

**NGQUSHWA LOCAL MUNICIPALITY  
DRAFT ANNUAL REPORT  
2022/2023**

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## ABBREVIATIONS/CONCEPTS AND MEANING

ABBREVIATIONS/ CONCEPTS	MEANING
<b>Accountability documents</b>	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>ADM</b>	Amatole District Municipalities.
<b>AG</b>	Office of the Auditor General.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>BTO</b>	Budget and Treasury Office.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>CBOs</b>	Community Based Organizations.
<b>CDWs</b>	Community Development Workers.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>DBSA</b>	Development Bank of Southern Africa.
<b>DEDEA</b>	Department of Economic Development and Environmental Affairs.
<b>DM</b>	District Municipality.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>ECDC</b>	Eastern Cape Development Corporation.
<b>EPWP</b>	Expanded Public Works Programmes.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>FY</b>	Financial Year
<b>General performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>GDP</b>	Gross Domestic Product.

<b>ABBREVIATIONS/ CONCEPTS</b>	<b>MEANING</b>
<b>HDI</b>	Human Development Index.
<b>HH</b>	Households.
<b>HOD</b>	Head of Department.
<b>HR</b>	Human Resource.
<b>IDP</b>	Integrated Development Plan.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>IT</b>	Information Technology.
<b>LED</b>	Local Economic Development.
<b>LM</b>	Local Municipality.
<b>MFMA</b>	Municipal Finance Management Act.
<b>MIG</b>	Municipal Infrastructure Grant.
<b>MOU</b>	Memorandum of Understanding.
<b>MPAC</b>	Municipal Public Accounts Committee.
<b>MSA</b>	Municipal Systems Act (Act No. 32 of 2000).
<b>National performance areas</b>	<p><b>Key</b></p> <p>Service delivery &amp; infrastructure</p> <p>Economic development</p> <p>Municipal transformation and institutional development</p> <p>Financial viability and management</p> <p>Good governance and community participation</p>
<b>NGOs</b>	Non-Governmental Organisations.
<b>NLM</b>	Nggqushwa Local Municipality.
<b>NYDA</b>	National Youth Development Agency.
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>PDOHS</b>	Provincial Department of Human Settlements
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this

ABBREVIATIONS/ CONCEPTS	MEANING
	EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>PGDP</b>	Provincial Growth and Development Plan.
<b>PMS</b>	Performance Management System.
<b>PMU</b>	Project Management Unit.
<b>Service Delivery Budget Implementation Plan (SDBIP)</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>SDF</b>	Spatial Development Framework.
<b>SME</b>	Small Micro Enterprise.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.
<b>WSA</b>	Water Service Authority.
<b>WSDP</b>	Water Service Development Plan.
<b>WSP</b>	Water Service Provider.
<b>WTW</b>	Water Treatment Works.



## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

The 2022/2023 draft Annual Report of Ngqushwa Local Municipality has been prepared in line with the provisions of various pieces of legislations like the Local Government Municipal Systems Act, 2000 read together with the provisions of the Local Government Municipal Finance Management Act 56 of 2003. Section 121(1) of the Local Government Municipal Finance Management Act 2003, states that, 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 the financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The 2022/23 municipal financial year commenced on 1 July 2022 and ended on 30 June 2023. It is my privilege to present the draft 2022/23 Annual Report of Ngqushwa Municipality to the community of Ngqushwa and to our stakeholders. The five-year term of local government provides an opportunity for us to review the previous financial year's performance and improve thereon.

During the 2022/23 financial year, Ngqushwa Local Municipality made good progress in fulfilling its constitutional obligation of delivering basic services to the communities guided by its vision to deliver services in an integrated and community driven service manner.

Ngqushwa community played a key role in achieving our goals by participating optimally on municipal programmes through public participation structures and platforms that we have such as ward committee meetings, IDP/PMS and Budget Rep forums and Roadshows. Your contributions enabled us to confirm where our key challenges lie and construct a plan to address them.

The draft Annual Report is one of the highly reputable tools of government and in terms of accountability, to assess the effectiveness of the Municipality and the impact it has on the community. It also gives an overview of the state of financial affairs of the Municipality and the administrative and governance maturity levels of the institution.

In conclusion, I would like to express my gratitude to every community member, Ward Committee members, Councillors, Management and Staff members for their support during the year under review.

  
**Cllr S.S.Maneli**  
**Mayor**

## **COMPONENT B: EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER**

The 2022/23 draft Annual Report serves a communication tool that reflects an overview of the municipal activities, performance in service delivery and financial position aimed at improving the lives of Ngqushwa communities. With the declining economic condition placing extra burden on the Municipality, it become evident that the 2022/23 financial year was a difficult year.

With this said Ngqushwa Local Municipality remained focused on accomplishing our strategic goals and the creation of environment conducive for financial stability, the promotion of organisation well-being and ultimately the improvement of effective and efficient service delivery for all communities. The Municipality focus intensely on ensuring that the vision and mission of the organisation was clearly brought across to the public.

### **1) Administrative Functionality**

The administration has been stronger than ever and with the support and guidance of the Council we have made a remarkable stride in achieving our vision "To be the preferred, vibrant, socio-economically developed municipal area that embraces a culture of human dignity, good governance and characterised by good quality of services for all.

### **2) Performance Management**

The performance management policy was reviewed and individual performance workshops were held with the Senior Managers and Middle Manager. The aim of this exercise was not only to prepare them for the coming financial year but also to create a performance culture throughout the entire organisation. For the 2022/23 financial year institutional annual performance is sitting at **87 %** which shows improvement by **16%** as compared to **71%** of 2021/22 financial year. All Senior managers are appointed to execute the administrative functions of the municipality.

### **3) Communication**

Municipality has implemented several communication systems to keep the public abreast with the progress and information that affects them. After the implementation and successful execution of newsletter, a messaging system proceeded and established a social media presence. This platform has ensured that we have interactive, real time communication with our communities

### **4) LED**

The municipality is determine to ensure that we meet our strategic objectives of Local Economic Development. We have placed our focus on job creation within the areas via EPWP and CWP .We are pleased to have a good relationship with our LED stakeholders and looking forward to the coming financial year to make a new and improved changes in the LED environment.

### **5. Good governance**

Good governance remains crucial to the success of the organisation and the value of a well-functioning Council with its Committee structures, as well as Ward Committees cannot be overstated by the institution. The Municipality ensure that all reasonable steps are taken into consideration to maintain effective, efficient and transparent system of financial, risk management and internal control. Monthly monitoring on the status of the strategic and operational risk register as well as quarterly reporting.



### Top five institutional risks and mitigate measures

No	KPA	Risk Description	Mitigate measures
1	KPA 2	Public health hazard	1.Appoint a service provider to conduct designs/Feasibility study
2	KPA 1	ICT Business Interruption	1.Identification of disaster recovery site 2.Run offsite backups 3.Appointment a service provider for Sage 30 payroll
3	KPA 2	Inadequate implementation of infrastructure projects	1.Development of Capital Project and operation Procurement Plan 2.Strengthen controls around project monitoring 3.Close monitoring of procurement plans
4	KPA 1	Delays in implementation of resolutions of labour matters	1. Train members of management on how to deal with cases by requesting assistance from COGTA 2. Develop a relationship with other municipalities and SALGA to assist each other
5	KPA 1	Misuse of Municipal vehicles	1.Review the fleet management policy 2. Implement consequence management as per the fleet management policy

The Municipal Council adopted policies during the year under review.

### 6. Public participation

The municipality realises that community participation is a major implication on democratising service delivery. Therefore, we continue to utilize space for public participation programmes where we communicate regularly with communities and disseminate relevant information through structures that are in place.

### 7. Financial Sustainability

The financial viability of Ngqushwa Local Municipality has not improved as several problems stills prevail and our communities still very dependent on grant funding. We are considerate of indigent people to receive goods and services such as housing, water and sanitation, refuse removal and electricity.

### 8. Joint projects and functions with Sector Departments

The Municipality share the area and community with other spheres of government and has to work closely with National, Provincial department and District Municipality to ensure effective implementation of various projects and functions.

In conclusion, I would like to thank the Mayor , Executive Committee, Councillors and Senior Managers who dedicated themselves and worked hard in ensuring that the people

of Ngqushwa benefit from improved quality of life in a sustainably functional municipal area. I also commend all the staff, irrespective of the rank ,their commitment, dedication, loyalty and hard work that contributed to a successful year. Last but not least I acknowledge the good relationship that prevailed with sector departments and organised labour.

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**Municipal Manager**  
**N. Mgengo**

# 2022/23 MUNICIPAL PROGRAMS

**QUARTER 1 JULY-SEPTEMBER 2022**

No	Key Communication Activity per Communication Circle	Programme	Messenger/Dept . responsible	Messenger	Target Audience	Channel	Time Frame	Comments
1.	Skills Development and Training	Send off of 12 Ngqushwa Youth who are at the Port Elizabeth Traffic College.	Department of Community Services, Department of Corporate Services	Mayor, Municipal Manager;	Ngqushwa Youth	Social Media, Ngqushwa FM, WhatsApp,	08 July 2022	Done
2.	Moral Regeneration	Launch of Moral Regeneration Movement.	Ngqushwa Local Municipality, Amathole District Municipality,	Mayor	Youth, Women	Social Media, WhatsApp	12 July 2022	Done
3.	Mandela Day Celebrations	Mandela Day – 67 minutes of Goodwill with 70 – 100 year old's. Blankets and	Ngqushwa Local Municipality, Social	Mayor, Councillors	Elderly People	Social Media, WhatsApp, Ngqushwa FM	18 July 2022	Done

		fleece blankets were handed over to the old.	Development, Old Mutual						
4.	Career EXPO	Grade 12 learners got an up-close look at different career paths and connect their learning to the real world. In the process, they got an insight about their career choice and details about necessary education and training for career success.	Ngqushwa Local Municipality, Tertiary Institutions, Companies	Mayor, Municipal Manager,	Youth	Social Media, WhatsApp, Ngqushwa FM	29 July 2022	Done	
5.	Farmers Information Day	Training farmers on Poultry Production Course by Fort Cox,	Ngqushwa Local Municipality, Fort Cox, Egg Cite & Egg Celebrate	Fort Cox College	Poultry Production Farmers	Social Media,	03 August 2022	Done	
6.	Women's Month Celebrations under the Theme "Women's Socio Economic Rights	handed over a house to Buyelwa Goniwe at Mphekweni Location	Ngqushwa Local Municipality, Department of Human Settlements,	Premier Lubabalo Oscar Mabuyane and the then MEC for the	Women	Social Media, SABC Radio, Ngqushwa FM	04 August 2022	Done	

	and Empowerment"		Office of the Premier	Department of Human Settlement Nonceba Kontsiwe together with Ngqushwa Mayor Sanga Maneli Mayor,					
7.	Women's Day Celebrations	Mhala Tribal Authority together with Ngqushwa Municipality (Ward 8)	Ngqushwa Local Municipality, Mhala Tribal Authority	Chief Makinana, Ngqushwa Mayor	Communities	Social Media, WhatsApp,	09 August 2022	Done	
8.	Service Delivery Day	Handover of 5 km Road to Birha Community and handover of grocery to 4 schools in support for Ilima Season.	Ngqushwa Local Municipality, Technical Services	Mayor,	Communities	Social Media	18, 19 23 August 2022	Done	

9.	Information drive	Ngqushwa Local Municipality SMME Incentive Programme	Ngqushwa Local Municipality,	Mayor,	Community	Social media, Ngqushwa FM	06 September 2022	Done
10.	Dialogue	Foetal Syndrome Alcohol	Department of Social Development, National House of Traditional Leaders Ngqushwa Municipal Council South African Police Service,	Deputy Minister of the Department of Social Development Hendrietta Bogopane-Zulu, MEC of the Department of Social Development, Mrs. Bukiwe Fanta and the Chairperson of the National House of Traditional Leaders Mrs. Nosandi Mhlauli, the	Pregnant women	Social media, Ngqushwa FM	08 September 2022	Done



				Ngqushwa Council and SAPS								
11.	Ngqushwa Flea Market	Showcase and selling of hand work by Ngqushwa crafters in Peddie Town.	Department of Community Services	Mayor, Councillors	Community, Local economy development, Crafters, Tourism unity	Social Media, WhatsApp	09 September 2022	Done				
12.	Eastern Cape Provincial Agriculture Portfolio Committee visit to farms	Agriculture's oversight visit to municipality with the aim of evaluating the state of agriculture and animal farming in Ngqushwa. The visit was at Mthongana's farm in Wesley.		Mayor, Eastern Cape Provincial Portfolio Committee Municipality	Community Ngqushwa farmers	Social Media WhatsApp	23 September 2022	Done				

13.	Heritage Month Celebrations	The Municipality closed the Heritage Month at Ndlambe village, 8km Walk at Uhambo Loxolo Hiking Trail	Ngqushwa Local Municipality,	Amatole Ngqushwa municipality Traditional leaders Tourism	Hiking trail	Social Media WhatsApp	30 September 2022	Done
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QUARTER 2 OCTOBER – DECEMBER 2022

No	Key Communication Activity per Communication Circle	Programme	Messenger/Dept responsible	Messenger	Target Audience	Channel	Time Frame	Comments
14	Moral Regeneration for Amakrwala	Edcating young men "Amakrwala" how to behave. Programme was held Camp at the banks of Fish River near Pikoli village.	Department of Education in partnership with Ngqushwa Local Municipality and House of Traditional Leaders	House of Traditional	Amakrwala	Social Media, Ngqushwa FM	05 October 2023	Done
15.	NSFAS Application drive for 2023	Application drive focusing on assisting deserving learners and out of school youth who want to continue or persue their career path.	NSFAS, Ngqushwa LM, Student Mover Tertiary Applications	Mayor	Youth and out of school youth	Social Media, Ngqushwa FM	08 October 2023	Done
16.	Farmers Workshop	Farmers workshop on Old State Land matters, Land Use,	Ngqushwa Local Municipality in partnership with the DRDAR, Land	Department of Community	Communities	Social Media	18 October 2022	Done

		Pending State Land ownership.	Reform and Rural Development	portfolio Head				
17.	Social Development Month - War on Poverty	- Latsho Lavela Household Food Garden Project." at Ndlambe Location. Project viewing and handover of agricultural implements.	Department of Social Development, Ngqushwa Local Municipality	MEC for Social Development Bukiwe Fanta, Ngqushwa Mayor	Community Food Garden Co-operatives	Ngqushwa FM,	21 October 2022	Done
18.	#TshintshaUngas ali #GoDigital	Installation of set-top boxes to eligible indigent households that applied.	Office of the Mayor, Department of Communications	Minister of Communications Khumbudzo Ntshabeni	Destitute families	Ngqushwa FM, Social Media	22 October 2022	Done
20.	Monitoring and evaluation of construction projects	Mayors site visit to Mxaxa Gravel Road Construction at Rura Area and to the Hawker Stall Construction project in Peddie Town.	Office of the Mayor	Mayor	Communities	Social Media	24 October 2022	Done

21.	Harvest Day	Harvesting at Burthurst Pineapple farm during their Harvest Day.	DRDAR, Ngqushwa Local Municipality	MEC for DRDAR Nonkqubela Peters	All Stakeholders in the community	Social Media	25 October 2022	Done
22.	Mayoral Imbizo	Ngqushwa Local Municipality and Stakeholders presented their status quo of completed and current projects. Communities engaged and voiced their concerns.	All Departments	Office of the Mayor	Communities	Ngqushwa FM, Social Media	28 October 2022	Done
23.	SMME Workshop	Workshop with business people in the building and construction industry.	Ngqushwa Local Municipality, NHBRC	Portfolio Head Community Services Department, NHBRC	Building Contractors	Municipal Facebook page	01 November 2022	Done
24.	Official Opening of Engen Garage	Official Opening of Engen Peddie Motors. One Stop Shop for takeaways and sit in.	All Departments	Mayor, Engen	All Communities	Ngqushwa FM, Daily Dispatch, Social Media	08 November 2022	Done

25.	Marine Day Celebrations	Marine Day Celebrations at Hamburg. Educating community members and learners about environment issues.	Ngqushwa LM in partnership with DEFF, ADM, DEDEAT	Mayor,	All Communities	Social Media	18 November 2022	Done
26.	Mayor's X-mas party for orphans, vulnerable groups & Elderly people	Mayor handed over Christmas gifts in a form groceries to 36 vulnerable families across Ngqushwa villages.	Office of the Mayor, SPU and Communications Unit	Mayor, Municipal Manager, Communications Unit	Needy families	Electronic Media,	22-24 December 2021	Done
27.	Christmas Celebrations	Motivation of Ntloko Creche learners by handing over educational gifts to the children encouraging them to love education.	Office of the Mayor	Mayor	Day Care Centre learner	Social Media	19 November 2022	Done
28.	16 Days of Activism	Establishment of Ngqushwa Local Aids Council	Office of the Mayor	Mayor	All Stakeholders	Social Media	30 November 2022	Done

29.	Tittle Deeds Handover	Tittle Deeds Handover to Cwaru Community (Raymond Mhlaba LM), Dube Community (Ngqushwa LM) and Witbooi family (Great Kei)	Office of the Mayor, Department of Community Services, Department of Land Reform and Rural Development(DLR RD)	MEC for DRDAR	All Stakeholders	Social Media, SABC	02 December 2022	Done
30.	Handover of Agricultural Inputs	Handover of Agricultural inputs to Bayekeni Poultry Project at Nobumba.	Ngqushwa Local Municipality – Mayors Office, Community Services Department	Portfolio Heard: Community Services Department	Poultry Farmers at Nobumba	Social Media	02 December 2022	Done
31.	Christmas Celebrations	Christmas Lunch with the elderly t Siyazama Centre in Durban Location.	Office of the Mayor	Mayor	Siyazama Elderly Centre	Social Media	13 December 2022	Done
32.	Christmas Gifts for destitute families	Reaching out to 60 needy households across Ngqushwa villages and handed over Christmas food	Mayor's Office, All Departments	Mayor	Destitute Families	Social Media	19-20 December 2022	Done



		packages during Christmas Season.								
33.	Handover of RDP House	Handing over a house to a deceased Abongile Nkqayi family at Peddie Extension. Approval was done while he was still alive	Office of the Deputy Minister of Human Settlements, Office of the Mayor, Housing Development Agency (HAD) and National Home Builders	Deputy Minister - Madam Pamela Tshwete, Ngqushwa Mayor	Destitute family	Social Media	23 December 2023	Done		

#### QUARTER 3 JANUARY -MARCH 2023

No	Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments

<b>34.</b>	Service delivery day	Vala Zonke Potholes	Technical Service Office of mayor	Mayor	Community	Facebook	12 January 2023	Done
<b>35.</b>	Application Drive	NSFAS Application drive for 2023.	OMM Communication LED	Mayor	Grade 12 learners	Facebook	17 January 2023	Done
<b>36.</b>	School visit	Visit to Ngqushwa Schools by the Eastern Cape Education Portfolio Committee	Exco Communication OMM	Exco	SGB and Principals	Facebook	25-26 January 2023	Done
<b>37.</b>	Service Delivery	Handover of wheelchair to an elderly man with disability in Hamburg	Office of the Spokee Communication	Speaker	Community	Facebook page	26 January 2023	Done

<b>38.</b>	Youth Empowerment	Mathematics and Science Support Programme for Ngqushwa CMC Schools	Uchumo Sizwe Foundation; Eskom, Outlook Foundation, Universities NMU and Fort Hare), Department of zeduction – Amathole West District. OMM, Communicatin	Mayor Amathole CMC	Grade 12 Learners	Notice Board Facebook page Radio	31 January 2023	Done
<b>39.</b>	Prayer Service	Women Cuacus and Moral Regeneration Movement visited home with dark cloud in Mgwalaana.	Women Cuacus and Moral Regeneration Movement ommunication	Speaker	Mgwalaana Community	Social Media	02 February 2023	Done
<b>40.</b>	Capacity building	Capacity building of Ward Committees	Ward Committee Cdws	Speaker	Ward Committee	Social Media	09-10 February 2023	Done
<b>41.</b>	Technical Strategic Session	Technical Strategic Session	Employees	OMM IDP	Employees	Social Media	17 February 2023	Done

<b>42.</b>	Institutional Strategic Session	Institutional Strategic Session	Government Department	Municipal Manager IDP Communication	Employees Government Department NGO Higher Institutions	Social Media	20-24 February 2023	Done
<b>43.</b>	Service Delivery	Handover of Science Kit and Mathematics	Eastern Cape Gambling Board Social Development Education NGqushwa Local Municipality	CEO Gambling Board Mayor	Machibi primary School and Community	Social media and radio	24 February 2023	Done
<b>44.</b>	Service Delivery	Facelift/Renovation of Lingelethu Creche	Hollywood Foundation Ngqushwa Municipality	Dumza Maswana	Community	Social Media Radio	01 March 2023	Done

<b>45.</b>	Service Delivery Day	Launch of Indigent Registration	Revenue Communication Office of the Mayor	Portfolio Head finance	All Villages	Social Media radio	14 March 2023	Done
<b>46.</b>	Disaster	visit to Cross roads families who were affected by hail Storm that damaged their houses.	Mayors office Council MM'S Office	Mayor	Effected household	Social Media	28 March 2023	Done .
<b>47.</b>	IDP Presentation	Live Draft IDP and Budget 2023/24 presentation	IDP Office Mayor's office Communication	Mayor	Ngqushwa Community	Radio Live on Facebook Stream yard	29 March 2023	Done

**QUARTER 4: APRIL – JUNE 2023**

	<b>Key Communication Activity per Communication Circle</b>	<b>Programme</b>	<b>Messenger/Dept. responsible</b>	<b>Messenger</b>	<b>Target Audience</b>	<b>Channel</b>	<b>Time Frame</b>	<b>Comments</b>
48.	Service delivery Day youth in Sport	Launch of Easter Tournament	Inkwenkwezi Foundation Ngqushwa Sport Association, Ngqushwa Club	Ngqushwa Mayor	Youth	Social Media, Public Notice Radio	04 April 2023	Done
49.	Service Delivery Special Programme	Easter Tournament	Department of Health Office of the Mayor Inkwenkwezi Foundation	Ngqushwa Mayor	Youth in Sport	Social Media, Ngqushwa FM	7-10 April 2023	Done
50.	Service Delivery	Handover of soccer kit	Crossroad soccer club	Mayor, and Councilors	Crossroad Soccer Club	Social Media,	5 April 2023	Done

51.	Bring service to the people. Redress	IDP & BUDGET Roadshows	NLM	Mayor and EXCO	Internal and External Stakeholders Ngqushwa Community	Social Media Radio Notice Board	3,5,12 2023 May	Done
52.	Service Delivery day	Introduction of contractors to Lover twist, Tamara and Lewis community	Ngqushwa Municipality	Mayor, Council and Officials	Community	Social media Community Meeting alerts	03 May 2023	Done
53.	Ngqushwa Youth capacity building	Capacitation of Unemployed youth on film and television skills	Community Services LED	Portfolio Head: Community Services and Mayor	Unemployed youth	Social Media, Notice Board, Public Shops	4 & 5 May 2023	Done



54.	Bring service to the people. Redress	Mayor presenting Draft 2023-24 IDP and Budge	IDP office Mayor Communication	Mayor	Ngqushwa Community	Radio Live on Facebook page	5 May 2023	Done
55.	Skills Development programme application	Work integrated learning opportunities	Invula trust Department of Education communication	Mayor,	Ngqushwa Youth	Poster and social media	7 May 2023	Done
56.	Mqwashu memorial	Isikhumbuzo Sasemqwashini	Tourism Section Mayor's Office Public Participation Environmental House of Traditional leader Ayliff Church Department of education	Mayor, Traditional Council	Ngqushwa Community Crafters and Artist	Poster, social media, website	14 May 2023	Done
57.	Workshop	Amakhankatha and Ngcibi workshop in preparation June initiation season.	Office of the Speaker Traditional Leaders	Speaker, and Traditional Council	Makhankatha and Ingcibi	Social Media Poster to all villages	18 May 2023	Done

48.	Project Visits	Visit of Municipal project in Mxaxa, Ntshamanzi, Peddie town Hocker stalls, and Peddie extension Stadium	Office of the Mayor Technical Service Department (infrastructure)	Mayor Manager PMU, Acting Director, Consultant and council	Psc, Service Delivery Committee	Social Media Newsletter	17 May 2023	Done
49.	School Visit	Adopt a School Programme in preparation Ilima	Department of education NLM MRM	Mayor	Learners	Social Media Newsletter	19 May 2023	Done
50.	Youth Tournament	Amathole District Championship for under 19 and 20	SPU Office of the Mayor Communication Department of Sport recreation arts and culture Ngqushwa Sport Council	Mayor	Youth in Sport	Social media	20 May 2023	Done

51.	IDP Budget	Final IDP and Budget presentation live on social media	IDP Mayors office	Mayor	Community	Social Media	29 May 2023	Done
52.	National Lottery funding	Capacity Building for Charity, NOP's Township School Federations	Mayors Office and Community Services Department Communication	Director Community Services, LED Section	Community	Website, Social media, Ngqushwa FM	1 June 2023	Done
53.	Service Delivery Friday	Launch of 64 temporary houses for disaster affected families	Mayor's Office, Council, Department of Human Settlement	Mayor	Community	Social media,	02 June 2023	Done
54.	Service Delivery.	Welcoming of Miss South Africa Teen,	NLM	Mayor	Community	Social Media	05 June 2023	Done
55.	Forum	Mabaye bephila Babuye bephila	Speaker office Traditional Leaders	Speaker	Initiation Forum	Social Media	7 June 2023	Done

			MRM							
56.	Service delivery	Introduction of contractors	NLM Consultant And contractors	Mayor	Community, PSc	Social Media	13 June 2023	Done		
57.	Service Delivery Friday	Introduction of contractor	NLM Consultant And contractors	Mayor	Community, PSc	Social Media	20 June 2023	Done		
58.	Service Delivery Friday	Hand over of sharing shed and equipment to Incentive SMME fund	Mayors office, LED, Department of Agriculture, ADM	Mayor, MEC Agriculture	Youth, Famers, community	Social Media	30 June 2023	Done		

## **1.4 INTRODUCTION TO MUNICIPAL BACKGROUND**

### **1.4 1.VISION AND MISSION**

The Ngqushwa Local Municipality committed itself to the following vision and mission:

#### **1.4.1.1 VISION**

To be the preferred, vibrant, socio-economically developed municipal area that embraces a culture of human dignity, good governance and characterized by good quality of service for all.

#### **1.4.1.2 MISSION**

Ngqushwa Local Municipality will strive to become a benchmark institution in the country in respect of good quality and affordable services, through effective resource mobilization and management, stimulation of economic growth, and good governance practices.

### **1.4 2. MUNICIPAL CORE VALUES/STANDARDS**

Linked to the mission, the municipality identified the following **CORE VALUES** to be adhered to by the Councillors, management and the officials of the Municipality for all the interactions with customers:

- **Competency**- We commit to attract and retain a competent workforce to service our customers.
- **Honesty and Integrity**-We will demonstrate complete honesty and integrity in everything we do.
- **Diligence**-We will demonstrate caution, commitment and due diligence in discharging our duties.
- **Transparency**-We will be transparent and fair in all our dealings for utmost accountability.
- **Accountability**-We will create an environment to be held to account by our stakeholders and customers.
- **Professionalism**-We will always uphold and maintain a professional behaviour in executing our mandate and individual responsibilities for the furtherance of service delivery.
- **Value for Money**-We commit derive value for money as return on investment in all business engagements with service providers.

### **1.4.3.MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

#### **1.4.3.1 GEOGRAPHIC PROFILE**

Ngqushwa Local Municipality falls within the jurisdiction of the Amathole District Municipality which is situated in the Eastern Cape Province. Amathole District Municipality covers an area of 23 573km<sup>2</sup> and the Ngqushwa Municipality area covers 2245 square kilometres which accounts for 10% of the district. Ngqushwa is located in the west of the Amathole district and consists of two towns Peddie and Hamburg, a portion of King Williams Town villages. It is one of the six municipalities that fall within the Amathole District Municipality.

The administrative seat of the Municipality finds itself in Peddie and the municipal area is divided into 12 wards which consists of 108 villages. Ngqushwa is bordered by the Great Fish River to the west and the Keiskamma River to the East. The southern boundary comprises a part of the coastline of the Indian Ocean.

### 1.4.3.2 WARDS AND VILLAGES

Ward	Villages
1	Zalara, Mtati, Tyeni, Ngqwele, Bhele, Nonibe, Gobozana, Nxopho
2	Upper & Lower Mthombe, Thyatha, Zondeka, Qugqwala, Dlova, Nquthu, Tildin, Tapushe, Rode, & Mavathulana.
3	Qawukeni, Mabongo, Khalana, Shushu, Ntsinekana, Mqwashu, Bongweni A, Gcinisa North, Hlosini, Bongweni B, Nqwenerhana, Crossman/ Mgwangqa, Nomonti & Torr
4	Machibi, Upper & Lower Dube, Madliki, Phole, Moni, Ngxakaxha & Mdolomba
5	Tyityaba/Ferndale, Bodium, Bell, Lover's Twist, Crossroads, Tuku A, B & C, Wooldridge, Hoyi, Leqeni, Begha,
6	Cisira, Feni, Dam-dam, Makhahlane, Celetyuma, Mahlubi/Nyaniso
7	Ndlambe, Ndwayana, Glenmore, Qamnyana, Gwabeni, Mankone, Horton, Maqosha, Luxolo & Rura
8	Peddie Town, Peddie Extension, Power, Luxolweni, German village, Durban Location
9	Runletts, Woodlands, Pikoli, Nobumba, Ntloko, Mgwala, Lewis & Paradise
10	Mtati, Ngqowa, Upper Gwalana, Mabaleni, Ntshamanzi, Newtondale, Maxhegweni, Upper Qeto, Lower Qeto, Lower Mgwala, eSigingqini
11	Mpheko, Mgababa, Prudhoe, Mkhanyeni
12	Hamburg, Benton, Gcinisa-South, Wesley, Bhinqala/Soweto, Mqheleni, Tarfield/Nier, Qobo-qobo/Nuloets, Daninge

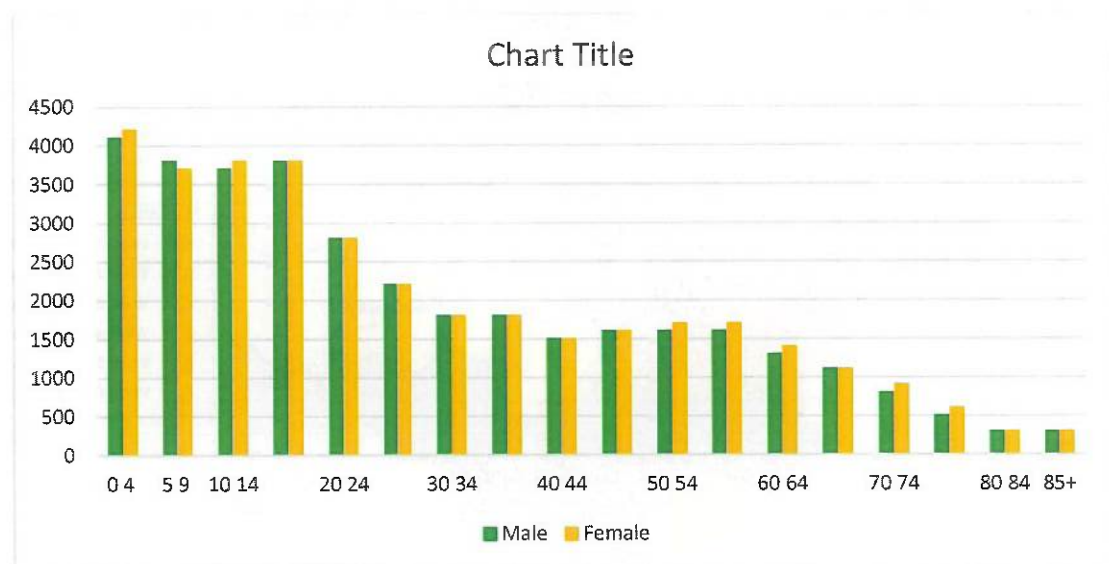
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#### 1.4.3.4 DEMOGRAPHIC PROFILE:

Ngqushwa Local Municipality has an estimated population of 66 227 (Stats SA: 2016 figures). Compared to the previous census figures before 2011 the number of Ngqushwa population has decreased by 8.1%. Table below shows a summary of key statistics by gender from Stats SA (2016):

WARD	POPULATION BY WARD		
	MALE	FEMALE	TOTAL
1	2 593	2 962	5 555
2	2 899	3 166	6 065
3	2 658	2 902	5 560
4	2 789	3 041	5 830
5	2 798	3 167	5 965
6	2 531	2 812	5 343
7	2 543	2 847	5 390
8	2 323	2 688	5 011
9	2 322	2 574	4 896
10	2 658	3 120	5 778
11	2 180	2 603	4 783
12	2 827	3 224	6 051
<b>GRAND TOTAL</b>	<b>31 121</b> <b>47% MALES</b>	<b>35 106</b> <b>53% FEMALES</b>	<b>66 227</b> <b>OVERALL</b>

Figure : Below shows sex and age in completed years

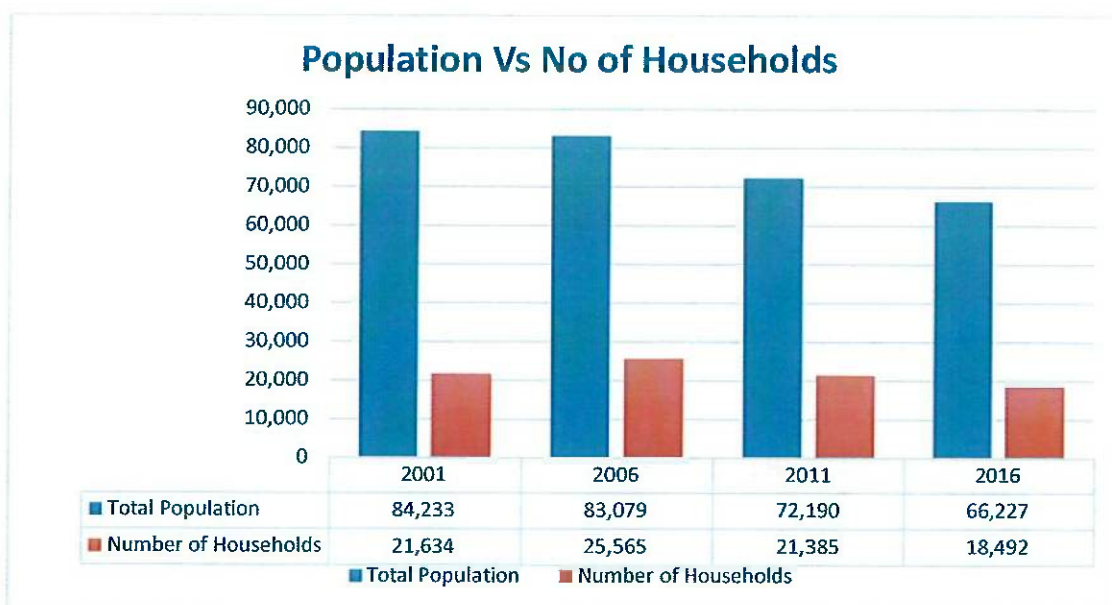


Above figures reflected a high dependency rate with numbers of children aged between 0 and 19 years, school going age estimated at 28 800 with approximately 14 899 being males and 13 901 females. On the other hand, the numbers of those who fall above the economically active population (above 60 years) are estimated at 11 675. Of those, approximately 7 260 are women and about 4 415 were men. This indicates that the total number of children, youth and elderly is 40 475 which accounts for about 56% of the total population which is very promising. This was



very high and indicated that the municipality had to focus more efforts and funding towards children and youth development as well as caring for the aged. There was a high rate of school drop outs as well as high unemployment rate (Stats SA, 2016). This further promoted the need to develop social and youth development programs, provision of basic services and vigorous job creation programs going forward towards 2022.

#### 1.4.3.5 POPULATION VS NO OF HOUSEHOLDS



#### 1.4.3.6 HOUSEHOLDS

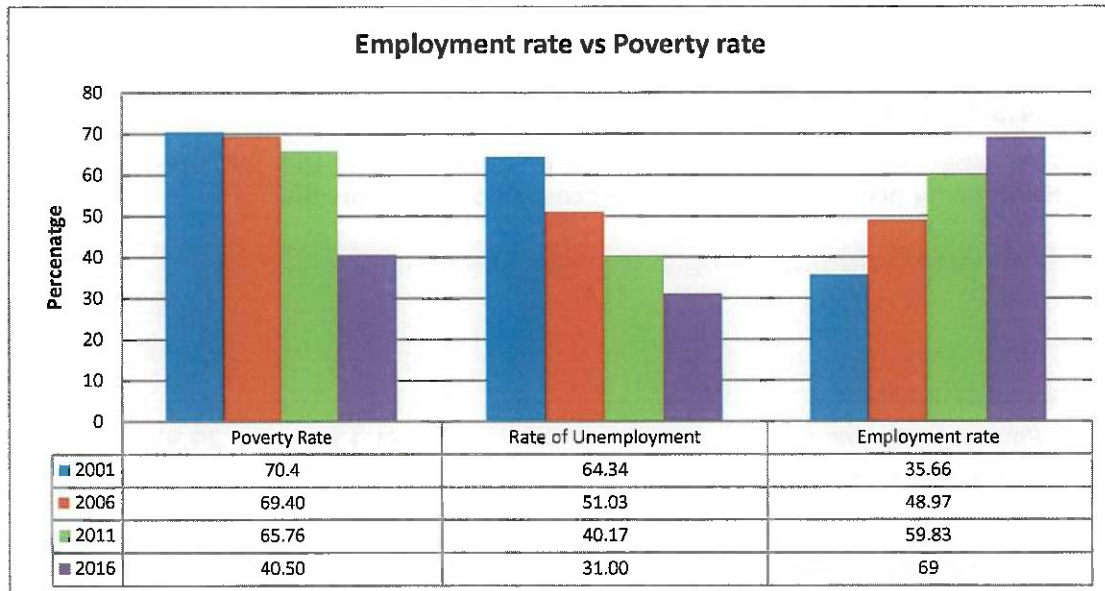
The table below gives an overview of common statistics of Ngqushwa Local Municipality according to the official census done by Stats SA.

Demographic profile of Ngqushwa Local Municipality		
	2016	2011
<b>Population</b>	66 227	72 190
<b>Age Structure</b>		
Population under 15	31.1%	29.9%
Population 15 to 64	60.8%	58.3%
Population over 65	8.1%	11.8%
<b>Dependency Ratio</b>		
Per 100 (15-64)	64.6	71.5
<b>Sex Ratio</b>		
Males per 100 females	88.9	88.7
<b>Population Growth</b>		
Per annum	-0.55%	n/a

Education (aged 20 +)		
No schooling	7.8%	14.1%
Matric	21.4%	14.5%
Higher education	5.3%	3.7%
Household Dynamics		
Households	17 149	19 471
Average household size	3.7	3.1
Female headed households	51.7%	51.0%
Formal dwellings	72.9%	71.6%
Housing owned	70.7%	80.9%
Household Services		
Flush toilet connected to sewerage	8.0%	5.0%
Weekly refuse removal	8.8%	7.2%
Piped water inside dwelling	7.2%	6.5%
Electricity for lighting	96.0%	91.4%

#### 1.4.3.7 ECONOMIC INDICATORS:

Figure : Employment rate vs. poverty



Source: Stats SA : 2016

Figure : Above reflects decreasing poverty levels between 2001, being about 70.4 % to 40.50% in 2016. The rate of unemployment on the other hand also shows a decrease from 64.34% in 2001 to 31% in 2016. The employment rate has increased from 35.66% in 2001 to 69% in 2016.

Ward meetings cited poverty and unemployment as one of the major challenges. These meetings also suggested that government should provide more support to orphans and child-headed households.

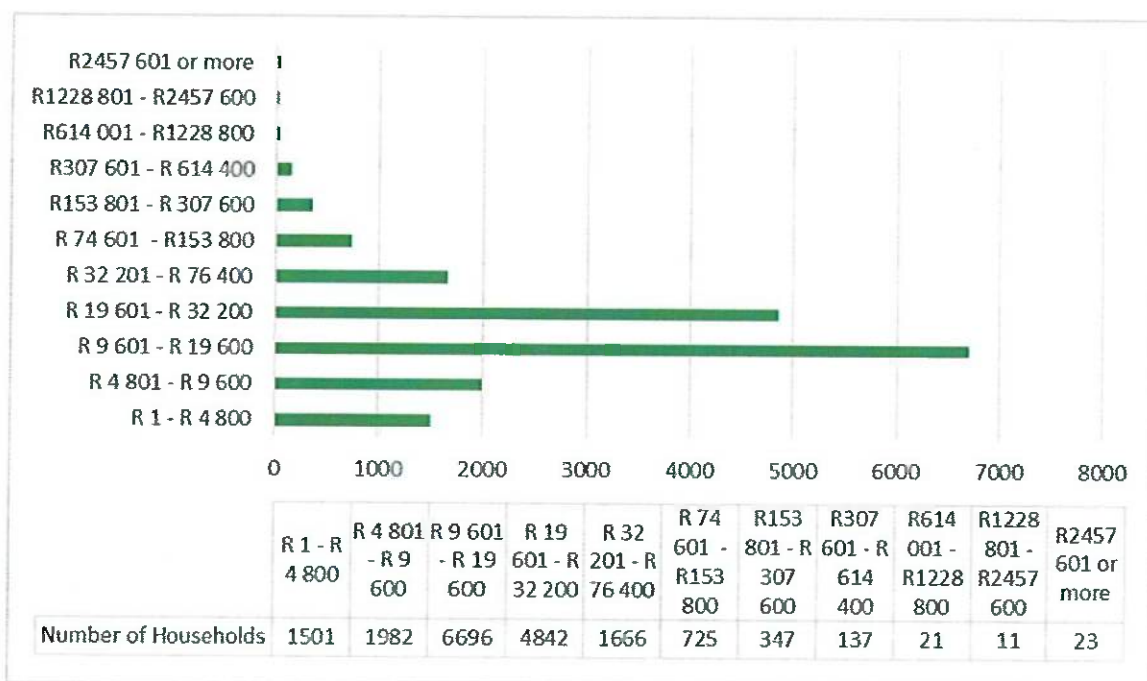


Figure Household Income Source: ECSCE (Census 2019)

Figure 5 reflects the majority of households earning very low incomes. Statistics SA (2011) information shows the number of the employed households being 11 538 earning between R9 601 and R38 200 per annum. Ward meetings revealed that the majority of the population relies heavily on social grants. They raised that there is a need for projects to provide the community with food security. Proposals for skills development and provision of institutions of higher learning that will ensure improvement of the labour force also came up strongly from the ward

#### 1.4.4 SERVICE DELIVERY OVERVIEW

Service Delivery Standards	
Service	Percentage
Access to Water	94%
Access to Sanitation	67%
Access to Electricity	94,5%
Access to Roads	12.18 km Surface 244,6 km Gravel 446,5 km Earth Road

## CHAPTER 2

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 INTRODUCTION TO GOVERNANCE:

Ngqushwa Local Municipality is a Category B which forms part of the six (6) local municipalities under the Amathole District Municipality (ADM). A local municipality is a type of municipality that serves as the third, and most local, tier of local government.

#### 2.2 POLITICAL GOVERNANCE STRUCTURE

Ngqushwa Local Municipality has a total number of 12 Ward Councillors and 10 Proportional Representatives including the Mayor and the Representative of the opposition party. Refer to **Appendix A** for a full list of Councillors, committee allocations and attendance at council meetings. Also included are committees and committee purposes.

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councillors are also actively involved in community work and the various special programs in the municipal area.

##### 2.2.1 CURRENT POLITICAL GOVERNANCE STRUCTURE

POLITICAL STRUCTURE	FUNCTION
<b>MAYOR:</b> Cllr. S.S.Maneli	<b>FUNCTION:</b> The Mayor of a municipality: <ul style="list-style-type: none"><li>• Presides at meetings of the executive committee; and</li><li>• Performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by Municipal Council or the Executive Committee.</li></ul>
<b>SPEAKER:</b> Cllr. D.Ncanywa	<b>FUNCTION:</b> The Speaker of a municipal council: <ul style="list-style-type: none"><li>• Presides at meetings of the council;</li><li>• Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);</li><li>• Must ensure that the council meets at least quarterly;</li><li>• Must maintain order during the meetings;</li><li>• Must ensure compliance in the council and council committees with the Code of conduct set out in schedule 1 to the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000); and</li><li>• Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.</li></ul>
<b>CHIEF WHIP:</b>	

Cllr. A. Nodikida
<b>EXECUTIVE COMMITTEE:</b> Cllr. L. Mdabula (BTO) Cllr. Z. Ndonga (Infrastructure Development) Cllr. A. Nodikida (Community Services) Cllr. L. Mdabula (Corporate Services)
<b>MPAC CHAIRPERSON:</b> Cllr. M. Gqo

## 2.2.2 COUNCILLORS

Below is a table that categorise the Councillors within their specific political parties and wards:

WARD NO:	COUNCILLOR	IDENTITY NUMBER	POLITICAL PARTY	PORTFOLIO
1	M. Gqo	9209166147080	ANC	Ward Councillor /MPAC Chairperson
2	P. Nodala	7609261165089	ANC	Ward Councillor / Infrastructure Development Standing Committee/ MPAC Member
3	B. B. Ntabeni	6701235513089	ANC	Ward Councillor / Community Service Standing Committee/
4	N.A. Ntsunguzi	6910170722080	ANC	Ward Councillor/ Community Services Standing Committee
5	N. Lawu	6606051352084	ANC	Ward Councillor / Corporate Services Standing Committee
6	S.G. Mhlakane	8112230597085	ANC	Ward Councillor // Budget and Treasury Standing Committee
7	M. Luzipho	7404035401083	ANC	Ward Councillor / Infrastructure Development Standing Committee
8	N. Dyalvani-Toty	8902070630081	ANC	Ward Councillor / Community Services Standing Committee/ MPAC member
9	N. Mtati	810507 0444 087	ANC	Ward Councillor / Budget and Treasury Standing Committee/ MPAC Member
10	L. E. Cinywa-Mcoboki	7710120585085	ANC	Ward Councillor / Community Services Standing Committee
11	X. Magini	8712035743089	Independent	Ward Councillor / Corporate Services Standing Committee
12	D. Ncanywa	651127 0779 085	ANC	Ward Councillor /Speaker



### 2.2.3 TABLE OF PR COUNCILLORS:

NO	COUNCILLOR	IDENTITY NUMBER	POLITICAL PARTY	PORTFOLIO
1	Sanga Siyabulela Maneli	9107265687081	ANC	Mayor
2	Anathi Nodikida	9410050668088	ANC	PR Councillor /Portfolio Head: Community Services /Chief whip
2	Lindiwe Mdabula	7707110547083	ANC	PR Councillor /Portfolio Head: Corporate Services & BTO
4	Zolani Ndonga	8806265530081	EFF	PR Councillor /Portfolio Head: Infrastructure Development Standing Committee
5	Nondyebo Jako	6311110973083	ANC	PR Councillor / Corporate Services Standing Committee
6	Nomhle Seti	6404220692089	ANC	PR Councillor / Infrastructure Development Standing Committee
7.	Thobeka Dinginto	6306261002088	ANC	PR Councillor / Infrastructure Development Standing Committee
8.	Ncedo Mlotana	8609275969087	ANC	PR Councillor /Budget & Treasury Standing Committee
9.	Laduma Nomatye	7607205841088	EFF	PR Councillor / Budget & Treasury Standing Committee / MPAC Member
10	Nomandithini Hemple	6712251755082	EFF	PR Councillor Corporate Services Standing Committee
11	Robyn Taylor	5810280111086	DA	PR Councillor / Community Services Standing Committee / MPAC Member

## 2.2.4 TRADITIONAL LEADERS

NO	TRADITIONAL LEADER	IDENTITY NUMBER	PORTFOLIO
1	Masilo Matomela	8206265582085	Chief/ Community Services Standing Committee
2.	Zanemvula Njokweni	6901135636085	Chief/ Infrastructure Development Standing Committee

## 2.2.5 COUNCILLORS ATTENDANCE AT COUNCIL MEETINGS

### Council Meetings – 08 July 2022 to 30 May 2023

Name of Councillor	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor LE Cinywa-Mcoboli	4	3	1	0	8	7	1	0
Councillor TS Dinginto	4	3	1	0	8	8	0	0
Councillor N. Dyalvani-Toty	4	4	0	0	8	8	0	0
Councillor M. Gqo	4	4	0	0	8	7	1	0
Councillor N. Hempe	4	2	2	0	8	8	0	0
Councillor NM Jako (Not listed - Q4)	4	2	2	0	8	6	1	0
Councillor N. Lawu	4	2	2	0	8	7	1	0
Councillor M. Luzipho (Not listed - Q1&3)	4	4	0	0	8	5	1	0
Councillor X. Magini	4	4	0	0	8	7	0	1
Councillor L. Mdabula	4	4	0	0	8	7	1	0
Councillor SG Mhlakane	4	4	0	0	8	8	0	0
Councillor N. Mlothana	4	4	0	0	8	8	0	0
Councillor SS Maneli	4	4	0	0	8	7	1	0
Councillor N. Mtati	4	3	1	0	8	8	0	0

Councillor D. Ncanywa	4	4	0	0	8	8	0	0
Councillor Z. Ndonga	4	3	1	0	8	2	3	3
Councillor P. Nodala	4	4	0	0	8	8	0	0
Councillor A. Nodikida (Not listed - Q4)	4	2	1	0	8	7	1	0
Councillor L. Nomatye	4	3	1	0	8	5	2	1
Councillor BB Ntabeni (not listed - Q4)	4	4	0	0	8	5	2	0
Councillor N. Ntsunguzi	4	3	1	0	8	8	0	0
Councillor NB Seti	4	4	0	0	8	8	0	0
Councillor R. Taylor (Not listed - Q4)	4	4	0	0	8	5	2	0

Name of Traditional Leader	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Traditional leaders were sworn in after (26/11/2021)								
Chief MM Matomela (Not listed - Q1)	4	4	0	0	8	3	1	3
Chief Z. Njokweni (Not listed - Q1&4)	4	2	1	0	8	3	1	1

#### **COUNCILLORS ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS**

##### **EXECUTIVE COMMITTEE MEETINGS – 05 July 2022 to 18 May 2023**

Name of Councillor	Ordinary Executive Committee Meetings				Special Executive Committee Meetings			
	No. of Mtngs	Present	Absent With Apology	Absent Without Apology	No. of Mtngs	Present	Absent With Apology	Absent Without Apology
Councillor M. Maneli	4	4	0	0	1	1	0	0
Councillor L. Mdabula (BTO & CORP SERV.)	4	4	0	0	1	1	0	0
Councillor A. Nodikida	4	4	0	0	1	1	0	0



Councillor Z. Ndonga (Not listed Q1)	4	3	1	0	1	0	0	0
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#### **COUNCILLORS ATTENDANCE AT CORPORATE SERVICES STANDING COMMITTEE MEETINGS**

##### **Corporate Services Standing Committee Meetings: 26 July 2022 to 26 April 2023**

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Jako	4	4	0	0
Councillor N. Hempe	4	3	0	1
Councillor N. Lawu	4	4	0	0
Councillor X. Magini	4	3	1	0
Councillor L. Mdabula	4	4	0	0

#### **COUNCILLORS ATTENDANCE AT PLANNING & DEVELOPMENT STANDING COMMITTEE MEETINGS**

##### **Planning and Development Standing Committee: 26 July 2022 to 26 April 2023**

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Dyalvani-Toty	4	3	1	0
Councillor A. Nodikida	4	4	0	0
Councillor BB Ntabeni	4	2	2	0
Councillor N. Ntsunguzi	4	3	1	0
Councillor R. Taylor	4	4	0	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief MM Matomela	3	2	2	0

#### **COUNCILLORS ATTENDANCE AT BUDGET AND TREASURY STANDING COMMITTEE MEETINGS**

##### **Budget and Treasury Office: 26 July 2022 to 20 April 2023**

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Mdabula	4	4	0	0
Councillor S. Mhlakane	4	4	0	0
Councillor N. Mlotana	4	4	0	0
Councillor N. Mtati	4	3	0	1

Councillor L. Nomatye	4	2	1	1
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#### **COUNCILLORS ATTENDANCE AT INFRASTRUCTURE DEVELOPMENT STANDING COMMITTEE MEETINGS**

**Infrastructure Development Standing Committee: 26 July 2022 to 26 April 2023**

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Cinywa-Mcoboki	4	3	1	0
Councillor T. Dinginto	4	4	0	0
Councillor M. Luzipho	4	3	0	1
Councillor Z. Ndonga	4	3	1	0
Councillor P. Nodala	4	3	1	0
Councillor N. Seti	4	4	0	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief Z. Njokweni	4	1	0	3

#### **2.2.6 POLITICAL DECISION MAKING STRUCTURES:**

Decisions are taken through the Council and the Executive Committee oversees that all resolutions are implemented. The Audit Committee ensures that the Performance is monitored regularly and all departments submit Quarterly Performance Reports which result in a score card. MPAC plays an oversight role.

#### **2.2.7 ADMINISTRATIVE GOVERNANCE**

MFMA section 60 (b): 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.

Designation	Name
Municipal Manager	Mr.N. Mgengo
Chief Financial Officer	Mr.N.Ndakisa
Acting CFO	Mr.L.Gwayimani

Director Corporate Services	Mr.M.Mxekezo
Director Corporate Services	Ms.K.Notshulwana
Director Community Services	Mr.V.Mbangi
Director Technical Services	Ms.Z.Z.Siwundla
Acting Director Technical Services	Mr.A.Qoma

#### **2.2.7.1 ROLE OF THE ACCOUNTING OFFICER**

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

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.4 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS**

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41. As outlined in Chapter 3 of the Intergovernmental Relations Framework (2005), the Implementation Protocols (IP) better known as Memorandum of Understanding (MOU) is a useful tool to operationalize the management of a Joint Programme to realize government developmental outcomes. The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to work jointly, coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act. Intergovernmental Relations (IGR) meetings were planned to be held on a quarterly basis as per the approved 2023/24 process plan but due to non-attendance of sector departments only one IGR was held in 2022/23 financial year.

The Local Communicators Forum (LCF) was established but due to non-availability of communicators in government local offices the meetings are not attended and it becomes unproductive to plan programmes together and discuss challenges experienced in wards.

#### **2.4.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

Ngqushwa Local Municipality attends the Provincial MUNIMEC and Provincial Municipal Infrastructure Forum, Local Government Communications Forum, EPWP Provincial Steering Committee, Chief Audit Executive Forum, Provincial Legal Advisor's Forum, Provincial Round Table on Public Participation, Chief Audit Executive Forum, HRD & Collective bargaining Working Group, Provincial Skills Development Facilitators Forum to consult on matters of mutual interest and where the state and progress of municipalities are addressed.

#### **2.4.2 DISTRICT INTERGOVERNMENTAL STRUCTURES**

Ngqushwa Municipality attends the District IGR and District Mayors Forum (DIMAFO), Speakers Forum, District Municipal Manager's Forum, District Strategic Manager's Forum, District Internal Audit Forum, District Engineering Forum, District Communicators Forum (DCF), District Legal Advisor's Forum, District Wide Planning and Economic Development Forum, District Agricultural Forum, District Corporate Services District Forum (CSDF), District Skills Development Facilitators Forum, District Tourism Forum, District Aids Council, District Finance Forum and District IDP/Budget and PMS Representative Forum and District Initiation Forum.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **2.5 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Section 16 of the Municipal System Act (MSA) refer specifically to the development of a culture of community participation within Municipality. It states that a Municipality must develop a culture of Municipal governance that complement formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of

- The preparation, implementation, review of the IDP
- Establishment, implementation, review of the IDP
- Monitoring and review of the performance, including the outcomes and impact of such performance.
- Preparation of the Municipal budget.

#### **2.5.1 PUBLIC MEETINGS**

##### **2.5.1.1 COMMUNICATION, PARTICIPATION AND FORUMS**

As guided and inspired by the Legal framework that includes the Constitution of the Republic of South Africa, The Municipal Systems Act 32 of 2000, as well as the Municipal Structures Act No.117 Of 1998, Ngqushwa Local municipality has ensured regular and effective communication with the community. The Municipality has to manage strategically information flow with relevant target groups, and also to ensure that communication in all spheres of government is driven by a clear message to improve the lives of the people.

It is widely recognized and understood that an organization's success rests on how well it understands the needs of its customers, and how it responds to those needs by delivering what is required. Good Customer Care clearly implies delivering a professional service, providing access to quality information, providing services that are timely, cost effective, and useful, for Government's core objectives. The Presidential Hotline is an electronic tool we are utilizing to manage queries, complaints.

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

<b>Communication Activities</b>	<b>Yes/No</b>
Communication Unit	Yes
Communication strategy	Yes
Communication policy	Yes
Customer satisfaction survey	No
Functional Complaint management system	Yes
Newsletter distributed quarterly	Yes

**The municipality has ensured during the year that there is full participation of the public through;**

- IDP/Budget and PMS Representative Forums.
- IDP /Budget and PMS Road shows.

- MPAC Road shows.
- Local Communicator's Forum.
- Service Delivery Days.
- National Information Days

Notices were issued on time and dispatched in public places to ensure that each Ward is afforded the opportunity to participate .

Those that the institution held via contact session, were attend mostly by; unemployed youth, adults and elderly citizens.

<b>Public meetings</b>						
<b>Nature and purpose of the meeting</b>	<b>Date of events</b>	<b>Number of Participating Municipal Councillors</b>	<b>Number of Participating Municipal Administrators</b>	<b>No:of Community members/s takeholders attending</b>	<b>Issues Addressed (Yes/ No)</b>	<b>Date and Manner of feedback given to community</b>
IDP/Budget and PMS Representative Forum	18 August 2022 17 March 2023 19 May 2023	28	12	1500	Yes	Through Ward Councillors and tabled during IDP/Budget and PMS Representative Forum
MPAC Roadshows	March 2023	26	8	1800	Yes	Through Ward Councillors also tabled during IDP and Budget Roads shows
IDP /Budget and PMS Roadshows	April 2023	28	9	1850	Yes	Through Ward Councillors and tabled during IDP /Budget Roadshows

#### **2.5.1.2 WARD COMMITTEES**

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

## 2.12.1 WARD COMMITTEES MEETINGS

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Mnoneleli Javu	Mthathi	1	0731916842	04/07/2022 – Q1
Khumbulani Solani	Gobozana	1	0832438637	24/01/2023 – Q2
Solomzi Mabhuti	Zalarha	1	0787835378	09/02/2023 – Q3
Nolitha Ntshwahlana	Thamarha	1	0835711233	22/06/2023 – Q4
Zandile Yaphi	Tyeni	1	0656094069	
Andiswa Billie	Bhele	1	0820948173	
Mlungiseleli Gwedlana	Nxopho	1	0783436445	
Bulelwa Magwaxaza	KwaNgqwele	1	0735905055	
Sisina Siqila	Gpbozana	1	0787227844	
Noluvuyo Dlani	KwaNgqwele	1	0739471442	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Mthetheleli Mpendu	Upper Mthombe	2	0848164154	06/06/2022 - Q1
Simanye Njombolwana	Rode	2	0731392264	19/01/2023 – Q2
Nontsingiselo Jali	Tapushe/Tildini	2	0635143741	09/02/2023 - Q3
Xola Simumu	Lower Mthombe	2	0737174406	20/06/2023 – Q4
Xolile Mshweshwe	Mavathulana	2	0836086229	
Msindisi Bolo	Ngquthu	2	0719609802	
Sinethemba Gebe	Qhugqwala	2	0632208438	
Vuyolwethu Macala	Nyatyorha	2	0738018469	
Mcebisi Bonakele	Zondeka	2	0606755774	

Simphiwe Nxibi	Dlova	2	0730963782	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Andiswa Yali	Crossman	3	0739680043	07/06/2022 - Q1
Mangiwe Mavis Nyaniso	Ntsinekana	3	0785057939	18/01/2023 – Q2
Buyelita Tyhali	Gcinisa North	3	0717158140	09/02/2023 – Q3
Canary Bobani	Kalana	3	0736533599	14/06/2023 – Q4
Ntombizandile Stiti	Nqwenerhana	3	0633885654	
Ntombomzi Ndevu	Mabhongo	3	0732222256	
Nomawethu Ntshabo	Qawukeni	3	0733658959	
Vuyokazi Yali	Mrhathaza	3	0788408063	
Ntombizodwa Nzima	Shushu A	3	0734656520	
Misumzi Sinama	Mqwahini	3	0631824368	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Neliswa Tshemese	Lower Dube	4	0656942708	06/06/2022 - Q1
Khuthala Nose	Ngxakaxha	4	0603349444	19/01/2023 – Q2
Yolanda Ngantweni	Phole	4	0729261660	09/02/2023 – Q3
Nozuko Fumanisa	Mdolomba	4	0719940456	20/06/2023 – Q4



Noluthando Kolisi	Upper Dube	4	0797044076	
Thabisa G. Sidawu	Mdolomba	4	0833307216	
Nomahashe V. Klaas	Machibi	4	0733191298	
Sesethu Ntshokoma	Madliki	4	0719456490	
Phelokazi Cikicane	Machibi	4	0603749565	
Musa M. Mgwenya	Nxwashu	4	0793741423	
<b>NAME</b>	<b>VILLAGE</b>	<b>WARD</b>	<b>CONTACT NUMBER</b>	<b>DATES OF MEETINGS HELD IN 2022/2023</b>
Nolubabalo Jim	Crossroad	5	0783693613	09/06/2022 - Q1
Zoliwe Mandara	Tuku A	5	063379211	24/01/2023 – Q2
Neziwe Nqinana	Lovertwist	5	0737804054	09/02/2023 – Q3
Bulelwa Majola	Tuku B	5	0630220539	19/06/2023 - Q4
Nongeniselo Melani	Tyityaba	5	0834874605	
Nothando Myeki	Birha	5	0835470188	
Sinobuhle Ngqani	Hoyi	5	0839515328	
Nolumanyano Kosani	Leqeni	5	0781614981	
Siyathandaza Ngcayi	Bodium	5	0628226534	
Babalwa Mkhephula	Tuku C	5	0733630583	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Nomfusi Ngqandana	Makhahlane	6	0732084824	10/06/2022 – Q1 18/01/2023 - Q2 10/02/2023 – Q3 14/06/2023 – Q4
Mangena Mqhingwana	Cheletyuma	6	0781758740	
Nkongo Sofuthe	Feni location	6	0634741498	
Lungisani Joni	Emagqazeni	6	0632784192	
Lungelwa Sawula	Cisira	6	0603405987	
Khuthala Nogqala	Dam-Dam	6	0780904108	
Liliwe Marashule	Cisira	6	0738917236	
Nokulunga Xhashibe	Mahlakana	6	07326944262	
Xolani Sicwebu	Mahlubini	6	0834156748	
Nomathamsanqa	Cisira	6	0785048317	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Monwabisi Hoyi	Qamnyana	7	0782656438	14/06/2022 - Q1 18/01/2023 – Q2 10/02/2023 - Q3 14/06/2023 – Q4
Nomfundo Belu	Rura	7	0787493964	
Samkelo Mahlelelele	Maqhosha	7	0633594006	
Simnikiwe Ngcingci	Ndwayana	7	0835566121	
Zama Mthi	Ngquma	7	0632195317	

Phumeza Kuza	Gwabeni	7	0737946123	
Nokuzola Jack	Baltein	7	0734656520	
Sintu Quza	Ndlambe	7	07208 320850	
Nonesi Mazinyo	Luxolweni	7	0738824064	
Sonwabile Cacela	Ndlambe	7	0631914816	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Zweli Dingiso	Durban Location	8	0760490142	14/06/2022 - Q1 18/01/2023 – Q2 10/02/2023 – Q3 14/06/2023 – Q4
Lindelwa Dywili	Power	8	0782054304	
Velile Peyi	Peddie Extension	8	0604370315	
Velile Jele	Peddie Town	8	0787813197	
Sizeka Gotyana	New Creation	8	0737041057	
Nombulelo Best	Peddie Extension	8	0789568465	
Lungisa Mlamla	Ndlovini	8	0785488127	
Nolwandle Mzamo	New Creation	8	0733713215	
Joseph Jantjies	German Village	8	0647751835	
Xoliswa Bosi	Peddie Extension	8	0835141653	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Nothando Maswana	Nobumba	9	0663313688	10/06/2022 – Q1

Asipho Ngaphi	Ntloko	9	0633797200	23/01/2023 – Q2 10/02/2023 – Q3 21/06/2023 – Q4
Zikhona Mkathali	Pikoli	9	0735635901	
Thembisa Damba	Lower Mgwala	9	0731204893	
Cikoza Mbejeni	Ntloko	9	0762968378	
Phuthuma Nzimela	Rose	9	0739828166	
Diliza Mgcuwe	Rutletts	9	0731450625	
Ntombekhaya Zothani	Woodlands	9	0604193525	
Nozipho Tobi	Mgwala	9	0733912760	
Nosanda Rolom	Lewis	9	0733442067	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Lukhanyo Mthongana	Newton dale	10	0627323808	13/06/2022 – Q1 23/01/2023 – Q2 10/02/2023 – Q3 15/06/2023 – Q4
Ongeziwe Nodwala	Ntshamanzi	10	0782832180	
Nqabeka Rodolo	Upper Gwalana	10	0785618544	
Nomasixole Gamlashe	Maxhegweni	10	0739961434	
Prince Myataza	Upper Gwalana	10	0717857261	
Nomfalo Shoco	Mabaleni	10	0826976587	
Phindiswa Mcinjana	Mtati	10	0737234828	

Noludwe Ntezo	Qeto	10	0787005922	
Thembimkosi Mtsolo	Tuba	10	0731403295	
Zukiswa Singqumba	Ngqowa	10	0784765690	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2022/2023
Nwabisa Mfino	Mkanyeni	11	0603544454	13/06/2022 – Q1
Thembela Mvuyiswa	Mpekweni	11	0710081265	20/01/2023 – Q2
Nonzolo Sinuka	Mpekweni	11	0603716119	10/02/2023 – Q3
Nomthandazo Mhabi	Mgababa	11	0788693263	26/06/2023 - Q4
Nompumelelo Mancam	Mkhanyeni	11	0835939833	
Neliswa Mcuntsi	Mgababa	11	0788630940	
Nothandekile Dubula	Mkanyeni	11	0782992529	
Onesimo Njongi	Mgababa	11	0634587806	
Phuthuma Mantana	Prudoe	11	0630810013	
Lungelwa Ngxakaza	Prudoe	11	0780149967	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2021/2022
Siyabulela Mshweshwe	Wesley	12	0734096200	09/06/2022 – Q1
Thandeka Menziwe	Wesley	12	0735688218	20/01/2023 – Q2

Babalwa Nkohla	Gcinisa	12	0837246602	10/02/2023 – Q3 21/06/2023 – Q4
Mafa Moyakhe	Newloots	12	0731199769	
Pamela Mtshoba	Gcinisa	12	0834441323	
Andiswa Singqoto	Bingqala	12	0730613211	
Tembani Myathazi	Hamburg	12	0733603565	
Edumisa Fumba	Nier	12	0710824612	
Nosipho Eunice Maseti	Nier	12	0838982109	

### 2.5.1.3 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* <b>Section 26 Municipal Systems Act 2000</b>	
<b>T 2.5.1</b>	

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 OVERVIEW OF CORPORATE GOVERNANCE

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

#### 2.6.1 RISK MANAGEMENT

Ngqushwa Municipality's council monitors risk through the Audit Committee. The Committee plays an oversight role to ensure that there is an effective risk



management process and system within the organisation. This approach provides technical assistance to the Council to exercise its role in ensuring that an adequate and effective risk management system and process is in place. The Council is expected to exercise the duty of care, skill, and diligence in identifying, assessing and monitoring risks as presented by Audit Committee. The Audit Committee recommends to the Council risk strategies and policies that need to be set, implemented and monitored.

During the year, the Municipality has established a Risk and Fraud Management Committee to ensure that the culture of risk management is embedded in the institutions operations. With the technical support from both internal audit and audit committee Ngqushwa Local Municipality identifies risk areas that are managed systematically and continuously. The municipality has a risk register in place which is treated as a working risk management document of which the identified risks are constantly recorded and properly managed. The municipality's senior management monitors and evaluates the implementation and efficiency of management's controls and such actions identified to improve current controls in the risk register. The municipality submits its risk management register to Internal Audit and Audit Committee on a quarterly basis for review.

During the period under review, the municipality developed the Strategic, departmental operational risk registers, Fraud, Supply Chain Management and ICT Risk Registers in line with the mitigation plans undertaken by management to improve the Risk Management System.

## **2.6.2 ANTI CORRUPTION AND ANTI FRAUD**

Section 83© of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act(MFMA)section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the Municipal Finance Management Act (MFMA) states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management to minimise the likelihood of corruption and fraud.

<b>Name of Strategy</b>	<b>Developed: Yes/No</b>	<b>Date /Reviewed</b>	<b>Adopted</b>
Risk Management Policy	Yes	Reviewed 2022/23	
Fraud and Risk Management Committee	Yes	Established in 2021/22	
Fraud Prevention Plan	Yes	Reviewed in 2022/23	

## **2.6.3 AUDIT COMMITTEE**

The municipality's Audit Committee was serving for 3 year term, commencing from 01 September 2020 to 31 August 2023. The Audit Committee is a sub-committee of Council. The responsibilities of the Committee are detailed in the Audit Committee Charter. This charter was developed by the committee, presented to management and was approved by the council and it is reviewed on a yearly basis.

**The purpose of the committee is to provide:**

- Independent assurance on the adequacy of the risk management framework, performance management, governance and the control environment;
- Independent scrutiny of the municipality's financial and non-financial performance; and
- To oversee the financial reporting and compliance processes.

**The key benefits of the audit committee are as follows:**

- Increasing public confidence in the objectivity and fairness of both financial and non-financial reporting;
- Reinforcing the importance and independence of internal and external audit and similar review processes;
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

The audit committee is required to report that it has regulated its affairs in compliance with the audit committee charter, and has discharged its responsibilities set out therein.

**Summary of Audit Committee responsibilities:**

The responsibilities of the Committee, as laid down in the Charter, include providing oversight on financial reporting and other matters such as the monitoring of governance processes, controls and risk management in the municipality. The Committee also ensures effective communication between the internal auditors, external auditors, the Council and management.

**During this period the Committee conducted the following business and made recommendations for improvement in the relevant areas:**

- Approval of the Risk Based Annual Internal Audit Plan and Three Year Rolling Plan;
- Reviewed the Annual Financial Statement for 2022/2023 financial year;
- Reviewed the municipalities financial and performance reports;
- Reviewed the risk management framework of the municipality;
- Reviewed the Performance Management policy of the municipality ;
- Considered litigation matters facing the municipality;
- Reviewed Internal Audit quarterly reports;
- Reviewed External and Internal Audit recommendations, monitoring and tracking thereof;
- Ensures that an Audit Action Plan is developed and monitor progress thereof on issues that were raised on the previous years by the Auditor General of South Africa.

**2.6.3.1 MEMBERS OF THE AUDIT COMMITTEE**

The Committee comprises of four independent executive members. Representatives from the office of the Auditor General, Internal Audit and senior management of the municipality attend committee meetings on an *ex officio status*. In terms of our Charter at least four (04) meetings should be held during a financial year. We are pleased to announce that all four meetings were held in the 2022/2023 financial year. Details of the Committee members are as follows:

**MEMBER**

**CAPACITY**



<b>Ms. V Hlehliso</b>	Chairperson
<b>Mr. C Sparg</b>	Member
<b>Mr. S Sokutu</b>	Member
<b>DR. N. Mzamo</b>	Member

The permanent invitees to the Committee meetings include: the Mayor, Portfolio Head BTO, Municipal Manager, Chief Financial Officer, MPAC Chair, Senior Managers ,Provincial Treasury,District Municipality and representatives from Internal Audit.

#### **2.6.4 INTERNAL AUDITING**

**Ngqushwa Local Municipality has an in house Internal Audit function that consists of Internal Audit Manager, 2x Internal Audit Practitioner and Risk Practitioner.**

Each municipality and each municipal entity must have an internal audit unit, subject to MFMA section 165 (1) (2).

(2) The internal audit unit of a municipality or municipal entity must—

- (a) prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) advise the accounting officer and report to the audit committee on the implementation of 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; and
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and

(c) Perform such other duties as may be assigned to it by the accounting officer.

#### **Co –sourcing Partner**

The municipality co-sourced Lunika Chartered Accountants & Auditors (Lunika) for a period of two years ending 31 December 2023,to ensure that the unit continues to be value add to the Municipality.

#### **2.6.5 COMMUNICATION**

Local Government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of Republic of South Africa Act, 1996 and other statutory enactment all impose an obligation on local government communication and required high levels of transparency,

accountability, openness, participatory, democracy and direct communication with the communities to improve the lives of all.

#### **2.6.5 .1 MUNICIPAL WEBSITES:**

Municipalities are required to develop and maintained a functional website that displays relevant information as per the requirement of Section 75 of the MFMA and Section 21 (b) of the MSA as amended. The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The Municipal website is a key communication mechanism in terms of service offering, information shearing and public participation. It is a communication tools that should allow easily and convenient access to relevant information. The Municipal website should serve as an integral part of the municipality's communication strategy. The website was later in the financial year upgraded with a new look and feel to be user friendly, documents according to Municipal Systems Act and Municipal Finance Management Act have been updated e.g. Tenders, vacancies, notices and monthly budget.

#### **2.6.6 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

ICT section provides appropriate Information and Communication Technologies that enables our users to access the information and services necessary to do their jobs. Below is a list of projects that were implemented in 2021/2022 financial year:

##### **Server Virtualisation and Storage Area Network**

Ngqushwa Local Municipality, implemented the provision of server technology refresh, virtualization, and Storage Area Network (SAN) solution – as the municipality replace its existing servers with the latest industry-leading, innovative, robust, and cost-effective technology, consolidating Servers and Storage by utilizing the latest rack-mount servers with Storage Area Network and Hypervisor.

##### **Benefits for virtualisation of Ngqushwa Servers**

- Reduced Hardware Costs. Data centers contain numerous physical servers that are dedicated to handling the workload from a network
- Faster Deployment
- Save Space in the server room
- Reduced Energy Costs
- Simplified Disaster Recovery
- No More Server Sprawl

##### **2.6.6.1 INTERNET/VPN WITH HOSTED TELEPHONE SYSTEM FOR NGQUSHWA LOCAL**

Ngqushwa LM upgraded the existing network infrastructure and connect Hamburg to the municipality's network through Virtual Private Network. VPN/MPLS solution gives extremely secure connections between private networks linked through the Internet. It allows remote computers/offices to act as they were on the same secure, local network. All Ngqushwa Offices are linked to each other and internet line upgraded from 40 MB to 80 MB.

#### **2.6.7 POLICIES AND BY LAWS**

## BY – LAWS AND POLICIES

Below is a list of all available by-laws and policies developed, reviewed during the financial year and tabled to Council .

### 2.6.7.1 MUNICIPAL BY LAWS

- By-law relating to Standing Orders for Council
- By-law relating to Solid Waste Disposal
- By-law relating to Credit Control
- By-law relating to Street Trading
- By-law relating to Advertising Signs
- By-law relating to Prevention of Nuisance
- By-law relating to Public Open Spaces
- By-law relating to Keeping of Dogs and Other animals
- By-law relating to Ward Committee
- By-law relating to Cemeteries and Crematoria
- By-law relating to Unsightly and Neglected Buildings
- By-law relating to Liquor Trading
- By-law relating to Buildings
- By-law relating to Delegation of Powers

### 2.6.7.2 MUNICIPAL POLICIES

INSTITUTIONAL DEVELOPMENT AND DESIGN	FINANCIAL VIABILITY AND MANAGEMENT	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING
<ul style="list-style-type: none"> <li>• Leave Policy</li> <li>• Disciplinary, grievance and procedure Policy</li> <li>• Overtime Policy</li> <li>• Attendance &amp; Punctuality Policy</li> <li>• Code of conduct for Councillors and Employees</li> <li>• Induction &amp; Orientation Policy</li> <li>• Training and development Policy</li> <li>• Employment Equity Policy</li> <li>• Long service Award Policy</li> <li>• Acting and acting Allowance Policy</li> </ul>	<ul style="list-style-type: none"> <li>• S &amp; T Policy</li> <li>• Indigent Policy</li> <li>• Tariff Policy</li> <li>• Expenditure management Policy</li> <li>• Debit collection and credit control Policy</li> <li>• Asset management Policy</li> <li>• Budget management Policy</li> <li>• SCM Policy</li> <li>• Unauthorised, Irregular, Fruitless and Wasteful expenditure reduction strategy Policy</li> <li>• Property Rates Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Community bursary Policy</li> <li>• Public participation Policy</li> <li>• Remuneration of section 79 Committee Policy</li> <li>• Rules of order Policy</li> <li>• Delegation of authorities Policy</li> <li>• Communication Policy</li> <li>• EPWP Policy</li> <li>• Performance Management Policy</li> <li>• Policy on the Burial of pauper &amp; exceptional cases relating to the dead</li> <li>• Fraud and Anti Corruption Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Community Hall Policy</li> <li>• Prevention of land invasion Policy</li> <li>• Fire Arm Policy</li> <li>• Pound Policy</li> <li>• LED funding Policy</li> <li>• Policy and procedure for the hire of outdoor facilities and Municipal buildings</li> <li>• Business Licence Policy</li> <li>• Building Control policy</li> <li>• Incliment Weather policy</li> <li>• Strict &amp; Public Naming Policy</li> </ul>

<ul style="list-style-type: none"> <li>• Internship Policy</li> <li>• Employee Assistance Policy</li> <li>• Occupational Health &amp; Safety Policy</li> <li>• HIV/AIDS Policy</li> <li>• Sexual and other harassment Policy</li> <li>• Dress code, uniform &amp; protective clothing Policy</li> <li>• Smoking control Policy</li> <li>• Bereavement Policy</li> <li>• Recruitment, selection and appointment Policy</li> <li>• Skills and Retention Policy</li> <li>• Relocation Policy</li> <li>• Termination Policy</li> <li>• Employee Study Bursary Policy</li> <li>• Fleet Management Policy</li> <li>• Remuneration Policy</li> <li>• Secondment Policy</li> <li>• Career succession Policy</li> <li>• Records Management Policy</li> <li>• ICT Policy</li> <li>• Cellphone allowance Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Virement Policy</li> <li>• Insurance Policy</li> <li>• Payroll Policy</li> <li>• Immovable Property management policy</li> <li>• Funding and Reserve policy</li> <li>• Long-term financial planning Policy</li> <li>• Petty Cash Policy</li> <li>• Banking and Investment Policy</li> <li>• Borrowing Policy</li> <li>• Cost Containment Policy</li> <li>• Payday policy</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Civic Burial Policy</li> <li>• Contract Management Policy</li> <li>• Litigation Management Policy</li> <li>• Policy on Mayor and Speaker vehicle</li> <li>• On out of pocket expenses of Traditional Leaders</li> <li>• Social Media Policy</li> <li>• Consequence Management Policy</li> <li>• Protection of Personal Information Policy</li> </ul>	<p><b>QUALITY BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>• Infrastructure and Delivery Management Policy</li> </ul>
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<ul style="list-style-type: none"> <li>• ICT Security Policy</li> <li>• Council Resolutions management Policy</li> <li>• Retirement Policy</li> <li>• Confidentiality Policy</li> <li>• Migration &amp; Placement Policy</li> <li>• Organizational rights &amp; Structure Policy</li> <li>• Promotion &amp; Transfer policy</li> <li>• Task Job Evaluation Policy</li> <li>• Rental Allowance Policy</li> </ul>			
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**THE FOLLOWING IS THE LIST OF POLICIES THAT WERE TABLED TO COUNCIL**

<b>INSITUTIONAL DEVELOPMENT AND DESIGN</b>	<b>FINANCIAL VIABILITY AND MANAGEMENT</b>	<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>	<b>LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING</b>
<ul style="list-style-type: none"> <li>• Leave Policy</li> <li>• Community Bursary Policy</li> <li>• ICT Policy</li> <li>• Job Evaluation Policy</li> <li>• Standby Policy</li> <li>• Shift Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Virement Policy</li> <li>• Expenditure Management Policy</li> <li>• Subsistence Travel Policy</li> <li>• Supply Chain Management Policy</li> <li>• Debt Collection and Credit Control Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Delegation of Authority Policy</li> <li>• Risk Management Policy</li> <li>• Fraud Management Policy</li> <li>• PMS Policy</li> <li>• Consequence Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Beach Management Policy</li> </ul>

## **2.6.8 SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy of the Municipality is deemed to be fair, equitable, transparent, competitive and cost effective as required by Section 217 of the Constitution. SCM Policy complies duly with the requirement of Section 112 of the MFMA as well as the Supply Chain Management Regulations. The Policy was drafted based on the SCN Model Policy issued by National Treasury and amended to suit the local circumstances within the ambit of the regulatory framework and sometimes even stricter than the legal requirement .

### **2.6.8.1 DISCLOSURE OF FINANCIAL INTEREST**

The officials, Councilors and Traditional leaders have not all declared the business interest for this current financial in order to improving transparency and accountability in Supply Chain Management. All HoD's have been informed of the outstanding declarations and list was circulated.

### **2.6.8.2 COMPETITIVE BIDS**

The Accounting officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

### **2.6.8.3 LIST OF AWARDED TENDERS 2022/2023 FINANCIAL YEAR**

**LIST OF AWARDED TENDERS 2022-2023 (JULY-SEPTEMBER)**

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/004/2022-2023	Supervisory Training Skills	Mr L Nqawa	Amangile Academy	20-Jul-22	R 36,000.00
8/2/005/2022-2023	Training of NLM Councillors, Traditional Leaders & Officials on Computers Literacy	Ms N Ncapayi	Executive Insights	20-Jul-22	R 94,690.00
8/2/278/2021-2022	Construction of Peddie Hawker Stalls in Peddie	Ms Z Velemani	Tiaglo (Pty) Ltd	12-Aug-22	R 3,919,427.38
8/2/279/2021-2022	Construction of Mxaxa Internal Streets	Ms Z Velemani	Mathexo Trading Enterprise	12-Aug-22	R 4,161,337.17
8/2/271/2021-2022	Training on Report Writing	Mr L Nqawa	Unakho Business Solutions	15-Aug-22	R 136,850.00
8/2/016/2022-2023	Supply, Fitting, Balancing and Alignment of New	Ms E Maytham	Sethu Enterprise	25-Aug-22	R 99,500.00
8/2/003/2022-2023	Training of Road Maintenance, Rehabilitation and	Mr L Nqawa	Onoria Genertal Trading	8-Sep-22	R 97,500.00
8/2/015/2022-2023	Supply and Delivery of Stationery	Ms E Maytham	Ikamvalethu Services	13-Sep-22	R 117,175.00
8/2/026/2022-2023	Supply and Delivery of ICT Consumable	Mr M Fekema	Metro Computer Services	13-Sep-22	R 51,668.45
8/2/009/2022-2023	Training on Presentation Skills and Report	Mr L Nqawa	Onoria Genertal Trading	14-Sep-22	R 77,500.00
8/2/022/2022-2023	Repairs and Maintenance of Municipal Light Vehicles, Yellow Plant and Trucks for Two	Ms E Maytham	Bluetech.Co (Pty) Ltd	16-Sep-22	R 200,000.00
8/2/029/2022-2023	Training of Secretaries & Personal Assistants	Mr L Nqawa	Mokoal Business Solutions	16-Sep-22	R 159,992.00
8/2/001/2022-2023	Provision for ICT Support and Maintenance for a	Mr M Fekema	Resilient Servers and	19-Sep-22	rates based
8/2/007/2022-2023	Feasibility Study for Establishment of New	Ms Z Velemani	Afroteam Consultants	19-Sep-22	R 639,802.50
8/2/033/2022-2023	Supply and Delivery of Promotional Material	Mr M Pumaphi	Peddie Business Solutions	22-Sep-22	R 51,500.00
8/2/027/2022-2023	Conference Call Software for a Period of 12 months	Mr L Nqawa	SMS ICT Choice	22-Sep-22	R 70,510.33
8/2/028/2022-2023	License Renewal & Maintenance of Backup & Recovery System for a Period of 12 Months	Mr L Nqawa	SMS ICT Choice	22-Sep-22	R 180,512.28
8/2/034/2022-2023	Supply and Delivery of 30 Bolted Steel Shelving Units	Ms E Maytham	MTM Electronics 77	22-Sep-22	R 56,700.00
8/2/023/2022-2023	Supply and Delivery of Refuse Black Bags	Mr Mkontwana	Lee 2morrow (Pty) Ltd	29-Sep-22	190.00 per bale
8/2/035/2022-2023	Supply and Delivery of Protective Clothing for EPWP	Mr M Pumaphi	Mkhonto Wethu Trading t/a Eco Chemicals Solutions	29-Sep-22	R 95,466.26

**LIST OF AWARDED TENDERS 2022-2023 (OCTOBER-DECEMBER)**

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/018/2022-2023	Provision of Insurance Services for a period of two years	Mr A Dlula	Kunene Makopo Risk Solutions	12-10-2022	R 1,234,131.38
8/2/175/2020-2021	Upgrade of New Creation Sportsfield Phase 1	Ms Z Velemani	Devomix	24-10-2022	R 11,938,916.87
8/2/175/2020-2021	Design & Construction Monitoring of Ntshamanzi Internal Street	Ms Z Velemani	Sontinga Consulting Services CC	25-10-2022	R 443,201.62
8/2/019/2022-2023	Supply, Delivery and Implement Microsoft Office 365 Licenses for a period of Three years	Mr M Fekema	SMS ICT Choice	03-11-2022	R 743,293.79
8/2/017/2022-2023	Provision of Travel Agent Services for a Period of Two years	Mr A Dlula	Gcida Travel Enterprise	14-11-2022	100% and 11%
8/2/017/2022-2023	Provision of Travel Agent Services for a Period of Two years	Mr A Dlula	Harvey World Travel	14-11-2022	6.9% and 7.9%
8/2/175/2022-2023	Design & Construction Monitoring of Three Community Halls		Kukho Consulting Engineers	15-11-2022	R 733,053.70
8/2/011/2022-2023	Repairs and Maintenance for All Municipal Light Vehicles for 36 Months	Ms E Maytham	Bluetech Co. (Pty) Ltd	18-11-2022	rates based
8/2/046/2022-2023	Training Horticulture	Mr M Pumaphi	Onoria General Trading	24-11-2022	R 97,500.00
8/2/002/2022-2023	Supply, Delivery and Implement Microsoft Office 365 Licenses for a period of Three years	Mr M Fekema	SMS ICT Choice	29-11-2022	R 862,683.50
8/2/038/2022-2023	Development of Peddie and Hamburg Towns Local SDE/Precinct Plans	Ms B Mnyovu	Ilizwe Planners	29-11-2022	R 546,250.00
8/2/006/2022-2023	Provisions of Private Security Services for Period of Three years	Ms N Makunga	Tyekana Protection & Cleaning (Pty) Ltd	29-11-2022	rates based
8/2/049/2022-2023	Town Planning & Land Surveying Services for Planning & surveying of Industrial Site and residential site for Hamburg	Ms B Mnyovu	MNT Geomatics	01-12-2022	R 126,500.00
8/2/036/2022-2023	Supply and Delivery of ICT Equipment for 3 years	Mr M Fekema	Metro Computer Services (Pty) Ltd	07-12-2022	
8/2/055/2022-2023	Christmas Lights Design, Supply, Maintenance & Installation New Decorative and Fire Crackers	Mr M Pumaphi	Designer Lighting (Pty) Ltd	08-12-2022	R 199,525.00
8/2/060/2022-2023	Hiring of Life Guards for Festive Season	Ms N Jakavula	Mantsi Facilitors CC	12-12-2022	R 144,700.00
8/2/054/2022-2023	Supply and Delivery of Food Parcels (Christmas Gifts)	Ms N Ncapayi	Vibrant Solutions	16-12-2022	R 108,697.80



**LIST OF AWARDED TENDERS 2022-2023 (JANUARY-MARCH )**

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/058/2022-2023	Supply and Delivery of Wool Shearing and Sorting Equipment	Mr M.Pumaphi	Mafani Transfers	12-01-2023	R 117,169.00
8/2/062/2022-2023	Repairs & Maintenance of all Municipal Yellow Plant, Trucks & Machinery for 2 Months	Mr M.Mxekezo	Bluetech Co.(Pty) Ltd	13-01-2023	rates based
8/2/175/2020-2021	Professional Services for the Construction of Ngqushwa Municipal Offices	Mr L.Mbandazayo	Kukho Consulting Engineers	23-01-2023	R 1,368,500.00
8/2/063/2022-2023	Training of the Municipal Public Accounts Committee & Administration Staff	Ms U. Galada	Unakho Business School	27-01-2023	R 99,877.00
8/2/053-2022-2023	Repairs & Maintenance of High Mast Lights for a Period of 36 Months	Mr A.Qoma	Grazicode (Pty) Ltd t/a Ndlambe Investments	31-01-2023	R 510,242.00
8/2/050/2022-2023	Supply , Installation and Maintenance of Biometric Access Control with Integration into Payroll for Period of 5 years	Mr L.Nqawa	CCG Systems (Pty) Ltd	01-02-2023	R 4,741,296.88
8/2/056/2022-2023	Construction of Ntshamanzi Internal Streets	Mr L.Mbandazayo	Masiba & Son Trading	07-02-2023	R 3,351,718.70
8/2/068/2022-2023	Facilitation of Strategic Planning Session and Development of IDP	Mr X.Maswana	Ndokhula Consulting	07-02-2023	R 97,750.00
8/2/070/2022-2023	Supply and Delivery of Machinery for Parks Section	Mr R.Mkontwana	Ebusha General Trading	21-02-2023	R 113,702.28
8/2/070/2022-2023	Supply, Delivery & Installation of 8 Air Conditioners	Mr A.Qoma	AB96 Projects	21-02-2023	R 128,295.84
8/2/040/2022-2023	Supply and Delivery of Water for Municipal Building tanks for a period of 12 months	Ms E. Maytham	Where from here Projects	21-02-2023	R 200,000.00
8/2/075/2022-2023	Professional Services for Mkhanyeni Internal Roads	Ms ZZ Siwundla	Afro Team Consultants	21-02-2023	R 394,070.78
8/2/075/2022-2023	Professional Services for Glenmore Internal Roads	Ms ZZ Siwundla	Afro Team Consultants	21-02-2023	R 2,540,079.05
8/2/075/2022-2023	Professional Services for x 3 Community Halls	Ms ZZ Siwundla	Black Mountain JV Ziinzame	21-02-2023	R 795,027.00
8/2/024/2022-2023	Refurbishment of Ablution Facilities	Ms N. Jakavula	Peddie Business Solutions	14-03-2023	R 165,750.00
8/2/080/2022-2023	Provision of Services for the Investigation of Allegation of Misconduct Against a Senior Manager of The Municipality	Ms N.Majikela	De Swardt Myambo Hlabla	16-03-2023	rates based

**LIST OF AWARDED TENDERS 2022-2023 (APR-JUNE)**

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/047/2022-2023	Life Guard Duties for 3 Years	Ms N. Jakavula	Mzantsi Facilitators CC	05-04-2023	R 807,100.00
8/2/067/2022-2023	Supply and Delivery of Equipment, Tools and Machinery for SMMEs	Mr M.Pumaphi	Mafani Trnasfers (Pty) CC	05-04-2023	R 628,565.60
8/2/065/2022-2023	Supply and Delivery of Traffic Uniform for a Period of three years	Mr L.Nqawa	Amended Recline Trading & Projects	05-04-2023	R 719,221.50
8/2/073/2022-2023	Construction of Tamara Community Hall	Mr L.Mbandazayo	Alomna Construction & Plant Hire	06-04-2023	R 2,368,122.38
8/2/074/2022-2023	Construction of Loverstwest Community Hall	Mr L.Mbandazayo	Alomna Construction & Plant Hire	06-04-2023	R 2,368,122.38
8/2/075/2022-2023	Construction of Ntloko Community Hall	Mr L. Mbandazayo	Where from here Projects	06-04-2023	R 2,265,500.00
8/2/789/2019-2020	Monitoring ,Design and Supervision of Feni & Mgababa	Mr A.Qoma	Black Monuntain JV Ziinzame	06-04-2023	R 460,694.50

8/2/175/2020-2021	Monitoring ,Design and Supervision of Nier Internal Streets	Mr L.Mbandazayo	Kukho Consulting Engineers	06-04-2023	R 380,512.00
8/2/083/2022-2023	Supply, Fitment,Balancing and Alignment of New Tyres	Ms E. Maytham	Buyelwa Enterprise	11-04-2023	R 120,703.30
8/2/078/2022-2023	Maintenance of Lewis Hall	Mr L.Mbandazayo	Solanga Sydney Projects	14-04-2023	R 176,390.00
8/2/046/2022-2023	Supply, Delivery and Installation of Refuse Cages	Mr R. Mkontwana	Nokongo Holdings (Pty) Ltd	17-04-2023	R 390,000.00
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Maliswana Trading Enterprises	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Lulumzi Development	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Malimiso Projects	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Star Time Trading	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Manyobo Group	28-04-2023	Panel of Contractors

8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Milwa Construction	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Liyema Civil Projects	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Masiba and Son Trading	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Nontembiso Projects (Pty) Ltd	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Ezulwini Construction (Pty) Ltd	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	ZKS and Nam General Trading	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Mathexo Trading Enterprise	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Sincede Consulting Services	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Nbuquindlea JIV Onwaba Projects	28-04-2023	Panel of Contractors

8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Simandlovu Trading	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Dintwa Trading CC	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Erivision (Pty) Ltd	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Tshiya Infrastructure Development	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Edify Africa	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Alomna Construction & Plant Hire	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Andile Truck Hire & Civils	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Cool Makers Trading (Pty) Ltd	28-04-2023	Panel of Contractors
8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Dimoro Trading Enterprise	28-04-2023	Panel of Contractors

8/2/079/2022-2023	Panel of Contractors: Construction of Roads with Ngqushwa Local Municipality	Mr L. Mbandazayo	Toduka Construction	28-04-2023	Panel of Contractors
8/2/071/2022-2023	License Renewal of Antivirus	Mr M.Fekema	Jika Business Services	02-05-2023	R 69,118.44
8/2/081/2022-2023	Panel of Multi-Disciplinary Professional Services	Mr L.Mbandazayo	Black Mountain Consulting Engineers	11-05-2023	Panel of Professional Services
8/2/081/2022-2023	Panel of Multi-Disciplinary Professional Services	Mr L.Mbandazayo	Uloyiso Consulting Engineers	11-05-2023	Panel of Professional Services
8/2/081/2022-2023	Panel of Multi-Disciplinary Professional Services	Mr L.Mbandazayo	Simelela Projects & Surveys	11-05-2023	Panel of Professional Services
8/2/077/2022-2023	Supply and Delivery of Tractor & Brush Cutter	Ms E. Maytham	Kura Uone Group (Pty) Ltd	11-05-2023	R 476,928.00
8/2/089/2022-2023	Supply and Delivery of Hiring of SUV Luxury Mayoral Vehicle	Ms E. Maytham	NTT Motors East London (Pty) Ltd	26-05-2023	R 700,000.00
8/2/072/2022-2023	Supply, Delivery and Installation of Three Back Up 80KVA Three Phase Diesel Generators	Mr A.Qoma	JT Maritz Electricity CC	01-06-2023	R 1,757,442.79
8/2/076/2022-2022	Supply and Delivery of Refuse Bags for a Period of 2 years	Mr R.Mkontwana	Nonyukela's Transport	05-06-2023	R190.00 per bale Year 1 R

8/2/091/2022-2023	Supply and Delivery of Road Material & Small Tools	Mr A. Qoma	Sikhulakuny e Trading & Construction	08-06-2023	R 62,000.00
8/2/079/2022-2023	Construction of Paving for Glenmore Internal Roads	Mr L.Mbandazayo	Maliswana Trading Enterprises	12-06-2023	R 7,240,014.25
8/2/079/2022-2023	Construction of Mkhanyeni internal Roads	Mr L.Mbandazayo	Mathexo Trading Enterprise	15-06-2023	R 3,106,003.43
2023/24 Electrification	Professional Services: Electrification of 268 connections in Ngqushwa	Mr A. Qoma	Afroteam Consultants	19-06-2023	R 612,279.03
8/2/093/2022-2023	Supply and Delivery of Bakkie (Double Cab)	Mr Z.Mdabula	Ronnies Motors Trust	23-06-2023	R 557,120.00
8/2/088/2022-2023	Supply and Delivery of 50 Laptops	Mr M. Fekema	Sime and Mzweida Trading	23-06-2023	R 1,141,767.15
8/2/092/2022-2023	Supply and Delivery of Road Marking Machine	Mr A. Qoma	KM 26 Projects (Pty) Ltd	29-06-2023	R 155,250.00
8/2/100/2022-2023	Supply, Delivery & Assembling of Office Furniture	Ms E. Maytham	Regency Office Furniture CC	29-06-2023	R 196,144.00
8/2/102/2022-2023	Supply and Delivery of Protective Clothing for EPWP	Mr L.Nqawa	Vibrant Solutions (Pty) Ltd	29-06-2023	R 129,957.84

#### **2.6.8.4 Supplier Performance Management**

The Section 116 (2) (d) report is submitted by the relevant user departments on the management and performance on the appointed contractors whose contracts are still in progress. The project managers need to improve the monitoring of service providers in order to get value for money.



## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE

#### 3.1. WATER PROVISION

Amathole District Municipality (ADM) is currently mandated to be a Water Services Authority and a Provider in this Municipality and is currently in a process of updating its water services development plan (WSDP) as the current one is outdated. This plan provides an overview of the coverage and gives a strategic direction to the ADM and identifies the most crucial projects in order of priority.

Bulk water infrastructure is provided by a number of dams and water purification works within the municipal area which is operated by the Amatola Water Board. Table 14 gives an indication of these

DAM	DAM'S CAPACITY	FIRM YIELD (Mm <sup>3</sup> /pa)
Dabi Dam	0.23	0.50
Mankazana Dam	1.85	1.38
Ndlambe Dam	0.06	0.06
Rura Dam	0.05	0.05
Sandile Dam	7.4	4.14
Laing Dam	5.55	2.76
<b>TOTAL</b>	<b>2.84</b>	<b>2.14</b>

The Amatola Water Board also manages and operates six water treatment plants which collectively supply 2.84 million litres of portable water. These water treatment plants are as follows:

- i) Dabi water treatment works.
- ii) Peddie Regional water treatment works.
- iii) Glenmore (Enxuba) water treatment works.
- iv) Sandile Dam water treatment works.
- v) Laing dam water treatment works.

Ngqushwa has only one pump station located at the Water Works in Ngwenerana also known as Kingslyn. The water treatment works at Tyefu has been closed down and all the areas it used to serve are now being served by Glenmore Water Treatment works.

In Peddie, adequate water is supplied from the King's Lynn scheme which is also operated by the Amatola Water Board. In Hamburg, water is supplied by Amatola Water Board from Birha scheme which is also considered adequate for the present purposes. This source is however supplemented by three boreholes which constituted the town's original supply and which are capable of supplying 25% of the town's average requirement



Table: Source of water by ward and source

Ward	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other	Grand Total
21206001	1341	1	2	154	97	5	57	27	16	1701
21206002	1110	6	1	191	34	56	18	35	235	1686
21206003	1547	2	3	93	32	1	8	88	17	1792
21206004	1208	14	4	138	73	37	4	70	10	1558
21206005	667	5	3	129	4	102	-	3	2	914
21206006	944	7	4	441	55	6	2	182	25	1667
21206007	1063	44	15	373	79	59	38	250	23	1943
21206008	1246	9	2	277	110	112	18	57	39	1871
21206009	686	4	19	400	152	40	25	90	81	1497
21206010	1505	5	-	85	-	2	2	15	15	1630
21206011	1366	95	10	274	25	-	3	21	45	1839
21206012	854	-	2	407	65	3	-	60	27	1418
21206013	693	7	9	635	312	29	1	60	125	1870
Grand Total	14229	199	74	3595	1039	453	176	957	662	21384

Source: Stats SA (2011)



### **3.2 SANITATION**

There is only one Waste Water Treatment facility in the municipal area, located in Peddie. The existing Waste Water Treatment Plant in Peddie is operating at its full capacity and is now overloaded. A budget of R87million for the upgrade of the plant has been approved as a multi-year project, and Amathole District Municipality is in the process of procuring a new Professional Service Provide (Consulting Engineers) for Design of the plant. There is no planned construction of treatment facilities in Hamburg nor does the municipality render a service for the emptying of septic tanks. Rural areas use primarily pit latrines, which are simply moved when the old ones are full. ADM is busy with master plans of the projects.

### **3.3 ROAD MAINTENANCE**

#### **3.3.1 INTRODUCTION TO ROAD MAINTENANCE**

The roads section is primarily responsible for the maintenance and rehabilitation of the Municipal roads and stormwater drainage network within the Ngqushwa Municipal area. The municipality is responsible for 100% access to local roads within its jurisdiction, which include all streets within peri-urban and rural areas. It ensures the maintenance of a number of municipal roads which serve all communities and are regularly maintained, with the objective of addressing specific needs. The majority of municipal roads are gravel, with surfaced roads comprising approximately 2% of all municipal roads. The condition of surfaced roads (15km) is predominantly in poor condition and a proportion of 225km of gravel roads also in poor condition.

The municipality is responsible for the repairing of potholes on the existing surfaced road, and unblocking and cleaning of drainage ketch pit to maintain free flow storm water. Rehabilitation of existing roads, and re-gravelling and blading of gravel roads in rural and peri-urban on regular basis. There are approximately 1460km of roads in the municipal area. According to the Department of Roads and Public Works only 153.9km of these roads are tarred which translates to (12.11%) of the roads in the municipal area.

A total of 225 km gravel roads were maintained through dry blading; re-gravelling also a total of 1200m<sup>2</sup> of potholes were patched (tar roads) in the year under review.

The district comprises national, trunk, main, district, minor and access roads. The Major towns are linked by an adequate network of roads and there is also a good network of proclaimed gravel roads traversing the municipal area. The roads linking

the various rural settlements are in a poor state of repair and are not adequately maintained. Municipality is only focusing on maintaining and construction of internal and access roads, and in its jurisdiction, approximately 225km is gravel roads and 15.2km's is surfaced roads

#### **Road – Storm Water Section Staff**

<b>Job level/ Task Grade</b>	<b>Year 22/23</b>		
	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies equivalents) (Fulltime No.</b>
0 – 3	10	10	0
4 – 6	12	12	0
7 – 9	1	1	0
10 – 12	2	1	0
13-17	1	1	0

#### **3.4 PROJECT MANAGEMENT UNIT (PMU)**

Project Management Unit (PMU) section ensures the delivery and access to basic services as enshrined in the Constitution of the Republic. Project Management Unit is specifically responsible for infrastructure development through capital grants received from Provincial and National government.

Management of the grants and the preparation of all reports to the relevant provincial and national departments. Ngqushwa Municipality in terms of Division of Revenue Act (Act No 29 of 2013) forms part of the municipalities that receive grants from national treasury. The municipality is required to submit its Capital Plans for the MTEF to Provincial and National treasury and report to Treasury about expenditure on the grant.

##### **3.4.1 PMU PROJECTS AND EXPENDITURE**

<b>PROJECT NAME</b>	<b>STATUS</b>
10km Machibi Internal Road	Completed
5km Mxaxa	Completed
5km Ntshamanzi internal Road	55% constructed
Ntloko Community Hall	30% constructed)
Tamara Community Hall	25% constructed)
Lover Twist Community Hall	35% constructed
Consultant for Construction of Glenmore Surface Road	Completed
5km Surfacing of Glenmore Surface Road	5% constructed
5km Nier Internal Road	5% constructed
5km Mkanyeni Internal Road	5% constructed
20 Hawkers Stall	Completed
Peddie Extension Sport Field	40% constructed
Land fill site feasibility study	Not completed

#### **MIG EXPENDITURE**

The expenditure on MIG as at the end of June 2023 is

#### **PMU Section Staff**

<b>Job level</b>	<b>Year 2022/23</b>
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	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (Fulltime equivalents) No.</b>
0 – 3	0	0	0
4 – 6	1	1	0
7 – 9	0	0	0
10 – 12	3	3	0
13 – 17	1	1	0

### **3.5 ELECTRICITY**

The Millennium Development Goal states that all households must have universal access to electricity by 2025. Access to electricity will alleviate poverty as the use of electricity supports lighting and cooking facilities. Eskom supplies electricity in the jurisdiction of Ngqushwa Local Municipality. The 2016 Stats SA Community Survey figures depicts that there are 18492 households in the municipal area, of which 94% of those households have access to electricity.

Eskom provides and maintains electricity supply to the areas of Ngqushwa in accordance with their Rural Electrification Programme. According to Eskom records there is no historical electricity backlog in Ngqushwa electrification, the only areas that are not electrified are the infills and new extensions of the villages. Ngqushwa local municipality is only responsible for maintenance of public lighting and its own buildings.

#### **Electricity Services Policy**

Currently there is no electricity services policy in the municipality; the municipality has only a draft electricity maintenance plan.

#### **Electricity Section Staff**

<b>Task grade</b>	<b>Year 2022/23</b>		
	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (Fulltime equivalents) No.</b>
0 – 3	0	0	0
4 – 6	3	3	0
7 – 9	0	0	0
10 – 12	0	0	0
13 – 16	1	1	0



### **3.6 LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING AND LAND USE MANAGEMENT**

This component includes Spatial planning, land use management and Local Economic Development.

#### **3.6.1 LOCAL ECONOMIC DEVELOPEMENT**

Ngqushwa Local Municipality is a rural and poverty-stricken municipality. Local Economic Development (LED) is seen as the only hope of fighting poverty and is made up of three components: Agriculture, Small Micro Enterprise (SME's) & Cooperatives and Tourism & Heritage.

##### **Opportunities**

Agriculture Potential: Ngqushwa Municipality has several irrigation schemes, Citrus farms (Oranges and pineapples), Aloe, Honey and availability of quality livestock are found within the Ngqushwa Municipality jurisdiction. Tourism Attraction: Ngqushwa Municipality has annual commemoration for Tourism attractions such as Mqwashini, Uhambo Loxolo, Hamburg Tourist Attraction, Hiking trails, Beaches, Accommodations. With the closure of Fish River Sun the Mpekweni Resort and B&B's remain the centre of accommodation.

##### **Challenges**

- Lack of funds
- Human capacity
- Rural nature of the area
- Size of the Municipality

Even though the directorate has sections and staff but it yet to be a stand-alone directorate due to lack of funds for appointing both Port-folio head and Head of Department. It is still amalgamated with community services.

##### **LOCAL ECONOMIC DEVELOPMENT STAFF**

Job level	Year 2022/23		
	Posts	Employees	Vacancies (Fulltime equivalents)
	No.	No.	No.
0 – 3	0	0	0

4 – 6	0	0	0
7 – 9	1	1	0
10 – 12	3	2	1
13 – 16	2	2	0

### 3.6.1 SMME, INFORMAL BUSINESS AND COOPERATIVE DEVELOPMENT

The Ngqushwa Municipal database has a total of 158 informal traders listed on the municipal hawker's database. Woman represent around 85% of Ngqushwa informal traders and the youth constitute 13%.

### 3.7.2 SME'S AND COOPERATIVES DEVELOPMENT OFFICE ACTIVITIES

- Facilitating registration of Cooperative with Companies and Intellectual Property Commission (CIPC) -
- Facilitation of SMME trainings. Fourty five local SMME were capacitated
- Seven SMME's were involved in sub-contracting in government Wi-Fi programme.
- A one stop shops to access all government services and programmes relating to cooperative development.
- Accommodate other related service offerings by other spheres of government and development agencies such as DEDEAT, NYDA, SEDA etc.

PROGRAMME	COMMUNITY BENEFICIATION	WARD	STAKEHOLDERS INVOLVED	BUDGET
SMME incentive fund	Ten SMME 's supplied with Tools and machinery	3, 5 & 6,8,10,11&12	NLM	Training Cost R500 000.00

### 3.7.3 Community Works Programme (CWP)

The Community Work Programme (CWP) is an initiative designed to provide an employment safety net, by providing participants with a predictable number of days of work per month — thus supplementing their existing livelihood strategies and affording them a basic level of income security through work. The programme is

targeted at unemployed and/or underemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty.

It is implemented at the local level at a 'site' (which generally comprises a 'community' in a municipality) and is designed to employ a minimum of 1,000 people per site for two days a week, or eight days a month. Each site of the Community Work Programme is managed by the not for profit organisation appointed through competitive process by the national department of Cooperative Governance and Traditional Affairs. Ngqushwa site is managed by the non-profit organisation named South African Youth Movement appointed from 2022 to 2023. Total budget for financial year 2022 to 2023 is R8 196 536

#### **CWP beneficiaries list**

Ward 1=81, Ward 2 = 77, Ward 3 =93, Ward 4 = 62, Ward 5 = 95, Ward 6 = 70, Ward 7 = 87, Ward 8 = 81, Ward 9 = 83, Ward 10 = 103, Ward 11 = 83 and Ward 12 = 206.

#### **3.7.4 EXTENDED PUBLIC WORKS PROGRAM(EPWP)**

##### **Total beneficiaries =117**

The incentive grant for the 2022/2023 financial year is at R2 060 000.00 with 326 expected work opportunities to be made for the financial year. **During 2022/2023 Financial Year** Ngqushwa Local Municipality created 120 job opportunities through EPWP. The following are the projects implemented through EPWP.

Interns, Home Based Care, Roads Casuals, Road Rangers, Waste Management, Data Captures, Municipal Cleaners, Securities, Park and Gardens, Security and law enforcement .The expenditure on EPWP as at the end of June **2022/23 is 100%**

#### **3.7.5 BUILDING INCLUSIVE GREEN MUNICIPALITIES (BIGM)**

South African Local Government Association (SALGA) in partnership with Federation of Canadian Municipalities launched the BIGM program was implemented over a 52-month period. Ngqushwa Local Municipality was one of the six municipalities in Eastern Cape that is piloting this local economic development initiative. The BIGM program aims to improve the capacity of South African Municipalities to support effective service delivery, inclusive local green economic growth and enhanced climate change mitigation and adaptation measures.

##### **Project Status Quo**

For 2022/ 23 financial year, the municipality has worked on the following project under the auspices of the BIGM:

- Ngqushwa Entrepreneurial Ecosystem (**NEE**): An entrepreneurial ecosystem, or business environment summarizes all the resources entrepreneurs

and business owners need to start, build and grow a business. Resources including funding, infrastructure, talent and training, incubation & acceleration, community and support organizations. The goal of the ecosystem is mapping out all the available local resources and developing and executing a strategy to communicate the available resources to entrepreneurs.

- Ngqushwa Honey Processing Facility (BIGM Project): The municipality in partnership with Anglo Gold and Amathole District Municipality entered into an agreement to build a honey processing plant for the local farmers of Ngqushwa during 2022/23 financial year. The project receives a funding allocation to the tune of R5million from the Harmony Gold under their Social Responsibility Plan.

The purpose of the project is to acquire honey processing facility to process raw honey production and other value-added products. In the value chain and agro-processing, honey production comprises of many by-products such as candles, lipsticks and crayons. The primary service is supplying natural un-irradiated honey to the market.

The project will process raw honey collected from different honey producing cooperatives around Ngqushwa. The honey produced in the Ngqushwa processing plant will further be used to produce several value-added products for different markets. As part of the agreement, the municipality was tasked to identify and secure land for this project in a well accessible and central location for the farmers. The project aims at encouraging commercialisation of beekeeping in Ngqushwa and hopes to create sustainable job opportunities to its beneficiaries.

**The Honey Processing Plant Project deliverables are as follows:**

Construct a Honey Processing Building at the Site: The Honey Processing Building will house all the plant machinery, and provide spaces for processing, quality control room, storeroom for finished products, and other facilities to store equipment and an administration office. This building will be at ground level to allow entry of raw ingredients at one end and the finished goods at the other;

- Construction of the building is 100% complete.
- Construction of fence is completed.
- Connecting the Honey Processing buildings to bulk municipal basic services such as electricity, drinking water is pending

- Procurement of Honey Processing Machinery inside the Honey Processing Building has been done
- Installation of solar panels has been done
- Delivery of office equipment has been done
- Basic essential training has been provided to new farmers.

### **BUSINESS LICENCING**

The Municipality working with District Municipality has developed a business licence policy and has been adopted by the council for implementation in 2022-2023 financial year, but the challenge is the enforcement part of the policy.

### **3.7.5 AGRICULTURE DEVELOPMENT**

Municipality facilitate agriculture development in Ngqushwa through provision / support of community – based initiatives and the creation of conducive environment for increased investment in agriculture. In many instances the Municipality together with other relevant sector departments actively intervene and support initiatives in order to enhance development of local economy through enhancing food security, job creation and quality of life for the benefit of all. These interventions were mainly directed at improving the quality of life for those operation in Agriculture sector and redressing the inequalities created by the past.

Ngqushwa Local Municipality is working with relevant sector departments in ensuring that Agriculture remain the key pillar in addressing the challenges of unemployment, poverty and inequality. For 2022/23 financial year, the following agriculture activities were undertaken to strengthen agriculture development.

PROGRAMME	COMMUNITY BENEFICIATION	WARD	STAKEHOLDERS INVOLVED	BUDGET
Honey Industry (Beekeeping) Development	<ul style="list-style-type: none"> <li>Skills development (training) provided to beekeeping secondary Cooperative board of directors.</li> </ul>	3, 9 & 12.	NLM and MDA	Training Cost R100 000.00
	<ul style="list-style-type: none"> <li>Construction of the honey processing plant if 100% complete.</li> <li></li> </ul>	8	Harmony Gold	Construction Cost R 3 000 000.00
Livestock Services	<ul style="list-style-type: none"> <li>Assisted Qhungwala wool farmers association with. wool sorting tables; wool bins; wool shearing boards; Bale lifting hooks; Platform scale.</li> </ul>	2	Ngqushwa Municipality	<b>R128 000.00</b>
Enabling Environment	<ul style="list-style-type: none"> <li>Four (4) Local Agricultural Stakeholders Forums Conducted at Ngqushwa Municipality</li> </ul>	All wards	All LM under Amathole District, sector department and Government agencies	<b>None</b>
	<ul style="list-style-type: none"> <li>Information day on commercialising poultry farming</li> </ul>	All wards	NLM	<b>None</b>
	<ul style="list-style-type: none"> <li>Workshop on facilitating access to land acquisition processes</li> <li></li> </ul>	All wards	DALRRD & NLM	<b>None</b>

Capacity building	<ul style="list-style-type: none"> <li>• Training provided on biosecurity measures for backyard and smallholder poultry farming</li> </ul>	Ward 9(Nobumba)	DALRRD	<b>None</b>
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**The project impact:**

- Skills development
- Infrastructure development to communities participating in farming practices
- Food security
- Job creation

### **3.7.6 TOURISM AND HERITAGE**

Ngqushwa Local Municipality is rich in Tourism and Heritage. Tourism development is dominant in both in inland and coastal areas. There are Tourism and Heritage Nodal points which are tourism attractions such as

- Umqwashu Heritage Sites
- Hiking trails
- Ayliff Church Museum
- Beach

#### **Tourism Activities**

- Maintenance of Uhambo Loxolo hiking trail and Umqwashu heritage sites through EPWP
- Celebration of 2022 heritage month
- Flea market held in September 2022
- Induction of Local Tourism Organisation
- Provision of training and support to existing hospitality industry in Ngqushwa.

Promotion and support of craft product development and marketing through National Arts festival in Makhanda.

### 3.8 SPATIAL PLANNING, DEVELOPMENT AND LAND USE

#### INTRODUCTION

Spatial Planning and Development is a key component of all local municipality's within the republic. The Municipal Development Framework is the key guideline for all spatial plans of the municipality and is a legally required component of the Municipality's IDP in terms of Section 26(e) of the Municipal Systems Act (MSA). Also Section 20 of SPLUMA requires the Municipal Council to adopt a Municipal SDF for the Municipality and Section 21 further outlines the content of the Municipal SDF's. This function is a statutory function, which its nature reflects the spatial values, principles and proposals according to the future development visions and policies of the communities residing within our municipality. This spatial reflection of the IDP represents an important social compact which should be paramount in assessing where development should be permitted, or not permitted, in any area of the municipality.

- In terms of Section 26 (e) of the MSA, an "Integrated Development Plan must reflect a Spatial Development Framework which must include the provision of basic guidelines for Land Use Management System for the Municipality".
- Section 22 (1) and (2) of SPLUMA outlines the status of Spatial Development Frameworks and procedures for decision making:
- Section 22 (1) : A Municipal Planning Tribunal or any other authority required or mandated to make a land development decision in terms of this Act or any other law relating to land development, may not make a decision which is inconsistent with a municipal spatial development framework.
- Section 22 (2) : Subject to Section 42, a Municipal Planning Tribunal or any other authority required or mandated to make a land development decision, may depart from the provisions of a municipal spatial development framework only if site-specific circumstances justify a departure from the provisions of such municipal spatial development framework.

#### Spatial Planning & Land Use Management Functions Summary:

# Manage the effective and efficient budgeting of the section.	Manages Human Settlements Planning:
# Preparation of Business Plans for all programmes.	Manage multi-year Human settlements Sector Plan development; Townships Establishments; Property acquisitions; Housing Needs register; Business Plans; Project funding; Beneficiary Allocations & general admin. Prepare grant funding applications



<b>Manages Spatial Planning:</b>  Spatial Development Framework & Local SDF preparation & reviews; Master Planning and implementation; Urban Management; Implementation of strategic planning projects and programmes; Policy awareness	<b>Building Control:</b>  Development and Enforcement of local building by-laws and policies; Efficient processing of plans.
<b>Manages Land Use:</b>  Processing of all land use & development planning applications; Council items, Enforcement and approval of business license applications and development & enforcement of relevant by-laws, policies and systems.	<b>Property Management:</b>  Development & enforcement of policies; Disposal of land; land leases; land acquisition; Coordinate Disposal Committee and land forum etc.
<b>Manage Survey Projects:</b>  Survey for GP Preparation (township establishment); SG Diagrams for minor subdivisions; identification of pegs; relocation of pegs for various projects.	<b>Disaster Management:</b>  Coordinate all disaster programmes; facilitate and coordinate disaster emergency applications for victims; facilitate and coordinate submission of grant funding applications to human settlements.

#### PROJECT STATUS QUO

SECTION	PROJECT	PROGRESS TO DATE
SPATIAL PLANNING	Development of Peddie/ Hamburg Precinct plans	Final Draft Precinct Plans complete waiting for Council Adoption.
	Planning and Survey of Light industrial Sites as well as Residential sites in Peddie.	Project Completed, draft SG diagrams submitted, awaiting approval by Surveyor General
	Establishment of the Municipal Planning Tribunal	MPT Members appointed and accepted, the process of publishing of the names in the Government Gazette underway

	Disaster management contingency plan	Ongoing facilitation & coordination support during disaster incidents.  Revival of the Disaster Management Forum underway
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### 3.9 DISASTER MANAGEMENT

Due to changing climatic conditions, there is a need to plan ahead. Even though disaster management and Contingency plans was previously a function of the district municipalities, the recent amendment of the act has mandated local municipalities to take charge of the disaster functions with their local space. In light of the latter, the municipality has committed to establish disaster management ward-based structures and community based disaster risk assessment.

Community Based Risk Assessment (CBRA) is an approach that uses participatory action research methods to place communities in the lead role for the assessment, active planning, design, implementation and evaluation of activities aimed at reducing the community risk disaster. The process involves the Ward Councillor, Community Leaders, Traditional Leaders as well as the community at large.

#### Current Disaster Responses

- Assessment of the affected areas.
- Prepare referrals to Social Development (Counselling and SASSA (social relief i.e. food parcels, blankets etc).
- Submit applications to the ECDHS for Emergency and Permanent Shelter.

#### Challenges

- Human resource and financial capacity to deal with disaster.
- Strong winds throughout the municipality.
- Vulnerability to Tornados throughout the municipality.
- Vulnerability to fires.
- Municipal delays in assessing and reporting incidents.
- Delays by the ECDHS in delivering emergency shelters.

#### Preventive Measures

- Prioritize funding for disaster immediate relief during next financial year.
- Prioritize development of a Municipal Disaster Management Plan.
- All development to be in line with the Municipal SDF and District Biodiversity Plans.
- Building strong disaster resistant houses (pilot project - capacitate unqualified builders).
- Build in areas with trees for wind calming purposes.
- Strengthen ward based structures capacity on resilience and disaster preventive measures.

- Building capacity to implement and coordinate disaster function within the municipality.
- Relocation of affected families to zones/areas (i.e churches, creches, schools etc).

### **Proposals**

- Development and adoption of a municipal Disaster Management
- Review of the current municipal contingency plan
- Recruitment of disaster management personnel with necessary skills

### **Conclusion**

- Building capacity within the department to ensure successful implementation of projects including disaster programmes and plans.
- Prioritisation and mobilisation of funding for spatial planning and Disaster related programmes and projects implementation.
- Fast-tracking release of key land parcels by different institutions.
- Fast-tracking Disaster Spatial Plan and Tracking tool.
- Inclusive planning process to ensure alignment and acceptance of plans.
- Planning to avoid land invasions (blanket interdict for all viable land)
- Develop a land use scheme for better management of land use and development processes for orderly development and improved revenue.
- Effective enforcement of land use and development regulations.
- Implementing rural development plans for better and sustainable livelihoods.
- Spatial incorporate the SMEs in the municipal wide spatial plans.

## **3.10 COMMUNITY & SOCIAL SERVICES**

### **3.10.1 Waste Management**

The refuse collection is done on all our areas except villages. Refuse is collected twice per week in households and every day on the CBD. The street cleaning is also done weekly in the CBD; and once a week in the suburbs areas. Number of drop of zones were erected on the CBD as part of the programme of keeping town clean. Awareness campaigns are conducted in communities.

Generally, the refuse collection is done very well in our areas, we just have some challenges, like our vehicles are broken. Since the municipality has low volume there is not much in capital projects.

The Department of Environmental Affairs (DEA) has assisted the Municipality through appointment of Youth Environmental Coordinator from the Youth Community Outreach Programme to work in the Waste and Environment section. It has also assisted the Municipality with Thuma Mina Good Green Deeds Programme twenty-two (22) participants; seven (7) Educational Campaigners and fifteen (15) General Workers. The above mentioned are assisting the Municipality by conducting environmental based awareness campaigns, clear illegal dumpsites and conduct clean-up campaigns in communities as well as schools.

SECTION	PROGRAMME	PROGRESS TO DATE
Environmental Management	Landfill site	In a process of compacting waste to meet the capacity standard  Municipality is planning to relocate land fill site due to current development around town.
	Waste collection	Continuous waste collection from various areas of Ngqushwa (CBD areas, Peddie Extension, Power, Coastal Areas)
	Maintenance of amenities/ facilities	Sports fields, cemeteries, parks, municipal buildings are maintained
	Pound management	16 Rangers deployed (EPWP)
	Thuma mina programme	22 Casuals appointed (7 for Awareness Campaigns and 15 for Litter Picking)

#### **Comment on Waste Management Service Performance Overall:**

Our volume as the Municipality is low, therefore we don't have much to budget on capital project. The municipality has introduced recycling as part of managing landfill site. The main focus on our capital project is on appropriate equipment for refuse collection and management of landfill site machinery. The municipality has installed refused collection cages in strategic positions in Hamburg and Peddie Town.

#### **3.10.2 Introduction to Libraries; Archives; Museums; Galleries; Community Facilities**

The Municipality has community halls, each ward has its own halls from ward 1 to ward 12. Comment on the Performance of Libraries; Archives; Museums; Galleries; Community Facilities; Other (Theatres, Zoos, etc.) Overall: The Municipality has two Libraries one is situated inside municipal building and one mobile library at Hamburg. Both libraries have not officially been handed over to the Municipality by Department of Sport, arts, recreation and culture. Since the main library is accommodated in the old town hall where it is sharing space with Ngqushwa LM's Corporate Services Department, land was made available for the Department of Sport, Recreation, Arts

and Culture. This land has been set aside for the construction of a fully-fledged library, which will be sponsored by DSRAC.

### **3.10.3 Introduction to Cemeteries' & Crematoriums**

Municipality has two (2) cemeteries and both are in Peddie Town and in the process of identifying a new site. The municipality is responsible for grass cutting and maintenance of cemeteries. Crematorium is the responsibility of ADM and it is not common in Ngqushwa.

### **3.10.4 Introduction to Peddie Garden**

Peddie Town seeks to benefit from the programmes due to socio-economic and environmental challenges that make the town to become unattractive and repulsive to public and private sector investments. The Peddie Central Park – commonly known as Ngqushwa Leisure Gardens is a unique asset to the town is well used by locals for social events and gatherings. The park offers further potential to become a great public place, which can be used to build confidence and showcase Peddie to broader user's groups and tourists. Other recreation facilities such as sports fields and pocket parks are few within the primary study area.

## **3.11 ENVIRONMENTAL PROTECTION**

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

### **3.11.1 Introduction to Environmental Protection**

Environmental protection deals with the safeguarding of the environment through implementation and complying with legislation such as a constitution, NEMA, and other relevant legislation. Non-compliance with the Environmental legislation will fasten the depletion of Ozone Layer and fasten Climate change. In an attempt to promote compliance, Ngqushwa Local Municipality in conjunction with other government departments such as DEA, DEDEAT, Department of Roads Public Works and Amathole District Municipality came up with several projects that were aligned to Environmental Protection. These include Working for the Waste, Coastal Management projects. Through tireless efforts of the Municipality and close relations with other stakeholders, the Hamburg beach, which is within the Municipality's jurisdiction, achieved a BLUE FLAG STATUS and Birha beach is still on pilot status.

### **3.11.2 Introduction to Pollution Control**

Nowadays, the world is reeling in climate change, which is a result of pollution, be it water pollution, land or air pollution. Due to the size of Ngqushwa Local Municipality, the responsibility for pollution control lies with the district Municipality (Amathole District Municipality). Be that as it may, the Ngqushwa Local Municipality conducted awareness programs for pollution control in schools, communities as well as clean up campaigns were conducted on schools.

Even though the Municipality has one (1) licensed landfill site and one (1) transfer station, it is difficult to comply with the regulations as in most cases the waste is

burned, thereby polluting the environment. In future, there is a need of closing and relocating the landfill site away from the residential areas. The other main challenge is the vandalism on our 'no litter' signs, most of them are uprooted

### **3.11.3 Introduction Bio-Diversity and Landscape**

Eradication of alien plants in Peddie Town was done as part of biodiversity management. The municipality conducted a workshop on Indigenous plants and eradication of alien plants. Environmental awareness was conducted on coastal communities concerning management of coastal indigenous forest. We are bordered by Great fish river Nature reserve and on a continuous basis we meet them to check on areas of common on biodiversity and general. There are DEA projects that are focussing on coastal management. These projects assisted the Municipality towards the achieving Blue Flag status.

## **3.12 SECURITY AND SAFETY**

This component includes: traffic services; licensing, control of animals and control of public nuisances.

### **3.12.1 Ngqushwa Municipal Traffic Services**

The Traffic Services was established in 2005 by a political mandate to address the safety needs of the community of Ngqushwa. The section delivers traffic services through a partnership-approach with the Department of Transport and communities it serves. The municipality is paying Department of Transport. It aims to create a safe and secure environment for all residents, citizens and visitors within Ngqushwa Municipal Area through effective traffic policing, by-law enforcement and other integrated crime prevention initiatives. The Traffic department is operating from 8h00am – 16h30pm.

#### **Key Performance Areas**

<b>Traffic Law Enforcement</b>	<b>Register Authority</b>	<b>Driver's Licence Technical Centre</b>	<b>Road Safety</b>
Visible policing Road Blocks Speed Law Drunken Driving Campaigns Road Safety Campaigns	Vehicle Registration and Licensing of Motor Vehicles.  Renewal of Motor Vehicle Licences.  Duplicate Registration Papers.	Renewal of Driver's Licences  Learners licence Tests  Drivers Licence Tests  Duplicate Driver's Licences	Road Safety Education in all schools and villages.  Awareness campaigns were conducted at schools and community safety forum is in place

	Scrapping of Vehicles	Public Driver's Licence Permits	
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### 3.12.2 Overall Performance of Ngqushwa Municipal Traffic Services

There was a considerable decrease in the number of moving violations and accidents since the establishment of the traffic services. Concerted effort was launched to address Road Safety with various Road Safety initiatives. Furthermore, our continued commitment towards the National Arrive Alive, Parking, Speeding and Un-Roadworthy Vehicles are common phenomenon throughout Ngqushwa Municipal Area which invariably infringes upon the rights of law-abiding citizens and visitors and in some cases endangers lives.

The Traffic Section is committed to intensify law enforcement against motorists who blatantly disregard the rules of the road. It is an accepted phenomenon that as municipality grows; its public transportation system has to keep pace with such development to ensure that sufficient capacity is provided to meet the growing demand for transportation. To this extent, the traffic section is working earnestly on regulating the minibus and private transport industry to ensure smooth transport of residents of Ngqushwa Municipality. With the establishment of a driver's licence testing centre and other functions the residents of Ngqushwa Municipality do not have to drive to other towns for services. However, there are challenges such outstanding payments of infringement notices (traffic fines), condition of road services in Peddie town and lack of relevant personnel.

#### STAFF AT NGQUSHWA MUNICIPAL TRAFFIC SECTION

TRAFFIC/ SECURITY MANAGER	MANAGEMENT REP	TRAFFIC OFFICERS/WARDENS	TRAFFIC / EXAMINERS	SECURITY OFFICERS	ADMIN STAFF	EXAMINER: LEARNER'S	INTERN
<b>1</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>1</b>	<b>2</b>

### 3.13 COASTAL MANAGEMENT

Strategic Objective: To promote an inclusive economic growth and maintain healthy balance between resource use and renewability on ocean environment by 2023 and beyond.

The municipality has a 42km coastal line stretching from Keiskamma River to Fish River. There are other small rivers in between the two main rivers namely Birha, Mgwelana and Mtati joining the Indian Ocean. Ngqushwa's marine ecosystem is dominated by a warm current, and supports vast populations of commercially exploitable fish species, some of which are shared with South Africa. The climatic conditions that determine prevailing winds, ocean currents, water temperature and fish stock distribution vary with temporary changes in the earth's atmosphere. As a result, the maximum sustainable yields of fish stocks fluctuate from one season to the next.

The marine fisheries sector is an important foreign exchange earner, and a significant employment generator for Ngqushwa, however, we need a full-fledged harbour in Hamburg. Prior to independence, the municipal area's fishing industry was subject to open access and, as a result of poor management, over exploitation of some of the most productive fisheries occurred. After Independence, Ngqushwa took firm control of the territorial waters for the marine fisheries sector to grow. Considerable improvements need to be made regarding the monitoring and regulation of Ngqushwa's fish stocks. However criminal elements are exploiting our waters and have been for many years.

The Coastal areas (Hamburg and Bhira) are the main attraction and a potential source of important economic opportunities for this small tourist town. However existing facilities are limited and in a poor state of repair. The intention is therefore to provide appropriate facilities and invest in the protection of the natural environment.

Coastal management in South Africa is regulated by the Integrated Coastal Management Act, Act 24 of 2008, which aims to ensure that the coast of South Africa is managed in a manner which promotes risk aversion and the application of the precautionary principle. Ngqushwa Municipality adopted its Coastal Management plan in November 2016 to give effect to the above-mentioned legislation. The Beach Management By Law will undergo all relevant structures (Community and stakeholders consultation and gazetting) before it can be tabled to council. Through partnerships between the municipality, ADM and DEDEAT, the municipality managed to achieve Blue Flag status (Hamburg Beach) and Blue Flag pilot status (Bira Beach).

#### **3.13.1 MUNICIPAL ACTIVITIES IN THE COASTAL AREA**

- Management of coastal access land
- Effluent discharges into the coastal zone (land reclamation)
- Coastal infrastructure
- Boat Launch Site Management
- Maintenance and awareness campaigns in Coastal area



### **3.13.2 HAMBURG MUNICIPAL OFFICES**

The Ngqushwa Municipality has appointed Hamburg Area Manager that will overlook all Hamburg activities and the entire coastal area. Hamburg Offices provides one of the key services and ensure that we bring services closer to the people. We have also committed to appoint a Cashier/Administrator to put that into effect. The Municipality has also committed to supporting the regeneration of Hamburg through an allocation of funds to infrastructure development and maintenance.

### **3.13.3 STAFF AT HAMBURG SATILITE OFFICE**

- Area Manager Coastal : Filled
- Practitioner Coastal : Filled
- Cashier : Vacant
- Supervisor Coastal : Filled
- Supervisor Amenities : vacant
- General Assistant Parks, Environment & Amenities : Filled

### **3.13.4 THE HAMBURG REVITALIZATION PROJECT**

The Hamburg Revitalization Project aims to improve the quality of life for the local residents, through the development of the local economy and urban space. The identified interventions seek to make use of the natural assets and develop the local infrastructure in a sustainable manner for the benefit of current and future generations. The over-arching objective is to enhance job-creation and promote self-sufficiency which will have a sustainable impact on the town and its hinterland.

There are numerous initiatives being implemented by other stakeholders which also address this objective. The municipality has identified catalytic interventions which will provide the foundation for the future economic growth and long-term sustainability of Hamburg

Immovable Property in Hamburg CBD which entails, four buildings, namely:

- Emthonjeni Artist Retreat
- Arts and Craft Centre
- Environmental Centre
- Music Academy

The Ngqushwa Local Municipality is in the process of signing a hand over agreement with Aspire in formalizing transfer of the Emthonjeni Art retreat to Aspire.

### **3.13.5 HAMBURG AQUACULTURE PROJECT**

Siyazama Co operatives which is a community based initiative started the project in 2012. It has 47 members (20 full time and 27 non active members). The project is currently operating in a small scale and there is a need for expansion. It is a pilot scale marine finfish (dusky kob, *Argyrosomus japonicas*) land based recirculation aquaculture system. It is registered as an Operation Phakisa initiative.

### **3.13.6 NGQUSHWA LOCAL MUNICIPALITY PARTNERSHIP WITH WORLDWIDE FUND WWF**

Ngqushwa Local Municipality is in partnership with WWF –SA which agreement has been extended from 01 April 2023 until 30 September 2023.

WWF is the world's largest and most respected independent conservation organisation, with over 6 million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

This project focuses on building climate resilience of the coastal and fisheries sector of the SA economy, through working with vulnerable communities to implement adaptation activities to build adaptive capacity and enhance food security and livelihoods. The coastal and fisheries sector has been identified as one of the priority sectors vulnerable to the negative impacts of climate change. As required, the three basic conditions (inclusiveness, gender equality and good governance) which promote inclusive development will be fully integrated during the implementation of this project. More specifically, this project will seek to focus on:

Raising awareness of climate change (causes and impacts) and adaptation capacity building with coastal communities and small-scale fishers. This will be achieved by using existing climate science information and combining it with local ecological knowledge, to bring about a new understanding of climate change impacts and vulnerabilities.

Assessment of site-specific expected climate impacts and presentation of adaptation activities that can be implemented to build resilience and enhance sustainable livelihoods of small-scale fishing communities in Hamburg

Testing and piloting ecosystem based adaptation and livelihood diversification projects (e.g. promotion of responsible fishing practices, appropriate aquaculture projects, responsible harvesting of coastal and intertidal resources as appropriate, etc.) to build climate resilience of these coastal communities, small scale fishers and ecosystems.

## CHAPTER 4

### INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL PERFORMANCE

#### 4.1 MUNICIPAL WORKFORCE MANAGEMENT

Ngqushwa Municipality has a responsibility to manage its workforce by implementing interventions and programmes that will keep employees motivated and enhance performance. This section emphasis on management and administration of employee matters/issues like management of leave, overtime, and training development. The municipality continues to develop workforce management policies in order to maintain productive employees.

#### WORKFORCE POLICY DEVELOPMENT

The Municipality has developed and reviewed all municipal policies during the year for review. These policies are developed and reviewed annually and when required.

#### NUMBER OF DAYS AND COST OF SICK LEAVE

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary aa band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R 000
Task Grade 0 – 2	N/A	0%	0	0	0	0
Task Grade 2 – 3	94	27.54%	22	69	13.33	R39 046.53
Task Grade 4 – 7	217	94.12%	33	51	13.33	R100 458.00
Task Grade	290	98%	37	53	13.33	R370 745.42

8 – 13						
Task Grade 14 – 18	38	71.43%	12	21	13.33	R98 953.80
MM and S56	5	0%	1	5	13.33	R17 747.96
<b>Total</b>	<b>644</b>	<b>6%</b>	<b>105</b>	<b>199</b>	<b>62</b>	<b>R 626 951.71</b>
T4.3.2						

#### NUMBER OF EMPLOYEES ON INJURY ON DUTY

There were 3 incidents reported and the institution is waiting for medical report. No cost incurred in 2022/23 financial year due to the above reason.

#### NUMBER OF SUSPENDED EMPLOYEES

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Two Traffic Officers	Gross misconduct	18/11/2022	One Case Finalised and other one still ongoing	13 March 2023
Clerk Administration	Gross misconduct	18/11/2022	Case finalised	17 July 2023
Manager: Electrical	Misconduct	23/03/2022	Case is ongoing	Not yet identified

Manager Spatial Planning	Gross misconduct including gross insubordination	02/03/2023	Charges were yet to be served to the employee	The official has since resigned on the 30 May 2023. Therefore is finalised
Director Technical Services	Gross misconduct	23/03/2023	Case ongoing	Not yet identified

### VACANCIES AND TURNOVER

On termination of employees, affected department reviews the need for the post. Where there is a need, the affected department informs Corporate Services to facilitate. Corporate Services engages on recruitment processes. Senior Management positions are advertised on both national and regional newspapers. One of the reasons why employees resign is because there are no prospects to move beyond middle management level. The municipality has developed the attraction and retention policy which will assist in attracting and retaining employees.

### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2020/21	2022/2023			
	Employee	Approved	Employ	Varian	S
	s No.	Posts No.	ees No.	ce No.	
Water	0	0	0	0	0%
Waste Water (Sanitation)	0	0	0	0	0%
Electricity	4	4	4	0	100%
Waste Management	6	6	6	0	100%
Housing	5	0	0	0	0%

Roads and Waste Water (Storm water Drainage)	14	23	22	1	95%
Transport	0	0	0	0	0%
Planning	3	5	4	1	95%
Local Economic Development	5	5	5	0	100%
Planning (Strategic &Regulatory)	3	0	0		0%
Community & Social Services	59	59	58	1	95%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Traffic, Security and Safety	34	32	28	4	86%
Sport and Recreation	0	0	0	0	0%
Corporate Services	37	40	28	12	70%
Budget and Treasury Office	28	27	25	2	93%
Municipal Manager's Office	25	36	25	11	69%
Technical Services	21	12	12	0	100%
<b>Totals</b>	<b>238</b>	<b>249</b>	<b>217</b>	<b>32</b>	<b>16%</b>
<p>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.</p> <p style="text-align: right;">T4.1. 1</p>					

Roads and Waste Water (Storm water Drainage)	14	23	22	1	95%
Transport	0	0	0	0	0%
Planning	3	5	4	1	95%
Local Economic Development	5	5	5	0	100%
Planning (Strategic &Regulatory)	3	0	0		0%
Community & Social Services	59	59	58	1	95%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Traffic, Security and Safety	34	32	28	4	86%
Sport and Recreation	0	0	0	0	0%
Corporate Services	37	40	28	12	70%
Budget and Treasury Office	28	27	25	2	93%
Municipal Manager's Office	25	36	25	11	69%
Technical Services	21	12	12	0	100%
<b>Totals</b>	<b>238</b>	<b>249</b>	<b>217</b>	<b>32</b>	<b>16%</b>
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.					T4.1. 1



# VACANCY RATE

Vacancy Rate 2022/2023			
Designations	*Total Approve d Posts	*Variances (Total time that vacancies exist using fulltime equivalents )	*Variance s (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	100%
CFO	1	0	100%
Other S56 Managers (excluding Finance Posts)	3	0	100%
Other S56 Managers (Finance posts)	0	0	0%
Traffic Officers	6	2	75%
Middle Management: Levels 13-16 (excluding Finance Posts)	17	0	100%
Middle management: Levels 13-16 (Finance posts)	5	1	95%
Other employees (excluding the above)	184	16	40%
<b>Total</b>	<b>217</b>	<b>19</b>	<b>16%</b>
<p>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such</p> <p>T4.1.2</p>			



days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2012/13	167	14	8%
2013/14	182	9	8%
2014/15	175	9	5%
2015/16	34	11	3%
2016/17	42	18	
2017/18	32	14	2%
2018/19	12	15	1.25%
2019/20	8	5	0.63
2020/21	19	22	1.16%
2021/22	36	14	0.39
2022/23	14	13	0.98%

\* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year

T4.1.3

## SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND THE FINANCIAL COMPETENCY REGULATIONS

There are challenges in conducting skills audit in order to determine the gaps and planning through Workplace Skills Plan. This is due to lack of participation from other departments; this is now improving as the training committee has reviewed its terms of reference. The expenditure on training exceeds the budget because of the increase in number of training needs. In line with MFMA regulations it is required that all finance employees and HOD's must possess minimum competency. Attempts have been made by the municipality as a result their employees were enrolled for CPMD. There were three employees that did not qualify to be enrolled by the institution offering the course because of the minimum entry requirements; however, these employees were enrolled in other training programs.

### 4.2 MANAGING WORKFORCE EXPENDITURE

The Municipality spends on what has been approved in both organogram and budget to avoid overspending of Workforce expenditure. The expenditure is monitored monthly and reported to Council on quarterly basis.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Graded		
Beneficiaries	Gender	Total
Unskilled and defined decision making (Task grade 0- 3)	Female	N/A
	Male	N/A
Semi-skilled and discretionary decision making (Task Grade 7 – 9)	Female	N/A
	Male	N/A
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Task Grade 8 – 13)	Female	N/A
	Male	N/A
	Female	N/A

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Graded		
Beneficiaries	Gender	Total
Professionally qualified and experienced specialists and mid-management (Task Grade 14 – 18)	Male	N/A
MM and S 56	Female	N/A
	Male	N/A
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column.		
T4.6.2		

#### OCCUPATIONAL LEVELS

Occupation level	Number of employees	Job evaluation level	Comment
Unskilled and defined decision making	87	(Task grade 0-3)	General Assistants, Office Cleaners
Semi-skilled and discretionary decision making	50	(Task Grade 4 – 7)	Supervisors, Clerks, Operators, Secretaries, Drivers
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	45	(Task Grade 8 – 13)	Officers, Technicians and Middle Managers

Professionally qualified and experienced specialists and mid-management	19	(Task Grade 14 – 18)	Middle Managers
MM and S 56	5	Section 54 & 56	Grading system not applicable
T4.6.3			

#### **EMPLOYEES NOT APPOINTED TO POSTS NOT APPROVED AS PER THE ORGANOGRAM**

One (1) employee appointed to post not approved as per the organogram in 2022/23 financial year.

# SKILLS MATRIX

SKILLS MATRIX												
Management level	Gender	Employees in post as at 30 June 2023	Number of skilled employees required as at 30 June 2023									
			Learnerships			Skills programmes & other short courses			Other forms of training			Total
		No.	Actual 30 June 2022	Actual 30 June 2023	Target 2022/23	Actual 30 June 2022	Actual 30 June 2023	Target 2022/23	Actual 30 June 2023	Actual 30 June 2023	Target 2022/23	Actual 30 June 2023
MM and S56	Female	2	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	26	2	4	4	3	19	19	0	0	0	23
	Male	19	3	7	7	5	15	15	0	0	0	22
Technicians and associate professionals	Female	2	0	2	2	0	0	0	0	0	0	2
	Male	3	0	1	1	0	0	0	0	0	0	1

Professionals	Female	26	1	5	5	5		3	0	0	0	8
	Male	19	2	3	3	3	0	1	0	0	0	4
Total		101	8	22	22	11	0	38	0	0	0	60

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	1	1	1
Chief financial officer	0	0	0	0	0	0



Senior managers	3	0	3	3	3	3
Any other financial officials	20	0	20	0	0	10
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	1	0	0	1
<b>TOTAL</b>	<b>25</b>	<b>0</b>	<b>25</b>	<b>4</b>	<b>4</b>	<b>14</b>

\* This is a statutory report under the National Treasury: Local Government: T4.5.2 MFMA Competency Regulations (June 2007)

#### SKILLS DEVELOPMENT EXPENDITURE

R'000

Manag ement level	Ge nd er	Empl oyee s as at the begi nnin g of the finan	Original Budget and Actual Expenditure on skills development 22/23			
			Learnership	Skills programmes & other short courses	Other forms of training	Total

		cial year								
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S56	Female	1	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
	Male	4	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
Legislators, senior officials and managers	Female	26	R90188.08	R90188.08	R66367.52	R66367.52	R0.00	R0.00	R156555.60	R156555.60
	Male	19	R97969.04	R97969.04	R41286.16	R41286.16	R0.00	R0.00	R139255.20	R139255.20
Professionals	Female	6	R37234.00	R37234.00	R56785.00	R56785.00	R0.00	R0.00	R94019.00	R94019.00
	Male	4	R0.00	R0.00	R37235.00	R37235.00	R0.00	R0.00	R37235.00	R37235.00
Technician and associate professionals	Female	2	R0.00	R0.00	R21735.00	R21735.00	R0.00	R0.00	R21735.00	R21735.00
	Male	1	R0.00	R0.00	R11960.00	R11960.00	R0.00	R0.00	R11960.00	R11960.00
Clerks	Female	12	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R127266.08	R127266.08



	Male	1	R0.00	R0.00	R9775.00	R9775.00	R0.00	R0.00	R9775.00	R9775.00
Elementary occupations	Female	28	R0.00	R0.00	R33910.00	R33910.00	R0.00	R0.00	R33910.00	R33910.00
	Male	23	R0.00	R0.00	R225710.00	R225710.00	R0.00	R0.00	R225710.00	R225710.00
Total		209	R86170.00	R86170.00	R0.00	R0.00	R93000.00	R93000.00	R179170.00	R179170.00

#### 4.3 ORGANIZATIONAL PERFORMANCE REPORT

Ngqushwa Municipality Annual Performance for **2022/23** financial year is **87 %**, which shows improvement by **16%** compared to **71%** achieved in 2021/22 financial year .All gaps identified will be addressed in 2023/24 financial year.

Priority Area	Total Annual Targets	Targets Achieved	Targets Not Achieved	% Achievement
Institutional Development and Design	17	16	1	94%
Quality Infrastructure Services and Infrastructure Development	25	19	6	76%
Local Economic Development and Spatial Planning	16	15	1	94%
Financial Viability and Management	11	11	0	100%
Good Governance and	20	16	4	80%

Public participation				
Total Targets	89	77	12	87%

## CHAPTER 5

### FINANCIAL PERFORMANCE

#### Component A: Statement of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

##### 5.1.1 Financial Performance

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

Financial Summary						
R'000						
Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Financial Performance:</b>						
<b>Property Rates</b>	25,796,062	41,322,057	41,322,057	24,530,102	-41%	-41%
<b>Service Charges</b>	1,596,702	1,521,337	1,521,337	1,554,321	2%	2%
<b>Investment Revenue</b>	2,699,052	4,724,397	6,224,397	5,568,978	-11%	-11%
<b>Transfer recognized operational</b>	102,514,469	104,720,336	111,420,336	111,379,482	6%	-0.04%
<b>Other own revenue</b>	6,330,837	4,798,912	4,798,912	4,472,046	-7%	-7%

Financial Summary						
R'000						
Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Total Revenue (excluding capital transfer and contribution)	138,937,122	167,097,917	175,297,917	139,863,668	-16%	-20%
Employee Costs	77,328,152	77,824,967	77,825,367	80,526,559	3%	3%
Remuneration & Councillors	9,255,444	10,448,059	10,448,059	10,582,668	1%	1%
Depreciation & asset impairment	40,950,909	40,348,658	40,348,658	16,364,954	-59%	-59%
Finance Charges	1,657	-	-	520,652	-	-
Materials and bulk purchases						
Transfers and grants	-	-	-	-	-	-
Other expenditures	36,012,401	59,685,695	59,630,728	47,110,557	-21%	-22%
Total Expenditure	164,243,114	188,307,379	196,633,138	155,105,390	-18%	-11%
Surplus/(Deficit)	-25,305,992	12,728,638	12,102,879	19,956,278	57%	64%

# Financial Summary

R'000

Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
-Transfers recognized – Capital	30,220,444	33,938,100	33,438,100	30,912,570	-9%	-8%
Contributions and Contributed assets	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	55,526,436	-21,209,462	-21,335,221	-10,956,292	-48%	-49%
Share of surplus / (deficit) of associate	-	-	-	-	-	-
Surplus / (Deficit) for the year						
Capital expenditure & Funds Sources						
Capital Expenditure						
Capital Transfers recognized						
Public contributions & donations	-					



Financial Summary						
R'000						
Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Borrowing	-			-		
Internally generated funds	5,634,857	7,915,000	10,209,063	10,126,425	28%	-1%
Total Sourced of Capital Funds	5,634,857	7,915,000	10,209,063	10,126,425	28%	-1%
Financial Position						
Total Current Assets	99,050,623	93,575,033	87,912,657	110,915,822	19%	26%
Total non-current assets	264,708,101	318,823,045	320,271,754	343,878,961	8%	7%
Total current liabilities	23,332,612	7,793,646	8,918,714	32,993,139	423%	370%
Total non-current liabilities	15,079,353	14,748,353	14,748,353	16,567,562	12%	12%
Community wealth / Equity	325,346,759	389,856,079	384,517,344	405,234,082	4%	5%
Cash Flow						
Net Cash from (used) operation	27,967,990	45,550,266	46,183,917	39,344,312	-14%	-15%
Net cash from (used) investing	29,830,022	42,153,100	43,157,164	29,279,576	-21%	-22%

Financial Summary						
R'000						
Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Net cash from (used) financing				-	-	-
Cash/Cash equivalents at the year end	58,979,295	62,238,495	61,868,082	67,044,032	8%	8%
Cash backing /surplus reconciliation						
Cash and investments available	-			-		
Application of cash and investments	-			-		
Balance – Surplus (Shortfall)	58,979,295	62,238,495	61,868,082	67,044,032	8%	8%
Asset Management						
Asset register summary (WDV) 9	292,253,19	320,233,048	245,611,290	309,434,693	-3%`	26%
Depreciation & Asset impairment	17,136,976	40,348,658	40,348,658	16,364,954	-59%	-59%

Financial Summary						
R'000						
Description	2021/2022	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Renewal of Existing Assets	-	-	-	-	-	-
Repairs and Maintenance	2,379,875	3,261,371	9,550,861	3,394,600	4%	-65%
Free Services						
Cost of Free Basic Services provided	4,653,248	5,246,495	5,246,495	3,182,524	-39%	-39%
Revenue Cost of Free Services provided	4,653,248	5,246,495	5,246,495	3,182,524	-39%	-39%
Households below Minimum Service Level						
Water:	-	-	-	-	-	-
Sanitation / Sewerage:	-	-	-	-	-	-
Energy:	4 632	4 900	4 632	4 632	11%	0%
Refuse:	1 992	3 404	1 992	1 992	48%	0%



## 5.2 GRANTS

### 5.2.1 Grants Performance

The Municipality received a total amount of R144,858,336 for Operational Expenditure in the form of grants from the National and Provincial Governments during the 2022/23 financial year. The performance in the spending of these grants is summarized as follows:

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

Grant Performance						
R'000						
Description	2021/2022	Current Year 2022/2023		2022/2023 Variance to Actual		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Operating transfers and grants</b>						
<b>National Government</b>						
<b>Equitable Share</b>	83,407,000	97,609,000	97,609,000	97,609,000	0%	0%
<b>FMG</b>	3,000,000	3,100,000	3,100,000	3,100,000	0%	0%
<b>MIG (PMU – Operating Expenses_</b>	1,178,900	1,259,900	1,759,900	1,759,900	40%	0%
<b>INEP</b>	-	-	-	-	%	%
<b>EPWP</b>	3,320,000	2,060,000	2,060,000	2,060,000	0%	0%
<b>Municipal Disaster Relief</b>	-	6,200,000	6,200,000	-	-0%	-0%

## Grant Performance

R'000

Description	2021/2022	Current Year	2022/2023		2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Provincial Government</b>						
<b>Health subsidy</b>	-	-	-	-	-	-
<b>Ambulance subsidy</b>	-	-	-	-	-	-
<b>Sports and Recreation</b>	500,000	500,000	500,000	500,000	0%	0%
<b>LG SETA</b>	119,904	191,436	191,436	142,582	-16%	-16%
<b>District Municipality</b>						
<b>Total operation transfers and grants revenue</b>	91,525,804	144,858,336	144,858,336	111,371,482	-21%	-21%

### 5.3 ASSET MANAGEMENT

Asset management is practiced within the organization based on a comprehensive asset management policy. The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Assets) owned or controlled by the municipality to ensure the following:

- Implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).
- Verify assets in possession of the Council annually, during the course of the financial year.

- Keep a complete and balanced record of all assets in possession of the Council.
- Report in writing all asset losses, where applicable, to Council. Those assets are valued and accounted for in accordance with a statement of GRAP.

Those assets are properly maintained and safeguarded. The roles of the following are clearly defined within the asset management policy:

- Municipal Manager
- Chief Finance Officer
- Asset control section
- Manager budget section
- Manager Expenditure section
- Procurement section
- All other departments

**Asset Management** is performed in line with the Asset Management Policy as described above. The control and safeguarding of assets remain the responsibility of each department. Each department budgets for the necessary maintenance of the assets under their control in order for the assets to achieve their economic life spans.

#### 5.4 REPAIRS AND MAINTENANCE

Repair and Maintenance Expenditure 2022/2023				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3,261,371	9,550,861	3,394,600	6,156,261

#### 5.5 Financial Ratios Based on Key Performance Indicators

##### 5.5.1 Liquidity Ratio

RATIO	BASIS OF CALCULATIONS	2022/23	2021/22	2020/21
Liquidity Ratio	Current Assets/current liabilities	3;1	4;1	3;1

Ratio	Basis of calculation	2022/23	2021/22	2020/21	2019/20
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	97%	95%	90%	99.9%

### 5.5.2 Creditors Management

### 5.5.3 Borrowing Management

The Municipality does not have borrowings. The municipality does not have any loans but it does uses overdrafts

Ratio	Basis of calculation	2022/23	2021/22	2020/21	2019/20
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0%	0%	0%	0%

### 5.5.4 Employee costs

Ratio	Basis of calculation	2022/23	2021/22	2020/21	2019/20
Employee costs	Employee costs/(Total Revenue - capital revenue)	46%	53%	49%	41%

## Component B: Spending Against Capital Budget

### 5.6 Capital Expenditure

	% of Expenditure Budget	Original Budget	Adjustment Budget	Un-audited Full Year Total
Capital Expenditure	71%	42,253,100	43,257,163	30,912,570
Operating Expenditure	79%	188,012,380	196,633,135	155,105,390
Total expenditure	78%	230,265,480	239,890,298	186,017,960

### 5.7 Sources of Finance

#### 5.7.1 Capital Expenditure by Funding Source

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

Capital Expenditure – Funding Sources 2021/2022– 2022/2023						
R'000						
Description	2021/22	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Source of Financed						
Grants & subsidies	30,220,444	33,938,100	33,438,100	29,152,670	-14%	-13%
Other Transfers/ Donations						



# Capital Expenditure – Funding Sources 2021/2022– 2022/2023

R'000

Description	2021/22	Current Year 2022/2023			2022/2023 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget

Total	30,220,444	33,938,100	33,438,100	29,152,670	-14%	-13%
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## Percentage of Finance

External Loans	-	-	-	-	-	-
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Public Contr & Donations	-	-	-	-	-	-
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Grants & Subsidies

Other

## Capital Expenditure

Environment Waste	-	-	-	-	-	-
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Electricity	478,396	700,000	1,003,556	668,340	-5%	-23%
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## Planning

Roads & Storm Water	24,759,587	12,469,420	17,999,412	15,072,336	21%	-17%
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Community and Social Services	388,421	20,268,680	15,486,391	10,709,185	-47%	-21%
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# Capital Expenditure – Funding Sources 2021/2022– 2022/2023

R'000

Description	2021/22	Current Year 2022/2023		2022/2023 Variance to Actual		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Corporate Services	3,112,685	7,225,000	7,365,000	4,860,034	-23%	-24%
Other						
Total	28,738,089	40,663,100	41,854,359	31,309,895	-13%	-15%

## Percentage of expenditure

Environmental Waste	-			-	-	-
Electricity	2%	2%	2%	2%	0%	0%
Planning						
Roads & Storm Water	89%	31%	43%	48%	5%	17%
Community and Social Services	1%	50%	37%	34%	-16%	-3%
Corporate Services	11%	18%	18%	16%	-2%	-2%
Other	-	-	-	-	-	-

## Component C: Cash Flow Management and Investments

### 5.8 Cash Flow

Cash Flow Outcomes				
Description	2021/2022	2022/2023		
	Actual	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATION ACTIVITIES</b>				
Receipts				
Ratepayers and other	32,100,013	46,557,220	46,557,220	27,880,573
Government – Operation	91,273,624	104,720,336	111,420,236	104,208,429
Government – Capital	22,614,700	33,938,100	33,438,100	29,152,670
Interest	2,699,052	3,000,000	4,500,000	5,568,978
Dividends	-	-	-	-
Payments				
Suppliers and employees	-	-	-149,731,739	-
	129,846,278	142,665,390		127,466,338
Finance charges			-	
Transfers and Grants	-	-	-	-
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	<b>26,039,751</b>	<b>45,550,266</b>	<b>46,183,917</b>	<b>39,344,312</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Receipts				



## Cash Flow Outcomes

Description	2021/2022	2022/2023		
	Actual	Original Budget	Adjusted Budget	Actual
Proceeds on disposal of PPE	-	100,000	100,000	-
Decrease (increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Payments	-	-	-	-
Capital Assets	28,197,446	42,253,100	43,257,164	29,279,576
NET CASH FROM/(USED) INVESTING ACTIVITIES	28,197,446	42,253,100	43,257,164	29,279,576
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts	-	-	-	-
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-
Payments	-	-	-	-
Repayment of borrowing	-	-	-	-

## Cash Flow Outcomes

Description	2021/2022	2022/2023		
	Actual	Original Budget	Adjusted Budget	Actual
NET CASH FROM / (USED) FINANCING ACTIVITIES				
NET INCREASE / (DECREASE) IN CASH FIELD	-1,862,032	3,397,166	3,026,753	10,064,736
Cash/Cash equivalents at the year begin	58,841,329	58,841,329	58,841,329	56,979,296
Cash/Cash equivalents at the year end	56,979,297	62,238,495	61,868,082	67,044,032

## Spending against Capital Budget

Capital Expenditure 2022-2023	
Budget	Actual
43,257,163	33,917,227

## CHAPTER 6

### AUDITOR GENERAL AUDIT FINDINGS

#### Component A: Auditor-General Opinion

Auditor General Report on Financial Performance 2022/2023	
Audit Report status	

## CHAPTER 7

ANNEXURE A	Annual Financial Statement
ANNEXURE B	Auditor General Report
ANNEXURE C	Audit Action Plan
ANNEXURE D	2022/23 Annual Performance Report
ANNEXURE E	Audit Committee Report
ANNEXURE F	MPAC Oversight Report
ANNEXURE G	2022/23 Key Performance Indicators





**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements  
for the year ended 30 June 2023

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## General Information

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### Legal form of entity

#### Local Municipality

Ngqushwa Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no. 117 of 1998). The municipality's operations are governed by the Municipal Finance Management Act No. 56 of 2003 and other legislation.

### Nature of business and principal activities

Ngqushwa is a Local Municipality rendering basic services such as Refuse Collection, Infrastructure, Economic Development and Community Services.

### Executive Committee

S. Maneli - Mayor

D. Nqanywa - Speaker

A. Nodikida - Chief Whip and Member of the Executive Committee

M. Gqo - MPAC Chairperson

L. Mdabula - Member of the Executive Committee

Z. Ndonga - Member of the Executive Committee

### Councillors

T. Dinginto

N. Hempe

N. Jako

N. Lawu

M. Luzipho

X. Magini

L. Mcoboki

S. Mhlakane

N. Mlotana

N. Mtati

P. Nodala

L. Nomatye

B. Ntabeni

N. Ntsunguzi

N. Seti

R. Taylor

N. Totyi

### Traditional Leaders

Z. Njokweni (Chief)

MM. Matomela (Prince)

## **NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

### **General Information**

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<b>Grading of local authority</b>	<b>3</b>
<b>Chief Finance Officer (CFO)</b>	Mr. S. Ndakisa (employment vacated: 30 April 2023) Mr. L. Gwayimani (acting from 01 May 2023 to 30 June 2023)
<b>Accounting Officer</b>	Mr. N. Mgengo
<b>Registered office</b>	Corner of N2 and R345 Road Peddie 5640
<b>Business address</b>	Corner of N2 and R345 Road Peddie 5640
<b>Postal address</b>	P.O. Box 539 Peddie 5640
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Attorneys</b>	External Panel of Attorneys (for 36 months) N. Majikela (Internal - Legal Advisor up to 31 March 2023)
<b>Contact number and e-mail addresses for the municipality</b>	(040) 673 3095  nmgengo@ngqushwamun.gov.za lgwayimani@ngqushwamun.gov.za

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Index

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance for the year ended 30 June 2023	6
Statement of Changes in Net Assets for the year ended 30 June 2023	7
Cash Flow Statement for the year ended 30 June 2023	8
Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023	9 - 11
Accounting Policies	12 - 33
Notes to the Annual Financial Statements	34 - 72

### Abbreviations used:

AFS	Annual Financial Statements
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme
mSCOA	Municipal Standard Chart of Accounts
MIG	Municipal Infrastructure Grant (Previously CMIP)
GRAP	Generally Recognised Accounting Practice
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund



## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Officer's Responsibilities and Approval

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

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The Annual Financial Statements set out on page 5 - 72 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023:

  
\_\_\_\_\_  
Mr. N. Mgengo  
Municipal Manager

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Statement of Financial Position as at 30 June 2023**

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	15 458 590	15 458 590
Operating lease asset	4	2 845 558	2 261 454
Receivables from non-exchange transactions	5	20 338 284	17 674 421
VAT receivable	6	2 115 426	3 615 838
Receivables from exchange transactions	7	2 422 146	2 011 428
Cash and cash equivalents	8	67 044 033	56 979 297
		<b>110 224 037</b>	<b>98 001 028</b>
<b>Non-Current Assets</b>			
Investment property	9	34 444 265	33 726 346
Property, plant and equipment	10	305 532 000	292 253 199
Heritage assets	11	3	3
		<b>339 976 268</b>	<b>325 979 548</b>
<b>Total Assets</b>		<b>450 200 305</b>	<b>423 980 576</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	12	20 704 100	20 309 900
Payables from non-exchange transactions	13	1 509 012	2 652 077
Employee benefit obligation	14	731 000	566 000
Unspent conditional grants and receipts	15	10 485 430	-
		<b>33 429 542</b>	<b>23 527 977</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	14	4 098 000	3 937 000
Provisions	16	12 469 562	11 955 716
		<b>16 567 562</b>	<b>15 892 716</b>
<b>Total Liabilities</b>		<b>49 997 104</b>	<b>39 420 693</b>
<b>Net Assets</b>		<b>400 203 201</b>	<b>384 559 883</b>
Accumulated surplus		400 203 201	384 559 883
<b>Total Net Assets</b>		<b>400 203 201</b>	<b>384 559 883</b>

**NGQUSHWA LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2023

**Statement of Financial Performance for the year ended 30 June 2023**

Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	1 554 321	1 596 702
Rental of facilities and equipment	18	1 047 963	1 141 697
Agency fees	19	413 141	400 805
Licences and permits	20	1 162 171	2 082 867
Other revenue	21	290 720	545 124
Interest earned on Outstanding Debtors	22	2 866 241	2 681 530
Interest received - investment	23	5 568 978	2 699 052
<b>Total revenue from exchange transactions</b>		<b>12 903 535</b>	<b>11 147 777</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	24 530 102	25 796 062
<b>Transfer revenue</b>			
Government grants	25	133 681 570	124 236 627
Fines and penalties	26	454 350	286 750
Other transfer revenue	27	642 582	619 904
<b>Total revenue from non-exchange transactions</b>		<b>159 308 604</b>	<b>150 939 343</b>
<b>Total revenue</b>		<b>172 212 139</b>	<b>162 087 120</b>
<b>Expenditure</b>			
Employee related costs	28	(80 526 559)	(77 328 152)
Remuneration of councillors	29	(10 943 479)	(9 949 995)
Depreciation and amortisation	30	(16 294 542)	(17 136 976)
Impairment of assets	31	-	(10 508 707)
Finance costs	32	(520 652)	(815 020)
Debt Impairment	33	(1 876 171)	(373 563)
Contracted services	34	(11 136 483)	(7 464 852)
General Expenses	35	(35 678 172)	(30 263 689)
<b>Total expenditure</b>		<b>(156 976 058)</b>	<b>(153 840 954)</b>
<b>Operating surplus (deficit)</b>		<b>15 236 081</b>	<b>8 246 166</b>
Loss (gain) on disposal and revaluation of assets	36	(407 230)	9 948 636
<b>Surplus (deficit) for the year</b>		<b>15 643 311</b>	<b>(1 702 470)</b>

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Statement of Changes in Net Assets for the year ended 30 June 2023**

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	386 262 353	386 262 353
Balance at 01 July 2021 as restated*	386 262 353	386 262 353
Changes in net assets		
Surplus for the period	(1 702 470)	(1 702 470)
Total changes	(1 702 470)	(1 702 470)
Balance at 01 July 2022	384 559 890	384 559 890
Changes in net assets		
Surplus for the year	15 643 311	15 643 311
Total changes	15 643 311	15 643 311
Balance at 30 June 2023	400 203 201	400 203 201

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Billed services		25 964 183	28 786 084
Government Grants		133 681 570	124 236 627
Interest income		5 568 978	2 699 052
Receipts from other services		2 862 984	3 935 450
		<u>168 177 695</u>	<u>159 657 213</u>
<b>Payments</b>			
Payments to and on behalf of employees and councillors		(91 144 038)	(86 902 147)
Cash paid to suppliers for goods and services		(37 084 896)	(44 832 604)
		<u>(128 228 934)</u>	<u>(131 734 751)</u>
<b>Net cash flows from operating activities</b>	48	<u>39 948 761</u>	<u>27 922 462</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(29 884 025)	(29 784 494)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>10 064 736</u>	<u>(1 862 032)</u>
Cash and cash equivalents at the beginning of the year		56 979 297	58 841 329
<b>Cash and cash equivalents at the end of the year</b>	8	<u>67 044 033</u>	<u>56 979 297</u>

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	1 521 337	-	1 521 337	1 554 321	32 984	54.1
Rental of facilities and equipment	744 961	-	744 961	1 047 963	303 002	54.2
Agency fees	581 509	-	581 509	413 141	(168 368)	54.3
Licences and permits	2 568 699	-	2 568 699	1 162 171	(1 406 528)	54.4
Other revenue	4 798 734	-	4 798 734	290 720	(4 508 014)	54.5
Interest earned on Outstanding Debtors	5 463 328	-	5 463 328	2 866 241	(2 597 087)	54.6
Interest received - investment	4 724 397	1 500 000	6 224 397	5 568 978	(655 419)	54.7
<b>Total revenue from exchange transactions</b>	<b>20 402 965</b>	<b>1 500 000</b>	<b>21 902 965</b>	<b>12 903 535</b>	<b>(8 999 430)</b>	

##### Revenue from non-exchange transactions

<b>Taxation revenue</b>						
Property rates	41 322 057	-	41 322 057	24 530 102	(16 791 955)	54.8
<b>Transfer revenue</b>						
Government grants	138 658 436	6 200 000	144 858 436	133 681 570	(11 176 866)	54.9
Fines and penalties	652 559	-	652 559	454 350	(198 209)	54.10
Other transfer revenue	-	-	-	642 582	642 582	54.11
<b>Total revenue from non-exchange transactions</b>	<b>180 633 052</b>	<b>6 200 000</b>	<b>186 833 052</b>	<b>159 308 604</b>	<b>(27 524 448)</b>	
<b>Total revenue</b>	<b>201 036 017</b>	<b>7 700 000</b>	<b>208 736 017</b>	<b>172 212 139</b>	<b>(36 523 878)</b>	

#### Expenditure

Employee related costs	(77 824 967)	(400)	(77 825 367)	(80 526 559)	(2 701 192)	54.12
Remuneration of councillors	(10 448 059)	-	(10 448 059)	(10 943 479)	(495 420)	54.13
Depreciation and amortisation	(40 348 658)	-	(40 348 658)	(16 294 542)	24 054 116	54.14
Finance costs	-	-	-	(520 652)	(520 652)	54.15
Debt Impairment	(4 993 331)	-	(4 993 331)	(1 876 171)	3 117 160	54.16
Contracted Services	(25 535 133)	(5 773 676)	(31 308 809)	(11 136 483)	20 172 326	54.17
Grant expenditure	(54 967)	54 967	-	-	-	
General Expenses	(29 102 262)	(2 606 650)	(31 708 912)	(35 678 172)	(3 969 260)	54.18
<b>Total expenditure</b>	<b>(188 307 377)</b>	<b>(8 325 759)</b>	<b>(196 633 136)</b>	<b>(156 976 058)</b>	<b>39 657 078</b>	
<b>Operating surplus</b>	<b>12 728 640</b>	<b>(625 759)</b>	<b>12 102 881</b>	<b>15 236 081</b>	<b>3 133 200</b>	
Loss on disposal and revaluation of assets	-	-	-	(407 230)	(407 230)	54.19
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>12 728 640</b>	<b>(625 759)</b>	<b>12 102 881</b>	<b>15 643 311</b>	<b>3 540 430</b>	

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023****Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	15 458 590	-	15 458 590	15 458 590	-	54.20
Operating lease asset	1 636 919	-	1 636 919	2 845 558	1 208 639	54.21
Receivables from non-exchange transactions	10 306 845	(2 415 000)	7 891 845	20 338 284	12 446 439	54.22
VAT receivable	-	-	-	2 115 426	2 115 426	54.23
Receivables from exchange transactions	2 224 182	642 559	2 866 741	2 422 146	(444 595)	54.24
Cash and cash equivalents	63 948 497	(3 889 935)	60 058 562	67 044 033	6 985 471	54.25
	<b>93 575 033</b>	<b>(5 662 376)</b>	<b>87 912 657</b>	<b>110 224 037</b>	<b>22 311 380</b>	
<b>Non-Current Assets</b>						
Investment property	49 265 419	(45 354)	49 220 065	34 444 265	(14 775 800)	54.26
Property, plant and equipment	269 257 626	1 794 063	271 051 689	305 532 000	34 480 311	54.27
Heritage assets	-	-	-	3	3	
	<b>318 523 045</b>	<b>1 748 709</b>	<b>320 271 754</b>	<b>339 976 268</b>	<b>19 704 514</b>	
<b>Total Assets</b>	<b>412 098 078</b>	<b>(3 913 667)</b>	<b>408 184 411</b>	<b>450 200 305</b>	<b>42 015 894</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	7 272 646	1 125 068	8 397 714	20 704 100	12 306 386	54.28
Payables from non-exchange transactions	-	-	-	1 509 012	1 509 012	54.29
Employee benefit obligation	521 000	-	521 000	731 000	210 000	54.30
Unspent conditional grants and receipts	-	-	-	10 485 430	10 485 430	54.31
	<b>7 793 646</b>	<b>1 125 068</b>	<b>8 918 714</b>	<b>33 429 542</b>	<b>24 510 828</b>	
<b>Non-Current Liabilities</b>						
Provisions	14 748 353	-	14 748 353	16 567 562	1 819 209	54.32
<b>Total Liabilities</b>	<b>22 541 999</b>	<b>1 125 068</b>	<b>23 667 067</b>	<b>49 997 104</b>	<b>26 330 037</b>	
<b>Net Assets</b>	<b>389 556 079</b>	<b>(5 038 735)</b>	<b>384 517 344</b>	<b>400 203 201</b>	<b>15 685 857</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	389 556 082	12 939 847	402 495 929	400 203 197	(2 292 732)	54.33

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Billed Services	42 121 299	-	42 121 299	25 964 183	(16 157 116)	54.34
Government Grants	138 658 436	6 200 000	144 858 436	133 681 570	(11 176 866)	54.35
Interest income	3 000 000	1 500 000	4 500 000	5 568 978	1 068 978	54.36
Receipt from other services	4 435 921	-	4 435 921	2 962 964	(1 472 957)	54.37
	<b>188 215 656</b>	<b>7 700 000</b>	<b>195 915 656</b>	<b>168 177 695</b>	<b>(27 737 961)</b>	
<b>Payments</b>						
Cash payments to suppliers for goods and services and to and on behalf of employees and councillors	(142 965 390)	(6 766 349)	(149 731 739)	(128 228 934)	21 502 805	54.38
<b>Net cash flows from operating activities</b>	<b>45 250 266</b>	<b>933 651</b>	<b>46 183 917</b>	<b>39 948 761</b>	<b>(6 235 156)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(41 953 100)	(1 304 064)	(43 257 164)	(29 884 024)	13 373 140	54.39
Proceeds from sale of property, plant and equipment and investment property	100 000	-	100 000	-	(100 000)	54.40
<b>Net cash flows from investing activities</b>	<b>(41 853 100)</b>	<b>(1 304 064)</b>	<b>(43 157 164)</b>	<b>(29 884 024)</b>	<b>13 273 140</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 397 166</b>	<b>(370 413)</b>	<b>3 026 753</b>	<b>10 064 737</b>	<b>7 037 984</b>	<b>54.41</b>
Cash and cash equivalents at the beginning of the year	58 841 329	-	58 841 329	56 979 296	(1 862 033)	54.42
<b>Cash and cash equivalents at the end of the year</b>	<b>62 238 495</b>	<b>(370 413)</b>	<b>61 868 082</b>	<b>67 044 033</b>	<b>5 175 951</b>	

The accounting policies on page 12-33 and the notes on page 34-72 form an integral part of the annual financial statements.



# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand	Note(s)	2023	2022
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### 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. They are presented in South African Rand.

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

#### 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.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### 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.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method, which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method, which was based on assumptions about the remaining duration of the assets.

## **Accounting Policies**

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### **1.3 Significant judgements and sources of estimation uncertainty (continued)**

#### **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.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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.

#### **Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the 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 rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

#### **Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historical patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by the Council.

#### **Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP.





## **Accounting Policies**

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### **1.3. Significant judgements and sources of estimation uncertainty (continued)**

#### **Post-retirement medical obligations, Long service awards**

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

#### **Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **Impairment of statutory receivables**

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

#### **Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

### **1.4 Investment property**

Includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.4 Investment property (continued)

- Property that is being constructed or developed for future use as investment property

##### **Subsequent measurement - fair value model**

Investment property is subsequently measured using the fair value model.

Investment property is carried at fair value, representing open market value determined by external valuers. Land is not depreciated as it is considered to have an indefinite useful life.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the Municipality measures that investment property using the cost model.

##### **Derecognition/Disposal**

Investment properties are derecognised (eliminated from the statement of financial position) 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.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value (or carrying amount if cost model is used) at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### 1.5 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.

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, its deemed cost is the carrying amount of the asset(s) given up.

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

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	15 - 60 years
Plant and machinery	Straight-line	10 - 20 years
Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	7 - 15 years
Office equipment	Straight-line	5 - 18 years
Computer equipment	Straight-line	3 - 13 years
Security equipment	Straight-line	5 - 10 years
Other equipment	Straight-line	5 years
Infrastructure	Straight-line	See detail below
- Roads paved	Straight-line	30 years
- Roads graded	Straight-line	5 - 30 years
- Electricity (Street lights and High masts)	Straight-line	7 - 21 years
Minor assets		Immediately
Park facilities	Straight-line	5 - 60 years
Maintenance equipment	Straight-line	10 - 16 years
Landfill sites	Straight-line	69 - 98 years
Work-in-progress	Straight-line	Not depreciated

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.



## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.5 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

With regards to Land the Municipality makes reference to the principles contained within IGRAP 18 whereby legal title though an indicator of control does not necessarily always confer control itself. As a result, the Municipality assesses the control with regards regard to all land that it has legal title over to determine if it has the right to direct access to land, and to restrict or deny the access of others to land, by determining whether it can

**\*\*Direct the use of the land's future economic benefits or service potential to provide services to beneficiaries.**

**\*\*exchange, dispose of, or transfer the land; and/or**

**\*\*use the land in any other way to generate future economic benefits or service potential.**

#### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

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

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

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

#### 1.6 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

Intangible assets are derecognised:

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

#### 1.7 Heritage assets

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

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

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

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

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

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

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

##### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

##### Initial measurement

Heritage assets are measured at cost.

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

##### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

##### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

##### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

## **Accounting Policies**

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### **1.7 Heritage assets (continued)**

#### **Derecognition**

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### **1.8 Financial instruments**

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

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

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

A financial asset is:

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

A financial 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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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.

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 counterpart has failed to make a payment when contractually due.

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.8. Financial instruments (continued)

#### Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

### 1.9. Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

## **Accounting Policies**

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### **1.9 Statutory receivables (continued)**

#### **Accrued interest**

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### **Other charges**

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### **Impairment losses**

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

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

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

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

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

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

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

#### **Derecognition**

The municipality derecognises a statutory receivable, or a part thereof, when:

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

## **Accounting Policies**

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### **1.9 Statutory receivables (continued)**

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### **1.10 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.

#### **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.

### **1.11 Inventories**

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## **Accounting Policies**

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### **1.12 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.

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.

# NGQUSHWA LOCAL MUNICIPALITY

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## Accounting Policies

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### 1.12 Impairment of cash-generating assets (continued)

#### Cash-generating units

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).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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.

### 1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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



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#### 1.13 Impairment of non-cash-generating assets (continued)

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.

#### 1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

## **Accounting Policies**

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### **1.14 Employee benefits (continued)**

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises 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 recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### **1.15 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

## NGQUSHWA LOCAL MUNICIPALITY

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### Accounting Policies

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#### 1.15 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

#### 1.16 Capital Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

#### 1.17 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 revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.18 Revenue from non-exchange transactions (continued)

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

##### 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.

#### 1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.20 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 they are incurred.

#### 1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

#### 1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.25 Budget information

The Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisation's (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 cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.27 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).

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.

#### 1.28 Value Added Tax (VAT)

The municipality accounts for value added tax on accrual basis but pays to/claims from SARS on a payment basis.

#### 1.29 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).

##### Recognition

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.

#### 1.30 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

## **NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

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#### **1.30 Segment information (continued)**

##### **Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

##### **1.31 Materiality**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

##### **1.32 Cash and cash equivalents**

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

##### **1.33 Offsetting**

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.



# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

##### Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

##### IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

###### Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits; and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

It is unlikely that the revisions will have a material impact on the municipality's annual financial statements.

##### GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 2. New standards and interpretations (continued)

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

#### IGRAP 21: The Effect of Past Decisions on Materiality

##### Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

IGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

#### GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

##### Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

##### Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

##### Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

##### Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

**NGQUSHWA LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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**2. New standards and interpretations (continued)**

An municipality applies judgement based on past experience and current facts and circumstances.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**GRAP 25: Employee Benefits (revised April 2021)**

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

**GRAP 103: Heritage Assets**

The objective of this Standard is to prescribe the accounting and disclosure for Heritage Assets.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>3. Inventories</b>		
Land held for distribution	15 458 590	15 458 590
Inventories consist of RDP houses not yet transferred and informal settlements on municipal land.		
<b>4. Operating lease asset</b>		
Leases for Land	2 845 558	2 261 454
The municipality leases land to tenants under leases covering periods ranging from 3-30 years. The leases are subject to escalation clauses as per lease agreements, resulting in straight-lining of the rentals received and receivable. The amount included above represents the difference between the actual rentals received and the calculated straight-line lease.		
Minimum lease payments receivable		
within one year	559 784	533 484
in second to fifth year inclusive	1 928 454	1 912 786
later than five years	23 779 929	24 169 282
	<u>26 268 167</u>	<u>26 615 552</u>
<b>5. Receivables from non-exchange transactions</b>		
Property Rates	11 525 948	9 319 675
Interest on Property Rates	11 578 689	9 097 349
Less: Impairment on Property Rates and Interest	(9 166 260)	(7 412 041)
Other Receivables	6 399 907	6 669 438
	<u>20 338 284</u>	<u>17 674 421</u>

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>5. Receivables from non-exchange transactions (continued)</b>		
<b>Property Rates</b>		
0 - 30 days	1 373 602	273 871
31 - 60 days	533 480	396 570
61 - 90 days	500 609	166 569
91 - 120 days	291 332	330 106
121 - 150 days	482 087	361 651
> 151 days	20 756 776	17 198 439
	<b>23 937 886</b>	<b>18 727 206</b>

Summary of Total Debtors (Exchange and Non-Exchange) By Customer Classification:

<b>Residential</b>		
0 - 30 days	507 406	1 018 364
31 - 60 days	194 433	188 762
61 - 90 days	172 224	175 846
91 - 120 days	142 973	141 551
121 - 150 days	156 314	160 550
> 151 days	7 905 730	6 794 291
Less: Allowance for Impairment	(7 470 627)	(6 474 676)
	<b>1 608 453</b>	<b>2 004 688</b>
<b>Business</b>		
0 - 30 days	615 742	341 221
31 - 60 days	227 779	106 337
61 - 90 days	211 485	94 031
91 - 120 days	220 065	88 401
121 - 150 days	212 623	84 688
> 151 days	3 781 714	2 909 202
Less: Allowance for Impairment	(2 624 624)	(1 892 304)
	<b>2 644 784</b>	<b>1 731 576</b>
<b>Government</b>		
0 - 30 days	460 928	(873 649)
31 - 60 days	165 475	179 467
61 - 90 days	168 560	177 085
91 - 120 days	(20 863)	153 500
121 - 150 days	161 592	165 175
> 151 days	11 079 786	9 479 893
	<b>12 015 478</b>	<b>9 281 271</b>

The long outstanding debtors' balances (>150 days) for the Government category relate to interest calculated on outdated/old valuations of properties.

**Total debtors past due but not impaired**

0 - 30 days	1 584 076	485 736
31 - 60 days	576 298	469 249
61 - 90 days	381 564	321 427
91 - 120 days	81 460	203 016
121 - 150 days	262 273	215 105
>151 days	13 383 045	11 323 003
	<b>16 268 716</b>	<b>13 017 536</b>

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

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**5. Receivables from non-exchange transactions (continued)****Reconciliation of provision for impairment allowance**

Opening balance	8 366 980	8 102 666
Contributions to allowance	1 728 271	264 314
	<b>10 095 251</b>	<b>8 366 980</b>

**Total Debtors (Exchange and Non-exchange)****Balances net of credit balances****Balances inclusive of credit balances****Gross up of credit balances**

26 363 967	21 384 515
1 509 012	2 652 077
<b>27 872 979</b>	<b>24 036 592</b>

**6. VAT receivable****VAT**

2 115 426	3 615 838
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**Included in the above line item are the following items:****VAT Input Control account****VAT Receivable from SARS**

663 680	593 391
1 451 746	3 022 447
<b>2 115 426</b>	<b>3 615 838</b>

**7. Receivables from exchange transactions****Gross balances****Refuse****Rent****Interest on Overdue Accounts**

1 782 738	1 708 544
406 133	329 038
1 162 266	928 785
<b>3 351 137</b>	<b>2 966 367</b>

**Less: Allowance for impairment****Refuse****Rent****Interest on Overdue Accounts**

(706 097)	(703 465)
(56 993)	(73 923)
(165 901)	(177 551)
<b>(928 991)</b>	<b>(954 939)</b>

**Net balance****Refuse****Rent****Interest on Overdue Accounts**

1 076 641	1 005 079
349 140	255 115
996 366	751 234
<b>2 422 146</b>	<b>2 011 428</b>

**Refuse****Current (0 - 30 days)****31 - 60 days****61 - 90 days****91 - 120 days****121 - 150 days****> 151 days**

174 743	199 715
53 195	69 997
50 649	55 739
49 831	45 348
47 430	41 708
1 468 141	1 385 425
<b>1 843 989</b>	<b>1 797 932</b>

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**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>7. Receivables from exchange transactions (continued)</b>		
<b>Rental</b>		
Current (0 -30 days)	35 731	12 149
31 - 60 days	1 012	7 999
61 - 90 days	1 012	7 999
91 - 120 days	1 012	7 999
121 - 150 days	1 012	7 055
> 151 days	109 059	145 733
	<b>148 838</b>	<b>188 934</b>
<b>Interest on Overdue Accounts</b>		
> 151 days	433 254	453 790

**8. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances:	62 661 801	55 581 002
Other cash and cash equivalents:	4 382 232	1 398 295
	<b>67 044 033</b>	<b>56 979 297</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB Main Account - 62022000898	62 661 801	55 581 002	55 476 271	62 661 801	55 581 002	55 476 271
FNB Rates Accounts - 62414349763	4 384 297	1 398 295	3 365 058	4 384 297	1 398 295	3 365 058
Petrol Card Account	(2 065)	-	-	(2 065)	-	-
<b>Total</b>	<b>67 044 033</b>	<b>56 979 297</b>	<b>58 841 329</b>	<b>67 044 033</b>	<b>56 979 297</b>	<b>58 841 329</b>

**NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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**9. Investment property**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	34 444 265	-	34 444 265	33 726 346	-	33 726 346

**Reconciliation of investment property - 30 June 2023**

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	33 726 346	(4 637 658)	5 355 577	34 444 265

**Reconciliation of investment property - 30 June 2022**

	Opening balance	Fair value adjustments	Total
Investment property	43 342 419	(9 616 073)	33 726 346

Revenue derived from rental of Investment Property

1 047 963

1 141 697

Investment property relates to land and buildings as such no repairs and maintenance or other operating expenditure is incurred with respect to Investment Property.

There is no Investment Property which is in the process of being constructed or developed.

As there is no Investment Property which is in the process of being constructed or developed, there is no Investment Property that is taking a significant longer time to complete than expected.

There is no Investment Property where construction or development has been halted.

There are no contractual obligations to purchase, construct or develop Investment Property or for repairs, maintenance or enhancements.

No impairment losses or reversals are noted with respect to Investment Property.

There is no Investment Property used in Service Concession Agreements.

No items of Investment Property have been pledged as security.

Investment Property relates to land and buildings and is not depreciated.

**Land controlled, but the Municipality does not have legal ownership or custodianship**

Carrying value of land included in the carrying value of Investment property

320 150

320 150

The above relates to 6 properties for which there is no registered title deed, but for which the Municipality exercises control through lease or other binding agreements as well as having the ability to restrict others from accessing economic benefits and service potential.



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**9. Investment property (continued)**

Land not controlled, but the Municipality is the legal owner/custodian

Refer to the Property, Plant and Equipment, note 10 for details regarding these properties.

**10. Property, plant and equipment**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 436 140	-	8 436 140	8 436 140	-	8 436 140
Buildings	158 496 999	(64 348 800)	94 148 199	154 519 086	(59 192 118)	95 326 968
Plant and Equipment	11 041 726	(5 539 600)	5 502 126	10 071 893	(4 602 438)	5 469 455
Office Furniture	2 019 163	(1 642 061)	377 102	2 019 163	(1 497 949)	521 214
Motor Vehicles	11 896 523	(5 058 497)	6 838 026	8 623 784	(4 100 634)	4 523 150
Office Equipment	1 978 162	(1 609 682)	368 480	1 834 295	(1 416 451)	417 844
IT Equipment	5 597 019	(3 432 380)	2 164 639	4 555 935	(3 008 574)	1 547 361
Infrastructure	345 530 677	(187 950 523)	157 580 154	319 652 257	(180 243 845)	139 408 412
Maintenance Equipment	1 641 729	(493 137)	1 148 592	1 062 257	(399 626)	662 631
Security Equipment	1 743 946	(744 245)	999 701	742 285	(684 557)	57 728
Other Equipment	563 430	(300 822)	262 608	563 430	(243 263)	320 167
Capital Works In Progress	18 343 922	-	18 343 922	25 692 267	-	25 692 267
Park Facilities	14 231 505	(4 869 194)	9 362 311	14 231 505	(4 361 643)	9 869 862
Minor Equipment	1 249 002	(1 249 002)	-	1 192 302	(1 192 302)	-
<b>Total</b>	<b>582 769 943</b>	<b>(277 237 943)</b>	<b>305 532 000</b>	<b>553 196 599</b>	<b>(260 943 400)</b>	<b>292 253 199</b>

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### **10. Property, plant and equipment (continued)**

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Additions	Transfers	Derecognition/ write-off (cost)	Depreciation	Total
Land	8 436 140	-	-	-	-	8 436 140
Buildings	95 326 969	3 846 103	131 810	-	(5 156 682)	94 148 199
Plant and Equipment	5 469 455	969 829	-	-	(937 158)	5 502 126
Office Furniture	521 214	-	-	-	(144 112)	377 102
Motor Vehicles	4 523 150	3 272 739	-	-	(957 863)	6 838 026
Office Equipment	417 844	143 867	-	-	(193 231)	368 480
IT Equipment	1 547 361	1 041 084	-	-	(423 806)	2 164 639
Infrastructure	139 408 412	7 236 857	18 641 563	-	(7 706 678)	157 580 154
Maintenance Equipment	662 631	579 472	-	-	(93 511)	1 148 592
Security Equipment	57 728	1 001 661	-	-	(59 688)	999 701
Other Equipment	320 167	-	-	-	(57 559)	262 608
Capital Works in Progress	25 692 267	15 559 325	(18 773 373)	(4 134 297)	-	18 343 922
Park Facilities	9 889 862	-	-	-	(507 551)	9 382 311
Minor Equipment	-	56 700	-	-	(56 700)	-
	<b>292 253 199</b>	<b>33 707 637</b>	<b>-</b>	<b>(4 134 297)</b>	<b>(16 294 539)</b>	<b>305 532 000</b>

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**10. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 30 June 2022**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	8 503 748	-	(67 608)	-	-	-	8 436 140
Buildings	100 263 671	196 914	-	-	(5 133 614)	-	95 326 968
Plant and Equipment	6 191 304	181 500	-	-	(903 349)	-	5 469 455
Office Furniture	711 111	-	-	-	(189 897)	-	521 214
Motor Vehicles	3 975 990	1 265 159	-	-	(717 999)	-	4 523 150
Office Equipment	642 138	28 600	-	-	(252 894)	-	417 844
IT Equipment	951 538	1 088 949	-	-	(493 126)	-	1 547 361
Infrastructure	131 656 013	12 409 209	(264 954)	4 326 083	(8 717 939)	-	139 408 412
Maintenance Equipment	258 339	478 396	-	-	(74 104)	-	662 631
Security Equipment	152 706	-	-	-	(94 978)	-	57 728
Other Equipment	377 727	-	-	-	(57 560)	-	320 167
Capital Works in Progress	26 392 289	14 134 766	-	(4 326 083)	-	(10 508 707)	25 892 267
Park Facilities	10 370 381	-	-	-	(500 519)	-	9 869 862
Minor Equipment	-	1 000	-	-	(1 000)	-	-
	<b>290 446 955</b>	<b>29 784 492</b>	<b>(332 562)</b>	<b>-</b>	<b>(17 136 979)</b>	<b>(10 508 707)</b>	<b>292 253 199</b>

**Work-in-progress Disclosure**

Cumulative expenditure amounts recognised in the Work-in-progress balance are for the following classes:

Roads	7 969 265	22 775 860
Land and Buildings	7 182 776	131 810
Electricity	2 504 357	2 356 213
Landfill site	687 524	428 584
	<b>18 343 922</b>	<b>25 692 267</b>

## NGQUSHWA LOCAL MUNICIPALITY

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#### 10. Property, plant and equipment (continued)

##### Reconciliation of Work-in-Progress 30 June 2023

30 June 2023	Land and buildings	Electricity	Roads	Landfill	Total
Opening balance	131 810	2 356 213	22 775 860	428 384	25 692 267
Additions	7 182 776	148 144	7 969 265	259 140	15 559 325
Write-off	-	-	(4 134 297)	-	(4 134 297)
Transfer out	(131 810)	-	(18 641 563)	-	(18 773 373)
	<b>7 182 776</b>	<b>2 504 357</b>	<b>7 969 265</b>	<b>687 524</b>	<b>18 343 922</b>

##### Reconciliation of Work-in-Progress - 30 June 2022

30 June 2022	Buildings	Electricity	Roads	Landfill	Total
Opening balance	-	12 864 920	13 098 984	428 385	26 392 289
Additions	131 810	-	14 002 959	-	14 134 769
Impairment	-	(10 508 707)	-	-	(10 508 707)
Transfer out	-	-	(4 326 083)	-	(4 326 083)
	<b>131 810</b>	<b>2 356 213</b>	<b>22 775 860</b>	<b>428 385</b>	<b>25 692 268</b>

No items of Property, Plant and Equipment are considered to be taking a significantly longer period of time to complete than expected.

No items of Property, Plant and Equipment are noted where construction or development has been halted.

There have been no impairment losses in the current financial year.

Impairment losses of R 10,508,708 have been noted with respect to Work-in-Progress projects relating to the Integrated National Electrification Programme (INEP) for the year ended 30 June 2022. Please refer to note 31 on Impairment of Assets.

No changes in estimates have been noted with respect to Property, Plant and Equipment.

No items of Property, Plant and Equipment are subject to Service Concession Arrangements.

#### Land which the Municipality controls without legal ownership or custodianship

Carrying value of land included in the carrying value of Property, plant and equipment	283 500	283 500
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The above relates to 4 properties for which there is no registered title deed but which houses municipal buildings (offices and community halls), they are thus being used for municipal purposes. The Municipality is assessed as being in control of the economic benefits and service potential with respect to the items as they have the right to direct access to land, and to restrict/deny the access of others.

#### Land not controlled by the Municipality, however the Municipality is the legal owner/custodian

Number of parcels: 26

Value of Land Parcels

Included in the above are 16 properties relating to housing projects which have been allocated as housing in terms of the National Housing Program and are thus not considered to be under the control of the Municipality in terms of the Housing Guideline and IGRAP18.

The remaining 10 properties are not considered to be under the control of the Municipality as the usage of the properties pertains to non-municipal activities such as schools, clinics and private enterprises.

**NGQUSHWA LOCAL MUNICIPALITY**  
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**11. Heritage assets**

	2023			2022		
	Cost / Valuation	Accumulated Impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical Monuments	3	-	3	3	-	3

**Reconciliation of heritage assets - 30 June 2023**

**Historical Monuments**

Opening balance	3
Total	3

**Reconciliation of heritage assets - 30 June 2022**

**Historical Monuments**

Opening balance	3
Total	3

All the municipality's heritage assets are held under a freehold interest and no heritage asset have been pledged as security for any liabilities of the municipality. The heritage assets comprise of the Dick King Memorial site; a Fingo Milkwood Tree and Fort Peddle Tower Complex.

These are not income generating assets and shown on the face of the statement of financial position at a nominal value of R 1 each.

No impairment losses have been recognised on the heritage assets of the municipality at the reporting date.

These heritage assets have not been revalued due to their fair value not being easily and reliably measured due to the lack of a market for these assets.

# NGQUSHWA LOCAL MUNICIPALITY

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## Notes to the Annual Financial Statements

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<b>12. Payables from exchange transactions</b>		
Trade payables	7 329 585	6 677 056
Accrued Leave Pay	5 826 913	6 081 351
Other payables	1 566 388	1 342 756
Accrued Bonus	1 909 914	1 874 550
Retentions	4 071 300	4 334 187
	<b>20 704 100</b>	<b>20 309 900</b>

### 13. Payables from non-exchange transactions

Receivables with credit balances	1 509 012	2 652 077
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All receivables with credit balances have been reallocated to Payables from non-exchange transactions to achieve fair presentation.

### 14. Employee benefit obligations

#### Long Service Awards

The Long Service Award is payable after every 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The provision is an estimate of the amounts likely to be paid based on an actuarial valuation performed at the reporting date.

The actuarial valuation of the long service awards accrued liability was carried out by Arch Actuarial Consulting. The assumptions used in the valuation are outlined below:

#### Key Assumptions:

1. Discount Rate - 11.45%
2. General earnings inflation rate (long-term) - 6.68%
3. Net effective discount rate - 4.47%
4. Pre-retirement mortality rate of SA 85-90
5. Average retirement age of 62 years.

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Opening balance	(4 503 000)	(4 127 000)
Current service costs	(570 000)	(504 000)
Utilisation	566 000	521 000
Change in discount factor	(472 000)	(362 000)
Actuarial (loss)/gain for the period	150 000	(31 000)
	<b>(4 829 000)</b>	<b>(4 503 000)</b>
<b>Non-current liabilities</b>	<b>(4 098 000)</b>	<b>(3 937 000)</b>
<b>Current liabilities</b>	<b>(731 000)</b>	<b>(566 000)</b>
	<b>(4 829 000)</b>	<b>(4 503 000)</b>

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**14. Employee benefit obligations (continued)****Sensitivity analysis**

The liability at the valuation date was recalculated to show the effect of:

- i) A 1% increase and decrease in the assumed general earnings inflation rate;
- ii) A 1% increase and decrease in the discount rate;
- iii) A two-year increase and decrease in the assumed average retirement age of eligible employees; and
- iv) A two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

The table below summarises the results of the sensitivity analysis:

Assumption	Change	Liability	%Change
Central assumption		4 829 000	
General earnings inflation rate	+1%	5 118 000	6%
	-1%	4 567 000	-5%
Discount rate	+1%	4 564 000	-5%
	-1%	5 126 000	6%
Average retirement age	+2yrs	5 029 000	4%
	-2yrs	4 615 000	-4%
Withdrawal rates	x2	3 885 000	-20%
	x0.5	5 462 000	13%
		-	

**Other assumptions**

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
	R	R	R	R	R
Long service awards (history of liability)	4 829 000	4 503 000	4 127 000	4 155 000	3 582 000

**15. Unspent conditional grants and receipts**

Unspent conditional grants and receipts comprises of:

**Unspent conditional grants and receipts**

Municipal Infrastructure Grant	4 285 430	-
Municipal Disaster Relief Grant	6 200 000	-
	<b>10 485 430</b>	<b>-</b>

See note 25 for reconciliation of grants from National/Provincial Government.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 16. Provisions

##### Reconciliation of provisions - 30 June 2023

	Opening Balance	Change in discount factor	Total
Provision for Rehabilitation of Landfill Site	11 955 716	513 846	12 469 562

##### Reconciliation of provisions - 30 June 2022

	Opening Balance	Change in discount factor	Total
Provision for Rehabilitation of Landfill Site	11 142 353	813 363	11 955 716

##### Rehabilitation of Landfill Site Provision

The Provision for Rehabilitation of Landfill Sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation. The amount for the provision was adjusted retrospectively in accordance with the report produced by qualified engineers specialising in Landfill Sites valuations.

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date (Year)	2023	2022
Peddie	2029	16 051 103	19 577 912

In determining the cost of closure and rehabilitation of the landfill site, the following methodology was employed:

1. Site Visit and Assessment
2. Literature and Legislative Review
3. Assessment of Closure and Rehabilitation Requirements
4. Design Review and Quantity Calculation
5. Costing Analysis.

A risk always exists that the site could be required to close at any time based on acceptability of operations at the site by the Department of Environmental Affairs. That implies all the rehabilitation work would have to be carried out in that particular year should the site be required to close.

Future events may result in significant changes to the estimated total expenditures, capacity used and the estimated liability and would be recognized prospectively as a change in estimate, when applicable.

The most critical assumptions in generating the report on the provision for landfill site rehabilitation are as follows:

1. A service provider would be used for the work to be done pertaining to the closure and rehabilitation of the site and reliance will not be solely placed on municipal personnel to perform tasks. It should be noted that part of the work done or to be done with regard to rehabilitation can be or is done by municipal personnel (e.g. capping layers). In that case, work to be done is accounted for using other GRAP standards, which may influence the cost price for rehabilitation work to be done.
2. The 2019-2020 Ngqushwa feasibility study report was reviewed and considered to still be relevant.
3. The estimated lifespan for the site is still considered to be realistic.
4. The straight line method is considered to be the appropriate method used to calculate depreciation since it spreads the cost evenly over the life of the asset due to the uncertainty regarding the closure date of the site. This is useful when the timing of and cost of activities is not well known or yet clear to the Municipality. Locating landfills near residential areas is no longer acceptable or preferred even legally.
5. The average rate of inflation in South Africa over the last 10 years has been +/- 5 percent and it is accepted as such in the report on the provision for landfill site rehabilitation.



## NGQUSHWA LOCAL MUNICIPALITY

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### Notes to the Annual Financial Statements

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<b>17. Service charges</b>		
Refuse removal	1 554 321	1 596 702
<b>18. Rental of facilities and equipment</b>		
<b>LAND AND OFFICES</b>		
Various Rentals	1 047 963	1 141 697
Included in the above rentals are operating lease rentals at straight-lined amounts of R 1 165 046 (30 June 2022: R 1 150 126).		
<b>19. Agency fees</b>		
Amount received on behalf of the principal	1 930 592	2 111 733
Revenue the principal is entitled to	(1 517 451)	(1 710 928)
	413 141	400 805
The Municipality and the Department of Transport entered into an agreement for the transfer of registration and licensing of motor vehicles functions, wherein the Municipality will be entitled to the collection fee of 19%, including VAT for all fees collected in terms of the agreement entered into.		
All receipts on behalf of the principal were paid over during the year. There are no receivables or payables from agency transactions.		
<b>20. Licences and permits</b>		
Drivers' Licences	1 050 235	1 927 695
Learners' Licences	111 936	155 172
	1 162 171	2 082 867
<b>21. Other revenue</b>		
Insurance claims from loss of property, plant and equipment	10 978	203 407
Tender fees	16 513	-
Sundry Income	116 456	129 829
Building Plan Fees	54 902	119 700
Commission	91 871	92 188
	290 720	545 124
<b>22. Interest earned on Outstanding Debtors</b>		
Interest Earned on Outstanding Debtors	2 866 241	2 681 530
<b>23. Investment revenue</b>		
Interest from investments	5 568 978	2 699 052

## NGQUSHWA LOCAL MUNICIPALITY

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<b>24. Property rates</b>		
<b>Rates received</b>		
Gross Property Rates	24 896 392	26 161 708
Less: Rebates	(366 290)	(365 646)
	<b>24 530 102</b>	<b>25 796 062</b>
<b>Valuations</b>		
Residential	393 391 600	391 815 600
Commercial	258 313 000	253 897 500
Government	483 511 700	483 511 700
Municipal	95 545 500	90 094 500
Farm agricultural	382 455 400	386 269 900
Place of Worship	10 277 500	10 277 500
Vacant Land	143 741 300	145 130 800
Other	4 126 000	4 126 000
	<b>1 771 362 000</b>	<b>1 765 123 500</b>

Valuations on land and buildings within the boundaries of the municipality are performed every 5 years. The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last supplementary valuation (SV4) came into effect on 01 March 2023.

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**25. Government grants & subsidies:**

Equitable share	97 609 000	90 290 000
Expanded Public Works Programme	2 080 000	3 320 000
Municipal Infrastructure Grant	30 912 570	27 626 627
Finance Management Grant	3 100 000	3 000 000
	<b>133 681 570</b>	<b>124 236 627</b>

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

Conditional grants received	36 072 570	33 946 627
Unconditional grants received	97 609 000	90 290 000
	<b>133 681 570</b>	<b>124 236 627</b>

**Equitable Share**

In terms of section 227 of the Constitution, this is an unconditional grant and is used by the municipality to provide basic services and perform functions allocated to it.

The Equitable Share Grant also provides funding for the municipality to deliver free basic services to poor households and to subsidise the cost of administration and other core services for the municipality.

**Equitable Share**

Allocation for the year per Division of Revenue Act	97 609 000	90 290 000
Amount actually received	(97 609 000)	(83 407 000)
Conditions not met for the previous financial year - transferred from Municipal Infrastructure Grant	-	(2 164 014)
Conditions not met for the previous financial year - transferred from Integrated National Electrification Programme Grant	-	(4 718 986)
	<b>-</b>	<b>-</b>

**Municipal Infrastructure Grant**

Balance unspent at beginning of the period	-	6 212 646
Current-year receipts	35 198 000	23 578 000
Conditions met - transferred to revenue	(30 912 570)	(27 626 632)
Conditions not met - transferred to Equitable Share	-	(2 164 014)
	<b>4 285 430</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

The grant was used for the construction of infrastructure assets.

The grant was received from National Treasury.

**NGQUSHWA LOCAL MUNICIPALITY**

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Figures in Rand	2023	2022
<b>25. Government grants &amp; subsidies (continued)</b>		
<b>Expanded Public Works Programme Grant</b>		
Current-year receipts	2 060 000	3 320 000
Conditions met - transferred to revenue	(2 060 000)	(3 320 000)
	-	-
Conditions still to be met - remain liabilities (see note 15).		
The grant was received from the National Department of Roads and Public Works for job creation efforts where labour intensive delivery methods can be maximised.		
<b>Municipal Disaster Relief Grant</b>		
Balance unspent at beginning of year	-	202 702
Current-year receipts	6 200 000	-
Conditions not met - transferred to Equitable Share	-	(202 702)
	6 200 000	-
Conditions still to be met - remain liabilities (see note 15).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Integrated National Electrification Programme Grant</b>		
Balance unspent at beginning of the period	-	4 718 986
Conditions not met - transferred to Equitable Share	-	(4 718 986)
	-	-
<b>Finance Management Grant</b>		
Current-year receipts	3 100 000	3 000 000
Conditions met - transferred to revenue	(3 100 000)	(3 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 15).		
<b>26. Fines and penalties</b>		
Traffic fines issued during the year	454 350	286 750
<b>27. Other Transfer Revenue</b>		
Library Subsidy	500 000	500 000
LG Seta transfer	142 582	119 904
	642 582	619 904

# NGQUSHWA LOCAL MUNICIPALITY

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<b>28. Employee related costs</b>		
Basic Salaries	57 035 486	52 175 520
Annual Bonus (13th Cheques)	4 233 081	3 975 005
UIF	402 841	378 849
SDL	623 828	578 949
SALGA BC Levies	26 773	33 551
Redemption of Leave	564 051	2 035 465
Cellphone Allowance	499 007	400 802
Shift Allowance	284 808	267 155
Motor car, accommodation and other allowances	76 389	62 564
Overtime payments	464 914	456 512
Long-service awards	563 633	564 117
Acting allowances	403 945	318 838
Housing Allowances	198 052	192 644
Medical Aid Contributions	3 543 446	3 295 320
Pension Fund Contributions	8 393 368	7 607 269
Subsistence and Travel	3 212 937	4 985 592
	<b>80 526 559</b>	<b>77 328 152</b>
<b>Remuneration: Municipal Manager</b>		
Remuneration for the period	655 666	736 268
Bonus for the period	53 692	30 000
Backpay	44 804	-
SDL	10 934	11 827
UIF	1 948	2 154
Travel allowance	186 185	72 127
Medical allowance	107 634	176 103
Housing allowance	82 625	182 616
Bargaining council	119	124
	<b>1 143 607</b>	<b>1 211 219</b>
<b>Remuneration: Chief Finance Officer</b>		
Remuneration for the period	593 073	702 901
Bonus for the period	118 400	98 400
Provident allowance	12 800	-
Backpay	45 234	-
Travel allowance	163 000	195 800
SDL	11 465	11 324
UIF	1 948	2 154
Cellphone allowance	28 000	33 600
Bargaining Council	108	124
Medical allowance	117 501	141 001
	<b>1 192 634</b>	<b>1 185 104</b>

The Chief Financial Officer resigned -effective date: 30 April 2023

# NGQUSHWA LOCAL MUNICIPALITY

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### 28. Employee related costs (continued)

#### Remuneration of Former Director: Corporate Services

Remuneration for the period	459 967	545 146
Bonus for the period	71 929	45 429
Backpay	39 647	-
Travel allowance	134 819	161 782
Provident fund allowance	85 443	102 531
SDL	7 678	7 290
UIF	1 948	2 154
Medical aid allowance	44 740	53 688
Bargaining council levy	108	124
Termination leave	80 921	-
S&T Claims	2 149	-
	<b>929 349</b>	<b>918 144</b>

The Former Director:Corporate Service resigned - effective date 30 April 2023

#### Remuneration of Director: Technical Services

Remuneration for the period	633 914	624 802
Bonus for the period	24 000	81 673
Backpay	42 468	-
Travel allowance	60 000	54 000
Cellphone allowance	14 778	14 084
Housing allowance	96 512	87 512
Medical allowance	52 548	52 548
Provident allowance	168 697	168 697
SDL	9 108	9 038
UIF	2 125	2 154
Bargaining council	130	124
	<b>1 104 280</b>	<b>1 094 632</b>

#### Remuneration of Director: Community Services

Remuneration for the period	544 495	536 668
Bonus for the period	60 000	15 000
SDL	7 857	7 622
UIF	2 125	2 154
Bargaining council	130	124
Travel allowance	104 904	104 904
Medical allowance	99 048	99 048
Provident fund allowance	93 827	93 827
Backpay	59 818	7 676
	<b>972 204</b>	<b>867 023</b>

**NGQUSHWA LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>28. Employee-related costs (continued)</b>		
<b>Remuneration of Current Director: Corporate Services</b>		
Annual Remuneration	101 113	-
Cellphone allowance	13 557	-
Travel allowance	16 852	-
Provident allowance	30 000	-
SDL	1 452	-
UIF	354	-
Bargaining levy	22	-
S&T Claims	3 341	-
	<b>166 691</b>	<b>-</b>

The current Director:Corporate Service's employment commenced on 01 June 2023.

**29. Remuneration of councillors**

Mayor	998 937	1 223 724
Speaker	813 149	1 097 934
Chief Whip	443 035	290 154
MPAC Chair	431 842	365 960
Exco	886 133	897 760
Other Councillors	5 926 083	5 070 139
Ward Committees	1 444 300	1 004 324
	<b>10 943 479</b>	<b>9 949 995</b>

**Additional information**

The Remuneration of Councillors is based on the upper limit as per Government Gazette.

The Mayor and the Speaker each have the use of separate Council-owned vehicles and are provided with an office and secretarial support at the cost of the Council for official duties. The Mayor and the Speaker have designated drivers.

There were no in-kind benefits declared nor received by the Councillors.

Included in the Remuneration of Councillors are costs relating to balances owing to councillors as per Government Gazette Nr. 49142.

**30. Depreciation and amortisation**

Property, plant and equipment	16 294 542	17 136 976
-------------------------------	------------	------------

**31. Impairment of assets**

<b>Impairments</b>		
Property, plant and equipment	-	10 508 707
Work-in-progress projects assessed to be impaired.		

The main classes of assets affected by impairment losses are:

Work-in-progress

The main events and circumstances that led to the recognition of these impairment losses are as follows:

Work-in-progress projects relating the Integrated National Electrification Programme Grant were assessed for impairment during the 2021/22 financial year on the basis that the assets were not in the condition necessary to fulfill the municipality's obligation in terms of the agreement with the Department of Energy. These projects relate to the 2017/18 to 2020/21 financial years.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>32. Finance costs</b>		
Interest on late payment of suppliers	6 806	1 657
Finance costs on Landfill Site Provision and Long Service Awards Obligation	513 846	813 363
	<b>520 652</b>	<b>815 020</b>
<b>33. Debt impairment</b>		
Debt impairment	(345 820)	373 563
Bad debts written off	2 221 991	-
	<b>1 876 171</b>	<b>373 563</b>
Debt impairment is an assessment of the amounts that will not be recovered from the debtors, based on the municipality's policy.		
<b>Debt impairment reconciliation</b>		
Contributions to debt impairment provision - service charges and property rates	1 728 271	264 314
Contributions to debt impairment provision - traffic fines	147 900	109 250
Reversal of impairment - traffic fines debtors	(2 221 991)	-
	<b>(345 820)</b>	<b>373 564</b>
<b>34. Contracted services</b>		
Repairs and Maintenance - PPE	3 394 600	2 379 875
Other Contractors	7 741 883	5 084 977
	<b>11 136 483</b>	<b>7 464 852</b>

As per GRAP 17 (Paragraph 88), repairs and maintenance amounting to R 3,394,600 (30 June 2022: R 2,379,875) relates to repairs and maintenance to property, plant and equipment.



**NGQUSHWA LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>35. General expenses:</b>		
Accommodation Expenses	1 339 863	1 303 725
Advertising	759 553	591 971
Bank charges	47 744	59 701
Computer expenses	44 929	48 000
Legal expenses	1 415 991	1 485 206
Audit committee fees	351 807	323 539
Audit fees	5 320 788	3 931 359
Consultation and Professional Fees	1 370 414	734 257
Conferences and seminars	513 146	414 585
Motor vehicle expenses	335 956	384 214
Fuel and oil	2 799 884	1 519 619
Catering	849 085	352 989
Printing and stationery	288 664	321 832
Town Planning costs	33 000	36 200
Royalties and license fees	1 201 823	927 538
Learnerships and interns	2 405 733	3 434 848
Employee Assistance Programme	43 885	329 542
Subscriptions and membership fees	1 603 340	888 543
Telephone	1 700 160	1 533 476
Training	1 776 278	716 674
Refuse	530 900	240 000
Electricity	5 208 096	6 225 687
Water - municipal use	322 098	641 183
Uniforms	326 395	462 199
Tourism development	-	34 139
Agriculture	9 430	42 470
Special Programmes Unit	2 301 794	903 136
PMS Review	2 455	7 200
Financial Management Enhancement	719 542	1 326 353
Consumables	206 753	177 215
Miscellaneous expenses	1 848 666	866 289
	<b>35 678 172</b>	<b>30 263 689</b>

**36. Loss/(gain) on Disposal and Revaluation of Assets**

The significant variance in the loss on disposal and revaluation of assets from the prior financial year to the current financial year is due to the disposal of non-municipal land items as well as the revaluation of Investment Property.

Loss/(gain) on disposal of property, plant and equipment	(407 230)	9 948 636
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## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>37. Commitments</b>		
<b>Authorised capital expenditure</b>		
Already contracted for but not provided for		
• Property, plant and equipment	35 578 713	10 397 414
Contracted for service delivery by accounting officer		
• Property, plant and equipment	2 709 191	2 641 085
<b>Total capital commitments</b>		
Already contracted for but not provided for	35 578 713	10 397 414
Contracted for service delivery by accounting officer	2 709 191	2 641 085
	<b>38 287 904</b>	<b>13 038 499</b>

This committed expenditure relates to property, plant and equipment and will be financed through Municipal Grants, existing cash resources and funds internally generated.

### 38. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 38. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial instruments exposed to credit risk at period end were as follows:

Financial instrument	30 June 2023	30 June 2022
Receivables from exchange transactions	2 422 146	2 011 428
Receivables from non-exchange transactions	5 924 462	17 674 421
Cash and cash equivalents	67 044 033	56 979 297
Payables from exchange transactions	12 967 273	20 309 900
Payables from non-exchange transactions	1 509 012	2 652 077

#### Market risk

##### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

There is no impact on other market risks.

### 39. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 400 203 201 and that the municipality's total liabilities do not exceed its assets.

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.

### 40. Events after the reporting date

The following adjusting events were noted:

- Government Gazette Nr. 49142, dated 14 August 2023, was issued after the reporting date, but before the Annual Financial Statements were authorised for issue. This gazette details the Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils. The total financial effect of the amendments to the upper limits is assessed to be R 360,811 for the 2022/2023 financial year.

### 41. Unauthorised expenditure

Opening balance as previously reported	-	28 830 771
Less: Approved/condoned/authorised by council	-	(28 830 771)
Closing balance	-	-

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 42. Fruitless and wasteful expenditure

Opening balance as previously reported	12 641 307	549 114
Add: Expenditure identified - current year	404 131	25 603
Add: Fruitless and wasteful expenditure identified - prior period	-	12 085 013
Less: Amount written off - current	(2 126)	(18 423)
<b>Closing balance</b>	<b>13 043 312</b>	<b>12 641 307</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless and wasteful expenditure incurred and identified during the current period relates to interest from late payments of suppliers, cancelled travel and accommodation arrangements and amounts considered not recoverable from a supplier where goods were not delivered.

Fruitless and wasteful expenditure in the comparative year includes expenditure (VAT inclusive) incurred in prior financial years on projects relating to the Integrated National Electrification Programme. The assets were assessed for impairment in the current financial year due to non-completion of the projects by appointed service providers. The related matter has been referred to the South African Police Service (SAPS) for investigation.

#### 43. Irregular expenditure

Opening balance as previously reported	81 722 948	105 710 332
Add: Irregular expenditure - current	868 167	327 212
Less: Amount written off - current	(551 310)	(33 864)
Less: Amount written off - prior period	-	(24 280 732)
<b>Closing balance</b>	<b>82 039 805</b>	<b>81 722 948</b>

Incidents/cases identified/reported in the current year include those listed below:

Supply Chain Management Processes not followed in making awards	551 310	39 892
Expenditure in excess of contract amount	316 857	137 220
Deviation criteria not met, identified during and paid after reporting date but before those AFS were authorised.	-	150 000
	<b>868 167</b>	<b>327 212</b>

#### 44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Listed below are various circumstances where goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reason for these deviation from the normal supply chain management regulations.

##### Incidents

Deviations due to emergency procurement	37 663	1 489 871
Deviations due to sole supplier procurement	1 981 466	1 483 289
Deviations due to the impracticality of following SCM processes	5 250 056	5 615 790
	<b>7 269 185</b>	<b>8 588 950</b>

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>45. Contingencies</b>		
Contingencies arise from pending litigation on contractual disputes and damage claims. As the conclusion of the process is dependent on the setting of dates by the respective courts, the timing of the economic flows is therefore uncertain.		
<b>Contingent liabilities</b>		
Dielanga Trading CC  A claim by Dielanga Trading CC based on a dispute for services rendered  The matter was removed from the court roll by agreement of the parties	-	595 872
EC Black Contractors Forum & 2 others - Case Number: 1080/2021  Notice of motion brought against Municipality in respect of a disregard of a court order dated 08 September 2020  Matter scheduled in High Court for 15 September 2022 on opposed roll	-	1 542 870
SAMWU obo L Jack ECD122013 & PR164/21  A review application was brought on behalf of the municipality on an award which was granted by the SALGBC in favour of an employee  Awaiting opposition from SAMWU to review supplementary affidavit	-	175 000
Monwabisi Welcome Mbanzi  A claim has been lodged for damages sustained by the vehicle belonging to Mr Mbanzi.	81 813	-
Limitless Strategic Solutions  A letter of demand has been issued on behalf of Limitless Solutions who rendered services in the development of landfill rehabilitation plan and operational plan for Peddie Landfill Site under tender no. 8/2/759/2019-2020	74 000	-
Nombonise Lillian Dike & 6 Others  Notice of Motion brought on behalf of the applicant and the affected households of Khangelihle Buck Kraal Farm, wherein a claim is pursued for services including housing, water and sanitation, roads, etc.	1 000 000	-
	<b>1 155 813</b>	<b>2 313 742</b>

#### Contingent assets

Litigation was brought on behalf of the municipality for the recovery of costs which were paid to the service provider (Vezokuhle Youth Development Project) for services not rendered. The related contingent asset is estimated at R 977,144.

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>46. Related parties</b>		
<b>Related party balances</b>		
Amounts included in the Statement of Financial Position are the following regarding related parties:		
Councillor Jowela (late) - unpaid salary	(4 461)	(4 461)
Councillor Moyeni (late) - tax liability	550	550
Mayor - backpay	(36 298)	(23 340)
Speaker - backpay	(29 559)	(22 047)
Chief Whip - backpay	(16 702)	-
Exco - backpay	(49 692)	(36 010)
Other Councillors - backpay	(228 560)	(142 486)
Municipal manager - backpay	(56 216)	-
Chief Financial Officer	(46 677)	-
Director: Corporate services (former)	(40 005)	-
Director: Corporate services (current)	(8 446)	-
Director: Community services	(52 049)	-
Director: Technical services	(47 576)	-
	<b>(615 691)</b>	<b>(227 794)</b>

Included in the Statement of Financial Position are balances owing to councillors as per Government Gazette Nr. 49142, issued on 18 August 2023.

Included in the Statement of Financial Position are balances owing to the municipal manager, former chief financial officer and directors as per Government Gazette Nr.48789, issued on 14-June 2023.

GRAP 20 requires a disclosure of related party transactions during the financial period of the financial statements as well as the nature of the related party relationship, the nature of the transactions and outstanding balances including commitments. However, those disclosures are not required for transactions which occurred in the normal course of business.

Further, the municipality is also required to disclose the remuneration of its management having the authority to direct the business of the municipality. Key management include the Mayor, Speaker, Mayoral Committee members, Councillors, Municipal Manager, Chief Financial Officer and the Directors. For the remuneration of key management and Councillors, refer Notes 28 and 29 respectively.

#### 47. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government

Current year subscription / fee	1 591 139	882 285
Amount paid - current year	(1 591 139)	(882 285)
	-	-

##### Audit fees

Current year subscription / fee	5 323 982	3 931 359
Amount paid - current year	(5 320 788)	(3 931 359)
	3 194	-

##### PAYE, SDL and UIF

Current year subscription / fee	11 658 696	12 647 641
Amount paid - current year	(11 658 696)	(12 647 641)
	-	-

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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#### 47. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Pension and Medical Aid Deductions

Current year subscription / fee	20 120 827	18 611 050
Amount paid - current year	(20 120 827)	(18 611 050)
	-	-

##### VAT

VAT receivable	2 115 426	3 615 838
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VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the period.

##### Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding for more than 90 days as at 30 June 2023:

##### SCM Regulation 45 disclosure

In terms of the Municipal Supply Chain Management Regulation 45, the Municipality must disclose particulars of any award of more than R-2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including the name of the person, the capacity in which that person is in the service of the state, and the amount of the award. The following awards were made to entities with relationships with officials of the service of state (Municipality and other organisations):

Supplier Name	Name of official	Position	Relationship to entity directors	Amount
Andile SG Trading and Projects	Anelisa Boqwana	Budget Clerk	Spouse	159 255

#### 48. Cash generated from operations

Surplus (deficit)	15 643 311	(1 702 470)
Adjustments for:		
Depreciation and amortisation	16 294 542	17 136 976
Loss on sale of assets and liabilities	(407 230)	9 948 635
Impairment deficit	-	10 508 707
Debt impairment	1 876 171	373 563
Movements in operating lease assets and accruals	(584 104)	(616 501)
Movements in retirement benefit assets and liabilities	326 000	376 000
Movements in provisions	513 846	813 363
Changes in working capital:		
Receivables from exchange transactions	(384 770)	(632 278)
Receivables from non-exchange transactions	(4 565 982)	234 412
Payables from exchange transactions	394 200	2 234 984
VAT	1 500 412	(1 415 534)
Taxes and transfers payable (non-exchange)	(1 143 065)	1 594 237
Unspent conditional grants and receipts	10 485 430	(10 931 632)
	<b>39 948 761</b>	<b>27 922 462</b>

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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### 49. Segment information

#### General information

##### Identification of segments

For management purposes, the municipality is organised and operates in two key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The two key business units comprise of:

Community and public safety which includes community and cleansing services, library services, community hall rental and recreation

Technical services which include Project management, road construction and maintenance

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

##### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

##### Reportable segment

Community and public safety

Technical Services

##### Goods and/or services

Cleansing services, library services, community hall rental and recreation

Project management, road construction and maintenance



# **NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

## **Notes to the Annual Financial Statements**

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### **49. Segment information (continued)**

Segment surplus or deficit, assets and liabilities

30 June 2023

#### **Revenue**

Revenue from non-exchange transactions  
Revenue from exchange transactions  
Total segment revenue

Entity's revenue

#### **Expenditure**

Employee costs  
Contracted services  
General expenditure  
Total segment expenditure

Total segmental surplus/(deficit)

#### **Assets**

Segment assets

Total assets as per Statement of financial Position

#### **Liabilities**

Segment liabilities

Total liabilities as per Statement of financial Position

	Community Services	Technical Services	Total
Revenue			
Revenue from non-exchange transactions	579 980	-	579 980
Revenue from exchange transactions	454 350	-	454 350
Total segment revenue	1 034 330	-	1 034 330
Entity's revenue			1 034 330
Expenditure			
Employee costs	(27 201 282)	(11 549 580)	(38 750 862)
Contracted services	(1 062 786)	(712 784)	(1 775 570)
General expenditure	(3 479 587)	(658 658)	(4 138 245)
Total segment expenditure	(31 743 655)	(12 921 022)	(44 664 677)
Total segmental surplus/(deficit)			45 699 007
Assets			
Segment assets	5 039 007	18 505 674	23 544 681
Total assets as per Statement of financial Position			23 544 681
Liabilities			
Segment liabilities	-	(6 200 000)	(6 200 000)
Total liabilities as per Statement of financial Position			(6 200 000)

# **NGQUSHWA LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2023

## **Notes to the Annual Financial Statements**

Figures in Rand

### **49. Segment information (continued)**

**30 June 2022**

	Community Services	Technical Services	Total
<b>Revenue</b>			
Revenue from non-exchange transactions	286 750	-	286 750
Revenue from exchange transactions	675 676	-	675 676
<b>Total segment revenue</b>	<b>962 426</b>	<b>-</b>	<b>962 426</b>
<b>Entity's revenue</b>			<b>962 426</b>
<b>Expenditure</b>			
Employee costs	25 598 889	10 821 707	36 418 596
Contracted services	811 018	419 496	1 230 514
General expenditure	1 428 698	101 493	1 530 191
<b>Total segment expenditure</b>	<b>27 836 605</b>	<b>11 342 696</b>	<b>39 179 301</b>
<b>Total segmental surplus/(deficit)</b>			<b>(38 216 875)</b>
<b>Assets</b>			
Segment assets	4 398 065	25 333 823	29 731 888
<b>Total assets as per Statement of financial Position</b>			<b>29 731 888</b>

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>49. Segment Information (continued)</b>		
<b>Information about geographical areas</b>		
The Municipality is not split into Geographical Segments as only operates within it's own Demarcated area within the Eastern Cape Province:		
<b>Reconciliation of segment revenue to the Statement of Financial Performance</b>		
Total segment revenue	30 June 2023	30 June 2022
Revenue from exchange transactions allocated to departments that do not meet the definition of a segment - Finance	(1 034 330)	(962 426)
Revenue from non-exchange transactions allocated to departments that do not meet the definition of a segment - Finance	(12 323 556)	(10 472 098)
	(158 854 254)	(150 652 593)
<b>Total Revenue per the Statement of Financial Performance</b>	<b>(172 212 140)</b>	<b>(162 087 117)</b>
<b>Reconciliation of segment expenditure to the Statement of Financial Performance</b>		
Total segment expenditure	30 June 2023	30 June 2022
Employee related cost	44 664 677	39 179 302
Remuneration of councillors	41 775 696	40 909 555
Depreciation and impairment	10 943 479	9 949 995
Finance costs	16 294 542	27 645 684
Debt impairment and Bad debts written off	520 652	815 020
Contracted services	1 876 171	373 563
General expenditure	9 360 912	6 234 337
Loss on disposal of assets	31 539 926	28 733 497
	(407 230)	9 948 636
<b>Total Expenditure per Statement of Financial Performance</b>	<b>156 568 825</b>	<b>163 789 589</b>
<b>Surplus/(deficit)</b>	<b>15 643 315</b>	<b>(1 702 471)</b>
<b>Total Segment Assets</b>	<b>23 544 681</b>	<b>29 731 888</b>
Assets not allocated to reportable segments	426 655 620	394 248 687
<b>Total assets per statement of Financial Position</b>	<b>450 200 301</b>	<b>423 980 575</b>
<b>Total Segment Liabilities</b>	<b>(6 200 000)</b>	<b>-</b>
Liabilities not allocated to reportable segments	(43 797 104)	(39 420 692)
<b>Total liabilities per statement of Financial Position</b>	<b>(49 997 104)</b>	<b>(39 420 692)</b>

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>50. Statutory Receivables</b>		
<b>Property Rates</b>		
Property Rates	11 525 948	9 319 675
Interest on Property Rates	11 578 689	9 097 349
Impairment on Property Rates	(9 166 260)	(7 412 041)
	<b>13 938 377</b>	<b>11 004 983</b>
<b>VAT Receivables</b>		
VAT Receivables	2 115 426	3 615 838
<b>Other Receivables</b>		
Traffic Fines	623 345	2 462 566
Impairment on Traffic Fines	(147 900)	(2 221 991)
	<b>475 445</b>	<b>240 575</b>
<b>Total Statutory Receivables</b>		
Gross	25 843 408	24 495 428
Impairment	(9 314 160)	(9 634 032)
	<b>16 529 248</b>	<b>14 861 396</b>

### 51. Accounting by principals and agents

The Municipality is a party to principal-agent agreements as follows:

The Department of Transport is responsible for registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation. The Municipality and the Department of Transport entered into an agreement for the transfer of registration and licensing of motor vehicles functions, wherein the Municipality will be entitled to the collection fee of 19%, including VAT for all fees collected in terms of the agreement entered into.

No resources were held on behalf of the principals.

No liabilities have been incurred on behalf of the principals.

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the Department of Transport is R 413,141 (30 June 2022: R 400,805).

# NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>52. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>30 June 2023</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from exchange transactions	2 422 146	2 422 146
Receivables from non-exchange transactions	5 924 462	5 924 462
Cash and cash equivalents	67 044 033	67 044 033
	<b>75 390 641</b>	<b>75 390 641</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	(12 967 273)	(12 967 273)
Payables from non-exchange transactions	(1 509 012)	(1 509 012)
Unspent conditional grants and receipts	(10 485 430)	(10 485 430)
	<b>(24 961 715)</b>	<b>(24 961 715)</b>
<b>30 June 2022</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from exchange transactions	2 011 428	2 011 428
Receivables from non-exchange transactions	7 502 989	7 502 989
Cash and cash equivalents	56 979 297	56 979 297
	<b>66 493 714</b>	<b>66 493 714</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	(12 353 999)	(12 353 999)
Payables from non-exchange transactions	(2 652 077)	(2 652 077)
	<b>(15 006 076)</b>	<b>(15 006 076)</b>

## NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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#### 53. Budget differences

##### Material differences between budget and actual amounts - Statement of Financial Performance

54.1 Service charges - 2% - The variance is considered immaterial.

54.2 Rental of facilities and equipment - 41% - The variance is due to an increase/escalation in lease contracts and lease rentals.

54.3 Agency fees - 29 % - The variance is due to the under collection due to the introduction of online vehicle registration platforms.

54.4 Licences and permits - 55% - The variance is due to the under collection due to the introduction of online licence testing platforms and the impact of load shedding.

54.5 Other revenue - 94% - Other revenue is made of Tender fees, Advertising fees, Use of public toilets, Building plans fees, Cemetery fees, etc - all these depend on the use by the public of which the demand has decreased in the financial year under review.

54.6 Interest on Outstanding Debtors - 48% - The variance is due to an increase in collection and the reversal of interest based on arrangements with individual debtors.

54.7 Interest received - Investment - 11% - The variance is due to less than anticipated funds have been invested to date.

54.8 Property rates - 41% - The variance is as the results of changes in tariffs which remained unchanged in the year under review as per Council.

54.9 Government grants - 8% - The variance is due to less than anticipated revenue realised from MIG at financial year end.

54.10 Fines and Penalties - 30% - The variance is due to a decrease in the collection of outstanding fines and less than anticipated traffic infringements compared to previous financial years.

54.11 Other transfer revenue - 100% - Other transfer revenue was not separately budgeted for.

54.12 Employee related costs - 3% - The variance is considered immaterial.

54.13 Remuneration of councillors - 5% - The variance is considered immaterial.

54.14 Depreciation and amortisation - 60% - The unbundling of assets resulted in a lower than expected depreciation charge for the year.

54.15 Finance costs - 100% - The municipality did not budget for finance charges.

54.16 Debt impairment - 62% - The variance is due to less than anticipated bad debt write-offs and lower than anticipated debtors balances outstanding for a substantial period of time.

54.17 Contracted Services - 64% - The variance is due to less than anticipated expenditure relating to the maintenance of PPE and appointment of specialised Contractors.

54.18 General expenditure - 13% - The variance considered to be reasonable - the increase in expenditure relates to transport services, advertising and other municipal running costs.

54.19 Loss/profit on disposal and revaluation of assets - 100% - Not budgeted for.

##### Material differences between budget and actual amounts - Statement of Financial Position

54.20 Inventory - 0% - No variance is noted.

54.21 Operating lease asset - 74% - The variance is due to the commencement of new lease agreements towards to end of the previous financial year and the current financial year and the full effect of the straight-lining of operating leases not taken into account during the budgeting process.

**NGQUSHWA LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand

2023

2022

**53. Budget differences (continued)**

54.22. Receivables from Non-exchange transactions - 158% - The variance occurred due to the budget that was prepared based on the estimated decrease on rates tariffs for government properties

54.23. VAT receivable - 100% - Not budgeted for

54.24. Receivables from exchange transactions - 16% - The variance occurred due to greater than expected settlement of outstanding debt at financial year end.

54.25. Cash and cash equivalents - 12% - The variance occurred due to better than expected results from strong cash management and expenditure control processes

54.26. Investment property - 30% - The variance is due to the revaluation and disposals of Investment Property.

54.27. Property, Plant and Equipment - 13% - The variance occurred due to a lower than expected depreciation charge to Property, Plant and equipment

54.28. Payables from exchange transactions - 147% - the variance is a result of increase in trade payables and retentions not released at year end.

54.29. Payables from non-exchange transactions - 100% not budgeted for.

54.30. Employee Benefit Obligation (short-term) - 40% - the variance occurred due to an increase in the expected benefits vested for the following financial year than anticipated.

54.31. Unspent conditional grants - 100% - The variance occurred due to the unspent liability not budgeted for.

54.32. Employee Benefit Obligation (long-term) and Provisions (long term) - 12% over - budgeted - change in discount factor calculation delivered a greater than expected change in the provision liability.

54.33. Accumulated surplus - 1% - Variance is not considered material.

**Material differences between budget and actual amounts - Cash Flow Statement**

54.34. Billed Services - 38% - The variance is due to a decrease in Property Rates billing.

54.35. Government Grants - 8% - The variance is not considered material.

54.36. Interest income - 24% - The variance is due to better than expected results from strong cash management and investment decisions.

54.37. Receipts from other revenue - 33% - The variance is due to an increase in expected revenue from other services (other revenue).

54.38. Payments (Suppliers and Employees) - 14% - The variance is due to an increase in Trade Payables and Retentions not released at financial year end.

54.39. Purchase of PPE - 31% - The variance is due to less additions to PPE than anticipated.

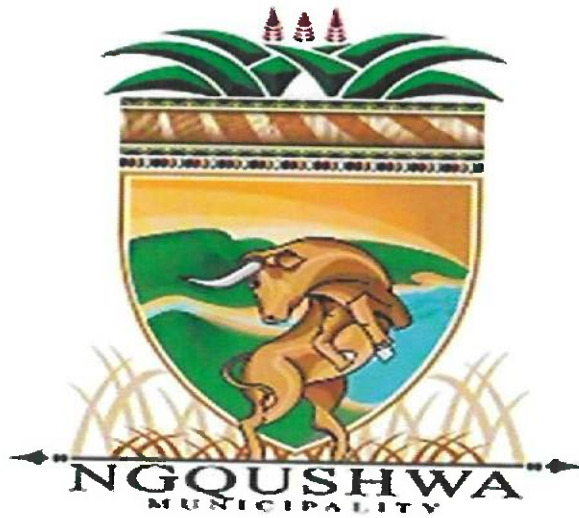
54.40. Proceeds from the sale of PPE and Investment Property - 100% - The revaluation on Investment Property and disposal of Land items were not budgeted for.

54.41. Net decrease in cash and cash equivalents - 233% - Taking into account the proportion of investing activities to operating activities per actual amounts are smaller than the budgeted amounts, the net decrease in cash and cash equivalents is less than budgeted.

54.42. Cash and cash equivalents at the beginning of the year - 3% - The final closing balances for cash and cash equivalents for the prior financial year not taken into account during the budgeting process.







**ANNUAL PERFORMANCE REPORT**

**2022- 2023  
FINANCIAL  
YEAR**

**NGQUSHWA LOCAL MUNICIPALITY**

## Acronyms

AAP	Audit Action plan
AG	Auditor General
BIGM	Building Inclusive Green Municipalities
GRAP	General Recognize Accounting Practices
HSP	Housing Sector Plan
IDP	Integrated Development Plan
KM	Kilometers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
MFMA	Municipal Financial Management Act of 2003
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act of 2000
NDP	National Development Plan
NLM	Ngqushwa Local Municipality
PMS	Performance Management System
SPLUMA	Spatial Planning and Land Use Management Act
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework



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### **CERTIFICATION**

I certify that this Annual Performance Report has been prepared in accordance with Section 46 of the Municipal Systems Act 32 of 2000 as amended. I further certify that to my knowledge that the information contained within the report is a true reflection of the performance of the municipality during the 2022/23 financial year.

Annual Performance Report is based on the performance of the municipality as per the Service Delivery and Budget Implementation Plan [SDBIP] of the Ngqushwa Local Municipality as approved by the Mayor, Cllr. S.S. Maneli.

  
\_\_\_\_\_  
**Mr. N. Mgengo**  
**Municipal Manager**

29 August 2023  
**Date**



**RECEIPT BY THE MAYOR**

I, **Cllr S.S. Maneli**, the Mayor of the Nggushwa Local Municipality, hereby accept the Annual Performance Report for the **2022/2023 FINANCIAL YEAR** as prepared in accordance with Section 46 of the Municipal Systems Act 32 of 2000 as amended

A handwritten signature in black ink, appearing to read 'S.S. Maneli', written over a horizontal line.

**Cllr. S.S. Maneli**  
**Mayor**

29 August 2023  
**Date**



## **1. STATUS OF THE REPORT**

This report is prepared in terms of Municipal Systems Act of 2000 as amended (MSA). Section 46 of the MSA states that a municipality must prepare for each financial year a performance report reflecting:

- (a) The performance of the municipality and of each external service provider during that financial year;
- (b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- (c) Measures taken to improve performance.

The Section further states that the annual performance report must form part of the municipality's annual report.

## **2. BACKGROUND**

This annual performance report is based on the annual indicators and targets set in the Integrated Development Plan and budget of Ngqushwa Local Municipality for the 2022/23 financial year as approved by the Council. The adoption of the IDP and budget culminated into the drafting and approval of Service Delivery and Budget Implementation Plan (SDBIP) by the Mayor of the Municipality.

The SDBIP is a detailed plan approved by the Mayor in terms of Section 53 (1) (c) (ii) for implementing the IDP and Budget. The plan contained annual performance indicators and targets that were measured and evaluated throughout the year through compilation of various in-year reports presented to the various committees of Council. These included Sections 52 (d), 71 and 72 reports which were prepared in terms of the Municipal Finance Management Act of 2003 (MFMA).

This report therefore provides an annual overview of progress achieved towards the attainment of the set performance indicators and targets for the institution during the 2022/23 financial year.



### 3. ANALYSIS OF DEPARTMENTAL PERFORMANCE FOR THE 2022/23 FINANCIAL YEAR.

The following is the departmental performance for the aforementioned period; it illustrates the total overall of targets achieved, not achieved and partially achieved and the overall performance for each directorate including the institution in general. The report is in line with the five (5) Key Performance Areas (KPA's) of the Local Government Strategic Agenda. These are:

- Institutional Development and Design
- Quality Basic Service Delivery and Infrastructure Development
- Local Economic Development and Spatial Planning
- Financial Viability and Management
- Good Governance and Public Participation

The following methodology is showing the formula and calculation used to determine the percentage achievement for each KPA

### 4. CALCULATION METHODOLOGY FOR EACH KEY PERFORMANCE AREA.

#### 4.1 KPA 1: INSTITUTIONAL DEVELOPMENT AND DESIGN

• Total targets	= 17	<u>16x100</u>
• Targets Achieved	= 16	17
• Targets Not Achieved	= 1	= 94%

The KPA at hand has received **94%** for the 2022/23 financial year, which shows an improvement by **15%** as compared to **79%** achieved in 2021/22 financial year.

#### **4.2 KPA 2: QUALITY BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**

- Total targets = 25 19x100
- Targets Achieved = 19 25
- Targets not Achieved = 6 = 76%

The KPA at has received **76%** for the 2022/23 financial year, which shows an improvement by **37%** as compared to **39%** achieved in 2021/22 financial year.

#### **4.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING**

- Total targets = 16 15x100
- Targets Achieved = 15 16
- Targets Not Achieved = 1 = 94%

The KPA at hand has received **94%** for the 2022/23 financial year, which shows an improvement by **21%** as compared to **73%** achieved in 2021/22 financial year.

#### **4.4 KPA 4: FINANCIAL VIABILITY AND MANAGEMENT**

- Total targets = 11 11x100
- Targets Achieved = 11 11
- Targets Not Achieved = 0 = 100 %

The KPA at hand has received **100 %** for the 2022/23 financial year, which is equilibrium by **100%** as compared to **100%** achieved in 2021/22 financial year.



#### **4.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

- Total targets = 20 16x100
- Targets Achieved = 16 20
- Targets Not Achieved = 4 = 80%

The KPA at hand has received **80%** for the 2022/23 financial year, which shows a decline by **2%** as compared to **82%** achieved in 2021/22 financial year.

### **5. INSTITUTIONAL OVERALL PERFORMANCE**

**2022/2023 SDBIP ANNUAL PERFORMANCE REPORT AS AT END 30 JUNE 2023.**

**Annual Actual Performance**

**= Total Target Achieved x 100 / Total targets**

**= 77/89 x 100**

**= 87%**

Ngqushwa Local Municipality overall annual performance for 2022/23 financial year is at **87%** which shows improvement by **16%** as compared to **71% achieved** in 2021/22 financial year.

<b>Priority Area</b>	<b>Total Annual Targets</b>	<b>Targets Achieved</b>	<b>Targets Not Achieved</b>	<b>% Achievement</b>
Institutional Development and Design	17	16	1	<b>94%</b>
Quality Infrastructure Services and Infrastructure Development	25	19	6	<b>76%</b>
Local Economic Development	16	15	1	<b>94%</b>



and Spatial Planning				
Financial Viability and Management	11	11	0	100%
Good Governance and Public participation	20	16	4	80%
Total Targets	89	77	12	87%

## 6. CONCLUSION

This document entails a detailed report-back of Ngqushwa Local Municipality performance to communities and stakeholders for 2022/23 financial year. It also provides a detailed performance of the municipality in terms of assessing achievements in efforts to realise the objectives as set by Council for the year under review. The report reflects challenges experienced by the municipality, but also key areas where the municipality needs to strengthen its performance.

**Report prepared by IDP&PMS Manager: Ms. X. Maswana**

Signature X. Maswana Date 29 August 2023

**Signed by the Municipal Manager: Mr. N. Mgengo**

Signature [Signature] Date 29 August 2023

**Endorsed by the Mayor: Cllr S. S. Maneli**

Signature [Signature] Date 29 August 2023

2022/2023 ANNUAL PERFORMANCE REPORT (APR)													
KPA 1: INSTITUTIONAL DEVELOPMENT AND DESIGN WEIGHT :20													
Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall Performance 1 July 2022 - 30 June 2023		Snapshot	Reason for variance	Corrective Action	2022/23 Actual Performance	CUSTODIAN	KPI NO
						Target	Actual						
To ensure continuous implementation of the municipal vision and mission through the Human Resources Management Plan.	To ensure continuous implementation of Municipal vision and mission through Human Resources Management plan by 2027	Number of reports on vacant positions filled within 3 months developed by 30 June 2023	Four (4) reports produced on vacant positions filled within 3 months by 30 June 2023	R0	Four quarterly reports on vacant position filled developed in 2021/2022	4	4		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 1
		Review of 2022/23 Institutional organogram for 2023/2024 by 30 June 2023	Approved final 2023/2024 financial year Institutional organogram by 30 June 2023	R0	2021/2022 Organogram	2023/24 Institutional Organogram			Not Applicable	Not Applicable	3	Director Corporate Services	IDD 2
		Number of reports developed on Council adoption of 2022/23 organogram after MEC comments by 30 June 2023	One report developed on Council adoption of 2022/23 organogram after MEC comments by 30 June 2023	R0	Not Applicable	1	0		Target not achieved by 30 June 2023 due to delays on receiving comments from MEC	The municipality is constantly making follow up to the office of the MEC. The target will be achieved in Quarter 2	1	Director Corporate Services	IDD 3
		Number of reports developed for Leave management and reconciliation by 30 June 2023	Four 4 quarterly reports compiled on leave management and reconciliation by 30 June 2023	R0	Four quarterly leave management and reconciliation report developed in 2021/2022	4	4		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 4
		Number of reports on engagements with District Job Evaluation Committee and Provincial Audit Committee on status of Ngqushwa Job evaluation developed and submitted to MANCO by 30 June 2023	Three (3) quarterly reports developed on engagements with District Job Evaluation Committee and Provincial Audit Committee on status of Ngqushwa Job evaluation and submitted to MANCO by 30 June 2023	R0	Three quarterly reports on District Job Evaluation Committee and Provincial Audit Committee developed in 2021/2022	3	3		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 5
To ensure that the Municipality commits itself to the principles of equal opportunities, fair employment practices and people development by 2027		Reports on number of people from employer equity target groups employed in the three (3) highest level of the organogram by 30 June 2023	Four (4) reports developed on number of people from employer equity target groups employed in the three (3) highest level of the organogram by 30 June 2023	R0	Four quarterly employer equity target group report developed in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 6
		Number of reports compiled on Section 56 managers who qualify for the minimum level as prescribed by National Treasury by 30 June 2023	Two (2) reports compiled on Section 56 managers who qualify for the minimum level as prescribed by National Treasury by 30 June 2023	R0	Two quarterly reports on number of employees qualify for the minimum level as prescribed by National Treasury developed in 2021/2022	2	2		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 7
		Number of report on the percentage of Municipal Budget actual spent on implementing Workplace Skills Plan (WSP) by 30 June 2023	One (1) report developed on percentage of Municipal budget spent on Workplace Skills Plan (WSP) developed by 30 June 2023	R0	One quarterly report developed on percentage of Municipal budget spent on Workplace skills plan (WSP) in 2021/2022	1	1		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 8
		Number of report on trainings conducted as per the approved WSP by 30 June 2023	Two (2) quarterly reports on trainings conducted as per the approved WSP by 30 June 2023	R684,630	Two quarterly reports developed on trainings conducted as per approved WSP in 2021/2022	2	2		Not Applicable	Not Applicable	3	Director Corporate Services	IDD 9
		To create a safe and healthy working environment for all employees by 2027.	Number of reports on Employee Assistance Program (EAP) by 30 June 2023	Two (2) reports on number of employees supported through Employee Assistance Program (EAP) by 30 June 2023	R139,436	Two quarterly reports on number of employees supported through EAP in 2021/2022	2	2		Not Applicable	Not Applicable	3	Director Corporate Services

		Number of reports on wellness programmes organized and conducted by 30 June 2023	Four (4) quarterly report on wellness programmes organized and conducted by 30 June 2023		Four quarterly reports on wellness programme developed in 2021/2022	4	4				3	Director Corporate Services	IDD 11
	To ensure effective and efficient management of records by 2027	Number of consolidated and updated Council resolutions register by 30 June 2023	Four (4) consolidated and updated Council resolutions register by 30 June 2023	RO	Four quarterly Council and EXCO resolutions consolidated in 2021/22	4	4				3	Director Corporate Services	IDD 12
		Number of reports developed on Implementation of Records Management System by 30 June 2023	Four (4) reports developed on Implementation of Records Management system (Records Management Policy, File Plan & Procedure Manual) by 30 June 2023	RO	Not Applicable	4	4				3	Director Corporate Services	IDD 13
	To ensure effective, efficient and economical administration and utilization of Municipal resources on ongoing basis through systems and business processes that are aligned to the organization by 2027	Development and Implementation of Fleet Management plan by 30 June 2023	One (1) Fleet Management Plan approved by MANCO and three(3) reports on implementation of the plan by 30 June 2023	RO	2021/22 fleet management plan	1	1				3	Director Corporate Services	IDD 14
		Number of reports developed on plant capacity assessment by 30 June 2023	One (1) quarterly report developed on plant capacity assessment by 30 June 2023	RO	Not Applicable	1	1				3	Director Corporate Services	IDD 15
	To ensure good, sound industrial relations between the employer and the employee by 2027	Number of LLF meetings held by 30 June 2023	Six (6) LLF meetings held by 30 June 2023	RO	Six LLF meetings held in 2021/22	6	6				3	Director Corporate Services	IDD 16
	To provide a secure ICT infrastructure which delivers appropriate level of data confidentiality, integrity and availability by 2027	Number of reports developed on implementation of ICT Strategy and Governance Framework by 30 June 2023	Four(4)quarterly reports developed on implementation of ICT Strategy and Governance Framework by 30 June 2023	RO	Not Applicable	4	4				3	Director Corporate Services	IDD 17








2022/23 ANNUAL PERFORMANCE REPORT (APR)

Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall performance 1 July 2022 - 30 June 2023	Snapshot	Reason for Variance	Corrective Action	2022/23 Actual Performance	Cutodian	KPI NO.
KPA 2: QUALITY BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT WEIGHT : 20												












Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall performance 1 July 2022 - 30 June 2023		Snapshot	Reason for Variance	Corrective Action	2022/23 Actual Performance	Custodian	KPI NO
						Targets	Actual						
To provide access to quality infrastructure and sustainable basic services to the communities within available resources.	To ensure sound financial administration of all infrastructure grants, to manage all planning, implementation and monitoring of all infrastructure projects in compliance with all applicable quality standards by 2027	Number of km constructed by 30 June 2023	Construction of 10km Internal Gravel Roads (Machibi, Ward 4) by 30 June 2023	R3,322,114	1 km constructed in 2021/22	10km	10km	<div><div></div></div>	Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 1
		Number of km constructed by 30 June 2023	Construction of 5km Internal Gravel Roads (Mxexa, Ward 7), excluding defects liability period by 30 June 2023	R4,257,327	Appointment of consultant for design in 2021/22	5km	5km	<div><div></div></div>	Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 2
		Number of km constructed by 30 June 2023	Construction of 70% in 5km Internal Gravel Roads (Nshamanzu, Ward 10) by 30 June 2023	R3,269,920	Not Applicable	70% of 5km	55% of 5km	<div><div></div></div>	Target on construction (70%) of Nshamanzu not achieved by 30 June due to delays on site caused by poor performance, late start suspension of works, inclement weather and scarcity of water around construction site.	Municipality engage contractor to improve rate of work and provide catch-up plans and revised programme.	1	Director Technical & Infrastructure Services	QBSD 3
		Number of km constructed by 30 June 2023	Construction of 3km Internal Gravel Roads (Polar Park, Ward 8) by 30 June 2023	R1,542,918	2km Constructed in 2021/2022	3km	3km	<div><div></div></div>	Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 4
		Number of Community Halls constructed by 30 June 2023	Construction and completion of 70% Community Hall in (Ntloko, Ward 9) by 30 June 2023	R1,433,847	Not Applicable	70%	30%	<div><div></div></div>	Target on construction of Ntloko community hall (70%) not achieved by 30 June due to slow progress, late submission of contractual documents, inclement weather, delayed excavations and foundation work.	Municipality engage contractor to improve rate of work and provide catch-up plans and revised programme. Ntloko community hall will be completed in 1st quarter of 2023/24 financial year	1	Director Technical & Infrastructure Services	QBSD 5
		Number of Community Halls constructed by 30 June 2023	Construction and completion of 70% Community Hall in (Tamara, Ward 1) by 30 June 2023	R1,433,847	Not Applicable	70%	25%	<div><div></div></div>	Target on construction of Tamara community hall (70%) not achieved by 30 June due to slow progress, late submission of contractual documents, inclement weather and hard rock on excavations delayed overall progress on foundation work.	Municipality engage contractor to improve rate of work and provide catch-up plans and revised programme. Tamara community hall will be completed in 1st quarter of 2023/24 financial year	1	Director Technical & Infrastructure Services	QBSD 6
		Number of Community Halls constructed by 30 June 2023	Construction and completion of 70% Community Hall in (Lower Twist, Ward 5) by 30 June 2023	R1,433,847	Not Applicable	70%	36%	<div><div></div></div>	Target on construction of Lower Twist community hall (70%) not achieved by 30 June due to slow progress, late submission of contractual documents, change of community hall position compromised the start of the project and inclement weather.	Municipality engage contractor to improve rate of work and provide catch-up plans and revised programme. Lower Twist community hall will be completed in 1st quarter of 2023/24 financial year.	1	Director Technical & Infrastructure Services	QBSD 7
		Number of Professional Service Providers (Consultant) appointed for development of designs and working drawings for the Construction of 5km Glenmore Internal Streets by 30 June 2023	One consultant appointed for development of designs and working drawings for the Construction of 5km Glenmore Internal Streets by 30 June 2023	R3,017,867	Not Applicable	1	1	<div><div></div></div>	Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 8

		Number of km surfaced (paving) by 30 June 2023	Surfacing (paving) of 5% in 5km at Glenmore Internal Streets ( Ward 7) by 30 June 2023	Not Applicable	5% of 5km	5% of 5km		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 9
	Number of km constructed by 30 June 2023	Construction of 5% in 5km at Nier Internal Gravel Roads ( Ward 12) by 30 June 2023	R1,226,733	Not Applicable	5% of 5km	5% of 5km		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 10
	Number of km constructed by 30 June 2023	Construction of 5% in 5km at Mxanyenti Internal Gravel Roads( Ward 11) by 30 June 2023	R1,469,534	Not Applicable	5% of 5km	5% of 5km		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 11
	Number of Professional Service Providers (Consultant) appointed for development of designs for the construction of 3 Community Halls 30 June 2023	One consultant appointed for development of designs for the construction of Bongweni (Ward 3), Ngqulu (Ward 2) and Mgqeleni (Ward 12) Community Halls by 30 June 2023	R536,021.60	Not Applicable	1	1		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 12
	Number of Professional Service Providers (Consultant) appointed for development of designs for installation of Highmast light 30 June 2023	One consultant appointed for development of designs for the installation of 7 highmast lights in Ferri (3) Ward 6 and Mgqaba (4) Ward 11 by 30 June 2023	R368,555.60	Not Applicable	1	1		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 13
	Number of Hawkers Stalls Constructed by 30 June 2023	Construction of 20 Hawkers Stalls in Peddie Town by 30 June 2023	R4,256,347	Not Applicable	20	20		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 14
	Number of Sport Field upgraded by 30 June 2023	40% progress of one Sport Field Upgraded (Phase 1) in Peddie Extension by 30 June 2023	R56,179,482	Not Applicable	40%	40%		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 15
	Number of landfill sites planned by 30 June 2023.	One (1) Landfill site planned (feasibility study) in Peddie by 30 June 2023	R639,803.00	Not Applicable	1 landfill site feasibility study	0		Target on Feasibility study of landfill site not achieved by 30 June 2023 due to delays in EIA and community engagements	Target on feasibility will be finalised in 2023/24 financial year	1	Director Technical & Infrastructure Services	QBSD 16
	Number of reports developed on Registration of MIG projects and procurement processes for appointment of service providers by 30 June 2023	Three(3) reports developed on Registration of 2022/2023 & 2023/2024 MIG projects and procurement processes for appointment of service providers by 30 June 2023	R0	Not Applicable	3	3		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 17









To create a conducive spatial environment to address the Social, Economic, Environmental and cultural needs of the communities in order to ensure sustainable development in accordance with Spatial planning and Land Use Management Act principles and the National Development Plan.	To ensure effective enforcement of planning and building policies and bylaws in order to achieve orderly development by 2027	Number of reports compiled on building plans submitted, paid and approved within 30 days by 30 June 2023	Four (4) reports compiled on building plans submitted, paid and approved within 30 days by 30 June 2023	R0	Building plans and regulations	4	4		Not Applicable	Not Applicable	3	Director Technical Services	LED&SD 12
		Number of report on land use application received and assessed within 30 days by 30 June 2023	Four (4) report on land use application received and assessed within 30 days by 30 June 2023	R0	Land use application and SPLUMA By-Law	4	4		Not Applicable	Not Applicable	3	Director Technical Services	LED&SD 13
		Number of reports compiled on facilitating beneficiary administration for housing opportunity by 30 June 2023	Four (4) reports compiled for facilitating beneficiary administration (unblocking of projects) by 30 June 2023	R0	Nqushwa Housing Sector Plan.	4	4		Not Applicable	Not Applicable	3	Director Technical Services	LED&SD 14
		Number of CBD precinct plans developed and approved for Hamburg and Peddie by 30 June 2023	Two (2) developed precinct plans for Peddie and Hamburg CBDs approved by 30 June 2023	R550,000	Municipal Spatial Development Framework (MSDF)	2	1		Target on submission of Two(2) final precinct plans for Peddie and Hamburg not achieved by 30 June to none submission to Council	Final precinct plan for Peddie and Hamburg will be submitted in Quarter 1 of 2023/24 Council Meeting.	1	Director Technical Services	LED&SD 15
To manage planning and land development in line with the General Principles of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) and related legislation by 2027		Number of planned and surveyed sites for Industrial and Social Housing Development approved by 30 June 2023	Two (2) planned and surveyed sites for Industrial and Social Housing Development approved by 30 June 2023	R120,000	Municipal Spatial Development Framework (MSDF)	2	2		Not Applicable	Not Applicable	3	Director Technical Services	LED&SD 16


















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KPA3 : LOCAL ECONOMIC DEVELOPMENT AND SPATIAL DEVELOPMENT WEIGHT : 20														
Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall Performance 1 July 2022 - 30 June 2023		Snapshot	Reason for Variance	Corrective Action	2022/23 Actual Performance	Custodian	KPI NO	
						Target	Actual							
Strives to ensure safe, sustainable and environmentally friendly livelihoods and sustainable economic growth using all available natural resources	To create an enabling environments that promotes the environmental friendly participation of SME's. Development of Local Economy and Employment creation by 2027	Number of developmental programmes and profiling provided to Ngqushwa SME's by 30 June 2023	Three (3) developmental programmes provided to 45 Ngqushwa SME's and One quarterly profiling conducted to 45 SME's by 30 June 2023	R601	LED Strategy	3	3		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 1	
		Number of reports on SME supported through Incentive Programme by 30 June 2023	Four(4) reports developed on Ten (10) SMEs supported through Incentive Programme by 30 June 2023	R630,000	LED Strategy	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 2	
		Number of reports compiled on Heritage Programmes conducted by 30 June 2023	Two reports developed on Heritage (two) programmes conducted by 30 June 2023	R341,077	LED Strategy	2	2		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 3	
		To enhance equitable access to all natural resources and participation in Agricultural opportunities through unlocking Agricultural potential by 2027	Number of Agricultural forums held by 30 June 2023	Four (4) Ngqushwa Agricultural forums held by 30 June 2023	R0	LED Strategy	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 4
		To promote an inclusive economic growth and maintain healthy balance between the resources used and renewability on Ocean Environment by 2027	Number of Coastal Management Committee meeting held by 30 June 2023	Four (4) Coastal Management Committee meetings held by 30 June 2023	R0	Four quarterly Coastal Management committee meeting held in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 5
		Number of Coastal Management campaign conducted inline with Blue Flag Status criteria by 30 June 2023	Four (4) Coastal Management campaigns conducted inline with Blue Flag Status criteria by 30 June 2023	R110,000	Four quarterly Coastal Management campaigns conducted inline with Blue Flag Status held in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 6	
		Number of reports compiled on maintenance of Hamburg and Bira Beach public amenities by 30 June 2023	Four (4) reports compiled on maintenance of Hamburg and Bira Beach public amenities by 30 June 2023	R310,000	Four reports on maintenance of Hamburg and Bira Beach public amenities developed in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 7	
		Number of Ngqushwa Community Safety Forum held by 30 June 2023	Four (4) Ngqushwa Community Safety Forums held by 30 June 2023	R0	Four Community Safety Forums held in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 8	
		Number of reports compiled on drivers licence testing by 30 June 2023	Four (4) quarterly reports compiled on drivers licence testing by 30 June 2023	R0	Four reports on drivers licence testing developed in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 9	
		Number of reports compiled on road offence tickets issued within Ngqushwa Local Municipality to road users by 30 June 2023	Four (4) quarterly reports compiled on road offence tickets issued within Ngqushwa Local Municipality compiled by 30 June 2023	R0	Four reports on roads offence tickets issued developed in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 10	
		Number of reports compiled on utilization of radar trailer for collection of traffic tickets by 30 June 2023	Four(4) quarterly reports compiled on utilization of radar trailer for collection of traffic tickets by 30 June 2023	R0		4	4		Not Applicable	Not Applicable	3	Director Community Services	LED&SD 11	












		Number of payments issued for construction of roads by 30 June 2023	Three(3) final payments issued on construction of internal roads at Qankeni (5km), Bira(6.5km) and Newicks (1km) by 30 June 2023	R0	Construction of 12.5km internal road(Qankeni, Bira and Newicks)	3	3		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 18
		Number of payments issued for construction of roads by 30 June 2023	One(1) retention payment issued on construction of Zondaka(7km) internal road by 30 June 2023	R0	Construction of 7km internal road(Zondaka)	1	1		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 19
		Number of completion certificate issued on surfacing and paving of Peddie Town Street by 30 June 2023	One(1) Practical and One(1) final completion certificate issued on Surfacing and Paving of Peddie Town Street by 30 June 2023	R0	2.5km Surfaced and Paved in Peddie Town Street	1	1		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 20
	To ensure management and proactive maintenance of municipality's roads, stormwater network, public lighting and electricity infrastructure in order to provide durable and safe infrastructure that comply with all applicable quality standards by 2027.	Number of km of existing roads maintained through dry blading and pothole patching by 30 June 2023	Maintenance of 250 km existing roads through dry blading in all 12 wards by 30 June 2023	R310 000.00	228km maintained in 2021/22	250	250		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 21
		Review and Council approval of Roads Maintenance plan by 30 June 2023	Review of Roads Maintenance plan and submission to Council for approval by 30 June 2023	R0	Roads Maintenance Plan	Reviewed Roads Maintenance Plan	Reviewed Roads Maintenance Plan		Not Applicable	Not Applicable	3	Director Technical & Infrastructure Services	QBSD 22
		Number of Public Lighting maintained by 30 June 2023	Maintenance of 7 Highmast lights and 100 Street lights by replacing luminaires and cables by 30 June 2023	R509,608	4 Highmast and 130 Streetlights maintained in 2021/22 financial year.	7	2		Target on maintenance of 7 Highmast lights and 100 Street lights by replacing luminaires and cables not achieved by 30 June 2023 due to limited budget.	Target on maintenance of 5 outstanding highmast to be achieved in 2023/24 financial year	1	Director Technical & Infrastructure Services	QBSD 23
						100	0						
	To manage the rendering of Waste Management Services in accordance with applicable legislations, bylaws and standards by 2027	Number of Waste Management campaigns conducted in schools by 30 June 2023	Four(4) waste management campaigns conducted in schools by 30 June 2023	R0	Four quarterly reports on waste management campaigns conducted in schools developed in 2021/22	4	4		Not Applicable	Not Applicable	3	Director Community Services	QBSD 24
		Number of households with access to basic level of refuse removal by 30 June 2023	261 household with access to basic level of refuse removal by 30 June 2023	R280 000.00	261 household with access to basic level of refuse removal developed in 2021/22	261	261		Not Applicable	Not Applicable	3	Director Community Services	QBSD 25

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KPA 4 : FINANCIAL VIABILITY AND MANAGEMENT WEIGHT: 20													
Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall Performance 1 July 2022 - 30 June 2023		Snapshot	Reason for Variance	Corrective Action	2022/23 Actual Performance	Custodian	KPI NO
						Target	Actual						
Effective and efficient financial governance that will ensure viability and sustainability of the municipality.	Ensuring sound financial planning and reporting through budget management best practices and interdepartmental coordination by 2027	Number of GRAP compliant Annual Financial Statements developed and submitted to Auditor General by 30 June 2023.	One (1) set of GRAP compliant Annual Financial Statements developed and submitted to Auditor General by 30 June 2023	R1 007 653.40	2020/21 Audited Annual Financial Statements	1	1		Not Applicable	Not Applicable	3	CFO	BTO 1
						1	1		Not Applicable	Not Applicable	3	CFO	BTO 2
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 3
						1	1		Not Applicable	Not Applicable	3	CFO	BTO 4
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 5
Ensure sound Expenditure Management through development and review of internal controls to strengthen the control environment and achieve clean administration by 2027	Ensuring sound Supply Chain Management through development and reviewing of compliance measures and internal controls by 2027	Number of reports on the payment of monthly salaries by 30 June 2023	Four(4) reports on payment monthly salaries by 30 June 2023	R0	2021/22 Section 65 Report	4	4		Not Applicable	Not Applicable	3	CFO	BTO 5
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 6
						1	1		Not Applicable	Not Applicable	3	CFO	BTO 7
						2	2		Not Applicable	Not Applicable	3	CFO	BTO 8
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 9
To prescribe the accounting and the administrative policies and procedures relating to Property, Plant and Equipment which are immovable and movable assets of the Municipality and computer software which are intangible assets by 2027	Implementing sound Revenue and debt management practices through revenue maximisation by 2027	Number of reports on the updated Institutional Asset Register by 30 June 2023	Two (2) reports on the updated Assets Register (current and additional) by 30 June 2023	R0	2021/2022 Asset Register	2	2		Not Applicable	Not Applicable	3	CFO	BTO 9
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 10
						1	1		Not Applicable	Not Applicable	3	CFO	BTO 11
						2	2		Not Applicable	Not Applicable	3	CFO	BTO 12
						4	4		Not Applicable	Not Applicable	3	CFO	BTO 13






		Number of reports on Maintenance of General Valuation Roll by 30 June 2023	Four (4) reports developed on Maintenance of General Valuation Roll by 30 June 2023	RO	Valuation Roll	4	4		Not Applicable	Not Applicable	3	CFO	BTO 11
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2022/23 ANNUAL PERFORMANCE REPORT (APR)

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION WEIGHT : 20

Strategy	Objective	Key Performance Indicator	Annual Target	Budget	Baseline	Overall Performance 1 July 2022 - 30 June 2023		Snapshot	Reason for Variance	Corrective Action	2022/23 Actual Performance	Custodian	No of KPA's	
						Target	Actual							
To promote a culture of good governance, public participation, accurate and timely communication.	To continuously ensure effective, economical and compliant integrated planning by 2027	Review of 2022/23 - 2026/27 IDP by 30 June 2023.	Approved Final 2023/24 IDP by 30 June 2023	R191,445	2021/22 Final IDP	Final approved 2023/24	Final approved 2023/24		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 1	
		To promote high performance culture on on-going basis by 2027	Number of performance agreements signed and individual performance reviews conducted by 30 June 2023	Nineteen (19) signed performance agreements and 2022/23 quarterly performance reviews conducted to all section heads by 30 June 2023	R0	0 individual performance reviews conducted in 2021/22	19	19		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 2
							4	4						
							1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 3
To strengthen communication with internal and external stakeholders by providing accurate, timely, and complete information about municipal policies and programmes by 2027	Number of programmes implemented in the Communication Action Plan by 30 June 2023	Twenty (20) programmes implemented in the Communication Action Plan by 30 June 2023	R944,600	2021/22 Communicait on Action Plan	20	20		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 4		
					4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 5		
					1	0		Target on Strategic Risk Assessment workshop not achieved by 30 June 2023 due to multiple postponement of strategic meetings	Target on Strategic Assessment workshop will be achieved in 1st quarter of 2023/24 financial year	1	Municipal Manager	GG & PP 6		
					1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 7		
To continuously ensure that NLM has and maintains an effective process of risk management by 2027.	Number of Fraud and Risk Committee meetings conducted by 30 June 2023.	Four (4) Quarterly Fraud and Risk Committee meetings conducted by 30 June 2023.	R0	Three (3) Fraud and Risk Committee Meeting conducted in 2021/22	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 8		
					2	2		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 9		
					1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 10		
					4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 11		
To provide value-added and trusted assurance, consulting and advisory services to Council by 2027.	Number of Audit Committee Reports submitted to Council by 30 June 2023	Four (4) Audit Committee reports submitted to Council by 30 June 2023	R0	Four 2021/22 Audit Committee reports	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 10		
					1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 11		
					1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 12		
					1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 13		



	Number of reports compiled for Monitor the implementation of the Audit Action Plan by 30 June 2023	Four (4) quarterly reports compiled on the implementation of the Audit Action Plan 30 June 2023	R0	Four 2021/22 Audit Action Plan reports	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 12
The Legal Services Unit is responsible for managing the legal key performance areas and provides legal services to the municipality to ensure that legal risks are identified and addressed in accordance with applicable legislation to eliminate exposure to litigation by 2027	Number of Disciplinary Board meetings held by 30 June 2023	Four (4) Disciplinary Board meetings held by 30 June 2023	R250 000.00	2021/22 Four Disciplinary Board meetings conducted	4	3		Target on sitting of Disciplinary Board meeting for Quarter 4 not achieved by 30 June 2023	Quarter 4 sitting of Disciplinary Board meeting will be achieved in 2023/24 financial year	1	Municipal Manager	GG & PP 13
	Number of reports on the Status of Municipal Lease Agreements by 30 June 2023	Two (2) reports produced on status of Municipal Lease Agreements by 30 June 2023	R0	Two 2021/22 Municipal Lease Agreements reports	2	2		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 14
	Number of reports compiled on Managing and Monitoring contracts and SLAs that will result in expenditure by 30 June 2023	Four (4) reports compiled on Managing and Monitoring contracts and SLAs that will result in expenditure by 30 June 2023	R0	Four 2021/22 reports on Managing and Monitoring contracts and SLAs	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 15
	Number of reports on Municipal Legal cases that the Municipality is involved in by 30 June 2023	Two (2) reports on Municipal Legal cases that the Municipality is involved in compiled by 30 June 2023	R0	Two 2021/22 reports on Municipal Legal Cases	2	1		Report compiled on Municipal Legal cases not achieved by 30 June 2023	Completion of report on Municipal Legal cases target will be achieved in 1st quarter of 2023/24 financial year	1	Municipal Manager	GG & PP 16
	Number of programmes conducted and coordinated on Litigation Improvement Strategy by June 2023	Four (4) programs conducted and coordinated on Litigation Improvement Strategy by 30 June 2023	R0	2021/22 Litigation Improvement Strategy	4	3		One program on Litigation Improvement Strategy not conducted by 30 June 2023	Target on one program on Litigation Improvement Strategy will be conducted in 1st quarter of 2023/24 financial year	1	Municipal Manager	GG & PP 17
To strengthen participatory democracy by ensuring that all stakeholders are involved in decision making by 2027	Conduct 2022/23 Annual Report Roadshows for tabling of 2021/22 Annual Report by 30 June 2023	Conduct One (1) 2022/23 Annual Report Roadshows for tabling of 2021/22 Annual Report by 30 June 2023	R191,445	2020/21 Annual Report	1	1		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 18
To promote good governance, transparency, accountability and Committee (MPAC) meetings value for money on the use of municipal resources by 2027	Number of Municipal Public Account and Committee (MPAC) meetings conducted by 30 June 2023	Four (4) Quarterly MPAC meetings conducted by 30 June 2023	R0	Four (4)MPAC meeting - 2021/22	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 19
To mainstream issues of the vulnerable groups into all municipal processes and programmes by 2027.	Number of SPU programmes for the vulnerable groups implemented by 30 June 2023	Four (4) SPU programmes for vulnerable groups implemented by 30 June 2023	R1,221,048	Four (4) 2021/22 SPU Programmes	4	4		Not Applicable	Not Applicable	3	Municipal Manager	GG & PP 20

**ANNEXURE G****2022/23 KEY PERFORMANCE INDICATORS****KPA 1: Organisational Transformation and Institutional Development**

**Annual performance as per key performance indicators in municipal transformation and organizational development**

	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>	<b>Comments on the gap</b>
1	Vacancy rate for all approved and budgeted posts;	54	35	64.8%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	01	01	100%	Position was vacated and filled during the year under review.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least Skill development training course within the FY	0	0	0%	The incumbent did not identify any training or course to attend for the year under review
4	Percentage of Managers in Technical Services with a professional qualification	3	2	66,7%	
5	Level of PMS effectiveness in the DM – (DM to report)				

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
6	Level of effectiveness of PMS in the LM – (LM to report)	<b>The municipality has cascaded the PMS to the level of Managers and practitioners and the reviews are conducted quarterly</b>			
7	Adoption and implementation of a HRD including Workplace Skills Plan	It was partially implemented. Only 3 Training Interventions were not implemented.			
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	0	0	0%	
9	Percentage of councillors who attended a skill development training within the current 5 year term	5	40	68%	
10	Percentage of staff complement with disability	02	0	2%	
11	Percentage of female employees	112	22	68.5%	
12	Percentage of employees that are aged 35 or younger	35	10	28.6%	

## KPA 2 : Basic Service delivery performance highlights

### Annual performance as per key performance indicators in water services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlogs (actual numbers)</b>	<b>Target set for the FY under review (actual numbers)</b>	<b>Number of HH/customer reached during the FY</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
2	Percentage of indigent households with access to free basic potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
3	Percentage of clinics with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
4	Percentage of schools with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
5	Percentage of households	This function is rendered by District Municipality	This function is	This function is	This function is rendered	This function is rendered



ds in formal settlements using buckets		rendered by District Municipality	rendered by District Municipality	by District Municipality	by District Municipality
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**Annual performance as per key performance indicators in sanitation services (DISTRICT FUNCTION)**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	District function	District function	District function	District function	District function
2	Percentage of indigent households with access to free basic sanitation services	District function	District function	District function	District function	District function
3	Percentage of clinics with access to sanitation services	District function	District function	District function	District function	District function
4	Percentage of schools with access to sanitation services	District function	District function	District function	District function	District function

**Annual performance as per key performance indicators in road maintenance services**

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year

1	Percentage of households without access to gravel or graded roads	66 227	14906	26km	22189 (ward population)	24km (92km)
2	Percentage of road infrastructure requiring upgrade	66 227	446.5 km	32.8km	18.8km	57%
3	Percentage of planned new road infrastructure actually constructed	66 227	26km	26km	26km	26km
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	66 227	71,57%	71,57%	71,57%	71,57%

**Annual performance as per key performance indicators in waste management services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
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1	Percentage of households with access to refuse removal services	261	Not collecting in rural areas	261	261	100%
2	Existence of waste management plan	IWMP has been adopted by the Council and subsequently submitted to the Department of Economic Development and Environmental Affairs for endorsement.				

**Annual performance as per key performance indicators in housing and town planning services**

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlogs (Actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households living in informal settlements	Percentage not available, however the municipality has one (1) informal settlement in Hamburg with approximately 132 beneficiaries	132 beneficiaries	132 beneficiaries	Unknown, until a profiling is done	100%
2	Percentage of informal settlements that have been provided with basic services	Unknown as the district is responsible for water and sanitation. No refuse service is provided	132 beneficiaries	None	None	N/A
3	Percentage of households in formal housing that conforms to the minimum building	Info not available as no official profiling and verification has been done	Unknown	None	None	None

	standards for residential houses					
4	Existence of an effective indigent policy	<b>Yes</b>				
5	Existence of an approved SDF	There is an approved 5 year MSDF				
6	Existence of Land Use Management System (LUMS)	Wall to wall Land Use Scheme approved and adopted by Council in May 2022				

**KPA 3 : Municipal Local Economic Development and Spatial Planning**  
**Annual performance as per key performance indicators in LED**

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Existence of LED unit	Yes	Fully Established LED unit
2	Percentage of LED Budget spent on LED related activities.	Percentage of LED Budget spent on LED related activities.	R541,500	R401,316
3	Existence of LED strategy	THE MUNICIPALITY HAS AN EXISTING LED STRATEGY.		
4	Number of LED stakeholder forum meetings held	Number of LED stakeholder forum meetings held	Four (4) Ngqushwa Agricultural forums held by 30 June 2022	Target Achieved

	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year (absolute figure)</b>	<b>Achievement percentage during the year</b>
5	Plans to stimulate second economy	Plans to stimulate second economy	Implementation of LED strategy	Four LED programmes implemented
6	Percentage of SMME that have benefited from a SMME support program	Percentage of SMME that have benefited from a SMME support program	Two (2) SMMEs	Target Achieved
7	Number of job opportunities created through EPWP	117 job opportunities	117 job opportunities created	
8	Number of job opportunities created through PPP	-	-	-

#### **KPA 4: Municipal Financial Viability and Management**

##### **Annual performance as per key performance indicators in financial viability**

	<b>Indicator name</b>	<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
1	Percentage expenditure of capital budget	<b>R43,257,163</b>	<b>R33,896,831</b>	<b>78%</b>
2	Salary budget as a percentage of the total operational budget	<b>R77,825,000</b>	<b>R78,561,00</b>	<b>101%</b>

3	Trade creditors as a percentage of total actual revenue	<b>R8,398,714</b>	<b>R7,329,585</b>	<b>87%</b>
4	Total municipal own revenue as a percentage of the total actual budget	<b>R63,877,581</b>	<b>R41,057,987</b>	<b>64%</b>
5	Rate of municipal consumer debt reduction	<b>R21,384,515</b>	<b>R26,363,967</b>	<b>123%</b>
6	Percentage of MIG budget appropriately spent	<b>R35,195,000</b>	<b>R 30,912,570</b>	<b>88%</b>
7	Percentage of MDRG budget appropriately spent	<b>R6,200,000</b>	<b>R0</b>	<b>0%</b>
8	AG Audit opinion	<b>Unqualified Audit Opinion with findings</b>	<b>Unqualified Audit Opinion with findings</b>	
9	Functionality of the Audit Committee	<b>Functional</b>	<b>Functional</b>	
10	Submission of AFS after the end of financial year	<b>Submitted</b>	<b>Submitted</b>	

#### **KPA 5 : Good Governance and Public Participation**

<b>No</b>	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year (absolute figure)</b>	<b>Achievement percentage during the year</b>
1	% of ward committees established	100%	100%	100%
2	% of ward committees that are functional	100%	100%	100%

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
3	Existence of an effective system to monitor CDWs	<b>The performance of CDW's is monitored directly by Department of Cooperative Governance and Traditional Affairs, however, the office of the Speaker gives support to CDW's.</b>		
4	Existence of an IGR strategy	<b>No</b>		
5	Effective of IGR structural meetings	<b>Yes</b>		
6	Existence of an effective communication strategy	<b>Yes</b>		
7	Number of mayoral imbizos conducted	None		
8	Existence of a fraud prevention mechanism	The municipality has a fraud prevention plan and the fraud awareness workshop which is part of risk assessment workshop that is conducted on an annual basis. Quarterly fraud awareness posters are distributed on all municipal buildings.		