867 424 | 137 983 111 |
| Investment property | 1 162 734 | 1 129 657 |
| Living Resources | 158 969 | 5 792 |
| **Amortisation** | | |
| Intangible assets | 82 473 | 84 432 |
| **Asset impairment** | | |
| Impairments | 2 225 796 | 92 317 |
| Reversal of impairments | (9 410) | (134 893) |
| | **150 487 986** | **139 160 416** |

The depreciation charge for the year relating to the Water Treatment Plants is reallocated to water inventory consumed. Refer to notes 14 and 16 for reconciliations of all Depreciation for the year.

Refer to Note 14 for detail regarding asset impairments.

Refer to Note 49 for detail regarding the correction of prior period errors.



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# Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
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## 41. Debt impairment and Bad Debts written off

| | | |
|---|---|---|
| Debt impairment | 56 878 841 | 11 938 682 |
| Reversal of debt impairment | (808 594) | (51 301 981) |
| | 56 070 247 | (39 363 299) |
| Bad debts written off | 19 382 743 | 78 907 504 |
| | **75 452 990** | **39 544 205** |

Traffic fines written off is included in the total for Bad debts written off and amounted to R 11 564 550 as at 30 June 2024 (2023: R 8 325 900).

The increase in impairment of debtors is based on current outstanding debtor book and the latest payment percentages.

Bad debts written off to the amount of R78m during the previous financial year is mainly due to the write-off of irrecoverable indigent debtor accounts following a change in Council's policy on the criteria of indigent households.

## 42. Finance costs

| | | |
|---|---|---|
| Other financial liabilities | 18 241 650 | 13 449 061 |
| Landfill Sites (Provisions) | 7 783 616 | (468 292) |
| Non-Current deposits / Grants | 616 443 | 612 185 |
| | **26 641 709** | **13 592 954** |

The negative amount reflected in the Landfill Site (Provisions) for the previous year is the result of a change in the provision that exceeded the carrying value of the assets. The increased amount of finance costs to the current year is due to amended licence dates for the three landfill sites currently in operation (Great Brak, Herbertsdale and Louis Fourie landfill sites).

## 43. Bulk purchases

| | | |
|---|---|---|
| Electricity - Eskom | 523 177 552 | 436 942 993 |

Bulk purchases are the cost of commodities not generated by the Municipality, but which the Municipality distributes to consumers. The Municipality purchases electricity in bulk from Eskom and then redistributes it to consumers.

Movement between financial years due to Eskom increase in Bulk tariffs as well as due to no loadshedding for the last three months of the year purchases increased.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 44. Contracted services

| | | |
|---|---|---|
| **Consultants and Professional Services** | | |
| Business and Advisory | 1 721 989 | 1 332 740 |
| Infrastructure and Planning | 6 538 256 | 5 552 970 |
| Legal cost | 5 023 683 | 13 420 956 |
| Other | 112 857 | 123 602 |
| **Contractors** | | |
| Building | 15 719 227 | 6 653 132 |
| Maintenance of buildings and facilities | 7 429 912 | 6 677 111 |
| Maintenance of unspecified assets | 51 449 998 | 38 872 024 |
| Safeguard and security | 10 950 851 | 9 150 583 |
| Tracing agents and debt collectors | 4 808 405 | 5 477 743 |
| Transportation | 2 658 694 | 2 326 374 |
| Other | 9 260 070 | 12 077 847 |
| **Outsourced Services** | | |
| Administrative and Support staff | 3 225 966 | 3 588 335 |
| Business and Advisory | 3 370 163 | 3 717 538 |
| Cleaning services | 14 374 626 | 15 463 250 |
| Clearing and Grass cutting services | 12 694 355 | 11 708 996 |
| Organic and building refuse removal | 8 184 918 | 7 010 213 |
| Refuse removal | 10 374 412 | 10 390 888 |
| Removal of structures and illegal signs | 4 088 478 | 3 212 980 |
| Swimming supervision | 2 184 655 | 2 816 257 |
| Other | 7 259 848 | 7 653 250 |
| | **181 431 363** | **167 226 789** |

It must be noted that based on materiality of the amount individual classification might differ year on year.

Consultants - Legal Cost: The decrease from previous year is due to settlement cost of legal cases in the previous year.

Contractors - Building: All Housing Topstructure expenditure is indicated under this item. The expenditure per year will vary depending on the amount of Grants and expenditure thereof in the specific year.

Contractors - Maintenance of Unspecified assets: The Municipality received grant funding for specific Transport assets maintenance in the current financial year to the amount of R6m.

Refer to Note 49 for detail regarding the correction of prior period errors.

## 45. Transfers and subsidies paid

| | | |
|---|---|---|
| Bursary Scheme | 150 000 | 200 985 |
| Sport Council | 131 330 | 131 330 |
| SPCA | 1 253 384 | 1 253 384 |
| Subsidy: Benefit Discount Scheme | 25 844 | 111 978 |
| District Municipality | - | 102 300 |
| Tourism | 6 249 600 | 6 358 924 |
| Public Protection and Safety | 3 050 000 | 3 050 000 |
| Boggoms Bay Gholf Club | 20 100 | - |
| Other | 110 000 | 319 633 |
| | **10 990 258** | **11 528 534** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**45. Transfers and subsidies paid (continued)**

Other Donations:

As at 30 June 2024 Other Donations were made in the financial year to the amount of R110 000 (2023: R319 633). This is made up by the following donations: R12 500 was donated to each of the following: iKhaya community development, ACVV, Zettie Jonker hulpsentrum, Marlin lifesaving club, Education and Training hub for Autism, Khaya Nkanyezi academy, Garden Route Boxing club academy, Nokuthula baby and disabled care center and Mossel Bay Community soup drive received R10 000).

**46. Inventory consumed**

| | | |
|---|---|---|
| Consumables | 24 544 678 | 23 286 226 |
| Material and supplies | 23 819 029 | 23 124 867 |
| Land | 1 094 827 | - |
| Water | 57 765 333 | 58 004 950 |
| | **107 223 867** | **104 416 043** |

Increase in Water inventory consumed is mainly due to the cost of sale per kilolitre decreased from R7.56 in 2023 to R7.51 in 2024.

Refer to Note 49 for detail regarding the correction of prior period errors.

**47. General expenses**

| | | |
|---|---|---|
| Advertising | 2 143 981 | 2 143 457 |
| Auditors remuneration | 5 255 751 | 5 349 141 |
| Commission paid | 8 597 846 | 7 656 307 |
| Communication - Telephone & Postage | 2 866 295 | 3 361 426 |
| Dumping fees | 6 751 319 | 5 710 784 |
| External computer expenses | 13 705 002 | 12 058 948 |
| Insurance | 7 034 682 | 4 775 232 |
| Lease rentals | 4 178 757 | 4 182 360 |
| Municipal expenses | 3 741 116 | 3 176 332 |
| Other expenses | 6 181 971 | 6 390 495 |
| Skills Development Fund Levy | 3 343 304 | 3 041 305 |
| Subscriptions and membership fees | 4 422 864 | 3 933 670 |
| Workmen's Compensation Fund | 2 242 472 | 2 167 315 |
| | **70 465 360** | **63 946 772** |

Refer to Note 49 for detail regarding the correction of prior period errors on Insurance expense.

There was a major increase in insurance claims cost, mostly as result of storm damage to the coastal infrastructure.



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## Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
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### 48. Cash generated from operations

| | | |
|---|---|---|
| Surplus | 121 957 497 | 113 922 601 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 148 271 581 | 139 202 989 |
| Depreciation and amortisation - Water Treatment Plants | 1 017 425 | 531 472 |
| Gain and Loss on sale of assets and liabilities | 11 987 575 | 3 164 206 |
| Investment Income - external investments | (13 276 967) | (10 806 247) |
| Finance costs | 26 641 709 | 13 592 954 |
| Impairment of Assets / Reversal of impairment | 2 216 386 | (42 576) |
| Debt impairment / Reversal of impairment | 56 070 247 | (39 363 298) |
| Bad debts written off | 19 382 743 | 78 907 504 |
| Movements in operating lease assets and accruals | (4 069 046) | (3 967 526) |
| Movements in retirement benefit assets and liabilities / Provisions | 17 746 495 | 13 204 189 |
| Movements in provisions | 1 355 478 | 1 309 957 |
| Inventory land derecognition | 1 094 827 | - |
| Donated Assets | (80 345 050) | (3 098 849) |
| Actuarial loss / (gain) | (13 284 902) | (4 092 727) |
| **Changes in working capital:** | | |
| Inventories | (16 964 360) | (14 171 346) |
| Receivables from exchange transactions | (65 966 841) | (42 813 192) |
| Other receivables from non-exchange transactions | (2 164 309) | (11 803 753) |
| Payables from exchange transactions | 23 961 127 | 12 393 210 |
| VAT | (10 579 888) | (1 472 314) |
| Unspent conditional grants and receipts | (10 829 171) | 13 888 944 |
| Consumer deposits | 3 018 590 | 2 515 419 |
| | **217 241 147** | **261 001 616** |

Refer to Note 49 for detail regarding the correction of prior period errors.



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Figures in Rand | 2024 | 2023

## 49. Prior period errors and reclassifications

| STATEMENT OF FINANCIAL POSITION | 2023 previously reported | Reclassifications | Prior period errors / Change in Accounting policy | 2023 restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Inventories | 26 394 524 | - | - | 26 394 524 |
| Unpaid construction contract advances | 7 160 319 | - | - | 7 160 319 |
| Current portion of long-term receivables | 287 813 | - | - | 287 813 |
| Receivables from exchange transactions | 149 389 820 | - | (6 444 393) | 142 945 427 |
| Receivables from non-exchange transactions | 23 635 253 | - | - | 23 635 253 |
| VAT receivable | 13 513 319 | - | 984 540 | 14 497 859 |
| Short term investments | 559 963 409 | - | - | 559 963 409 |
| Cash and cash equivalents | 53 759 880 | - | - | 53 759 880 |
| | **834 104 337** | **-** | **(5 459 853)** | **828 644 484** |
| **Non-current Assets** | | | | |
| Property, plant and equipment | 2 539 635 186 | - | 18 500 439 | 2 558 135 625 |
| Investment property | 384 553 406 | - | (2 516 622) | 382 036 784 |
| Intangible assets | 715 126 | - | 126 423 | 841 549 |
| Heritage assets | 4 223 599 | - | - | 4 223 599 |
| Living resources | 345 721 | - | - | 345 721 |
| Long term receivables | 21 637 | - | - | 21 637 |
| Operating lease asset | 103 767 024 | - | - | 103 767 024 |
| Investments | 167 174 000 | - | - | 167 174 000 |
| | **3 200 435 699** | **-** | **16 110 240** | **3 216 545 939** |
| **TOTAL ASSETS** | **4 034 540 036** | **-** | **10 650 387** | **4 045 190 423** |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Current portion of Other financial liabilities | 19 900 439 | - | - | 19 900 439 |
| Current Employee benefit obligations | 45 095 499 | - | - | 45 095 499 |
| Current Provisions | 1 173 203 | - | 5 100 913 | 6 274 116 |
| Unspent conditional grants and receipts | 34 492 352 | - | - | 34 492 352 |
| Consumer deposits | 38 583 083 | - | - | 38 583 083 |
| Payables from exchange transactions | 219 015 282 | - | 746 917 | 219 762 199 |
| | **358 259 858** | **-** | **5 847 830** | **364 107 688** |
| **Non-current Liabilities** | | | | |
| Other financial liabilities | 153 605 926 | - | - | 153 605 926 |
| Operating lease liability | 661 023 | - | - | 661 023 |
| Employee benefits | 147 872 058 | - | - | 147 872 058 |
| Provisions | 149 148 313 | - | - | 149 148 313 |
| Non-current deposits | 344 472 | - | - | 344 472 |
| | **451 631 792** | **-** | **-** | **451 631 792** |
| **TOTAL LIABILITIES** | **809 891 650** | **-** | **5 847 830** | **815 739 480** |
| **TOTAL NET ASSETS** | **3 224 648 386** | **-** | **4 802 557** | **3 229 450 943** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**49. Prior period errors and reclassifications (continued)**

| | | | | |
|---|---|---|---|---|
| **NET ASSETS** | | | | |
| Self-insurance reserve | 173 440 082 | - | - | 173 440 082 |
| Capital replacement reserve | 224 989 069 | - | - | 224 989 069 |
| Accumulated surplus | 2 826 219 235 | - | - | 2 826 219 235 |
| | **3 224 648 386** | **-** | **-** | **3 224 648 386** |

**STATEMENT OF FINANCIAL PERFORMANCE**

| | **2023** previously reported | **Reclassifi-cations** | **Prior period errors** | **2023 restated** |
|---|---|---|---|---|
| **Revenue from exchange transactions** | | | | |
| Service charges | 866 036 728 | - | (5 603 820) | 860 432 908 |
| Construction contracts | 1 251 298 | - | - | 1 251 298 |
| Rental of facilities and equipment | 12 694 951 | - | - | 12 694 951 |
| Agency services - Provincial Traffic | 8 148 171 | - | - | 8 148 171 |
| Interest received - outstanding debtors | 6 983 413 | - | - | 6 983 413 |
| Interest received - external investments | 55 085 669 | - | - | 55 085 669 |
| Other income | 59 604 143 | - | (859 957) | 58 744 186 |
| **Revenue from non-exchange transactions** | | | | |
| Taxation revenue | | | | |
| Availability charges | 24 354 026 | - | - | 24 354 026 |
| Property rates | 192 123 229 | - | - | 192 123 229 |
| Interest earned - outstanding property rates | 895 873 | - | - | 895 873 |
| Licences and permits | 1 317 174 | - | - | 1 317 174 |
| Transfer revenue | | | | |
| Government grants and subsidies | 225 060 878 | - | (1 309 956) | 223 750 922 |
| Public contributions and donations | 4 911 124 | - | - | 4 911 124 |
| Fines, Penalties and Forfeits | 26 235 304 | - | - | 26 235 304 |
| **TOTAL REVENUE** | **1 484 701 981** | **-** | **(7 773 733)** | **1 476 928 248** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**49. Prior period errors and reclassifications (continued)**

| | **2023** previously reported | **Reclassifi-cations** | **Prior period errors / Change in accounting policy** | **2023** restated |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| Employee related cost | 370 069 039 | - | - | 370 069 039 |
| Remuneration of councillors | 13 413 696 | - | - | 13 413 696 |
| Depreciation, amortisation and asset impairment | 137 954 241 | - | 1 206 173 | 139 160 414 |
| Bad debts written off | 78 907 504 | - | - | 78 907 504 |
| Finance cost | 13 592 954 | - | - | 13 592 954 |
| Bulk purchases | 436 942 993 | - | - | 436 942 993 |
| Contracted services | 167 046 389 | - | 180 400 | 167 226 789 |
| Transfers and subsidies paid | 11 528 534 | - | - | 11 528 534 |
| Inventory consumed | 103 739 052 | - | 676 988 | 104 416 040 |
| General Expenses | 63 950 448 | - | (3 676) | 63 946 772 |
| **TOTAL EXPENDITURE** | **1 397 144 850** | **-** | **2 059 885** | **1 399 204 735** |
| OPERATING SURPLUS / (DEFICIT) | 87 557 131 | - | (9 833 618) | 77 723 513 |
| Gain / (loss) on disposal of assets and liabilities | 6 022 600 | - | (409 349) | 5 613 251 |
| Inventories losses / write-downs | (8 777 459) | - | - | (8 777 459) |
| Reversal of impairment loss / (Impairment loss) on receivables | 39 363 299 | - | - | 39 363 299 |
| **SURPLUS / (DEFICIT) FOR THE YEAR** | **124 165 571** | **-** | **(10 242 967)** | **113 922 604** |

| **CASH FLOW STATEMENT** | **2023 previously reported** | **Reclassifi-cations** | **Prior period errors / Change in accounting policy** | **2023 restated** |
|---|---|---|---|---|
| Net cash from operating activities | 266 508 135 | - | (5 506 519) | 261 001 616 |
| Net cash from investing activities | (281 140 731) | - | 5 506 516 | (275 634 215) |
| Net cash from financing activities | 5 853 490 | - | - | 5 853 490 |
| Total cash movement for the year | (8 779 106) | - | (3) | (8 779 109) |
| Cash and cash equivalents at the beginning of the year | 62 538 988 | - | - | 62 538 988 |
| | **53 759 882** | **-** | **(3)** | **53 759 879** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**49. Prior period errors and reclassifications (continued)**
The reclassifications and correction of the error(s) are as follows:

**49.1 Reclassifications**

No reclassifications were done during the year under review.

**49.2 Correction of Error 1 - Finalisation of Cost**

Finalisation of projects completed, disposals and correction of review of useful life as on or before 30 June 2023.

| **Affected line items** | **2023** |
|---|---|
| Property, plant and equipment | 210 273 |
| Investment Property | (2 516 622) |
| Intangible assets | 126 423 |
| Payables from exchange transactions | 356 828 |
| Depreciation, amortisation and asset impairment | 688 925 |
| Contracted services | 180 400 |
| Inventory consumed | 676 988 |
| General expenses | (3 676) |
| (Gain) / loss on disposal of assets and liabilities | (44 448) |
| Accumulated surplus - 2022 and prior | 324 909 |
| | **-** |

**49.3 Correction of Error 2 - Wayleave deposits**

There was an error in the recognition of wayleave deposits, where for a period of time, wayleave deposits were recognised as part of the wayleave service fees revenue on which VAT was also declared. Wayleave deposits moved from Other Revenue and VAT output to the Wayleave deposit liability control account.

| **Affected line items** | **2023** |
|---|---|
| VAT Receivable / (Payable) | 143 967 |
| Payables from exchange transactions | (1 103 745) |
| Other income | 859 957 |
| Accumulated surplus - 2022 and prior | 99 821 |
| | **-** |

**49.4 Correction of Error 3 - Finalisation of Cost (Movable assets)**

New moveable additions due to incorrect or missed finalisation entries and re-instate previously disposed assets missing during asset counts.

| **Affected line items** | **2023** |
|---|---|
| Property, plant and equipment | 19 377 |
| Depreciation, amortisation and asset impairment | 3 696 |
| (Gain) / loss on disposal of assets and liabilities | (22 040) |
| Accumulated surplus - 2022 and prior | (1 033) |
| | **-** |



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|---|---|---|

**49. Prior period errors and reclassifications (continued)**

**49.5 Correction of Error 4 - Fencing at Landfill Sites not found in Asset Register**

Landfill site fences to Asset register which were erected before 30 June 2023.

| **Affected line items** | **2023** |
|---|---|
| Property, plant and equipment | 3 121 159 |
| Depreciation, amortisation and asset impairment | 124 778 |
| Accumulated surplus - 2022 and prior | (3 245 937) |
| | **-** |

**49.6 Correction of Error 5 - Finalisation of Cost**

Adjusting the installation dates of service connections (Water; Electricity and Sewerage).

| **Affected line items** | **2023** |
|---|---|
| Property, plant and equipment | 15 149 630 |
| Depreciation, amortisation and asset impairment | 388 774 |
| (Gain) / loss on disposal of assets and liabilities | 475 837 |
| Accumulated surplus - 2022 and prior | (16 014 241) |
| | **-** |

**49.7 Correction of Error 6 - VAT on Libraries shifted to Provisions**

Mossel Bay Municipality has in line with the Communication of Audit Finding 10 raised in the 2022/23 year on the output tax treatment of library funding, raised a Provision for the VAT on Library Grants received for the past 5 years. The Municipality has requested a SARS ruling in this regard. Until such time that clarity is obtained it will be disclosed as a Provision and the interest and penalties, if payable, will be disclosed as a contingent liability.

| **Affected line items** | **2023** |
|---|---|
| Current provisions | (5 100 913) |
| Government grants and subsidies revenue | 1 309 956 |
| Accumulated surplus - 2022 and prior | 3 790 957 |
| | **-** |

**49.8 Correction of Error 7 - Adjustment of back-billing of factor 10 water meters to food security tariff**

During debt collection meetings with Nestle regarding back-billing of factor 10 water meters, it was found that the billing was done on the incorrect tariff, which meant that they were billed on punitive tariffs and not the alternative tariff for industrial consumers contributing to food security.

| **Affected line items** | **2023** |
|---|---|
| Receivables from exchange transactions | (6 444 393) |
| VAT | 840 573 |
| Service charges revenue | 5 603 820 |
| | **-** |

**50. Changes in accounting policy**

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year, except for the following new / revised standards and guidelines:

- GRAP 25 : Employee Benefits



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## 51. Change in accounting estimates

### Change in Useful lives

The Municipality has reassessed the useful lives and residual values of Property, plant and equipment (including the restoration cost of landfill sites based on the estimated closure date of each landfill site), Investment Property and Intangible assets which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

| **Movement in depreciation and amortisation** | **2024** | **2025** | **2026** | **2027** |
|---|---|---|---|---|
| Before change in estimate | 27 979 329 | 27 074 174 | 32 131 437 | 9 561 640 |
| After change in estimate | 31 098 408 | 30 173 225 | 18 729 089 | 11 909 744 |
| **Net effect (Decrease) / Increased charges** | **3 119 079** | **3 099 051** | **(13 402 348)** | **2 348 104** |

### Change in estimate of Rehabilitation costs

No disclosure required for 2023/2024, as there is no major change in estimates apart from the useful life changes already included in the rest of the note as part of the change in estimate regarding depreciation charges.

### Change in estimate regarding iGRAP20 reduction of traffic fines

During each financial year, representations are done for the reduction in traffic fines, which are approved by the prosecutor, and needs to be accounted for as an adjustment to revenue as a change in accounting estimate in the period of the outcome of the appeal.

Traffic fine revenue has been reduced with R3 260 300 during the period ending 30 June 2024 (2023: R 2 330 630).

## 52. Comparison with budget

| **Reconciliation of budget surplus / (deficit) with the surplus / (deficit) in the Statement of Financial Performance:** | **2024 R** |
|---|---|
| Net surplus / (deficit) per the statement of financial performance | 121 957 497 |
| Net surplus / (deficit) as per final budget | 11 475 102 |
| **Variance to be explained (refer to Statement of Comparison of Budget and Actual amounts for detail)** | **(110 482 395)** |

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2023 to 30 June 2024. The budget information is therefore on a comparable basis to the actual amounts.

| **Expenditure per VOTE: OPERATIONAL** | **Budget:** | **Actuals:** | **Variance:** |
|---|---|---|---|
| Vote 1 - Municipal Manager and Executive Council | 52 085 183 | 49 462 326 | 2 622 857 |
| Vote 2 - Corporate Services | 97 298 747 | 81 927 790 | 15 370 957 |
| Vote 3 - Financial Services | 79 403 958 | 68 830 342 | 10 573 616 |
| Vote 4 - Infrastructure Services | 815 406 494 | 813 687 502 | 1 718 992 |
| Vote 5 - Community Services | 215 473 505 | 202 459 404 | 13 014 101 |
| Vote 6 - Planning and Economic Development | 191 066 521 | 173 283 236 | 17 783 285 |
| Vote 7 - Community Safety | 116 795 716 | 114 303 971 | 2 491 745 |
| | **1 567 530 124** | **1 503 954 571** | **63 575 553** |

| **Below the line items** | **Budget** | **Actual** | **Variance** |
|---|---|---|---|
| Loss on disposal of assets and liabilities | 2 169 769 | 5 304 942 | (3 135 173) |
| Inventories losses/write-downs | - | 11 056 749 | (11 056 749) |
| Impairment loss on receivables | 41 194 771 | 56 070 247 | (14 875 476) |
| | **43 364 540** | **72 431 938** | **(29 067 398)** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**52. Comparison with budget (continued)**

| **Grand total** | **Budget** | **Actual** | **Variance** |
|---|---|---|---|
| Exp per VOTE + Below the line items | 1 610 894 664 | 1 576 386 509 | 34 508 155 |



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|---|---|---|

**52. Comparison with budget (continued)**

**Detail of Material Variances:**

Municipal Manager & Executive Council: The underspending was mainly due to savings on Audit fees, Depreciation cost and Publicity fees.

Corporate Services: The underspending is mainly due to savings on Depreciation cost and the realisation of a R13m Actuarial Gain in the current financial year.

Financial Services: The underspending was mainly due to savings Computer services and Insurance costs.

Infrastructure Services: The underspending was mainly due to savings on depreciation charges.

Community Services: The underspending is mainly due to savings on finance cost on Landfill site provision. Further underspending on Cleaning services and Employee related costs.

Planning & Economic Development: The underspending is mainly due to underspending on Housing grant allocations. Savings also realised on Employee related costs and Depreciation charges was less than anticipated with budget process.

Community Safety: The underspending was mainly due to savings on Employee related costs and Traffic fine write offs.

| Expenditure per VOTE: CAPITAL | Budget: R | Actual: R | Variance: R |
|---|---|---|---|
| Vote 1 - Municipal Manager and Executive Council | 301 840 | 222 772 | 79 068 |
| Vote 2 - Corporate Services | 15 295 123 | 9 217 142 | 6 077 981 |
| Vote 3 - Financial Services | 22 527 409 | 10 745 048 | 11 782 361 |
| Vote 4 - Infrastructure Services | 207 266 222 | 188 887 685 | 18 378 537 |
| Vote 5 - Community Services | 25 768 231 | (5 985 983) | 31 754 214 |
| Vote 6 - Planning and Economic Development | 194 540 869 | 146 303 028 | 48 237 841 |
| Vote 7 - Community Safety | 6 016 595 | 5 626 029 | 390 566 |
| | **471 716 289** | **355 015 721** | **116 700 568** |

**Detail of Material Variances**:

Corporate Services:The main reason in underspending is due to not being able to find suitable bidder for the Mounting mast for antennas.

Financial Services: The main reason in underspending is due to savings on budgets for replacement of assets relating to insurance claims.

Infrastructure Services: The underspending is mainly due to in year processes delayed for some construction processes, but are on the way and CRR funds has been motivated to be rolled over to next financial year. There were delay in delivery of minisubs.

Community Services:The underspending is due to the decreased restoration costs of landfill sites of R19m which were recognised in the current year with the provision for rehabilitation of landfill sites. The discount rate used to calculate the provision has increased dramatically, hence the decreased restoration costs.

Planning & Integrated Services: The main reason for underspending is due to expenditure not realised on Upgrading of informal settlements grant funded projects as well as costs incurred being recognised as operational expenditure and not capital expenditure as was budgeted. An application will be done to Provincial Treasury for the roll-over of grant funding. The department is further awaiting donation letter from Provincial government in order to recognise more assets on the Mountain View Housing Development project.



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## 53. Utilisation of Long-term liabilities reconciliation

| | | |
|---|---|---|
| Long-term liabilities raised (Refer note 20) | 245 944 919 | 173 506 365 |
| Used to finance property, plant and equipment | (245 944 919) | (173 506 365) |
| | **-** | **-** |

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See Note 13 for Cash and Cash Equivalents and to Note 12 for Short-term Investments).

## 54. Unauthorised expenditure

| **Reconciliation of unauthorised expenditure** | | |
|---|---|---|
| Opening balance | 239 229 585 | 237 074 760 |
| Unauthorised expenditure current year | - | 2 154 825 |
| Written off by council | (239 229 585) | - |
| Transfer to receivables for recovery - not condoned | - | - |
| **Unauthorised expenditure awaiting authorisation** | **-** | **239 229 585** |

No unauthorised expenditure is recognised for the year under review.

The overspending of R2 154 825 under the Community Services vote in the 2022/23 year is due to the recognition of the Landfill site asset as per the report by management expert on the Provision for the Rehabilitation of Landfill sites.

In line with Council decision E310-11/2024 the unathorised expenditure for 2021/22 and 2022/23 years are written off as it is deemed to be irrecoverable as no expenditure has been incurred nor has any commitment been made to a supplier.

Disciplinary steps/criminal proceedings:

2023/24 : No unauthorised expenditure is recognised for the year under review.

2022/23 : Investigated by Disciplinary board Committee and referred to Council for approval. No financial loss due to unauthorised expenditure. The Disciplinary board Committee found that no official acted negligently.

2021/22 : Investigated by Disciplinary board Committee and referred to Council for approval. No financial loss due to unauthorised expenditure. The Disciplinary board Committee found that no official acted negligently.

| | | |
|---|---|---|
| Non-cash | - | 2 154 825 |

| **Non-cash analysed as follows:** | | |
|---|---|---|
| Capital additions - Landfill site provision asset | - | 2 154 825 |



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## 55. Irregular expenditure

| Reconciliation of irregular expenditure | | |
|---|---|---|
| Opening balance | 3 951 416 | 1 214 491 |
| Irregular expenditure current year | 10 704 414 | 1 896 960 |
| Written off by Council | (12 559 580) | - |
| Recovered | - | - |
| To be recovered - contingent asset | - | - |
| Adjustment of prior year disclosure | 14 758 129 | 839 965 |
| **Irregular expenditure awaiting write-off** | **16 854 379** | **3 951 416** |

**2024**

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| Irregular Expenditure relating to the payments made to Mossel Bay Tourism in respect of the 2023/2024 Financial Year (R6 149 600) | Investigated by Disciplinary board Committee and referred to Council. Council resolved irregular expenditure be certified as irrecoverable and written off (E76-04/2024) |
| Irregular expenditure relating to Section 67 transfers in respect of the 2023/2024 Financial Year (R4 554 814) | Was reported to the Accounting Officer and will be taken to the Disciplinary Board for Investigation. |

**Adjustment of prior year disclosure: 2023 - Total R14 758 129**
Expenditure related to the payments made to Mossel Bay Tourism in respect of 2022/23 year (R6 358 924)+ Irregular expenditure relating to payments made to persons in the service of the state i.r.t. 2021/2022 financial year(Comaf 2 of 2022) (R51 056) + Irregular Expenditure relating to Non-Compliance with the PPP (4) (1) - quotations below the value of R30 000 for the 2022/2023 Financial year (COMAF 21 of 2023) (R3 913 435) + Irregular expenditure relating to Section 67 transfers in respect of the 2022/2023 Financial Year (R4 434 714)
Written off by Council: 2024 - Total R12 559 580
Irregular Expenditure relating to the payments made to Mossel Bay Tourism in respect of the 2022/2023 Financial Year - R6 358 924 + Irregular Expenditure relating to the payments made to Mossel Bay Tourism in respect of the 2023/2024 Financial Year - R6 149 600 + Irregular Expenditure relating to payments made to persons in the service of the state in respect of the 2021/2022 Financial Year (COMAF 2 of 2022) - R51 056 - Refer Council resolution E76/04/2024

**2023**

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| Irregular Expenditure regarding the excess payments made with regards to contractors for Open Space Management and Collection of Refuse. (E115-05/2023) | Investigated by Disciplinary board Committee and referred to Council. Council resolved irregular expenditure of R35 124 was incurred and the possible negligence to be investigated. (E115-05/2023) |
| Irregular Expenditure regarding the excess payments made with regards to contractors for Open Space Management and Collection of Refuse in relation to the entire TDR109/2020/2021. (E201-08/2023) | Investigated by Disciplinary board Committee and referred to Council. Council resolved irregular expenditure of R1 861 835,91) was incurred and the possible negligence to be investigated. (E201-08/2023) |

**Adjustment of prior year disclosure: 2022 - Total R839 965**
In the 2020 irregular expenditure listed below was decreased from the note as Council resolved that the funds had to be recovered and was subsequently listed as and contingent assets was increased by the same. Guidance was however received that the disclosed amount of irregular expenditure can only be decreased once the amounts have actually been recovered or written-off.



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### 55. Irregular expenditure (continued)

### 56. Fruitless and wasteful expenditure

| **Reconciliation of fruitless and wasteful expenditure** | | |
|---|---|---|
| Opening balance | - | - |
| Fruitless and wasteful expenditure current year | - | - |
| Written off by Council | - | - |
| To be recovered - contingent asset | - | - |
| **Fruitless and wasteful expenditure awaiting condonement** | **-** | **-** |

Expenditure was assessed and no fruitless expenditure found in current or previous financial years.



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## 57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003)

### Non-compliance with Municipal Finance Management Act

No material non-compliance to the MFMA to report for the year under review, however below is cases of minor non-compliance with the MFMA and related regulations during the financial year:

**Non-compliance with provisions in MFMA concerning submission of a quarterly report on withdrawals from municipal bank accounts**
In terms of Section 11(4)(b) of the MFMA the Accounting Officer must submit within 30 days after the end of each quarter a copy of the report to the relevant provincial treasury and the Auditor-General(AG). For the quarter ended 30 June 2023, this report was sent to the AG and Provincial Treasury on 3 August 2023 , which was submitted 4 days late. For the quarter ended 30 September 2023, this report was sent to the AG and Provincial Treasury on 9 November 2023 , which was submitted 10 days late.

**Non-compliance with provisions in MFMA and MBRR concerning tabling of an Adjustment Budget**
In terms of Section 23(3) of the Municipal Budget and Reporting Regulations (MBRR) the Municipality must at the next available council meeting, but within 60 days of the approval of the relevant provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in Municipal Council.
Provincial Governments has communicated a Provincial Adjustments budget on 28 November 2023 with Municipalities in Western Cape. According to legislation, the Municipality must table an adjustments budget within 60 days, which is then in effect 26 January 2024.
The municipality has revised its budget for the February Adjustments budget in terms of section 28(2) (a, b, d, f, g) and combined the two different adjustments budgets to relieve capacity issues. An application for extension of deadlines was sent in terms of the MFMA and MBRR to the Minister of Finance in Western Cape, which was approved.

### Contributions to SALGA

| | | |
|---|---|---|
| Opening balance | - | - |
| Current year subscription / fee | 4 288 337 | 4 149 043 |
| Amount paid - current year | (4 288 337) | (4 149 043) |
| Amount paid - previous years | - | - |
| | **-** | **-** |

### Audit fees

**External audit fees**

| | | |
|---|---|---|
| Opening balance | - | 2 230 |
| Current year fee | 6 044 114 | 5 349 141 |
| Amount paid - current year | (6 040 255) | (5 349 141) |
| Amount paid - previous years | - | (2 230) |
| | **3 859** | **-** |

**Internal audit fees**

| | | |
|---|---|---|
| Opening balance | 544 474 | 79 838 |
| Current year fee | 1 742 262 | 1 603 243 |
| Amount paid - current year | (2 286 736) | (1 058 769) |
| Amount paid - previous years | - | (79 838) |
| | **-** | **544 474** |



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

**PAYE and UIF**

| | | |
|---|---|---|
| Opening balance | - | - |
| Current year subscription / fee | 58 090 157 | 52 018 614 |
| Amount paid - current year | (58 090 157) | (52 018 614) |
| Amount paid - previous years | - | - |
| | **-** | **-** |

**Pension, Provident and medical aid contributions, Group insurance**

| | | |
|---|---|---|
| Opening balance | - | - |
| Current year subscription / fee | 121 157 264 | 111 202 010 |
| Amount paid - current year | (121 157 264) | (111 202 010) |
| Amount paid - previous years | - | - |
| | **-** | **-** |

**VAT**

| | | |
|---|---|---|
| VAT (payable) / receivable | 25 077 747 | 14 497 859 |

All VAT returns have been submitted by the due date throughout the year.

Refer to Note 49 for detail regarding the correction of prior period errors.



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2024:

| June 30, 2024 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| M Welman | 2 204 | 7 138 | 9 342 |
| WT Buda | 3 801 | 4 043 | 7 844 |
| | **6 005** | **11 181** | **17 186** |

| June 30, 2023 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| None | - | - | - |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days:

| 2024 | Highest outstanding amount | Aging (in days) |
|---|---|---|
| M Welman | 7 138 | 90+ days |
| WT Buda | 4 043 | 90+ days |
| ME Furness | 4 235 | 90+ days |
| N Gwaza | 77 | 90+ days |
| TB Mvumvu | 628 | 90+ days |

| 2023 | Highest outstanding amount | Aging (in days) |
|---|---|---|
| ME Furness | 5 956 | 90+ days |

**Supply chain management regulations**

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

| Types of deviations | | |
|---|---|---|
| Sole Supplier | 3 703 405 | 8 069 212 |
| Emergency | 6 083 219 | 5 842 340 |
| Exceptional case and it is impractical or impossible to follow the official procurement process | 55 375 450 | 38 837 393 |
| Expansions and Variations | 993 491 | - |
| | **66 155 565** | **52 748 945** |

**Awards to close family members of persons in the service of the state**

Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the services of the state in the previous 12 months:



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

| Awarded to: | Connected person | Position held in state | 2024 | 2023 |
|---|---|---|---|---|
| 3rd Generation Trading PTY LTD | Renay Pillay | Environmental officer - PetroSA | 3 680 866 | 2 845 047 |
| Afezekiswa Mining and Construction CC | SN Kolwapi | Intern - Gauteng Housing department | - | 421 600 |
| Alveo Water (Pty) Ltd | Yazeed Daniels | School Finance and Record Officer at Western Cape Education Department | - | 171 429 |
| Amandle/Khubeka JV | John Emanuel Jacobs | Principal Inspector - National Government Employmen and Labour | 3 871 115 | 8 663 116 |
| | Unita Frazenburg | Registrar of Deeds - National Government Kimberley Deeds Office | - | - |
| | Eben Frazenburg | Teacher - WC Education Department | - | - |
| | Jacqueline Frazenburg | Teacher - WC Education Department | - | - |
| | Bruay Frazenburg | Municipal Prosecutor - City of Cape Town (Traffic Department) | - | - |
| Ayanda Mbanga Communications (Pty) Ltd | SMM Mbanga | CEO - SALGA | 778 468 | - |
| Beneatas (Pty) Ltd | Marulyn Kannemeyer | Councillor - Mossel Bay Municipality | 227 556 | 57 845 |
| CH Fire Services CC | Unchin Kannemeyer | Snr SCM Practitioner: Compliance and Contract Administration - Mossel Bay Municipality | 310 849 | 151 922 |
| Chumani Architects (Pty) Ltd | Mareen Williams | Nurse - Mossel Bay Provincial Hospital | - | 545 138 |
| CML Civil Construction | Z van Wyk | Teacher - WC Education Department | - | 24 800 |
| DG Incentives (Pty) Ltd | Nonhlanhla Kumalo | Manager - Ports Regulator of SA | - | 86 415 |
| Diphororo Consulting (Pty) Ltd | Ntombana Del Sekgaphane | Official - Sector Education and Training Authority (SETA) | - | 222 120 |
| Drs Dietrich Voigt Mia Partners | Christene Maas-Loftus | Senior Medical officer - Department of Health | - | 451 |
| Emakozeni Trading Enterprises CC Trading as Harvey World Travel | RS Zikode | Official - Department of Trade and Industry | 234 709 | 203 684 |
| Engineering Advice Services Western Cape (PTY) LTD | Shaun Westerberg | Manager: Building Development - Mossel Bay Municipality | - | 343 213 |
| | Erlene Westerberg | Personal Assistant: Municipal Manager - Mossel Bay Municipality | - | - |
| Falcon Safety Academy (Pty) Ltd | Zona Van Greunen | Project Manager: Human Settlements - Nelson Mandela Metropolitan Municipality | 118 210 | - |
| GIBB (PTY) LTD | Various employees : See Below | | 431 413 | 750 162 |
| | Dianne Allderman | Teacher - EC Dept of Education | - | - |
| | Rajiv Beharie | Senior Engineer - Eskom | - | - |



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

| | | | |
|---|---|---|---|
| Ian Bowker | Head of Dept - Dept of Asset Mngmnt and Maintenance in Transport | - | - |
| Irma Brink | Teacher - FS Dept of Education | - | - |
| Sonnika Cilliers | Teacher - Dept of Education | - | - |
| Liezel Cloete | Lecturer - Dept of Higher Education and Training | - | - |
| Dolerencia Davids | Admin officer - City of Cape Town | - | - |
| Hilton Davids | Admin officer - City of Cape Town | - | - |
| Jacqueline Gooch | Head of Dept - Dept of Transport and Public Works | - | - |
| Thando Gqobo | Civil Engineering Technician - Ethekweni Municipality | - | - |
| MB Haq | Town Planner -City Engineers | - | - |
| Conrad Hering | Electrical Engineer - Dept of Transport and Public Works | - | - |
| Siyamthanda Jafta | Assistant Mngr - EC Dept of Transport | - | - |
| Heinrich Jaskolka | Magistrate - Dept of Justice | - | - |
| Yvette Joubert | Teacher - WC Education Department | - | - |
| Tebho Kabi | Senior Technician - Eskom | - | - |
| Douglas Kiewiet | Area Mngr - Dept of Water Affairs | - | - |
| Unathi Lekonyana | Deputy Director - National Treasury | - | - |
| Gerda Magnus | Acting Deputy Director General - Dept of Higher Education and Training | - | - |
| Nokuzola Mandla | Control Works inspector - EC Dept of Human Settlements | - | - |
| Nokuthula Mkhize | Accounting Clerk - National Dept of Water Affairs | - | - |
| Londani Mkhumbuzi | Senior Clerk - KwaDukuza Municipality | - | - |
| David Moffett | Director Spatial Planning - Dept of Rural Development and Land Reform | - | - |
| Alan Moon | Head: Business Continuity - City of Cape Town | - | - |
| K Naidoo | Head of Dept Maths- Dept of Education | - | - |
| Herbert Netzhikweta | Senior Inspector - Dept of Minerals Resource | - | - |
| Phumlani Ngcamu | Snr Civils Technician - Ethekweni Municipality | - | - |
| Donovan O'Reilly | Warrant Officer - SAPS | - | - |
| Fawizia Peer | Deputy Mayor - Ethekweni Municipality | - | - |
| Funanani Phidza | Director ICT - Economic Development | - | - |



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

| | | | | |
|---|---|---|---|---|
| | Rendani Phidza | Snr Control Officer - Sports and Recreation | - | - |
| | Thendo Phidza | Jnr Service Engineer - Eskom | - | - |
| | Vuyokazi Sicwebu | PMU Manager - Ndlambe Municipality | - | - |
| | Sadra Singh | HR Officer - Dept of Education | - | - |
| | F Strampe | Chief Accounting Clerk - SAPS | - | - |
| Gouws N.E Transport | MH Pongolo | Parks Supervisor - Mossel Bay Municipality | 193 328 | 381 634 |
| Ikapa Reticulation and Flow CC | Sophia Davids | WCED - Special needs teacher | 2 803 055 | 2 711 464 |
| Indecon (Pty) Ltd | Lizette Barnard | Teacher - Dept of Education De Hoop Primary | 111 298 | - |
| Improchem (Pty) Ltd | Dr Mokhele | Special Advisor - Minister of Science | 19 280 770 | 21 898 717 |
| Just-Breeze General Trading CC | Dr Matshidiso Mphahlele-Ntladi | Dentist: Department of Health (Limpopo) | 995 931 | 3 055 337 |
| Leanco Business Services & Training Centre CC | C Neethling | Councillor - George Municipality | - | 24 600 |
| Legendary Caterers (Pry) Ltd | L M Daniels | Official - Dept of Social Development | - | 89 850 |
| Lifesaving Medical Rescue | C Klaasen | First respondent - Department of Health | - | 2 816 257 |
| Lowveld Venom Suppliers | C A Hobkirk | Ranger - Mpumalanga Tourism and Parks Agency | - | 19 100 |
| Manho's Funerals (Pry) Ltd | KR Moolman | Senior Process Controller - PetroSA | - | 11 720 |
| NCC Environmental Services (PTY) LTD | Chandre Rhoda | Invasive species programme manager - City of Cape Town | 932 983 | 29 700 |
| Nedbank Limited | Venusha Subramoney | Teacher - Department of Education | - | 1 000 000 |
| Poongavanum General Cleaning Services T/A Rig Marketing | Renay Pillay | Environmental officer - PetroSA | 3 067 899 | 1 400 969 |
| Prima Part | Vicky Basson | Manager: Budget and Reporting - Mossel Bay Municipality | 253 891 | 254 926 |
| RS Rose Enterprises (Pry) Ltd | R Rose | Senior Process Controller - Petro SA | - | 113 260 |
| Red Ant Security Relocation Eviction Services (Pty) Ltd | Noxolo Lesiela | Organisational Design and Development Practitioner - Mogale City Local Municipality | 2 437 698 | 1 625 616 |
| Setlatlapi Business Enterprise | P C Lerefolo | Official - Eskom | - | 91 464 |
| Signage Guys | Enrico Claassens | Warrant Officer - SAPS | 1 218 | 18 525 |
| South Cape Fire Services CC | Merlin Carl Seconds | Electrical Attendant - Mossel Bay Municipality | - | 88 560 |
| Swannie's Auto Clinic | Rudi Swanepoel | Sergeant Detective - KwaNonqaba Police Station | 531 600 | 543 360 |
| | Benita Swanepoel | Sergeant - SAPS (Uniform Division) | - | - |
| Zutari (Pty) Ltd | Various employees: see below | | 8 190 482 | 6 368 545 |
| | HC Ahlschiager | Legal representative - Special Investigation Unit | - | - |



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**57. Additional disclosure in terms of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) (continued)**

| | | | | |
|---|---|---|---|---|
| | S Seagens | Head of Security Architecture - City of Cape Town | - | - |
| | K Nadasen | Director: Key Account Manager - National Department of Public Works | - | - |
| | T Mncube | Specialist category manager (SCM) - Airports Company South Africa | - | - |
| | M Msiwa | Official - KZN: Office of the Premier | - | - |
| | | | **48 453 339** | **57 030 546** |

Previous year information for Mossel Bay Tourism Bureau removed from list in line with Council decision E76-04-2024.

The transactions are concluded in full compliance with the Supply Chain Management Policy of the Council and the transactions are considered to be at arms length.

No awards made to Councillors, Senior Managers or Employees of Mossel Bay Municipality.

**Levies paid to other government organisations**

| | | |
|---|---|---|
| Skills Development Fund Levy | 3 343 304 | 3 041 305 |
| Bargaining Council Levy | 148 004 | 137 457 |
| | **3 491 308** | **3 178 762** |

**Material losses**

**Electricity distributed losses**

| | | |
|---|---|---|
| Units purchased (kWh) | 296 316 050 | 293 657 128 |
| Units lost during distribution (kWh) | 41 822 950 | 39 182 107 |
| Percentage lost during distribution | 14.11 % | 13.34 % |

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

**Water distributed losses**

| | | |
|---|---|---|
| Mega litres purified | 9 144 | 8 827 |
| Mega litres lost during distribution | 1 460 | 1 161 |
| Percentage lost during distribution | 15.97 % | 13.15 % |

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

**58. BBBEE Performance**

Information on compliance with the Broad-Based Economic Empowerment Act (B-BBEE Act) is included in the Annual Report under the section 5.12 titled B-BBEE Compliance Performance Information.



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### 59. Commitments

**Authorised capital expenditure**

| | | |
|---|---|---|
| **Already approved and contracted for** | | |
| • Infrastructure | 239 358 009 | 220 086 111 |
| • Community | 2 087 504 | 4 180 359 |
| • Other | 4 984 481 | 1 152 038 |
| | **246 429 994** | **225 418 508** |
| **Approved but not yet contracted** | | |
| • Infrastructure | - | 6 059 713 |
| • Community | - | - |
| • Other | - | - |
| | **-** | **6 059 713** |
| **Total capital commitments will be financed from** | | |
| Borrowing | 117 388 896 | 64 935 817 |
| Capital replacement reserve | 54 112 315 | 47 258 653 |
| Capital replacement reserve / Government grants | 45 061 739 | 73 610 606 |
| Government grants | 29 625 663 | 45 673 146 |
| Public contributions / donations | 241 381 | - |
| | **246 429 994** | **231 478 222** |

The commitments presented above are inclusive of VAT.



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### 60. Related parties

Parties are considered to be related if:
- One party has the ability to control the other party; or
- Exercise significant influence over the other party in making financial and operating decisions.

**Related party balances**

None to disclose at year-end.

**Related party transactions**

| | | |
|---|---|---|
| **Other Related Parties** | | |
| Mossel Bay Tourism | 6 249 600 | 6 318 924 |
| Joint Operation Centre | 3 050 000 | 3 050 000 |

One Director and two councillors of Mossel Bay Municipality are board members of the Mossel Bay Tourism Bureau (Mr Carel Venter, Ms Venolea Fortuin and Mr Mark Furness).

Councillor Leon Van Dyk is one of the Directors of the Joint Operation Centre NPC.

| | | |
|---|---|---|
| **Administration fees paid to / (received from) related parties** | | |
| Porter, F | (41 111) | (12 500) |

Fine paid by Councillor Porter to Mossel Bay Municipality in terms of Item 2 of the Code of Conduct for Councillors. Two fines in relation to Breach of Code of Conduct are being paid monthly.

**Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**60. Related parties (continued)**

**Remuneration of management**

**Councillors/Mayoral committee members**

**2024**

| | Basic salary | Medical Aid Contributions | Pension Fund Contributions | Other benefits received | Total |
|---|---|---|---|---|---|
| **Name** | | | | | |
| Barker, Anco | 7 375 | - | - | 4 860 | 12 235 |
| Baron, Elroy Absolom | 285 448 | - | - | 144 757 | 430 205 |
| Bavuma, Joseph Johannes | 290 606 | - | - | 146 477 | 437 083 |
| Bayman, John Clifford | 485 122 | - | 87 322 | 240 423 | 812 867 |
| Booisen, Niklaas Cedric | 440 159 | 17 280 | 79 228 | 228 497 | 765 164 |
| Botha, Willem Stephanus | 299 396 | - | - | 149 407 | 448 803 |
| Buda, Witness Thembeni | 196 910 | - | 29 537 | 125 090 | 351 537 |
| Claassen, Donovan Chavei | 191 904 | - | 34 543 | 125 090 | 351 537 |
| Coetzee, Lodewyk Juan | 289 882 | - | - | 146 235 | 436 117 |
| Dellemijn, Anton | 536 668 | - | - | 228 497 | 765 165 |
| Dubula, Sibobalo | 196 910 | - | 29 537 | 125 090 | 351 537 |
| Fortuin, Venolia | 555 164 | 17 280 | - | 240 423 | 812 867 |
| Furness, Mark Edgar | 536 668 | - | - | 228 497 | 765 165 |
| Gouws J | 226 447 | - | - | 125 090 | 351 537 |
| Gwaza, Noxolo | 196 910 | - | 29 537 | 125 090 | 351 537 |
| Janse van Rensburg, Anna Susanna Maria | 226 447 | - | - | 125 090 | 351 537 |
| Jansen, C | - | - | - | - | - |
| Kamfer, Davie | 85 062 | - | - | 47 540 | 132 602 |
| Kannemeyer, Marulyn | 231 633 | 17 280 | 41 694 | 146 477 | 437 084 |
| Kotzé, Dirk | 715 555 | - | - | 288 126 | 1 003 681 |
| Krige, NN | 138 655 | - | - | 74 943 | 213 598 |
| Le Roux, Nicky | 440 159 | 17 280 | 79 228 | 228 497 | 765 164 |
| Liebenberg, Willem Hendrik | 226 447 | - | - | 125 090 | 351 537 |
| Matyesini, Zitulele Nelson | 196 910 | - | 29 537 | 125 090 | 351 537 |
| Meyer, Erica | 254 257 | 17 280 | 19 069 | 146 477 | 437 083 |
| Mkonto, Mzini Andile | 226 447 | - | - | 125 090 | 351 537 |
| Mvumvu, Thabo President | 290 606 | - | - | 146 477 | 437 083 |
| Porter, Faizell Baselero | 171 835 | - | - | 95 135 | 266 970 |
| Porter, VR | 43 690 | - | - | 23 964 | 67 654 |
| Ruiters, Rosina Henrietta | 209 167 | 17 280 | - | 125 090 | 351 537 |
| Sethuntsha, Rethabile Jabulile Grace | 196 910 | - | 29 537 | 125 090 | 351 537 |
| Van Dyk, Leon | 536 668 | - | - | 228 498 | 765 166 |
| Welman, M | 219 663 | - | - | 120 486 | 340 149 |
| | **9 145 680** | **103 680** | **488 769** | **4 680 683** | **14 418 812** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**60. Related parties (continued)**

**2023**

| Name | Basic salary | Medical Aid Contribution | Pension Fund Contribution | Other benefits received | Total |
|---|---|---|---|---|---|
| Barker, Anco | 198 034 | - | - | 109 278 | 307 312 |
| Baron, Elroy Absolom | 277 325 | - | - | 140 442 | 417 767 |
| Bavuma, Joseph Johannes | 277 325 | - | - | 139 162 | 416 487 |
| Bayman, John Clifford | 465 370 | - | 81 745 | 230 372 | 777 487 |
| Bobelo, Nosiphiwo Veronica | 2 797 | - | - | 932 | 3 729 |
| Booisen, Niklaas Cedric | 421 615 | 17 280 | 74 370 | 219 088 | 732 353 |
| Botha, Willem Stephanus | 283 467 | - | - | 141 209 | 424 676 |
| Buda, Witness Thembeni | 188 332 | - | 28 250 | 120 194 | 336 776 |
| Claassen, Donovan Chavei | 182 066 | - | 32 337 | 118 188 | 332 591 |
| Coetzee, Lodewyk Juan | 254 956 | - | - | 131 705 | 386 661 |
| Dellemijn, Anton | 513 265 | - | - | 219 088 | 732 353 |
| Dubula, Sibobalo | 186 752 | - | 27 650 | 118 188 | 332 590 |
| Fipaza, Wineka Primrose | 2 179 | - | - | 726 | 2 905 |
| Fortuin, Venolia | 509 242 | 17 280 | 20 615 | 230 379 | 777 516 |
| Furness, Mark Edgar | 513 265 | - | - | 219 088 | 732 353 |
| Gouws J | 216 582 | - | - | 120 194 | 336 776 |
| Groenewald, Barend Hendrik Jacobus | 2 179 | - | - | 726 | 2 905 |
| Gwaza, Noxolo | 186 752 | - | 27 650 | 118 188 | 332 590 |
| Janse van Rensburg, Anna Susanna Maria | 216 582 | - | - | 120 194 | 336 776 |
| Jansen, C | 2 179 | - | - | 726 | 2 905 |
| Kamfer, Davie | 216 281 | - | - | 119 917 | 336 198 |
| Kannemeyer, Marulyn | 220 982 | 17 280 | 39 063 | 140 442 | 417 767 |
| Kotzé, Dirk | 682 969 | - | - | 275 657 | 958 626 |
| Le Roux, Nicky | 415 949 | 17 280 | 74 871 | 216 087 | 724 187 |
| Levendal, Harry Joseph | 6 887 | - | - | 2 296 | 9 183 |
| Liebenberg, Willem Hendrik | 214 402 | - | - | 118 188 | 332 590 |
| Lichaba, Petrus | 2 179 | - | - | 726 | 2 905 |
| Matyesini, Zitulele Nelson | 186 619 | - | 27 783 | 118 188 | 332 590 |
| Mbandezi, Sebenzile Stanford | 2 179 | - | - | 726 | 2 905 |
| Mbolompo, Nobuzwe Julia | 2 179 | - | - | 726 | 2 905 |
| Meyer, Erica | 242 179 | 17 280 | 17 866 | 140 442 | 417 767 |
| Mkonto, Mzini Andile | 214 402 | - | - | 118 188 | 332 590 |
| Mvumvu, Thabo President | 277 325 | - | - | 140 442 | 417 767 |
| Porter, Faizell Baselero | 214 402 | - | - | 118 188 | 332 590 |
| Ruiters, Rosina Henrietta | 199 302 | 17 280 | - | 120 194 | 336 776 |
| Sethuntsha, Rethabile Jabulile Grace | 186 619 | - | 27 783 | 118 188 | 332 590 |
| Siyoko, Julia | 2 179 | - | - | 726 | 2 905 |
| Terblanche, Petru | 5 510 | - | - | 1 837 | 7 347 |
| Van Dyk, Leon | 510 897 | - | - | 218 299 | 729 196 |
| | **8 703 705** | **103 680** | **479 983** | **4 467 524** | **13 754 892** |

Other benefits received includes Travel and Cellphone allowances.

It must be noted that the Related party disclosure differs from the Remuneration of Councillors note due to accrual entries.

The note has been adjusted to remove the Travel and Subsistence expenditure disclosed in previous year Annual Financial Statements due to specific exclusion of reimbursement for expenditure in the applicable GRAP standard.



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|---|---|---|

**60. Related parties (continued)**

**Executive management**

**2024**

| Name | Basic salary | Bonuses and performance related payments | Other benefits received | Total |
|---|---|---|---|---|
| Puren, C | 1 042 723 | 169 905 | 329 666 | 1 542 294 |
| Naidoo, S | 1 803 909 | 176 566 | 442 299 | 2 422 774 |
| Lategan, G | 511 097 | - | 168 728 | 679 825 |
| Fredericks, O | 1 222 567 | 184 109 | 174 198 | 1 580 874 |
| Potgieter, A | 1 243 215 | 63 901 | 137 591 | 1 444 707 |
| Nel, E | 1 184 451 | 124 312 | 400 599 | 1 709 362 |
| Venter, CJ | 1 392 689 | 141 368 | 428 303 | 1 962 360 |
| | **8 400 651** | **860 161** | **2 081 384** | **11 342 196** |

**2023**

| Name | Basic salary | Bonuses and performance related payments | Other benefits received | Total |
|---|---|---|---|---|
| Giliomee, MG | - | 37 102 | 177 | 37 279 |
| Puren, C | 1 252 635 | 134 430 | 422 309 | 1 809 374 |
| Naidoo, S | 1 705 787 | 168 319 | 449 859 | 2 323 965 |
| Jantjies, E | - | 138 871 | 177 | 139 048 |
| Fredericks, O | 1 128 675 | 178 747 | 223 295 | 1 530 717 |
| Potgieter, A | 666 413 | - | 106 607 | 773 020 |
| Nel, E | 1 088 504 | 120 691 | 438 119 | 1 647 314 |
| Venter, CJ | 1 292 790 | 133 783 | 440 305 | 1 866 878 |
| | **7 134 804** | **911 943** | **2 080 848** | **10 127 595** |

Other benefits received includes Motor Vehicle allowance, Telephone allowance, Medical Aid contribution, Post Retirement fund contribution, Group insurance, UIF and Industrial council levies.

It must be noted that the Related Party disclosures differ from the Note on Employee Related Costs due to accrual entries.

The note has been adjusted to remove the Travel and Subsistence expenditure disclosed in previous year Annual Financial Statements due to specific exclusion of reimbursement for expenditure in the applicable GRAP standard.

Key Management and Councillors receive and pay for services from the municipality on the same terms and conditions as other ratepayers / residents. Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

The amounts outstanding are unsecured and will be settled in cash.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.



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|---|---|---|

**60. Related parties (continued)**

General information on amounts of outstanding balances in relation to related parties:

The same terms and conditions apply to the outstanding balances as for all consumers of municipal services.

No guarantees are given or received in relation to related party transactions.

No provision for doubtful debts are made in relation to the amounts of outstanding balances and no expense was recognised during the period in respect of bad or doubtful debts due from related parties.



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|---|---|---|

## 61. Contingencies

### Contractual disputes

Below is a list of possible liability claims where the outcome was unknown at 30 June 2024 with the maximum unforeseen liability for the Municipality:

| | 2024 | 2023 |
|---|---|---|
| Stonetrade Trust v Mossel Bay Municipality: claim with regard to Mid-Income housing. | 129 941 953 | 64 220 976 |
| Delict JF van Niekerk and Other v Mossel Bay Municipality: letter of demand was received from 53 registered owners in the Municipal Jurisdiction who were affected by the landslip in the Seemeeu Park residential area. | 92 000 000 | 89 562 000 |
| A summons was received for a public liability claim which could not be settled with the insurance brokers. Damages due to injuries is claimed. | 250 000 | 250 000 |
| Sala Pension fund Claim - outstanding employer contributions | 3 349 738 | - |
| Uhlaza Group (PTY) LTD vs Mossel Bay Municipality: Basis of the claim is in respect of the Municipality's cancellation of Tender 366/2022/2023 | 5 100 000 | - |
| | **230 641 691** | **154 032 976** |

The increase in contingency amount for the Stonetrade case is due to the accumulation of interest mora tore.

### Guarantees of employees housing loans:

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases.

Note: Council has received the funds on one of the guarantees, but are awaiting confirmation of cancellation of the guarantee.

| | 2024 | 2023 |
|---|---|---|
| The maximum amount of the guarantees to which council has a right to recovery. | 18 841 | 31 285 |



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|---|---|---|

**61. Contingencies (continued)**

**Other contingent liabilities:**

Arbitration cases:

There is currently three disputes under arbitration where three employees have been dismissed. An amount based on the the heaviest sanction from a financial point of view of R421 602 is estimated for the claim, but the outcome and timing is not available.

Insurance claims:

At year end there were 15 Insurance claims against the municipality of which the outcome and probable amount to be paid were unknown.

VAT on Library Grant funds:

The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Mossel Bay Municipality is not assigned a Library function, and is also not acting formally in terms of an SLA as agent of the province, but it is also expected to contribute financially to provision of library services. The Municipality is therefore unclear on the VAT treatment on all contributions received from SARS and has requested a SARS ruling in this regard. Until such time that clarity is obtained it will be disclosed as a Provision and the interest and penalties if payable, will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest and penalties as per the latest rates of SARS.

| | **2024** | **2023** |
|---|---|---|
| VAT on Library grant funds including interest and penalties | 2 612 816 | 1 782 610 |

**62. Risk management**

**Financial risk management**

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high-quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the Municipality's investment policy. These limits are reviewed annually by the CFO and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are put on auxiliary.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Liquidity risk**

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the Municipality are backed by appropriate assets and it has adequate liquid resources. Council has an approved Long-term financial plan which brought policies and procedures in place to monitor the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.



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# Notes to the Annual Financial Statements

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|---|---|---|

**62. Risk management (continued)**

**Exposure to financial risks**

Financial assets exposed to credit risk at year end were as follows:

| **Maximum Credit Risk of Financial instrument** | | |
|---|---|---|
| Long term receivables | 304 112 | 309 450 |
| Unpaid Construction contract advances | 5 039 915 | 7 160 318 |
| Receivables from exchange transactions | 140 697 899 | 134 295 530 |
| Receivables from non-exchange transactions | 3 094 172 | 3 886 742 |
| Investments | 197 174 000 | 167 174 000 |
| Short-term investments | 447 393 341 | 559 963 409 |
| Cash and cash equivalents | 133 322 173 | 53 759 880 |
| **Maximum Credit Risk Exposure** | **927 025 612** | **926 549 329** |

No collateral held as security or other credit enhancements.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

**Interest rate risk**

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes. The possible impact on financial instruments is disclosed in note 67.

**63. Events after the reporting date**

No events having financial implications requiring disclosure occurred subsequent to June 30, 2024.

**64. Accounting by principals and agents**

**Details of the arrangements are as follows:**



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**64. Accounting by principals and agents (continued)**

| Municipality as Agent / Principal | Other Party in agreement | Purpose of Arrangement | Description of Arrangement | Significant Terms and Conditions of Arrangement |
|---|---|---|---|---|
| Agent | Provincial Department of Transport | Motor Vehicle registration | The Municipality undertakes to handle Motor vehicle license issuing on behalf of the Department of Transport and collects a commission of 12% plus VAT. | The municipality collect motor registration fees on behalf of Provincial Administration.<br>Payment is made weekly based on the e-Natis reports. Agency fees to the value of 12% plus VAT is withhold from the payment to the Province |
| Agent | Provincial Department of Transport | Drivers Licence applications | The Municipality undertakes to handle Driver's licence applications on behalf of the Department of Transport. | The value of application fees is determined by the Provincial administration. The Municipality recognise all fees collected as agency fees. |
| Agent | Provincial Department of Transport | Administration of Drivers licence cards - RTMC (Road Traffic Management Company) | The Municipality undertakes to issue Driver's licence cards on behalf of the Department of Transport. | The municipality collect all application fees on behalf of Provincial Administration and recognise the revenue as agency fees. The cost for the production of a drivers licence card, for each successful applicant, is paid by the Municipality to the service provider appointed by Provincial Administration based on an invoice of RTMC (Road Traffic Management Company) |
| Agent | Department of Justice | Administration of Court fees | The Municipality undertakes to collect Court Fines on behalf of the Department of Justice and get no commission for this service. | The municipality collect content of court fees on behalf of the Dept of Justice, which is paid over on a monthly basis. The Municipality has no rights to an administration fee on the content of court fees. |
| Agent | Provincial Department of Human Settlements | Administration of the Building of Houses | The Human settlements Department has an agreement with the municipality to administer the process for building of houses for third parties in terms of Chapter 3 of the National Housing Code. For the year under review and previous financial year Mossel Bay Municipality was the Agent for the following housing projects: Wolwedans Housing project and Mountain View Housing project. | A) Mossel Bay Municipality does not have the power to determine the significant terms and conditions of the transactions, Department of Human Settlements is responsible for the construction of houses and is responsible for preparing contracts and project agreements and Appointing contractors for housing development.<br><br>B) Mossel Bay Municipality, is only the fund administrator, therefore Mossel Bay Municipality does not have the ability to use resources from the transactions substantially for its own benefit.<br><br>C) Department of Human Settlement is responsible for fulfilling the rights and obligations under the contractual arrangement entered into with contractors and/or other service providers. Thus, Mossel Bay Municipality is not exposed to variability in the result of the transactions. |



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|---|---|---|

**64. Accounting by principals and agents (continued)**

| Municipality as Agent / Principal | Other Party in agreement | Purpose of Arrangement | Description of Arrangement | Significant Terms and Conditions of Arrangement |
|---|---|---|---|---|
| Principal | Utilities | Prepaid electricity vendor | Mossel Bay Municipality requires a prepayment vending and management system, which includes inspection of pre-paid meters and tamper management. | The system must provide for all types of payment methods. System must be operation on a 24 hour per day, 7 days a week, 365 days a year basis. No changes during the reporting period. |
| Principal | EasyPay | Municipal account payment | That the Municipality's accounts for services owed to it by customers be paid at various Collectors and Easypay will accept payments on the Municipality's behalf and pay over to Municipality at a collection cost. | Funds shall be transferred daily in a consolidated total via ACM transfer to the Municipality's nominated bank account. No changes during the reporting period |
| Principal | Pay@ | Municipal account payment | That the Municipality make use of the Pay@ account payment system available in retail and other networks and Pay@ shall provide the required systems to interface with Networks to enable the Data to be presented and payments to be made by the Municipality's customers. | Data of municipal accounts shall be updated regularly. Systems shall be maintained and commission, supply and install systems necessary for provisioning of the Payment solution. No Changes during the reporting period. |

**Municipality as agent**

**Resources held on behalf of the principal(s), but recognised in the municipality's own financial statements**

The resources regarding the Licensing Department, Dept of Justice and Department of Human Settlements remain their own and do not form part of the Municipality's financial statements.

**Revenue recognised**

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R8 227 836 (2022: R8 148 171 ).

| | | |
|---|---|---|
| Motor Vehicle registration - Dept of Transport | 4 450 310 | 4 447 486 |
| Drivers Licence applications - Dept of Transport | 3 777 526 | 3 700 685 |
| RTMC - Dept of Transport | - | - |
| Court Fees - Dept of Justice | - | - |
| Administration of Housing - Dept of Human Settlements | - | - |
| | **8 227 836** | **8 148 171** |



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**64. Accounting by principals and agents (continued)**

**Liabilities and corresponding rights of reimbursement recognised as assets**

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity have a net effect of R54 880 that is still owed by the Municipality and will be paid over to the Department of Transport / Department of Justice in the new financial year.

Corresponding rights of reimbursement that have been recognised as assets have a net effect of R6 098 and relates to Drivers licence applications.

**Category(ies) of revenue received / expenses paid on behalf of the principal, are:**

The two categories of revenue received on behalf of the principal is Licensing fees (includes Vehicle licences, Drivers licences and Drivers licence cards) and Court fees.

**Amount of revenue received /expenses paid on behalf of the principal during the reporting period**

| **Agent Principal arrangement** | **2024** | **2023** |
|---|---|---|
| Motor Vehicle registration - Dept of Transport | 42 648 870 | 42 626 405 |
| Drivers Licence applications - Dept of Transport | 887 486 | 880 506 |
| RTMC - Dept of Transport | 4 220 208 | 4 277 160 |
| Court Fees - Dept of Justice | 1 320 030 | 889 850 |
| Administration of Housing - Dept of Human Settlements | - | - |
| | **49 076 594** | **48 673 921** |

**Receivables and / or payables recognised based on the rights and obligations established in the binding arrangement(s)**

| **Name of Receivables / Payable recognised** | **Receivables / Payable** | **2024** | **2023** |
|---|---|---|---|
| Motor Vehicle registration | Payable | - | - |
| Drivers licence applications | Receivable | (6 098) | (5 308) |
| Court fees | Payable | 54 880 | 56 850 |
| | **-** | **48 782** | **51 542** |

**Reconciliation of the carrying amount of receivables**

| **Drivers licence applications** | **2024** | **2023** |
|---|---|---|
| Opening balance | (5 308) | 29 480 |
| Revenue that principal is entitled to | 887 486 | 880 506 |
| Amounts transferred to the Principal | (888 276) | (915 294) |
| | **(6 098)** | **(5 308)** |

**Reconciliation of the carrying amount of payables**

| **Payables (Motor Vehicles registrations, RTMC and Court Fees)** | **2024** | **2023** |
|---|---|---|
| Opening balance | 56 850 | 58 800 |
| Revenue that principal is entitled to | 48 189 108 | 47 793 415 |
| Amounts transferred to the principal | (43 073 221) | (42 680 735) |
| Commission | (5 117 857) | (5 114 630) |
| | **54 880** | **56 850** |



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|---|---|---|

**64. Accounting by principals and agents (continued)**

**Municipality as principal**

**Resources (including assets and liabilities) of the municipality under the custodianship of the agent**

No assets or liabilities of Mossel Bay Municipality are under the custodianship of Utilities, Easypay or Pay@.

**Fees paid as compensation to the agent**

| **Commission paid** | **2024** | **2023** |
|---|---|---|
| Utilities - Prepaid electricity vendor | 6 950 063 | 6 247 038 |
| Easypay - Municipal account payment | 872 770 | 684 874 |
| Pay@ - Municipal account payment | 775 012 | 724 395 |
| | **8 597 845** | **7 656 307** |

**Resource(s) and / or cost implications for the municipality if the principal-agent arrangement is terminated**

There are no resource or cost implications for the municipality if the arrangements are terminated.

**65. Going concern**

We draw attention to the fact that at June 30, 2024, the municipality had an accumulated surplus of R2 987 766 179 and that the municipality's total assets exceed its liabilities by R3 351 408 482.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. In assessment whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

Further to that the Municipality has put in place cost containment measures to curb unnecessary spending. All stakeholders are referred to the Municipal Budget as well as Long Term Financial Plan which is used to assess whether the going concern assumption is appropriate.



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|---|---|---|

## 66. Interests in other entities

### Interests in joint arrangements

### Material joint arrangements

**Joint arrangement**

| | |
|---|---|
| Name of the joint arrangement: | Construction and operations of a jointly-owned 15 Mega litres per day Seawater Desalination facility |
| Nature of the entity's relationship with the joint arrangement: | Contract with PetroSA on Construction and operations of a jointly-owned 15 Mega litres per day Seawater Desalination facility |
| Domicile and legal form of the joint arrangement: | Contract signed between Mossel Bay Municipality and PetroSA for Construction and Operations of Desalination plant. |
| Proportion of ownership interest or participating share held by the entity: | Title and ownership of the Desalination facility shall vest in the Municipality and PetroSA proportional to their respective funding contributions. |
| Proportion of voting rights held: | The Municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred, income from the sale or use of its share of the Desalination plant, together with its share of the expenses incurred on the Desalination plant, and any expenses it incurs in relation to its interest in the asset. |



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## 67. Financial instruments disclosure

### Categories of financial instruments at amortised cost

**FINANCIAL ASSETS**

| | | |
|---|---|---|
| **Investments** | | |
| Long-term investments | 197 174 000 | 167 174 000 |
| **Short-term investments** | | |
| Standard Bank | - | 126 432 922 |
| ABSA Bank | 219 272 659 | 65 358 937 |
| Nedbank | 213 572 227 | 368 171 550 |
| First National Bank | 14 548 455 | - |
| **Cash and cash equivalents** | | |
| Bank balances | 112 923 309 | 53 742 926 |
| Cash on hand | 21 086 | 16 954 |
| Short-term deposits | 20 377 778 | - |
| **Long-term receivables** | | |
| Land Sales Debtors | 125 | 1 013 |
| Bursary Obligations | 277 533 | 279 390 |
| Housing Selling Schemes | 26 454 | 29 047 |
| **Unpaid Construction contract advances** | | |
| Unpaid Construction contract advances | 5 039 915 | 7 160 318 |
| **Receivables from exchange transactions** | | |
| Electricity | 55 307 803 | 52 183 959 |
| Water | 27 586 086 | 33 680 880 |
| Sewerage | 6 661 488 | 8 642 630 |
| Refuse | 7 358 583 | 8 958 829 |
| Land sales | 890 | 305 |
| Housing selling schemes | 7 741 | 10 276 |
| Housing rental | 9 990 | 12 270 |
| Other (Merchandising, Jobbing, Contracts and Service charges) | 43 765 318 | 30 806 381 |
| **Other receivables from non-exchange transactions** | | |
| Other | 828 657 | 781 276 |
| Availability charges - Electricity | 1 072 015 | 1 403 092 |
| Availability charges - Sanitation and Sewerage | 604 032 | 771 643 |
| Availability charges - Water | 589 468 | 930 731 |
| | **927 025 612** | **926 549 329** |



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**67. Financial instruments disclosure (continued)**

| | | |
|---|---|---|
| **FINANCIAL LIABILITIES** | | |
| **Other financial liabilities** | | |
| Long term loan | 245 944 919 | 173 506 365 |
| **Payables from exchange transactions** | | |
| Trade payables | 165 632 744 | 155 745 741 |
| Accrued Expenditure | 182 968 | 157 339 |
| Retentions | 26 876 062 | 14 070 268 |
| Other payables | 1 081 288 | 1 070 301 |
| Other deposits | 8 671 833 | 10 550 597 |
| Auditor-General of South Africa | 3 859 | - |
| **Consumer deposits** | | |
| Electricity | 23 990 592 | 21 924 843 |
| Water | 17 611 082 | 16 658 240 |
| **Non-current deposits** | | |
| Santos Pavillion Repair Fund | 372 718 | 344 472 |
| **Unspent conditional grants and receipts** | | |
| Unspent conditional grants and receipts | 7 759 123 | 22 783 507 |
| **Cash and cash equivalents** | | |
| Bank overdraft | - | - |
| | **498 127 188** | **416 811 673** |

Comparatives have been restated due to correction of prior period errors. Refer to Note 49.

Employee benefits has been removed from Financial instruments note in line with GRAP 25 exclusion thereof.

**Methods and assumptions are used to determine the amortised cost of each class of financial instrument**

Cash and Cash Equivalents: The carrying amount approximates the amortised cost due to the relatively short-term nature of these financial assets.

Trade and Other receivables / payables: The carrying amount of trade and other receivables (net of provision for debt impairment) / payables approximates amortised cost due to the relatively short-term nature of these assets / liabilities.

Long-term Receivables / payables: Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are at amortised cost based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis point increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**67. Financial instruments disclosure (continued)**

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

Adjustment in interest rates: The effect of a 1% increase / decrease in interest rate would have the following effect:



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**67. Financial instruments disclosure (continued)**

**2024**

| Net effect of interest-bearing instruments on surplus | Balance | Interest income | Interest expense | Effective interest rate | Effect of a 1% adjustment in interest rate |
|---|---|---|---|---|---|
| | - | - | - | - % | - |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 133 322 172 | 11 348 686 | - | 12.13 % | 935 410 |
| Receivables from exchange transactions | 140 697 900 | 10 906 777 | - | 7.93 % | 1 374 967 |
| Receivables from non-exchange transactions | 3 094 173 | - | - | - % | - |
| Short-term investments | 447 393 341 | 38 083 137 | - | 7.56 % | 5 036 784 |
| Investments | 197 174 000 | 16 783 899 | - | 9.21 % | 1 821 740 |
| Long-term receivables | 304 112 | 23 574 | - | 7.68 % | 3 068 |
| Unpaid Construction contract advances | 5 039 915 | - | - | - % | - |
| | - | - | - | - % | - |
| **Financial liabilities** | | | | | |
| Trade and other payables from exchange transactions | 165 632 744 | - | - | - % | - |
| Non-current deposits | 372 718 | - | 28 247 | 7.88 % | (3 586) |
| Consumer deposits | - | - | - | - % | - |
| Unspent conditional grants and receipts | 7 759 123 | - | 588 196 | 3.85 % | (152 713) |
| Other financial liabilities | 245 944 919 | - | 18 241 650 | 8.70 % | (2 097 256) |
| Finance lease obligation | - | - | - | - % | - |
| Subtotal | 1 346 735 117 | 77 146 073 | 18 858 093 | 65 | 6 918 414 |
| | **1 346 735 117** | **77 146 073** | **18 858 093** | **64.94 %** | **6 918 414** |

**2023**

| Net effect of interest-bearing instruments on surplus | Balance | Interest income | Interest expense | Effective interest rate | Effect of a 1% adjustment in interest rate |
|---|---|---|---|---|---|
| | - | - | - | - % | - |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 53 759 880 | 3 792 303 | - | 6.52 % | 581 494 |
| Receivables from exchange transactions | 134 295 530 | 6 771 822 | - | 5.40 % | 1 253 022 |
| Receivables from non-exchange transactions | 3 886 742 | - | - | - % | - |
| Short-term investments | 559 963 409 | 39 500 661 | - | 7.28 % | 5 427 540 |
| Investments | 167 174 000 | 11 792 705 | - | 7.75 % | 1 521 740 |
| Long-term receivables | 309 450 | 15 604 | - | 4.50 % | 3 467 |
| Unpaid Construction contract advances | 7 160 319 | - | - | - % | - |
| | - | - | - | - % | - |
| **Financial liabilities** | | | | | |
| Trade and other payables from exchange transactions | 155 745 741 | - | - | - % | - |
| Non-current deposits | 344 472 | - | 21 644 | 6.49 % | (3 336) |
| Consumer deposits | - | - | - | - % | - |
| Unspent conditional grants and receipts | 22 783 507 | - | 590 540 | 3.37 % | (175 472) |
| Other financial liabilities | 173 506 365 | - | 13 449 062 | 8.22 % | (1 635 598) |
| | **1 278 929 415** | **61 873 095** | **14 061 246** | **49.53 %** | **6 972 857** |

Refer to Note 49 for detail regarding the correction of prior period errors.



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# Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---|---|---|

## 68. Segment information

### General information

### Identification of segments

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The seven key functional segments comprise of:

- Municipal Manager and Executive Council
- Corporate Services
- Financial Services
- Technical / Infrastructure Services
- Community Services
- Planning and Economic Development
- Community Safety

Management does not at present have reliable separate financial information of assets and liabilities for the different segments, except for the capital additions as disclosed. Processes are in process of being put in place to generate this information at transaction level and in the most cost effective manner.



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**68. Segment information (continued)**

**Segment surplus or deficit, assets and liabilities**

**2024**

| | Municipal Manager and Executive Council | Corporate Services | Financial Services | Technical / Infrastructure Services | Community Services | Planning and Economic Development | Community Safety | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| **Revenue from exchange transactions** | | | | | | | | |
| Service charges | - | - | - | 866 275 360 | 90 105 203 | - | - | 956 380 563 |
| Construction contracts | - | - | - | - | - | 1 074 523 | - | 1 074 523 |
| Rental of facilities and equipment | - | 540 092 | - | 102 091 | 1 501 909 | 10 484 185 | - | 12 628 277 |
| Agency services - Provincial Traffic | - | - | - | - | - | - | 8 227 836 | 8 227 836 |
| Interest received - outstanding debtors | 1 538 151 | - | - | 8 017 179 | 1 613 557 | 1 322 | - | 11 170 209 |
| Interest received - external investments | - | - | 66 215 722 | - | - | - | - | 66 215 722 |
| Other income | 32 286 195 | 72 | 4 550 658 | 299 715 | 1 411 621 | 17 151 365 | 379 726 | 56 079 352 |
| **Revenue from non-exchange transactions** | | | | | | | | |
| **Taxation revenue** | | | | | | | | |
| Availability charges | - | - | - | 26 235 508 | - | - | - | 26 235 508 |
| Property rates | 698 822 | - | 217 928 536 | - | - | - | - | 218 627 358 |
| Interest earned - outstanding property rates | - | - | 1 140 463 | - | - | - | - | 1 140 463 |
| Licences and Permits | - | - | - | - | 29 733 | - | 1 358 125 | 1 387 858 |
| **Transfer revenue** | | | | | | | | |
| Government grants & subsidies recognised | 9 714 935 | 1 461 550 | 1 566 000 | 134 183 349 | 39 365 027 | 35 878 871 | 4 130 806 | 226 300 538 |
| Public contributions and donations | - | 1 867 797 | - | 3 068 442 | - | 79 322 242 | 360 000 | 84 618 481 |
| Fines, penalties and forfeits | 3 970 517 | - | - | 838 060 | 24 160 | - | 19 050 501 | 23 883 238 |
| Internal recoveries | 47 971 394 | 69 305 049 | (8 327 470) | 79 721 222 | 4 655 380 | 5 704 275 | 4 049 458 | 203 079 308 |
| **Total segment revenue** | **96 180 014** | **73 174 560** | **283 073 909** | **1 118 740 926** | **138 706 590** | **149 616 783** | **37 556 452** | **1 897 049 234** |



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Figures in Rand

| | Municipal Manager and Executive Council | Corporate Services | Financial Services | Technical / Infrastructure Services | Community Services | Planning and Economic Development | Community Safety | Total |
|---|---|---|---|---|---|---|---|---|
| **68. Segment information (continued)** | | | | | | | | |
| **Expenditure** | | | | | | | | |
| Employee related costs | 11 843 298 | 52 780 933 | 42 549 371 | 91 787 853 | 84 744 758 | 53 482 268 | 62 546 466 | 399 734 947 |
| Remuneration of councillors | 14 418 811 | - | - | - | - | - | - | 14 418 811 |
| Depreciation, amortisation and asset impairment | 229 249 | 3 994 820 | 1 484 699 | 70 303 485 | 19 461 455 | 47 932 555 | 7 081 719 | 150 487 982 |
| Bad debts written off | 1 213 585 | - | 180 375 | 4 840 603 | 1 583 630 | - | 11 564 550 | 19 382 743 |
| Finance costs | 616 443 | - | - | 17 601 987 | 8 423 278 | - | - | 26 641 708 |
| Bulk purchases | - | - | - | 523 177 552 | - | - | - | 523 177 552 |
| Contracted services | 6 800 484 | 3 766 035 | 8 728 569 | 18 518 924 | 59 054 507 | 62 835 496 | 21 727 351 | 181 431 366 |
| Transfers and subsidies paid | 110 000 | 6 399 600 | - | - | 151 430 | 25 844 | 4 303 384 | 10 990 258 |
| Inventory consumed | 300 521 | 645 110 | 337 606 | 75 026 992 | 18 521 868 | 6 589 204 | 5 802 572 | 107 223 873 |
| General expenses | 13 929 934 | 14 341 292 | 15 549 722 | 12 430 105 | 10 518 480 | 2 417 869 | 1 277 968 | 70 465 370 |
| Internal charges | 61 428 | 1 514 200 | 121 819 | 128 958 160 | 37 128 938 | 23 851 004 | 11 443 759 | 203 079 308 |
| **Total segment expenditure** | **49 523 753** | **83 441 990** | **68 952 161** | **942 645 661** | **239 588 344** | **197 134 240** | **125 747 769** | **1 707 033 918** |
| Gain / (loss) on disposal of assets and liabilities | (2 163) | (154 794) | (283 443) | (2 000 776) | (52 419) | 1 605 034 | (42 262) | (930 823) |
| Inventories losses / write-downs | - | - | (91 496) | (10 965 253) | - | - | - | (11 056 749) |
| Reversal of impairment loss / (Impairment loss) on receivables | (2 288 152) | - | (4 960 812) | (42 120 927) | (6 599 755) | 29 368 | (129 968) | (56 070 246) |
| **Total segmental surplus / (deficit)** | **44 365 946** | **(10 422 224)** | **208 785 997** | **121 008 309** | **(107 533 928)** | **(45 883 055)** | **(88 363 547)** | **121 957 498** |
| **Assets** | | | | | | | | |
| Capital additions during the year | 222 772 | 9 217 142 | 10 745 048 | 188 887 685 | (5 985 983) | 146 303 028 | 5 626 029 | 355 015 721 |



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**68. Segment information (continued)**

**2023**

| | Municipal Manager and Executive Council | Corporate Services | Financial Services | Technical / Infrastructure Services | Community Services | Planning and Economic Development | Community Safety | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| **Revenue from exchange transactions** | | | | | | | | |
| Service charges | - | - | - | 776 935 760 | 83 497 149 | - | - | 860 432 909 |
| Construction contracts | - | - | - | - | - | 1 251 298 | - | 1 251 298 |
| Rental of facilities and equipment | - | - | - | 104 269 | 1 333 621 | 11 257 060 | - | 12 694 950 |
| Agency service - Provincial Traffic | - | - | - | - | - | - | 8 148 171 | 8 148 171 |
| Interest received - outstanding debtors | 695 040 | - | - | 5 153 483 | 1 123 306 | 11 583 | - | 6 983 412 |
| Interest received - external investments | - | - | 55 085 669 | - | - | - | - | 55 085 669 |
| Other income | 32 521 768 | 11 516 | 5 119 637 | 1 125 065 | 1 512 106 | 18 129 829 | 324 267 | 58 744 188 |
| **Revenue from non-exchange transactions** | | | | | | | | |
| **Taxation revenue** | | | | | | | | |
| Availability charges | - | - | - | 24 354 026 | - | - | - | 24 354 026 |
| Property rates | 707 095 | - | 191 416 131 | - | - | - | - | 192 123 226 |
| Interest earned - outstanding property rates | - | - | 895 873 | - | - | - | - | 895 873 |
| Licences and permits | - | - | - | - | 28 059 | - | 1 289 116 | 1 317 175 |
| **Transfer revenue** | | | | | | | | |
| Government grants & subsidies recognised | 6 473 002 | 279 005 | 1 550 000 | 130 742 568 | 38 889 981 | 42 672 966 | 3 143 403 | 223 750 925 |
| Public contributions and donations | 438 060 | - | - | 4 041 590 | 428 432 | - | 3 043 | 4 911 125 |
| Fines, penalties and forfeits | 1 548 045 | - | - | 1 918 254 | 16 831 | - | 22 752 174 | 26 235 304 |
| Internal recoveries | 54 601 436 | 63 703 612 | (12 656 352) | 63 117 549 | 4 434 701 | 4 308 621 | 71 765 | 177 581 332 |
| **Total segment revenue** | **96 984 446** | **63 994 133** | **241 410 958** | **1 007 492 564** | **131 264 186** | **77 631 357** | **35 731 939** | **1 654 509 583** |



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| | Municipal Manager and Executive Council | Corporate Services | Financial Services | Technical / Infrastructure Services | Community Services | Planning and Economic Development | Community Safety | Total |
|---|---|---|---|---|---|---|---|---|
| **68. Segment information (continued)** | | | | | | | | |
| **Expenditure** | | | | | | | | |
| Employee related costs | 11 691 933 | 49 798 316 | 38 411 133 | 107 964 114 | 76 784 829 | 29 785 613 | 55 633 112 | 370 069 050 |
| Remuneration of councillors | 13 413 696 | - | - | - | - | - | - | 13 413 696 |
| Depreciation, amortisation and asset impairment | 78 468 | 3 113 564 | 749 640 | 102 717 464 | 24 059 496 | 4 744 647 | 3 697 138 | 139 160 417 |
| Bad debts written off | 5 626 384 | - | 913 121 | 46 414 029 | 17 628 070 | - | 8 325 900 | 78 907 504 |
| Finance costs | 612 183 | - | - | 12 800 225 | 180 546 | - | - | 13 592 954 |
| Bulk purchases | - | - | - | 436 942 993 | - | - | - | 436 942 993 |
| Contracted services | 15 255 345 | 2 784 496 | 9 384 226 | 46 451 068 | 59 172 742 | 11 801 203 | 22 377 715 | 167 226 795 |
| Transfers and subsidies paid | 319 633 | 200 985 | - | - | 233 630 | 6 470 902 | 4 303 384 | 11 528 534 |
| Inventory consumed | 297 739 | 514 136 | 1 107 667 | 80 135 988 | 16 853 058 | 356 645 | 5 150 809 | 104 416 042 |
| General expenses | 13 602 312 | 12 743 615 | 12 716 858 | 11 488 390 | 9 168 965 | 2 637 973 | 1 588 645 | 63 946 758 |
| Internal charges | 68 060 | 20 128 | 132 141 | 115 260 589 | 39 709 181 | 10 056 553 | 12 334 680 | 177 581 332 |
| **Total segment expenditure** | **60 965 753** | **69 175 240** | **63 414 786** | **960 174 860** | **243 790 517** | **65 853 536** | **113 411 383** | **1 576 786 075** |
| Gain / (loss) on disposal of assets and liabilities | - | (130 917) | (15 527) | (24 344) | (7 046 154) | 12 847 442 | (17 247) | 5 613 253 |
| Inventories losses / write-downs | - | - | - | (8 777 459) | - | - | - | (8 777 459) |
| Reversal of impairment loss / (Impairment loss) on receivables | (1 086 303) | - | (237 018) | 33 809 056 | 13 549 262 | 9 100 | (6 680 798) | 39 363 299 |
| **Total segmental surplus/(deficit)** | **34 932 390** | **(5 312 024)** | **177 743 627** | **72 324 957** | **(106 023 223)** | **24 634 363** | **(84 377 489)** | **113 922 601** |
| **Assets** | | | | | | | | |
| Capital additions during the year | 500 316 | 9 582 758 | 1 035 581 | 147 437 705 | 23 006 367 | 42 533 774 | 18 063 376 | 242 159 877 |

Refer to Note 49 for detail regarding the correction of prior period errors.



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| Figures in Rand | 2024 | 2023 |
|---|---|---|

**68. Segment information (continued)**

**Measurement of segment surplus or deficit, assets and liabilities**

**Basis of accounting for transactions between reportable segments**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations**

Inter-segment transfers: segment revenue and segment expense include revenue and expense arising from internal charges and recoveries between segments. Such transfers are usually accounted for at cost and are eliminated on consolidation. The amount of these transfers was R 203 079 308 (2023: R 177 581 332).

**Information about geographical areas**

Management does not at present have reliable separate financial information of geographical areas for decision making purposes. Processes are in process of being put in place to generate this information at transaction level and in the most cost effective manner.



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## APPENDIX A

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

| External loans | Institution | Interest rate | Redeemable | Balance at 30 JUNE 2023 | Received during the period | Redeemed / written off during the period | Unamortised discount on loans | Accrued interest | Balance at 30 JUNE 2024 | Carrying value of PPE | Other costs in accordance with the MFMA |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **LONG-TERM LOANS** | | | | | | | - | | | | |
| DBSA loan R30m | Development Bank of South Africa | 10.55% | 30/06/2027 | 8 000 000 | | 2 000 000 | - | 3 740 | 6 003 740 | - | - |
| ABSA loan R4.8m | ABSA Bank | 9.00% | 01/07/2026 | 1 850 938 | | 554 395 | | 746 | 1 297 289 | | |
| ABSA loan R6.5m | ABSA Bank | 9.50% | 2027/07/01 | 3 241 644 | | 683 817 | | 1 542 | 2 559 369 | | |
| Nedbank loan R5.6m | Nedbank | 9.10% | 01/07/2028 | 3 311 400 | | 543 697 | | 2 427 | 2 770 131 | | |
| DBSA loan R10m | Development Bank of South Africa | 9.47% | 30/06/2029 | 6 003 262 | | 1 000 544 | | 2 964 | 5 005 682 | | |
| DBSA loan R35m | Development Bank of South Africa | 9.47% | 30/06/2029 | 23 333 333 | | 3 888 889 | - | 11 520 | 19 455 964 | | |
| DBSA loan R12m | Development Bank of South Africa | 9.47% | 30/06/2029 | 8 000 000 | | 1 333 333 | | 3 950 | 6 670 617 | | |
| DBSA loan R7.8m | Development Bank of South Africa | 9.47% | 30/06/2029 | 5 200 000 | | 866 667 | - | 2 567 | 4 335 900 | | |
| Nedbank loan R2.2m | Nedbank | 7.36% | 30/06/2025 | 966 380 | | 460 150 | - | 447 | 506 677 | | |
| Nedbank loan R1.35m | Nedbank | 5.54% | 30/06/2031 | 1 154 864 | | 104 151 | | 864 | 1 051 577 | | |
| Nedbank loan R13.68m | Nedbank | 5.54% | 30/06/2031 | 11 702 623 | | 1 055 396 | | 11 518 | 10 658 746 | | |
| Nedbank loan R18m | Nedbank | 5.54% | 30/06/2031 | 15 398 189 | | 1 388 679 | | 8 754 | 14 018 264 | | |
| Nedbank loan R10.6m | Nedbank | 5.87% | 30/06/2031 | 9 014 318 | | 791 298 | | 12 394 | 8 235 414 | | |
| Nedbank loan R17.8m | Nedbank | 5.87% | 30/06/2031 | 15 137 964 | | 1 328 845 | | 7 380 | 13 816 499 | | |
| Nedbank loan R6m | Nedbank | 5.93% | 30/06/2032 | 5 598 352 | | 394 207 | | 4 437 | 5 208 581 | | |
| Nedbank loan R5m | Nedbank | 5.93% | 30/06/2032 | 4 665 293 | | 328 506 | | 3 697 | 4 340 484 | | |
| Nedbank loan R14.8m | Nedbank | 5.93% | 30/06/2032 | 13 827 805 | | 973 683 | | 10 959 | 12 865 081 | | |
| Nedbank loan R14.5m | Nedbank | 10.33% | 30/06/2033 | 14 500 000 | | 889 050 | | 11 556 | 13 622 506 | | |
| Nedbank loan R18.1m | Nedbank | 10.33% | 30/06/2033 | 18 100 000 | | 1 109 780 | | 14 425 | 17 004 646 | | |
| Nedbank loan R4.5m | Nedbank | 10.33% | 30/06/2033 | 4 500 000 | | 275 912 | | 3 586 | 4 227 674 | | |
| 1023-Ned0014-2024.34-6,9 | Nedbank | 9.92% | 30/06/2034 | | 6 854 590 | | | 5 591 | 6 860 181 | | |
| 1024-Ned0015-2024.34-59, | Nedbank | 9.96% | 30/06/2034 | | 58 410 000 | | | 47 831 | 58 457 831 | | |
| 1025-Ned0016-2024.34-22, | Nedbank | 9.94% | 30/06/2034 | | 13 950 000 | | | 11 400 | 13 961 400 | | |
| 1026-Ned0017-2024.34-237 | Nedbank | 9.98% | 30/06/2034 | | 13 000 000 | | | 10 667 | 13 010 667 | | |
| **Total long-term loans** | | | | **173 506 366** | **92 214 590** | **19 970 998** | **-** | **194 962** | **245 944 920** | **-** | **-** |
| | | | | | | | | | | | |
| **TOTAL EXTERNAL LOANS** | | | | **173 506 366** | **92 214 590** | **19 970 998** | **-** | **194 962** | **245 944 920** | **-** | **-** |

## APPENDIX B
## APPROPRIATION STATEMENT AS AT 30 JUNE 2024

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R | R | R |
| **2024** | | | | | | | | | | | |
| **FINANCIAL PERFORMANCE** | | | | | | | | | | | |
| **Revenue** | | | | | | | | | | | |
| **Exchange Revenue** | | | | | | | | | | | |
| Service charges - Electricity | 616 247 524 | 5 216 896 | 621 464 420 | | - | 621 464 420 | 630 694 101 | | 9 229 681 | 101% | 102% |
| Service charges - Water | 165 339 076 | -5 157 783 | 160 181 293 | | - | 160 181 293 | 167 873 320 | | 7 692 027 | 105% | 102% |
| Service charges - Waste Water Management | 90 045 615 | 2 517 249 | 92 562 864 | | - | 92 562 864 | 93 943 449 | | 1 380 585 | 101% | 104% |
| Service charges - Waste Management | 90 269 657 | 548 507 | 90 818 164 | | - | 90 818 164 | 90 105 202 | | -712 962 | 99% | 100% |
| Sale of Goods and Rendering of Services | 57 054 858 | -37 028 165 | 20 026 693 | | - | 20 026 693 | - | | -20 026 693 | 0% | 0% |
| Agency services | 9 206 875 | -483 478 | 8 723 397 | | - | 8 723 397 | 8 227 836 | | -495 561 | 94% | 89% |
| Interest | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Interest earned from Receivables | 7 113 600 | 4 239 630 | 11 353 230 | | - | 11 353 230 | 11 170 209 | | -183 021 | 98% | 157% |
| Interest earned from Current and Non Current Assets | 50 313 000 | 680 759 | 50 993 759 | | - | 50 993 759 | 66 215 723 | | 15 221 964 | 130% | 132% |
| Dividends | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Rent on Land | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Rental from Fixed Assets | 9 509 997 | -121 893 | 9 388 104 | | - | 9 388 104 | 12 628 274 | | 3 240 170 | 135% | 133% |
| Licence and permits | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Operational Revenue | 5 629 066 | 33 919 279 | 39 548 345 | | - | 39 548 345 | 56 079 350 | | 16 531 005 | 142% | 996% |
| **Non-exchange Revenue** | | | | | | | | | | | |
| Property rates | 223 787 544 | -4 108 634 | 219 678 910 | | - | 219 678 910 | 218 627 359 | | -1 051 551 | 100% | 98% |
| Surcharges and Taxes | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Fines, penalties and forfeits | 18 522 984 | 1 679 326 | 20 202 310 | | - | 20 202 310 | 23 883 237 | | 3 680 927 | 118% | 129% |
| Licences or permits | 1 370 898 | -2 535 | 1 368 363 | | - | 1 368 363 | 1 387 858 | | 19 495 | 101% | 101% |
| Transfer and subsidies - Operational | 225 965 000 | -35 239 087 | 190 725 913 | | - | 190 725 913 | 173 622 275 | | -17 103 638 | 91% | 77% |
| Interest | 904 700 | 347 460 | 1 252 160 | | - | 1 252 160 | 1 140 463 | | -111 697 | 91% | 126% |
| Fuel Levy | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Operational Revenue | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Gains on disposal of Assets | - | 485 854 | 485 854 | | - | 485 854 | 4 374 117 | | 3 888 263 | 900% | #DIV/0! |
| Other Gains | 500 000 | - | 500 000 | | - | 500 000 | - | | -500 000 | 0% | 0% |
| Discontinued Operations | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| **Total Revenue (excluding capital transfers and contributions)** | **1 571 780 394** | **-32 506 615** | **1 539 273 779** | **-** | | **1 539 273 779** | **1 559 972 772** | | **20 698 993** | **101%** | **99%** |
| **Expenditure** | | | | | | | | | | | |
| Employee related costs | 458 202 677 | -40 970 984 | 417 231 693 | | -113 873 | 417 117 820 | 399 734 945 | | -17 382 875 | 96% | 87% |
| Remuneration of councillors | 14 798 127 | 80 112 | 14 878 239 | | - | 14 878 239 | 14 418 812 | | -459 427 | 97% | 97% |
| Bulk purchases - electricity | 500 532 600 | 16 467 400 | 517 000 000 | | -80 000 | 516 920 000 | 523 177 552 | | 6 257 552 | 101% | 105% |
| Inventory consumed | 112 606 585 | -3 252 787 | 109 353 798 | | 2 545 192 | 111 898 990 | 107 223 867 | | -4 675 123 | 96% | 95% |
| Debt impairment | 31 074 200 | 9 647 767 | 40 721 967 | | - | 40 721 967 | 56 070 247 | | 15 348 280 | 138% | 180% |
| Depreciation & asset impairment | 144 367 784 | 12 545 217 | 156 913 001 | | 262 810 | 157 175 811 | 150 487 986 | | -6 687 825 | 96% | 104% |
| Interest | 22 028 156 | 5 953 024 | 27 981 180 | | - | 27 981 180 | 26 641 709 | | -1 339 471 | 95% | 121% |
| Contracted services | 250 071 143 | -37 220 441 | 212 850 702 | | -3 982 264 | 208 868 438 | 181 431 363 | | -27 437 076 | 87% | 73% |
| Transfers and subsidies | 11 230 714 | -167 775 | 11 062 939 | | - | 11 062 939 | 10 990 259 | | -72 680 | 99% | 98% |
| Irrecoverable debts written off | 23 724 905 | -4 264 166 | 19 460 739 | | - | 19 460 739 | 19 382 743 | | -77 996 | 100% | 82% |
| Operational costs | 73 331 420 | 7 176 407 | 80 507 827 | | 1 658 141 | 82 165 968 | 70 465 366 | | -11 700 602 | 86% | 96% |
| Losses on disposal of Assets | - | 2 169 769 | 2 169 769 | | - | 2 169 769 | 5 304 942 | | 3 135 173 | 244% | #DIV/0! |
| Other Losses | 511 474 | 251 336 | 762 810 | | -290 006 | 472 804 | 11 056 749 | | 10 583 945 | 2339% | 2162% |
| **Total Expenditure** | **1 642 479 785** | **-31 585 121** | **1 610 894 664** | **-** | **-** | **1 610 894 664** | **1 576 386 539** | **-** | **-34 508 125** | **98%** | **96%** |
| **Operating Surplus/(Deficit)** | **-70 699 391** | **-921 494** | **-71 620 885** | **-** | **-** | **-71 620 885** | **-16 413 767** | **-** | **55 207 118** | **23%** | **23%** |
| Transfers and subsidies - capital (monetary allocations) | 79 242 400 | 3 853 587 | 83 095 987 | | - | 83 095 987 | 58 026 215 | | -25 069 772 | 70% | 73% |
| Transfers and subsidies - capital (in-kind - all) | - | - | - | | - | - | 80 345 050 | | 80 345 050 | #DIV/0! | #DIV/0! |
| **Surplus/(Deficit) before taxation** | **8 543 009** | **2 932 093** | **11 475 102** | **-** | **-** | **11 475 102** | **121 957 498** | | **110 482 396** | **1063%** | **1428%** |
| Income Tax | - | - | - | - | - | - | - | | - | **#DIV/0!** | **#DIV/0!** |
| **Surplus/(Deficit) for the year** | **8 543 009** | **2 932 093** | **11 475 102** | **-** | **-** | **11 475 102** | **121 957 498** | | **110 482 396** | **1063%** | **1428%** |

## APPENDIX B

## APPROPRIATION STATEMENT AS AT 30 JUNE 2024

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R | R | R |
| **CAPITAL EXPENDITURE AND FUNDS SOURCES** | | | | | | | | | | | |
| Total capital expenditure | 381 703 743 | 90 012 546 | 471 716 289 | | - | 471 716 289 | 355 015 721 | | -116 700 568 | 75% | 93% |
| **CASH FLOWS** | | | | | | | | | | | |
| Net cash from / (used) in operating activities | 176 717 947 | 18 051 910 | 194 769 856 | | - | 194 769 856 | 217 241 148 | | 22 471 292 | 112% | 123% |
| Net cash from / (used) in investing activities | -196 393 060 | -316 145 866 | -512 538 926 | | - | -512 538 926 | -191 287 563 | | 321 251 363 | 37% | 97% |
| Net cash from / (used) in financing activities | 111 499 428 | -33 601 467 | 77 897 961 | | - | 77 897 961 | 53 608 708 | | -24 289 252 | 69% | 48% |
| **Net increase / (decrease) in cash and cash equivalents** | **91 824 315** | **-331 695 424** | **-239 871 109** | **-** | - | **-239 871 109** | **79 562 293** | | **-24 289 252** | **-33%** | **87%** |
| Cash and cash equivalents at the beginning of the year | 8 098 398 | 605 624 884 | 613 723 282 | | - | 613 723 282 | 53 759 880 | | | | |
| **Cash and cash equivalents at year end** | **99 922 712** | **273 929 461** | **373 852 173** | **-** | - | **373 852 173** | **133 322 173** | **-** | **-24 289 252** | **36%** | **133%** |

## APPENDIX B

## APPROPRIATION STATEMENT AS AT 30 JUNE 2024

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R | R | R |
| **2023** | | | | | | | | | | | |
| **FINANCIAL PERFORMANCE** | | | | | | | | | | | |
| **Revenue** | | | | | | | | | | | |
| Property rates | 187 231 481 | 3 764 013 | 190 995 494 | | - | 190 995 494 | 192 123 228 | | 1 127 734 | 101% | 103% |
| Service charges | 902 005 650 | -16 260 300 | 885 745 350 | | - | 885 745 350 | 884 786 935 | | -958 415 | 100% | 98% |
| Rental of facilities and equipment | 8 572 239 | 1 080 475 | 9 652 714 | | - | 9 652 714 | 12 694 951 | | 3 042 237 | 132% | 148% |
| Interest earned - external investments | 36 590 684 | 13 291 470 | 49 882 154 | | - | 49 882 154 | 55 085 669 | | 5 203 515 | 110% | 151% |
| Interest earned - outstanding debtors | 8 189 450 | -928 050 | 7 261 400 | | - | 7 261 400 | 7 879 287 | | 617 887 | 109% | 96% |
| Dividends received | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Fines, penalties and forfeits | 4 964 827 | 13 295 141 | 18 259 968 | | - | 18 259 968 | 26 235 303 | | 7 975 335 | 144% | 528% |
| Licences and permits | 1 315 737 | -1 266 | 1 314 471 | | - | 1 314 471 | 1 317 174 | | 2 703 | 100% | 100% |
| Agency services | 8 528 104 | 290 743 | 8 818 847 | | - | 8 818 847 | 8 148 171 | | -670 676 | 92% | 96% |
| Transfers recognised - operational | 157 889 720 | 583 153 | 158 472 873 | | - | 158 472 873 | 142 418 320 | | -16 054 553 | 90% | 90% |
| Other revenue | 33 555 723 | 23 676 547 | 57 232 270 | | - | 57 232 270 | 58 744 190 | | 1 511 920 | 103% | 175% |
| Gains | 500 000 | - | 500 000 | | -500 000 | - | 16 211 336 | | 16 211 336 | #DIV/0! | 3242% |
| **Total revenue (excluding capital transfers and contributions)** | **1 349 343 615** | **38 791 926** | **1 388 135 541** | **-** | **-500 000** | **1 387 635 541** | **1 405 644 565** | | **18 009 024** | **101%** | **104%** |
| **Expenditure** | | | | | | | | | | | |
| Employee related costs | 408 917 455 | -3 785 591 | 405 131 864 | | -305 476 | 404 826 388 | 370 069 042 | | -34 757 346 | 91% | 90% |
| Remuneration of councillors | 15 638 320 | -1 403 443 | 14 234 877 | | - | 14 234 877 | 13 413 697 | | -821 180 | 94% | 86% |
| Debt impairment | 39 086 764 | 12 745 674 | 51 832 438 | | - | 51 832 438 | 39 544 204 | | -12 288 234 | 76% | 101% |
| Depreciation & asset impairment | 122 227 220 | 73 802 | 122 301 022 | | - | 122 301 022 | 139 160 414 | | 16 859 392 | 114% | 114% |
| Finance charges | 15 668 614 | -1 191 886 | 14 476 728 | | - | 14 476 728 | 13 592 954 | | -883 774 | 94% | 87% |
| Bulk purchases | 444 610 761 | 12 574 070 | 457 184 831 | | - | 457 184 831 | 436 942 993 | | -20 241 838 | 96% | 98% |
| Inventory consumed | 88 132 456 | 10 512 466 | 98 644 922 | | 3 394 122 | 102 039 044 | 104 416 040 | | 2 376 996 | 102% | 118% |
| Contracted services | 180 314 270 | 14 951 437 | 195 265 707 | | 865 113 | 196 130 820 | 167 226 789 | | -28 904 031 | 85% | 93% |
| Transfers and subsidies | 11 220 570 | 821 246 | 12 041 816 | | - | 12 041 816 | 11 528 534 | | -513 282 | 96% | 103% |
| Other expenditure | 76 871 348 | -4 312 425 | 72 558 923 | | -3 953 759 | 68 605 164 | 72 724 489 | | 4 119 325 | 106% | 95% |
| Losses | 500 000 | - | 500 000 | | -500 000 | - | 10 597 833 | | 10 597 833 | #DIV/0! | 2120% |
| **Total expenditure** | **1 403 187 778** | **40 985 350** | **1 444 173 128** | **-** | **-500 000** | **1 443 673 128** | **1 379 216 989** | **-** | **-64 456 139** | **96%** | **98%** |
| **Operating Surplus/(Deficit)** | **-53 844 163** | **-2 193 424** | **-56 037 587** | **-** | **-** | **-56 037 587** | **26 427 576** | **-** | **82 465 163** | -47% | -49% |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 105 151 000 | 10 019 200 | 115 170 200 | | - | 115 170 200 | 84 396 177 | | -30 774 023 | 73% | 80% |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) | - | - | - | | - | - | - | | - | #DIV/0! | #DIV/0! |
| Transfers and subsidies - capital (in-kind - all) | - | - | - | | - | - | 3 098 849 | | 3 098 849 | #DIV/0! | #DIV/0! |
| **Surplus/(Deficit) after capital transfers & contributions** | **51 306 837** | **7 825 776** | **59 132 613** | **-** | **-** | **59 132 613** | **113 922 601** | | **54 789 988** | **193%** | **222%** |
| Taxation | - | - | - | - | - | - | - | | - | **#DIV/0!** | **#DIV/0!** |
| **Surplus/(Deficit) for the year** | **51 306 837** | **7 825 776** | **59 132 613** | **-** | **-** | **59 132 613** | **113 922 601** | | **54 789 988** | **193%** | **222%** |

## APPENDIX B

## APPROPRIATION STATEMENT AS AT 30 JUNE 2024

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R | R | R | R |
| **CAPITAL EXPENDITURE AND FUNDS SOURCES** | | | | | | | | | | | |
| Total capital expenditure | 284 937 019 | -95 789 | 284 841 230 | | -0 | 284 841 230 | 242 159 879 | | -42 681 351 | 85% | 85% |
| **CASH FLOWS** | | | | | | | | | | | |
| Net cash from / (used) in operating activities | 203 661 875 | -5 001 990 | 198 659 885 | | - | 198 659 885 | 261 001 619 | | 62 341 734 | 131% | 128% |
| Net cash from / (used) in investing activities | -251 398 519 | -24 359 557 | -275 758 076 | | - | -275 758 076 | -275 634 216 | | 123 859 | 100% | 110% |
| Net cash from / (used) in financing activities | 45 612 635 | -22 955 036 | 22 657 600 | | - | 22 657 600 | 5 853 490 | | -16 804 110 | 26% | 13% |
| **Net increase / (decrease) in cash and cash equivalents** | **-2 124 008** | -52 316 582 | -54 440 590 | - | - | -54 440 590 | -8 779 107 | - | **45 661 483** | **16%** | **413%** |
| Cash and cash equivalents at the beginning of the year | 15 085 454 | 47 453 534 | 62 538 988 | | | 62 538 988 | 62 538 987 | | | | |
| **Cash and cash equivalents at year end** | **12 961 446** | **-4 863 048** | **8 098 398** | **-** | **-** | **8 098 398** | **53 759 880** | **-** | **45 661 483** | **664%** | **415%** |